# Annual Report 2011-12


ONE WORLD. ONE WORD.

ओएनजीसी
ONGC

From its first oil discovery in Gujarat in 1958, ONGC has come a long way to place India on the world oil map. ONGC's exploratory efforts have resulted in discovery of all six producing Basins; the 7th Basin was discovered in pre-ONGC era. The World's Number 2 Exploration & Production (E&P) Company, ONGC has always focused on good corporate governance which is the key driver of sustainable corporate growth and long-term value-creation.

ONGC's enduring value system of stakeholder engagement is being increasingly noticed by the global industry. ONGC is the only Indian energy major to be in 'Fortune's Most Admired List 2012' under 'Mining, Crude Oil Production' category. ONGC's wholly-owned subsidiary ONGC Videsh Limited (OVL) is the biggest Indian energy multinational, managing 30 properties worth US$ 12 billion in 15 countries.

With its structural spread of high-end E&P capabilities, progressive count of quality hydrocarbon properties and committed management to deliver enduring value, there is sustainable wealth to be created by this Indian Maharatna.

# Chairman's Message

Dear Shareholder,

As you are aware, your Company, ONGC, has reinforced its position as one of the most valuable Indian companies through a balanced mix of consistent upstream sector growth and value-integration projects in refining, power and petrochemicals. In addition to robust business growth and operational excellence, your Company has also substantially enhanced its social investment through focused CSR activities, sustainability engagement through Carbon Management initiatives, unstinted investment in Health, Safety and Environment, sports promotion and employee welfare measures. Such 'all–inclusive' structural maturity is targeted at delivering exceptional value to our esteemed shareholders over the long term.

During the year, we made 23 oil and gas discoveries in domestic fields, adding 242.50 MTOE of Initial In-place hydrocarbon. This translates into 84.13 MTOE of Ultimate Reserves (85.44 MTOE including our share in joint ventures), which is the highest in last two decades. Our Reserve Replacement Ratio of 1.79 marks the 7th consecutive fiscal that it has exceeded 1; establishing the strength and sustainability of our business model.

The total production of ONGC Group in FY-12 (including OVL and ONGC's share in Production Sharing Contracts-JVs) has been 61.18 MTOE. This has inched down from the all-time high FY-11 figure of 62.05 MTOE, mainly on account of lower last-quarter overseas production from geo-politically affected Sudan, South Sudan and Syrian fields. The four assets in these affected countries comprise around one-third of ONGC's overseas production volume.

Despite continuing global economic distress, we delivered yet another stellar financial performance in FY-12 by registering the highest-ever Gross Revenue of ₹ 768.87 billion (up 12 per cent from FY-11). It also posted the highest-ever Profit-After-Tax of ₹ 251.23 billion (up 32.8 per cent). This enabled us to pay-out the highest-ever dividend of ₹ 83.42 billion (195 per cent). Over the past five fiscals, we have paid over ₹ 365.75 billion in dividend to our valued shareholders, excluding dividend tax. The average dividend pay-out ratio is again an industry-leading 40 per cent. In addition, we delivered the highest-ever EPS (Earnings Per Share) of ₹ 29.35 [almost six times the face value of ₹ 5] and investor-cheering 51.4 per cent ROCE.

This was facilitated principally by strong cash- flow generation model that enables your Company sharing earnings generously with valued shareholders in addition to providing adequate fiscal comfort to pursue attractive business opportunities. We invested a record ₹1205.52 billion in capital expenditures during XI five-year Plan period.

Thanks to support from the Indian Government, OVL now manages 30 hydrocarbon properties in 15 countries with a cumulative investment of around USD 15 billion. Despite attenuated production from

Syrian and Sudan assets, OVL achieved the highest-ever revenue of ₹ 226.37 billion during FY-12. This translates to 21.2 per cent growth over FY-11 revenue of ₹ 186.71 billion.

It is a global phenomenon that mature oil and gas assets enter a natural declining production phase on account of their vintage. Our major producing fields too are similarly affected, but we have been proactive in arresting this decline through Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) projects. These efforts will become more intensive through further technology interventions and we expect rich dividends to accrue over the life of these producing assets.

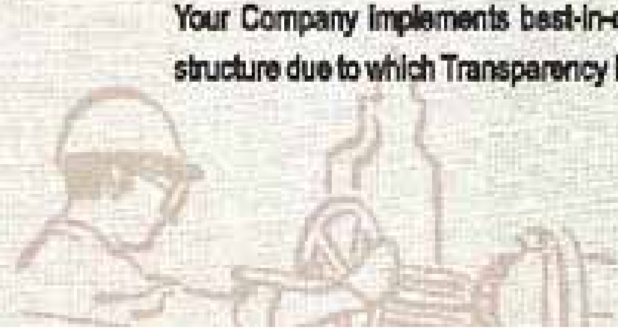
With significant success in new exploration plays, ONGC has accumulated a large inventory of oil and gas finds with substantial development opportunities. The frontier areas and new plays entail significant investment in high-end technology and a concomitant increase in production costs. ONGC is continuously pursuing a framework of opportunities for their economic development and cost-effective monetization, within the next five years.

As large tracts of Indian Sedimentary Basins remain to be intensively explored, there are significant opportunities to discover and develop these un-explored or partly-explored areas. Around four lakh square kilometers of these areas are expected to be offered for exploration in the next 5 years and ONGC is well-positioned to participate aggressively in such future bidding rounds after careful assessment of risk-reward profiles of such unexplored territories.

Government of India divested 420,416,170 equity shares (4.91 per cent) of ONGC on 1st March, 2012 through Stock Exchanges using the "Offer for Sale"(OFS) Mechanism. With this, the Government holding of ONGC has come down from 74.14 to 69.23 per cent and public holding has gone up by the same percentage enhancing our accountability to increased number of shareholders.

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 energy major. Under this Plan, we intend to double our production by 2030; with nearly 46 per cent contribution expected to come from overseas assets. We also have plans to strengthen our downstream linkages in refinery, LNG, petrochemicals and other emerging areas of opportunities. We are also aggressively looking for opportunities in unconventional energy sources and alternate sources of energy including nuclear.

Your Company implements best-in-class governance practices through a robust corporate governance structure due to which Transparency International has evaluated ONGC as the most 'Transparent' company



## Chairman's Message

from India as per their recent report on 105 largest listed global companies. Your Company is a pioneer in adopting Sustainability Development as a mainstream activity and is issuing its third 'Corporate Sustainability Report' under GRI – G3 reporting standards this year. We have also made significant strides in engaging our operational communities through our structured Corporate Social Responsibility (CSR) programmes.

Your Company continues to feature among top-ranked global performers and is the only Indian energy giant to have featured in 'Fortune's Most Admired List 2012' under 'Mining, Crude Oil Production' category. It is also ranked the Number two Exploration & Production Company in Platts Top 250 Global Energy Company Ranking 2011 and 171st in Forbes Global 2000 list 2012 of the world's biggest companies among several other recognitions.

Your continued support and confidence in our capability to deliver results as per your expectations motivate us to constantly refine our operational models, induct best-in-class technology and devise new business and management templates to deliver stellar performance Year on Year.

We derive strength from your faith and belief in us and we pledge to constantly meet with and even exceed your expectations.

Stay Invested.

Sudhir Vasudeva
Chairman & Managing Director


# VISION

**To be the global leader in 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 a 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 sectors 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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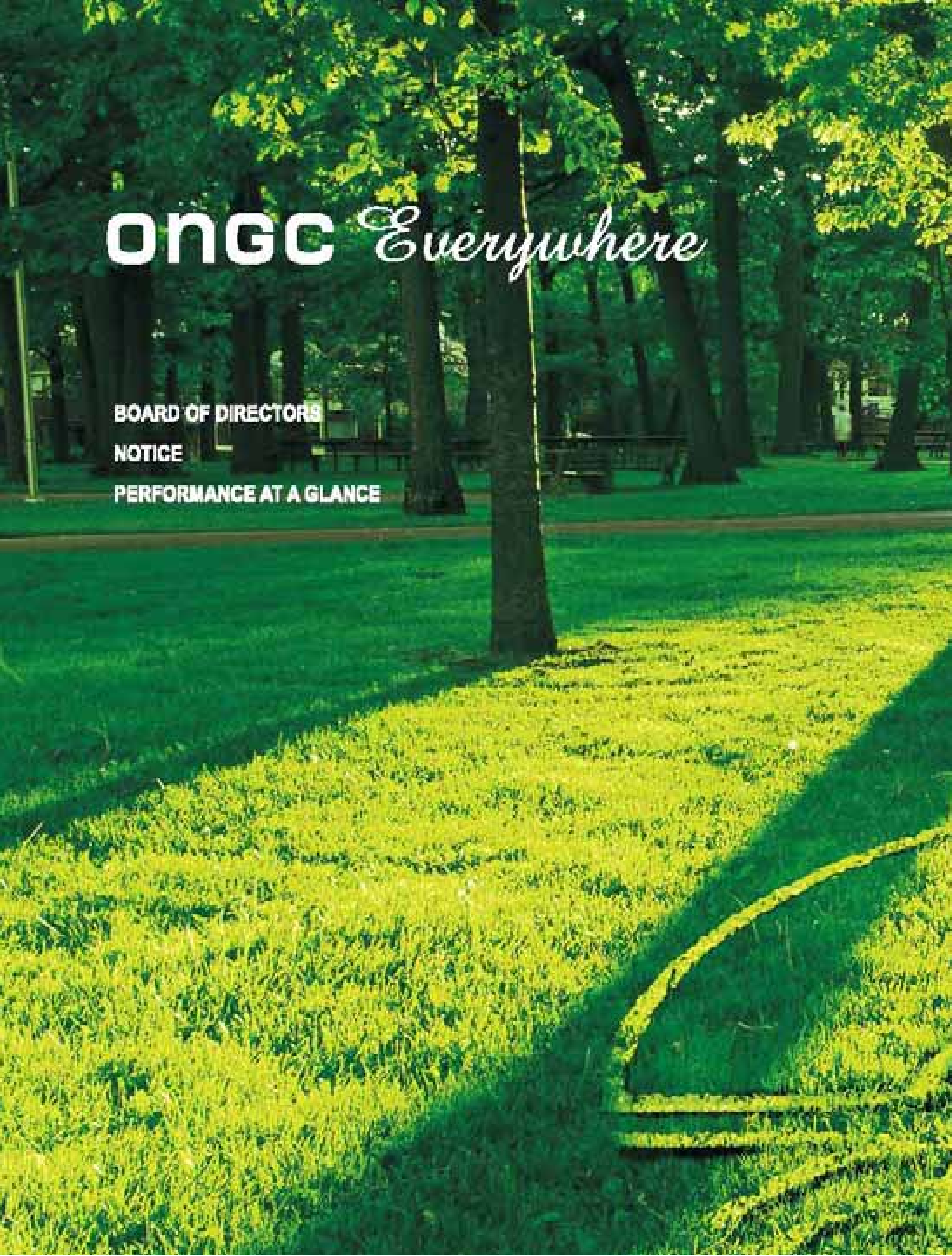


# ONGC *Everywhere*

BOARD OF DIRECTORS

NOTICE

PERFORMANCE AT A GLANCE

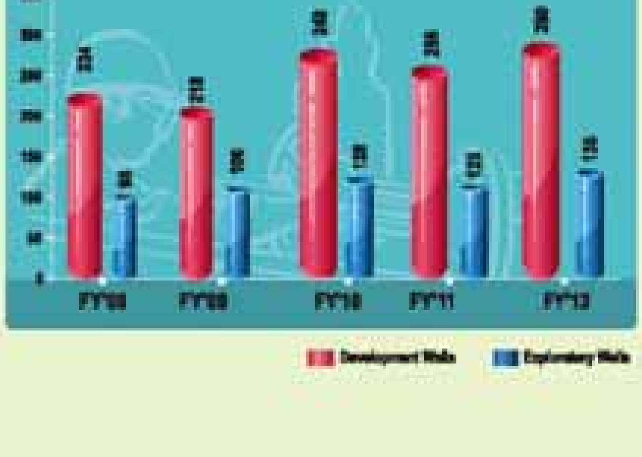
# Operational Highlights FY'12

Highest Ultimate Reserve Accretion
In last two decades


Oil & Gas Production


VAP Production (KT)


Wells Drilled (Nos.)




Oil & Gas Reserves (2P)

# Financial Highlights FY'12

Sales Income (₹ Million)


Net Profit (₹ Million)


Net Worth (₹ Million)


Contribution of exchequer (₹ Million)


Dividend (₹ Million)


Capex (₹ Million)

# Board of Directors
as on 31.07.2012

K.S. Jamestin  D.K. Sarraf  Arun Ramanathan  A.K. Hazarika  Anita Das  D. Chandrasekharam  Deepak Nayyar  Sudhir Bhargava

Sudhir Vasudeva Bimal Julka S.K. Barua U.N. Bose O.P. Bhatt Sushama Nath A.K. Banerjee S.V. Rao

# Brief Profiles of the Board of Directors

as on 13th August, 2012

## Functional Directors

Shri Sudhir Vasudeva is the Chairman & Managing Director of the most valuable Maharatna PSU of India, Oil And Natural Gas Corporation Ltd. (ONGC). Shri Vasudeva, 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.

He climbed the corporate ladder steadily and joined ONGC Board as Director (Offshore) in February, 2009 and finally took over as CMD in October, 2011. Credited with many path-breaking initiatives in complex offshore project management, he has been conferred with the coveted CEPM-PMA Fellowship on Project Management.In December, 2011.

Shri Vasudeva is also the Chairman of ONGC Videsh Limited (OVL), Mangalore Refinery & Petrochemicals Ltd. (MRPL) and five other ONGC Group of Companies (OPaL, OMPL, MSEZ, OTPC and OMEL).

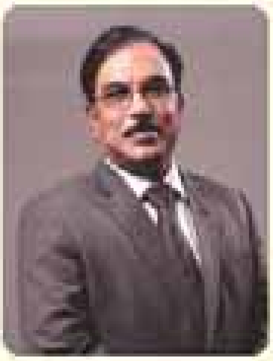
A thoroughbred technocrat Shri Vasudeva is Chairman of Petrotech Society, Chairperson of SPE Indian Council as well as a Director At-large in SPE International Board of Directors, the first for any Indian. Shri Vasudeva is also associated with many professional bodies like CII, FICCI, ASSOCHAM, AIMA, etc.

A strong proponent of pursuing alternate and renewable sources of energy, Shri Vasudeva is Chairing the ONGC Energy Centre Trust. A firm believer in transparency and ethical business practices, Shri Vasudeva embraced the Ten Principles of United Nations Global Compact since the beginning of this initiative in India. Now he is also the President of Global Compact Network, India. In April, 2012, Secretary General of United Nations appointed Mr Vasudeva as a Member in the Board of the United Nations Global Compact. He is the first Business Leader from Indian PSUs to have this rare honour.

Education, especially promoting Industry-Academia, is one of the closest matters to the heart of Shri Vasudeva. The President of India selected him as the Chairperson of the Board of Governors of NIT, Raipur, his alma mater. Shri Vasudeva is also a Special Invitee to the Board of Governors of Pandit Deendayal Petroleum University.

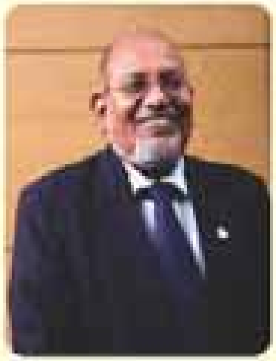
An enthusiastic supporter of Indian sports, Shri Vasudeva encouraged ONGC to become the Principal Sponsor of Indian contingent and is also the President of All India Public Sector Sports Promotion Board.

**Shri A. K. Hazarika** is the Director (Onshore) of your Company. He also held additional charge of CMD, ONGC from 1st February, 2011 till 2nd October, 2011. He holds a Bachelor's degree in Mechanical Engineering from Assam Engineering College, Guwahati. He has approximately 35 years of enriched and wide experience of several field and staff assignments in various disciplines including Regional Cementing In-charge, Head / Chief Well Services. He handled various important and complex responsibilities in drilling operations in onshore. Shri Hazarika also holds the responsibility as Director (Incharge), Health, Safety, Environment & Sustainability Development of ONGC's operations. In addition, he also heads the Carbon Management Group (CMG) of ONGC pursuing different CDM projects through reduction of GHG emissions.



**Shri U. N. Bose** is the Director (Technology & Field Services) of your Company. He holds a Bachelor's degree in Mechanical Engineering from the University of Nagpur. He has more than 38 years of experience in various fields including deviation/horizontal drilling. Implemented drilling programmes in high pressure/high temperature conditions and provided technology solutions to resolve difficult area of drilling problems; initiated deep water drilling campaign in deep and ultra-deep areas; contributed technical papers and developed high–end training facilities for rig supervisors.

**Shri S. V. Rao** is the Director (Exploration) of your Company. He holds a Bachelor's degree in Science and a Master's Degree in Applied Geology from the University of Bombay. He has approximately 35 years of experience in the exploration and exploitation of oil and gas fields, well-site investigation, geological and geophysical assessment and has handled geological and geophysical assessment of the KG-PG and Western Offshore Basins, supervision and monitoring of geological operations at the oil and gas wells of ONGC at Ankleshwar Asset and Cauvery basin. He has officiated as the Head of the exploration and Development Directorate, Dehradun. Prior to joining the Board Shri Rao was the ED-Chief, Offshore Exploration and Development and In-Charge of the Western Offshore Basin and deep water areas.



**Shri K. S. Jamestin** is the Director (HR) of your Company. He holds a Bachelor's 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 35 years of experience in the petroleum and natural gas sector. Prior to becoming Director (HR) of ONGC he served as Chief HRD where he re-engineered and e-enabled all HR processes in ONGC. He had also served as Head Regional Office, Mumbai and as Project leader for Project ICE, ONGC's award winning SAP-ERP Implementation Project, rated as one of the biggest and most successful SAP implementations in the world.

**Shri Aloke 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 30 years of diversified experience and rich knowledge in Financial Management and Strategic Planning in upstream Oil & Gas industry with specialisation in Corporate Accounts, Corporate Budget, Cost Management, Risk Analysis & Financial Planning, Procurement & Contracts, Performance Benchmarking & Evaluation, Audit, Corporate Governance, Insurance, etc. He has introduced & implemented Financial Benchmarking Concept and Zero-base Budgeting in ONGC. Prior to becoming Director (Finance) he served as ED–Chief Corporate Finance in ONGC.

## Government Nominees

**Shri Bimal Julka,** Additional Secretary & Director General-Currency, Department of Economic Affairs, Government of India, joined the ONGC Board as a Government Nominee Director on 4th April,2012. He holds a Master's degree in Psychology from Delhi University. He was awarded a fellowship at the Queen Elizabeth House, Oxford University and wrote a thesis on Small and Medium Enterprises (SMEs). Belonging to 1979 batch of IAS, he was Director, Department of Industrial Development, Ministry of Commerce & Industry (1989-1994); Private Secretary to Union Minister for Human Resource Development (1995-96); Director, Ministry of Civil Aviation (1996-98); Commissioner, Gwalior Division (2000-2003); Joint Secretary, Ministry of Defence (2003-2009); and Resident Commissioner, Government of Madhya Pradesh (2009-2010).

**Shri A. Giridhar,** Joint Secretary (Exploration), Ministry of Petroleum & Natural Gas, Govt of India, joined the ONGC Board as a Government Nominee Director on 3rd August, 2012. 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

**Dr. D. Chandrasekharam,** an Independent Director of your Company, joined the ONGC Board on 11th March, 2011. He holds a Bachelor's degree in Geology, a Master's degree in Applied Geology and a Doctor of Philosophy degree in Volcanology and Geochemistry from the Indian Institute of Technology, Mumbai. He has over 30 years of research and teaching experience in the field of Earth Sciences, including, inter alia, officiating as the Head of the Department of Earth Sciences, Head, Centre of Studies in Resource Engineering at the Indian Institute of Technology Bombay, Mumbai. He has served as a Senior Scientist at the Centre for Earth Science Studies, Trivandrum and served as a Senior Scientist at the Centre for Water Resources Development, Kerala. He is also currently a member of the International Geothermal Association (serving in its Board of Directors), the Geothermal Resources Council, USA, the Current Science Association, India and the International Association for Hydrogeologists. Dr. Chandrashekharam has over 20 years of experience in petroliferous basins of India.

**Prof. Deepak Nayyar,** an Independent Director of your Company, joined the ONGC Board on 20th June, 2011. He holds a Master's degree in Economics from Delhi University and a Doctorate of Philosophy degree in Economics from Oxford University. He is a Professor of Economics at Jawaharlal Nehru University, New Delhi. Earlier, he has taught at the University of Oxford, the University of Sussex, the Indian Institute of Management, Calcutta and the New School for Social Research, New York. 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. As a Rhodes Scholar, he went on to study at Balliol College, University of Oxford. He has received the V.K.R.V. Rao Award for his contribution to research in Economics. Professor Nayyar served as Chairman of the Board of Governors of the UNU World Institute for Development Economics Research, Helsinki, a Member of the Board of Directors of the Social Science Research Council in the United States, and Chairman of the Advisory Council for the Department of International Development, Queen Elizabeth House, University of Oxford. He also served as a member of the National Knowledge Commission in India and Vice President of the International Association of Universities, Paris.

**Shri Arun Ramanathan,** an Independent Director of your Company, joined the ONGC Board on 20th June, 2011. 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.

**Prof. Samir Kumar Barua,** 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,** an Independent Director of your Company, joined the ONGC Board on 14th December, 2011. He started his career as a probationary officer with SBI in 1972. During his career span of 38 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 11,000th branch under him, the first Indian bank and only the second in the world to do so, and entering a number of new businesses.

**Smt. Sushama Nath**, an Independent Director of your Company, joined the ONGC Board on 14th December, 2011. Smt. Sushama Nath holds a Bachelor's degree in Chemistry from Institute of Science, University of Bombay, and also possesses LLB (General) degree from University of Bombay. She joined IAS in 1974. In the GOI, she was Secretary Expenditure and Finance Secretary in the Ministry of Finance. She has wide and enriched experience in Finance.

## Special Invitee

**Shri D. K. Sarraf** is presently Managing Director, ONGC Videsh Limited. He is an Associate Member of Institute of Cost & Works Accountant of India and Institute of Company Secretaries of India. He was Director (Finance) ONGC from 27th December, 2007 till 15th September, 2011. He has around 32 years of rich and varied experience in the Oil Industry. He had also served in Oil India Ltd., ONGC Videsh Ltd. He possesses regulatory experience of serving in Oil Co-ordination Committee under MoP&NG.

## Directors whose term ceased since last Annual General Meeting

**Shri S.S.Rajsekar**, an Independent Director of your Company, joined the ONGC Board on 11th November, 2008 and completed his three year tenure on 10th November, 2011. He holds a Bachelor's degree in Chemical Engineering from AC College of Technology, Chennai. He is an accomplished professional, a first generation entrepreneur with over 30 years experience in real estate promotion and trade. He was involved in the area of rural agriculture management and social & community development. A proactive Rotarian, he is involved in several socially relevant projects in and around Tamil Nadu.

**Shri S. Balachandran**, an Independent Director of your Company, joined the ONGC Board on 11th November, 2008 and completed his three year tenure on 10th November, 2011. He holds a Bachelor's degree in Chemistry from Madras University and a Master's degree in Chemistry from Madurai University. He joined Indian Railway Accounts Service in 1971. He has served in various capacities in Railways and on deputation outside in Corporate and other Government Sectors. He served in the senior management level in Indian Railway Finance Corporation including as its Managing Director. He was involved in setting up of Railtel Corporation, Rail Vikas Nigam Ltd. and Joint ventures like Karnataka Rail Infrastructure Development Enterprises, Hassan Mangalore Rail Development Company, Pipavav Rail Corporation, etc. apart from being a director in some of these companies. He worked as Under Secretary and Deputy Secretary of UPSC and Joint Director of C&AG.

**Shri Santosh Nautiyal**, an Independent Director of your Company, joined the ONGC Board on 11th November, 2008 and completed his three yea tenure on 10th November, 2011. He holds a Bachelor's degree in Arts and Master's degree in Political Sciences from Allahabad University. He is an IAS of the 1968 batch. During 38 years of his service he worked as MD, Industrial Promotion & Investment Corporation of Orissa Ltd., Principal Secretary to the Government of Orissa, Joint Secretary, Ministry of Steel, Additional Secretary, Department of Consumer Affairs, Chairman, Food Corporation of India. He retired as the Chairman of National Highways Authority of India in July 2006.

**Smt. L.M. Vas,** Special Secretary, Department of Economic Affairs, Ministry of Finance, Government of India, joined the ONGC Board as a Government Nominee Director on 16th December, 2008. She resigned from the Board of ONGC with effect from 17th January, 2012, consequent to her appointment as Secretary, Panchayati Raj. She holds a Bachelor's degree in English from Madras University, a Bachelor's degree in Law from Delhi University, a Master's degree in Economics from Himachal Pradesh University and a Master of Philosophy degree in Social Sciences from Punjab University. She is an IAS of 1977 batch and. has served with distinction in both Central and State Governments.

**Smt. Usha Thorat,** an Independent Director of your Company, joined the ONGC Board on 20th June, 2011 and resigned from ONGC Board on 10th February,2012. She holds a Master's degree in Economics from the Delhi School of Economics. She joined the Reserve Bank in April 1972. During her career in the RBI spanning 38 years, she has had a stint in virtually each and every area of central banking. Besides banking regulation/supervision, rural/urban cooperative banking, deposit insurance and currency management, she has rich experience in the areas of foreign exchange and reserves management, debt management of central and state governments, development and regulation of money, forex and government securities markets, rural planning and credit, cooperative banking, customer service and grievance redressal, and payment and settlement systems. She was also the Appellate Authority under the Right to Information Act, 2005 as well as under the Banking Ombudsman Scheme, 2006.

**Shri Sudhir Bhargava,** Additional Secretary, Ministry of Petroleum & Natural Gas, joined the ONGC Board as a Government Nominee Director on 15th March, 2010 and continued till 3rd August, 2012. He holds a Bachelor's degree in Science and a Master's degree in Physics from the University of Calcutta and a Master's degree in Public Administration. Belonging to the 1979 batch of IAS, he has served with distinction in various State and Central Government posts. Prior to joining MoP&NG, Shri Bhargava served as Joint Secretary in the Ministry of Chemicals & Fertilisers, Department of Fertilisers.

**Smt. Anita Das,** an Independent Director of your Company, joined the ONGC Board on 5th August, 2009 and completed her three year tenure on 4th August, 2012. She holds a Master's degree in Arts from Delhi University. She belongs to the 1972 batch of IAS. She retired as Secretary to the Government of India in the Ministry of Health and Family Welfare, Department of AYUSH, in October, 2008. She has vast and wide ranging experience in the field of industrial promotion at the State level as well as in SME sector with the United Nations Industrial Development Organisation with special emphasis on development of industrial cluster in the formal and informal sectors. She has wide experience in the area of finance, budgeting, Institutional Finance and Human Resource Development.

# Reference Information

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

**Cost Auditors**

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

**Bankers**

State Bank of India

**Subsidiaries**

ONGC Videsh Ltd.
Mangalore Refinery & Petrochemicals Ltd.

**Registrar & Share Transfer Agent**

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

**Listed at**

Bombay Stock Exchange
National Stock Exchange

**Depositories**

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

**Company Secretary**
N. K. Sinha

# Notice

**Notice** is hereby given that the 19th Annual General Meeting of the Members of **OIL AND NATURAL GAS CORPORATION LIMITED** will be held on **Monday, the 24th September, 2012 at 10:00 hrs. at Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi-110 049**, to transact the following business:

**ORDINARY BUSINESS:**

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2012, Profit & Loss Account for the year ended 31st March, 2012 together with the Reports of the Directors' and the Auditors' thereon and comments of the Comptroller & Auditor General of India in terms of Section 619 of the Companies Act, 1956, if any.
2. To confirm the payment of interim dividend and declare final dividend on equity shares for the year 2011-12.
3. To appoint a Director in place of **Shri Ajit Kumar Hazarika**, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of **Shri Udaykrishna Nityanand Bose**, who retires by rotation and being eligible, offers himself for re-appointment.
5. To authorise Board of Directors of the Company to fix the remuneration of the Joint Statutory Auditors of the Company for the Financial Year 2012-13, in terms of the provisions of section 619(2) read with section 224(8)(aa) of the Companies Act, 1956 and to pass the following resolution, with or without modification(s), as Ordinary Resolution:

   "**RESOLVED THAT** the Board of Directors of the Company be and are hereby authorised to decide and fix the remuneration of the Joint Statutory Auditors of the Company for the Financial Year 2012-13, as may be deemed fit by the Board".

**SPECIAL BUSINESS:**

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 Prof. Samir Kumar Barua, who was appointed as an Additional Director (part-time non-official Director) under Section 260 of the Companies Act, 1956, effective 14th December, 2011 and holds office upto the 19th Annual General meeting and in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."**

ITEM No. 7

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

**"RESOLVED THAT Shri Om Prakash Bhatt, who was appointed as an Additional Director (part-time non-official Director) under Section 260 of the Companies Act, 1956, effective 14th December, 2011 and holds office upto the 19th Annual General meeting and in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."**

ITEM No. 8

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

"RESOLVED THAT Smt. Sushama Nath, who was appointed as an Additional Director (part-time non-official Director) under Section 260 of the Companies Act, 1956, effective 14th December, 2011 and holds office upto the 19th Annual General meeting and in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing her candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

**ITEM No. 9**

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

**"RESOLVED THAT Shri Bimal Julka, who was appointed as an Additional Director (Government Nominee Director) under Section 260 of the Companies Act, 1956, effective 4th April, 2012 and holds office upto the 19th Annual General meeting and in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."**

**ITEM No. 10**

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

**"RESOLVED THAT Shri Aloke Kumar Banerjee, who was appointed as an Additional Director and designated as Director(Finance) under Section 260 of the Companies Act, 1956, effective 22nd May, 2012 and holds office upto the 19th Annual General meeting and in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."**

**ITEM No. 11**

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

**"RESOLVED THAT Shri A. Giridhar, who was appointed as an Additional Director (Government Nominee Director) under Section 260 of the Companies Act, 1956, effective 3rd August, 2012 and holds office upto the 19th Annual General meeting and in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."**

**By Order of the Board of Directors**

**Regd. Office:**
Jeevan Bharati Building,
Tower II, 124 Indira Chowk,

New Delhi - 110 001.

(N K SINHA)
Company Secretary

August 14, 2012

**NOTES:**

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

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

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

4. The Register of Members and Share Transfer Books of the Company will remain closed from **Tuesday, the 18th September, 2012 to Monday, the 24th September, 2012 (both days inclusive).**

5. The Board had recommended a final Dividend of 40% at its meeting held on 29th May, 2012. The dividend, if approved by the Members at the said Annual General Meeting, will be paid before 23rd October, 2012 **to the members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before Monday, the 17th September, 2012, and the respective Beneficial Owners as at the close of business hours on Monday, the 17th September, 2012, 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. 040-44655150 & 1800-345-4001(Toll Free), Fax No. 040-44655024; e-mail: **mailmanager@karvy.com**. Karvy is also the depository interface of the Company with both NSDL and CDSL.

   However, keeping in view the convenience of the Shareholders, documents relating to shares will continue to be accepted at Karvy Computershare Private Ltd. 105-108, 1st Floor, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi-110001, Phone Nos. 011-41036370 (tele-fax) & 43528522 ; e-mail: **delhi@karvy.com** and at the Registered Office of the Company at 6th Floor, Jeevan Bharati, Tower-II, 124, Indira Chowk, New Delhi- 110001, Phone No.011-23301277/23301299; e-mail: **secretariat@ongc.co.in**.

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

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

9. Reserve Bank of India (RBI) is providing ECS facility for payment of dividend in select cities. Members holding shares in physical form are advised to submit particulars of their bank account, viz., names and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by 17th September, 2012 to M/s Karvy Computershare Private Ltd.

10. Pursuant to Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid/unclaimed amount of Final dividend **declared on 29th September, 2004 for the financial year 2003-04 and interim dividend declared on 24th December, 2004, for the financial year 2004-05**, to the Investor Education and Protection Fund (IEPF)

of the Central Government. **The unpaid/unclaimed amount of Final Dividend declared on 21st September, 2005 for the financial year 2004-05 and interim dividend declared on 23rd December, 2005 for the financial year 2005-06 will be transferred to Investor Education and Protection Fund (IEPF) of the Central Government by 20th October, 2012 and 22nd January, 2013 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 there of.**

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

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

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

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

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

16. Pursuant to Section 619(2) read with Section 224(8)(aa) of the Companies Act, 1956, the Auditors of a Government Company are appointed or re-appointed by the Comptroller and Auditor General (C&AG) of India and their remuneration is to be fixed by the Company in the Annual General Meeting. The members in the General Meeting may authorise the Board to fix up an appropriate remuneration of Auditors for the year 2012-13 after taking into consideration the increase in volume of work and prevailing inflation etc.

17. Members are requested:

    i) to bring their copies of Annual Report and Attendance Slip duly completed and signed at the meeting.

    ii) to quote their Folio/DP & Client identification No. in all correspondence.

    iii) not to bring brief case, bags, eatables, cell phone, etc. as they are prohibited inside the meeting hall for security reasons.

    iv) to notify immediately any change of their address and bank particulars to the Company or its Share Transfer Agent, in case shares are held in physical form.

    AND

    In case their shares are held in dematerialised form, information should be passed on directly to their respective Depository Participants and not to the Company/Share Transfer Agent, without any delay.

    v) to note that no gift will be distributed at the meeting.

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

**Item No.6**

**APPOINTMENT OF PROF. SAMIR KUMAR BARUA**

Prof. Samir Kumar Barua, was appointed as an Additional Director (part time non-official Director) on the

Board of ONGC effective 14th December, 2011 for a period of 3 years. In terms of Section 260 of the Companies Act, 1956 he holds office upto the 19th Annual General meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Prof. Samir Kumar Barua as candidate for the office of Director. Prof. Samir Kumar Barua, if appointed, will be liable to retire by rotation under Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company.

Prof. Samir Kumar Barua, aged 62 years, is an M.Tech 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.

Prof. Samir Kumar Barua is a director on the Board of Bharat Petroleum Corporation Limited, Coal India Limited, Securities Trading India Limited, Torrent Power Limited, IOT Infrastructure & Energy Services Limited and Axis Bank.

He holds **NIL** equity shares in ONGC. None of the Directors except Prof. Samir Kumar Barua is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Prof. Samir Kumar Barua it would be in the interest of the Company to appoint him as a Director of the Company. The Board recommends the resolution for your approval.

**Item No.7**

**APPOINTMENT OF SHRI OM PRAKASH BHATT**

Shri Om Prakash Bhatt, has been appointed as an Additional Director (part-time non-official Director) on the Board of ONGC effective 14th December, 2011 for a period of 3 years. In terms of Section 260 of the Companies Act, 1956 he holds office upto the 19th Annual General meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Shri Om Prakash Bhatt as candidate for the office of Director. Shri Om Prakash Bhatt, if appointed, will be liable to retire by rotation under Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company.

Shri Om Prakash Bhatt, aged 63 years, started his career as a probationary officer with SBI in 1972. He has, during his long career of 36 years with SBI, held several important assignments in India and abroad including stints at the Bank's London and Washington offices. Under the leadership of Shri Om Prakash 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 11,000th 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 Om Prakash Bhatt is a director on the Board of Hindustan Unilever Limited and Tata Consultancy Services Limited.

He holds **NIL** equity shares in ONGC. None of the Directors except Shri Om Prakash Bhatt is interested or concerned in the resolution.

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

**Item No.8**

**APPOINTMENT OF SMT. SUSHAMA NATH**

Smt. Sushama Nath, was appointed as an Additional Director (part time non-official Director) on the Board of ONGC effective 14th December, 2011 for a period of 3 years. In terms of Section 260 of the Companies Act, 1956 she holds office upto the 19th Annual General meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Smt. Sushama Nath as candidate for the office of Director. Smt. Sushama Nath, if appointed, will be liable to retire by rotation under Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company.

Born on 3rd March, 1951, Smt. Sushama Nath is a first class B. Sc (Hons) in Chemistry from Institute of Science, University of Bombay, and also possess LLB (General) degree from University of Bombay. She joined IAS in 1974. In the GOI, she was Secretary Expenditure and Finance Secretary in the Ministry of Finance.

Smt. Sushama Nath is a director on the Board of Indian Oil Corporation Limited. She holds **NIL** equity shares in ONGC.

None of the Directors except Smt. Sushama Nath is interested or concerned in the resolution.

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

**Item No.9**

**APPOINTMENT OF SHRI BIMAL JULKA**

Shri Bimal Julka has been appointed as an Additional Director (Government Nominee Director) on the Board of ONGC effective 4th April, 2012 in place of Smt. L. M. Vas, who resigned from the Board of ONGC on account of elevation to Secretary, Panchayti Raj, Government of India. In terms of Section 260 of the Companies Act, 1956 he holds office upto the 19th Annual General meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Shri Bimal Julka as candidate for the office of Director. Shri Bimal Julka, if appointed, will be liable to retire by rotation under Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company.

Shri Bimal Julka did his MA in Psychology from Delhi University. He was awarded a fellowship at the Queen Elizabeth House, Oxford University and wrote a thesis on Small and Medium Enterprises (SMEs). He is currently Additional Secretary & Director General, Directorate of Currency, Ministry of Finance, Department of Economic Affairs. Belonging to 1979 batch of IAS, he was Director, Department of Industrial Development, Ministry of Commerce & Industry (1989-1994); Private Secretary to Union Minister for Human Resource Development (1995-96); Director, Ministry of Civil Aviation (1996-98); Commissioner, Gwalior Division (2000-2003); Joint Secretary, Ministry of Defence (2003-2009); and Resident Commissioner, Government of Madhya Pradesh (2009-2010).

Shri Bimal Julka is a director on the Board of Security Printing & Minting Corporation of India Limited. He holds **NIL** equity shares in ONGC. None of the Directors except Shri Bimal Julka is interested or concerned in the resolution.

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

**Item No.10**

**APPOINTMENT OF SHRI ALOKE KUMAR BANERJEE**

Shri Aloke Kumar Banerjee has been appointed as an Additional Director and designated as Director (Finance) on the Board of ONGC effective 22nd May, 2012. In terms of Section 260 of the Companies Act, 1956 he holds office upto the 19th Annual General meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section

257 of the Companies Act, 1956, signifying intention to propose Shri Aloke Kumar Banerjee as candidate for the office of Director. Shri Aloke Kumar Banerjee, if appointed, will be liable to retire by rotation under Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company.

Born on 13th April, 1955, Shri Aloke Kumar Banerjee has thirty years diversified experience and rich knowledge in Financial Management and Strategic Planning in upstream Oil & Gas Industry with specialisation in Corporate Accounts, Corporate Budget, Cost Management, Risk Analysis & Financial Planning, Procurement & Contracts, Performance Benchmarking & Evaluation , Audit, Corporate Governance, Insurance etc. He joined ONGC as Finance & Accounts Officer in 1982 and has served the organisation in various capacities. He has introduced & implemented Financial Benchmarking Concept and Zero-base Budgeting in ONGC. Prior to becoming Director (Finance) he served as ED Chief Corporate Finance in ONGC. Shri A K Banerjee has done his post graduation (M.Com) 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.

Shri Aloke Kumar Banerjee does not hold any directorship. He holds **3172** equity shares of **₹ 5** each in ONGC.

None of the Directors except Shri Aloke Kumar Banerjee is interested or concerned in the resolution.

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

**Item No.11**

**APPOINTMENT OF SHRI A. GIRIDHAR**

Shri A. Giridhar has been appointed as an Additional Director (Government Nominee Director) on 3rd August, 2012 in place of Shri Sudhir Bhargava. In terms of Section 260 of the Companies Act, 1956 he holds office upto the 19th Annual General meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Shri A Giridhar as candidate for the office of Director. Shri A Giridhar, if appointed, will be liable to retire by rotation under Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company.

Born on 12th June, 1963, Shri A. Giridhar holds a B Tech degree in Civil Engg, an M Tech in Industrial Management & MA in Economics. He is currently Joint Secretary (Exploration), Ministry of Petroleum & Natural Gas, Govt of India. 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, Khammam (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).

Shri A. Giridhar does not hold any directorship. He holds NIL equity shares in ONGC. None of the Directors except Shri A. Giridhar is interested or concerned in the resolution.

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

By Order of the Board of Directors

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

(N. K. SINHA)
**Company Secretary**

August 14, 2012

# Green Initiative in Corporate Governance

Dear Shareholder,

Pursuant to the initiatives taken by Ministry of Corporate Affairs, encouraging the companies to reduce the carbon footprint by enabling them to send the Annual Report etc. to the shareholders through electronic mode, your company has already taken the following steps:

(i) Emails have been sent to all those shareholders who have registered their email ids with CDSL, NSDL or our Share Transfer Agent intimating them that all future communications including the notice of Annual General Meeting and the Annual Report, shall only be sent to them at their registered email. They were further requested to intimate if they wish to receive these communications physically.

(ii) Individual letters have been sent to shareholders who have not registered their email ids and also to those shareholders from whom emails have bounced back requesting them to register their email ids to enable the company to send the future communication including Annual Report etc. through email.

After seeking response of the shareholders, individual emails have been sent to all shareholders who have not exercised the option to receive the Annual Report for 2011-12 in physical mode. They have been provided with a link (URL) to the website of ONGC and CDSL for downloading of the Annual Report for 2011-12.

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 mailmanager@karvy.com. Please ensure that you have indicated your Folio No. / DP & client ID No as well as your consent to receive future communications from ONGC including Annual Reports etc through email at your registered email address.

Please help us to save the environment.

(N. K. Sinha)
Company Secretary

Afforestation of Dronagiri Hills, adjacent to ONGC's Uran plant

# Brief Resume and Other Information in Respect of Directors Seeking Re-Election at the 19th AGM

**Brief Resume and Other Information In Respect of Directors Seeking Re-election at the 19th AGM**

| **Name** | **Shri Ajit Kumar Hazarika** | **Shri Udaykrishna Nityanand Bose** |
|---|---|---|
| Date of Birth & Age | 30th September, 1952, 59 Years | 7th November, 1952, 59 Years |
| Date of Appointment | 09th September, 2004 | 27th September, 2005 |
| Qualifications | Bachelor's Degree in Mechanical Engineering | Bachelor's Degree in Mechanical Engineering |
| No. of Shares held | 4840 | 1192 |
| Experience in Specific Functional Areas | Joined ONGC in 1977 and currently holding the position of Director (Onshore). Has enriched and wide experience of about 35 years of several field and staff assignments in various disciplines including Regional Cementing In-charge, Head / Chief Well Services. Handled various important and complex responsibilities in drilling operations in onshore. He also held additional charge of CMD, ONGC from 1st February, 2011 till 2nd October, 2011. | Joined ONGC as a Graduate Trainee in 1976 and currently holding the position of Director (T&FS) and has to his credit, experience of more than 36 years in various fields including deviation / horizontal drilling. Implemented drilling programmes in high pressure / high temperature and provided technology solutions to resolve difficult area of drilling problems; initiated deep water drilling campaign in deep and ultra-deep areas; contributed technical papers and developed high - end training facilities for rig supervisors. |
| Directorship held in other Public companies | a. ONGC Petro-additions Limited<br>b. ONGC Tripura Power Company Limited<br>c. ONGC Teri-Biotech Limited | a. Engineers India Limited |
| Chairmanship/ Membership of Committees across all Public companies | <u>ONGC</u><br>**Member**<br>• Committee on Dispute Resolution<br>• Human Resource Management Committee<br>• HSE & Sustainable Development Committee | <u>ONGC</u><br>**Member**<br>• Committee on Dispute Resolution<br>• Human Resource Management Committee<br>• HSE & Sustainable Development Committee |
| | | <u>Engineers India Limited</u><br>**Member**<br>• Audit & Ethics Committee |

# Performance at a Glance

| (₹ in million unless otherwise stated) | 2011-12 | 2010-11 |
|---|---|---|
| **PHYSICAL** | | |
| **Quantity Sold (Other than Trading)** | | |
| -Crude Oil (MMT) | 23.09 | 22.94 |
| -Natural Gas (MMM³) | 20,202 | 20,288 |
| -LPG (000'Tonnes) | 1,033 | 1,067 |
| -Naptha/ARN (000'Tonnes) | 1,557 | 1,600 |
| -Ethane/Propane (000'Tonnes) | 481 | 387 |
| -Superior Kerosene Oil (000'Tonnes) | 79 | 118 |
| **Quantity Sold (Trading)** | | |
| -Superior Kerosene Oil (000'KL) | - | - |
| -HSD (000'KL) | - | 3 |
| -Motor Spirit (000'KL) | 1 | 1 |
| **FINANCIAL** | | |
| Revenue from Operations | 768,871 | 686,488 |
| Other Non Operating Income | 44,529 | 34,069 |
| Total Revenues | 813,400 | 720,557 |
| Statutory Levies | 169,603 | 142,368 |
| Operating Expenses | 139,612 | 142,379 |
| Exploration Costs written off * | 83,334 | 82,490 |
| Purchases | 25 | 138 |
| Profit Before Interest, Depreciation & Tax (PBIDT) | 410,227 | 353,182 |
| Depreciation, Depletion, Amortisation and Impairment | 74,859 | 76,767 |
| Profit Before Interest & Tax (PBIT) | 335,368 | 276,415 |
| Interest Payments | 348 | 251 |
| **Profit before Tax and Exceptional Items** | 335,020 | 276,164 |
| Exceptional Items | 31,405 | - |
| **Profit before Tax** | 366,425 | 276,164 |
| Corporate Tax | 115,196 | 86,924 |
| **Net Profit (PAT)** | 251,229 | 189,240 |
| Dividend | 83,416 | 74,861 |
| Tax on Dividend | 13,286 | 12,156 |
| Share Capital | 42,777 | 42,777 |
| Reserve & Surplus | 1,068,790 | 932,287 |
| Net Worth (Equity) | 1,117,841 | 967,064 |
| Borrowings | - | - |
| Working Capital | 97,739 | 65,392 |
| Capital Employed | 909,848 | 796,972 |
| Internal Resources Generation | 352,068 | 311,191 |
| Plan Expenditure | 292,466 | 282,755 |
| Contribution to Exchequer | 362,874 | 317,759 |
| Expenditure on Employees | 67,980 | 67,282 |
| Number of Employees | 32,909 | 33,273 |
| **FINANCIAL PERFORMANCE RATIOS** | | |
| PBIDT to Turnover (%) | 53.4 | 51.4 |
| PBDT to Turnover (%) | 53.3 | 51.4 |
| Profit Margin(%)- Incl. exceptional item | 32.7 | 27.6 |
| Contribution to Exchequer to Turnover (%) | 48.8 | 46.3 |
| ROCE (PBIDT to Capital Employed) (%) | 45.1 | 44.3 |
| Net Profit to Equity (%)- Incl. exceptional item | 22.5 | 19.6 |
| **BALANCE SHEET RATIOS** | | |
| Current Ratio | 1.41:1 | 1.34:1 |
| Debt Equity Ratio | - | - |
| Debtors Turnover Ratio(Days) | 30 | 21 |
| **PER SHARE DATA** | | |
| Earning Per Share (₹) | 29.36 | 22.12 |
| Dividend (%) | 195 | 175 |
| Book Value Per Share(₹) | 131 | 113 |

| | 2009-10 |
|---|---|
| **PHYSICAL** | |
| **Quantity Sold (Other than Trading)** | |
| -Crude Oil (MMT) | 22.33 |
| -Natural Gas (MMM3) | 20,598 |
| -LPG (000'Tonnes) | 1,108 |
| -Naptha/ARN (000'Tonnes) | 1,598 |
| -Ethane/Propane (000'Tonnes) | 533 |
| -Superior Kerosene Oil (000'Tonnes) | 166 |
| **Quantity Sold (Trading)** | |
| -Superior Kerosene Oil (000'KL) | - |
| -HSD (000'KL) | 4 |
| -Motor Spirit (000'KL) | 1 |
| **FINANCIAL** | |
| Income from Operations (Turnover) | 619,832 |
| Statutory Levies | 121,841 |
| Operating Expenses | 126,297 |
| Exchange Loss/(Gain) | (4,033) |
| Purchases (Trading) | 139 |
| Profit Before Interest, Depreciation & Tax (PBIDT) | 375,588 |
| Recouped Costs | 146,588 |
| Operating Income (PBIT) | 229,000 |
| Interest(Net) | (20,839) |
| **Profit before Tax and Extraordinary Items** | 249,839 |
| Extraordinary Items | - |
| **Profit before Tax** | 249,839 |
| Corporate Tax | 82,163 |
| **Net Profit (PAT)** | 167,676 |
| Dividend | 70,563 |
| Tax on Dividend | 11,615 |
| Share Capital | 21,389 |
| Net Worth | 864,413 |
| Borrowings | 60 |
| Working Capital | 342,714 |
| Capital Employed | 738,014 |
| Internal Resources Generation | 228,088 |
| Plan Expenditure | 236,591 |
| Contribution to Exchequer | 260,983 |
| Expenditure on Employees | 57,191 |
| Number of Employees | 32,826 |
| **FINANCIAL PERFORMANCE RATIOS** | |
| PBIDT to Turnover (%) | 60.6 |
| PBDT to Turnover (%) | 64.0 |
| Profit Margin(%)-including exceptional items | 27.1 |
| Contribution to Exchequer to Turnover (%) | 45.3 |
| ROCE (PBIDT to Capital Employed) (%) | 50.9 |
| Net Profit to Equity (%)-including exceptional items | 19.4 |
| **BALANCE SHEET RATIOS** | |
| Current Ratio | 2.38:1 |
| Debt Equity Ratio | 0.00006:1 |
| Debtors Turnover Ratio(Days) | 19 |
| **PER SHARE DATA** | |
| Earning Per Share (Rs.)- before extraordinary items(Restated) | 19.60 |
| Earning Per Share (Rs.)- after extraordinary items(Restated) | 19.60 |
| Dividend (%) | 330 |
| Book Value Per Share(Rs.)(Restated) | 101 |

* Post Bonus

* 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 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.

| 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 |
|---|---|---|---|---|---|---|
| 22.88 | 24.08 | 24.42 | 22.45 | 24.09 | 23.94 | 23.90 |
| 20,534 | 20,432 | 20,306 | 20,500 | 20,644 | 21,103 | 21,110 |
| 1,029 | 1,037 | 1,033 | 1,064 | 1,066 | 1,161 | 1,198 |
| 1,545 | 1,442 | 1,442 | 1,578 | 1,587 | 1,658 | 1,842 |
| 497 | 520 | 548 | 535 | 528 | 534 | 619 |
| 153 | 166 | 156 | 176 | 177 | 218 | 234 |
| 441 | 308 | 583 | 432 | 970 | - | - |
| 1,742 | 1,539 | 1,394 | 874 | 1,536 | - | - |
| 273 | 232 | 121 | 110 | 262 | - | - |
| 650,494 | 615,426 | 590,575 | 494,387 | 472,454 | 329,270 | 353,872 |
| 118,013 | 129,768 | 122,516 | 98,739 | 103,258 | 86,158 | 92,334 |
| 123,812 | 108,823 | 102,016 | 76,762 | 71,397 | 58,848 | 70,855 |
| 3,819 | (1,070) | 177 | (172) | 2 | 38 | 191 |
| 85,166 | 85,115 | 59,401 | 34,339 | 51,013 | - | - |
| 319,684 | 314,790 | 306,465 | 283,731 | 346,784 | 181,230 | 190,492 |
| 120,849 | 97,979 | 94,994 | 84,573 | 62,016 | 55,881 | 41,439 |
| 198,835 | 216,811 | 211,471 | 199,158 | 184,768 | 125,349 | 149,053 |
| (40,314) | (35,535) | (20,480) | (12,808) | (11,887) | (10,741) | (12,185) |
| 238,149 | 252,346 | 231,951 | 211,966 | 196,655 | 136,090 | 161,238 |
| 658 | - | 4,751 | 6,405 | - | - | - |
| 238,807 | 252,346 | 236,702 | 218,371 | 196,655 | 136,090 | 161,238 |
| 76,544 | 85,330 | 80,273 | 74,063 | 66,825 | 49,446 | 55,946 |
| 161,263 | 167,016 | 156,429 | 144,308 | 129,830 | 86,644 | 105,293 |
| 68,444 | 68,444 | 68,305 | 64,167 | 57,037 | 34,222 | 42,778 |
| 11,632 | 11,632 | 10,125 | 9,000 | 7,763 | 4,385 | 2,376 |
| 21,389 | 21,389 | 21,389 | 14,259 | 14,259 | 14,259 | 14,259 |
| 780,848 | 699,435 | 614,099 | 536,994 | 463,142 | 400,024 | 356,081 |
| 267 | 369 | 696 | 1,069 | 1,490 | 2,118 | 3,827 |
| 334,849 | 322,248 | 304,021 | 265,664 | 212,896 | 191,535 | 127,132 |
| 640,583 | 604,844 | 540,744 | 493,763 | 419,926 | 396,259 | 362,170 |
| 172,449 | 165,158 | 242,253 | 142,847 | 117,120 | 93,069 | 81,735 |
| 218,201 | 176,610 | 133,050 | 114,210 | 106,813 | 68,520 | 50,890 |
| 280,496 | 300,200 | 266,596 | 234,086 | 228,117 | 168,582 | 191,016 |
| 47,398 | 60,484 | 48,833 | 30,147 | 27,465 | 25,619 | 25,621 |
| 33,035 | 32,996 | 33,810 | 34,722 | 36,185 | 38,033 | 39,352 |
| 49.1 | 51.2 | 51.9 | 57.4 | 52.2 | 55.0 | 53.8 |
| 56.3 | 56.9 | 56.4 | 60.0 | 54.8 | 58.3 | 57.2 |
| 24.8 | 27.1 | 26.5 | 29.2 | 27.5 | 26.3 | 29.8 |
| 43.1 | 48.8 | 48.5 | 47.5 | 48.3 | 51.2 | 54.0 |
| 49.9 | 52.0 | 56.7 | 57.5 | 58.8 | 45.8 | 64.0 |
| 20.7 | 23.9 | 25.5 | 26.9 | 28.0 | 21.7 | 29.8 |
| 2.26:1 | 2.47:1 | 2.77:1 | 3.08:1 | 2.82:1 | 2.79:1 | 2.45:1 |
| 0.0003:1 | 0.001:1 | 0.001:1 | 0.002:1 | 0.003:1 | 0.01:1 | 0.01:1 |
| 23 | 26 | 17 | 27 | 29 | 26 | 41 |
| 18.80 | 19.52 | 17.92 | 16.97 | 15.18 | 10.13 | 12.30 |
| 18.85 | 19.52 | 18.29 | 16.87 | 15.18 | 10.13 | 12.30 |
| 320 | 320 | 310* | 460 | 400 | 240 | 300 |
| 91 | 82 | 72 | 63 | 54 | 47 | 42 |

# Statement of Income and Retained Earnings

| (₹ in million unless otherwise stated) | 2011-12 | 2010-11 |
|---|---|---|
| **REVENUES** | | |
| **Sales** | | |
| Crude Oil (Including Condensate) | 507,873 | 448,046 |
| Natural Gas (Incl. Gas Marketing Margin) | 141,387 | 127,544 |
| Liquified Petroleum Gas (LPG)-Domestic Market | 23,711 | 18,369 |
| Ethane/Propane (C2-C3) | 12,741 | 8,796 |
| Naphtha | 72,167 | 58,342 |
| Kerosene (SKO) | 1,520 | 679 |
| HSD | 109 | – |
| LSHS (Low sulpher heavy stock)/RCO (Residual Crude oil) | 1,250 | 473 |
| Aviation Turbine Fuel | 438 | 527 |
| Others | 62 | 3 |
| **Sub- Total** | 781,257 | 661,378 |
| Sale of Traded Products | 34 | 171 |
| Other Operating Income | 7,580 | 24,939 |
| **Revenue from Operations** | 788,871 | 686,488 |
| Other Non Operating Income | 44,538 | 34,069 |
| **Total Revenues** | 813,409 | 720,557 |
| **EXPENSES** | | |
| Royalty | 87,746 | 71,373 |
| Cess | 57,831 | 56,983 |
| Natural Calamity Contingent Duty | 1,097 | 1,114 |
| Excise Duty | 3,599 | 3,228 |
| Sales Tax | 3,338 | 3,113 |
| Service Tax | 238 | 227 |
| Education cess | 1,671 | 1,828 |
| Octroi and Port Trust Charges | 4,184 | 4,522 |
| **Sub-total** | 159,902 | 142,368 |
| Operating Expenses | 134,118 | 136,058 |
| Exchange Loss | 3,613 | – |
| Purchases | 28 | 136 |
| (Accretion) / Decretion in stock | (913) | (129) |
| Exploration Costs written off * | | |
| -Survey Costs | 12,409 | 16,675 |
| -Exploratory well Costs | 80,928 | 65,816 |
| Depreciation, Depletion, Amortisation and Impairment | 74,959 | 78,767 |
| Provisions and Write-offs | 3,087 | 6,114 |
| Prior Period Expenses (Net) | (95) | 336 |
| **Total Expenses** | 478,032 | 444,142 |
| Operating Income Before Interest &Tax | 335,368 | 276,415 |
| Interest Payments | 348 | 251 |
| **Profit before Tax and Exceptional items** | 335,020 | 276,164 |
| Exceptional items | 31,405 | – |
| **Profit before Tax** | 366,425 | 276,164 |
| Corporate Tax ( Net) | 115,196 | 86,924 |
| **Profit after Tax** | 251,229 | 189,240 |
| Dividend | 83,418 | 74,861 |
| Tax on Dividend | 13,286 | 12,156 |
| **Retained Earnings For The Year** | 154,527 | 102,223 |

| | 2009-10 |
|---|---|
| **REVENUES** | |
| **Sales** | |
| Crude Oil | 445,053 |
| Natural Gas | 73,797 |
| LPG | 21,824 |
| Naphtha/Aromatic Rich Naphtha | 47,137 |
| Ethane/Propane | 10,249 |
| Superior Kerosene Oil | 3,258 |
| HSD | 156 |
| Motor Spirit | 27 |
| Others | 483 |
| Price Revision Arrears | – |
| **Sub- Total** | 602,082 |
| Pipeline Revenue | 1,078 |
| Other Receipts | 15,512 |
| Accretion / (Decretion) in stock | 1,180 |
| Total Income from Operations | 619,832 |
| **COST & EXPENSES** | |
| Operating, Selling & General | |
| (a) Royalty | 54,832 |
| (b) Cess/ Excise Duty | 56,752 |
| (c) Natural Calamity Contingent Duty- Crude Oil | 1,082 |
| (d) Sales Tax | 2,990 |
| (e) Education Cess * | 1,719 |
| (f) Octroi & Port Trust Charges | 4,486 |
| **Sub-total (a to f)** | 121,841 |
| Pipeline Operations (Excluding Depreciation) | 7,875 |
| Other Operational Costs | 118,322 |
| Exchange Loss | (4,033) |
| Purchases | 139 |
| Recouped Costs | |
| (a) Depletion | 45,302 |
| (b) Depreciation | 12,312 |
| (c) Amortisation | 89,407 |
| (d) Impairment | (433) |
| **Sub-Total (a to d)** | 146,588 |
| **Total Cost & Expenses** | 390,832 |
| **Operating Income Before Interest &Tax** | 229,000 |
| Interest | |
| -Payments | 686 |
| -Receipts | 21,525 |
| -Net | (20,839) |
| **Profit before Tax and Extraordinary items** | 249,839 |
| Extraordinary items | - |
| **Profit before Tax** | 249,839 |
| Corporate Tax ( Net) | 82,163 |
| **Net Profit** | 167,676 |
| Dividend | 70,583 |
| Tax on Dividend | 11,616 |
| **Retained Earnings For The Year** | 85,477 |

* 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 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.

| | | | | | | |
|---|---|---|---|---|---|---|
| 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 |
| 391,718 | 386,806 | 372,090 | 317,367 | 311,824 | 222,124 | 244,131 |
| 75,528 | 71,780 | 72,113 | 66,701 | 53,208 | 52,039 | 49,989 |
| 22,752 | 20,168 | 14,886 | 16,283 | 12,066 | 18,352 | 19,067 |
| 48,406 | 43,849 | 37,907 | 36,679 | 29,260 | 22,538 | 22,035 |
| 9,890 | 9,291 | 8,095 | 7,401 | 5,705 | 4,779 | 5,637 |
| 16,701 | 10,775 | 15,754 | 10,605 | 16,898 | 2,858 | 3,188 |
| 61,910 | 48,621 | 42,037 | 23,403 | 29,277 | 86 | 80 |
| 11,062 | 9,159 | 4,530 | 3,767 | 6,848 | – | – |
| 1,526 | 926 | 634 | 617 | 1,434 | 1,080 | 965 |
| – | – | 11 | 156 | 584 | 3,481 | 1,569 |
| 639,493 | 601,373 | 569,037 | 482,009 | 467,098 | 325,096 | 346,907 |
| 2,329 | 1,522 | 82 | 15 | 23 | 24 | 478 |
| 7,861 | 11,390 | 21,653 | 10,257 | 5,034 | 4,262 | 6,276 |
| 811 | 1,141 | (197) | 2,116 | 299 | (112) | 211 |
| 650,494 | 615,426 | 590,575 | 494,397 | 472,454 | 329,270 | 353,872 |
| | | | | | | |
| 44,934 | 60,707 | 53,428 | 46,181 | 37,811 | 28,451 | 30,002 |
| 59,174 | 61,106 | 62,024 | 44,322 | 46,498 | 48,302 | 48,994 |
| 1,081 | 1,127 | 1,149 | 1,081 | 1,138 | 1,117 | 98 |
| 6,910 | 772 | 1,380 | 5,727 | 14,580 | 11,050 | 12,561 |
| 1,784 | 1,881 | 1,303 | | | | |
| 4,130 | 4,196 | 3,232 | 2,447 | 3,131 | 2,236 | 2,879 |
| 118,013 | 129,768 | 122,516 | 99,738 | 103,258 | 89,156 | 92,334 |
| 6,963 | 7,318 | 6,450 | 5,907 | 8,982 | 5,717 | 5,452 |
| 116,849 | 99,506 | 95,556 | 70,855 | 62,415 | 63,131 | 66,403 |
| 3,819 | (1,670) | 177 | (172) | 2 | 36 | 191 |
| 65,166 | 65,116 | 69,401 | 34,338 | 51,013 | – | – |
| | | | | | | |
| 42,148 | 36,776 | 33,849 | 29,702 | 24,851 | 23,323 | 17,497 |
| 14,491 | 14,060 | 16,249 | 23,759 | 5,437 | 6,057 | 7,569 |
| 67,320 | 47,580 | 43,167 | 31,437 | 31,568 | 26,339 | 16,181 |
| (3,110) | (437) | 1,729 | (325) | 140 | 162 | 162 |
| 120,849 | 97,979 | 94,994 | 84,573 | 62,016 | 55,881 | 41,439 |
| 451,659 | 398,815 | 379,104 | 295,239 | 287,686 | 203,921 | 204,819 |
| 198,835 | 216,611 | 211,471 | 199,158 | 184,768 | 125,349 | 149,053 |
| | | | | | | |
| 1,190 | 590 | 215 | 470 | 377 | 468 | 1,132 |
| 41,504 | 36,125 | 20,695 | 13,278 | 12,264 | 11,209 | 13,317 |
| (40,314) | (36,535) | (20,480) | (12,808) | (11,887) | (10,741) | (12,185) |
| 239,149 | 252,346 | 231,951 | 211,966 | 196,655 | 136,090 | 161,238 |
| 658 | – | 4,751 | 6,405 | – | – | – |
| 239,807 | 252,346 | 236,702 | 218,371 | 196,655 | 136,090 | 161,238 |
| 78,544 | 85,330 | 80,273 | 74,063 | 66,825 | 49,446 | 55,945 |
| 161,263 | 167,016 | 156,429 | 144,308 | 129,830 | 86,644 | 105,293 |
| 68,444 | 68,444 | 66,305 | 64,167 | 57,037 | 34,222 | 42,778 |
| 11,632 | 11,632 | 10,125 | 9,000 | 7,793 | 4,385 | 2,375 |
| 81,187 | 86,940 | 79,999 | 71,141 | 65,030 | 48,037 | 60,140 |

# Statement of Financial Position

| (₹ in million) | As at March 31, 2012 | As at March 31, 2011 |
|---|---|---|
| **RESOURCES** | | |
| **A. Own** | | |
| 1. Net Worth | | |
| (a) Equity | | |
| i) Share Capital | 42,777 | 42,777 |
| ii) Reserves & Surplus | 1,086,790 | 932,267 |
| **Sub-Total (a)** | 1,129,567 | 975,044 |
| (b) Less Deferred Revenue Expenditure | 11,726 | 7,960 |
| **Net Worth (a)-(b)** | 1,117,841 | 967,084 |
| **B. Deferred Tax Liability** | 111,979 | 99,504 |
| **TOTAL RESOURCES (A+B)** | 1,229,820 | 1,066,588 |
| **DISPOSITION OF RESOURCES** | | |
| **A. Non-current assets** | | |
| 1. Block Capital | | |
| a) Fixed Assets (Net) | 216,801 | 186,395 |
| b) Producing Properties (Net) | 463,768 | 435,757 |
| **Total Block Capital** | 680,569 | 622,152 |
| 2. Long-term loans and advances (excl. capital advances) | 254,482 | 239,392 |
| 3. Deposit under Site Restoration Fund Scheme | 91,826 | 81,155 |
| 4. Other non-current assets (excl. DRE) | 2,983 | 2,941 |
| **Subtotal (A)** | 1,029,860 | 945,640 |
| **B. Non-current Liabilities** | | |
| 1. Long-term provisions: | | |
| a) Provision for Abandonment | 176,477 | 175,608 |
| b) Other Long Term provisions | 36,654 | 32,627 |
| 2. Other Non-current liabilities | 5,620 | 5,825 |
| **Subtotal (B)** | 218,751 | 214,060 |
| **C. Net Non Current Assets (A)-(B)** | 811,109 | 731,580 |
| **D. Working Capital** | | |
| a) Current Assets | | |
| i) Inventories | 51,654 | 41,190 |
| ii) Trade receivables | 61,948 | 39,947 |
| iii) Cash and Cash Equivalents | 201,248 | 144,811 |
| iv) Short-term loans and advances | 31,237 | 26,734 |
| v) Other current assets (excl. DRE) | 8,633 | 4,276 |
| **Subtotal (a)** | 354,718 | 256,958 |
| b) Current liabilities | | |
| i) Short-term borrowings | 45,000 | - |
| ii) Trade payables | 52,612 | 52,253 |
| iii) Other current liabilities | 136,941 | 130,055 |
| iv) Short-term provisions | 22,426 | 9,258 |
| **Subtotal (b)** | 256,979 | 191,566 |
| **Working Capital (D) = (a)-(b)** | 97,739 | 65,392 |
| **E. CAPITAL EMPLOYED (C+D)** | 908,848 | 796,972 |
| **F. Investments** | | |
| i) Current Investments | 8,519 | 1 |
| ii) Non-current Investments | 43,644 | 51,827 |
| **G. Capital work-in-progress (incl. capital advances)** | 182,997 | 140,316 |
| **H. Exploratory/Development Wells in Progress** | 85,812 | 77,472 |
| **TOTAL DISPOSITION (E+F+G+H)** | 1,229,820 | 1,066,588 |

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 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.

| | As at March 31, 2010 | As at March 31, 2009 | As at March 31, 2008 | As at March 31, 2007 | As at March 31, 2006 | As at March 31, 2005 | As at March 31, 2004 | As at March 31, 2003 |
|---|---|---|---|---|---|---|---|---|
| **RESOURCES** | | | | | | | | |
| A. Own | | | | | | | | |
| 1. Net Worth | | | | | | | | |
| (a) Equity | | | | | | | | |
| i) Share Capital | 21,389 | 21,389 | 21,389 | 21,389 | 14,259 | 14,259 | 14,259 | 14,259 |
| ii) Reserves & Surplus | 851,437 | 765,965 | 684,785 | 597,851 | 525,338 | 454,195 | 391,172 | 343,130 |
| **Sub-Total** | 872,826 | 787,354 | 706,174 | 619,240 | 539,597 | 468,454 | 405,431 | 357,389 |
| (b) Less : Deffered Revenue Expenditure | 8,413 | 6,506 | 6,738 | 5,141 | 3,663 | 5,312 | 5,407 | 1,308 |
| **Net Worth** | 864,413 | 780,848 | 699,436 | 614,099 | 535,934 | 463,142 | 400,024 | 356,081 |
| 2. Long Term Liabilities | | | | | | | | |
| Deferred Tax Liability | 89,182 | 78,023 | 73,707 | 65,227 | 63,551 | 54,438 | 58,420 | 52,348 |
| **Total Own Funds ( 1+2 )** | 953,595 | 858,871 | 773,143 | 679,326 | 599,485 | 517,580 | 458,444 | 408,429 |
| **B. Outside** | | | | | | | | |
| Unsecured Loans | | | | | | | | |
| a) Indian Loans | - | - | - | 202 | 404 | 607 | 809 | 1,011 |
| b) Foreign Loans | 50 | 267 | 369 | 494 | 665 | 883 | 1,309 | 2,816 |
| **Total Outside Resources** | 50 | 267 | 369 | 696 | 1,069 | 1,490 | 2,118 | 3,827 |
| **TOTAL RESOURCES ( A+B )** | 953,645 | 859,138 | 773,512 | 680,022 | 600,554 | 519,070 | 460,562 | 412,256 |
| **DISPOSITION OF RESOURCES** | | | | | | | | |
| **A. Block Capital** | | | | | | | | |
| 1. Fixed Assets | 156,485 | 104,144 | 105,180 | 88,391 | 78,422 | 58,365 | 56,684 | 53,928 |
| 2. Producing Properties (Net) | 402,822 | 361,580 | 301,874 | 286,885 | 275,833 | 229,607 | 227,372 | 171,110 |
| Less: Liability for Abandonment Cost | 164,007 | 160,090 | 124,458 | 147,353 | 126,156 | 80,941 | 80,292 | |
| **Total Block Capital** | 395,300 | 305,634 | 282,596 | 228,723 | 228,099 | 207,031 | 203,764 | 225,038 |
| **B. Working Capital** | | | | | | | | |
| a) Current Assets | | | | | | | | |
| i) Inventories | 46,786 | 40,907 | 34,806 | 30,338 | 30,385 | 25,992 | 24,057 | 15,710 |
| ii) Debtors (Net of Provision) | 30,586 | 40,838 | 43,604 | 27,584 | 37,043 | 37,290 | 23,178 | 38,359 |
| iii) Cash & Bank Balances | 168,279 | 121,405 | 160,143 | 138,794 | 42,762 | 58,488 | 55,735 | 36,309 |
| iv) Deposit with Bank Under Site Restoration Fund Scheme # | 74,031 | 69,567 | 64,033 | 56,103 | 45,336 | 36,181 | 31,682 | 24,781 |
| v) Loans & Advances and Others | 218,031 | 273,583 | 195,746 | 193,214 | 216,059 | 164,004 | 145,963 | 99,811 |
| **Sub-Total** | 537,713 | 546,000 | 498,331 | 443,953 | 371,615 | 321,858 | 280,615 | 214,970 |
| Less | | | | | | | | |
| b) Current Liabilities and Provisions and Short Term Loans | | | | | | | | |
| (excl. Abandonment & Impairment)* | 194,999 | 211,051 | 176,083 | 139,932 | 105,951 | 108,783 | 89,080 | 87,838 |
| **Working Capital** | 342,714 | 334,949 | 322,248 | 304,021 | 265,664 | 212,895 | 191,535 | 127,132 |
| **C. CAPITAL EMPLOYED** | 738,014 | 640,583 | 604,844 | 540,744 | 493,763 | 419,926 | 395,299 | 352,170 |
| **D. INVESTMENTS** | 57,720 | 50,903 | 68,966 | 57,021 | 48,865 | 40,367 | 44,217 | 39,826 |
| **E. CAPITAL WORKS IN PROGRESS** | 102,414 | 116,965 | 70,745 | 48,251 | 28,303 | 41,419 | 9,826 | 9,329 |
| **F. EXPLORATORY/DEVELOPMENT WELLS IN PROGRESS** | 55,497 | 50,687 | 38,928 | 34,006 | 29,603 | 17,358 | 11,220 | 10,731 |
| **TOTAL DISPOSITION (C+D+E+F)** | 953,645 | 859,138 | 773,512 | 680,022 | 600,554 | 519,070 | 460,562 | 412,256 |

* For the Year 2002-03 Abondonement are Included in Current Liabilities. From the Year 2003-04, Liability for Abandonment has been deducted from Producing Properties.

\# Excluded for Current Ratio.

# Depreciation and Contribution to Exchequer

| (₹ in million) | 2011-12 | 2010-11 | 2009-10 | 2008-09 |
|---|---|---|---|---|
| **DETAILS OF DEPRECIATION ALLOCATED TO:** | | | | |
| Survey | 758 | 1,052 | 1,181 | 1,555 |
| Exploratory Drilling | 4,844 | 5,415 | 4,842 | 3,005 |
| Development | 52,782 | 41,734 | 34,098 | 24,426 |
| Profit & Loss Account | 13,396 | 19,993 | 12,201 | 14,434 |
| Others | 18 | 156 | 105 | 136 |
| **Total** | **71,793** | **68,350** | **52,427** | **43,556** |
| **CONTRIBUTION TO EXCHEQUER** | | | | |
| **CENTRAL** | | | | |
| 1. Cess/Excise Duty | 81,451 | 60,233 | 56,759 | 59,185 |
| 2. Natural Calamity Contingent Duty - Crude Oil | 1,098 | 1,115 | 1,062 | 1,082 |
| 3. Royalty | 36,144 | 36,519 | 32,190 | 31,394 |
| 4. Education Cess * | 1,872 | 1,830 | 1,719 | 1,784 |
| 5. Corporate Tax | | | | |
| a) On ONGC's Account | 102,722 | 76,628 | 71,203 | 79,770 |
| b) For Foreign Contractors | 73 | 27 | 7 | 277 |
| 6. Dividend | 60,372 | 55,502 | 52,330 | 50,744 |
| 7. Tax on Dividend | 13,288 | 12,156 | 11,616 | 11,632 |
| 8. Customs Duties | 96 | 44 | 125 | 354 |
| 9. Mumbai Port Trust Charges | 855 | 691 | 793 | 657 |
| **Sub Total** | **377,968** | **244,745** | **227,803** | **236,879** |
| **STATE** | | | | |
| 1. Sales Tax/VAT | 39,393 | 33,711 | 26,355 | 26,258 |
| 2. Royalty | 61,648 | 34,890 | 22,649 | 13,551 |
| 3. Octroi Duties etc. | 3,863 | 4,213 | 4,176 | 3,808 |
| **Sub Total** | **104,904** | **72,814** | **53,180** | **43,617** |
| **Grand Total** | **482,873** | **317,759** | **280,983** | **280,496** |

* Upto 2006-08, education cess is included in respective heads of levies.

| | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 |
|---|---|---|---|---|---|---|
| | 1,029 | 863 | 722 | 575 | 760 | 712 |
| | 2,151 | 1,672 | 1,865 | 1,503 | 1,617 | 1,560 |
| | 21,924 | 14,251 | 13,605 | 10,623 | 9,322 | 9,587 |
| | 13,984 | 16,094 | 22,226 | 5,435 | 6,056 | 7,584 |
| | 70 | 48 | 69 | 106 | 25 | 55 |
| | **39,159** | **32,928** | **38,527** | **18,242** | **17,880** | **19,536** |
| | | | | | | |
| | 81,103 | 62,028 | 44,302 | 45,501 | 48,314 | 47,008 |
| | 1,127 | 1,149 | 1,061 | 1,138 | 1,117 | 58 |
| | 30,631 | 27,920 | 23,056 | 21,811 | 16,202 | 17,380 |
| | 1,863 | 1,303 | | | | |
| | | | | | | |
| | 80,720 | 78,403 | 64,025 | 69,817 | 43,516 | 58,850 |
| | 32 | 34 | 3 | 23 | 20 | 24 |
| | 50,744 | 49,159 | 47,573 | 42,267 | 27,364 | 36,981 |
| | 11,632 | 10,125 | 8,999 | 7,763 | 4,366 | 2,375 |
| | 615 | 1,441 | 688 | 2,423 | 4,114 | 1,432 |
| | 742 | 691 | 710 | 2,999 | 364 | 345 |
| | **239,409** | **232,253** | **190,837** | **194,782** | **143,396** | **163,493** |
| | | | | | | |
| | 26,899 | 25,998 | 18,263 | 14,581 | 11,060 | 12,561 |
| | 30,078 | 25,513 | 23,126 | 19,103 | 12,249 | 12,623 |
| | 3,814 | 2,832 | 2,060 | 2,671 | 1,877 | 2,339 |
| | **60,791** | **54,343** | **43,449** | **33,355** | **25,186** | **27,523** |
| | **300,200** | **286,596** | **234,086** | **228,117** | **168,582** | **191,016** |

ONGC's Hydrocarbon Processing Plant at Uran

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 in an unproved area for the purpose of finding and producing Oil or Gas.

**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, costs, assets and liabilities are reflected in the accounts in the period in which they accrue. The 'accrual basis of accounting' includes considerations relating to deferrals, allocations, depreciation and amortization. This basis is also referred to as mercantile basis of accounting.

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

(a) it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;

(b) it is held primarily for the purpose of being traded,

(c) it is expected to be realized within twelve months after the reporting date, or

(d) 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:

(a) it is expected to be settled in the company's normal operating cycle

(b) it is held primarily for the purpose of being traded

(c) it is due to be settled within twelve months after the reporting date, or

(d) 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 proved reserves and to provide facilities for extracting, treating, gathering and storing oil and gas.

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

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

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

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

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

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

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

**Exploration Costs written off:** It refers to the Survey expenditure and Dry wells expensed in the accounts in line with note no. 2.e.2 and 2.e.3.1 on Significant Accounting Policies under Notes to Financial Statements.

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

**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) 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.

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) 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.

d) 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.

**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 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.

Work life balance


ONGC Everywhere

# DIRECTORS' REPORT

# ANNEXURES TO DIRECTORS' REPORT

# COMMENTS OF C&AG

# Directors' Report

**Dear Members,**

It is indeed my proud privilege to present, on behalf of the Board of Directors, the 19th Annual Report on the business and operations of Oil And Natural Gas Corporation Ltd and its Audited Statements of Accounts for the year ended 31st March, 2012, together with the Auditors' Report and Comments on the Accounts by the Comptroller & Auditor General (CAG) of India.

FY'12 has been a year of achievements for your Company as it performed exceedingly well in almost all the areas of its activities. Significant highlights for the year have been:

- Your Company accreted 84.13 mmtoe of ultimate reserves in the domestic fields (operated by ONGC), the highest in last two decades.
- Reserve replacement ratio has been 1.79; in 7th consecutively year more than 1.
- The Gross Revenue (₹768,871 million) and PAT (₹251,229 million) has been the highest-ever.
- ONGC paid the highest-ever dividend of ₹83,416 million; the Government of India's share has been ₹60,372 million.
- ONGC's standalone Net worth crossed ₹1,000,000 million benchmark (₹1,117,841 million as on 31.03.2012).
- Actual Plan expenditure for domestic operations during XI Plan period has been ₹1,205,523 million against the plan outlay of ₹ 759,838 million.

You will appreciate the fact that your Company is growth driven which is reflected through its consistent performance over a long period of time despite growing complexities in the industry and global economies. Due to this consistent performance, efforts of your Company are well recognised the world over.

Seismic survey in Thar desert

### Global recognitions

Your Company is the only Indian energy giant in **'Fortune's Most Admired List 2012'** under 'Mining, Crude Oil Production' category (March 2012). ONGC has been ranked as the Number 2 Exploration & Production Company in the World and 21st in the overall listing of global energy companies as per 'Platts Top 250 Global Energy Company Ranking 2011 (November, 2011). ONGC has been ranked at 171st position in Forbes Global 2000 list 2012 of world's biggest companies for 2011 (April 2012).

### Physical Performance: 2011-12

### Exploration

Your Company has made 23 discoveries in domestic fields (operated by ONGC); 15 new prospects and eight new pool discoveries. Out of the 15 new prospect discoveries 7 are in NELP blocks. The new prospect discoveries are – East Linch (Oil) and Uber (Gas) in Cambay basin; North Patharia (Gas) and Hortoki (Gas) in Assam & Assam Arakan basin; Periyakudi (Oil & Gas) in Cauvery onland; Nohta-2 in Vindhyan Basin; GS-70 (Oil & gas), Alankari (Gas) and Chandrika South (Gas) from Krishna Godavari offshore basin; B-127E (Oil) & BH-67(Gas) in Mumbai Offshore basin, GK-42 (Gas) and GS-OSN-2004/1 (Gas) in Kutch offshore basin; MDW-13 (Gas) in the deepwater of Mahanadi offshore and ANDW-1 (Gas) in deepwater Andaman offshore. Hortoki discovery is the first hydrocarbon discovery in Mizoram.

Out of 23 discoveries, 15 discoveries are in nomination blocks, seven onland discoveries have already been put on production and other four discoveries in the offshore nomination blocks have the possibility of cluster development with nearby existing infrastructure. Two onland discoveries are in the process of appraisal/ delineation. Total 8 discoveries (two onland and six offshore) are in NELP blocks which are governed by the PSC guidelines and appraisal/ development activities will be taken upon keeping in view the time-lines of the respective blocks.

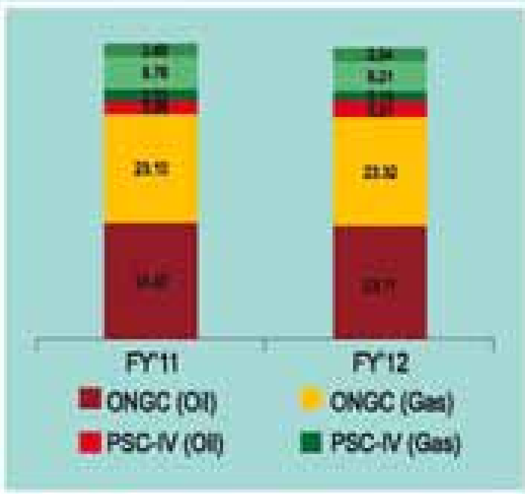
So far, your Company has made 26 discoveries in NELP blocks (up to 31st March, 2012). Out of which, DOC (Declaration of Commerciality) has already been submitted for 13 discoveries; including the significant discoveries in KG-DWN-98/2 in KG basin and Mahanadi basin. Rest of the discoveries are under assessment/ appraisal.

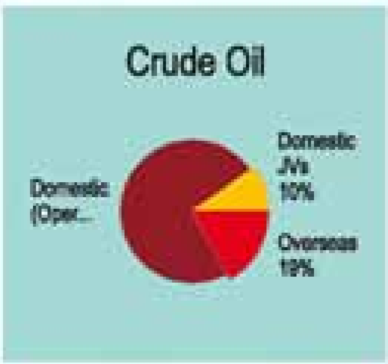

### Reserve accretion & RRR

Your Company accreted 242.53 million metric tonnes of oil equivalent (mmtoe) of in-place volume of hydrocarbon in domestic basins (operated by ONGC). The ultimate reserves accretion has been 84.13 mmtoe. Total ultimate reserve accretion in domestic basins including ONGC's share in PSC JVs has been 85.44 mmtoe. This fiscal also your Company maintained Reserve Replacement Ratio (RRR) more than one with RRR of 1.79 (with 3P reserves).

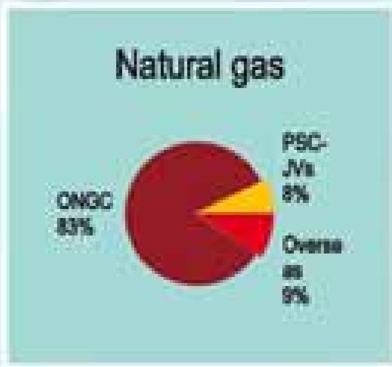
### Production of Oil and Gas

The combined production of oil and oil equivalent gas (O+OEG) for ONGC, including OVL and ONGC's share in PSC-JVs, in FY'12 has been 61.18 mmtoe, marginally lower by 1.4% compared to the production in FY'11 (62.05 mmtoe). The major reason for lower production during FY'12 has been the unrest in Sudan, South Sudan and Syria fields and natural decline in domestic fields (operated by ONGC).



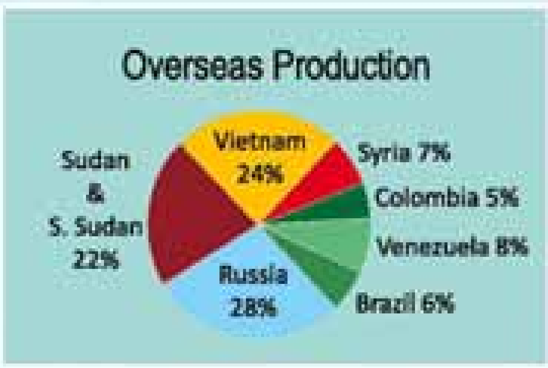




Out of total production of 33.13 MMT of crude oil, 71% production came from the ONGC operated domestic fields, 19% from the overseas assets and balance 10% from ONGC's share in domestic joint ventures. As far as natural gas production is concerned, majority of production (83%) came from ONGC operated domestic fields and balance 9% from overseas assets and 8% from domestic joint ventures.




### Production from overseas assets

ONGC Videsh Limited (OVL), the wholly owned subsidiary of your company, has ten producing assets in eight countries – Venezuela (1), Brazil (1), Colombia (1), Sudan (1), South Sudan (2), Syria (1), Vietnam (1) and Russia (2). Total production from these assets during FY'12 has been 8.75 mmtoe of O+OEG (Crude oil: 6.21 MMT & Gas: 2.54 BCM).




### New projects

The Board of your Company approved development of two discovered fields i.e, B-127 cluster and C-26 cluster in FY'12, with an investment of ₹46,518 million. Besides this, phase-2 redevelopment of Heera and South Heera was also approved with an investment of ₹56,084 million. B-173A field has also been taken up for additional development with an investment of ₹3,525 million.

### New sources of energy

#### Shale gas

After establishing the presence of Shale gas in the country in Durgapur, your Company is planning to explore for shale gas in the identified basins such as - Cambay, Krishna Godavari, Cauvery and Bengal basins. A landmark alliance has been inked with ConocoPhillip to explore for shale gas in India and abroad. Your Company has also entered into Shale gas research consortium agreement with Energy & Geoscience Institute (EGI), University of Utah, USA. At the same time a project has been sponsored in Indian School of Mines, Dhanbad for shale gas research.

#### Coal Bed Methane (CBM)

Your company is currently operating in four CBM blocks i.e., Jharia, Bokaro, North Karanpura and Raniganj. In all Blocks, Phase-I activities have been completed. In two blocks i.e., Bokaro and North Karanpura, Development Plan has been submitted after completion of Phase-II activities. Development Plan of Bokaro block has been approved in February, 2012, while approval for the development plan of North Karanpura block is awaited. In remaining two blocks i.e. Jharia and Raniganj, Phase-II activities are nearing completion and development plans will be submitted. Your Company is also looking for farm-in opportunities for expeditious exploitation of the CBM resources.

#### Underground Coal Gasification (UCG)

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

#### Alternate sources of energy

Your Company, through ONGC Energy Centre (OEC), a trust set up by your Company, is actively pursuing alternate energy opportunities. The Energy Centre is poised to contribute significantly towards your Company's endeavours to have a healthy portfolio of alternate energy. Some of the significant initiatives in this regard are:

- **Generation of hydrogen through Thermo-chemical processes:** First phase of work on Cu-Cl (Copper-Chlorine) cycle has been successfully completed and the second stage i.e. Laboratory Scale Closed Loop studies of Cu-Cl is being pursued with Institute of Chemical Technology (ICT), Mumbai.
- **Geothermal Power Project in Cambay Basin:** OEC has planned a pilot scale Geothermal Pilot Project in Cambay Basin, which has high geothermal gradient. M/s Talboom, Belgium will be the technology partner in this project. Through this collaborative project OEC aims to explore the possibilities of harnessing Geothermal Energy in Sedimentary Basins of India.
- **Kinetic Hydro Power Project:** ONGC Energy Centre 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".
- **Wind Power Generation Project at Offshore Installations:** Your company has already installed wind energy farm of 51 MW and another 102 MW wind farm project is under progress. As your Company has vast experience in offshore and has more than 200 offshore installations for production of oil & gas, the possibility of installation of suitable wind generation facilities at these installations is being explored for harnessing wind energy in offshore.
- **Uranium exploration:** Your Company has successfully completed two parametric wells for Uranium exploration in Tamil Nadu.

## Disinvestment

One of the major highlights of the year that passed was that the Govt. of India divested 420,416,170 number of equity shares (4.91%) of ONGC on 1st March, 2012 using the "offer for sale through Stock Exchange Mechanism". With this, the Govt. holding of ONGC has come down from 74.14% to 69.23%. In the process Govt. has raised a sum of ₹ 127,668 million resulting in an average price of ₹ 303.67 per share against the floor price of ₹ 290 per share. LIC came out as the largest buyer acquiring 377,107,488 no. of shares (4.408% out of the total divestment of 4.91% of the paid up share capital of ONGC) raising its total holding to 810,617,088 shares (9.475% as on 1st March, 2012).

### 1. Financial Results

Despite volatile markets your Company has earned a Profit After Tax (PAT) of ₹ 251,229 million (₹189,240 million in 2010-11), up 32.76 %, which is incidentally the highest-ever. During the year under review, your Company, on standalone basis, registered Gross revenue of ₹ 768,871 million (₹ 686,488 million in 2010-11), up 12.00%.

## Highlights

| | | |
|---|---|---|
| Gross Revenue | : | ₹ 768,871 million |
| Profit After Tax (PAT) | : | ₹251,229 million |
| Contribution to Exchequer | : | ₹382,874 million* |
| Return on Capital Employed | : | 45.15% |
| Debt-Equity Ratio | : | 0.00 |
| Earning Per Share (₹) | : | 29.36 |
| Book Value Per Share (₹) | : | 131 |

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

(₹ in million)

| Particulars | 2011-12 | 2010-11 |
|---|---|---|
| Revenue from Operations | 768,871 | 686,488 |
| Other Income | 44,529 | 34,069 |
| Total Revenues | 813,400 | 720,557 |
| Profit before Interest, Depreciation & Tax (PBIDT) | 410,327 | 353,182 |
| Profit before tax (PBT) | 366,425 | 276,164 |
| **Profit After Tax(PAT)** | **251,229** | **189,240** |
| **Appropriations** | | |
| Interim Dividend | 66,305 | 68,444 |
| Proposed Final Dividend | 17,111 | 6,417 |
| Tax on Dividend | 13,286 | 12,156 |
| Transfer to General Reserve | 154,527 | 102,223 |
| **Total** | **251,229** | **189,240** |

Previous year figures have been regrouped wherever necessary.

2. **Dividend:**

Your Company paid interim dividends amounting to a total of ₹ 7.75 per share of ₹ 5 each (155%) in two phases (₹ 6.25 and ₹ 1.50) in January and March 2012, respectively. The Board of Directors has recommended a final dividend of ₹ 2 per share (40%). This makes the aggregate dividend at ₹ 9.75 per share of ₹ 5 each i.e. 195% of the paid up share capital - post split and bonus, as compared to 175% paid in 2010-11. The total dividend will absorb ₹ 83,416 million, besides ₹ 13,286 million as tax on dividend, which is the highest ever dividend payout by the Company.

3. **Management Discussion and Analysis Report**

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

## 4. Production and Sales

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

| | Unit | Production Qty | | Sales Qty | | Value (₹ in million) | |
|---|---|---|---|---|---|---|---|
| | | FY 2011-12 | FY 2010-11 | FY 2011-12 | FY 2010-11 | FY 2011-12 | FY 2010-11 |
| **Direct** | | | | | | | |
| Crude Oil | (MMT) | *26.93 | 27.28 | 23.08 | 22.93 | 507,873 | 448,845 |
| Natural Gas | (BCM) | **25.51 | 25.32 | 20.17 | 20.25 | 141,396 | 127,544 |
| Ethane/Propane | 000 MT | 463 | 388 | 461 | 387 | 12,741 | 8,796 |
| LPG | 000 MT | 1,037 | 1,054 | 1,033 | 1,057 | 23,711 | 18,369 |
| Naphtha | 000 MT | 1,557 | 1,570 | 1,557 | 1,600 | 72,167 | 58,342 |
| SKO | 000 MT | 79 | 116 | 79 | 118 | 1,520 | 679 |
| Others | | | | | | 1,850 | 1,002 |
| **Sub Total** | | | | | | **761,258** | **661,377** |
| Trading | | | | | | | |
| Motor Spirit | 000 KL | | | 0.43 | 0.63 | 30 | 36 |
| HSD | 000 KL | | | 0.07 | 3.27 | 3 | 134 |
| Others | | | | | | 0 | 2 |
| **Sub Total** | | | | | | **33** | **172** |
| **Total** | | | | | | **761,291** | **661,549** |

* Includes 3.21 MMT (Previous year 2.86 MMT) from Joint Ventures.

** Includes 2.19 BCM (Previous year 2.23 BCM) from Joint Ventures.

## 5. Oil & Gas Reserves

Your Company has made voluntary disclosures in respect of Oil & Gas Reserves, conforming to SPE classification 1994 and US Financial Accounting Standards Board (FASB-69). ONGC has added 242.50 MTOE of oil and oil–equivalent gas (O+OEG) initial in-place volume with 84.13 MTOE of O+OEG as the ultimate reserve component during FY '12 in domestic fields (operated by ONGC). The ultimate reserve accretion, including its share in joint ventures is 85.44 MTOE of O+OEG, which is the highest in last two decades.

| Ultimate Reserve (3P) accretion O+OEG (in MTOE) | | | | | |
|---|---|---|---|---|---|
| **Year** | **Domestic Assets (1)** | **ONGC's share in Domestic JVs (2)** | **Total Domestic Reserve (3)=(1)+(2)** | **OVL's Share in Foreign Assets (4)** | **Total (5)=(3)+(4)** |
| 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 |

## 6. Statement of Reserve Recognition Accounting

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

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

a) Proved Oil and Gas reserve quantities

b) Capitalized costs relating to Oil and Gas producing activities

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

d) Results of operations for Oil and Gas producing activities

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

Your Company has disclosed information in respect of (a) and (d) above in the Annual Financial Statements.

Your Company has made voluntary disclosure on standardized measure of discounted future net cash flows relating to proved oil and gas reserve at Annexure-A to this report as Statement of Reserve Recognition Accounting (RRA).

## 7. Financial Accounting

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

## 8. Internal Control System

Your Company has well established and efficient internal control system and procedures. The Company has a well defined delegation of the financial powers to its various executives through Book of Delegated Powers (BDP). The integrated BDP is updated from time-to-time in line with the needs of the organization 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 Committee of the Board and necessary directions are issued wherever required.

## 9. Subsidiaries

### 9.1 ONGC Videsh Ltd. (OVL)

OVL, the wholly-owned subsidiary of your Company for E&P activities outside India, achieved the highest-ever total revenue of ₹ 226,374 Million for the financial year (FY) 2011-12, an increase of 21.2% as compared to the total revenue of ₹ 186,711 Million for the FY 2010-11. OVL's share in production of oil and oil equivalent gas (O+OEG) together with its wholly-owned subsidiaries ONGC Nile Ganga B.V., ONGC Amazon Alaknanda Limited and Jarpeno Limited was 8.753 MTOE during the FY 2011-12 as compared to 9.448 MTOE during the FY 2010-11. The Production has decreased in FY 2011-12 mainly due to geopolitical problems in Sudan and Syria. Post secession of South Sudan from Sudan w.e.f. 9th July, 2011, Blocks 1, 2 and 4 straddle between the two countries and Block 5A is now entirely in South Sudan. Company's operations in South Sudan are temporarily under shutdown with effect from 23rd January, 2012 because of non-resolution of various issues between the Governments of South Sudan and Sudan for use of processing, transportation and port facilities in Sudan for crude oil produced in South Sudan. Also, the current geo-political situation in Syria including EU sanction and the

Exploring hydrocarbon overseas

OVL achieved the highest ever total revenue of ₹ 226,374 million
- an increase of 21.2% over previous year.

resulting restrictions on Contractors has created a difficult situation in Al Furat Petroleum Company (AFPC) project since December 2011. Excluding Syria and Sudan, the production during FY 2011-12 was almost at the level as that of FY 2010-11.

The Profit after tax (PAT) for the FY 2011-12 was marginally up by 1.1% from ₹ 26,905 Million during the FY 2010-11 to ₹ 27,212 Million during the FY 2011-12 mainly due to a provision made for Impairment of ₹ 19,534 Million in respect of subsidiary, Jarpeno Ltd. as the 'value in use' computed for the asset as on 31st March, 2012 was lower than its carrying value. During the year, the company has acquired 25% Participating Interest (PI) in Satpayev Block, Kazakhstan and the exploration activities have started in the block. The remaining 75% PI is held by KMG, the National Oil Company of Kazakhstan.

ONGC Videsh presently has participation in 30 projects in 15 countries. Out of 30 projects, OVL is operator in nine projects and joint operator in six projects. The producing projects in OVL are Greater Nile Oil Project in Sudan, Greater Pioneer Operating Company and Block 5A in South Sudan, Block 06.1 in Vietnam, Al Furat Project in Syria, Sakhalin-I Project and Imperial Energy in Russia, Mansarovar Energy Project in Colombia, San Cristobal Project in Venezuela and Block BC-10 in Brazil. Exploration Block XXIV, Syria is on extended production testing. OVL currently has three projects under development namely Carabobo 1, in Venezuela, where first oil is expected in December 2012 and Blocks A1 & A3 in Myanmar, which are likely to commence production in May 2013. Farsi Block, Iran has discoveries and further work is being carried out. One Pipeline Project was executed and completed by OVL and handed over to Government of Sudan in October, 2005 and is currently under lease. The remaining projects are in exploration phase.

## Direct Subsidiaries of ONGC Videsh Limited:

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

ONGBV, a subsidiary of OVL, is engaged in E&P activities in Sudan, South Sudan, Syria, Venezuela, Brazil and Myanmar. ONGBV holds 25% Participating Interest (PI) in Greater Nile Oil Project (GNOP), Sudan with its share of oil production of about 1.324 MMT during 2011-12. Post secession of South Sudan from Republic of Sudan effective from 9th July 2011, about 60% of fields are in South Sudan. However, major processing facilities, pipeline and port facilities are in Republic of Sudan. A new Joint Operating Company (JOC) Greater Pioneer Operating Company (GPOC) has been registered in Mauritius for petroleum operations of Block 1, 2 & 4 in Republic of South Sudan. The shareholding of ONGBV in GPOC is 25% in accordance with PI and project is jointly operated by all partners.

ONGBV holds 16.66% to 18.75% PI in four Production Sharing Contracts in Al Furat Project (AFPC), Syria with its share of oil and gas production of about 0.503 MTOE during 2011-12. ONGBV holds 40% 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 0.894 MMT during 2011-12. ONGBV holds 15% PI in BC-10 Project in Brazil through its wholly owned subsidiary ONGC Campos Ltd. with its share of oil and gas production of about 0.465 MTOE during 2011-12.

ONGBV held 43.5% PI and 100% PI as operator of exploratory blocks BM-S-73 and BM-ES-42 respectively and holds 43.5% PI in exploratory block BM-S-74 and 25% PI each in exploratory blocks Block BM-SEAL-4 and Block BM-BAR-1 all located in deepwater offshore, Brazil through its wholly owned subsidiary ONGC Campos Ltd. ONGBV holds 8.347% 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.

### b) ONGC Narmada Limited (ONL)

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

### c) ONGC Amazon Alaknanda Limited (OAAL):

OAAL, a wholly-owned subsidiary of OVL, holds stake in E&P projects in Colombia, through Mansarovar Energy Colombia Limited (MECL), a 50:50 joint venture company with Sinopec of China. During 2011-12, OVL's share of oil production in MECL was about 0.561 MMT.

### d) Jarpeno Limited:

Jarpeno Limited, a wholly-owned subsidiary of OVL incorporated in Cyprus, acquired Imperial Energy Corporation plc., a UK listed upstream oil exploration and production entity with its main activities in Tomsk region of Western Siberia in Russia, in January 2009. During 2011-12, Imperial Energy's oil production was about 0.771 MMT.

e) **Carabobo One AB:**

Carabobo One AB, a wholly-owned subsidiary of OVL incorporated in Sweden, holds 11% PI in Carabobo-1 Project, Venezuela. The upstream production facilities are expected to produce about 400,000 barrels per day of which approximately 200,000 barrels per day would be upgraded into light crude oil in a facility to be located in the Soledad area, Anzoátegui State. The license term is for 25 years with the potential for a further extension of 15 years. Four stratigraphic wells and six slant wells were drilled for collection of samples and study of petrophysical properties for drilling development wells was carried out for Accelerated Early Production of first oil in 4th quarter of 2012. Presently, Basic Engineering & feed for Upgrader and Downstream facilities and 3D-Seismic study, civil works for well pads have been awarded and awarding of drilling contract for Development of the Field is in progress.

## Joint Venture of OVL

f) **ONGC Mittal Energy Limited (OMEL)**

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

### 9.2 Mangalore Refinery & Petrochemicals Limited (MRPL)

Your Company continues to hold 71.62% equity stake in MRPL, a Category I Mini Ratna, which is single location 15 MMTPA Refinery at the west coast.

**Performance Highlights of FY 2011-12:**

- GRM of 7.07 $/bbl in the fourth quarter despite steep Rupee depreciation at the end of the quarter.
- Highest ever throughput of 12.82 MMTPA and turnover of ₹ 572,068 million during FY 2011-12.
- Commissioned its 3 MMTPA CDU/VDU on 25.3.2012, which enhanced its nameplate capacity from 11.86 MMTPA to 15 MMTPA.
- Revamp of CDU/VDU I and Hydrocracker successfully completed in record time. Revamp of HCU II completed in April-May 2012.
- DPE Adjudged performance as compared to MoU targets as Excellent for the year 2010-11.

| Particulars | | FY | |
|---|---|---|---|
| | | 2011-12 | 2010-11 |
| Throughput | (MMT) | 12.82 | 12.64 |
| Gross Turnover | (₹ in million) | 572,068 | 437,237 |
| GRM | ($ / bbl) | 5.60 | 5.90 |
| Net Exchange Variation (gain / loss) | (₹ in million) | 6,490 | (18) |
| PBT | (₹ in million) | 13,202 | 17,371 |
| PAT | (₹ in million) | 9,084 | 11,766 |

The Board of directors considering the performance and continuing project expenditure during the FY 2012-13 recommends a dividend of ₹ 1.00 Per equity share of ₹ 10/- each (Previous year ₹ 1.20 per share of ₹ 10/- each).

**Marketing:**

In spite of the continued under-recoveries in retail marketing of Auto fuels, the Company has continued with its significant performance, thereby, limiting the under recoveries. The Direct Marketing sales turnover covering Bitumen/CRMB, ATF, Furnace Oil, Mixed Xylene, Naphtha and Sulphur amounts to ₹ 27,550 million as compared to ₹ 22,910 million during 2010-11, thereby registering an increase of 20% over last year. The Company is in all readiness to take up within a short time the retail marketing if under recoveries are eliminated.

Achieving new heights: Highest ever throughput of 12.82 MMTPA at MRPL.

### Phase-III Refinery Project:

The Financial Year 2011-12 has been a significant year for Phase-III expansion of refinery. In spite of sporadic adverse working conditions in and around the project site, the overall project progress is extremely good. The overall project progress as on 15th May, 2012 is 94.70%.

MRPL has commissioned the Primary Crude Processing Unit, Crude Distillation & Vacuum Distillation Unit along with the required offsite facilities on 25-03-2012. The other units, Diesel Hydrotreater and Hydrogen, are under commissioning. The balance units are scheduled for commissioning progressively from June 2012 and last of the units is expected to be completed by October 2012. The Poly Propylene Unit is expected to be completed by December 2012. The SPM facility is scheduled to be commissioned by July 2012.

The first phase of Captive Power Plant being built by M/s.BHEL which was scheduled for commissioning in April 2011 is now expected to be commissioned by September 2012. This has considerably affected the commissioning schedule of units.

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

MCA vide circular dated 08.02.2011 and clarification dated 21.02.2011 decided to grant a general exemption from the applicability of Section 212 of the Companies Act, 1956 from attaching the Balance Sheet and Profit & Loss Account prepared regarding the financial year ending on or after 31.03.2011, in relation to subsidiaries of those companies which fulfill various conditions including inter-alia approval of the Board of Directors for not attaching the balance sheet and profit & loss account of the subsidiary concerned. Your Board has accorded necessary approval in this regard for not attaching the Balance Sheet and Profit & Loss Account of its subsidiaries (i) ONGC Videsh Limited (OVL) and (ii) Mangalore Refinery & Petrochemicals Ltd. (MRPL). All the conditions mentioned in the circular are being complied with by ONGC. Full Annual Report of ONGC including its subsidiaries will be made available to any shareholder, if he/she desires. Further, Annual Reports of MRPL and OVL are also available on website www.mrpl.co.in and www.ongcvidesh.com respectively.

In accordance with the Accounting Standard (AS)–21 on "Consolidated Financial Statements" read with AS-23 on "Accounting for Investments in Associates" and AS-27 on "Financial Reporting of Interests in Joint Ventures", audited Consolidated Financial Statements for the year ended 31st March, 2012 of the Company and its subsidiaries form part of the Annual Report.

## 11. Joint Ventures/ Associates

### i. ONGC Tripura Power Company Limited (OTPC)

Your company has promoted OTPC with envisaged equity stake of 50% along with Govt of Tripura (0.5%) and IL&FS (26%) to set-up 726.6 MW (2 x 363.3MW) gas based Combined Cycle Power Plant (CCPP) at Palatana in Tripura to monetize its idle gas assets in Tripura. The generation project is in the advanced stage

OTPC: Commissioning of Unit-I by August 2012 of implementation by Bharat Heavy Electricals Limited, as the turnkey EPC contractor. The financial closure of the project has been achieved and various linkages like gas supply from ONGC and power off-take by NE states have already been tied up. The company has successfully accomplished, riding on the back of a breakthrough transport agreement with the Government of Bangladesh, the highly challenging task of transporting the heavy and over dimensional project equipment to the site through multi-modal transportation route through Bangladesh. In view of the enormous challenges involved in setting up the project at such a remote location, the project timelines have been revised. The commissioning of Unit-I is expected in August 2012, and that of Unit II in December 2012. The total approved cost of the project is ₹ 34,290 million and the financial progress in terms of expenditure incurred till 30th April 2012 is ₹ 23,210 million.

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

Your Company has promoted a JV company OPaL with envisaged equity stake of 26% along with GAIL (15%) and Gujarat State Petroleum Corporation Ltd (GSPCL) (5%) to implement a mega petrochemical complex comprising of 1.1 MMTPA ethylene Cracker and global scale polymer units within Dahej SEZ, as a step towards downstream integration at a total revised cost of ₹ 213,960 million. Project implementation is in full swing with 95% of contracts awarded and overall progress of the project is 53.2% as on 30th April, 2012.

OPaL: Project implementation in full swing

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

ONGC with envisaged equity stake of 26% in MSEZ along with KIADB (23%) and IL&FS+KCCI (51%) is promoting an SEZ in coastal Mangalore. Ministry of Commerce & Industry has formally notified to set up a Petro-chemical Specific SEZ in 1630 acres of land. Total land in possession is 2323 acres which includes 1543 acres of land for MSEZ and other Domestic Tariff Area (DTA) land for Resettlement & Rehabilitation (R&R) for MRPL etc. MSEZ has already allotted land to OMPL and lease agreement for 441 acres signed. Commercial terms have also been finalized with ISPRL for land. Infrastructure development for river water conveyance, water treatment plants, corridor development, power supply etc. is in progress. Development of R& R colony is undergoing with allotment of 931 plots to Project Displaced Family (PDF) out of total 951 plots planned. Other R&R package is also under implementation. The company has started earning operating revenue from FY 2011-12 with revenue of ₹ 1.90 million.

iv. **ONGC Mangalore Petrochemicals Limited (OMPL)**

ONGC has promoted OMPL with envisaged equity participation of 46%, along with MRPL (3%) for setting up manufacturing facilities for 0.92 MMTPA Para-Xylene and 0.270 MMTPA Benzene from MRPL's aromatic streams in Mangalore SEZ, as a value added project. Around 97% of the project cost has been awarded which includes major contracts relating to project management, technology licensor and LSTK contract for process packages etc. The project implementation is in full swing. The total approved cost of the project is ₹ 57,500 million and total expenditure is ₹ 25,920 million, till 30th April, 2012.

v. **ONGC TERI Biotech Limited (OTBL)**

OTBL is a Joint Venture company of ONGC, incorporated on 26th March, 2007, with The Energy Research Institute (TERI) with shareholding of 49% each and balance 2% equity held by the Financial Institutions. The JV has been promoted for addressing the requirement of Bioremediation of oily sludge, Microbial Enhanced Oil Recovery, prevention of wax deposition in tubular and solution for other oil field problems. The turnover of OTBL in FY 2011-12 is ₹ 129.96 million and Profit after Tax is ₹ 32.78 million as against turnover of ₹ 129.54 million and PAT of ₹ 27.46 million in FY 2010-11.

vi. **Petronet MHB Limited (PMHBL)**

PMHBL is a JV company of ONGC (28.766%), HPCL (28.766%) and PIL (7.896%). Balance 34.57% of equity is held by the leading banks. It owns and operates a multi–product pipeline to transport MRPL's products to hinterland of Karnataka. Throughput in FY 2011-12 is 2.771 MMT against total throughput of 2.576 MMT last year. As per un-audited results for the year 2011-12, the turnover and PAT of PMHBL are ₹ 6,602 million and ₹ 3,650 million respectively.

vii. **Petronet LNG Limited (PLL)**

Your company has 12.5% equity stake in PLL, identical to similar stake by other Oil PSU co-promoters viz., IOCL, GAIL and BPCL. Dahej LNG terminal of PLL which was expanded to 10 MMTPA capacities in June 2009 is currently meeting around 20% of the total gas demand of the country. A new LNG terminal of capacity 5 MMTPA is under construction at Kochi and is expected to be completed by 2nd quarter of FY 2012. The turnover of PLL during 2011-12 is ₹ 226,969 million (previous year ₹ 131,973 million) and net profit is ₹ 10,676 million (previous year ₹ 6,196 million).

PLL: Net profit of ₹ 10,575 million in 2011-12

viii. Dahej SEZ Limited (DSL)

Your Company with envisaged equity stake of 23 % along with Gujarat Industrial Development Corporation (26%), is developing a multi-product SEZ at Dahej in coastal Gujarat. Dahej SEZ covers the total land area of 1732 Hectares wherein 1717 Hectares is processing area and 15 Hectares is non-processing area. 90% of the leasable land has already been allotted to 65 units and 13 units have already started export from the SEZ. The SEZ is operational and its turnover during FY 11-12 is ₹ 494 million and profit after tax is ₹ 198 million against the turnover of ₹ 651 million in FY 10-11 and profit after tax of ₹ 412 million.

ix. Pawan Hans Helicopters Limited (PHHL)

ONGC has 49% equity stake in PHHL. Balance 51% equity is held by the Government of India. PHHL is one of Asia's largest helicopter operators with a well balanced operational fleet of 40 helicopters. It provides helicopter support for ONGC's offshore operations. PHHL was successful in providing all the 12 Dauphin N and N3 helicopters fully compliant with AS-4 as per the new contract with ONGC. The accounts of PHHL for 2011-12 are under finalisation.

12. Other Projects / Business Initiatives

C2-C3-C4 Extraction Plant ;

Your company has set up a C2-C3-C4 Extraction Plant at Dahej with LNG from PLL as feed stock. Commissioning of the Plant would be taken up after allocation of domestic gas for swap and resolution of taxation issue for which your company is actively pursuing with MoP&NG and Central Board of Excise & Customs (CBEC)/ Department of Revenue respectively. Presently, the plant systems are under preservation and periodic inspection of static & rotary equipments is continuing as per Preservation Plan.

Partnerships for growth

ONGC signs pathbreaking MOU with Conoco Phillips

A Memorandum of Understanding was inked between ONGC and US oil major M/s Conoco Phillips on 30th March, 2012. The inking of the MOU is envisaged to go a long way in cooperation between two companies in the areas of shale gas exploration in India , USA and elsewhere in the world; and Deepwater in India. Sharing of data and transfer of technology would help this competitive technological partnership for mutual benefit of the two organizations in times to come.


ONGC signs pathbreaking MOU with Conoco Phillips

#### ONGC signs MOU with CNPC for cooperation in hydrocarbon sector

ONGC signed a MoU with China National Petroleum Corporation (CNPC) on 18th June, 2012 at New Delhi, for cooperation in hydrocarbon sector. As per MOU, ONGC and CNPC intend to promote their cooperation and coordination in the existing petroleum projects in the midstream and downstream sectors in India, China and abroad.


ONGC signs MOU with CNPC for cooperation in hydrocarbon sector

#### ONGC signs MOU with SCCL

ONGC and Singareni Collieries Company Limited (SCCL) inked an MoU for cooperation in the areas of service, operation, process development and research related to Underground Coal Gasification (UCG), Surface Coal Gasification (SCG) and Coal Bed Methane (CBM) on 18th July, 2011 at New Delhi.

SCCL has indicated readiness to provide requisite coal linkage with due approval of the Ministry of Coal (MoC). The MOU aims at promoting clean coal technology to utilize high ash content indigenous coal in an environment friendly manner.

### 13. Information Technology

#### Project ICE

1. For pro-active management of enterprise-wide IT infrastructure, state-of-the-art NOC (Network Operations Centre) has been established in Delhi at a cost of ₹ 177.7 million. As a part of this initiative, the IT processes have also been standardized as per Industry best practices for IT Service Management in the organization leading to accreditation of ISO 2000 Certification for six IT Maintenance Service locations at Mumbai and Delhi.
2. Enterprise-wide e-mail system has been upgraded with architectural and storage enhancements for improved performance and manageability at a cost of ₹ 109.3 million. The license capacity has also been expanded to 30,000 client licenses to provide access to all ONGC employees. This has enabled providing official e-mail facilities to all employees of ONGC with functionalities at par with industry best practices. The upgraded e-mail system also features large mail-boxes and collaborative platform for push mail facility through smartphones mobile devices, instant messaging, file & profile sharing and audio and video conferencing.
3. In order to identify network bottlenecks and upgrade IT infrastructure to make the network future ready, services of consultant is being hired. The gaps identified shall be bridged through appropriate upgradation/enhancement projects. Presently the case is under Tendering process.

4. Under IT-Ready people initiative, an "End-user PC Training" Project christened as "IT चेतना" has been undertaken at a cost of ₹ 5.5 million. The Project aims to enhance the IT skill and proficiency of all employees across the organization through training interventions over a period of three years through the rate contract.

5. ONGC has always been a pioneer in adopting state-of-the-art contemporary technologies. In this direction, WiMax based Broadband Communication has been another technology initiative to provide communication facilities to remote installations in Gujarat and Mumbai Offshore which has been inducted at a cost of ₹ 247.8 million. This will provide connectivity at the remote installations and fields similar to our offices enabling faster collaborative working.

6. Based on the experience gained from the above initiative, another Wimax Broadband communication project for similar technology presence across ONGC has been planned for North East and South Region at an estimated cost of ₹ 340 million. The project is in final stage of award.

7. To have a captive VC network, 22 Nos. of HD (High Definition) Video Conferencing Systems have been installed at 18 locations at a cost of ₹ 8.2 million.

8. The augmentation of VATMS System at Mumbai Offshore has been completed at a cost of ₹ 28.6 million.

9. For security surveillance 33 Nos of CCTV camera with recording facilities have been installed at various residential colonies of Mumbai Region at a cost of ₹ 2.23 million.

## 14. Health, Safety & Environment (HSE)

Safety, occupational health and protection of environment in and around its working area are prime concerns of ONGC. Your Company has implemented globally recognized QHSE management systems conforming to requirements of ISO 9001, OHSAS 18001 and ISO 14001 at ONGC facilities and certified by reputed certification agencies at all its operational units. Corporate guidelines on incident reporting, investigation and monitoring of recommendations was developed and implemented for maintaining uniformity throughout the organization in line with international practice. During 2011-12, the following were the highlights of HSE

- 20% reduction in incidents
- 131 environmental clearance (EC/TOR) obtained

Safety first: ONGC's Multi Support Vessel engaged in fire exercise

- 4 Lakh Ringal Bamboo Planted in Upper Himalayas
- 25000 MT of oily waste treated using Bioremediation
- 412 installations certified with QHSE
- 240 operational units audited for HSE Performance
- 130 employees trained on HUET
- 14 HSE awareness programs completed
- Contractor Safety workshop at Ahmedabad on 4th August, 2011 with the theme "Zero Injury Goal (ZIG) & Zero Accident Goal (ZAG)" in quest to reduce the accidents which predominantly involved contractual employees.]
- Following new training programmes have been introduced:
  1. Effective Implementation of PTW
  2. SSSV-Theory and practices, Failure, Remedies and SCP
  3. Control of work practices for offshore going personnel
  4. Radioactive safety in logging operation.
- The implementation status of the amended OISD standards 118 & 117 was reviewed by Hon'ble Minister, MoPNG on 13th January 2012 & further on 16th February 2012 by Secretary, MoPNG.
- Corporate Disaster Management Plan (CDMP) and guidelines have been developed for uniform disaster management all across ONGC. Your Company has also developed Occupational Health Physical Fitness criteria for employees deployed for offshore operations. Occupational Health (OH) module has now been populated on SAP system.

## 16. Sustainability Development

Department of Public Enterprises, Government of India has issued "Guidelines on Sustainable Development (SD) for the Central Public Sector Enterprises' (CPSE's)" on 23rd September, 2011 for implementation with immediate effect by CPSEs. From the year 2010-11, the Department of Public Enterprises (DPE) has also included Sustainable Development (SD) as a compulsory evaluation parameters for CPSEs under "Non-Financial Parameters" having 5% weightage in the MOU for CPSEs. Further each CPSE is required to form a Board level designated committee on Sustainable Development headed by an Independent Director as its Chairman to approve Sustainable Development (SD) Plan and oversee the Sustainable Development performance. Keeping in view that ONGC already has a Board committee on Health, Safety &Environment (HSE), the HSE committee has been re-designated as "Committee on HSE and Sustainable Development". The terms of reference of the re-designated HSE & Sustainable Development Committee remain the same as that of the existing HSE committee, with the addition of the SD related role as stated in the mandatory DPE guidelines.

As a part of the Sustainability Development the following efforts have been undertaken by ONGC

**(i) Water Management**

- ✓ Water Foot printing of 2 Assets
- ✓ Rainwater Harvesting at 4 locations

**(ii) Global Methane Initiative**

- ✓ Fugitive methane leak survey of production installations at 2 Assets

**(iii) Carbon Management**

- ✓ Carbon foot-printing & identification of GHG mitigation opportunities & development of viable CDM projects. Details of these measures are given under Energy Conservation.

**ONGC Corporate Sustainability Report**

- The second "Corporate Sustainability Report" of ONGC was adopted on 14th December, 2011. This report covers the sustainability performance i.e. organizational performance across the economic, environmental and social dimensions for the period 2010-11.
- The report, externally assured GRI-G3 based "A" level report, has been assured against AccountAbility's AA1000 Assurance Standard 2008 (AA1000AS 2008) by Ernst & Young.
- This reporting is an improvement over 2010 Corporate Sustainability Report which was at "B" level.

## 16. Energy Conservation

### a. Gas Flaring:

Gas flaring in Onshore Assets has gradually been reduced from 555 MMSCM in 2001-02 to 116 MMSCM in 2011-12 by taking various measures like creating necessary infrastructure i.e. pipelines, compressors etc. direct marketing of isolated low volume and low pressure gas and adopting innovative measures as GTW (Gas to Wire). Considering 2001-02 as the base year, these measures have resulted in meaningful utilization of 439 MMSCM of gas in 2011-12 alone.

### b. Clean Development Mechanism:

During the year 2011-12, two CDM projects titled "Green Building at Mumbai" and "Green Building at Dehradun" were accorded host country approval by the Designated National Authority, MoEF. Four CDM projects have been validated during this year with annual accruable CERs of 59278.ONGC tally of registered CDM projects as of now stands at six. Annual CERs accruable from these projects are 209490.

Four previously registered CDM projects have been successfully verified during 2011-12. Issuance of 4439 CERs from the first project has been effected in February 2012. The total issued CERs are now around 15000. Issuance of CERs from the other three projects is expected soon. With all the expected issuance in place, the total issued CERs would be approx 160,000.

### c. Carbon Foot-printing:

An organization wide carbon footprint activity has been initiated in the year 2011-12 as a part of carbon and energy management. The aim is to map the GHG emission of all the facilities across ONGC and identify the possible GHG mitigation and opportunities through technical intervention.

### d. Carbon Disclosure Project (CDP):

ONGC has taken part in the global initiative on Carbon Disclosure Project (CDP 9) last year. ONGC has been participating in Carbon Disclosure Project since the last five years (since CDP 7). The CDP, launched at London in December 2000 represents an efficient process whereby many institutional investors collectively sign a single global request for disclosure of information on GHG emission. The CDP provides the secretariat for the world's largest institutional investor collaboration on the business implications of climate change, covering a large cross section of industry across the world. The CII –ITC Centre of excellence for Sustainable development has spearheaded the movement in India and the CDP in India has been launched in May 2007. By joining the project, ONGC has bolstered its reputation as the leader among central PSUs in climate change and sustainable development through transparency and openness. Besides, ONGC will have the access to the technologies adapted by different signatory companies in achieving sustainable development.

## 17. Human Resources

ONGC values its Human Resources the most. To keep their morale high, your company extends several welfare benefits to the employees and their families by way of comprehensive medical care, education, housing and social security. During the year 2011-12, your company implemented various new and revised welfare policies for its employees. 105 employees were released under the Voluntary Retirement Scheme during the year. The Human Resource value of the employees based on "Lev and Schwartz" Model is enclosed at **Annexure-B**.

### Wage revision of unionised staff

Consequent upon the tripartite settlement under section 12(3) of the Industrial Disputes Act, 1947 in respect of wage revision of non-executive cadre, the Performance Related Pay was discussed with the recognized unions in a number of meetings before the scheme was finalized and accorded approval of Board of Directors in June, 2011. Accordingly, the payment for the financial year 2010-2011 was released in December, 2011. Thereafter, the 73rd Joint Committee Meeting with recognized unions was held on 19-20th March, 2012 at New Delhi for redressal of various Organizational, Welfare and R&P related issues. The Wage Revision of Contingent/Casual employees which was due for revision w.e.f. 1st January, 2012 has been implemented with additional emoluments i.e. House Rent Subsidy, Educational Grant and ex-Gratia for a period of three years w.e.f. 1st January, 2012

## 18. Employee Welfare Trusts

a. Your company has established the following major trusts for welfare of the employees:

- **Employees Contributory Provident Fund** (ECPF) Trust, managing Provident Fund accounts of employees of your company.
- **The Post Retirement Benefit Scheme** (PRBS) Trust of your company manages the pension scheme of the employees.

- **The Composite Social Security Scheme** (CSSS) formulated by your company provides an assured ex-gratia payment in the event of unfortunate death or permanent disability of an employee in service. Families of deceased employees get a financial assistance under the scheme ranging between ₹1.5 million to ₹2.0 million.
- **ONGC Sahayog** Trust has been created for welfare of secondary workforce or their heirs, who are in financial distress.
- Gratuity Fund Trust has been created for payment of gratuity in time, in compliance with provision of Gratuity rules.

Geo-scientific Survey in quest of Oil & Gas

Your Company implemented the Employees Pension Scheme (EPS–1995), w.e.f. 16th November, 1995. Your Company implemented a single integrated seamless computerised accounting system for all welfare trusts pertaining to investments, accounts, settlement and contribution etc. Employee accounts are now maintained on the new system, duly reconciled and updated, and can be viewed by the employees themselves on Company's intranet. All payments are made to the members through e-payment gateway.

### b. Implementation of Government Directives for the priority section

Your Company complies with the Government directives for Priority Section of the society. The percentage of Scheduled Caste (SC) and Scheduled Tribe (ST) employees were 15.7% and 8.8% respectively as on 31st March, 2012. Your Company is fully committed for the welfare of SC & ST communities. The following welfare activities are carried out by your Company for their upliftment in and around its operational areas:

#### i) Annual component plan:

An amount of ₹200 million is distributed to various work centres of ONGC for implementation of welfare schemes. This fund is especially meant for providing help and support in areas like Education and training, Community development, Health care, etc.

#### ii) Scholarship to SC and ST meritorious students:

Your Company spent ₹4.02 million for supporting 100 students of the SC and ST community for pursuing higher professional courses at different recognized institutes and universities.

## 19. Industrial Relations

During the period, harmonious Industrial Relations were maintained throughout the Corporation. In terms of the agreement dated 16th September, 2010 jointly and mutually reached between ASTO and ONGC, it was decided to conduct the fresh elections and to facilitate the convening of ASTO CEC for revival of representation of officers community.

The elections for new ASTO body was conducted and completed in all 20 work-centres and the entire process was completed on 3rd February, 2012. The CEC of ASTO was convened and facilitated by the management for conducting elections of ASTO President-CWC and formation of CWC. Subsequently, recognition was conferred on the new ASTO body, subject to the revised Policy on Recognition of Officers Association and related Code of Conduct dated 30th September, 2010. This is based on the agreement dated 16th September, 2010, between the management and ASTO, which was endorsed by the High Court of Delhi in W.P.No. 11588 of 2009 vide its order dated 30th September, 2010.

### Contract Management

With reference to contracts entered into by your Company, periodic training programmes were conducted to sensitize the Principal Employers about their obligations, roles, responsibilities under the Contract Labour Regulation Act and other welfare legislations. Considering the competitive market situations, a concept of fair wage for secondary work force has been devised for better working and living conditions. Periodic audits of Principal Employers were carried out to ensure near 100% compliances of Labour statutes. Contracts were standardized and aligned to the Model Service Agreements to protect the interest of ONGC as well as the secondary work force. Contracts are being awarded in line with laid down principles of ONGC.

## 20. Grievance Management System

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

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

An elaborate mechanism has been set up thro
ughout the organization to deal with the requests received under the RTI Act. During the year 2011-12, 1413 applications were received, out of which 1362 were disposed off and balance 51 applications (as on 01.04.2012) are under process for disposal.

## 22. Implementation of Official Language Policy

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

## 23. Human Resource Development

All the 32,862 ONGCians (as on 31st March, 2012) dedicated themselves for the excellent performance of your company during the year. During the year, HR group of your company 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.

Your company believes that continuous development of its human resource fosters engagement and drives competitive advantage. Towards this end, it conducted Business Games all over the organization to hone the business acumen of its executives. Fun Team Games(FTGs) were conducted second time since its inception in 2010, for E0 and staff level employees to inculcate MDT(Multi-disciplinary Team) concept and spirit of camaraderie and belongingness to the organization, which was very well received by the participants. A climate survey was conducted in which over 17,500 employees responded. The responses were collated and analysed work centre wise. Based upon the outcome of the survey analysis, the work centres have designed action plans for implementation. It also conducted the Assessment Development Centre (ADC) for 308 DGM level executives and provided them developmental inputs.

a. **Performance Management System and Performance Related Pay**

Your Company, in line with the DPE Guidelines is devising a robust performance management system which is effective in identifying and rewarding high performers. As part of the process, the performance appraisal system has been completely e-enabled. To strengthen transparency in the system, performance ratings of the executives have been disclosed to them. Incentive payments for the year 2010-11 were made during the year to the executives of your Company based on the MoU rating of the Company and the individual's performance.

b. **Training**

Skill up-gradation is a vital component for the Human Resource Development. For the first time in ONGC Academy, an external agency M/s Ernst & Young was engaged to review and evaluate the current process of training, infrastructure and present system of course / faculty evaluation. ONGC Academy has taken the initiatives of formulating new training policy for the organization.

In pursuance to the mandate of equipping the executives with latest knowledge in the specialized fields of upstream oil and gas sector, attempts were made to organise training programs with the best of faculties from India and abroad. During the year 2011-12, ONGC conducted various training programmes for its executives and staff spanning 1,72,208 training mandays.

## 24. Accolades

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

## 25. Sports

Your company has 171 International & National sports persons who represent ONGC as well as the country in various national and international events throughout the year. In addition to this, ONGC supports around 128 young and budding sportspersons through scholarships. During the year, ONGC sportspersons left an indelible mark in various sporting events. Cricket icons Gautam Gambhir, Munaf Patel and Virat Kohli of ONGC continued to display their prowess in the recently concluded IPL – 2012 edition. Key achievements of ONGC sports in 2011-12 are as follows:


ONGC - Principal sponsor of the Indian contingent at the London Olympics 2012

**Athletics**

Mayookha Johny became Asian champion in long jump event by securing Gold medal, in Asian Athletics championship held at Kobe.

**Badminton**

1. Ashwini Ponnappa bagged bronze medal in World Championship held at London from 8th to 14th August 2011. Best ever performance by any Indian shuttler in World Championship.
2. Sourabh Verma, ranked No. 1 in the country, recently reached finals in the Syed Modi Grand Prix Badminton tournament beating players like Tommy Sugiarto (World No. 17), Hun yun (World No. 23) eventually losing to Taufik Hidayat World No. 11. He has been crowned National Champion in Singles in January 2012.

**Billiards and Snooker**

Alok Kumar won Asian Billiards title held at Iran in April 2011 and became the first player to achieve the rare feat of winning both the Billiards and Snooker Asian titles at different points of time, the only Asian to do so.

**Hockey**

ONGC Hockey team has won four major National level tournaments including Nehru Hockey Cup and Lal Bahadur Shastri Cup.

**Shooting**

Shagun Chaudhary won the Quota Place for the 2012 London Olympics and became the first ever Indian women to qualify for Olympics in the shotgun event. Ranked World No. 8th and Asian No. 2.

**Table Tennis**

Amal Raj became National Champion in Singles on 26th January, 2012.

You will be proud to know that ONGC has the distinction of being the Principal Sponsor of the Indian contingent to the London Olympics 2012. Out of the 81 Indian sports persons who qualified for the Olympics, 15 belong to ONGC.

## 26. Women Empowerment

Women employees constitute 6% of ONGC's workforce. During the year, programmes for empowerment and development, including a programme on gender sensitization was organized. Your Company actively supported and nominated its lady employees for programmes organised by 'Women in Public Sector' (WIPS) and 'Women in Leadership Roles' (WLL).

## 27. Corporate Social Responsibility (CSR)

Entrepreneurship development for women empowerment

In recognition of its role as a 'responsible leader', ONGC continued its quest to make positive, tangible difference in the lives of the vulnerable and disenfranchised stakeholders. Seeking to herald a business paradigm based on an interconnected vision - of people's welfare, societal growth and environmental conservation, in 2011-12 ONGC continued to cater to the developmental needs across its 12 focus areas: Education including vocational courses; Health Care; Entrepreneurship (self-help & livelihood generation) schemes; Infrastructure support-roads, bridges, schools, hospitals in and around our operational areas; Environment protection, Ecological conservation & promotion; Protection of heritage sites, UNESCO heritage monuments etc.; Promotion of artisans, craftsman, musicians, artists etc. for preservation of heritage, art & culture; Women's empowerment, Girl child development, gender sensitive projects; Water management including ground water recharge; Initiatives for physically and mentally challenged; Sponsorship of seminars, conferences, workshops etc.; Promoting sports/sports persons; supporting agencies promoting sports / sports persons.

In 2011-12, some of the key projects undertaken by ONGC include:

i. **Variathajana Swasthya Sewa Abhiyan:** ONGC along with HelpAge India continues its efforts to take healthcare to the doorsteps of the elderly through Mobile Medicare Units (MMUs). In 2011-12, all the 20 MMUs were launched and treatment worth 1.9 lakh was provided across the eight states and one Union Territory.

ii. **ONGC-GICEIT Computer Centre:** Under this initiative, implementing partner Bharatiya Vidya Bhavan operates five computer centres providing employment-related computer training to underprivileged youth across different operational areas of ONGC. In 2011-12, more than 1400 students received training through these centres.

iii. **Project Utkarsh-An ONGC-AROH Effort for Economic Upliftment of People in Sibsagar:** Initiated in 2011-12, this project seeks to expand livelihood opportunities for 400 households in one year through training of women in skills like tailoring, soft toy making etc. with linkages for income generation as well as training the elderly in vocations like goatery, piggery, mushroom cultivation etc. while establishing adequate forward and backward linkages.

ONGC-GICEIT Computer Centre: Over 1400 underprivileged students trained

iv. **Harit Moksha:** This unique CSR initiative where wood consumption during traditional cremations is significantly reduced due to innovatively designed Mokshda Green Cremation Systems (MGCS) was expanded in 2011-12. Now, there are 10 such MGCS units across the cities of Vadodara, Cambay, Ahmedabad and Delhi.

v. **ONGC-NSTFDC Hathkargha Prashikshan:** The CSR project was aimed at economically empowering the women tribal handloom artisans in Assam to facilitate cluster development for economically marginalized tribal populations. In 2011-12, around 100 tribal handloom artisans were provided on-the-job training in the improvised looms by master craftsmen that included training in intricate designs for catering to wider markets.

vi. **ONGC & Ramakrishna Ashram Mobile Medicare Unit:** Initiated in 2011-12, this CSR project was envisaged with intent to cater to the health and awareness needs of the underprivileged in the extremely backward region of Kalahandi, Orissa. A Mobile Medical cum Physiotherapy unit to provide free treatment and a Mobile library cum audio visual unit to spread awareness among the community in the field of health, education, agriculture will be set up under this project.

vii. **ONGC Hospitals:** ONGC is planning to set up multispecialty hospitals at Sibsagar, Assam and Ankleshwar, Gujarat and a Community Hospital at Lakhimpur-Kheri, Uttar Pradesh.

Supporting the weavers at Chanderi

viii. **ONGC-Eastern Swamp Deer Conservation Project in Kaziranga National Park:** The project aims at successfully conserving the species of the Eastern Swamp Deer. Understanding the species and the habitat, developing stringent conservation initiatives that could prevent extinction, examining the possibility of translocation of the species to additional areas to conserve species and habitat will be important project activities. The project is in the first phase, which consists of gathering information on the species.

**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 judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31st March, 2012 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 the various stakeholders. The practices evolve around multi-layered checks and balances to ensure transparency.

In terms of Clause 49 of the Listing Agreement, a report on Corporate Governance for the year ended 31st March, 2012 supported by a certificate from the Company's Statutory Auditors confirming compliance of conditions, forms part of this Report.

Guidelines of Department of Public Enterprises (DPE), Government of India, on Corporate Governance have been made mandatory from May, 2010. ONGC has implemented the DPE guidelines to the maximum extent possible.

Your Company has voluntarily got its Secretarial Compliance Audit conducted for the financial year ended 31st March, 2012 from M/s A.N. Kukreja & Co., Company Secretaries in whole-time practice; their report forms part of this Annual Report.

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

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

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

(b) **Annual Report on working of the Audit & Ethics Committee:** With a view to apprise the Board of the working of the Audit & Ethics Committee during the year, annual report on the working of the Audit & Ethics Committee for FY '10 and FY '11 has been prepared and put up to Board for its information. This is in line with the recommendation of the C&AG.

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

(d) **Enterprise-wide Risk Management (ERM) framework:** In line with the requirements of Clause 49 (of the Listing Agreement), your Company has developed a comprehensive Enterprise-wide Risk Management (ERM) framework. Under the framework, Risk Register portfolio has been compiled and an ERM Policy has been firmed up. The Risk Register and the draft Risk Management policy of ONGC has been reviewed by the Audit and Ethics Committee and approved by the Board of Directors. The ERM framework has been rolled out across the organization and the risk policy adopted by the company is being displayed at all the Assets/Basins/Plants/Institutes across all the locations of ONGC. The risk policy of ONGC is stated below:

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

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

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

(e) **Board Charter:** In line with the requirements of mandatory Guidelines of Department of Public Enterprises (DPE), Government of India, on Corporate Governance a detailed charter of the Board has been firmed up.

(f) **Evaluation of Performance of the Board:** A draft policy on evaluation of the performance of the Independent Directors has been drawn up.

(g) **Lead Independent Director:** Shri Arun Ramanathan, Director, has been appointed as Lead Independent Director.

## 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 31st March, 2011 issued by the Ministry of Corporate Affairs, amending the provisions of the Companies (Particulars of Employees) Rules, 1975 issued in terms of section 217(2A) of the Companies Act, 1956, it is not necessary for Government companies to include the particulars of employees drawing salaries of ₹60 lakhs or more per annum, employed throughout the financial year or, ₹5 lakhs per month, if employed for part of the financial year. As your company is a Government company, the information has not been included as a part of the Directors' Report.

## 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–D**.

## 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 Kalyaniwalla & Mistry, M/s S Bhandari & Co, M/s Ray & Ray and M/s Varma & Varma, Chartered Accountants were appointed as joint Statutory Auditors for the financial year 2011-12. The Statutory Auditors have been paid a remuneration of ₹16.20 million (previous year ₹15.85 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-E.** There is no qualification in the Auditors Report and there are no supplementary comments by C&AG under section 619(4) of the Companies Act, 1956. Notes to the Accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further comments.

You would be pleased to know that your Company has received 'Nil' comments from CAG and Statutory Auditors for the year 2011-12. This is the sixth time in a row that the organization has received 'Nil' comments and eight times in last nine years.

## 34. Cost Audit

Pursuant to the directions of the Central Government for audit of Cost Accounts, the proposal for appointment of 7 firms of Cost Accountants as Cost Auditors for auditing the cost accounts of your Company for the year ended 31st March, 2012 was approved by the Central Government and they have accordingly been appointed. The Cost Audit Report for the year 2010-11 has been filed by 21st September, 2011, against the due date of filing of 27th September, 2011.

## 35. Directors

During the year under report, Shri Sudhir Vasudeva was appointed as Chairman & Managing Director, ONGC on 3rd October, 2011. Shri Aloke Kumar Banerjee was appointed as Director (Finance), ONGC on 22nd May, 2012 in place of Shri D.K. Sarraf who was appointed as MD, ONGC Videsh Limited on 15th September, 2011. Shri Bimal Julka, Addl. Secretary & Director General - Currency was nominated as a Government Director in place of Smt. L M Vas on 4th April, 2012. Shri A. Giridhar, Joint Secretary (Exploration), MoP&NG was nominated as a Government Director in place of Shri Sudhir Bhargava on 3rd August, 2012. Smt Usha Thorat, non-official part-time director resigned on 10th February, 2012. The tenure of Shri S. S. Rajsekar, Shri S. Balachandran and Shri

Santosh Nautiyal concluded on 10th November, 2011. The Government has appointed Shri O P Bhatt, Prof. S. K. Barua and Smt. Sushama Nath as Non-official Part-time Directors on the Board of ONGC on 14th December , 2011. The tenure of Smt. Anita Das concluded on 4th August, 2012.

The Board places on record its deep appreciation for the excellent contributions made by Shri D.K. Sarraf, Shri S.S. Rajsekar, Shri S. Balachandran, Shri Santosh Nautiyal, Smt. Usha Thorat, Smt. L.M. Vas, Shri Sudhir Bhargava and Smt. Anita Das during their tenure.

The strength of the Board of Directors of ONGC as on date is 14 Directors, comprising six Executive Directors (Functional Directors including CMD) and eight Non-Executive Directors-two Government nominess and six Independent Directors. Ministry of Petroleum & Natural Gas has been requested to appoint requisite number of independent Directors to comply with Listing Agreement.

Pursuant to the provisions of Section 255 and 256 of the Companies Act, 1956 and Clause 104(I) of the Articles of Association of the Company, Shri A.K. Hazarika and Shri U.N. Bose retire by rotation at the 19th Annual General Meeting (AGM) and being eligible, offer themselves for reappointment.

Prof. S.K. Barua, Shri O.P. Bhatt, Smt. Sushama Nath, Shri Bimal Julka, Shri Aloke Kumar Banerjee and Shri A. Giridhar, who were appointed as Additional Directors after the last AGM, hold office up to the 19th AGM. The Company has received notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, proposing their candidature for appointment as Directors of the Company liable to retire by rotation.

Brief resume of the Directors seeking Appointment / Re-appointment, together with the nature of their expertise in specific functional areas and names of the companies in which they hold the directorship, number of shares held and the membership/ chairmanship of committees of the Board, as stipulated under Clause 49 of the Listing Agreement with the Stock Exchanges are given in the notice convening the 19th AGM of the Company, and form part of the Annual Report.

### 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.

On behalf of the Board of Directors

**(SUDHIR VASUDEVA)**

**Chairman and Managing Director**

Place: New Delhi

Date: August 13, 2012

# 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 31st March, 2012.**

(₹ in million)

| Particulars | Gross Value as at | | Present value (Discounted at 10%) as at | |
|---|---|---|---|---|
| | 31st March 2012 | 31st March 2011 | 31st March 2012 | 31st March 2011 |
| REVENUES | | | | |
| Oil | 8,021,602.76 | 7,314,268.54 | 3,793,474.05 | 3,399,333.34 |
| Gas | 2,214,027.71 | 2,163,305.31 | 985,831.64 | 981,274.86 |
| **Total Revenues** | **10,235,630.47** | **9,477,573.85** | **4,779,305.69** | **4,380,608.20** |
| COSTS | | | | |
| Operating, Selling & General | 5,360,829.67 | 4,209,253.01 | 2,488,889.96 | 1,949,685.48 |
| Corporate Tax | 1,151,068.78 | 1,296,322.69 | 502,726.61 | 554,517.50 |
| **Sub Total** | **6,511,898.45** | **5,505,575.70** | **2,991,616.57** | **2,504,202.98** |
| **Evaluated Cost of Acquisition of Assets, Development and Abandonment** | | | | |
| a) Assets | 522,607.10 | 590,985.60 | 381,722.85 | 438,652.72 |
| b) Development | 354,503.85 | 300,247.40 | 254,946.58 | 223,728.35 |
| c) Abandonment | 176,530.00 | 175,642.60 | 10,116.68 | 10,064.82 |
| **Sub Total** | **1,053,640.95** | **1,066,875.60** | **646,786.11** | **672,445.89** |
| **Total Cost** | **7,565,539.40** | **6,572,451.30** | **3,638,402.68** | **3,176,648.87** |
| **Net future earnings from Proved Reserves** | **2,670,091.07** | **2,905,122.55** | **1,140,903.01** | **1,203,959.33** |

**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 2011-12. The average price for crude oil is net of Subsidy Discount.

2) Expenditure on Development, Acquisition of capital assets, Abandonment costs and Operating Expenditure have been considered at current costs i.e as on 31.03.2012. Taxes and Levies have been considered at prevailing rates as on 31.03.2012.

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, may be at variance from those assumed herein.

| Employees as on 31st March, 2012 | | | | | | |
|---|---|---|---|---|---|---|
| Employee Group | Age Distribution | | | | Total Employee Strength (as on 31st March ) | |
| | <31 | 31-40 | 41-50 | 51-60 | 2012 | 2011 |
| **(A) Technical** | | | | | | |
| Executive | 1,765 | 1,248 | 6,337 | 10,343 | 19,693 | 19,954 |
| Non-Executive | 812 | 808 | 946 | 1,000 | 3,566 | 3,380 |
| **Total (A)** | **2,577** | **2,056** | **7,283** | **11,343** | **23,259** | 23,334 |
| **(B) Non-Technical** | | | | | | |
| Executive | 168 | 477 | 1,310 | 3,049 | 5,004 | 5,041 |
| Non-Executive | 41 | 458 | 1,606 | 2,541 | 4,646 | 4,898 |
| **Total (B)** | **209** | **935** | **2,916** | **5,590** | **9,650** | **9,939** |
| **Grand Total (A+B)** | **2,786** | **2,991** | **10,199** | **16,933** | **32,909** | **33,273** |

Note : Whole time Directors excluded

Valuation as on 31st March, 2012 (₹ in million)

| Employee Group | Age Distribution | | | | Total | Value per Employee (as on 31st March) | |
|---|---|---|---|---|---|---|---|
| | <31 | 31-40 | 41-50 | 51-60 | | 2012 | 2011 |
| **(A) Technical** | | | | | | | |
| Executive | 43,795 | 35,408 | 139,987 | 123,664 | 342,854 | 17.4 | 16.8 |
| Non-Executive | 9,541 | 9,422 | 13,791 | 9,608 | 42,362 | 11.9 | 11.6 |
| **Total (A)** | **53,336** | **44,830** | **153,779** | **133,271** | **385,216** | **16.6** | **16.1** |
| **(B) Non-Technical** | | | | | | | |
| Executive | 4,157 | 12,747 | 25,413 | 29,894 | 72,212 | 14.4 | 13.9 |
| Non-Executive | 473 | 5,663 | 18,932 | 18,477 | 43,546 | 9.4 | 9.0 |
| **Total (B)** | **4,631** | **18,410** | **44,346** | **48,371** | **115,758** | **12.0** | **11.5** |
| **Grand Total (A+B)** | **57,967** | **63,240** | **198,124** | **181,643** | **500,974** | **15.2** | **14.7** |

- Based on "Lev & Schwartz" model which is a cost based valuation of employee expenditure
- Aggregate future earnings (incremented @ 4% p.a.) for remaining employment period of employee, discounted @ 8.5% p.a. provides the present valuation

# Annexure C

## Recognitions, Awards and Accreditations

**a. ONGC - The only Indian energy major in Fortune's Most Admired List 2012 under 'Mining, Crude Oil Production' category 7th March, 2012**

ONGC, along with Tata Steel have made it to the list of The World's Most Admired Companies List 2012, compiled by management consultancy giant Hay Group and global business magazine Fortune. ONGC is the only Indian energy major occupying the top slot under the 'crude - oil production' sector with an overall score of 5.86. On the 'nine key attributes of reputation' also ONGC has made its mark by being the only Indian energy giant, scoring 8 on Global competitiveness, 8 on People Management, 7 on Innovation, 6 on Use of Corporate Assets, 4 on Social responsibility, 6 on Quality of management, 6 on Financial soundness,6 on Long-term investment and 4 on Quality of products/services.

**b. ONGC ranked at 171st position in Forbes Global 2000 list of the world's biggest companies for 2012**

ONGC has been ranked at 171 (up one notch than last year's rank of 172nd position) in the Forbes Global 2000 list 2012 of the world's biggest public companies released on April 18, 2012. The ranking is based on Sales (US$ 26.3 billion), Profits (US$ 5 billion), Assets (US$ 51 billion) and Market Capitalization (US$ 46.6 billion). ONGC has been ranked at 105th position in terms of profit and 157th in terms of Market Capitalisation. ONGC is listed third amongst the 61 Indian companies finding place in the list, after Reliance Industries and State Bank of India. Exxon Mobil (USA), J P Morgan Chase (USA) and General Electric (USA) have been ranked as the world's top three companies in the world.

**c. ONGC ranked as the most transparent company in India**

ONGC has been ranked as the most transparent company in India by the Transparency International (civil society organization involved in fighting corruption). It has been ranked at 39th position among the world's 105 largest listed companies in 'transparency in corporate reporting'.

**d. ONGC gets three Petrofed Oil & Gas Industry Award 2011**

ONGC was bestowed with three 3 prestigious Petrofed awards in the categories of "Environmental Sustainability : Company of the year", "Human Resource Management: Company of the year" and "Innovator of the year: Team (Won by IOGPT).

**e. ONGC bestowed with "Most Attractive Employer" Award**

ONGC bagged the Randstad Award 2011 for being the "Most Attractive Employer". The Randstad Award is instituted by Randstad globally, to encourage best practices and building the "Employer Brand". The award is being brought to India for the first time by Ma Foi Randstad.

**f. Golden Peacock award to ONGC**

ONGC was selected as the winner of the "Golden Peacock Global Award for Sustainability" for the year 2011 in the Global Category. The other winners in this category are Unilever Europe, Coca-Cola USA and Doha Bank Qatar.

**g. ONGC bags Gold Trophy of SCOPE Meritorious Award**

ONGC bagged the Gold Trophy of SCOPE Meritorious Award for "Environmental Excellence & Sustainable Development" for the year 2010-11. The prestigious accolade was presented by H.E Smt. Pratibha Devisingh Patil, the President of India to Shri Sudhir Vasudeva, CMD, ONGC on 13th April, 2012.

**h. ONGC is "Outstanding PSU of the Year" at AIMA Award**

ONGC was conferred with "Outstanding PSU of the Year" award instituted by AIMA which was conferred on ONGC at the 3rd AIMA Managing India Awards at New Delhi on 16th April, 2012. Shri Sudhir Vasudeva, CMD received the award from Shri Kamal Nath, Hon'ble Union Minister for Urban Development & Poverty Alleviation, GoI.

**i. ONGC bags the Best overall Performance PCRA Award for 3rd consecutive year**

For 3rd consecutive year, ONGC bagged the Best overall Performance PCRA Award among the Upstream Sector oil companies for the Oil & Gas Conservation programs in the inaugural function of Oil and Gas Conservation Fortnight 2012 held on 18th January, 2012 at New Delhi.

**j. ONGC bags "ICSI National Award for Excellence in Corporate Governance for 2011" - Certificate of Recognition**

ONGC has been bestowed with 'Certificate of Recognition' for adopting good corporate governance practices instituted by the Institute of Company Secretaries of India. It is the second year in a row that ONGC has received this prestigious award from the Institute of Company Secretaries of India.

CMD, ONGC receiving Gold Trophy of SCOPE Meritorious Award for 'Environmental Excellence & Sustainable Development' from H.E. Smt. Pratibha Devisingh Patil, President of India

OVL was conferred with 'SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management' for 2009-10

PetroFed awards presented to ONGC by Shri Jaipal Reddy, Hon'ble Minister of Petroleum & Natural Gas

Oil Industry Safety Award presented to ONGC's Rajahmundry Asset for most consistent safety performance

ONGC declared 'Outstanding PSU of the Year' at AIMA Awards

k. **ONGC bags NIPM National award**

In the prestigious competition of NIPM National award for Best HR Practices – 2011, ONGC won Certificate of Merit for achieving success as a "Finalist".

l. **ONGC adjudged amongst 20 Top Companies for Leaders 2011-Aon Hewitt Award**

Aon Hewitt, in association with the Fortune Magazine, and The RBL Group, conducted the Global Top Companies for Leaders survey, in which ONGC was invited to participate along with around 500 global companies. On the basis of the assessment, ONGC has been adjudged amongst 20 Top Companies for Leaders 2011. The Top Companies for Leaders study is the largest research initiative ever conducted on how companies grow great leaders.

m. **"Best Enterprise Award" for ONGC**

ONGC bagged the maiden award for the 'Best Enterprise' in the Maharatna and Navratna category at the 22nd National Meet of Women in Public Sector (WIPS) held at IIM, Ahmedabad on 11th February, 2012.

The award, instituted by SCOPE (Standing Conference of Public Enterprises) way back in 1990 gives National recognition to the Best PSUs/PS Banks, who have done commendable work for development of women in their respective organizations.

n. **ICC Sustainability Vision 2011 Award to ONGC**

ONGC bagged the maiden Indian Chamber of Commerce 'Sustainability Vision 2011' Awards in the category- "Sustainability Reporting and Transparency".

o. **ONGC bags Safety Innovation Award 2011 for innovative safety measures**

ONGC has been declared winner of the Safety Innovation Award-2011 in the Oil & Gas Sector.

p. **ICWAI excellence award to Ankleshwar Asset**

The Institute of Cost & Works Accountants of India (ICWAI) conferred Award for Excellence in Cost Management to ONGC's Ankleshwar Asset in the category 'Public Sector-Manufacturing-Large'.

q. **IDT gets Golden Peacock Award for Occupational Health & Safety**

Institute of Drilling Technology (IDT), Dehradun won the Golden Peacock Award for Occupational Health & Safety-2011.

r. **ONGC wins "Best Company of the Year" Award in Assam**

ONGC was bestowed with "Best Company of the Year" award of the "North East Consumer Award-2011" instituted by leading hindi daily 'Dainik Purvoday'.

s. **C2-C3 plant Dahej bags Safety Award from NSCI December 29, 2011**

C2-C3 Plant, Dahej won Safety Award in Construction Sector from National Safety Council of India (NSCI).

iii. **IOGPT wins 'Golden Peacock Innovative Product/Service Award' - 2011**

Institute of Oil and Production Technology (IOGPT) won the 'Golden Peacock Innovative Product/Service award' for year 2011 for its Eco Gel system. The Golden Peacock Award is an annual award administered by the Golden Peacock Awards Secretariat as part of the activities of 'The Institute of Directors, New Delhi'. Eco Gel, developed by the Production & Engineering Department of IOGPT is a system comprised of associative polymers which can be effectively used for water control and well stimulation simultaneously for improved production enhancement.

iv. **OVL wins SCOPE Excellence Award**

ONGC Videsh Limited (OVL) has been conferred with the prestigious "SCOPE Award for Excellence and Outstanding Contribution to the Public Sector Management Institutional III (Other Profit Making PSE Category – Non-Ratna)" 2009-10.

v. **OPaL receives NSCI Safety Award**

ONGC Petro-additions Limited (OPaL) was bestowed with National Safety Council of India (NSCI) Safety Award.

## Individual Awards/Accolades

### Shri Sudhir Vasudeva, CMD

- Conferred with the award of 'Outstanding Achievement in Exploration & Production' for his outstanding service, exemplary leadership and management skills on OceanTex World Expo 2012.
- Conferred the first **FGI Ratna Award** by the Federation of Gujarat Industries (FGI) for his contributions in India, in the field of alternate and renewable sources of energy.
- Conferred the Honorary CEPM-PMA Fellowship in the 19th Global Symposium on Project Management, Festival of Thinkers and Doers, which was held during 5th-7th December, 2011 at New Delhi.
- Nominated by the Government of India as a member of the Indo-Africa Business Council (IABC) for the Oil and Gas sector. The India-Africa Business Council (IABC) has been constituted with the aim to strengthen economic ties between the business communities of India and Africa.
- Appointed on the Board of the United Nations Global Compact (UNGC) by the UN Secretary General, Ban Ki-moon for a period of three years. He is the first business leader from Indian PSUs to join the UNGC Board. The UNGC Network presently boasts membership of more than 7,000 business participants and other stakeholders in over 130 countries and has become the world's largest corporate sustainability initiative. UNGC operates through 90 local networks in countries and geographic regions.
- The President of India selected him as the Chairperson of the Board of Governors of NIT, Raipur, his alma mater.
- Elected as the President of All India Public Sector Sports Promotion Board.

ONGC awarded as the Most Admired Company by Fortune for the year 2011

**Shri D.K. Sarraf, MD OVL**

- Felicitated by the accolade of 'IPE HR Leadership Award 2012' in the category 'CEO with HR orientation'. The award was based on survey and conferred by the Institute of Public Enterprise (IPE).
- Conferred upon the prestigious award of 'Best Performing CFO in the Oil & Gas/Chemicals sector' as (former) Director Finance of ONGC. The awards was organized by the CNBC TV and held at Mumbai.
- Shri D.K. Sarraf, (then) Director (Finance) was bestowed with the Best CFO award in PSU category; Instituted by Business Today.

**Shri K.S. Jamestin, Director (HR), ONGC**

- 'HR Leadership Award' by the Employer Branding Awards, Singapore in July 2011 for innovative leadership & change management approach.
- 'Leadership & Inspiration Award' by the Bengal Chamber of Commerce & Industry & Eastern Institute for Integrated Learning in Management (EIILM) at Kolkata in February 2012.
- 'HR Leadership Award' by the Institute of Public Enterprise in February, 2012 at Mumbai.
- 'FGI HR Award' by the Federation of Gujarat Industries in February, 2012 for outstanding contribution to HRD Practices.

**NATIONAL HONOUR FOR ONGC'S FIRE SERVICE OFFICERS**

- Shri Soumitra Bhattacharya, Manager (Fire Services), Corporate Fire Services Cell, Delhi and Shri Valji Bhai Godad Bhai Vaghela, Fire Inspector GD-I, Mehsana Asset have been honoured by the Government of India with the Fire Service medal for Meritorious Service on the occasion of Republic Day 2012.
- Three ONGC Fire Services personnel, Shri Nagesh B Shingne, Chief Manager (Fire Services), Uran Plant, Shri H S Sharma, Fire officer, Mehsana Asset and Shri H K Dutta, Asstt. Chief Inspector (Fire), Assam Asset have been awarded the Fire Service Medal for Meritorious Service by the President on the occasion of Independence Day, 2011 for their outstanding performance of duties in furthering the cause of fire safety, fire protection and fire fighting in ONGC.
- Shri Rahul Ramkrishna Joshi, Sr. Fire Officer has earned the distinction of being the first ONGC Fire Service Executive to earn the much coveted Fire Service Medal for Gallantry on the occasion of Republic Day-2012 announced by the Govt. of India.

**Sports achievements**

a. **ONGCian Alok Kumar wins Asian Billiard title**

ONGCian Alok Kumar won the coveted Asian Billiards title at the tournament held at Kish Island, Iran on 20th April 2011. Kumar is the first player to achieve the rare feat of winning both the Billiards and Snooker Asian titles.

b. **Three ONGCians form the ICC World Cup winning squad**

Three ONGCians namely Gautam Gambhir, Munaf Patel and Virat Kohli were part of the Indian squad that won the ICC Cricket World cup on 2nd April, 2011.

c. **ONGC Basketball team lifts All India Men's Invitational tournament**

The ONGC basketball team has won the prestigious All India Men's Invitational tournament. The tournament was held at Guwahati during 26th-29th September, 2011. This is the third consecutive win by the ONGC Basketball Team in last three months.

d. **Team ONGC strikes Gold in All India Public Sector TT 2011**

Team ONGC came out with excellent performance in recently held All India Public Sector Table Tennis Tournament which was held at Jaipur during 16th-19th October, 2011.

- ONGCian Mr. Amalraj and Ms. Madhurika Patkar won the men's and women's single events respectively.
- ONGC Men's team won Gold Medal by defeating IOC.
- ONGC Women's team also defeated IOC to win Gold Medal.
- Both ONGC Men's and Women's teams won Silver in the Doubles event.

e. **ONGC wins All India Public Sector Football Tournament**

ONGC's football team won the All India Public Sector Football tournament on 14th December, 2011 by beating Airport Authority of India 2-1 in the finals played at Ranchi.

f. **ONGC Football Team claims "hat-trick" of victories in the All India Gold Cup**

Close on the heels of winning the All India Public Sector Football Tournament trophy at Ranchi on 14th December, 2011, ONGC Football team wrapped up the year 2011 by winning the All India Gold Cup at Dousa, Jaipur on 31st December, 2011 defeating AG Kerala in the finals. The ONGC Football team, since its participation in this biennial tournament since 2007, won the tournament in 2007, 2009 and this December of 2011, making it three-in-a-row and hat trick.

g. **Team ONGC Clinches XXXI PSPB TT Trophy 2011-12**

Team ONGC gave an excellent performance in the XXXIst Petroleum Sports Promotion Board Table Tennis Tournament which was held at Delhi from 2nd-7th February, 2012, hosted by GAIL. A total of 7 Petroleum Sector teams participated in all the events of the Tournament. ONGC Men's Team comprising of A. Amalraj, G. Sathiyan, Jubin Kumar, Ranabir Das and Sourav Saha emerged the winners by defeating BPCL by a margin of 3-0 in the finals.

h. **ONGC wins PSPB Bridge Championship**

ONGC won overall championship in the prestigious 32nd Petroleum Sports Promotion Board (PSPB) Inter Unit Bridge Tournament held at Guwahati from February 19th-23rd February, 2012. Team ONGC swept the tournament by winning all the three events held in the championship.

i. **ONGC cricket team wins All India PSU tournament**

ONGC Cricket team won the finals of All India Public sector cricket tournament held at Mumbai on 15th April, 2012 by defeating BSNL.

j. **ONGC football team emerges league champion**

ONGC Football Team emerged 'Champions' in the prestigious Mumbai Elite Football League on 30th April, 2012. ONGC's national level football team which qualified for the top national just a fortnight ago claimed victories in its last 3 league matches and finished at the top of the 'League Table'.

k. **Other notable achievements of ONGCians in the field of games & sports**

- Amal Raj won the National Championship in Table Tennis held at Lucknow on 29th January, 2012.
- Saurabh Varma won the National Championship in Badminton held in Bengaluru on 25th January, 2012
- Rashmi Kumari became the National Champion in Carom which was held on 3rd February, 2012 at Raipur.
- Pankaj Advani won the National Championship in Billiards held on 28th January, 2012 at Pune.
- Angad Cheema became the National Champion in Golf which was held at Chandigarh on 22nd January, 2012.
- ONGC also won PSPB Tournaments in Volleyball (held at Duliajan on 18th January, 2012), Table Tennis (held at Delhi on 7th February, 2012) and Badminton (held at Jaipur on 31st January, 2012).

Multi Support Vessel Samudra Sevak deployed at Mumbai Offshore

## A. ENERGY CONSERVATION

**The following measures were taken towards energy conservation during 2011-12:**

### a. Technical audits

1. Total 506 Units technical audits were carried out against a target of 470.
2. Total 2786 Nos observation implemented during the year.
3. COTA(Committee on Technical audit) organized at Mumbai.

### b. Standardisation Group

1. Total 06 Nos. policies & norms for various equipment & systems approved.
2. Total 66 Nos. specifications for different equipments were formulated.

### c. Quality Assurance

1. Total 46228 items of worth ₹ 595.76 crores were inspected during the year.
2. 0.46 days AIRT (Average Inspection Response Time) of the year achieved against target of 1.01 days.

### d. School of Maintenance Practices

1. 142 training programmes were conducted against a target of 110.
2. 10 New training programmes introduced during the year.
3. 10 batches of Graduate Trainees of various disciplines were trained.

### e. Energy Conservation measures taken during 2011-12

1. Savings due to Energy Audit & Conservation efforts

| Sl. No. | Name of activities | Units | Target | Achieved |
|---|---|---|---|---|
| 1 | No of Energy audits | Nos | 195 | 209 |
| 2 | Savings due to Energy audits & conservation efforts | ₹ in Crores | 352 | 409.23 |

2. Energy Audit Recommendations:

| Opening Balance | Raised | Implemented | Pending |
|---|---|---|---|
| 601 | 203 | 496 | 308 |

3. ONGC carried out different activities for creating energy conservation awareness and efficient use of energy like cycle rally, LPG Quiz programme, quiz for ladies, employees and school children; drawing, slogan & essay competition; Drivers awareness programmes, workshop on energy conservation, exhibition, free pollution check up, street play, etc.
4. Observed Rajiv Gandhi Akhshay Urja Divas to promote the nationwide campaign for effective utilization of renewable energy.
5. Observed Energy Conservation Day for creating awareness in masses towards conservation of energy.
6. 20.400 LPD Solar water heating system added at ONGC Colony, Dehradun.
7. Launched a training programme on Energy conservation Techniques for non executives, at different locations of ONGC.
8. Installed substantial number of Energy efficient lightings in all Assets/ Basins / Offices.
9. Carried out Process Energy Audit of Hazira Plant and identified projects for implementation with a potential savings of approximately ₹ 21 Crores per year.
10. Completed Energy Conservation project namely" Installation of flow control valve in discharge of sulfinol circulation pump & energy optimization of Gas Sweetening Unit" at Uran Plant. The estimated saving is ₹ 87 Lakhs.

11. To create awareness and educate the common masses on "Energy Conservation", many programmes were organized and propagated the message through electronic and print media.

### Hazira

a) Installed four nos. Movement Detectors in un-manned substation no 16. Out of 94 T-5 Tube lights installed, 68 nos are connected through Movement Detectors. Total energy saving per year is approx. 18000 Kwh.

b) The power circuit of lighting inside repair shop of Hazira Plant is connected through timer circuit now to allow one circuit operational in the night time as a energy saving measure without affecting any illumination problem required for day to day operation. This has saved energy to the tune of 17,520 units. (16 Nos.X 250W X 12Hrsx365 Days).

### Uran

a) Replacement of Energy efficient Package units : 06 nos 16.5 Tr & 02 Nos 10 Tr at C2C3 UPS room, LPG-1 S/Stn & SES . Energy efficient Scroll compressors have been used in place of conventional reciprocating compressors. Savings- 5.0 LKWh/22.5 Lakhs/Yr.

b) Replacement of 325 steam traps with new ones. Savings- ₹ 27.72 Lakhs/Yr.

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

ONGC has saved ₹ 409.23 Crores, by adopting different energy conservation measures in its different installations. Further, the above measures have resulted in reduction of significant quantity of fuel consumption (HSD, Natural Gas and electricity).

## B. RESEARCH AND DEVELOPMENT

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

- Feasibility study of using composite material for fencing of oil and gas wells, pipelines for handling highly corrosive oil & oil field effluents and tanks for oil storage in Cauvery Asset.
- Studies on the Structural Characterization of Gas Hydrates using Raman Spectroscopy.
- Studies on the thermodynamics and kinetics of Methane Hydrate formation and dissociation under varying subsurface conditions.
- Soil classification and evaluation of soil design parameters using PCPT data with emphasis on application in Indian waters.
- A total of 120 R & D projects were completed by IOGPT in the areas of well completion, Artificial lift system, sand control, water shut off, stimulation, process facilities design & optimization, Deep water production and subsea technology.
- Under the Science & Technology International partnership agreement between the Govts of India & Canada , Carbon Management & Sustainability Group has undertaken an R&D project on solar thermal application towards low carbon initiative. Titled as "Substitution of natural gas by solar thermal energy", this first of its own kind project aims at replacing natural gas based heating of crude at heater treater by a combination of solar and natural gas based heating combination, effectively saving thereby a part of natural gas.
- Apart from the above R&D project, ONGC along with TERI has been carrying out R&D in the field of Microbial Enhanced Oil Recovery, Paraffin Degrading Bacteria and Flow Assurance for the last 4-5 years. Field trials on pilot scale were conducted.

### 2. Benefits derived as result of above R&D:

- Result of R&D has been used for selection of composite material pipes for Oil & Gas flow lines and effluent transfer lines.
- The R & D project was successful in establishing a methodology for carrying out accelerated ageing tests for evaluating the lifetime of various FRP pipes in different mediums.
- Conceptualized projects worth ₹ 126 Crore with envisaged additional revenue generation of ₹ 308 Crore & realized oil gain of 5578 barrels of oil per day (BOPD) through stimulation jobs.
- Additionally, revenue of ₹ 53.12 lakhs has also been generated by successful completion of commercial projects for client other than ONGC during the year 2011-12.

### 3. Technology absorption and adaptation

- ONGC had embarked on a massive brown field Enterprise-wide SCADA implementation in ONGC covering production installations and drilling rigs. The adaptation to SCADA technologies has enabled monitoring of real time data from fields and helped achieving operational efficiencies. This initiative has further been expanded to cover new offshore facilities and charter hired drilling rigs at offshore.

- ONGC's expertise in satellite communication has been further utilized to adopt Ku-band based satellite communication Technologies offering additional bandwidth to our offshore facilities. This has enabled preparedness for use of alternate technologies for backup communication in a disaster situation and concurrent use of a suite of applications including high bandwidth applications such as video conferencing.
- ONGC has adapted technologies to overcome geographical distances enabling collaborative working, thus deriving tangible and intangible benefits. Adaptation of video conferencing technology for EC/EPC meetings in one of the steps which has been adapted whole-heartedly. Till date 265 EC/EPC Meetings & 45 Special Meetings have been conducted using Video Conferencing System. This technology is further planned to be enhanced in terms of expense and real-life experience through "Enterprise wide Multi-party Full High Definition Video conferencing System" project at a cost of ₹ 7.23 Crore. This shall facilitate simultaneous video conferencing with 40 work centers / installations in offshore / onshore from Delhi and Mumbai. The project is currently under implementation.
- As a multi-pronged approach towards IT Governance and IT Infrastructure enhancement, an enterprise-level authentication and access service to network enabled resources has been implemented through Active Directory Services project at a total cost of ₹ 8.52 Crores. From the end-user perspective, this has automated routine tasks related to desktop management. Active Directory Services has been adapted to improve manageability of desktop PC environment. This shall streamline the software patches and updates management and allow centralized policy management related to desktops and laptops.
- Purchased New Landmark Software for well planning.
- Application of Choline Cloride as substitute of Potassium Chloride for shale stabilization has been initiated for the first time in Ankleshwar Asset.
- An indigenously developed Non-destructive drilling fluid system by the Institute of Drilling Technology was successfully implemented in Rajahmundry Asset.
- Determination of Collapse Pressure from Logs has been initiated for well bore stability.
- Polyamines (Choline Chloride) system was successfully implemented in #SBLA, Sobhasan field, Mehsana Asset and wells #TVDF, NKKAA of Cauvery Asset Karaikal besides Ankleshwar.
- Rubbery Gel Based Loss control solution and Micro bubble cement slurry were tried out in Well# NMAB of Cauvery Asset.
- A new technology i.e "StethoScope 825" a new generation FPWD tool for large dia borehole has been introduced in new well no. N14#10. This cutting edge Formation Testing Technology While Drilling, allows for optimising the mud weight to ensure safe and efficient drilling and in turn the well bore stability.
- A new technology for Gas lift surveillance "CO2 tracer survey" from M/s. Weatherford introduced in MH Asset and tried in 10 wells. The technology being successful, is being planned to be introduced in more wells.
- **Maintenance free carbon earthing system:** Carbon based earthing system is a recent development in electrical earthing technology. This is a maintenance free earthing system. 4 nos of maintenance free Carbon based earthing pits have been installed in C2C3 cooling tower area in Uran Plant. The installed maintenance free earthing pits complies to IS 3043 standard.
- The state of the art **Gas Hydrate Cell System for Gas Hydrate** prediction and characterization has been acquired and put in use for the purpose after extensive training of engineers.
- The latest version of **SESAM software** has been acquired and put in use for structural analysis of offshore structures resulting in higher performance and improving delivery schedule.
- **Finite Element Analysis** of tubular joints of offshore jacket platforms. With the help of this higher level analysis, under water joint inspection of offshore jackets can be optimized.
- In Mehsana Asset, horizontal well NKQB in North Kadi field completed with induction of LWD and periscope with successful placement of horizontal drain hole of 220 m in areas of high oil saturation resulted in Oil gain of 22 TPD.
- Open hole gravel pack in 8 ½" hole carried out in 3 new wells of Santhal field in Mehsana Asset which resulted in oil gain of 20-25 TPD per well.
- Rotary Steerable System (RSS) was used for the 1st time in the well LPDQ in Assam Asset, which was subsequently used in development wells LPDP, LPDN, GKBD and LKFO resulted in substantial decrease in actual cycle days and commercial days w.r.t. planned cycle and commercial days in each well drilled using RSS. In monetary terms use of RSS resulted in cost saving of 20% per well.

- Hostile Xpress Pressure Testing (HXPT) to determine the gradient, nature of fluid and formation pressures was carried out for the first time in India in well SLVAA of Rajahmundry Asset.
- To improve dissolved oxygen content in the treated final effluent, "DAS" (Diffused Aeration System) at Guard pond at Uran Pant is commissioned where **Silicon Membrane Disc Diffusers** are installed.
- N&H Asset commissioned **Flare Gas Recovery Project** (FGRP) and started recovery of 30,000 to 40,000 m3/day of low pressure gas which till now was getting flared.

**Developments in renewable energy :**

A 102 MW Wind Power Project is being planned at Rajasthan. The expenditure likely to be incurred in setting up such unit is ₹ 650 Crore and expected power generation would be 2081 lakh KW / year.

**4. Information regarding imported technology for last five years**

| S.No. | Technology Imported | Year of Import |
|---|---|---|
| A (I) | • Rapid Solvent Extraction Unit (Soxtherm System).<br>• Petrobank Master Data Store (MDS), from M/S Halliburton Offshore Services Inc.-a multi-client solution for the management of E&P technical data.<br>• 64 CPUs SGI ALTIX machine.<br>• 48 node IBM PC Cluster system with dual CPU per node equipped with Geocluster4.1 application software of M/S CGG.<br>• 272 node IBM PC Cluster system with dual CPU per node equipped with OMEGA application software of M/S Western Geco.<br>• Corporate Licensing of Interpretation software from M/s Hampson Russel, M/s Landmark, M/s Geoquest and M/s Paradigm.<br>• CGG Geocluster application software for processing.<br>• WGC Omega: application software for processing.<br>• StatMod MC and EarthMod FT modules added to Fugro-Jason's MyBench software suite.<br>• LWD / Geosteering with Laterolog tool.<br>• Compact combo LWD tool.<br>• FPWD- Formation Pressure While Drilling tool.<br>• "Air Injection Laboratory" for identifying candidate reservoirs for air injection as a part of EOR efforts.<br>• Cluster Computing capabilities have been established, which will reduce significant run-time of various G&G applications and reservoir simulation processes.<br>• Four licenses for G&G modules (OpenWorks-2, SeisWorks-1 and StratWorks-1 of M/s Landmark Graphic Corporation).<br>• Three licenses for Reservoir Simulation (Model Builder-3 of M/s Computer Modeling Group Limited).<br>• PC Cluster technology, both Hardware and Software, for seismic data processing.<br>• 3D – 3C Multi-Component Seismic Survey.<br>• Four numbers of State-of-the-art multi component digital VSP equipment.<br>• 14 new state-of-art data acquisition system with 24 bit delta sigma technology. | 2007-08 |

| | | |
|---|---|---|
| (ii) | • Latest releases of Landmark/ Hampson Russell/Jason/GeoQuest /Paradigm/Midland Valley / GOCAD Interpretation Software installed as part of regular M&S.<br>• Corporate licensing of existing Petral and Geoframe suit of interpretation software from M/s Schlumberger.<br>• Induction of Basin modeling software "Petromod" from M/s IES Germany and pore pressure prediction software "Drill works Predict" from M/S Knowledge systems.<br>• Thrustline software for imaging in thrust fold areas and complex geology terrain from M/s GEOTOMO.<br>• FASTVEL software for automatic residual move out application from M/s PARADIGM.<br>• Procured two nos. of Precision Air Conditioner (18 TR & 9 TR) of Emersion make from OES M/S WIPRO Ltd.<br>• 125 TB and 50 TB of SATA based Storage System is being provided for PC Cluster of OMEGA and CGG Applications Software.<br>• Procured 100 Nos of 3592 magnetic media.<br>• Up gradation of Processing LAN from 100 Mbps to Gigabit LAN.<br>• State of the art LTO-4 Tape Library has been procured and commissioned.<br>• High end Workstations (22 Nos) inducted for interpretation and Processing.<br>• Long Term Technical Services by M/s Midland Valley Exploration (MVE), U.K. for Structural Modeling.<br>• IES Basin Modeling Technology.<br>• STAR Structural Analogues for Reservoirs, U.K.<br>• State of art automatic fission track dating system in Geochronology and fission track division.<br>• ProbE-Global E&P database from Petroconsultant S.A.<br>• Magnetotelluric System (MT).<br>• Integrated PVT Package from M/s Chandler Engineering, Houston, USA. | 2008-09 |
| (iii) | • Latest releases of Landmark / Hampson Russell / Jason / GeoQuest / Paradigm / Midland Valley / GOCAD/ DrillWorks/ Petromod/ Kingdom suite/ OpendTect/ PANSYSTEM & PANMESH Interpretation Software installed as part of regular M&S.<br>• 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.<br>• 100% Corporate licensing of Geoframe/ Petrel s/w from M/s GeoQuest and finalization of its corporate AMC.<br>• 100% corporate licensing of Paradigm interpretation s/w and finalization of its corporate AMC.<br>• RokDoc software (1D / 2D / 3D / Chronoseis) from M/s ICON SCIENCE has been inducted in GEOPIC.<br>• IES Basin Modeling Technology.<br>• Auto Counting FT system.<br>• Landmark's R5000 software was successfully installed in Linux Based workstation.<br>• Pipe conveyed logging system. | 2009-10 |

| | | |
|---|---|---|
| (iv) | • Continuous Flow Isotope Ratio Mass Spectrometer (CF-IRMS)<br>• COREVAL-30<br>• SKUA software from M/s Paradigm.<br>• Fugro Jason Work Bench Software<br>• SATA-II disks based SAN storage systems<br>• PERISCOPE | 2010-11 |
| (v) | • 3D Visualisation Centre.<br>• The Fluid Eval.<br>• Induction of CRAM software from M/s Paradigm.<br>• Induction of Geo-science core system and seismic interpretation module of petrel software from M/s Geoquest Systems B.V.<br>• Induction of MATLAB Software from M/s Designtech Systems Ltd.<br>• Petrel software for Processing of seismic data from M/s Geoquest Systems B.V.<br>• Multi-Component Seismic Survey - 3D – 3C<br>• TuffTRAC- a new generation wire line-conveyed tractor, used for carrying out perforations.<br>• Ultra HPHT TCP-DST- To test wells in very High temperature & Pressure conditions having temperatures beyond 450 °F.<br>• RF Safe perforating System. | 2011-12 |
| 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 |

## 5. Expenditure on Research & Development

(₹ in million)

| | 2011-12 | 2010-11 |
|---|---|---|
| Capital | 164.53 | 134.33 |
| Recurring | 3,238.11 | 3,582.44 |
| **Total** | **3,402.64** | **3,716.77** |
| Total R&D Expenditure as a percentage of Total Turnover | 0.44% | 0.54% |

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

## 6. Information on Foreign Exchange Earnings and Outgo

(₹ in million)

| | 2011-12 | 2010-11 |
|---|---|---|
| Foreign Exchange Earnings | 63,152.73 | 47,115.50 |
| Foreign Exchange Outgo | 191,490.41 | 181,531.72 |

# Annexure E

**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, 2012.**

The preparation of financial statements of Oil and Natural Gas Corporation Limited for the year ended 31st March, 2012 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29th May, 2012.

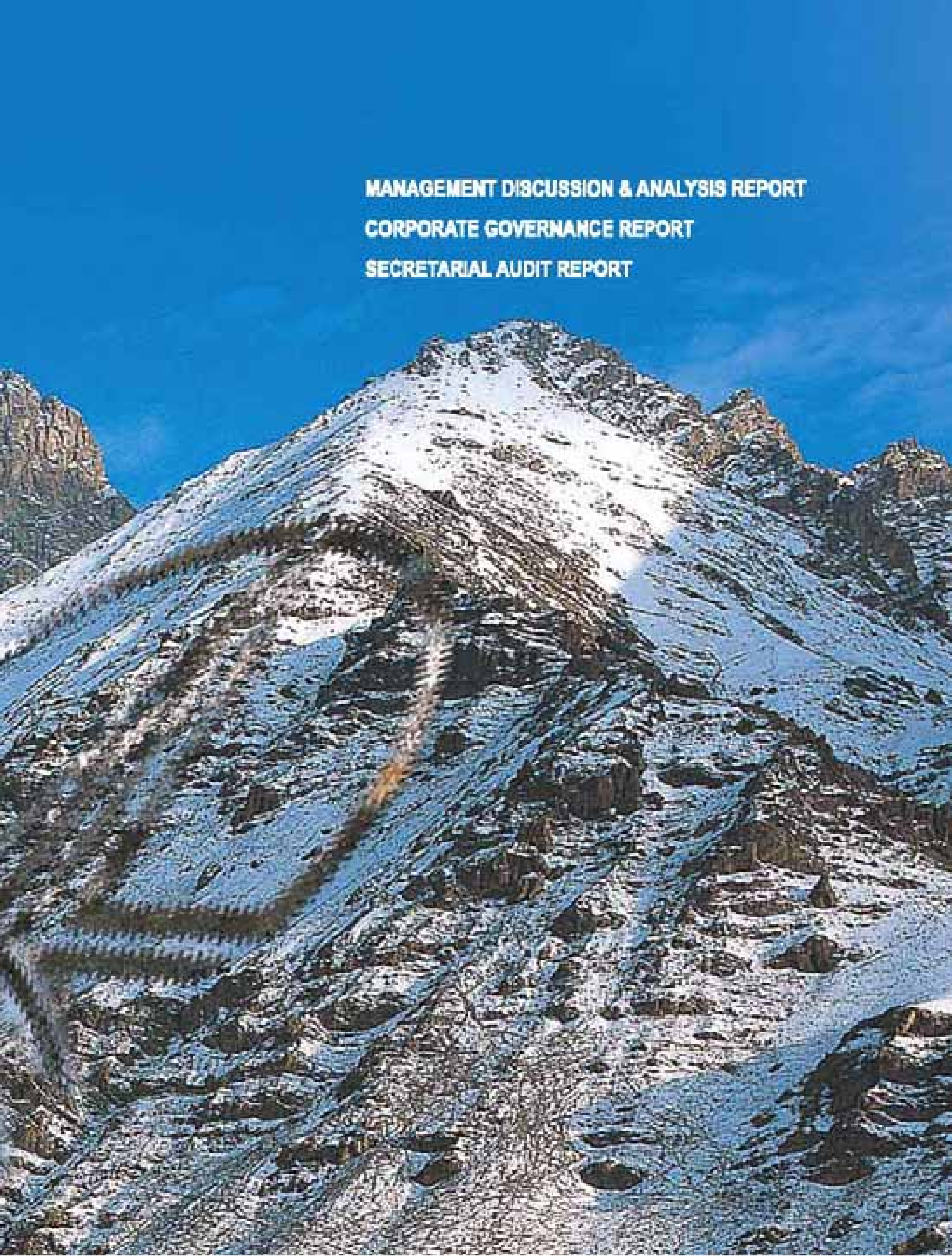
I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619 (3) *(b)* of the Companies Act, 1956 of the financial statements of Oil and Natural Gas Corporation Limited for the year ended 31st March 2012. On the basis of my audit nothing significant 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.

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

Place : Mumbai
Dated : 2nd July, 2012


135 exploratory and 280 development wells were drilled in the year 2011-12.


ONGC Everywhere


MANAGEMENT DISCUSSION & ANALYSIS REPORT
CORPORATE GOVERNANCE REPORT
SECRETARIAL AUDIT REPORT

Geophysical exploratory operations in Western Onshore Basin

## 1. The Economy

The global economy has weakened and became more uneven in 2011. A barrage of shocks compounded the reeling economies. Japan was struck by a devastating earthquake and tsunami resulting in a massive nuclear disaster. The "Arab Spring" in MENA region led to turmoil, unrest and interruptions in flow of oil. The US economy still seems to be weighed down by the after-effects of the housing bust and 2008 financial crisis. However, recent data offers encouragement. The Eurozone encountered major financial turbulence, though it gave way to a cautious optimism, thanks to the completion of Greece's debt restructuring and continued efforts by the European Central Bank (ECB) to keep credit flowing.

Owing to these factors, the world economic growth slowed to about 3.9% in 2011, after rising to 5.3% in 2010 (Source: World Economic Outlook-2012; IMF).

The emerging markets felt the pain of a weak and reduced demand from the reeling west. China, is feeling the effects of economic weakness in Europe and the US, but most likely would manage to avoid a hard landing. However, more worrying signs emanated from India which faces a slower economic growth.

India's Real GDP growth slowed considerably during 2011; although still high (especially in the context of the rest of the global economy), at 6.5%. Inflation, which is finally easing, has remained stubbornly high over the past two years, hovering around double-digits, while the rupee dropped to new lows against the dollar during 2011. This coupled with the slowdown in advanced countries and the European macro-economic scenario has further dampened the Indian growth story in FY'12. In addition to worsening of Eurozone economic prospects, lack of fiscal space to provide direct stimulus to the economy and lack of consensus on domestic policy reforms have further affected India's growth story. But the fact remains that Indian economy is multidimensional. Despite a disappointing year for the Indian economy, the economy may pick up from here. Inflation has started showing the signs of easing. Foreign investment, which dropped off considerably, is returning, pushing both the rupee and equities.

Globally, improved activity in the United States during the second half of 2011 and better policies in the Euro-area in response to its deepening economic crisis have reduced the threat of a sharp global slowdown. But, the recent improvements are very fragile. As per the World Economic Outlook-2012, global growth is projected to drop from about 4 percent in 2011 to about 3.5 per cent in 2012. The euro area is still projected to go into a mild recession in 2012. Real GDP growth in the emerging and developing economies is projected to slow from 6.25 per cent in 2011 to 5.75 per cent in 2012, with China's growth rate projected to decline to 8.20 per cent and that of India's to 6.90 per cent.

While the Economist Intelligence Unit's (EIU) forecast for global growth is little changed from April 2012, the rising risk of an oil shock tied to tensions over Iran has replaced the euro crisis as our main global economic concern.

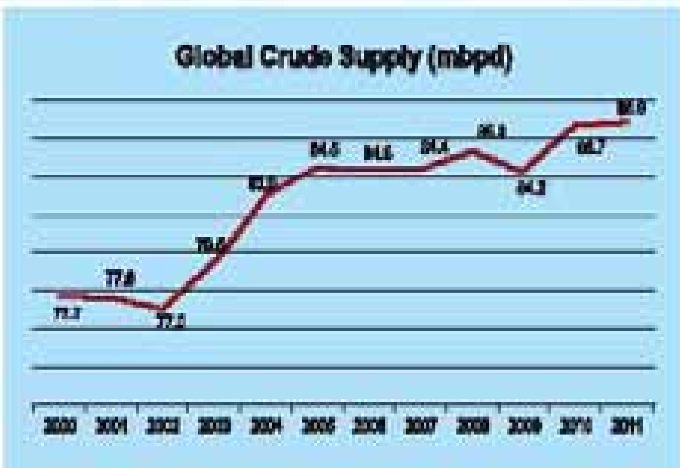
## 2. Oil & Gas Industry developments:

### Liquid supplies

Despite the slowdown, the world has so far avoided another economic crisis, and many economists believe that a full-scale global recovery will be underway by 2013. The slowdown, though, did not dampen the Oil prices which topped $100/bbl for most of the year, much of this was driven by a drop in Libyan production as a result of political uprising. There was also disruption of supply from South Sudan (due to its conflict with Sudan); Syria and Yemen, where EU has imposed sanctions.

Despite these outages, the global liquid supply rose to 88.9 million barrels per day (mbpd) in 2011 from 86.7 mbpd in 2010 (Source: EIA). This is primarily due to renaissance of domestic liquid fuel production in America. The growth in American crude oil production, which stood at 8.1 mbpd in 2011, is being augmented by rising output of natural gas liquids and liquids derived from biomass.

Taken together, the output of domestic liquid fuels reached 6.8 mbpd in 2011, America's highest level in two decades. Most analysts also believe shale oil to be transformational and oil production in the Bakken shale in North Dakota would aid the upward trend in domestic liquid fuel production in USA in the coming years.




Source: EIA

On the back of a 14% supply increase from Saudi Arabia, OPEC contributed 29.99 mbpd and a further 5.78 mbpd of NGLs and condensate supply in the year 2011. This marked an increase of 2.6% over the last year's OPEC production; its share in global oil production also increasing to 41.3% in 2011 from 40.7% in 2010. In 2011, production from OECD countries, excluding USA, declined by almost 3% to 10.79 mbpd. Non-OECD countries almost maintained their production at 29.81 mbpd. The fact remains that the world is producing more oil and other liquid fuels than it needs and supply fears have eased up.

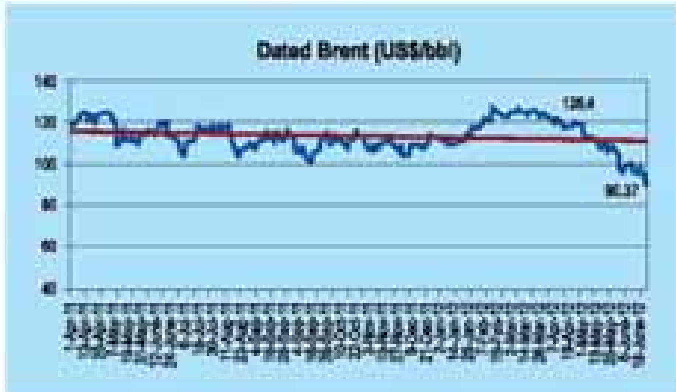
Now, the focus for geopolitical risks has shifted to Nigeria, Iraq and most pressingly, Iran. At least a portion of Iran's 2.5 mbpd of crude exports will likely be denied to OECD refiners from July 2012. Besides, India and other countries are reducing imports from Iran. However, present surplus capacity and increasing unconventional oil production may provide the required relief.

**Crude oil prices**

Crude oil price (Dated Brent) stayed strong all through in FY'12 and averaged US$ 114.29/bbl against the average of US$ 86.52/bbl during FY'11.

The last quarter of FY'12 has been the most volatile and oil price averaged US$118.81/bbl with a peak of US$ 126.40/bbl on 16th March 2012. The major reason for higher prices has been the perception that US economy is recovering based on the indicator that showed accelerated pace of job creation in US private sector. Also hopes that Greece debt restructuring will go through created better bargains for oil buyers and fanning interest in riskier trades.

However, benchmark crude prices continued to soften through most of April'12. From around $125/bbl at the beginning of the month, Brent prices slid to around $118/bbl by month end. Crude oil prices in May'12 continued to decline and averaged US$ 110.73/bbl; almost US$14/bbl less than the peak price in March'12.




The continuing surge in US domestic oil production, combined with relatively weak oil demand in North America and Europe helped to create a surplus of light low sulphur crudes in the Atlantic Basin. The price of medium and heavy sour crude is presently being supported by many crude oil importers seeking to replace the sanctioned Iranian crude.

Saudi Arabia's assertion that higher oil price is not conducive for healthy oil market also helped the prices to cool down. Saudi Arabia continued to produce @10 mbpd resulting in easing the market. On 22nd June'12 it touched a low of US$ 90.37/bbl. There is growing perception that oil industry will pose a situation of "balanced uncertainty" between the Iranian issues on the one hand and weak demand fundamentals on the other. The current global oil balance is tilted toward surplus; however, in the near term, due to completion of spring maintenance, rising refinery runs will support the prices. At the same time lingering fears over Iran may also help oil prices to be strong.

**Natural Gas price**

Natural Gas prices (Henry Hub) witnessed steep fall during FY'12 as US has been facing a supply surplus of natural gas since last year. The price declined from US$ 4.92/mmbtu (on 9th June'2011) to the lowest price of US$ 1.84/mmbtu on 20th April 2012. The excess availability (including production and imports) of natural gas increased in USA from 0.77tcf in 2007 to 2.1 tcf in 2011. However, from end of April, 2012 price rallied up and in June, 2012 (22 days) it averaged to US$ 2.36/mmbtu.


The low prices have prompted E&P companies engaged in shale gas production in the US to shift their operations to liquid-rich areas, considering better and sustained oil prices. This move by the E&P companies is expected to bring down the natural gas output of the country over next one to two years.

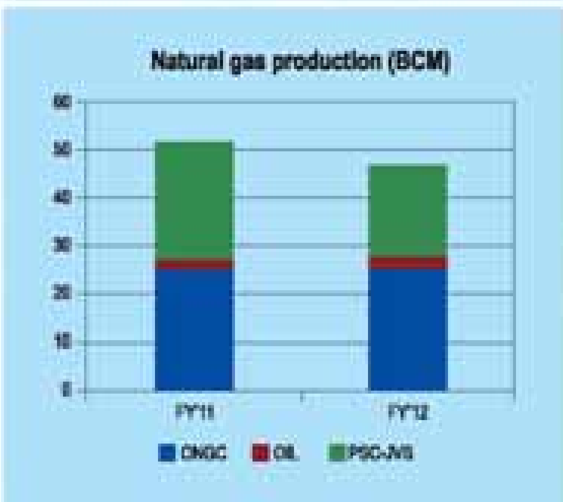
Furthermore, low natural gas prices in the US have encouraged its usage in power generation and petrochemical industries, which is expected to increase along with the country's gas consumption in the near term. This has also encouraged the use of natural gas as a substitute of coal and naphtha. This rebalancing in the supply-demand scenario of natural gas in the US is expected to check the fall in gas prices in the near term.

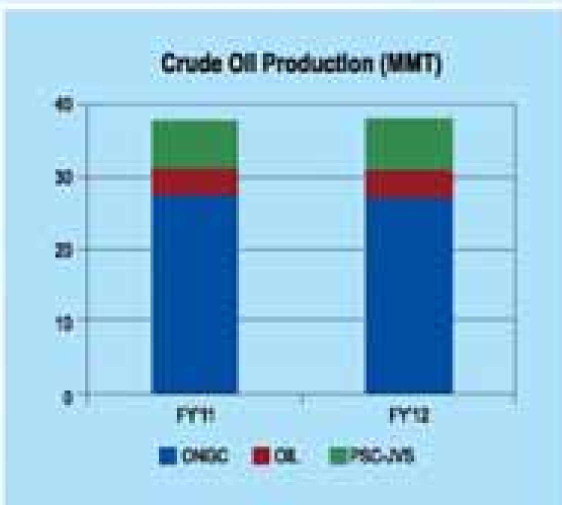
## 3. Indian Oil & Gas Industry

### Crude oil & Natural Gas production

Crude Oil production during FY'12 in India has been 38.09 MMT; one percent higher than the production in FY'11 (37.68 MMT). Increase in production from Mangala field in RJ-ON-90/1 block in Rajasthan (in which your Company has a 30% stake) and Oil India Limited operated fields helped in maintaining the production levels despite natural decline in matured fields operated by your Company.

Natural Gas production during FY'12 has been 47.56 BCM against 52.22 BCM during FY'11; a decline of 9% over FY'11. Less natural gas production has been mainly due to lower production from East Coast field of a private consortium. (Source: MoP&NG and ONGC data).Your Company maintained its position as the largest producer of oil and oil equivalent gas (O+OEG) in the country with its share of 61% in O+OEG (Crude oil: 71% & Natural gas 54%).

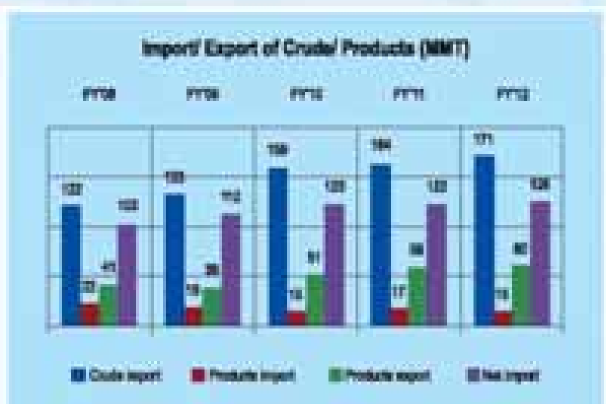


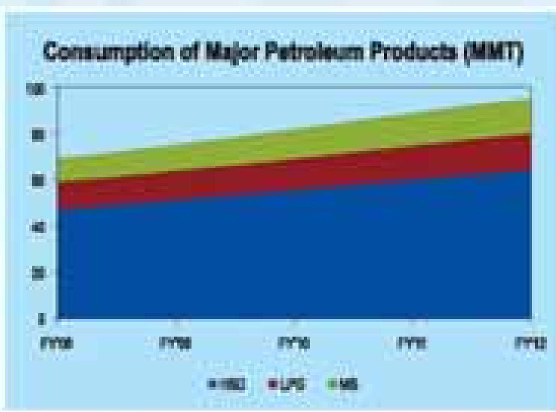




### Increasing consumption; higher dependence on imports

India has now a refinery capacity of over 213 MMTPA (against 198 MMTPA at the end of FY'11). Total refinery throughput during FY'12 (along with fractionators) has been 204 MMTPA against 196 MMTPA in FY'11; an increase of 4%. Out of this, 60 MMT of petroleum products was exported and total exports increased by 1.8% over the previous year.

Total consumption of the petroleum products in the country has been 148 MMTPA; an increase of 4.9% compared to the previous



year. Consumption of three major petroleum products - Motor Spirit (MS), High Speed Diesel (HSD) and Liquefied Petroleum Gas (LPG) (which constitute 64% of petroleum products' basket), increased by 45%, 36% and 28% respectively in the last five years. However, consumption of Superior Kerosene Oil (SKO) decreased by 12% in the same period.

**Crude Oil price Indian Basket**

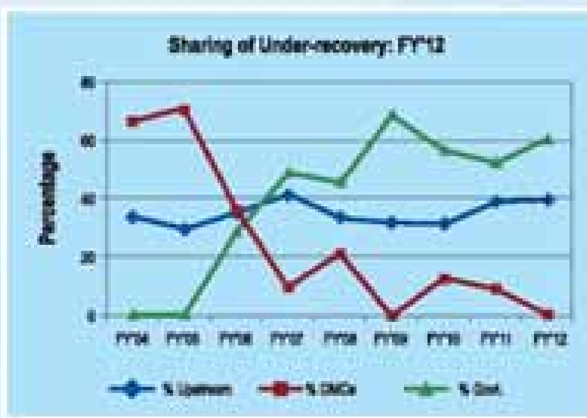
Indian crude basket remained strong throughtout the year (FY'12) with an average price of US$ 111.89/bbl compared to US$ 85.09/bbl during FY'11; an increase of 31%. During March'2012 it was at peak with average price of US$ 124/bbl. Higher oil prices along with depreciating rupee proved to be spoiler for the country as well as oil companies.

The gains arising from oil (Dated brent) dropping below $ 90 a barrel (on 25.06.2012) for the first time since December 2010, were more or less wiped away by the Rupee depreciating to an all-time low of ₹57.01 (on 25.06.2012) to a US dollar.


**Under Recoveries**

India imports over 80% of its crude oil requirement. Crude Oil has taken a strong support around US$100/bbl despite the sluggish growth in World Economy. However, to protect the interest of common man from vagaries of rising international oil prices, the Government controls the retail selling prices of sensitive petroleum products like High Speed Diesel (HSD), Superior Kersone Oil (SKO) and Liquified Petroleum Gas (LPG). The basic objective of the Government has been to make these products available to consumers at affordable price and keep the inflation under control. As a result, Oil Marketing Companies(OMCs) incur under-recoveries by selling these price-sensitive products at regulated prices.

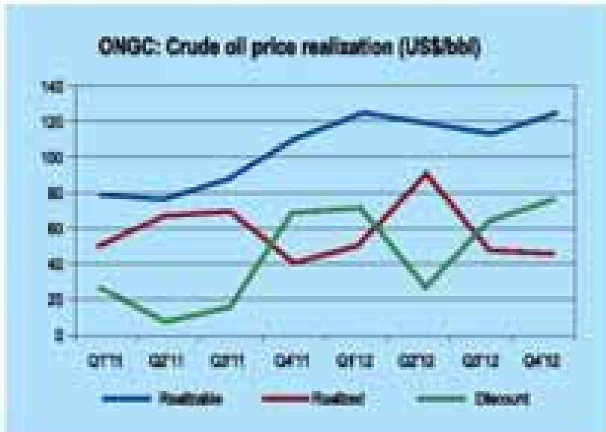
OMCs have reported under-recoveries totaling ₹ 1,385,410 million during FY'12 (against ₹ 781,890 million in FY'11). Diesel (₹ 811,920 million) accounted for 58.61% of the under-recovery followed by 21.65% in Domestic LPG (₹ 299,970 million) and 19.74% in PDS Kerosene (₹ 273,520 million)




The total under-recoveries are shared amongst OMCs, Upstream Companies and the Government of India (GoI). GoI contributes its share towards under-recoveries in the form of cash to the OMCs. Upstream companies absorb their share of under-recoveries by extending discount on crude oil, domestic LPG and PDS SKO sold to refineries/OMCs. Out of the total under-recoveries of ₹ 1,385,410 million during the fiscal 2012, Government of India share has been ₹ 835,000 million (60.27%), upstream companies (ONGC, Oil India Ltd & GAIL) have contributed ₹ 5,50,000 million (39.70%) and Oil Marketing Companies (OMCs) share has been ₹ 410 million (0.03%).

Your Company shared ₹ 444,660 million towards the under-recovery during FY'12 (against ₹ 248,920 million in FY'11) as per the instruction of the Government of India (GoI). This amount translates to 32% of the total under-recovery and 81% of the upstream companies' share.

The average gross price for ONGC's crude oil during FY'12 has been US$ 117.40/bbl (US$ 89.41/bbl in FY'11). However, as per the instructions of the GoI, your Company gave an effective discount of US$ 62.69/bbl (US$ 35.64/bbl in FY'11) on crude oil sold to the OMCs. As such, net realized price for crude oil in FY'12 has been US$ 54.72/bbl; a nominal 1.8% higher than in FY'11 (US$53.78/bbl).




High subsidies are putting pressure on the country's fiscal deficit, which has touched 5.9 percent of the GDP in 2011-12 and Govt. has targeted to bring it down to 5.1 percent in 2012-13.

GoI has spent nearly 40% of its total subsidy bill (towards food, oil, fertilizers, etc.) in oil subsidy. The government targets to bring down the subsidy bill to below 2 percent of GDP in 2012-13 and 1.75 percent in the next three years. This certainly demands rationalization of prices of petroleum products and taxes.

## 4. Operational performance of ONGC

Your Company maintained its production levels from domestic as well as overseas fields through innovative solutions. The total production during FY'12 has been 61.18 MMtoe of oil and oil equivalent gas; marginally lower than the production during FY'11 (62.05 MMtoe) mainly on account of lower production from Sudan and South Sudan fields due to geo-political reasons. At the same time production from Syria was affected due to European Union's sanctions.

As far as domestic fields (ONGC operated) are concerned, due to continuous capital and technology infusion, in 15 major fields (which contribute about 73% of oil production of ONGC), production levels could be maintained. Seven of these fields registered more production than the previous year. Rudrasagar, our oldest field (discovered in 1960), registered more than 18% increase in its production as compared to the previous year.

Similarly, North Kadi, Balol, Santhal, and Jotana in Gujarat, Geleki in Assam and offshore field Heera also performed better than in the previous year. Natural gas production of your Company during FY'12 has been the highest in last five years. Oil and gas production profile from domestic as well as overseas assets during last five fiscals are as given below:

| *Oil and gas production* | *FY'12* | *FY'11* | *FY'10* | *FY'09* | *FY'08* |
|---|---|---|---|---|---|
| ***Crude Oil Production (MMT)*** | ***33.13*** | ***34.04*** | ***32.95*** | ***33.58*** | ***34.68*** |
| ONGC | 23.71 | 24.42 | 24.67 | 25.37 | 25.95 |
| ONGC's share in JV | 3.21 | 2.86 | 1.79 | 1.65 | 1.89 |
| OVL | 6.21 | 6.76 | 6.49 | 6.56 | 6.84 |
| ***Natural Gas Production (BCM)*** | ***28.05*** | ***28.01*** | ***27.98*** | ***27.65*** | ***27.08*** |
| ONGC | 23.32 | 23.09 | 23.11 | 22.48 | 22.33 |
| ONGC's share in JV | 2.19 | 2.23 | 2.49 | 2.95 | 2.79 |
| OVL | 2.54 | 2.69 | 2.38 | 2.22 | 1.96 |
| ***Grand Total*** | ***61.18*** | ***62.05*** | ***60.93*** | ***61.23*** | ***61.76*** |

**Proved reserves**

During the year, your Company made 23 discoveries. Notable among them is Hortoki-1 discovery in Mizoram; the first in the state and with this discovery your Company has opened up a new hydrocarbon play in the country. Out of 23 discoveries, 8 discoveries are in NELP blocks in which your Company has intensified its exploratory efforts. These efforts helped your company to maintain healthy reserve position in its various basins.

| Proved Reserves (MMTOE) | FY'12 | FY'11 | FY'10 | FY'09 | FY'08 |
|---|---|---|---|---|---|
| **Estimated Net Proved O+OEG Reserves** | **963.86** | **961.27** | **962.90** | **949.53** | **925.05** |
| ONGC | 737.38 | 723.56 | 737.31 | 720.18 | 722.22 |
| JV share | 33.12 | 34.80 | 39.60 | 39.12 | 41.76 |
| OVL | 193.38 | 202.91 | 185.99 | 190.23 | 161.08 |

## 5. Financial Performance ONGC (Stand alone):

(₹ in million)

| Particulars | FY'12 | FY'11 | % Increase/ (Decrease) |
|---|---|---|---|
| Revenue: | | | |
| Crude Oil | 5,07,873 | 4,48,645 | 13.20 |
| Natural Gas | 1,41,397 | 1,27,544 | 10.86 |
| Value Added Products | 1,12,021 | 85,360 | 31.23 |
| Other Operating revenue | 7,580 | 24,939 | (69.61) |
| **Total Revenue from Operations:** | **7,68,871** | **6,86,488** | **12.00** |
| Other Income | 44,529 | 34,069 | 30.70 |
| EBIDTA | 4,10,327 | 353,182 | 16.18 |
| PBT | 366,425 | 276,164 | 32.68 |
| PAT | 2,51,229 | 1,89,240 | 32.76 |
| EPS | 29.36 | 22.12 | 32.76 |
| Dividend per share | 9.75 | 8.75 | 11.43 |
| Net Worth | 11,17,841 | 9,67,084 | 15.59 |
| % Return on net worth | 22.47 | 19.57 | |
| Capital Employed | 9,08,848 | 7,96,972 | 14.04 |
| % Return on capital employed | 45.15 | 44.32 | |
| Capital Expenditure | 2,92,466 | 2,82,755 | 3.43 |

Al Group Gathering Station: Enhancing production

**ONGC Group** (₹ in million)

| Particulars | FY'12 | FY'11 | % Increase/ (Decrease) |
|---|---|---|---|
| Revenue: | | | |
| Crude Oil | 6,40,041 | 5,58,993 | 14.50 |
| Natural Gas | 1,51,320 | 1,35,329 | 11.82 |
| Value Added Products | 7,10,487 | 5,32,463 | 33.43 |
| Other Operating revenue | 9,363 | 26,066 | (64.11) |
| Total Revenue from Operations: | 15,11,211 | 12,52,873 | 20.62 |
| Other Income | 47,950 | 37,180 | 28.97 |
| EBIDTA | 530,310 | 461,154 | 15.00 |
| PBT | 428,036 | 343,133 | 24.74 |
| PAT | 2,81,436 | 2,24,560 | 25.33 |
| EPS | 32.90 | 26.25 | 25.33 |
| Net Worth | 13,52,686 | 11,45,312 | 18.10 |
| % Return on net worth | 20.81 | 19.61 | |
| Capital Employed | 10,00,890 | 9,09,267 | 10.08 |
| % Return on capital employed | 52.98 | 50.72 | |

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

## 6. XI Plan (FY'08 to FY'12) performance

During XI Plan period (FY'08 to FY'12) your Company produced:

- Crude Oil (including JV share): 135.52 MMT
- Natural Gas (including JV share): 126.98 BCM
- Gas sales (including JV share): 102.06 BCM
- Value Added Products (VAP): 16.45 MMT

During the period, your Company intensified exploratory efforts with significant inputs in terms of survey and exploratory wells. Additional 2D & 3D surveys were carried out to explore the new areas. A total of 136,998 LKM of 2D data and 97,061 SKM of 3D data were acquired. 582 exploratory and 1227 development wells were also drilled.

Your Company accreted 1197.10 MMTOE of initial in-place volume of hydrocarbon which resulted into accretion of 383.37 MMTOE of ultimate reserves. During entire plan period your Company maintained Reserve Replacement Ratio (RRR) more than one (with 3P reserves).

**Plan expenditure (Capex)**

ONGC had planned a capital investment of ₹ 759,838 million during 11th Plan period against which actual expenditure has been ₹ 1,205,523 million (158.7% of plan outlay). Higher plan expenditure has been mainly due to higher expenditure towards core E&P activities which intensified during the year.

The total plan expenditure towards seismic survey has been ₹ 104,587 million; 38% more compared to the plan outlay. Similarly, plan expenditure towards exploratory drilling (₹ 310,728 million) has been 159% higher than the plan outlay. Deployment of more number of rigs and higher day rates can be attributed as the reasons for variation. The plan investment in development drilling, capital projects & purchases, R&D and PSC-JV activities has been 31.8%, 52.2%, 51.4% and 52.7% respectively higher than the plan outlay.

7. **Opportunities & Threats**

Despite the current slowdown in GDP growth, which still handsomely beats down the pre-recession global growth rates, India's demand for energy is expected to continue its northward trajectory. This puts great onus on companies like ONGC, which has been mandated to secure energy security for the nation.

As per the World Energy Outlook 2011, India's total primary energy demand is expected to grow by a CAGR of 3.1% in the period 2009-35. Oil demand is expected to grow by 3.1%, gas by 4.5%, renewable (excluding biomass & waste) by12.2% and nuclear by 9.2%. This sets the roadmap fairly well for future strategies for the integrated energy business of ONGC.

ONGC has already registered its presence in all these emerging growth areas; however, the World Energy Outlook projections provide opportunities to expand further in these areas. It also sends a signal to further develop the core business of exploration and exploitation of hydrocarbons.

In high oil price regime the cost of oil field services, materials, equipment, etc., have a tendency to increase resulting in increase in cost of production. However, due to adhoc subsidy sharing mechanism, ONGC has to share a large portion of under recoveries of the OMCs limiting its revenue generation. It is a serious threat for ONGC as its planned growth avenues may be choked.

OVL will play an important role in securing overseas oil and gas equity. Besides the conventional assets, the non-conventional assets have thrown a window of opportunities for OVL to expand its focus in such areas too, viz. shale gas, tar sands, heavy oil etc. However, access to ownership rights in oil and gas assets of foreign countries is influenced by geo-political, factors besides commercial ones. Besides, many companies would be slugging it out for the limited pie.

Most of the major producing fields of ONGC, like their global counterparts, have entered into natural decline phase. ONGC has arrested decline in these fields through IOR/ EOR schemes. ONGC has attained a significant level of expertise and success in IOR/EOR schemes which are expected to pay rich dividends from these matured fields. Challenges, however, remain in boosting the production further.

ONGC also has a large inventory of oil and gas finds. Many of the new and marginal fields are expected to come on production during the next 5 years. ONGC's other discoveries in deep and ultra deepwater, may take some time to develop.

Further, with large tract of the Indian sedimentary basins still to be explored, it gives another opportunity to discover and develop these unexplored or partly explored areas. As per MoPNG, roughly around 400,000 sq. km. of area would be offered in the next 5 years for exploration. However, such unexplored territories have its own share of risks and rewards with many private and other companies expected to compete for the same.

ONGC has also made significant success in some new plays, including, in deeper synrift plays in different basins, HPHT areas, etc. Exploration for sub-basalt plays especially in Kutch and Saurashtra offshore Basins is also seen as an opportunity by your Company. However, further success in these efforts is highly dependent on technology.

These frontier areas and new plays involve investments on a much higher scale and therefore technology, its cost and prices of discovered oil and gas may be important determinant of discoveries and their development.

The alternatives and unconventional sources in domestic basins too have emerged as good potential bets. While ONGC has entered into CBM and UGC prospecting, it has also launched a pilot project on Shale gas. With expected enabling policies, ONGC would seek to expand the volumes of gas through production from CBM and UCG also.

8. **Risks and Concerns**

Recent uprising in MENA countries and other geo-political turmoil in the countries where your Company has direct interest may affect the operations of OVL. At the same time, growing resource nationalism and unfavourable regulatory regime in some countries may challenge growth in international E&P business.

Though, ONGC as a responsible corporate citizen and a public sector oil company, is sharing under-recoveries of OMCs, it is able to maintain its profitability. However, the adhoc mechanism of sharing, as well as increasing burden of share of under-recoveries, are major concerns for your organization.

Globally, concern for energy supply, the growing energy needs of the emerging countries and the volatile crude oil prices pose major challenges to the energy planners. The increasing vociferous calls to mitigate greenhouse gas (GHG) emissions, including those relating to energy production and consumption, further compound the issue.

Increase in OID Cess from ₹ 2,500/MT to ₹ 4,500/MT (increase of 80%) w.e.f 17th March, 2012 will have far reaching impact on cost of production.

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

Your Company has taken up intensive exploration to locate hydrocarbon reserves even in challenging locales like deep-water and ultra-deepwater regions. Exploration and development in these regions is not only cost intensive but technologically challenging as well. At the same time reducing size of the new discoveries and monetizing them cost effectively is a challenge.

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

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

Your Company has made substantial investment towards exploration of resources like CBM, UCG, Shale gas, etc. However, policy framework for exploration and exploitation of new sources of energy are still in evolution stage. This is a concern as any unfavourable policy will have direct effect on your Company's endeavours.

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

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

Superannuation of experienced geoscientists, engineers and professionals is a concern for your Company as gestation period for grooming E&P professionals is generally long. However, your Company is focusing on giving required exposure to the younger professionals on the latest technologies and techniques in different facets of E&P business to develop requisite skill sets.

## 9. Perspective Plan 2030 (PP 2030)

Keeping in view sustained growth and factoring emerging business scenario, your Company has prepared "Perspective Plan 2030". The exercise was taken up to map the long-term growth of ONGC as a major energy company with significant contribution towards meeting the energy needs of the country.

The Board of your Company adopted PP 2030 in its meeting held on 29th May 2012. The ONGC Perspective Plan 2030 has projected to double its production over the next 18 years at 4-5 per cent annual production growth. It also focuses on building sustainable portfolio to transform ONGC as a global energy company.

In physical terms the aspirations under PP2030 aims for:

1. Production of 130 mmtoe of oil and oil equivalent gas (O+OEG) per year and accretion of over 1,300 mmtoe of proven reserves.
2. Grow OVL six-fold to 60 mmtoe of international O+OEG production per year by 2030.
3. More than 20 mmtoe of O+OEG production per year in India coming from new unconventional sources such as shale gas, CBM, deepwater and HPHT (High Temperature & High Pressure) reservoirs.
4. Over 6.5 GW power generation from nuclear, solar and wind and 9 MTPA of LNG.
5. Scaling up refining capacity to over 20 MMTPA and targeted investments to capture downstream integration in petrochemicals.

Achieving this growth will require significant capital investment of more than Rs.11 trillion for which your Company will be drawing investment plans. Your Company commits to take following five shaping moves to the physical and financial milestones:

1. **Grow OVL six-fold to 60 mmtoe/ year production by 2030**

   Focus investments in 4-5 international growth hubs and explore opportunities in potential growth plays including heavy oil, conventional plays, shale and deepwater..

2. **Unlock more than 400 mmtoe of production in domestic basins**

   To bring together necessary expertise, we are in the process of setting up four Centers of Delivery (COD) for shale gas, CBM, deeper plays and HP/HT.

3. **Accelerate development of discovered domestic assets**

   ONGC's existing portfolio contains yet-to-develop discoveries and potential for future redevelopment that can add more than 300 mmtoe of production by 2030.

4. **Secure alliances to develop new resource types**

   ONGC is planning to proactively engage leading E&P companies, service firms and technology providers to forge alliances for the development of four resource types, i.e., deepwater, shale gas, CBM and HPHT reservoirs.

5. **Grow non-E&P business to 30 per cent of revenue by 2030**

   Your Company has plans to selectively invest in the non-E&P sector, leveraging integration benefits from its existing portfolio and the strength of its balance sheet for competitive advantage.

## 10. Outlook

### a. Exploration acreage

Exploratory efforts of your Company focus on expeditious conversion of Petroleum Exploration License's (PEL) to Mining Lease (ML). The number of MLs held as on 01.04.2011 were 330 (area: 27,891 sq km) which have (as on 01.06.2011) now increased to 338 (30,633 sq km). Presently (as on 01.06.2012) your Company's exploration activities are spread in 29 nomination blocks and 77 NELP blocks covering total area of 433,235 sq km and 4 CBM blocks covering an area of 875 sq km. Besides that your Company holds participative interest in 13 blocks awarded to in consortium under various NELP rounds. However during the same period the number of PELs decreased from 62 (area: 80,982 sq km) to 40 (area: 73,840 sq km).

### b. Exploration programme

Your Company has submitted detailed exploration programme for 12th Plan period (FY'12 to FY'17) to the Ministry of Petroleum and Natural Gas which is under approval. Keeping in view the existing acreage portfolio, plan has been submitted for acquisition of 28,170 LKM of 2D and 25,713 Sq.Km of 3D data. 610 exploratory wells have also been planned during the period. Your Company envisages accreting more than one billion tones of O+OEG of initial in-place volume of hydrocarbon and 360 MMTOE of ultimate reserves. There is also a plan to drill 1120 development wells for monetizing discoveries and development of the fields.

### c. NELP discoveries

Your Company has so far (as on 31.03.2012) made 26 discoveries (13 in deepwater, 5 in shallow water and 8 in onland) 15 NELP blocks. Commencement of production from these discoveries is governed by stipulations laid down in the respective PSCs.

Out of the eight discoveries made in the onshore blocks, commerciality has been declared in case of three and remaining five discoveries are under appraisal/ assessment for submission of commerciality or Field Development Plan (FDP).

Five discoveries made in the shallow water blocks are relatively recent and are being assessed for further appraisal/ development as per the stipulations laid down in the PSCs.

As far as the discoveries made in the deep water blocks are concerned, commerciality in respect of discoveries made in blocks KG-DWN-98/2, MN-OSN-2000/2 (MDW-2A) & MN-DWN-98/3 (MDW-4, 5) has been submitted. However, ONGC has requested MoPNG to consider restructuring of timelines for appraisal (blocks covered under Rig Holiday Policy) for completion of remaining/ additional appraisal drilling to firm up the development plans for bringing them on production.

Appraisal programme in respect of MDW-10 discovery in MN-OSN-2000/2 has been submitted on 26.12.2011 in accordance with PSC stipulations. MDW-13 discovery in NEC-DWN-2002/2 is under assessment to evaluate its potential commerciality. The appraisal programme is required to be submitted by 27.10.2012 as per PSC. The discovery made in Andaman is under assessment.

### d. Development of new fields

Your Company has taken up 12 major projects for development of new fields and one project for additional development of D-1 field with estimated investment of ₹ 305.55 billion. The projects are:

a. Development of C-24 cluster fields

b. Additional development of D-1 field

C. Development of B-22 cluster fields

d. Development of B-193 cluster fields

e. Development of B-46 cluster fields

f. Development of North Tapti gas field

g. Development of Cluster-7 fields

h. Development of BHE & BH-35 fields

i. Development of WO-16 cluster fields

j. Development of G-1 & GS-15 fields

k. Development of SB-14

l. Integrated Development of B-127 cluster fields

m. Development of C-26 cluster fields

These fields are being developed for early monetization of new and marginal fields. Your Company took structured initiatives to monetize these fields cost-effectively through cluster development. Out of the above development of GS-15, in the East Coast has been completed and the field came on stream on 31st August 2011 and the field is currently producing 1,150 bbls of oil and 0.16 mmscmd of gas. Development of fields under C-Series, North Tapti and B-22 has partially been completed (with completion of the project facilities and drilling of some wells) and the fields have been brought to the stream. These fields are presently contributing more than 3 mmscmd of gas. Remaining fields are expected to be on stream by 2013-14.

**e. IOR/ EOR projects**

Prudent reservoir management and enhancing the field life has always been a constant endeavour of your Company. The Improved Oil Recovery (IOR)/ Enhanced Oil Recovery (EOR) schemes implemented in 15 major fields have helped in sustaining production levels from the major brown fields and its effects are also seen during the year. Under the schemes measures like - facility optimization, upgradation / revamping of existing facilities, the greater use of advanced drilling techniques such as extended-reach horizontal drilling, side tracks, hi-tech wells and water injection, as well as technologies using chemical and thermal methods were implemented to enhance oil recovery.

The major fields undergoing IOR/EOR programmes have witnessed continuous growth in In-place volumes and all efforts are made to translate the same to reserves. Out of 22 IOR/EOR and redevelopment schemes in 15 major fields (onshore and offshore), 16 schemes have already been completed and six are under implementation. As of March 31, 2012, your Company has made an investment of ₹ 288.94 billion in these schemes. Cumulative oil gain through IOR/EOR schemes and redevelopment schemes has been more than 72 MMT.

**f. Unconventional & alternate sources of energy**

As per the vision and guidance from the PP2030, your Company has prioritized suitable actions for exploration and exploitation of non-conventional and alternate sources of energy which has the potential to change the energy business landscape in the country as it is happening in the other parts of the world.

**i. Coal Bed Methane (CBM)**

Your Company is presently operating in four blocks viz., Jharia, Bokaro, North Karanpura and Raniganj. In all Blocks, Phase-I activities have been completed. In Two blocks viz. Bokaro and North Karanpura, Field Development Plan (FDP) has been submitted after completion of Phase-II activities. Development Plan of Bokaro block has been approved on 02.02.12; however, approval for the Development plan of North Karanpura block is awaited. In remaining two blocks i.e. Jharia and Raniganj, Phase-II activities are nearing completion and Development Plans are to be submitted by August and October-2012 respectively. Your Company has established more than 75,000 MMm3 of CIIP and 124 MMm3 of Ultimate Reserves (ONGC share).

**ii. Underground Coal Gasification (UCG)**

All the ground work and inputs for pilot construction have been finalized for implementation of UCG pilot at Vastan, Gujarat. On receiving approval for Mining Lease from the Ministry of Coal, the project shall be taken up. In parallel action, other sites have been taken up for studying their suitability for UCG. Your Company along with the Neyveli Lignite Corporation Limited (NLC) identified Tadkeshwar in Gujarat and Hodu-Sindhari and East Kurla in Rajasthan for UCG exploration. One more site Surkha in Gujarat has been identified in association with Gujarat Mineral Development Corporation Ltd(GMDC). Based on the available data, all the sites have been found suitable for UCG exploration and shall be taken up on the basis of learning curve from Vastan project.

**iii. Shale Gas Exploration**

Your Company had taken up Pilot project for Shale gas exploration in Raniganj, West Bengal and North Karanpura, in

Jharkhand. All the seven phases of the project have already been completed and in the Raniganj sub basin the Gas in Place (GIP) is estimated to be 48 Trillion Cubic Feet (TCF). GIP of the North Karanpura has been estimated at 1.5 TCF only and is not considered prospective. Shale gas specific data have also been generated from the study of drilled wells in Cambay, Krishna-Godavari, Cauvery, and Vindhyan sedimentary basins. Proposal for release of two R&D locations for Shale Gas exploration in Nada-Malpur-Kangam area of Cambay Basin has been submitted. Preparation is underway to submit two R&D locations for Shale Gas exploration in Krishna-Godavari Basin.

iv. **Alternate sources of energy**

A special Trust set by your Company "ONGC Energy Centre (OEC)" has partnered with Talboom, a Belgium engineering group, for a power project in the Geothermal energy domain. The collaboration aims at exploring the possibilities of exploitation of Geothermal energy in sedimentary basin by setting up a pilot power project in Cambay Basin. Further, OEC has signed a 'Collaborative Agreement' with M/s Natural Power Concepts (Hawaii, USA) for Kinetic Hydro Power Project. The Project aims to generate power from the kinetic energy of the nation's extensive and voluminous water bodies, thereby opening up possibilities for ONGC to play the role of a captive energy provider in the country's many energy-starved and disconnected areas.

OEC is also focusing on exploitation of the rich database of ONGC drilled wells for locating commercial deposits of Uranium and to develop ISL technology for Uranium resources in Sand Stone. For Uranium exploration OEC successfully drilled two Parametric wells in Tamil Nadu in April'2012.

G. **Non-E&P Business**

i. **Refining**

Mangalore Refinery & Petrochemicals Ltd (MRPL), subsidiary of your Company, commissioned its Distillation & Vacuum Distillation Unit under refinery expansion project. The other units Diesel Hydrotreater and Hydrogen are under commissioning. Rest of the units are scheduled for commissioning progressively from June 2012 and last of the unit is expected to be completed by October 2012. With this, refining 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 FY'13 and FY'14 respectively.These projects have basically been promoted for value-multiplication of in-house produced Naphtha at Uran, Hazira, and Mangalore and C2-C3 components at C2-C3 extraction plant at Dahej.

iii. **Gas based power plant**

726.6 MW (363.3 x 2) gas based Combined Cycle Power Plant (CCPP) is being set up by ONGC Tripura Power Company Ltd. (OTPC), an SPV promoted by your Company, at Palatana, Tripura. The project aims to monetize idle gas assets in the state of Tripura. The generation project is in advanced stage of implementation and the first unit is expected to be commissioned by August 2012 and second unit by December 2012.

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. **CGD Project**

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

If the present activities and identified growth avenues are mapped on a lager canvas, you find that ONGC is poised to emerge as an integrated Energy Company as per its vision.

## 11. Internal Control Systems

Your Company's strengths lie in core exploration and production of oil and gas. At the same time your Company is taking suitable initiatives to emerge as a global energy company and leverage integration in value chain for sustained growth. Emerging business dynamics and related complexities demand a robust internal control mechanism. Internal control systems in ONGC have been evolved with the objective to continuously monitor critical functions and operations particularly technology and field operations.

Standard procedures and guidelines are issued from time to time to institutionalize best practices in all facets of activities.

Performance of every business unit is monitored by the respective directorates for suitable corrective measures, if any. Performance management and benchmarking is being done through performance contracts between the top management and the Key Executives based on the Key Performance Indicators (KPIs) in line with goals and assigned targets.

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

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

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

Internal audit is conducted in-house as well as through outsourcing in certain areas requiring specialization. Statutory auditors are appointed by Comptroller and Auditor General (CAG) of India for fixed tenures. Audit and Ethics committee of the Board oversees the functioning of Internal Audit and control systems.

## 12. Human Resource Development

Your organization has always valued its most important human resource and due to sincere efforts only, a vast pool of experienced and talented scientists, engineers and professionals today passionately take care of the energy needs of the country. While preparing Perspective Plan 2030, one of the key issues has been to keep strengthening the staff positions and capabilities as a focus area so that the talent pool is able to take up the challenges of emerging businesses which your Company plans to perceive for growth. This has become a critical issue keeping in view the fact that more than half of the key executives will superannuate by 2014. This was discussed threadbare in the 11th Key Executives Meet held in May'2012 and it was decided that bringing on board the younger generations of ONGC leaders need to be monitored and cleared by the Board and in this regard suitable actions have already been initiated.

Multifaceted efforts are on for grooming technical talent and develop managerial competence. Structured training programmes have been developed to impart required skills to the people in identified critical areas. Besides training, work association with industry leaders in the challenging areas of business is yet another attempt to improve capabilities. In November 2011 your Company launched 'Gyanodyan' programme in association with M/s Infosys which focuses on knowledge management.

Your Company has also identified organizational culture as one of the critical areas. In July 2011, your organization rolled out Climate survey in which more than 18,000 people (about 55% of the total strength) participated. The survey was conducted by M/s Booz & co. As per the survey, areas requiring improvement have been identified and suitable measures have been initiated to address the issues.

Considering that as significant number of employee will be separating on account of superannuation in the coming years, inducting new talent and younger people has now been prioritized. During FY'12, your Company inducted more than 700 people and in coming years inductions may further improve.

The endeavours of your Company, towards Human Resource Development, are well recognized in the industry. This year ONGC has been bestowed with "Most Attractive Employer" Award instituted by Ma Foi Randstad, to encourage best practices and building the "Employer Brand". This award was brought first time to India.

## 13. Corporate Governance

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

## 14. Corporate Social Responsibility (CSR)

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

## 15. Cautionary Statement

Statements in the Management Discussion and Analysis Report 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.

# Fuelling India's

# Energy Dream

ONGC strongly believes that Corporate Governance in any organisation derives its genesis from culture and mindset of the organisation and is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to the values. It is a way of life rather than a mere legal compulsion.

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

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

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

## 1. Corporate Governance Recognitions

At the outset, it may be mentioned that many organisations have recognised the excellence in Corporate Governance in ONGC and the following accolades have been conferred on ONGC in recent years:

i. 'ICSI National Award for Excellence in Corporate Governance for 2011'- Certificate of Recognition by the Institute of Company Secretaries of India.

ii. 'ICSI National Award for Excellence in Corporate Governance-2010'- by the Institute of Company Secretaries of India;

iii. 'Golden Peacock Global Award' for Corporate Governance by World Council for Corporate Governance, U.K. in the years 2005, 2007,2008 and 2009

iv. 'Golden Peacock Award' for Excellence in Corporate Social Responsibility in Emerging Economics 2006 by World Council for Corporate Governance, U.K in 2006;

## 2. Board of Directors

### 2.1 Composition

The Company is managed by the Board of Directors, which formulates strategies, policies and reviews its performance periodically. The Chairman & Managing Director (CMD) and Six Whole-Time Directors viz. Director (Onshore), Director (Technology & Field Services), Director (Finance), Director (Offshore), Director (Exploration) and Director (Human Resources), 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 31st March, 2012, the Board of Directors had 13 members, comprising of 5 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.

The composition of the Board of Directors of ONGC as on 31.03.2012 complies with the provisions of Clause 49 of the Listing Agreement, except that for the periods from 1st April, 2011 to 19th June, 2011 and from 10th November, 2011 to 13th December, 2011, the Board of Directors did not comprise of the required number of Independent Directors as per the terms of the above mentioned Listing Agreement.

## 2.2 Board/ Committee Meetings and Procedures

**(A) Institutionalised decision making process**

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

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

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

(ii) Detailed agenda containing the management reports and other explanatory statements are circulated in advance in the agenda format amongst the members for facilitating meaningful, informed and focussed decisions at the meetings. Where any document or the agenda is of confidential nature, the same is tabled with the approval of CMD. Sensitive subject matters are discussed at the meeting without written material being circulated. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted.

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

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

(v) Presentations are made to the Board/ Committee covering Finance, Production, Operations, major Business Segments,Human Resources, Marketing, Joint Venture operations, whenever required.

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

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

**(C) Recording minutes of proceedings at the Board Meeting**

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

**(D) Follow-up mechanism**

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

**(E) Safety Snapshots**

Considering the fact that ONGC is in hydrocarbon business, safety is paramount for continued operations within the organisation. With a view to apprise the Board regarding various safety measures being taken throughout the length and breadth of ONGC, as well as to seek their guidance in the implementation of these measures, periodic presentations are made to the Board of Directors in the form of Safety Snapshots.

**(F) Presentation after the meeting**

With a view to keep the members of the Board apprised with the latest developments in the Industry, presentations on the subjects relevant to E&P business are being made periodically to the Board. This also ensures that the Directors are constantly in touch with the developments in the Industry in general and ONGC in particular in its operations.

**(G) Compliance**

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

**(H) Training and Evaluation of Non-Executive Board Members**

(a) Pursuant to 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 with regard to Training of Directors it is provided that the company "shall undertake training programme for its new Board members (Functional, Government Nominee and Independent) in the business model of the company including risk profile of the business of the company, responsibility of respective Directors and the manner in which such responsibilities are to be discharged. They shall also be imparted training on Corporate Governance, model code of business ethics and conduct applicable for the respective Directors."

Further, in terms of Non-Mandatory Requirements as per Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges it is provided as under:

"A company may train its Board members in the business model of the Company as well as the risk profile of the business parameters of the company, their responsibilities as directors, and the best ways to discharge them."

Board of Directors have approved a three tier training policy for Independent Directors:

- **Induction Training;**
- **External Training;**
- **Board Presentation.**

The non-executive Board members are eminent personalities having wide experience in the field of business, education, industry, commerce and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions.

(b) **Policy on Performance Evaluation of Directors**

In terms of the non-mandatory requirements stated in Annexure ID of clause 49 of the Listing Agreement with the Stock Exchanges it is provided as follows:

**Mechanism for evaluating Non-Executive Board Members**

The performance evaluation of non-executive directors could be done by a peer group comprising the entire Board of Directors, excluding the director being evaluated; and Peer Group evaluation could be the mechanism to determine whether to extend /continue the terms of appointment of non-executive directors.

Further as per the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, it is stipulated as follows:

**"Evaluation of Performance of Board of Directors, Committees thereof and of Individual Directors:**

*The Board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees andindividual directors. The Board should state in the Annual Report how performance evaluation of the Board, its committeesand its individual directors has been conducted.*

CRISIL had conducted a study on Governance and Value Creation in ONGC and one of the Key recommendations of the aforesaid study was:

**Formal appraisal process for board as a whole should be institutionalized**

*In line with best practices, board should undertake a formal and rigorous annual evaluation of its own performance; performance of independent directors can be evaluated through a peer evaluation process."*

Accordingly, with a view to comply with the aforesaid non-mandatory recommendations as well as to put in place a policy in this regard, a Policy on Performance Evaluation of Directors was approved by the Board in principle.

(c) **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 each CPSE may be encouraged to articulate its corporate governance objectives and approach (within the board parameters of the guidelines and the general perception of business risk) to satisfy the expectations of its majority shareholders and other stakeholders. This charter should be read in conjunction with the Company's Memorandum and Articles of Association. As a good Corporate Governance practice a Board Charter will assist directors in fulfilling their responsibilities as a board member. The Board Charter sets out the respective roles, responsibilities and authorities of the Board and of Management in the governance, management and control of the organization.

The Board of ONGC has approved in-principle a Board Charter.

Both the Policy of Performance Evaluation of Directors and the Board Charter shall be finalised by Independent Directors.

2.3 **Board Meetings**

During 1st April, 2011 to 31st March, 2012, **Twelve** Board meetings were held on April 27, May 30, June 28, July 28, August 29, September 27, November 04, December 01, 2011 and January, 04, February, 08, March 07 & 15, 2012

The minimum and maximum interval between any two Board meetings was 08 day and 38 days respectively.

The details of number of Board meetings attended by Directors, attendance at last AGM, number of other directorship/committee membership held by them during the year 2011-12 are tabulated below:-

**Attendance:**

| Names & Designation | No. of Board meetings held during 1st April to 31st March, 2012 | No. of Board meetings attended | Whether attended last AGM held on 30.08.2011 | As on 31.03.2012 | | | |
|---|---|---|---|---|---|---|---|
| | | | | No. of Directorship in other companies# | | No. of Committee memberships in companies* | |
| | | | | Listed | Others | As Chairman | As Member |
| **a) Executive Directors** | | | | | | | |
| Shri Sudhir Vasudeva (Chairman & Managing Director) (from 03.10.2011) Holding Additional Charge of Director (Offshore) and Director (Finance) | 12 | 11 | Yes | 2 | 6 | Nil | Nil |
| Shri A.K. Hazarika Director (Onshore) Addl. Charge of CMD (from 01.02.2011 to 02.10.2011) | 12 | 12 | Yes | Nil | 3 | Nil | Nil |
| Shri U.N. Bose Director (T&FS) | 12 | 12 | Yes | 1 | Nil | Nil | 1 |
| Shri D.K. Sarraf Director (Finance) (upto 15th September, 2011) | 5 | 5 | Yes | 2 | 5 | Nil | 2 |
| Shri S.V. Rao Director (Exploration) | 12 | 12 | Yes | Nil | 1 | Nil | Nil |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Shri K. S. Jamestin<br>Director (HR)<br>(from 25.05.2011) | 11 | 10 | Yes | Nil | 5 | Nil | 1 |
| **b) Non-Executive Directors** | | | | | | | |
| **(i) Part-time Official Directors- Govt. Nominees** | | | | | | | |
| **Smt. L.M. Vas<br>Special Secretary, MoF<br>(upto 17.01.2012)** | 9 | 7 | No | Nil | Nil | Nil | Nil |
| **Shri Sudhir Bhargava<br>Addl. Secretary, MoP&NG** | 12 | 9 | No | 2 | Nil | Nil | Nil |
| **(ii) Part-time Non official Independent Directors** | | | | | | | |
| Shri S.S. Rajsekar<br>(upto 10.11.2011) | 7 | 6 | No | 1 | 4 | Nil | 4 |
| Shri S. Balachandran<br>(upto 10.11.2011) | 7 | 7 | Yes | 2 | 2 | 1 | 5 |
| Shri Santosh Nautiyal<br>(upto10.11.2011) | 7 | 7 | Yes | 1 | 3 | 1 | 1 |
| Smt Anita Das | 12 | 10 | Yes | Nil | 1 | Nil | 1 |
| Dr D. Chandrasekharam | 12 | 11 | Yes | 1 | 3 | Nil | 1 |
| Smt Usha Thorat<br>(from 20.06.2011 to 10.02.2012) | 8 | 5 | Yes | Nil | Nil | 1 | 1 |
| Prof. Deepak Nayyar<br>(from 20.06.2011) | 10 | 5 | No | 3 | Nil | 3 | 2 |
| Shri Arun Ramanathan<br>(from 20.06.2011) | 10 | 10 | Yes | 2 | 5 | 3 | 5 |
| Prof. S.K.Barua<br>(from 14.12.2011) | 4 | 4 | NA | 4 | 2 | Nil | 8 |
| Shri O.P. Bhatt<br>(from 14.12.2011) | 4 | 1 | NA | 2 | Nil | Nil | 5 |
| Smt. Sushama Nath<br>(from 14.12.2011) | 4 | 4 | NA | 1 | Nil | Nil | 1 |

# Does not include Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

* Chairmanship/ Membership of the Audit Committee and Shareholders'/ Investors' Grievance Committee of Public Listed Companies (including ONGC).

Notes:

(i) The Company being a PSU, all Directors are appointed/ nominated by the President of India;

(ii) Directors are not per se related to each other;

(iii) Directors do not have any pecuniary relationships or transactions with the Company;

(iv) The Directorships/Committee Memberships are based on the latest disclosure received;

(v) None of the Director is a Member of more than 10 Committees or Chairman of more than 5 Committees, across all the companies in which he is a Director.

3. **Strategy Meet & Conclave**

The 9th Strategy Meet 2011 **'Abhyuday'** was held on November 11 & 12, 2011 at Anand in Gujarat where all members of the Board and senior officials of the Ministry of Petroleum & Natural Gas participated. Intense discussions and deliberations took place during this two days meet covering areas of concerns and growth for ONGC. To have the benefit of cumulative knowledge and experience of the elders of the ONGC family, an assembly of the past and present members of the erstwhile Oil & Natural Gas Commission and Board is organized every year. 10th ONGC Conclave-**Mantrana,** to maximise momentum, was organized during January 15 &16, 2012 at Bhubaneswar.

4. **Vichar Vishleshan**

The Key Executives In-charges of Assets, Basins, Services, Institutes and Corporate Functions meet periodically with CMD and the functional Directors to review performance and to formulate future plans. During the year under review, 11th Key Executives Meet (Vichar Vishleshan XI) was organized during 11th-13th May, 2012 at Mysore on the theme **"Strategising Today for Sustaining Growth beyond 2030".**

5. **Resume of Directors Proposed to be Re-appointed**

The brief resume of Directors retiring by rotation and Additional Director seeking appointment including nature of their experience in specific functional areas, names of companies in which they hold directorship and membership/ chairmanship of Board/ Committee is appended to the notice of the 19th Annual General Meeting.

6. **Board Committees**

The Company has the following Committees of the Board:

6.1 **Audit & Ethics Committee**

The terms of reference of the Audit & Ethics Committee are in accordance with Section 292A of the Companies Act, 1956, guidelines set out in Clause 49(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**

Shri S.Balachandran was the Chairman of the Committee upto 10.11.2011. Thereafter, the Committee was headed under the stewardship of Smt. Usha Thorat, an Independent non-executive Director upto 10.02.2012. Smt. Usha Thorat has a Master's degree in Economics from the Delhi School of Economics. She joined the Reserve Bank in April 1972. During her career in the RBI spanning 38 years, she has had a stint in virtually each and every area of central banking. Besides banking regulation/supervision, rural/urban cooperative banking, deposit insurance and currency management, she has rich experience in the areas of foreign exchange and reserves management, debt management of central and state governments, development and regulation of money, forex and government securities markets, rural planning and credit, cooperative banking, customer service and grievance redressal, and payment and settlement systems.

All members of the Committee have requisite financial and management experience and have held or hold senior positions in other reputed organizations.

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

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

Company Secretary acts as the Secretary to the Committee.

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

(i) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

(ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees of the Statutory Auditors.

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

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

Hazira LPG plant fuelling more than 2.5 million kitchens of India

- Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
- Changes, if any, in accounting policies and practices and reasons for the same
- Major accounting entries involving estimates based on the exercise of judgment by management
- Significant adjustments made in the financial statements arising out of audit findings
- Compliance with listing and other legal requirements relating to financial statements
- Disclosure of any related party transactions
- Qualifications in the draft audit report.

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

(vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rightsissue, 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 apublic 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.

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

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

(xvi) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

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

**Annual Report on the working of the Audit Committee**

As advised by the Comptroller & Auditor General (C&AG) in its Report No. CA 22 on Corporate Governance in Listed Government Companies, in order to present a comprehensive view of the working of the Audit & Ethics Committee of ONGC the second and third Annual Report on the working of the Audit Committee for the year 2009-10 & 2010-11 was placed in the 97th meeting of the Audit & Ethics Committee held on 27.09.2011. The fourth Annual Report on the working of the Audit Committee for the year 2011-12 is under finalisation and shall be presented to the Audit & Ethics Committee shortly.

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

**Audit & Ethics Committee Meetings**

During 1st April, 2011 to 31st March, 2012, Ten meetings of Audit & Ethics Committee were held on April 27, May 30, June 28, July 28, August 29, September 27, October 13/14, November 04, 2011 and January 04, February 08, 2012.

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 S. Balachandran (upto 10.11.2011) | 8 | 8 |
| Shri Santosh Nautiyal (upto 10.11.2011) | 8 | 8 |
| Shri S.S.Rajsekar (upto 10.11.2011) | 8 | 7 |
| Smt Anita Das | 10 | 7 |
| Dr. D. Chandrasekharam (from 29.07.2011) | 6 | 6 |
| Smt Usha Thorat (from 29.07.2011 to 10.02.2012) | 6 | 3 |
| Shri Arun Ramanathan (from 29.07.2011) | 6 | 6 |
| Shri O.P.Bhatt (from 05.01.2012) | 1 | 1 |
| Prof. S.K. Barua (from 05.01.2012) | 1 | 1 |
| **Permanent Invitees:** | | |
| Shri D.K. Sarraf, Director (Finance) (upto 15.09.2011) | 5 | 5 |
| Shri A.K.Hazarika, (holding Additional Charge of Director (Finance) (upto 02.10.2011) | 1 | 1 |
| Shri S. Dhandapani, Chief-Internal Audit (from 01.06.2011) | 10 | 10 |
| Shri Pradeep Prasad, Chief I.A (upto 30.05.2011) | 2 | 2 |
| Shri A. K. Banerjee, GGM -CCF (from 01.06.2011) | 8 | 8 |
| Shri Sudhir Vasudeva (Holding Additional Charge of Director Finance from 03.10.2011) | 4 | 4 |

## 6.2 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 Smt. Anita Das, Independent Director upto 04.01.2012 thereafter Smt. Sushama Nath, an Independent Director, became the Chairperson.

Shri S. Balachandran, Shri Santosh Nautiyal, Shri S.S.Rajsekar Dr. D. Chandrasekharam, Smt Usha Thorat, Prof. Deepak Nayyar, and Shri Arun Ramanathan, Independent Directors were/are the members of the Committee.

Director (HR) and Director (Finance) are the permanent invitees.

**Three** meetings of the above Committee were held on April 27, June 28 and December 30, 2011.

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 |
|---|---|---|
| Smt. Sushama Nath (Chairperson from 05.01.2012) | None | - |
| Smt. Anita Das (Chairperson upto 04.01.2012 & Member thereafter) | 3 | 3 |
| Shri S. Balachandran (upto 28.07.2011) | 2 | 2 |
| Shri Santosh Nautiyal (upto 10.11.2011) | 2 | 2 |
| Shri S.S.Rajsekar (upto 10.11.2011) | 2 | 2 |
| Shri Arun Ramanathan (from 29.07.2012) | 1 | - |
| Dr. D. Chandrasekharam (from 29.07.2012) | 1 | 1 |
| Smt. Usha Thorat (from 29.07.2011 to 10.02.2012) | 1 | 1 |
| Shri Deepak Nayyar (from 29.07.2011) | 1 | 1 |
| **Permanent Invitees:** | | |
| Shri D.K. Sarraf, Director (Finance) (upto 15.09.2011) | 2 | 2 |
| Shri Sudhir Vasudeva, (As Director (Finance) (from 03.10.2011) | 1 | 1 |
| Shri K.S.Jamestin, Director(HR) (from 25.05.2011) | 2 | 2 |

6.2.1 **Directors' Remuneration**

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

Remuneration of Directors during 1st April 2011 to 31st March, 2012 was as follows:

**(a) Executive Directors**

(₹ in Million)

| Sl. No. | Name | 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 | 1.47 | 0.67 | 1.42 | 0.18 | 0.22 | 3.96 | 28.02.2014 |
| 2. | Shri A.K. Hazarika | 1.57 | 0.80 | 1.27 | 0.19 | 0.33 | 4.16 | 30.09.2012 |
| 3. | Shri U.N.Bose | 1.86 | 0.88 | 1.27 | 0.19 | 0.32 | 4.52 | 30.11.2012 |
| 4. | Shri S.V.Rao | 1.43 | 0.87 | 0.11 | 0.18 | 0.20 | 2.79 | 31.03.2013 |
| 5. | Shri K. S. Jamestin | 1.35 | 0.51 | 1.21 | 0.15 | 0.24 | 3.46 | 31.07.2014 |
| 6. | Shri D K Sarraf | 0.82 | 0.26 | -0.69 | 0.09 | 0.12 | 0.59 | 15.09.2011 |

Note:

1. The amount of director's remuneration as given above is different from the amount stated in note no. 39.3.2 of the Notes to accounts due to the reversal of excess provision for Performance Related Pay (PRP) made for the year 2010-11 to the Ex-CMD and Ex-Directors.
2. Performance related pay of Functional Directors (including CMD) is paid as per DPE norms.
3. 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 1st April to 31st March, 2012 under review are as follows:

| Names | Sitting fees ( ₹ in Million) |
|---|---|
| Shri S. Balachandran upto 10.11.2011 | 0.78 |
| Shri Santosh Nautiyal upto 10.11.2011 | 0.66 |
| Smt Anita Das | 0.76 |
| Shri S.S. Rajsekar upto 10.11.2011 | 0.54 |
| Dr D.Chandrasekharam | 0.60 |
| Smt. Usha Thorat from 20.06.2011 | 0.26 |
| Shri Arun Ramanathan from 20.06.2011 | 0.64 |
| Prof Deepak Nayyar from 20.06.2011 | 0.22 |
| Prof. S.K.Barua | 0.20 |
| Shri O.P. Bhatt | 0.06 |
| Smt. Sushama Nath | 0.20 |
| **Total** | **4.92** |

6.2.2 **Stock Options**

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

6.2.3 **Equity Shares Held by Directors**

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

| Name of Directors | No. of Shares held |
|---|---|
| Shri Sudhir Vasudeva | 2,580 |
| Shri A.K. Hazarika | 4,640 |
| Shri U.N.Bose | 1,192 |
| Shri D.K.Sarraf | 3,192 |
| Shri S.V.Rao | 2,880 |
| Shri K. S. Jamestin | 3,600 |
| Shri Sudhir Bhargava | 360 |

**6.3 Shareholders'/ Investors' Grievance Committee**

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

The Committee is headed by Prof. Deepak Nayyar, an Independent Director. Shri S.S. Rajsekar, Shri S. Balachandran, Smt. Usha Thorat, Shri Arun Ramanathan, Shri O.P. Bhatt, Prof. S.K. Barua and Smt. Sushama Nath were/ are the Members of the Committee.

Director (HR) & Director (Finance) are the permanent invitees of the Committee. The Company Secretary acts as a Convener to the Committee.

During the year 2011-12, **Three** meetings were held on September 26, 2011 and January 04 and March 15 , 2012.

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** |
|---|---|---|
| Prof. Deepak Nayyar (from 29.07.2011) | 3 | 2 |
| Shri S.S.Rajsekar (upto 10.11.2011) | 1 | 1 |
| Shri S. Balachandran (upto 10.11.2011) | 1 | 1 |
| Smt. Usha Thorat (from 29.07.2011 to 10.02.2012) | 2 | - |
| Shri Arun Ramanathan (from 29.07.2011) | 3 | 3 |
| Prof. S.K.Barua (from 05.01.2012) | 1 | - |
| Shri O.P.Bhatt (from 05.01.2012) | 1 | - |
| Smt. Sushama Nath (from 05.01.2012) | 1 | 1 |
| **Permanent Invitees** | | |
| Director ( HR) | 3 | 3 |
| Director (Finance) | 3 | 1 |

**6.3.1 Compliance Officer**

Shri N.K. Sinha, Company Secretary is the Compliance Officer. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and the regulatory authorities for governance matters.

**6.3.2 Redressal of Investors' Grievance**

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

Except for the complaints pertaining to 'Offer for Sale' by Government of India, the Company received 3192 shareholders' complaints from Stock Exchanges/ SEBI which inter-alia includes non-receipt of dividend/ annual report, issue of Bonus Shares, payment for fraction Bonus Shares etc. The complaints were duly attended to and the Company/ RTA have furnished necessary documents / information to the shareholders. As far as the Investors' Grievances on "ONGC Offer for Sale-2004" is concerned, considerable progress has been made by constant interaction with SEBI and MCS.

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

The total number of complaints/ queries/ correspondence received and replied/ attended to the satisfaction of the shareholders was 8464. There was no complaint pending as on 1st April, 2012.

### 6.3.3 Settlement of Grievances

Investors may register their complaints in the manner stated below:

| Sl. No. | Nature of Complaint | Contact Office | Action to be taken |
|---|---|---|---|
| 1 | Complaint regarding allocation of Shares, Refund order under Offer for Sale, 2004 by Govt. of India | 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 2004-05 (final) to 2011-12 (2nd interim) and all matters pertaining to Bonus Shares and shares held in Physical mode; <br><br> **For Physical Shares-** <br><br> 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. 040-44655150, 040-44655155. <br> Fax No: 040- 44655024. <br> 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. <br> Members are requested to apply for renewal or issue of duplicate dividend warrants for the final Dividend 2004-05 before 20th September, 2012. The unpaid dividend amount for the year 2004-05 will be transferred on or before 20th October, 2012 by the Company to the Investor Education & Protection Fund (IEPF) set up by Govt. of India and no claim will lie neither against IEPF nor against the Company. |
| 3 | **For Demated Shares-** <br> 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 <br> Phone: 011-23301299 & 23301257 <br> e-mail: secretariat@ongc.co.in | On plain paper stating nature of complaint, folio/DPID/Client ID No., Name and address. |

### 6.3.4 Investor Relations Cell

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

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

### 6.4 Human Resource Management Committee

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

Shri S. S. Rajsekar was the Chairman of the Committee upto 10.11.2011 and thereafter, Prof. S.K.Barua headed the Committee. Shri Sudhir Bhargava, Shri S. Balachandran, Dr. D. Chandrasekharam, Smt. Usha Thorat, Prof. Deepak Nayyar, Smt. Sushama Nath, CMD and all Functional Directors were/are the members of the Committee. Director (HR) is the Member-Convener of the Committee.

During 1st April, 2011 to 31st March, 2012, Seven meetings were held on May 30, June 28, August 29, November 30, December 30, 2011, February 08 and March 15, 2012.

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 S.S. Rajsekar ( up to 10.11.2011) | 3 | 2 |
| Shri S. Balachandran ( up to 10.11.2011) | 3 | 3 |
| Shri A.K. Hazarika* | 7 | 7 |
| Shri U.N.Bose | 7 | 7 |
| Shri K.S. Jamestin (from 25.05.2011) | 7 | 7 |
| Shri D.K.Sarraf ( up to 15.09.2011) | 3 | 3 |
| Shri Sudhir Vasudeva | 7 | 5 |
| Shri S.V. Rao | 7 | 7 |
| Shri Sudhir Bhargava | 7 | 5 |
| Dr. D. Chandrasekharam ( from 29.07.2011) | 5 | 4 |
| Smt. Usha Thorat ( from 29.07.2011) | 4 | 1 |
| Smt. Sushama Nath ( from 14.12.2011) | 2 | 2 |
| Prof. S.K. Barua ( from 14.12.2011) | 2 | 2 |
| Prof. Deepak Nayyar ( from 29.07.2011) | 5 | 3 |

* Shri A.K. Hazarika holding additional charge of CMD (up to 02.10.2011) and Director (HR) (up to 24.06.2011).

ONGC presenting a cheque to Mr. Jaipal Reddy, Hon'ble Minister of Petroleum & Natural Gas as the Interim Dividend

6.5 **Project Appraisal Committee**

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

Shri Santosh Nautiyal, was the Chairman of the Committee upto 10.11.2011. Thereafter, the Committee is headed under the stewardship of Shri O.P. Bhatt, an Independent Director. Shri Sudhir Bhargava, Shri S. Balachandran, Shri S.S. Rajsekar, Smt. Anita Das, Dr. D. Chandrasekharam, Smt. Usha Thorat, Shri Arun Ramanathan, Prof. S.K. Barua, Smt. Sushama Nath, Shri Sudhir Vasudeva, Shri D.K. Sarraf & concerned Functional Director were/are the members of the Committee. Director (Offshore) is the Member-Convener of the Committee.

During 1st April, 2011 to 31st March, 2012, Ten meetings were held on: April 27, June 28, July 28, August 29, September 27, November 03/ 30, December 30, 2011 & January 04 and March 07/15, 2012.

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 S. Balachandran (upto 10.11.2011) | 6 | 6 |
| Shri Santosh Nautiyal (upto 10.11.2011) | 6 | 6 |
| Shri S.S. Rajsekar (upto 10.11.2011) | 6 | 5 |
| Smt Anita Das | 10 | 9 |
| Shri Sudhir Vasudeva, Director (Offshore) | 10 | 10 |
| Shri D.K.Sarraf (upto 16.09.2011) | 4 | 4 |
| Shri Sudhir Bhargava | 10 | 10 |
| Shri A.K.Hazarika* | 1 | 1 |
| Shri U.N.Bose * | 5 | 5 |
| Shri K. S. Jamestin* | 2 | 2 |
| Dr. D. Chandrasekharam (from 29.07.2011) | 7 | 6 |
| Smt. Usha Thorat (from 29.07.2011 to 10.02.2012) | 5 | 1 |
| Shri Arun Ramanathan (from 29.07.2011) | 7 | 7 |
| Shri S. V. Rao * | 2 | 2 |
| Shri O.P.Bhatt (from 05.01.2012) | 2 | - |
| Prof. S.K. Barua (from 05.01.2012) | 2 | 2 |
| Smt. Sushama Nath (from 05.01.2012) | 2 | 2 |

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


11th Keys Executive Meet in progress in Mysore


ONGC donated state-of-the-art ambulances to Rajasthan Government as part of its CSR initiatives

6.6 **Health Safety & Environment (HSE) and Sustainable Development Committee**

Pursuant to the DPE guidelines on Sustainable Development for CPSEs, the Board of Directors of the Company in its 227th meeting held on 8th February, 2012 had approved re-designating the existing HSE Committee as **"Committee of Board on HSE & Sustainable Development"** w.e.f. 08.02.2012.

The terms of reference includes review of policy, processes and systems on Safety, Health, Environment and Ecology aspects, approve Sustainable Development (SD) policy and revise the same at periodic intervals, approve SD plan (short, medium and long term) in the context of the SD guidelines, provide apex level guidance for SD projects and targets, oversee SD performance, approve annual SD evaluation report, approve annual SD budget and help and oversee alignment of SD projects/activities with the organization's business goals and the national and international trends.

Shri S. S. Rajsekar was the Chairman of the Committee upto 10.11.2011. Thereafter, the Committee is headed by Dr. D. Chandrasekharam. Director (Onshore) acts as a Member-Convener. The other members of the Committee were/are Shri Sudhir Bhargava, Shri Santosh Nautiyal, Smt. Anita Das, Prof. Deepak Nayyar, Prof. S.K.Barua, Shri O.P.Bhatt, Smt. Sushama Nath, CMD and all functional Directors.

During 1st April, 2011 to 31st March, 2012, **Two** meetings were held on June 4, and November 30, 2011.

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 (from 29.07.2011) | 1 | - |
| Shri Sudhir Bhargava | 2 | 1 |
| Shri Santosh Nautiyal (upto 10.11.2011) | 1 | 1 |
| Shri S.S.Rajsekar (upto 10.11.2011) | 1 | 1 |
| Smt. Anita Das | 1 | 1 |
| Prof. Deepak Nayyar (from 29.07.2011) | 1 | - |
| Prof. S.K.Barua * (from 05.01.2012) | - | - |
| Shri O.P.Bhatt * (from 05.01.2012) | - | - |
| Smt. Sushama Nath * (from 05.01.2012) | - | - |
| Shri A.K.Hazarika | 2 | 2 |
| Shri U.N.Bose | 2 | 2 |
| Shri S.V.Rao | 2 | 1 |
| Shri K.S.Jamestin | 2 | 2 |
| Shri D.K.Sarraf (upto 15.09.2011) | 1 | - |
| Shri Sudhir Vasudeva | 2 | 2 |

* No meeting of HSE has been convened after their appointment as members of the same.

6.7 **Financial Management Committee**

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

Shri S. Balachandran was the Chairman of the Committee upto 10.11.2011. Thereafter, the Committee is headed by Shri Arun Ramanathan, an Independent Director. Shri Santosh Nautiyal, Smt Anita Das, Prof. Deepak Nayyar, Prof. S.K. Barua, Shri O.P.Bhatt, Smt. Sushama Nath, Director (Finance) and concerned Functional Directors are the members and Company Secretary is the Member Convener.

During 1st April, 2011 to 31st March, 2012, **Six** meetings of the Committee were held on April 27, May 30, September 27, November 04, November 30, 2011 and March 15, 2012.

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 (from 29.07.2011) | 4 | 4 |
| Shri S. Balachandran (up to 10.11.2011) | 4 | 4 |
| Shri Santosh Nautiyal (upto 10.11.2011) | 4 | 4 |
| Smt. Anita Das | 6 | 5 |
| Prof Deepak Nayyar (from 29.07.2011) | 4 | - |
| Prof. S.K. Barua (from 05.01.2012) | 1 | 1 |
| Shri O.P. Bhatt (from 05.01.2012) | 1 | - |
| Smt. Sushama Nath (from 05.01.2012) | 1 | 1 |
| Shri Sudhir Vasudeva, As Director Finance/ Offshore (from 03.10.2011) | 4 | 3 |
| Shri. A.K.Hazarika | 1 | 1 |
| Shri D.K.Sarraf (up to 15.09.2011) | 2 | 2 |

6.8 **Committee on Dispute Resolution**

The members of the committee in their 20th meeting held on 28th July, 2011, had approved re-designating the existing COD for Redressal of Grievances of the Parties as "**Committee on Dispute Resolution**".

The Committee has been constituted to review the dispute between ONGC and its vendors / contractors for suitable redressal.

Shri Santosh Nautiyal, an Independent Director was the Chairman of the Committee upto 28.07.2011. Thereafter, Smt. Usha Thorat became the Chairperson of the Committee from 29.07.2011 till her resignation from the Board. Smt.Anita Das, an Independent Director became Chairperson of the Committee w.e.f. 05.01.2012. Other members of the Committee were/are Shri S.S. Rajsekar, Shri S. Balachandran, Shri Santosh Nautiyal, Dr. D. Chandrasekharam, Prof. Deepak Nayyar, Shri Arun Ramanathan, Shri O.P.Bhatt. Director (Finance), Director (Onshore) and concerned Functional Directors are the members.

Director (T&FS) is the Member-Convener of the Committee.

During 1st April, 2011 to 31st March, 2012, **Four** meetings of the committee were held on April 27, July 28, November 04, 2011 and February 08, 2012.

The details of meetings attended by the members and their tenure as member of the above Committee are reflected in the table below:-

| Members | No. of meetings held during the tenure | No. of meetings attended |
|---|---|---|
| Smt. Usha Thorat (upto 10.02.2012) | 2 | 2 |
| Smt. Anita Das | 4 | 3 |
| Shri S.S. Rajsekar (upto 10.11.2011) | 3 | 3 |
| Shri Santosh Nautiyal (upto 10.11.2011) | 3 | 3 |
| Shri S. Balachandran (upto 10.11.2011) | 3 | 3 |
| Dr. D. Chandrasekharam | 2 | 2 |
| Prof. Deepak Nayyar (from 29.07.2011) | 2 | - |
| Shri Arun Ramanathan (from 29.07.2011) | 2 | 2 |
| Shri O.P.Bhatt (from 05.01.2012) | 1 | 1 |
| Shri A.K. Hazarika | 4 | 4 |
| Shri U.N. Bose | 4 | 4 |
| Shri D.K. Sarraf (upto 15.09.2011) | 2 | 2 |
| Shri Sudhir Vasudeva As Director Finance/ Offshore | 3 | 2 |

6.9 **Other Functional Committees**

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

7. **Code of Conduct for Members of the Board and Senior Management**

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

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

"I hereby confirm that the Company has obtained from the members of the Board and senior management (Key Executives), affirmation that they have complied with the Code of Conduct for Directors and senior management in respect of the financial year 2011-12".

7.1 **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.

7.2 **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 2011-12 was submitted to the Board in its meeting held on 29th May, 2012.

## 8. Finance Manual

ONGC Finance Manual is a compendium based on the existing practices and systems, comprehensively covering various finance activities such as accounting, budgeting, costing, pre-audit, treasury management etc. This manual provides the users with existing practices, processes, finance policies & procedures, and guides Finance officers while ensuring consistency and uniformity across locations in terms of processes and methodologies followed. The detailed documented guidelines/policies of Finance function in ONGC is also of great help for new incumbents and Finance officers on transfers. The knowledge documented would enlighten new team members including outside agencies like Statutory Auditors, Government Auditors associated with ONGC for years to come.

## 9. Subsidiary Monitoring Framework

The Company has two direct subsidiary companies, Mangalore Refinery & Petrochemicals Ltd. (MRPL, listed, material) and ONGC Videsh Ltd. (OVL, unlisted, non-material). The list of subsidiaries of MRPL and OVL is given in the consolidated accounts of ONGC, which forms part of the Annual Report.

All subsidiaries of the Company are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. As a majority shareholder, the Company nominates its representatives on the Boards of subsidiary companies and monitors the perfomance of such companies periodically.

In terms of Clause 49.III (ii) and (iii) of the Listing Agreement and DPE guidelines, performance of the listed and unlisted subsidiary companies is reviewed by the Audit and Ethics Committee and the Board as under:

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

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

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

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

## 10. Annual General Meetings

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

| Year | Location | Date | Time (IST) |
|---|---|---|---|
| 2008-09 | Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi- 110049 | 23.09.2009 | 10.00 a.m. |
| 2009-10 | Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi- 110049 | 23.09.2010 | 10.00 a.m. |
| 2010-11 | Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi- 110049 | 30.08.2011 | 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.

## 11. Disclosures

11.1 **Material Contracts/ Related Party Transactions**

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

The details of transactions with related parties are disclosed in Note No. 39 of the Notes to Financial Statements for the year ended 31st March, 2012. Being a State Enterprise, no disclosure has been made in respect of the transactions with State Enterprises, including subsidiary companies, in line with Accounting Standard-18 on Related Party Transactions.

**11.2 Compliances**

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

All returns/ reports were filed within stipulated time with Stock Exchanges/ other authorities.

## 12. Means of Communication

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

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

•**Website:** The Company's website www.ongcindia.com contains separate dedicated section 'Investor Relations' where the 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.

## 13. Shareholders' Information

**13.1 Annual General Meeting**

Date : 24th September, 2012

Time : 10:00 Hrs

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

**13.2 Financial Calender**

| Adoption of Quarterly Results for the Quarter ending | Tentative date of the meeting of the Board |
|---|---|
| June 30, 2012 | 11th August, 2012 |
| September 30, 2012 | 9th November, 2012 |
| December 31, 2012 | 11th February, 2013 |
| March 31, 2013(audited) | 28th May, 2013 |

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

**13.3 Book Closure Period**

The Book Closure period is from Tuesday, the 18th September, 2012 to Monday, the 24th September, 2012 (both days inclusive) for the payment of Final Dividend.

**13.4 Dividend Payment Date**

Final Dividend would be paid on or after 24th September, 2012.

**13.5 Listing On Stock Exchanges:**

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

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

**13.6 Listing Fees**

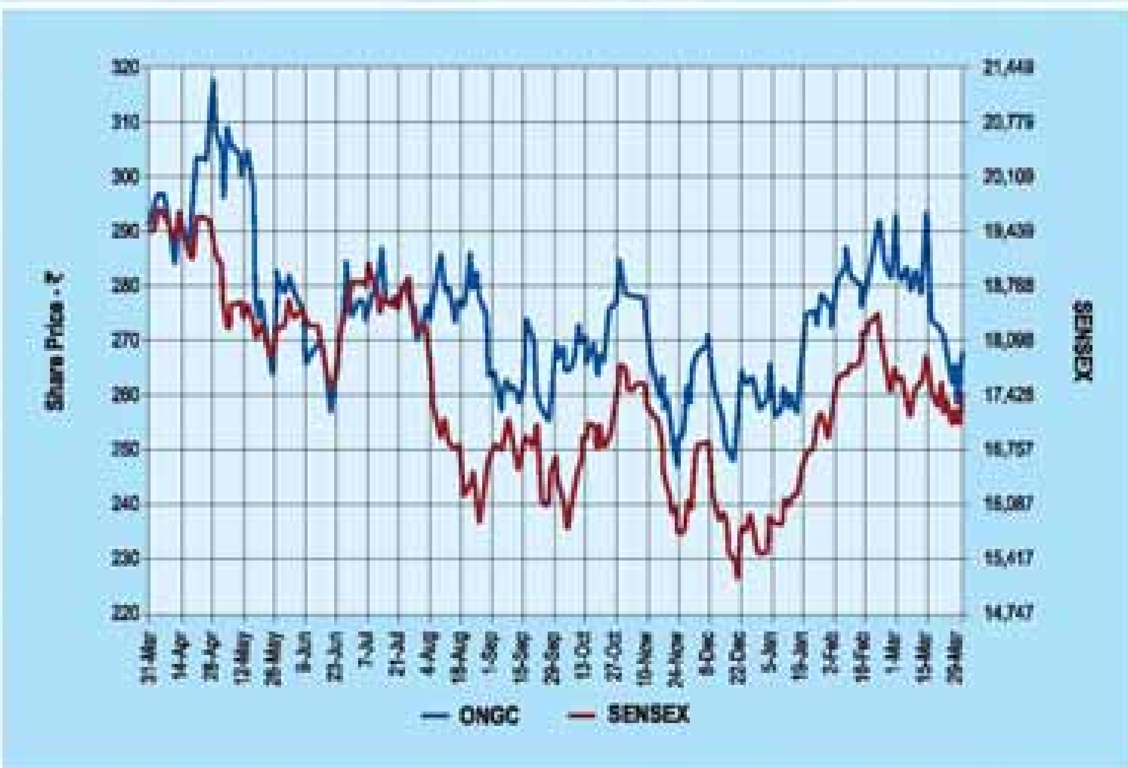
Annual listing fees for the year 2011-12, as applicable have been paid to the above Stock Exchanges.

**13.7 Demat ISIN Numbers in NSDL & CDSL**
(Stock Code): **INE213A01029**

Annual Custody Fee has been paid to NSDL and CDSL for the Financial Year 2011-12.

**13.8 Stock Market Information**

The stock price performance of ONGC scrip during the period 1st April, 2011 to 31st March, 2012 in comparison to BSE is plotted below:



13.8.1 **Market Price Data: High, Low During Each Month in Last Financial Year**

| Month | Bombay Stock Exchange | | | National Stock Exchange | | |
|---|---|---|---|---|---|---|
| | High (₹) | Low (₹) | Volume | High (₹) | Low (₹) | Volume |
| April'11 | 325.50 | 278.90 | 1,09,58,664 | 325.65 | 278.55 | 67,968,982 |
| May'11 | 315.90 | 261.90 | 1,65,30,371 | 315.8 | 261.4 | 119,360,247 |
| June'11 | 297.40 | 248.00 | 1,33,46,273 | 297.5 | 248.05 | 96,755,523 |
| July'11 | 290.55 | 226.95 | 1,08,54,630 | 290.9 | 268.4 | 68,020,920 |
| August'11 | 289.75 | 260.50 | 78,10,284 | 290.15 | 260 | 81,387,533 |
| September'11 | 280.00 | 253.40 | 1,08,51,067 | 280.55 | 253.25 | 123,887,248 |
| October'11 | 294.70 | 260.25 | 54,19,020 | 294.8 | 259.75 | 54,036,499 |
| November'11 | 288.30 | 241.90 | 69,25,636 | 288.05 | 241.75 | 52,460,601 |
| December'11 | 277.00 | 245.00 | 50,06,011 | 277.8 | 244.75 | 43,508,594 |
| January'12 | 282.60 | 253.20 | 62,89,623 | 282.8 | 253.2 | 49,144,891 |
| February'12 | 303.90 | 269.20 | 1,50,04,646 | 304.25 | 269 | 102,298,134 |
| March'12 | 296.50 | 254.10 | 80,51,652 | 296.45 | 254 | 86,957,222 |

Source: Web sites of BSE and NSE

## 14. Share Transfer System

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

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

Pursuant to the Clause 47-C of the Listing Agreement, certificates on 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 |
|---|---|---|
| 2011-12 | 2,628 | 51,931 |
| 2010-11 | 475 | 11,991 |
| 2009-10 | 175 | 16,575 |

## 15. Shareholding Pattern as on 31st March, 2012

| Category | No. of Shares held | Percentage of Shareholding |
|---|---|---|
| President of India | 5,922,546,522 | 69.23 |
| Banks, Financial Institutions and Insurance Companies | 860,196,421 | 10.05 |
| Foreign Institutional Investors | 457,291,000 | 5.35 |
| Mutual Funds & UTI | 133,097,560 | 1.56 |
| NRIs | 4,213,020 | 0.05 |
| **Bodies Corporate:** | | |
| ➢ Government Companies | 863,524,496 | 10.09 |
| ➢ Others | 151,262,156 | 1.77 |
| Employees | 6,455,350 | 0.07 |
| Public | 156,903,595 | 1.83 |
| **Total** | **8,555,490,120** | **100.00** |

## 15.1 Top 10 Shareholders as on 31st March, 2012

| S.No | Name | No.of Shares held | % of total Shareholding |
|---|---|---|---|
| 1 | President of India | 5,922,546,522 | 69.23 |
| 2 | Life Insurance Corporation of India | 664,450,862 | 7.77 |
| 3 | Indian Oil Corporation Limited | 657,923,428 | 7.69 |
| 4 | GAIL (India) Limited | 205,601,068 | 2.40 |
| 5 | Franklin Templeton Investment Funds | 90,935,334 | 1.06 |
| 6 | ICICI Prudential Life Insurance Company Limited | 39,913,007 | 0.47 |
| 7 | LIC of India Market Plus Growth Fund | 34,092,760 | 0.40 |
| 8 | LIC of India Market Plus 1 Growth Fund | 32,922,508 | 0.38 |
| 9 | LIC of India Profit Plus Growth Fund | 29,092,440 | 0.34 |
| 10 | LIC of India Money Plus Growth Fund | 27,261,852 | 0.32 |

15.2 Distribution of Shareholding by Size as on 31st March, 2012

| Category | Number of Shareholders | % of Shareholders | Total number of Shares | % of Shareholding |
|---|---|---|---|---|
| 1- 500 | 488,811 | 89.81 | 62,091,843 | 0.73 |
| 501 - 1000 | 25,682 | 4.71 | 18,654,009 | 0.22 |
| 1001 - 2000 | 13,018 | 2.39 | 18,968,006 | 0.22 |
| 2001 - 3000 | 6,211 | 1.14 | 15,498,805 | 0.18 |
| 3001 - 4000 | 5,798 | 1.07 | 20,637,095 | 0.24 |
| 4001 - 5000 | 1,736 | 0.32 | 7,697,874 | 0.09 |
| 5001 - 10000 | 1,459 | 0.27 | 9,566,949 | 0.11 |
| 10001 & Above | 1,560 | 0.29 | 8,402,387,939 | 98.21 |
| Total | 544,273 | 100.00 | 8,555,490,120 | 100.00 |

15.3 Geographical Distribution of Shareholders as on 31st March, 2012

| S. No | City | Shareholders | | Shareholding | |
|---|---|---|---|---|---|
| | | Nos | % age | No of shares | %age of holding |
| 1 | MUMBAI | 105,969 | 19.47 | 2,278,454,441 | 26.63 |
| 2 | NEW DELHI | 40,869 | 7.53 | 6,143,820,276 | 71.81 |
| 3 | AHMEDABAD | 32,523 | 5.98 | 11,400,370 | 0.13 |
| 4 | KOLKATA | 26,069 | 4.79 | 14,388405 | 0.17 |
| 5 | BANGALORE | 23,720 | 4.36 | 5,406,750 | 0.06 |
| 6 | CHENNAI | 20,209 | 3.71 | 17,869,290 | 0.21 |
| 7 | VADODARA | 17,140 | 3.15 | 7,595,583 | 0.09 |
| 8 | DEHRADUN | 5,573 | 1.02 | 5,781,769 | 0.07 |
| 9 | JORHAT | 4,350 | 0.80 | 4,636,545 | 0.05 |
| 10 | OTHERS | 267,731 | 49.19 | 66,336,893 | 0.78 |
| | Total | 544,273 | 100.00 | 8,555,490,120 | 100.00 |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15.4 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 ₹280 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 |
| 2006-07 | 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<br>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 (PoI) 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. |

## 16. Corporate Benefits

Dividend History

| Years | Rate (%) | Per Share (₹) | Amount (₹ in million) |
|---|---|---|---|
| 2007-08 | | | |
| ➤ Interim | 180 | 18 | 38,499.66 |
| ➤ Final | 140 | 14 | 29,944.22 |
| 2008-09 | | | |
| ➤ Interim | 180 | 18 | 38,499.66 |
| ➤ Final | 140 | 14 | 29,944.22 |
| 2009-10 | | | |
| ➤ Interim | 180 | 18 | 38,499.66 |
| ➤ Final | 150 | 15 | 32,083.09 |

| | | | |
|---|---|---|---|
| 2010-11 | | | |
| ➤ Interim | 320 | 32 | 68,443.92 |
| ➤ Final | 15 | 0.75 | 6,416.62 |
| 2011-12 | | | |
| ➤ First Interim | 125 | 6.25 | 53,471.84 |
| ➤ Second Interim | 30 | 1.50 | 12,833.23 |
| ➤ Final (Proposed) | 40 | 2.00 | 17,110.98 |

**17. Transfer of Unpaid/ Unclaimed Dividend Amount to Investor Education & Protection Fund (IEPF)**

During the year under report, an amount of ₹2,09,69,930.00 and ₹1,37,58.917.00 pertaining to unpaid dividend for the financial year 2003-04 (Final) and 2004-05 (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 21st September, 2005 for the financial year 2004-05 and interim dividend declared on 23rd December, 2005 for the financial year 2005-06 will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government by 20th October, 2012 and 22nd January, 2013 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* |
|---|---|---|
| 2004-05- Final | 21.09.2005 | 20.10.2012 |
| 2005-06- Interim | 23.12.2005 | 22.01.2013 |

*Indicative dates, actual dates may vary

**18. Dematerialization of Shares and Liquidity**

| S.No. | Description | No. of Share Holders | Shares | % of Equity |
|---|---|---|---|---|
| 1. | CDSL | 122,364 | 6,814,885,679 | 79.66 |
| 2. | NSDL | 412,819 | 1,733,182,730 | 20.26 |
| 3. | PHYSICAL | 9,090 | 7,421,711 | 0.09 |
| | **Total** | **544,273** | **8,555,490,120** | **100.00** |

The shares of the Company are in compulsory dematerialized segment and are available for trading in depository system of both National Securities Depository Limited and Central Depository Services (India) Limited.

19. **Outstanding GDRs/ ADRs / Warrants or Convertible Instruments**

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

20. **Assets/ Basins/ Plants/ Institutes**

a. **Assets**

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

b. **Basins**

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

c. **Plants**

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

d. **Institutes**

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

21. **Investor Services and Addresses for Shareholders' Correspondence.**

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

22. **Risk Management**

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

23. **Compliance Certificate 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.

24. **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 6.2).
- With regard to **Shareholders' Rights**, communication of financial results are being published widely and also hosted on the Company's website (refer para 12).
- As far as **Audit Qualifications** are concerned, the Company is in the regime of unqualified financial statements.
- A **Board Charter** has been formulated to define the role of the Board. The same shall be finalised by the Independent Directors.

**Whistle Blower Policy**

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

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

25. **Guidelines on Corporate Governance By DPE**

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

No Presidential Directives have been issued during the period 1st April, 2011 to 31st March, 2012.

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

The administrative and office expenses were 4.82% of total expenses during 2011-12 as against 4.95% during the previous year.

26. **Secretarial Compliance Report**

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

27. **Fee to Statutory Auditors**

The fee paid/ payable to the Statutory Auditors for the year was ₹16.20 million (previous year ₹15.85 million) including ₹0.83 million (previous year ₹0.83 million) as fee for certification of Corporate Governance Report, and ₹4.14 million (previous year ₹3.31million) for limited review report and ₹nil (previous year ₹0.13 million) for NELP certification plus reasonable travelling and out of pocket expenses actually incurred / reimbursable.

# Auditors' Certificate on Compliance of Conditions of Corporate Governance

To

The Members
**Oil and Natural Gas Corporation Ltd.**

We have examined the compliance of conditions of Corporate Governance by **Oil and Natural Gas Corporation Limited** (the 'Company') for the year ended 31st March, 2012, as stipulated in Clause 49 of the Listing Agreement entered into by the Company with the Stock Exchanges.

The Compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India and limited to a review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance (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.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above mentioned Listing Agreement ***except that for the periods from 1st April, 2011 to 19th June, 2011 and from 10th November, 2011 to 13th December, 2011***, the Board of Directors did not comprise of the required number of Independent Directors as per the terms of the above mentioned Listing Agreement.

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

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

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

**For Varma & Varma**
**Chartered Accountants**
**Firm Reg. No. 004532S**

(K.M. Sukumaran)
**Partner (Mem. No.015707)**

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

(Virendra Rai)
**Partner (Mem. No. 015780)**

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

(Abhijit Neogi)
**Partner (Mem. No. 061380)**

**For Mehra Goel & Co.**
**Chartered Accountants**
**Firm Reg. No. 000517N**

(R.K.Mehra)
**Partner (Mem. No. 006102)**

New Delhi
July 13, 2012

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

**Secretarial Audit Report**

We have examined the registers, records and documents of Oil and Natural Gas Corporation Ltd. (the Company) for the period 1.4.2011 to 31.03.2012 according to the provisions of:

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

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 14th May, 2010 of the Ministry of Heavy Industries and Public Enterprises, Government of India ("the DPE Guidelines on Corporate Governance").

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

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

(b) Filing of the requisite forms and returns with the Registrar of Companies, NCT of Delhi and Haryana within the time prescribed under the Act and the Rules made 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 23rd August 2011 to 30th August, 2011 (both days inclusive).

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

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

(g) The 18th Annual General Meeting held on 30th August, 2011

(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 30th August, 2011 and interim dividends declared on 04.01.2012 and 15.03.2012, pending registration of transfer of shares in compliance with the provisions of the Act.

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

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

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

(u) The promoter the President of India, through the Government of India sold 4.91% of its stake in the Company through offer for sale of shares through stock exchanges in accordance with SEBI Circular No. CIR/MRD/DP/05/2012 dated February 1, 2012 and complied with the requirements of the said circular and relevant SEBI regulations.

(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 relevant period for any offences under the Act.

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

3. We further report that:

(i) The Company has complied with the 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.

4. 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 that for the periods from 1st April, 2011 to 19th June, 2011 and from 10th November, 2011 to 13th December, 2011 the Board of Directors did not comprise of the required number of Independent Directors as per terms of the abovementioned Listing Agreements.

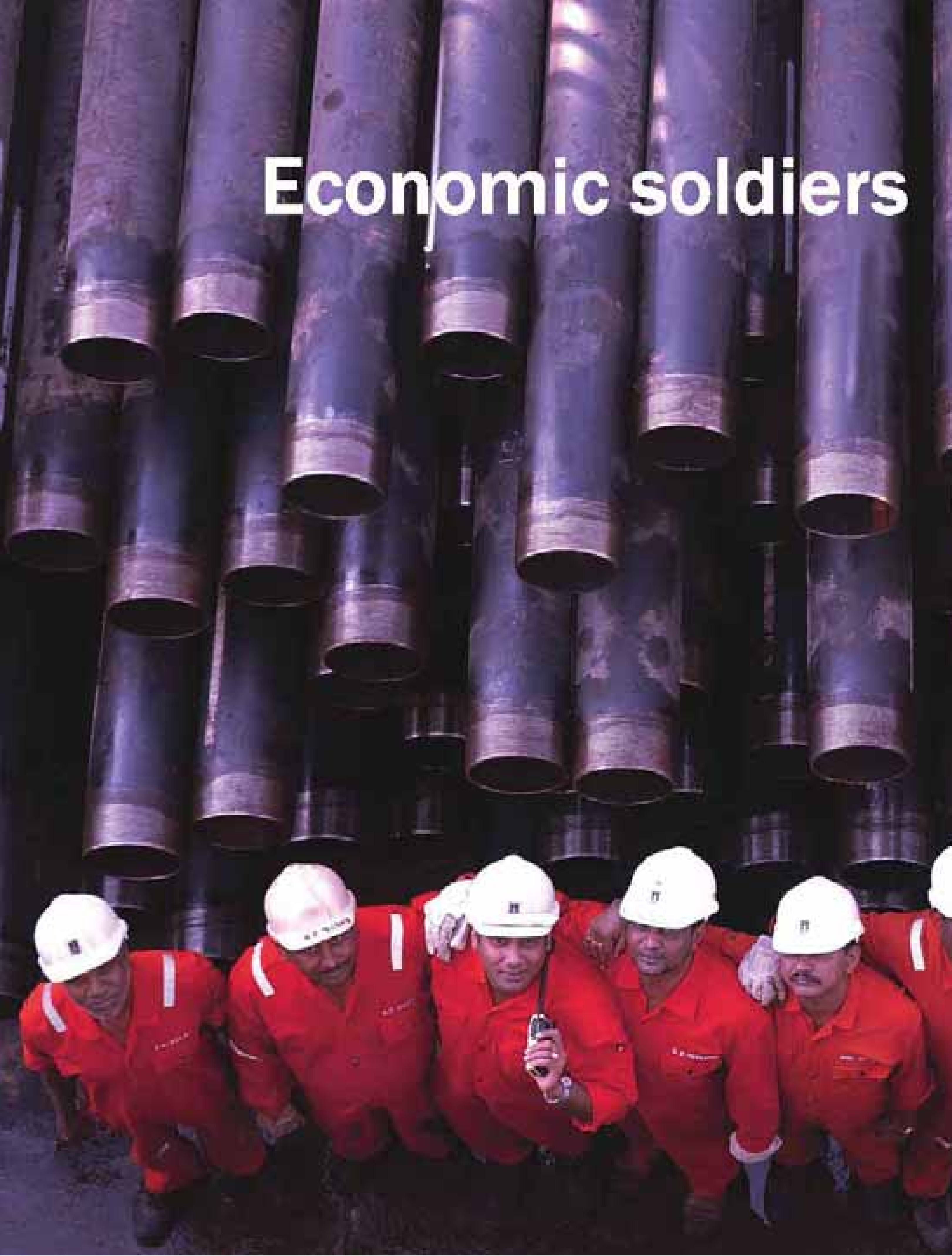
5. In our opinion and to the best of our information and according to explanations given to us by the management, we certify that the Company has complied with the DPE guidelines on Corporate Governance, except that for the periods from 1st April, 2011 to 19th June, 2011 and from 10th November, 2011 to 13th December, 2011 the Board of Directors did not comprise of the required number of Independent Directors as per DPE Guidelines on Corporate Governance.

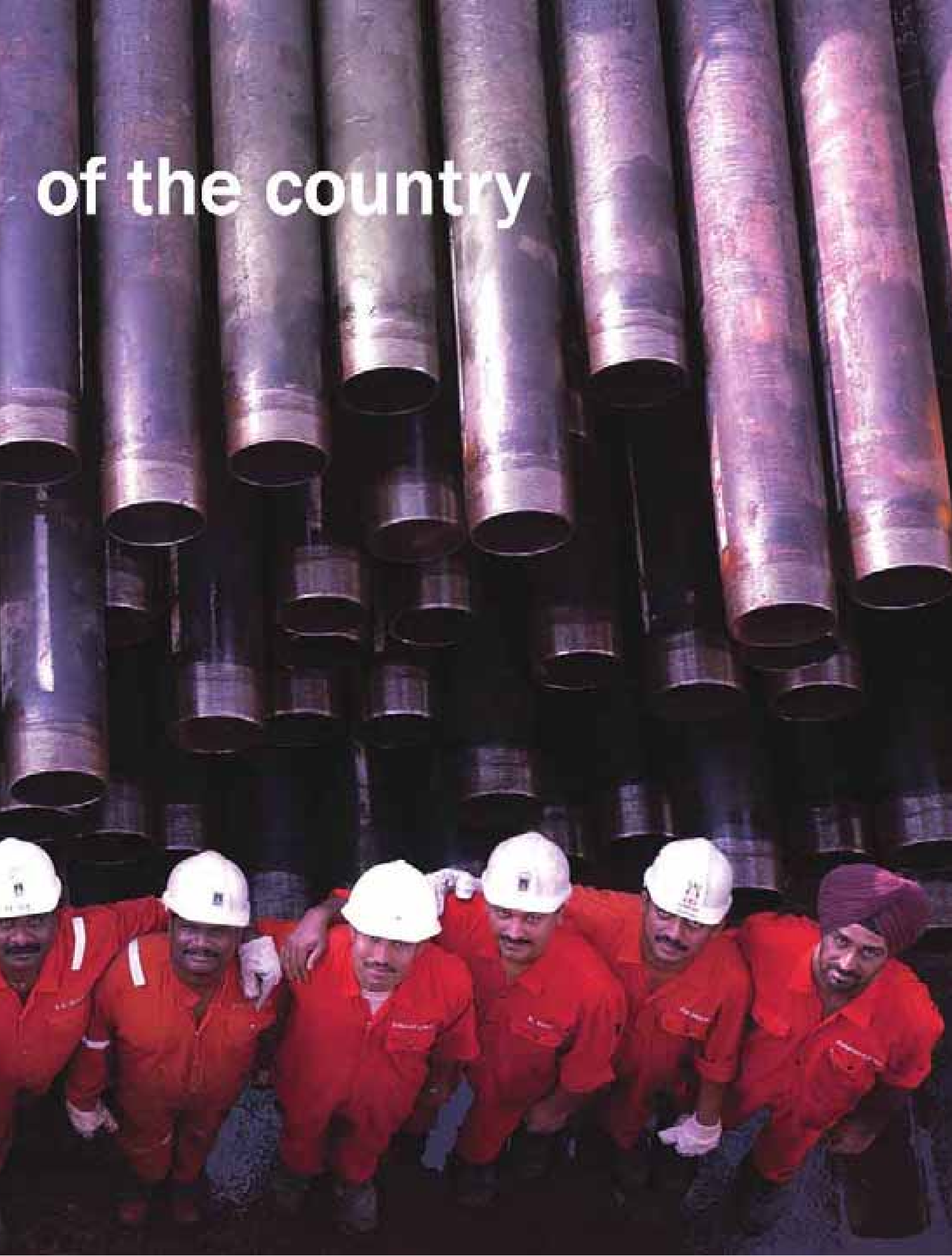
**For A.N.Kukreja & Co.**
**Company Secretaries.**

Sd/-
**(A.N.Kukreja)**
Proprietor
CP No.2318

July 13, 2012

# Economic soldiers




of the country

# Details of Subsidiary Companies

| Sr.No | Name of Subsidiary Company | (US$ in million) | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | As on 31.03.2012 | | | | | For the year 2011-12 | | |
| | | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) |
| | | Capital | Reserves | Total Assets | Total Liabilities | Details of Investment (except in case of investment in the subsidiaries) | Turnover | Profit before Taxation | Provision for Taxation |
| 1 | ONGC Videsh Limited | | | | | | | | |
| 2 | Mangalore Refinery & Petrochemicals Limited | | | | | | | | |
| 3 | ONGC Nile Ganga B.V.* | 0.09 | 2,119.63 | 2,774.87 | 655.15 | - | 1,068.44 | 375.18 | 112.39 |
| 4 | ONGC Narmada Limited | 0.16 | (30.32) | 2.00 | 32.16 | - | - | - | - |
| 5 | ONGC Amazon Alaknanda Limited* | 368.01 | 384.34 | 874.50 | 122.15 | - | 342.18 | 218.09 | 68.03 |
| 6 | ONGC Campos Ltda. | 194.26 | (8.80) | 625.96 | 440.50 | - | 365.18 | (72.79) | (23.30) |
| 7 | ONGC Nile Ganga (Cyprus) Ltd. | 0.00 | 140.90 | 140.91 | 0.01 | - | - | 4.36 | 0.44 |
| 8 | ONGC Nile Ganga (San Cristobal) B.V.* | 0.07 | 249.92 | 252.59 | 2.60 | - | 1.30 | 1.59 | - |
| 9 | ONGC Satpayev E&P B.V | 0.02 | (0.01) | 0.01 | - | - | - | (0.00) | - |
| 10 | ONGC Caspian E&P B.V | 0.05 | 43.06 | 43.11 | - | - | - | (0.00) | - |
| 11 | Jarpeno Limited | 0.19 | 2,284.91 | 3,503.47 | 1,218.37 | - | - | (438.98) | 1.92 |
| 12 | Biancus Holdings Limited | - | 17.81 | 137.87 | 120.06 | - | - | 0.44 | - |
| 13 | San Agio Investments Limited | - | (0.12) | 17.04 | 17.16 | - | - | 2.70 | 0.03 |
| 14 | Redcliffe Holdings Limited | - | 60.40 | 60.43 | 0.03 | - | - | (0.92) | - |
| 15 | Imperial Energy Nord Limited | 0.03 | 1,020.28 | 1,020.49 | 0.18 | - | - | (8.69) | - |
| 16 | Imperial Energy (Cyprus) Limited | 0.03 | 245.84 | 245.89 | 0.02 | - | - | (5.13) | - |
| 17 | Imperial Energy Tomsk Limited | - | (6.02) | 11.16 | 17.18 | - | - | (0.80) | - |
| 18 | Imperial Energy Gas Limited | - | (0.21) | 0.26 | 0.47 | - | - | (0.02) | - |
| 19 | Imperial Frac Services (Cyprus) Limited | - | (0.17) | - | 0.17 | - | - | (0.02) | - |
| 20 | Nefsilius Holdings Limited | - | 0.93 | 1.10 | 0.17 | - | - | (0.06) | - |
| 21 | Freshspring Investments Limited | - | (0.08) | 0.06 | 0.14 | - | - | (0.01) | - |
| 22 | RK Imperial Energy Kostanai Limited | - | (0.07) | 0.05 | 0.12 | - | - | (0.01) | - |
| 23 | LLC Nord Imperial | - | 469.19 | 560.79 | 91.60 | - | 58.53 | (97.33) | - |
| 24 | LLC Allianceneftegaz | - | 45.73 | 380.06 | 334.33 | - | 351.38 | (8.25) | - |
| 25 | LLC Sibinterneft | - | (20.89) | 0.12 | 21.01 | - | - | (1.05) | - |
| 26 | LLC Rus Imperial Group | - | 39.66 | 63.28 | 23.62 | - | - | (8.78) | - |
| 27 | LLC Imperial Trans Service | - | (0.32) | 3.68 | 4.00 | - | - | (0.01) | - |
| 28 | LLC Imperial Energy Tomsk Gas | - | - | - | - | - | - | (0.03) | - |
| 29 | LLC Stratum | - | (0.02) | - | 0.02 | - | - | - | - |
| 30 | Carabobo One AB* | 5.71 | 109.76 | 123.28 | 7.81 | - | - | (3.01) | - |
| 31 | Petro Carabobo Ganga B.V. | 0.02 | 118.47 | 118.52 | 0.03 | - | - | (0.09) | - |

*At the closing rate of exchange, there is a foreign exchange reserve of ₹ 19,082.22 million, which has not been adjusted.

**Exchange Rate**

| | |
|---|---|
| As on 31.03.2012 | 1 US$ = ₹ 51.1200 |
| Average Rate for 2011-12 | 1 US$ = ₹ 47.8842 |

**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.

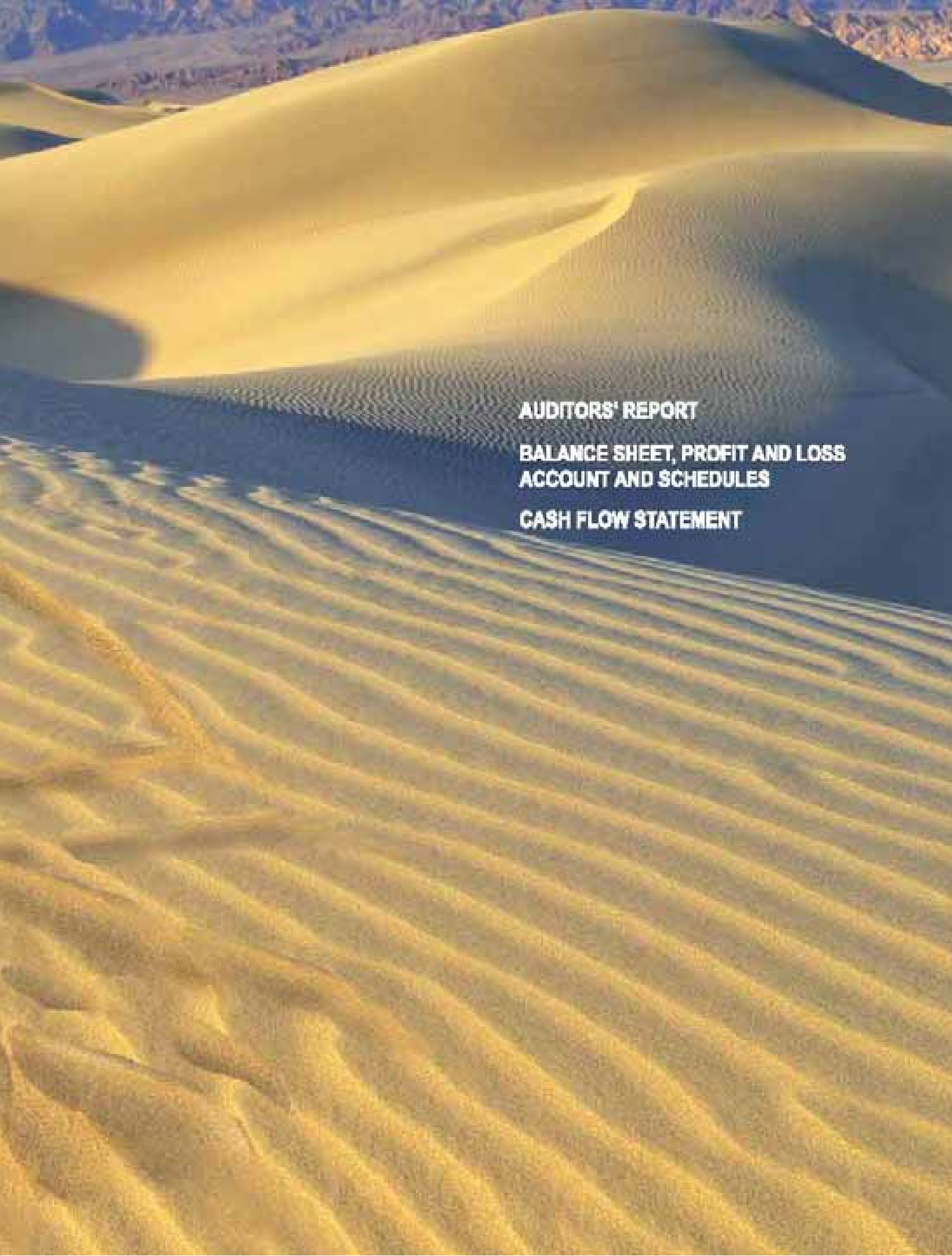
| | | (₹ in million) | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| | | As on 31.03.2012 | | | | | For the year 2011-12 | | | | |
| (i) | (j) | (a) | (b) | (c) | (d) | (e) | (f) | (g) | (h) | (i) | (j) |
| Profit after Taxation | Proposed Dividend | Capital | Reserves | Total Assets | Total Liabilities | Details of Investment (except in case of investment in the subsidiaries) | Turnover | Profit before Taxation | Provision for Taxation | Profit after Taxation | Proposed Dividend |
| | | 10,000.00 | 90,880.77 | 344,295.87 | 243,415.10 | 4,040.87 | 74,313.77 | 30,154.85 | 11,394.05 | 18,760.80 | - |
| | | 17,572.57 | 54,719.37 | 261,560.92 | 189,268.98 | 422.80 | 537,702.76 | 13,202.03 | 4,116.25 | 9,085.78 | 1,752.60 |
| 262.80 | 42.74 | 4.45 | 108,355.54 | 141,851.42 | 33,491.43 | 58,069.05 | 51,181.16 | 17,965.40 | 5,381.53 | 12,583.88 | 2,046.62 |
| - | - | 8.18 | (1,549.96) | 102.24 | 1,644.02 | - | - | - | - | - | - |
| 150.06 | - | 18,812.67 | 19,647.46 | 44,704.44 | 6,244.31 | - | 16,385.02 | 10,443.07 | 3,257.56 | 7,185.50 | - |
| (49.49) | - | 9,930.48 | (449.84) | 31,998.83 | 22,518.19 | - | 17,486.37 | (3,485.36) | (1,115.63) | (2,369.73) | - |
| 3.93 | - | 0.12 | 7,202.84 | 7,203.57 | 0.61 | - | - | 208.99 | 20.90 | 188.09 | - |
| 1.59 | - | 3.69 | 12,775.84 | 12,912.58 | 133.06 | 9,778.54 | 82.25 | 76.10 | - | 76.10 | - |
| (0.00) | - | 1.23 | (0.54) | 0.69 | - | - | - | (0.10) | - | (0.10) | - |
| (0.00) | - | 2.46 | 2,201.24 | 2,203.69 | - | 2.08 | - | (0.15) | - | (0.15) | - |
| (410.91) | - | 9.71 | 116,804.60 | 179,097.39 | 62,283.07 | - | - | (19,584.16) | 91.94 | (19,676.10) | - |
| 0.44 | - | - | 910.45 | 7,047.91 | 6,137.47 | - | - | 21.07 | - | 21.07 | - |
| 2.67 | - | - | (6.13) | 871.09 | 877.22 | - | - | 129.29 | 1.44 | 127.85 | - |
| (0.92) | - | - | 3,087.65 | 3,089.18 | 1.53 | - | - | (44.05) | - | (44.05) | - |
| (8.69) | - | 1.53 | 52,156.71 | 52,167.45 | 9.20 | - | - | (416.11) | - | (416.11) | - |
| (5.13) | - | 1.53 | 12,567.34 | 12,569.90 | 1.02 | - | - | (245.65) | - | (245.65) | - |
| (0.60) | - | - | (307.74) | 570.50 | 878.24 | - | - | (28.49) | - | (28.49) | - |
| (0.02) | - | - | (10.74) | 13.29 | 24.03 | - | - | (0.96) | - | (0.96) | - |
| (0.02) | - | - | (8.69) | - | 8.69 | - | - | (0.96) | - | (0.96) | - |
| (0.08) | - | - | 47.54 | 56.23 | 8.69 | - | - | (2.87) | - | (2.87) | - |
| (0.01) | - | - | (4.09) | 3.07 | 7.16 | - | - | (0.48) | - | (0.48) | - |
| (0.01) | - | - | (3.58) | 2.56 | 6.13 | - | - | (0.48) | - | (0.48) | - |
| (97.33) | - | - | 23,984.99 | 28,667.58 | 4,682.59 | - | 2,802.47 | (4,660.57) | - | (4,660.57) | - |
| (8.25) | - | - | 2,337.72 | 19,428.67 | 17,090.95 | - | 16,825.55 | (395.04) | - | (395.04) | - |
| (1.05) | - | - | (1,067.90) | 6.13 | 1,074.03 | - | - | (50.49) | - | (50.49) | - |
| (8.78) | - | - | 2,027.42 | 3,234.87 | 1,207.45 | - | - | (420.42) | - | (420.42) | - |
| (0.01) | - | - | (16.36) | 188.12 | 204.48 | - | - | (0.48) | - | (0.48) | - |
| (0.03) | - | - | - | - | - | - | - | (1.36) | - | (1.36) | - |
| - | - | - | (1.02) | - | 1.02 | - | - | - | - | - | - |
| (3.01) | - | 291.90 | 5,610.93 | 6,302.07 | 399.25 | - | - | (144.13) | - | (144.13) | - |
| (0.09) | - | 1.02 | 6,056.19 | 6,056.74 | 1.53 | 1.31 | - | (4.41) | - | (4.41) | - |

Sd/-
(N K Sinha)
**Company Secretary**

Sd/-
(A K Banerjee)
**Director (Finance)**

Sd/-
(Sudhir Vasudeva)
**Chairman & Managing Director**


ONGC Everywhere


AUDITORS' REPORT
BALANCE SHEET, PROFIT AND LOSS ACCOUNT AND SCHEDULES
CASH FLOW STATEMENT

# Auditors' Report

To

**The Members of Oil And Natural Gas Corporation Limited**

1. We have audited the attached Balance Sheet of OIL AND NATURAL GAS CORPORATION LIMITED (the "Company") as at 31st March, 2012, the Statement of Profit and Loss and the Cash Flow Statement for the year ended on that date, annexed thereto in which are incorporated the Company's share in the total value of assets, liabilities, expenditure and income of 138 blocks under New Exploration Licensing Policy (NELPs) / Joint Venture (JVs) accounts for exploration and production out of which 9 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 (Refer note no. 41.3.1 and 41.3.2 of the financial statements). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amount and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

3. We have placed reliance on technical / commercial evaluation by the management in respect of categorization of wells as exploratory, development and producing, allocation of cost incurred on them, depletion of producing properties / impairment on the basis of the proved developed hydrocarbon reserves, liability for abandonment costs, liability under NELP and nominated blocks for under-performance against agreed Minimum Work Programme and allocation of depreciation on process platforms to transportation and facilities.

4. As required by the Companies (Auditor's Report) Order, 2003 (as amended) issued by the Central Government of India in terms of Section 227(4A) of the Companies Act, 1956, we enclose in the Annexure (read with paragraph 1 above) a statement on the matters specified in paragraphs 4 and 5 of the said order.

5. Further to our comments referred to in paragraph 4 above we report as follows:

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

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

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

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

5.5. Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Companies Act, 1956 is not required as per notification number GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs, Government of India.

5.6. In our opinion and to the best of our information and according to the explanations given to us, the said accounts read with notes to account, give the information required by the Companies Act, 1956 in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31st March, 2012;

b) In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and

c) In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

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| | | |
|---|---|---|
| For Kalyaniwalla & Mistry<br>Chartered Accountants<br>Firm Reg. No. 104607W<br><br>(Ermin K. Irani)<br>Partner (Mem. No. 035646) | For Varma & Varma<br>Chartered Accountants<br>Firm Reg. No. 004532S<br><br>(K.M. Sukumaran)<br>Partner (Mem. No.015707) | For S. Bhandari & Co.<br>Chartered Accountants<br>Firm Reg. No. 000560C<br><br>(P.P. Pareek)<br>Partner (Mem. No. 071213 ) |
| For Ray & Ray<br>Chartered Accountants<br>Firm Reg. No. 301072E<br><br>(B.K Ghosh)<br>Partner (Mem. No. 051028) | For Mehra Goel & Co.<br>Chartered Accountants<br>Firm Reg. No. 000517N<br><br>(R.K.Mehra)<br>Partner (Mem. No. 006102) | |

New Delhi
May 29th, 2012

Construction of an Offshore Platform

# Annexure to The Auditors' Report

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

1. a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.

   b) As per information and explanations given to us, the fixed assets having substantial value, other than those which are underground / submerged / under joint venture 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 explanations given by the management and in our opinion, the same is not material.

   c) The Company has not disposed off a substantial part of fixed assets during the year.

2. a) 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.

3. 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 ₹ 0.35 million and the maximum amount outstanding at any time during the year was ₹ 0.92 million.

   b) The rate of interest and other terms and conditions of the loans granted are not prima facie prejudicial to the interest of the Company.

   c) The payment of principal amount and interest are regular.

   d) There is no overdue amount in respect of loans granted to the parties listed in the register maintained under Section 301 of the Companies Act, 1956.

   e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956. And consequently, the reporting requirements of clause (iii) (f) and (iii) (g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.

4. In our opinion, and according to the information and explanations given to us, the internal control procedures are generally adequate and commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.

5. a) In our opinion and according to the information and explanations given to us, there is no contract or arrangement that needs to be entered in the register required to be maintained 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.

6. The Company has not accepted any deposits from the public.

7. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.

8. We have broadly reviewed the cost records maintained by the Company pursuant to the Rule made by the Central Government for the maintenance of cost records under section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with the view to determine whether they are accurate or complete.

9. 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, 2012 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 are as under:

| Name of the Statute | Nature of the dues | Amount (₹ in Million) | Period to which the amount relates (financial year) | Forum where dispute is pending |
|---|---|---|---|---|
| Income tax Act, 1961 | Income Tax / Penalty / Interest | 7,321.80 | 1991-2012 | Revisionary Authority |
| | | 3,689.80 | 2004-2012 | Appellate Authority |
| | | 2,213.24 | 1996-2012 | High Court |
| | | 4,481.99 | 1984-2012 | Supreme Court |
| | Total | 17,706.83 | | |
| Central Excise Act, 1944 | Central Excise duty / Service Tax / Interest / Penalty | 1,195.96 | 2002-2012 | Commissioner of Central Excise, Customs & Service Tax |
| | | 1,336.41 | 2006-2012 | Central Board of Excise & Customs |
| | | 1,892.98 | 2007-2012 | Custom, Excise and Service Tax Appellate Tribunal |
| | | 696.57 | 2011-2012 | Directorate General of Central Excise Intelligent |
| | | 1,283.30 | 1994-2012 | Supreme Court |
| | Total | 6,407.22 | | |
| The Customs Act, 1962 | Customs Duty / Penalty / Interest | 5,067.88 | 1996-2012 | Commissioner of Central Excise, Customs & Service Tax |
| | | 5.00 | 2007-2012 | Custom Excise and Service Tax Appellate Tribunal |
| | Total | 5,072.88 | | |
| Oilfields (Regulation & Development Act, 1948) / AP Mines and Geology Act | Royalty / Surface rent / Interest / Penalty | 66,123.54 | 1992-2012 | Dept. of Geology and Mining, AP High Court |
| AP Mineral Bearing Lands (Infrastructure) Cell | Cess | 1,694.82 | 2005-2012 | Dept. of Geology and Mining, AP High Court |
| Oil Industries (Development) Act,1974 | Cess / Interest | 8.57 | 2006-2012 | Commissioner of Central Excise, Customs & Service Tax |
| Central Sales Tax Act, 1956 and respective States' Sales Tax Act | Sales tax / Turnover Tax / Penalty / Interest | 2,960.23 | 2002-2012 | Demand Notice |
| | | 1,900.53 | 2001-2012 | Deputy Commissioner |
| | | 16,391.55 | 1999-2012 | Joint Commissioner/ Commissioner CT - Appeals |
| | | 19,594.45 | 1994-2012 | Appellate Tribunal Commissioner |
| | | 291.40 | 1977-2012 | High Court |
| | Total | 41,138.16 | | |
| Municipal Corporation Greater Mumbai Act (Octroi Rules, 1965) | Octroi Duty | 68.89 | 1978-2012 | Supreme Court |
| Assam Specified Land Taxation Act | Tax on Crude oil and Natural Gas | 2,860.57 | 2004-2012 | High Court |
| Service Tax | Service Tax / Cess | 3,513.00 | 2004-2012 | Commissioner of Central Excise, Customs & Service Tax |
| | | 1,014.16 | 2004-2012 | Commissioner of Central Excise & Customs |
| | Total | 4,527.16 | | |

10. The Company does not have accumulated losses at the end of the current financial year and has not incurred cash losses either during the year or during the immediately preceding financial year.

11. The Company has not issued any debentures and has not defaulted in repayment of dues to financial institutions or banks.

12. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.

13. The Company is not a chit fund or a nidhi, mutual benefit fund/ society. Accordingly, the reporting requirements of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.

14. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.

15. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interest of the Company.

16. In our opinion, the term loans have been applied for the purpose for which they were raised.

17. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short terms basis have been used for long term investment.

18. The Company has not made any preferential allotment of shares during the year.

19. The Company has not issued any debentures.

20. The Company has not raised any money by way of public issue during the year.

21. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

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

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

**For Varma & Varma**
**Chartered Accountants**
**Firm Reg. No. 004532S**

(K.M. Sukumaran)
**Partner (Mem. No.015707)**

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

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

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

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

**For Mehra Goel & Co.**
**Chartered Accountants**
**Firm Reg. No. 000517N**

(R.K.Mehra)
**Partner (Mem. No. 006102)**

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New Delhi
May 29, 2012

Highest ultimate reserve accretion in the last two decades - 84.13 MTOE

# Balance Sheet as at 31st March, 2012

(₹ in million)

| | Particular | Note No. | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|---|---|
| I. | **EQUITY AND LIABILITIES** | | | |
| 1 | **Shareholders' funds** | | | |
| | (a) Share capital | 3 | 42,777.60 | 42,777.60 |
| | (b) Reserves and surplus | 4 | 1,086,789.71 | 932,266.72 |
| 2 | **Non-current liabilities** | | | |
| | (a) Deferred tax liabilities (Net) | 5 | 111,978.68 | 99,503.94 |
| | (b) Other Long term liabilities | 6 | 5,619.92 | 5,624.62 |
| | (c) Long-term provisions | 7 | 213,130.60 | 208,236.09 |
| 3 | **Current liabilities** | | | |
| | (a) Short-term borrowings | 8 | 45,000.00 | – |
| | (b) Trade payables | 9 | 52,612.42 | 52,252.96 |
| | (c) Other current liabilities | 10 | 136,941.19 | 130,055.33 |
| | (d) Short-term provisions | 11 | 22,425.93 | 9,257.83 |
| | **TOTAL** | | 1,717,276.05 | 1,480,174.09 |
| II. | **ASSETS** | | | |
| 1 | **Non-current assets** | | | |
| | (a) Fixed assets | | | |
| | (i) Tangible assets | 12 | 215,678.15 | 184,816.68 |
| | (ii) Producing Properties | 13 | 483,768.28 | 435,756.57 |
| | (iii) Intangible assets | 14 | 1,123.28 | 1,578.77 |
| | (iv) Capital work-in-progress | 15 | 182,980.56 | 139,769.02 |
| | (v) Exploratory/Development Wells in Progress | 16 | 85,612.34 | 77,472.12 |
| | (b) Non-current investments | 17 | 43,643.37 | 51,827.45 |
| | (c) Long-term loans and advances | 18 | 254,498.08 | 239,938.54 |
| | (d) Deposit under Site Restoration Fund Scheme | 19 | 91,825.72 | 81,155.06 |
| | (e) Other non-current assets | 20 | 12,102.14 | 8,624.34 |
| 2 | **Current assets** | | | |
| | (a) Current investments | 21 | 6,519.07 | 0.50 |
| | (b) Inventories | 22 | 51,654.35 | 41,189.64 |
| | (c) Trade receivables | 23 | 61,948.16 | 39,946.79 |
| | (d) Cash and Cash Equivalents | 24 | 201,245.65 | 144,810.69 |
| | (e) Short-term loans and advances | 25 | 31,237.08 | 26,733.66 |
| | (f) Other current assets | 26 | 11,239.82 | 6,553.66 |
| | **TOTAL** | | 1,717,276.05 | 1,480,174.09 |
| | **Notes to Finacial Statements** | 1 to 53 | | |

For and on behalf of the Board

(N. K. Sinha)
**Company Secretary**

(A K Banerjee)
**Director (Finance)**

(Sudhir Vasudeva)
**Chairman & Managing Director**

**In terms of our report of even date attached**

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

**For Varma & Varma**
**Chartered Accountants**
**Firm Reg. No. 004532S**
(K.M. Sukumaran)
**Partner (Mem. No.015707)**

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

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

**For Mehra Goel & Co.**
**Chartered Accountants**
**Firm Reg. No. 000517N**
(R.K.Mehra)
**Partner (Mem. No. 006102)**

New Delhi
May 29, 2012

# Statement of Profit & Loss for the year ended 31st March, 2012

(₹ in million)

| | Particulars | Note No. | 2011-12 | 2010-11 |
|---|---|---|---|---|
| I | **REVENUE** | | | |
| | Revenue from operations (Gross) | 27 | 768,870.59 | 686,466.01 |
| | Less: Excise Duty | 30.1 | 3,719.65 | 3,096.80 |
| | Revenue from operations (Net) | | 765,150.94 | 683,369.21 |
| | Other Income | 28 | 44,529.77 | 34,098.46 |
| | **Total Revenue** | | 809,680.71 | 717,467.67 |
| II | **EXPENSE** | | | |
| | (Increase)/ Decrease in Inventories | 29 | (913.44) | (129.11) |
| | Purchases of Stock-in-Trade | | 24.82 | 136.35 |
| | Production, Transportation, Selling and Distribution Expenditure | 30 | 303,806.04 | 275,326.61 |
| | Exploration Costs written off | | | |
| | -Survey Costs | | 12,409.39 | 18,874.39 |
| | -Exploratory well Costs | | 60,924.97 | 65,815.26 |
| | Depreciation, Depletion, Amortisation and Impairment | 31 | 74,959.15 | 76,786.88 |
| | Financing Costs | 32 | 348.30 | 251.07 |
| | Provisions and Write-offs | 33 | 3,096.78 | 6,114.27 |
| | Adjustments relating to Prior Period (Net) | 34 | (95.48) | 338.25 |
| | **Total Expense** | | 474,660.51 | 441,293.97 |
| | **Profit before Exceptional, Extraordinary items and Tax** | | 335,020.20 | 276,163.70 |
| | Exceptional items | 40 | 31,405.47 | - |
| | Profit before Extraordinary items and Tax | | 366,425.67 | 276,163.70 |
| | Extraordinary items | | - | - |
| | **Profit before Tax** | | 366,425.67 | 276,163.70 |
| | **Tax Expense** | | | |
| | - Current Tax | | 108,950.00 | 81,200.00 |
| | - Earlier years | | (6,174.20) | (4,617.94) |
| | - Deferred Tax | | 12,474.74 | 10,321.82 |
| | - Fringe Benefit Tax | | (54.09) | (80.20) |
| | **Profit after Tax** | | 251,229.22 | 189,240.02 |
| | **Earning per Equity Share - Basic and Diluted (₹)** (Face Value ₹ 5/- Per Share) | 35 | 29.38 | 22.12 |
| | Notes to Finacial Statements | 1 to 53 | | |

For and on behalf of the Board

(N. K. Sinha)
**Company Secretary**

(A K Banerjee)
**Director (Finance)**

(Sudhir Vasudeva)
**Chairman & Managing Director**

**In terms of our report of even date attached**

**For Kalyaniwalla & Mistry**
**Chartered Accountants**
**Firm Reg. No. 104607W**
(Ermin K. Irani)
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(B.K.Ghosh)
**Partner (Mem. No. 051028)**

**For Mehra Goel & Co.**
**Chartered Accountants**
**Firm Reg. No. 000517N**
(R.K.Mehra)
**Partner (Mem. No. 006102)**

New Delhi
May 29, 2012

# Exploring Energy
# Enriching Lives

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 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 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. The financial statements are presented in Indian Rupees and all values are rounded to the nearest million except when otherwise indicated.

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 income under 'Deferred Government Grant' and an amount equal to proportionate depreciation of such assets is credited to Statement of Profit & 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 Acquisition Cost

Acquisition cost of an oil and gas property in exploration and development stage is taken to acquisition cost under the respective category. Such costs are capitalized by transferring to Producing Property when it is ready to commence commercial production. In case of abandonment, such costs are expensed. Acquisition cost of a producing oil and gas property is capitalized as Producing Property.

e.2 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.3 Exploratory/ Development Wells in Progress

e.3.1 All acquisition costs, exploration costs incurred in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalised as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per Note no. 2.f.4.1 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.3.2 All wells under 'Exploratory Wells in Progress' which are more than two years old from the date of completion of drilling are expensed as exploration cost (including allocated depreciation) except those wells where it could be reasonably demonstrated that the well has proved reserves and the development of the field in which the wells are located has been planned.

f.3.3 All costs relating to Development Wells are initially capitalized as 'Development Wells in Progress' and transferred to 'Producing Properties' on completion as per Note no. 2.f.4.1 and 2.f.4.2.

**f.4 Producing Properties**

f.4.1 Producing Properties are created in respect of an area/field having proved developed oil and gas reserves, when the well in the area/field is ready to commence commercial production.

f.4.2 Cost of temporary occupation of land, successful exploratory wells, all development wells, depreciation on related equipment, facilities and estimated future abandonment costs are capitalised and reflected as Producing Properties.

**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. In case of acquisition, cost of Producing Properties is depleted by considering the proved reserves. These reserves are estimated annually by the Reserve Estimates Committee of the Company, which follows the International Reservoir Engineering Procedures.

**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 sidetrack exploratory wells is expensed as 'Exploratory Well Cost'.

i.2 The cost of abandoned portion of sidetrack development wells is considered as part of cost of development wells.

i.3 The cost of sidetracking in respect of existing producing wells is capitalized if it increases the proved developed reserves otherwise, expensed as 'Workover Expenditure'.

**j. Impairment**

Producing Properties, Development Wells in Progress (DWIP) and Fixed Assets (including Capital Works in Progress) of a "Cash Generating Unit" (CGU) are reviewed for impairment at each Balance Sheet date. In case, events and circumstances indicate any impairment, recoverable amount of these assets is determined. An impairment loss is recognized, whenever the carrying amount of such assets exceeds the recoverable amount. The recoverable amount is its 'value in use' or 'net selling price' (if determinable) whichever is higher. In assessing value in use, the estimated future cash flows from the use of assets and from its disposal at the end of its useful life are discounted to their present value at appropriate rate.

An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, is allocated to its assets on a pro-rata basis. Subsequent to impairment, depreciation is provided on the revised carrying value of the assets over the remaining useful life.

**k. Abandonment Cost**

k.1 The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring offshore well sites and allied facilities are recognized in respective assets when the well is complete / facilities are installed.

k.2 The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring onshore well sites are recognized when the well is complete. Cost relating to dismantling, abandoning and restoring its allied facilities are accounted for in the year in which such costs are incurred as the salvage value is expected to take care of the abandonment costs. The abandonment cost on dry well is expensed as exploratory well cost.

k.3 Provision for abandonment cost is updated based on the technical assessment at current costs.

**l. Joint Ventures**

The Company has Joint Ventures in the nature of Production Sharing Contracts (PSC) with the Government of India and various corporate bodies 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.

l.2 Consideration for the right to participate in operations recoverable from new Joint Venture Partners are :

i) Reduced from respective capitalized cost wherever applicable

ii) Reduced from current expenditure to the extent it relates to current year.

iii) Balance is considered as miscellaneous receipts.

l.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 upto Group Gathering Stations/platform and Natural Gas in Pipelines are 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 Exploratory 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 reasonable certainty regarding ultimate collection:

a. Short lifted quantity of gas

b. Gas pipeline transportation charges

c. Reimbursable subsidies and grants

d. Surplus from Gas Pool Account

e. Interest on delayed realization from customers

f. Liquidated damages from contractors/suppliers

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 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 Benefit 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.

r.4 Liability for gratuity as per actuarial valuation is funded with a separate trust.

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 identifiable to Assets, Basins & Services are allocated to activities and the balance is charged to Statement of Profit & Loss. Such expenses relating to Headquarter are charged to 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 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. 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 unallocable and charged to Statement of Profit & Loss.

z. **Deferred Revenue Expenditure**

Dry docking charges of Rigs/ Multipurpose Supply Vessels (MSVs), Geo Technical Vessels (GTVs), Well Stimulation Vessels, Offshore Supply Vessels (OSVs), Rig/equipment mobilization expenses and other related expenditure are considered as deferred revenue expenditure and amortized over the period of use not exceeding five years.

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. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are disclosed by way of notes to accounts.

3. **Share Capital**

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| **Authorised:** | | |
| 30,000,000,000 Equity Shares of ₹ 5 each<br>(Previous Year 30,000,000,000 Equity Shares of ₹ 5 each) | 150,000.00 | 150,000.00 |
| **Issued and Subscribed:** | | |
| 8,555,528,064 Equity Shares of ₹ 5 each<br>(Previous Year 8,555,528,064 Equity Shares of ₹ 5 each) | 42,777.64 | 42,777.64 |
| **Paid up:** | | |
| 8,555,490,120 Equity Shares of ₹ 5 each<br>(Previous Year 8,555,490,120 Equity Shares of ₹ 5 each) | 42,777.45 | 42,777.45 |
| Add: Shares forfeited | 0.15 | 0.15 |
| TOTAL | 42,777.60 | 42,777.60 |

3.1 **Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period**

| Particulars | As at 31st March, 2012 | | As at 31st March, 2011 | |
|---|---|---|---|---|
| | No. in million | ₹ in million | No. in million | ₹ in million |
| Outstanding at the beginning of the year | 8,555.49 | 42,777.45 | 2,138.87 | 21,388.73 |
| Conversion of face value of ₹10 to face value of ₹ 5 | - | - | 2,138.87 | - |
| Issued During the Year – Bonus Share | - | - | 4,277.75 | 21,388.72 |
| Outstanding at the end of the year | 8,555.49 | 42,777.45 | 8,555.49 | 42,777.45 |

3.2 **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 company declares and pays dividends in Indian rupees. 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.

3.3 **Details of shareholders holding more than 5% shares in the company are as under:-**

| Name of Share Holder | As at 31st March, 2012 | | As at 31st March, 2011 | |
|---|---|---|---|---|
| | No. in million | % holding | No. in million | % holding |
| President of India | 5,922.55 | 69.23 | 6342.96 | 74.14 |
| Life Insurance Corporation of India | 664.45 | 7.76 | 261.53 | 3.06 |
| Indian Oil Corporation Limited | 657.92 | 7.69 | 657.92 | 7.69 |

3.4 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. Company has issued total 4,277.75 million (Previous Year 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.

3.5 **Shares reserved for issue under option : Nil**

4. **Reserves and Surplus**

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| **Capital Reserve (Note-4.1)** | | | | |
| As per last Balance Sheet | | 159.44 | | 159.44 |
| **Securities Premium Account** | | | | |
| a) As per last Balance Sheet | - | | 168.12 | |
| b) Less: Bonus Share issued | - | | 168.12 | |
| | | - | | - |
| **Deferred Government Grant (Note-2.c)** | | | | |
| a) As per last Balance Sheet | 34.73 | | 39.45 | |
| b) Less: Deduction during the year | 3.92 | | 4.72 | |
| | | 30.81 | | 34.73 |
| **Insurance Reserve** | | | | |
| a) As per last Balance Sheet | - | | 2,500.00 | |
| b) Less: Transfer to General Reserve | - | | 2,500.00 | |
| | | - | | - |
| **General Reserve** | | | | |
| a) As per last Balance Sheet | 932,072.55 | | 848,569.86 | |
| b) Add: Transferred from Insurance Reserve | - | | 2,500.00 | |
| c) Add: Transferred from Surplus | 154,526.91 | | 102,223.30 | |
| d) Less: Bonus Share issued | - | | 21,220.61 | |
| | | 1,086,599.46 | | 932,072.55 |
| **Surplus** | | | | |
| a) As per last Balance Sheet | - | | 0.28 | |
| b) Add: Profit after Tax for the year | 251,229.22 | | 189,240.02 | |
| c) Less: Proposed Dividend (Note 4.2) | 17,111.01 | | 6,416.62 | |
| d) Less: Interim Dividend | 66,305.10 | | 68,443.92 | |
| e) Less: Tax on Dividend | 13,286.20 | | 12,156.46 | |
| f) Less: Transferred to General Reserve | 154,526.91 | | 102,223.30 | |
| | | - | | - |
| TOTAL | | 1,086,789.71 | | 932,266.72 |

4.1 **Represents assessed value of assets received as gift.**

4.2 The Board of Directors has recommended a final dividend of ₹ 2.00 per share which is subject to the approval of the shareholders in the ensuing Annual General Meeting over and above the interim dividend of ₹ 7.75 (₹ 6.25 and ₹ 1.50) per share paid in two phases.

5. **Deferred Tax Liabilities (Net)**

Disclosure under Accounting Standard-22 on 'Accounting for Taxes on Income' is as under:

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| **(i) Liabilities** | | |
| Depletion of Producing Properties | 149,985.77 | 140,955.74 |
| Depreciation Allocated to Wells in Progress and expenses relating to NELP blocks | 9,452.84 | 10,264.98 |
| Deferred Revenue Expenditure written off | 3,804.58 | 2,582.70 |
| Development Wells-in-Progress | 9,013.47 | 6,736.28 |
| Others | 4,540.09 | 5,154.55 |
| **Total (i)** | **176,796.75** | **165,694.25** |
| **(ii) Assets** | | |
| Depreciation | 9,963.10 | 6,976.17 |
| Dry wells written off | 10,176.73 | 12,075.92 |
| Provision for Non Moving Inventories | 1,228.89 | 1,198.44 |
| Provision for Doubtful Debts/Claims/Advances/ Interest | 5,313.09 | 4,622.26 |
| Provision for Abandonment | 25,718.03 | 29,523.55 |
| Provision for Leave Encashment | 5,788.60 | 5,249.68 |
| Provision toward Additional Profit Petroleum & Interest thereon | 2,783.85 | 2,435.33 |
| Statutory duties unpaid u/s 43B | 188.21 | 551.52 |
| Others | 3,657.57 | 3,557.44 |
| **Total (ii)** | **64,818.07** | **66,190.31** |
| **Deferred Tax Liability (Net) (i - ii)** | **111,978.68** | **99,503.94** |

6. **Other Long term Liabilities**

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| **Trade payables** | | |
| - Outstanding dues to Micro & Small Enterprises | - | - |
| - Outstanding dues to other than Micro & Small Enterprises | 78.54 | 299.64 |
| **Others** | | |
| - Deposits from Suppliers and Contractors | 1,214.60 | 1,571.91 |
| - Liability for Capital Goods | 129.85 | 34.21 |
| - Other Liabilities | 4,196.93 | 3,918.86 |
| **TOTAL** | **5,619.92** | **5,824.62** |

7. **Long Term Provisions**

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| **Provision for Employee benefits (Note 36)** | | |
| Unavailed Leave | 16,522.27 | 15,123.05 |
| Post Retirement Medical & Terminal Benefits | 19,338.28 | 17,053.41 |
| **Provision for Abandonment (Note 43)** | 176,476.88 | 175,608.14 |
| **Provision for Others (Note 43)** | 793.17 | 450.49 |
| **TOTAL** | **213,130.60** | **208,235.09** |

8. **Short Term Borrowings**

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| **Secured Loan** | | |
| Short Term Loans from Banks (Secured against Fixed Deposits) | 45,000.00 | – |
| | 45,000.00 | – |

9. **Trade Payables**

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| -Outstanding dues to Micro & Small Enterprises (Note 47) | 6.13 | 10.75 |
| -Outstanding dues to other than Micro & Small Enterprises | 52,606.29 | 52,242.21 |
| TOTAL | 52,612.42 | 52,252.96 |

10. **Other current liabilities**

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| Interest Accrued but not due on Loans | 210.40 | – |
| Unclaimed Dividend (Note-10.1) | 255.75 | 222.85 |
| Liability for Capital Goods | 43,217.47 | 33,909.33 |
| Liability for Statutory Payments | 20,607.03 | 12,808.96 |
| Liability for Gratuity | 419.69 | 1,503.23 |
| Deposits from Suppliers and Contractors | 4,017.88 | 9,879.69 |
| Advance from Customers | 28,154.04 | 33,047.87 |
| Liability for Employees | 12,204.94 | 11,646.72 |
| Other Liabilities | 27,853.99 | 27,036.68 |
| TOTAL | 136,941.19 | 130,055.33 |

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

11. **Short Term provisions**

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| **Provision for Employees Benefits (Note-36)** | | | | |
| Unavailed Leave | | 1,319.01 | | 1,057.18 |
| Post Retirement Medical & Terminal Benefits | | 1,017.16 | | 500.93 |
| **Provision for Others** | | | | |
| Proposed Dividend | | 17,110.98 | | 6,416.62 |
| Tax on Proposed Dividend | | 2,775.83 | | 1,040.94 |
| Provision for Wealth tax | 74.50 | | 88.50 | |
| Less: Advance Wealth tax | 46.03 | | 56.98 | |
| | | 28.47 | | 31.52 |
| Provision for Abandonment (Note-43) | | 53.08 | | 34.41 |
| Other Provisions (Note-43) | | 121.40 | | 176.23 |
| TOTAL | | 22,425.93 | | 9,257.83 |

## 12. Tangible Assets

(₹ in million)

| | GROSS BLOCK | | | | ACCUMULATED DEPRECIATION | | | | ACCUMULATED IMPAIRMENT | | | | NET BLOCK | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | At 1st April, 2011 | Additions | Deletion/ Adjustment 2012 | At 31st March, 2012 | At 1st April, | For the year | Deletion/ Adjustment 2012 | At 31st March, 2012 | At 1st April, | For the year | Write Back/ Adjustment 2012 | At 31st March, 2012 | At 31st March, 2012 | At 31st March, 2011 |
| Land Freehold | 2,705.98 | 258.00 | 7.58 | 2,956.40 | – | – | – | – | 13.50 | – | – | 13.50 | 2,942.90 | 2,692.48 |
| Land Leasehold | 5,616.53 | 47.72 | – | 5,664.25 | 408.48 | 61.26 | – | 470.74 | – | – | – | – | 5,193.51 | 5,208.05 |
| Building & Bunk Houses | 16,049.37 | 607.01 | 52.73 | 16,603.65 | 7,522.98 | 676.03 | 37.41 | 8,161.60 | 97.10 | 15.47 | – | 112.57 | 8,329.48 | 8,429.29 |
| Plant & Equipment | 762,246.30 | 101,632.63 | 6,638.53 | 857,240.40 | 597,480.45 | 69,309.28 | 5,612.63 | 661,177.10 | 1,443.78 | 146.92 | 23.36 | 1,567.34 | 194,495.96 | 163,313.07 |
| Furniture & Fixtures | 6,617.30 | 343.08 | 254.77 | 6,705.61 | 3,174.58 | 656.48 | 133.88 | 3,697.18 | 8.42 | 1.34 | 0.01 | 9.75 | 2,998.68 | 3,434.30 |
| Vehicles# | 4,428.84 | 75.84 | 45.88 | 4,458.79 | 3,743.36 | 210.07 | 44.53 | 3,908.90 | 10.00 | – | 0.21 | 9.79 | 540.11 | 675.49 |
| Office Equipment | 5,768.32 | 368.63 | 918.83 | 5,218.12 | 4,596.83 | 347.03 | 808.72 | 4,229.94 | 20.59 | 0.93 | 1.65 | 19.87 | 991.51 | 1,081.00 |
| TOTAL | 803,436.64 | 103,586.91 | 7,915.33 | 899,073.22 | 617,028.47 | 71,260.15 | 6,605.17 | 681,681.45 | 1,583.49 | 164.68 | 25.58 | 1,722.60 | 215,673.15 | |
| Previous Year | 705,766.12 | 99,272.62 | 5,602.10 | 803,436.64 | 554,173.30 | 67,721.82 | 4,866.65 | 617,028.47 | 1,140.32 | 587.79 | 144.62 | 1,583.49 | | 184,815.68 |
| Share in Joint Ventures | 60,000.29 | 3,375.52 | 616.71 | 62,794.08 | 37,305.40 | 7,024.81 | 590.85 | 43,789.36 | 125.32 | 93.20 | – | 182.02 | 18,862.29 | |
| Previous Year | 34,887.74 | 25,557.81 | 225.06 | 60,000.29 | 26,338.27 | 11,185.81 | 218.78 | 37,305.40 | 28.61 | 100.71 | – | 129.32 | 22,866.57 | |

\# Vehicles include Survey Ships, Crew Boats, Aircrafts and Helicopters

Notes:

1. Land includes lands in respect of certain projects for which execution of lease/conveyance deeds are in process.
2. Registration of title deeds in respect of certain Buildings is pending execution.
3. Depreciation for the year includes ₹ 6.56 million taken to prior period (Previous Year ₹ 12.34 million).
4. Building includes cost of undivided interest in land.

## 13. Producing Properties

(₹ in million)

| | As at 31st March, 2012 | | As at 31st March, 2011 | |
|---|---|---|---|---|
| **Gross Cost** | | | | |
| **Opening Balance** | 930,522.72 | | 843,112.16 | |
| Transfer from Exploratory Wells-in-Progress | 3,937.08 | | 2,748.48 | |
| Transfer from Development Wells-in-Progress | 42,881.90 | | 37,251.92 | |
| Depreciation on Facilities | 43,138.69 | | 36,389.62 | |
| Increase/(Decrease) in estimated Abandonment costs | (1,358.50) | | 11,018.97 | |
| Other Adjustments | (167.86) | | 1.57 | |
| | | 1,018,952.03 | | 930,522.72 |
| **Less: Depletion & Impairment** | | | | |
| **Depletion** | | | | |
| Opening Balance | 492,073.10 | | 437,698.83 | |
| Depletion for the year | 60,703.45 | | 54,369.72 | |
| Other Adjustments | (147.20) | | 4.55 | |
| | | 552,629.35 | | 492,073.10 |
| **Impairment** | | | | |
| Opening Balance | 2,693.05 | | 2,591.21 | |
| Transfer of Impairment from Development Wells-in-Progress | - | | 0.57 | |
| Impairment provided for the year | 592.35 | | 136.20 | |
| Write back of Impairment | (731.00) | | (34.93) | |
| | | 2,554.40 | | 2,693.05 |
| **NET PRODUCING PROPERTIES** | | 463,768.28 | | 435,756.57 |

14. **Intangible Assets**

(₹ in million)

| Application Software | As at 31st March 2012 | As at 31st March 2011 | Share in Joint Venture As at 31st March 2012 | Share in Joint Venture As at 31st March 2011 |
|---|---|---|---|---|
| **Gross Block** | | | | |
| As at 1st April,2011 | 5,949.34 | 5,751.67 | 46.97 | 37.95 |
| Additions | 91.58 | 215.07 | 52.64 | 9.02 |
| Deletion/Adjustment | (10.16) | 17.40 | | |
| As at 31st March, 2012 | 6,051.08 | 5,949.34 | 99.61 | 46.97 |
| **Depreciation** | | | | |
| As at 1st April,2011 | 4,348.97 | 3,717.55 | 31.75 | 26.94 |
| Additions | 539.57 | 640.63 | 5.23 | 4.81 |
| Deletion/Adjustment | (16.99) | 9.21 | | |
| As at 31st March, 2012 | 4,905.53 | 4,348.97 | 36.98 | 31.75 |
| **Impairment** | | | | |
| As at 1st April,2011 | 21.60 | 21.60 | - | - |
| Additions | 0.67 | - | | |
| Write Back/Adjustment | - | - | | |
| As at 31st March, 2012 | 22.27 | 21.60 | - | |
| **Net Block** | | | | |
| As at 31st March, 2012 | 1,123.28 | 1,578.77 | 62.63 | 15.22 |

15. **Capital Works in Progress**

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| Buildings | 3,511.23 | | 1,630.30 | |
| Plant and Machinery (Note-15.1) | 178,867.15 | | 137,792.28 | |
| Capital Stores (including in transit) | 1,991.44 | | 1,550.57 | |
| **Less:** Provision for Non-Moving Items | 93.36 | | 49.27 | |
| TOTAL | | 184,276.46 | | 140,923.88 |
| **Less: Impairment** | | | | |
| Opening Balance | 1,154.86 | | 958.16 | |
| Provided for the year | 165.21 | | 553.14 | |
| Transfer to Fixed Assets | (1.78) | | (355.48) | |
| Write back of Impairment | (22.39) | | (0.96) | |
| TOTAL | | 1,295.90 | | 1,154.86 |
| NET CAPITAL WORKS-IN-PROGRESS | | 182,980.56 | | 139,769.02 |

15.1 Plant & Machinery includes an amount of ₹ 8,159.95 million (Previous Year ₹ 7,841.69 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 which is pending due to non receipt of approval for allocation of gas from Ministry of Petroleum and Natural Gas (MoP&NG) for swap arrangement through GAIL.

## 16. Exploratory/Development Wells in Progress

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| **A) EXPLORATORY WELLS-IN-PROGRESS** | | | | |
| **Gross Cost** | | | | |
| Opening Balance | | 66,111.32 | | 47,092.59 |
| Expenditure during the year | 81,685.87 | | 82,616.43 | |
| Less: Sale proceeds of Oil and Gas (Net of levies) | 296.84 | | 369.82 | |
| | | 81,389.03 | | 82,246.61 |
| Depreciation during the year | | 4,844.42 | | 5,415.22 |
| | | 152,344.77 | | 134,754.42 |
| Less: | | | | |
| Transfer to Producing Properties | 3,937.08 | | 2,748.48 | |
| Wells written off during the year | 80,942.73 | | 65,912.75 | |
| Other adjustments | 21.31 | | (18.13) | |
| | | 84,901.12 | | 68,643.10 |
| | | 67,443.65 | | 66,111.32 |
| Less: Provision for Exploratory Wells (Note-16.1) | | 9,412.08 | | 9,401.34 |
| EXPLORATORY WELLS-IN-PROGRESS | | 58,031.57 | | 56,709.98 |
| **B) DEVELOPMENT WELLS-IN-PROGRESS** | | | | |
| Opening Balance | 21,062.02 | | 17,842.78 | |
| Expenditure during the year | 40,216.51 | | 35,126.53 | |
| Depreciation during the year | 9,644.88 | | 5,344.63 | |
| Less: Transfer to Producing Properties | 42,881.90 | | 37,251.92 | |
| | | 28,041.51 | | 21,062.02 |
| Less: Impairment | | | | |
| Opening Balance | 299.88 | | 54.87 | |
| Provision for the year | 9.91 | | 247.60 | |
| Transfer to Producing Properties | - | | (0.57) | |
| Write back during the year | (49.05) | | (2.02) | |
| | | 260.74 | | 299.88 |
| DEVELOPMENT WELLS-IN-PROGRESS | | 27,780.77 | | 20,762.14 |
| EXPLORATORY/DEVELOPMENT WELLS-IN-PROGRESS (A+B) | | 85,812.34 | | 77,472.12 |

16.1 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 capitalized 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 had been submitted on 21.12.2009 for Southern Discovery Area and on 15.07.2010 for Northern Discovery Area to Management Committee (MC) for review. There is no significant change in the status of this block during the current year. Pending final decision on the DOC by the MC, as a matter of abundant caution, the Company has made a provision of ₹ 9,412.09 million (including provisions created in earlier years ₹ 9,401.34) towards exploratory wells which are more than two years old from the date of completion of drilling.

16.2 As per the Production Sharing Contracts signed by the Company with the GoI, the Company is required to complete Minimum Work Programme (MWP) within stipulated time. In case of delay in completion of the MWP, Liquidated Damages (LD) is payable for extension of time to complete MWP. Further, in case the Company does not complete MWP or surrender the block without completing the MWP, the estimated cost of completing balance work programme is required to be paid to the GoI. LD amounting to ₹ 870.42 million (Previous Year ₹ 113.72 million) and cost of unfinished MWP ₹ 146.57 million (Previous Year ₹ 919.81 million) paid/payable to the GoI is included in survey and wells written off expenditure

## 17. Non Current Investments

(₹ in million)

| | No. of Shares/ Bonds/Units | Face Value per Share/ Bond/ Unit in (₹) | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|---|---|
| **A. TRADE INVESTMENTS** | | | | | | |
| **Investment in Equity Instruments** | | | | | | |
| **(i) Investment in Subsidiaries** | | | | | | |
| (a) ONGC Videsh Ltd. -(Unquoted) | 100,000,000 | 100 | 10,000.00 | | 10,000.00 | |
| (b) Mangalore Refinery and Petrochemicals Ltd. (Quoted) | 1,255,354,097 | 10 | 10,405.73 | | 10,405.73 | |
| | | | | 20,405.73 | | 20,405.73 |
| **(ii) Investment in Associates** | | | | | | |
| (a) Pawan Hans Helicopter Limited- (Unquoted) | 120,350 | 10,000 | | 1,203.50 | | 1,203.5 |
| **(iii) Investment in Joint Venture Companies** | | | | | | |
| **Unquoted** | | | | | | |
| (a) Petronet MHB Limited. | 157,840,000 | 10 | 1,578.41 | | 1,578.41 | |
| **Less :-** Provision for Dimunition | | | 375.68 | | 480.67 | |
| | | | 1,202.73 | | 1,097.74 | |
| (b) Mangalore SEZ Limited. | 13,000,000 | 10 | 130.00 | | 130.00 | |
| (c) ONGC Mangalore Petrochemicals Ltd. | 23,000 | 10 | 0.23 | | 0.23 | |
| (d) ONGC Petro Additions Ltd. | 20,987 | 10 | 0.21 | | 0.21 | |
| (e) ONGC Teri Biotech Ltd. | 24,990 | 10 | 0.25 | | 0.25 | |
| (f) ONGC Tripura Power Company Ltd. | | | | | | |
| - Fully Paid | 62,000 | 10 | 0.62 | | 0.62 | |
| - Partly Paid (₹ 5 per share) | 267,438,000 | 10 | 1,337.19 | | 1,337.19 | |
| (g) Dahej SEZ Limited | 23,024,800 (24,800) | 10 | 230.15 | | 0.25 | |
| **Quoted** | | | | | | |
| Petronet LNG Limited. (Quoted) | 93,750,000 | 10 | 987.50 | | 987.50 | |
| | | | | 3,888.88 | | 3,553.99 |
| **(iv) Investment in Others** | | | | | | |
| (a) Indian Oil Corporation Limited- (Quoted) | 212,906,190 | 10 | 13,720.49 | | 13,720.49 | |
| (b) GAIL (India) Limited (Quoted) | 61,259,323 | 10 | 2,451.06 | | 2,451.06 | |
| (c) Oil Spill Response Ltd. (Note-17.1) | 100 | | 0.01 | | 0.01 | |
| | | | | 16,171.56 | | 16,171.56 |
| **Total (A)** | | | | 41,669.67 | | 41,334.78 |
| **B. NON-TRADE INVESTMENTS** | | | | | | |
| **Investment in Oil Companies' Bonds (Unquoted)** | | | | | | |
| (a) 7% GoI Special Bonds 2012 (Note 17.2) | 851,907 | 10,000 | - | | 8,519.07 | |
| (b) 8.40% GoI Special Bonds 2025 | 197,370 | 10,000 | 1,973.70 | | 1,973.70 | |
| **Total (B)** | | | | 1,973.70 | | 10,492.77 |
| **Total Non-current Investment (A+B)** | | | | 43,643.37 | | 51,827.45 |
| **Total Quoted Investments** | | | | 27,564.78 | | 27,564.78 |
| **Total Unquoted Investments** | | | | 16,454.27 | | 24,743.34 |
| **Less:- Total Provision for Dimunition** | | | | 375.68 | | 480.67 |
| | | | | 43,643.37 | | 51,827.45 |
| **Total Market Value of Quoted Investment** | | | | 180,349.11 | | 191,679.24 |

17.1 GBP one each, total value ₹ 6,885/-

17.2 Since the Bond is maturing in September 2012, the same has been shown under Current Investment.

## 18. Long-Term Loans and Advances

(₹ in million)

| | | As at 31[st] March, 2012 | | As at 31[st] March, 2011 |
|---|---|---|---|---|
| (Unsecured, considered good unless otherwise stated) | | | | |
| Capital Advances | | 16.57 | | 546.67 |
| Deposits | | | | |
| With Customs/Port Trusts etc. | 20.10 | | 24.32 | |
| Security Deposits | 92.78 | | 151.21 | |
| Others | 4,506.16 | | 4,439.91 | |
| | 4,619.04 | | 4,615.44 | |
| Less: Provision for Doubtful Deposits | 55.65 | | 37.33 | |
| | | 4,563.39 | | 4,578.11 |
| Loans & Advances to Subsidiaries | | 197,855.44 | | 179,986.16 |
| Loans to Public Sector Undertakings | | | | |
| - Considered Good | – | | 82.63 | |
| - Considered Doubtful | 240.50 | | 240.50 | |
| Less: Provision for Doubtful Loan | 240.50 | | 240.50 | |
| | | – | | 82.63 |
| Loans & Advances to Associates (Secured) | | 1,042.78 | | 551.63 |
| Advances to Related Party against Equity pending allotment (Note- 39.3.1) | | 20,136.63 | | 20,136.63 |
| Loans and Advances to Employees (Note-18.1) | | | | |
| - Secured and Considered Good | 6,729.25 | | 6,200.55 | |
| - Unsecured and Considered Good | 507.08 | | 441.35 | |
| - Unsecured and Considered Doubtful | 14.18 | | 11.58 | |
| Less: Provision for Doubtful Loan/Advances | 14.18 | | 11.58 | |
| | | 7,236.33 | | 6,641.90 |
| Advance Recoverable in Cash or in kind | | | | |
| - Considered Good | 3,619.55 | | 3,600.03 | |
| - Considered Doubtful (Note-18.2) | 18,387.70 | | 16,600.94 | |
| Less: Provision for Doubtful Claims/Advances | 18,387.70 | | 16,600.94 | |
| | | 3,619.55 | | 3,600.03 |
| Advance Payment of Tax | 348,670.12 | | 322,153.33 | |
| Less: Provision for taxation (Note-18.3) | 328,642.73 | | 298,338.55 | |
| | | 20,027.39 | | 23,814.78 |
| TOTAL | | 254,498.08 | | 239,938.54 |

18.1 Loans and advances to employees include an amount of ₹ 0.11 million (Previous Year ₹ 0.15 million) outstanding from whole time directors.

18.2 In Ravva Joint Venture, the demand towards additional profit petroleum raised by the Government of India (GoI), due to differences in interpretation of the provisions of the Production Sharing Contract 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 Pvt. 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 GoI in earlier years and the amount of provision outstanding as on 31[st] March, 2012 is ₹ 8,580.22 million (equivalent to USD 167.84 million) after adjustments for interest and exchange rate fluctuations. The GoI had recovered the above amount [including interest thereon USD 54.88 million (₹ 2,829.86 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[st] March, 2012.

In subsequent legal proceedings, The Appellate Authority of the Honourable 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 GoI has preferred an appeal before the Federal Court of Malaysia. During the year, The Federal Court of Malaysia, vide its order dated 11[th] October, 2011, has dismissed the said appeal of the GoI.

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[th] January, 2012 received, MoP&NG expressed the view that ONGC's proposal would be examined when the issue of ONGC carried 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 31st March, 2012.

18.3 The Finance (No.2) Act, 2009, has specified the definition of "undertaking" for the purpose of claiming tax holiday under section 80-IB(9) of Income Tax Act, 1961 to be 'all blocks licensed under a single contract' retrospectively whereas the company had earlier considered each 'Well' as an undertaking. Since the amendment still requires clarity on various issues and also considering the advice of legal experts, the company continued to make provision for tax without considering the benefit under section 80-IB(9).

## 19. Deposit under Site Restoration Fund Scheme:

A sum of ₹ 91,825.72 million till 31.03.2012 (previous year ₹ 81,155.06 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)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| (Unsecured and Considered Good unless otherwise stated) | | | | |
| A. Trade Receivables | | | | |
| - Considered Good | - | | - | |
| - Considered Doubtful | 5,595.34 | | 3,678.59 | |
| Less: Provision for doubtful receivables | 5,595.34 | | 3,678.59 | |
| | | - | | - |
| B. Other Receivables | | | | |
| - Considered Good | 42.30 | | 65.30 | |
| - Considered Doubtful | 535.90 | | 575.13 | |
| Less: Provision for doubtful receivables | 535.90 | | 575.13 | |
| | | 42.30 | | 65.30 |
| C. Interest Accrued | | | | |
| - On Investments | 0.02 | | - | |
| - On Deposits | 16.08 | | 12.94 | |
| - On Loans & Advances | 293.69 | | 279.25 | |
| - On Employee Loans and Advances (Secured) | 2,654.96 | | 2,610.98 | |
| Less: Provision for Interest Accrued | 24.20 | | 27.05 | |
| | | 2,940.55 | | 2,876.13 |
| D. Deferred Revenue Expenditure | | | | |
| - Dry Docking Charges | 8,451.33 | | 4,715.98 | |
| - Mobilisation Charges | 667.96 | | 966.93 | |
| | | 9,119.29 | | 5,682.91 |
| Total Other Non-current Assets | | 12,102.14 | | 8,624.34 |

## 21. Current Investments

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| Non Trade - Unquoted | | |
| Current Maturities of Long Term Investment | | |
| 7 % Government of India Special Bonds 2012 (Note 17.2) | 8,519.07 | - |
| 12% UP State Development Loan-2011 | - | 0.50 |
| TOTAL | 8,519.07 | 0.50 |

22. **Inventories**

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| Raw Materials-Condensate | | 5.86 | | 4.82 |
| Finished Goods (Including Carbon Credits) | | 7,809.49 | | 6,895.55 |
| Traded Goods | | 1.15 | | 1.65 |
| **Stores and spare parts** | | | | |
| - on hand | 41,068.05 | | 35,247.91 | |
| - in transit (including inter-project transfers) | 6,268.42 | | 2,509.78 | |
| | 47,336.47 | | 37,757.69 | |
| **Less:** Provision for non-moving | 3,681.52 | | 3,589.65 | |
| | | 43,654.95 | | 34,168.04 |
| Unserviceable Items | | 182.90 | | 119.78 |
| TOTAL | | 51,654.35 | | 41,189.84 |

23. **Trade Receivables**

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| **(Unsecured, Considered Good unless otherwise stated)** | | |
| - Outstanding for a period exceeding six months from the due date | 2,715.37 | 1,488.94 |
| - Others | 59,232.79 | 38,457.85 |
| TOTAL | 61,948.16 | 39,946.79 |

24. **Cash & Cash Equivalents**

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| **Balances with Banks** | 1,613.76 | 3,336.30 |
| **Cash on Hand** | 8.42 | 6.37 |
| Short Term Investment in Mutual Funds | - | 1,600.43 |
| **Bank Deposits (Note-24.1)** | 199,367.72 | 139,744.94 |
| Unclaimed Dividend Account (Note-24.2) | 255.75 | 222.85 |
| TOTAL | 201,245.65 | 144,910.89 |

24.1 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. Fixed deposits of ₹ 52,380.00 million (Previous Year Nil) have been pledged to Banks against Short term loan taken from Banks.

24.2 Amount deposited in unclaimed dividend account is earmarked for payment of dividend and cannot be used for any other purpose.

25. **Short Term Loans and Advances**

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| **(Unsecured and Considered Good unless otherwise stated)** | | | | |
| **Deposits** | | | | |
| With Customs/Port Trusts etc. | 30.24 | | 4.62 | |
| Security Deposits | 8.73 | | 0.74 | |
| Others | 1,597.90 | | 957.56 | |
| | | 1,636.87 | | 962.92 |
| Loan & Advances to Associates (Secured) | | 275.46 | | 234.09 |
| Loan & Advances to Subsidiaries | | 3,600.00 | | 3,600.00 |
| Receivable from Subsidiaries | | 1,063.48 | | 533.06 |
| Loans to Public Sector Undertakings | | 83.03 | | 361.34 |
| **Loans and Advances to Employees (Note 25.1)** | | | | |
| Secured and Considered good | 1,738.22 | | 1,521.21 | |
| Unsecured and Considered good | 266.64 | | 376.09 | |
| | | 2,004.86 | | 1,897.30 |
| Advance Recoverable in Cash or in kind or for value to be received (Note25.2) | | 22,572.38 | | 19,145.15 |
| TOTAL | | 31,237.08 | | 26,733.86 |

25.1 Loans and advances to employees include an amount of ₹ 0.24 million (Previous Year ₹ 0.11 million) outstanding from whole time directors.

25.2 During the financial year 2010-11, the Oil Marketing Companies, nominees of the GoI recovered USD 32.07 million (₹ 1,639.55 million), ONGC's share as per directives of the GoI 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 GoI. BGEPIL along with RIL ("Claimants") have served a notice of arbitration on the GoI in respect of dispute, differences and claims arisen in connection with the term of Panna, Mukta 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 PSCs. 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 PSCs. 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 PSCs. Pending final arbitral award, the same has been shown as Receivable from the GoI under 'Advance Recoverable in Cash or in kind'.

26. **Other Current Assets**

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| **Secured and considered good** | | | | |
| Interest on Loans to Associates | 12.78 | | 6.49 | |
| Interest accrued on Employee Loans and Advances | 28.15 | | 19.33 | |
| | | 40.93 | | 25.82 |
| **Unsecured and considered good** | | | | |
| **Interest Accrued** | | | | |
| - On Investments | 37.83 | | 37.85 | |
| - On Deposits | 8,257.92 | | 3,967.13 | |
| - On Loans & Advances | 144.01 | | 148.81 | |
| | | 8,439.76 | | 4,153.79 |
| **Deferred Revenue Expenditure** | | | | |
| - Dry Docking Charges | 1,891.35 | | 1,401.61 | |
| - Mobilisation Charges | 715.41 | | 875.73 | |
| | | 2,606.76 | | 2,277.34 |
| **Other Current Assets** | | 152.37 | | 96.71 |
| TOTAL | | 11,239.82 | | 6,553.66 |

27. **Revenue From Operations**

(₹ in million)

| | | 2011-12 | | 2010-11 |
|---|---|---|---|---|
| **A. Sale of Products** | | | | |
| **Own Products** | 789,516.42 | | 677,194.09 | |
| **Less:** Transfer to Exploratory Wells in Progress | 364.77 | | 472.11 | |
| **Less:** Government of India's (GoI's) share in Profit Petroleum | 27,894.84 | | 15,344.76 | |
| | 761,256.81 | | 661,377.22 | |
| **Traded Products** | 33.99 | | 171.55 | |
| | | 761,290.80 | | 661,548.77 |
| **B. Other Operating Revenue** | | | | |
| Contractual Short Lifted Gas Receipts | 70.44 | | 68.89 | |
| Pipeline Transportation Receipts | 876.49 | | 871.32 | |
| North-East Gas Subsidy (Note 27.3) | 2,007.09 | | 1,558.41 | |
| Surplus from Gas Pool Account (Note 27.4) | 3,946.33 | | 21,914.90 | |
| Production Bonus | 130.16 | | 148.81 | |
| Processing Charges | 549.28 | | 376.91 | |
| | | 7,579.79 | | 24,939.24 |
| TOTAL | | 768,870.59 | | 686,488.01 |

27.1 New Crude Oil Sales Agreements (COSAs), with Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL), have been signed on 5th January, 2012 and 12th April, 2012 respectively. Since, the new COSA is made effective from 1st April, 2010, necessary adjustments amounting to ₹ 173.40 million considering revised crude prices for supplies made to BPCL and HPCL Refineries w.e.f 1st April, 2010 have been made in the accounts of 2011-12.

27.2 Sales revenue in respect of Crude Oil supplied to other refineries (other than BPCL and HPCL) is based on the pricing formula agreed with the refineries in terms of erstwhile MoU. For crude oil produced in Assam, sales revenue is based on the pricing formula provided by MoP&NG. COSA with Indian Oil Corporation Limited (IOCL) is under finalization stage, with proposed effective dates of 1st April, 2010. As IOC is making the payment as per initialed COSA, further provision amounting to ₹ 2,010.70 million (Previous Year ₹1,075.10 million) has been made during the year. Provision made till 31st March, 2012 is ₹ 3,085.80 million (Previous Year ₹ 1,075.10 million).

27.3 Sales revenue of Natural Gas is based on producer price fixed by the GoI vide letter dated 31.05.2010 in respect of APM gas produced by National Oil Companies (NOCs) at US$ 4.2/mmbtu inclusive of royalty effective from 01.06.2010. For APM consumers, except for consumers in North Eastern states, the consumer price is same as producer price, i.e. US$ 4.2/ mmbtu inclusive of royalty. For APM consumers in North-East, consumer price is 60% of the producer price, i.e., US$ 2.52/ mmbtu inclusive of royalty and the difference between producer price and consumer price is paid to the company through the GoI Budget and shown as 'North-East Gas Subsidy'.

27.4 The company is supplying majority of Natural gas to GAIL (India) Limited 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 India Limited (OIL) in accordance with their contribution. Based on the details received from GAIL, an amount of ₹ 3,946.33 million (Previous Year ₹ 21,914.90 million) has been considered as 'Surplus from Gas Pool Account'.

27.5. 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 2011-12 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), Ministry of Petroleum and Natural Gas (MoP&NG). The impact of discount is as under:

(₹ in million)

| Decrease in | For the year 2011-12 | For the year 2010-11 |
|---|---|---|
| Gross Revenue | 444,656.08 | 248,924.30 |
| Less: Value Added Tax (VAT) | 13,533.22 | 6,159.47 |
| Sales Revenue | 431,122.86 | 242,764.83 |
| Less: Statutory Levies | 53,135.43 | 29,418.00 |
| Profit Before Tax | 377,987.43 | 213,346.83 |

27.6. **Quantitative Details of Sales Revenue**

| Product | Unit | 2011-12 | | | 2010-11 | | |
|---|---|---|---|---|---|---|---|
| | | Quantity | Value (₹ in million) | | Quantity | Value (₹ in million) | |
| **Crude Oil*** | MT | 23,087,339 | 530,371.85 | | 22,943,956 | 461,251.26 | |
| Less: From Exploratory areas | | 8,554 | 171.99 | | 17,033 | 226.13 | |
| Less: Government of India's share in Profit Petroleum | | | 22,327.27 | 507,872.59 | | 12,380.37 | 448,644.76 |
| **Natural Gas*** | 000M³ | 20,202,370 | 147,156.80 | | 20,287,778 | 130,754.80 | |
| Less: From Exploratory areas | | 38,101 | 192.78 | | 36,767 | 245.98 | |
| Less: Government of India's share in Profit Petroleum | | | 5,567.56 | 141,396.46 | | 2,964.39 | 127,544.43 |
| Liquified Petroleum Gas | MT | 1,033,448 | | 23,710.80 | 1,057,266 | | 18,368.49 |
| Naphtha | MT | 1,537,018 | | 72,156.80 | 1,600,396 | | 56,342.30 |
| Ethane/Propane | MT | 460,513 | | 12,741.35 | 387,088 | | 8,795.78 |
| Superior Kerosene Oil | MT | 79,831 | | 1,819.83 | 118,074 | | 678.80 |
| Low Sulphur Heavy Stock | MT | 31,119 | | 1,250.44 | 16,141 | | 473.42 |
| High Speed Diesel (HSD) | MT | 1,918 | | 99.85 | – | | – |
| HSD Incl. ULS HSD (Trading) | KL | 65 | | 3.17 | 3,268 | | 134.45 |
| Motor Spirit (Trading) | KL | 428 | | 30.48 | 625 | | 36.46 |
| Aviation Turbine Fuel (ATF) | MT | 7,873 | | 436.39 | 13,504 | | 627.21 |
| Liquid Diesel Oil | MT | – | | – | 53 | | 2.03 |
| Mineral Turpentine Oil | MT | 811 | | 47.48 | – | | – |
| Others | | | | 14.96 | | | 0.62 |
| TOTAL | | | | 761,290.80 | | | 661,548.77 |

*Quantity includes share from Joint Venture

28. **Other Income**

(₹ in million)

| | 2011-12 | | 2010-11 | |
|---|---|---|---|---|
| **Interest Income** | | | | |
| **Interest on Long Term Investments** | 762.16 | | 762.19 | |
| **Deposits with Banks/PSUs** (Tax deducted at source ₹ 2,529.61 million. Previous Year ₹ 988.07 million) | 20,077.90 | | 10,563.89 | |
| **Loans and Advances to Subsidiaries** (Tax deducted at source ₹ 128.22 million Previous Year ₹ 75.60 million) | 1,282.24 | | 756.00 | |
| **Loans and Advances to Employees** | 390.69 | | 363.44 | |
| **Income Tax Refund** | 376.94 | | 48.99 | |
| **Site Restoration Fund Deposit** | 7,772.30 | | 6,491.31 | |
| **Delayed Payment from Customers and Others** (Tax deducted at source ₹ 12.35 million Previous Year ₹ 41.09 million) | 453.33 | 31,115.56 | 665.91 | 19,671.73 |
| **Dividend Income** | | | | |
| From subsidiaries | 1,506.42 | | 1,506.42 | |
| Long Term Investments | 2,730.81 | | 3,391.30 | |
| Short Term -Debt Mutual Funds | 1,028.61 | | 629.99 | |
| | | 5,265.84 | | 5,527.71 |
| **Other Non Operating Income** | | | | |
| Excess Provisions written back | 357.19 | | 493.47 | |
| Liabilities no longer required written back | 1,951.63 | | 727.89 | |
| Exchange Gain (Net) | – | | 162.11 | |
| Contractual Receipts | 494.17 | | 447.57 | |
| Miscellaneous Receipts | 5,335.38 | | 7,047.98 | |
| | | 8,148.37 | | 8,889.02 |
| TOTAL | | 44,529.77 | | 34,088.46 |

**29. (Increase)/Decrease in Inventories**

(₹ in million)

| | 2011-12 | 2010-11 |
|---|---|---|
| Closing Stock- Finished Goods and Stock in Trade | 7,810.64 | 6,897.20 |
| Opening Stock- Finished Goods and Stock in Trade | 6,897.20 | 6,768.09 |
| **NET (INCREASE)/DECREASE IN STOCK** | **(913.44)** | **(129.11)** |

**29.1. Opening and Closing Stock of goods produced:**

| Product | Unit | 31.03.2012 Quantity | 31.03.2012 Value (₹ in million) | 31.03.2011 Quantity | 31.03.2011 Value (₹ in million) |
|---|---|---|---|---|---|
| **(A) Opening stock** | | | | | |
| Crude Oil | MT | 990,073 | 6,298.99 | 1,025,390 | 6,244.55 |
| Liquefied Petroleum Gas | MT | 5,915 | 33.99 | 7,061 | 32.90 |
| Naphtha | MT | 80,107 | 505.91 | 110,814 | 418.23 |
| Ethane/Propane | MT | 404 | 4.28 | 838 | 7.00 |
| Superior Kerosene Oil | MT | 6,422 | 2.32 | 8,540 | 32.11 |
| Aviation Turbine Fuel | MT | 859 | 5.98 | 915 | 5.03 |
| Low Sulphur Heavy Stock | MT | 681 | 6.48 | 844 | 5.92 |
| High Speed Diesel | MT | 3,703 | 35.85 | 1,855 | 19.03 |
| Propane | MT | 118 | 0.40 | 82 | 0.13 |
| High Speed Diesel * | KL | 28 | 1.01 | 52 | 1.64 |
| Motor Spirit* | KL | 9 | 0.64 | 13 | 0.56 |
| Carbon Credits | Units | 10,508 | 0.58 | 10,508 | 0.56 |
| Others | | | 0.81 | | 0.44 |
| TOTAL (A) | | | 6,897.20 | | 6,768.09 |
| **(B) Closing stock** | | | | | |
| Crude Oil | MT | 1,013,741 | 7371.18 | 990,073 | 6,298.99 |
| Liquefied Petroleum Gas | MT | 11,897 | 74.44 | 5,915 | 33.99 |
| Naphtha | MT | 75,868 | 294.64 | 80,107 | 505.91 |
| Ethane/Propane | MT | 586 | 8.47 | 404 | 4.28 |
| Superior Kerosene Oil | MT | 6,765 | 1.89 | 6,422 | 2.32 |
| Aviation Turbine Fuel | MT | 1,192 | 9.08 | 859 | 5.98 |
| Low Sulphur Heavy Stock | MT | 456 | 7.31 | 681 | 6.48 |
| High Speed Diesel | MT | 4,102 | 25.79 | 3,703 | 35.85 |
| Propane | MT | 126 | 0.43 | 118 | 0.40 |
| Mineral Turpentine Oil | MT | 76.14 | 1.35 | 0 | 0.00 |
| High Speed Diesel * | KL | 15 | 0.82 | 28 | 1.01 |
| Motor Spirit* | KL | 8 | 0.53 | 9 | 0.64 |
| Carbon Credits | Units | 10,508 | 0.58 | 10,508 | 0.58 |
| Others | | | 14.60 | | 0.81 |
| TOTAL (B) | | | 7,810.64 | | 6,897.20 |

* Purchased for trading

Waste water treatment plant

30. Production, Transportation, Selling and Distribution Expenditure

(₹ in million)

| | 2011-12 | 2010-11 |
|---|---|---|
| Royalty | 97,745.16 | 71,372.91 |
| Cess | 57,830.85 | 56,962.72 |
| Natural Calamity Contingent Duty | 1,097.27 | 1,113.96 |
| Excise Duty on stock (Net) (Note-30.1) | (121.84) | 128.63 |
| Sales Tax | 3,339.24 | 3,112.62 |
| Service Tax | 236.08 | 226.65 |
| Education cess | 1,871.44 | 1,828.44 |
| Octroi and Port Trust Charges | 4,184.36 | 4,522.45 |
| Staff Expenditure | 13,094.80 | 13,031.25 |
| Work over Operations | 23,955.18 | 27,851.95 |
| Water Injection, Desalting and Demulsification | 12,113.51 | 12,710.45 |
| Consumption of Stores and Spares | 3,725.61 | 3,409.06 |
| Consumption of Raw Materials | 2,810.98 | 2,805.57 |
| Pollution Control | 4,947.90 | 5,095.87 |
| Transport Expenses | 3,948.12 | 4,016.56 |
| Insurance | 1,063.57 | 988.43 |
| Power and Fuel | 1,578.58 | 1,425.66 |
| Repairs and Maintenance | 7,614.19 | 8,466.98 |
| Contractual payments including Hire charges etc. | 8,031.30 | 7,890.12 |
| Other Production Expenditure | 8,010.76 | 5,423.70 |
| Transportation and Freight of Products | 10,001.94 | 9,573.95 |
| Research and Development | 3,238.11 | 3,582.44 |
| General Administrative Expenses | 22,867.39 | 21,821.51 |
| Exchange Loss (Net) | 3,612.64 | - |
| Other Expenditure | 7,108.10 | 7,964.73 |
| TOTAL | 303,906.04 | 275,326.01 |

30.1 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.

Expertise in R&D: Geoscientist at Institute of Reservoir Studies (IRS), Ahmedabad

## 30.2. Details of Nature wise Expenditure

(₹ in million)

| | | 2011-12 | | 2010-11 |
|---|---|---|---|---|
| **Manpower Cost:** | | | | |
| (a) Salaries, Wages, Ex-gratia etc. | 51,652.81 | | 50,201.34 | |
| (b) Contribution to Provident and other funds | 3,301.93 | | 3,283.69 | |
| (c) Provision for gratuity | 608.24 | | 1,524.47 | |
| (d) Provision for leave | 4,139.98 | | 4,538.90 | |
| (e) Provision for Post Retirement Medical & Terminal Benefits | 2,796.45 | | 2,830.33 | |
| (f) Staff welfare expenses | 5,481.07 | | 4,903.42 | |
| **Sub Total:** | | 67,980.48 | | 67,282.15 |
| Consumption of Raw materials, Stores and Spares | | 24,484.08 | | 27,768.48 |
| Cess | | 57,830.85 | | 56,962.72 |
| Natural Calamity Contingent Duty | | 1,097.27 | | 1,113.96 |
| Excise Duty | | 3,598.63 | | 3,228.48 |
| Royalty | | 87,746.47 | | 71,358.86 |
| Sales Tax | | 3,339.24 | | 3,112.62 |
| Octroi/BPT | | 4,719.08 | | 5,104.68 |
| Service Tax | | 270.72 | | 227.48 |
| Education cess | | 1,871.42 | | 1,828.44 |
| Rent | | 2,158.74 | | 2,219.82 |
| Rates and taxes | | 1,485.89 | | 1,774.64 |
| Hire charges of equipments and vehicles | | 112,771.78 | | 111,082.36 |
| Power, fuel and water charges | | 3,181.77 | | 2,856.03 |
| Contractual drilling, logging, workover etc. | | 168,173.58 | | 157,849.02 |
| Contractual security | | 2,915.49 | | 2,843.05 |
| Repairs to building | | 797.31 | | 1,895.72 |
| Repairs to plant and machinery | | 2,657.55 | | 2,225.57 |
| Other repairs | | 3,546.40 | | 4,746.54 |
| Insurance | | 2,406.39 | | 2,180.54 |
| Expenditure on Tour / Travel | | 2,849.23 | | 2,687.83 |
| Contribution | | 1,855.97 | | 1,521.32 |
| Exchange Loss (Net) | | 3,612.64 | | – |
| Miscellaneous expenditure | | 15,381.50 | | 6,440.42 |
| | | 586,707.29 | | 538,318.70 |
| **Less:** | | | | |
| Allocated to exploration, development drilling, capital jobs, recoverables etc. | | 278,988.22 | | 259,891.58 |
| Excise duty adjusted against sales revenue | | 3,719.65 | | 3,098.80 |
| Prior Period Adjustment | | 93.38 | | (6.29) |
| **Production, Transportation, Selling and Distribution Expenditure** | | 303,906.04 | | 275,326.61 |

## 30.3. The above includes Auditor's Remuneration as under:

(₹ in million)

| | 2011-12 | 2010-11 |
|---|---|---|
| Audit Fees | 8.98 | 9.65 |
| For Certification work etc. | 7.22 | 6.20 |
| Travelling and Out of Pocket Expenses | 13.87 | 9.94 |
| TOTAL | 30.07 | 25.79 |

30.4 The expenditure incurred by various inhouse R&D institutes on scientific research eligible for deduction under Section 35(2AB) of Income Tax Act, 1961 is as under:-

(₹ in million)

| | 2011-12 | 2010-11 |
|---|---|---|
| Capital Expenditure | 164.53 | 124.71 |
| Revenue Expenditure | 3,136.69 | 3,812.57 |

## 31. Depreciation, Depletion, Amortization And Impairment

(₹ in million)

| | | 2011-12 | | 2010-11 |
|---|---|---|---|---|
| **Depletion** | | 60,703.45 | | 54,389.72 |
| **Depreciation** | 71,793.14 | | 68,350.11 | |
| **Less:** Allocated to : | | | | |
| Exploratory Drilling | 4,844.42 | | 5,415.22 | |
| Development Drilling | 9,644.88 | | 5,344.63 | |
| Depreciation on Facilities | 43,136.69 | | 36,389.62 | |
| Others | 16.55 | | 155.68 | |
| | | 14,150.60 | | 21,044.96 |
| **Impairment Loss** | | | | |
| During the year | 932.83 | | 1,534.73 | |
| **Less:** Reversal during the year | 827.73 | | 182.53 | |
| | | 105.10 | | 1,352.20 |
| TOTAL | | 74,959.15 | | 76,786.88 |

## 32. Financing Costs

(₹ in million)

| | 2011-12 | 2010-11 |
|---|---|---|
| **Interest** | | |
| i) On Fixed Loans - Foreign Currency Loans | - | 1.22 |
| ii) On Short Term Loans | 215.37 | 164.90 |
| iv) On Cash Credit | 2.69 | 3.01 |
| iv) Others | 130.24 | 81.94 |
| TOTAL | 348.30 | 251.07 |

## 33. Provisions and Write Offs

(₹ in million)

| | | 2011-12 | | 2010-11 |
|---|---|---|---|---|
| **PROVISIONS** | | | | |
| For Doubtful Debts | | 2,109.94 | | 1,098.85 |
| For Doubtful Claims/Advances | | 658.56 | | 3,721.08 |
| For Dimunition in value of Investment | | (105.60) | | 34.02 |
| For Non-Moving Inventory | | 122.02 | | (111.38) |
| For Others | | 85.70 | | 353.92 |
| **Sub-Total** | | 2,872.22 | | 5,096.47 |
| **WRITE-OFFS** | | | | |
| Disposal/Condemnation of Fixed Assets (Net) | | 82.43 | | 216.76 |
| Claims/Advances | 2.54 | | 8.26 | |
| **Less:** Provision | - | | 8.15 | |
| | | 2.54 | | 0.11 |
| Inventory | | 139.45 | | 96.24 |
| Bad debts | - | | 239.14 | |
| **Less:** Provisions | - | - | 28.64 | |
| | | | | 210.50 |
| Others | | 0.12 | | 494.17 |
| **Sub-Total** | | 224.54 | | 1,017.80 |
| TOTAL | | 3,096.76 | | 6,114.27 |

34. **Adjustments Relating To Prior Period (Net)**

(₹ in million)

| | 2011-12 | 2010-11 |
|---|---|---|
| **A. EXPENDITURE** | | |
| Statutory levies | 1.30 | (15.71) |
| Other production, selling & distribution expenditure | 92.08 | 9.42 |
| Exchange Fluctuation | (12.17) | 166.45 |
| Survey | 61.72 | 41.31 |
| Dry Wells | 28.51 | 115.16 |
| Depletion | - | 4.55 |
| Depreciation | 6.58 | 12.34 |
| **Sub-Total** | 178.02 | 333.52 |
| **B. INCOME** | | |
| Sales | 13.01 | (32.08) |
| Interest -Others | 0.79 | 9.24 |
| Other Income | 259.70 | 20.11 |
| **Sub-Total** | 273.50 | (2.73) |
| **TOTAL** | (95.48) | 336.25 |

35. **Earning per Equity Share**

| | 2011-12 | 2010-11 |
|---|---|---|
| Net Profit after Tax (₹ in million) | 251,229.22 | 189,240.02 |
| Weighted average number of equity shares (No. in million) | 8,555.49 | 8,555.49 |
| **Basic & Diluted earnings per equity share (₹)** | 29.36 | 22.12 |
| Face Value per equity share (₹) | 5.00 | 5.00 |

36. **Disclosure under the Revised Accounting Standard -15 on "Employee Benefits"**

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

36.1.1 **Earned Leave (EL) Benefit:-**

Accrual – 30 days per year

Encashment while in service – 75% of Earned Leave balance subject to a maximum of 90 days per calendar year

Encashment on retirement – maximum 300 days

36.1.2 **Good Health Reward (Half pay leave):-**

Accrual - 20 days per year

Encashment while in service - Nil

Encashment on retirement - 50% of Half Pay Leave balance.

36.1.3 **Gratuity:-**

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

36.1.4 **Post Retirement Medical Benefits:-**

Upon payment of one time prescribed contribution by the employees, full medical benefits on superannuation and on voluntary retirement subject to the completion of minimum 20 years of service and 50 years of age.

36.1.5 **Terminal Benefits:-**

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

36.2 **The amounts recognised in financial statements for defined contribution plans are as under:**

(₹ in million)

| Defined Contribution Plans | Amount recognised during the year | Contribution for Key Management Personnel |
|---|---|---|
| Contributory Provident Fund | 2881.83<br>(2843.12) | 0.94<br>(0.94) |
| Employee Pension Scheme-95 | 210.85<br>(208.96) | 0.01<br>(0.02) |
| Composite Social Security Scheme | 209.25<br>(231.61) | 0.04<br>(0.04) |

36.3 **The amounts recognized in the balance sheet for post employment benefit plans are as under:**

(₹ in million)

| Sl No. | Particulars | Gratuity | Leave | Post Retirement Medical Benefits | Terminal Benefits |
|---|---|---|---|---|---|
| 1 | Present Value of Funded Obligation | 20,534.66<br>(19,674.39) | NA | NA | NA |
| 2 | Present Value of Unfunded Obligation | –<br>(–) | 17,841.28<br>(16,180.23) | 19,203.33<br>(16, 495.66) | 1,152.11<br>(1, 058.67) |
| 3 | Fair Value of Plan Assets | 20,114.96<br>(18,171.17) | NA | NA | NA |
| 4 | Unrecognized Past Service Cost | –<br>(–) | –<br>(–) | –<br>(–) | –<br>(–) |
| 5 | Net Obligation | 419.69<br>(1,503.22) | 17,841.28<br>(16,180.23) | 19,203.33<br>(16, 495.66) | 1,152.11<br>(1, 058.67) |
| 6 | Liability for Retired employees | –<br>(–) | –<br>(–) | –<br>(–) | –<br>(–) |
| 7 | **Total Provision** | **419.69**<br>**(1,503.22)** | **17,841.28**<br>**(16,180.23)** | **19,203.33**<br>**(16,495.66)** | **1,152.11**<br>**(1,058.67)** |

36.4 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).

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

(₹ in million)

| Sl No. | Particulars | Gratuity | Leave | Post Retirement Medical Benefits | Terminal Benefits |
|---|---|---|---|---|---|
| 1 | Opening defined benefit obligation | 19,674.40<br>(17, 772.42) | 16,180.23<br>(13, 740.84) | 16,495.67<br>(14, 077.09) | 1,058.67<br>(642.39) |
| 2 | Current Service Cost | 828.49<br>(803.08) | 776.06<br>(706.90) | 312.84<br>(295.97) | 45.39<br>(42.45) |
| 3 | Past Service Cost | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) |
| 4 | Interest Cost | 1,672.32<br>(1,421.79) | 1,375.32<br>(1, 099.27) | 1,402.13<br>( 1, 126.17) | 89.99<br>(51.39) |
| 5 | Actuarial losses (gains) | -608.94<br>(830.70) | 1,994.54<br>(2, 861.77) | 2,013.66<br>(1, 953.27) | 18.62<br>(353.80) |
| 6 | Exchange differences on foreign plans | -<br>(-) | -<br>(-) | -<br>(-) | -<br>(-) |
| 7 | Benefits paid | 1,031.61<br>(1, 153.59) | 2,484.87<br>(2, 228.57) | 1020.96<br>(956.83) | 60.56<br>(31.36) |
| 8A. | Current Obligation | 20,534.66<br>(19,674.40) | 1,319.01<br>(1,057.18) | 930.32<br>(428.46) | 86.84<br>(72.47) |
| 8B. | Non-Current Obligation | -<br>(-) | 16,522.27<br>(15,123.05) | 18,273.01<br>(16,067.21) | 1,065.27<br>(986.20) |
| | **Total (8A+8B)** | **20,534.66**<br>**(19,674.40)** | **17,841.28**<br>**(16,180.23)** | **19,203.33**<br>**(16,495.67)** | **1,152.11**<br>**(1, 058.67)** |

36.6 The total amount recognized in the financial statements before allocation is as follows:

(₹ in million)

| Sl No. | Particulars | Gratuity | Leave | Post Retirement Medical Benefits | Terminal Benefits |
|---|---|---|---|---|---|
| 1 | Current Service Cost | 828.49<br>(803.08) | 776.06<br>(706.90) | 312.84<br>(295.97) | 45.39<br>(42.45) |
| 2 | Interest on Obligation | 1,672.32<br>(1,421.79) | 1,375.32<br>(1,099.27) | 1,402.13<br>(1,126.17) | 89.99<br>(51.39) |
| 3 | Expected return on plan assets | 1,676.26<br>(1,526.65) | NA | NA | NA |
| 4 | Net actuarial Losses/ (-) Gains recognized in year | -404.86<br>(995.16) | 1,994.54<br>(2,861.78) | 2,013.66<br>(1,953.27) | 18.62<br>(353.80) |
| 5 | Past Service Cost | –<br>(–) | –<br>(–) | –<br>(–) | –<br>(–) |
| 6 | Losses (Gains) on curtailments and settlement | –<br>(–) | –<br>(–) | –<br>(–) | –<br>(–) |
| 7 | Total included in 'employee benefit expense' | 419.69<br>(1,693.38) | 4,145.92<br>(4,667.95) | 3,728.63<br>(3375.40) | 154.00<br>(447.64) |
| 8 | Actual return on plan assets | 1,472.18<br>(1,362.19) | NA | NA | NA |

36.7 **Statement of Reconciliation of balance of Fair Value of Plan Assets in respect of Gratuity:**

(₹ in million)

| Particulars | 2011-12 | 2010-11 |
|---|---|---|
| Fair Value of Plan Asset at Beginning | 18,171.16 | 17,469.42 |
| Expected Return on Plan Assets | 1,676.26 | 1,526.65 |
| Contribution by employer | 1,503.23 | 302.99 |
| Benefits Paid | -1,031.61 | -963.44 |
| Actuarial gain/loss on Plan Assets | -204.08 | -164.46 |
| Fair Value of Plan Asset at the end of the year | 20,114.96 | 18,171.16 |

36.8 **Other disclosures:**

(₹ in million)

| Gratuity | 31-03-12 | 31-03-11 | 31-03-10 | 31-03-09 | 31-03-08 |
|---|---|---|---|---|---|
| Present Value of Funded obligation as at the end of the period | 20,534.65 | 19,674.39 | 17,772.42 | 17,423.08 | 16,318.38 |
| Fair Value of plan assets as at the end of the period | 20,114.96 | 18,171.17 | 17,469.42 | 8,133.78 | 7,466.63 |
| Surplus/(Deficit) | 419.69 | 1,503.22 | 303.00 | 9,289.30 | 8,851.75 |
| Experience Adjustment on plan Liabilities (loss)/gain | 526.08 | -903.84 | -234.16 | 1,265.62 | NA |
| Experience Adjustment on plan Assets (loss)/gain | -217.84 | -118.25 | -176.08 | -12.62 | NA |

Expected Contribution in respect of Gratuity for next year will be ₹ 359.04 million (previous year ₹ 103.57).

(₹ in million)

| Leave Encashment | 31-03-12 | 31-03-11 | 31-03-10 | 31-03-09 | 31-03-08 |
|---|---|---|---|---|---|
| Present Value of Unfunded obligation as at the end of the period | 17,841.28 | 16,180.23 | 13,740.85 | 13,235.47 | 10,861.95 |
| Experience Adjustment on plan Liabilities (-) loss/gain | -2,062.27 | -2,917.77 | -2,440.88 | -850.26 | NA |

(₹ in million)

| Post Retirement Medical Benefits | 31-03-12 | 31-03-11 | 31-03-10 | 31-03-09 | 31-03-08 |
|---|---|---|---|---|---|
| Present Value of Unfunded obligation as at the end of the period | **19,203.33** | 16,495.66 | 14,077.09 | 12,728.86 | 10,699.42 |
| Experience Adjustment on plan Liabilities (-) loss/gain | **-2,072.83** | -2,010.67 | -3,392.32 | -664.33 | NA |

(₹ in million)

| Sensitivity Analysis ( In respect of Post Retirement Medical Benefits) | 31-03-2012 | |
|---|---|---|
| | 1.00 % (+) | 1.00 % (-) |
| Effect on service and interest cost | 252.24 | (190.52) |
| Effect on PBO (Closing) | 2,732.25 | (1,848.44) |

(₹ in million)

| Terminal Benefits | 31-03-12 | 31-03-11 | 31-03-10 | 31-03-09 | 31-03-08 |
|---|---|---|---|---|---|
| Present Value of Unfunded obligation as at the end of the period | **1,152.11** | 1,058.67 | 642.39 | 480.40 | 435.13 |
| Experience Adjustment on plan Liabilities (-)loss/gain | **-23.05** | -356.15 | -132.45 | -7.16 | NA |

36.9 **Investments of Gratuity Trust**

| Particulars | % of Investment as at | |
|---|---|---|
| | As at 31.03.12 | As at 31.03.11 |
| Central Govt. Securities | **31.92** | 30.25 |
| State Govt. Securities | **13.07** | 14.61 |
| PSU Bonds | **29.96** | 29.48 |
| Treasury Bills | **0.58** | 0.07 |
| Insurance Investment | **24.11** | 25.19 |
| Equity Mutual Fund | **0.36** | 0.40 |
| **Total** | **100.00** | **100.00** |

36.10 **Principal actuarial assumption at the balance sheet date (expressed as weighted averages):**

| Sl No. | Particulars | Gratuity | Leave | Post Retirement Medical Benefits | Terminal Benefits |
|---|---|---|---|---|---|
| 1 | Discount rate | 8.5% (8.0%) | 8.5% (8.0%) | 8.5% (8.0%) | 8.5% (8.0%) |
| 2 | Expected return on plan assets | 8.52% (8.59%) | NA | NA | NA |
| 3 | Annual increase in costs | NA | NA | 6.00% (5.5%) | 6.00% (5.5%) |
| 4 | Annual increase in Salary | 6.00% (5.5%) | 6.00% (5.5%) | NA | NA |

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

37. **Disclosure under Accounting Standard-16 on "Borrowing Costs"**

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

38. **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.

39. **Disclosure under Accounting Standard -18 on "Related Party Disclosure"**

39.1. **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 | | |

39.2 **Key Management Personnel:**

**Whole-time Functional Directors:**

i) Shri Sudhir Vasudeva, Chairman and Managing Director from 03.10.2011

ii) Shri A.K. Hazarika, holding additional charge of Chairman and Managing Director up to 02.10.2011

iii) Shri U. N. Bose

iv) Shri D.K.Sarraf up to 15.09.2011

v) Shri S.V Rao

vi) Shri K.S. Jamestin from 25.05.2011

39.3 **Details of Transactions**

39.3.1 Joint Ventures/ Jointly Controlled Entities

(₹ in million)

| Details | 2011-12 | 2010-11 |
|---|---|---|
| **Services Received from :** | | |
| a) ONGC Teri Biotech Limited | **133.67** | 94.51 |
| b) Dahej SEZ Ltd. | **7.38** | 23.92 |
| c) ONGC Mangalore Petrochemicals Limited | **0.02** | 0.04 |
| **Services Provided to :** | | |
| a) ONGC Petro-additions Limited | **81.63** | 128.28 |
| b) ONGC Teri Biotech Limited | **0.04** | 0.81 |
| c) Mangalore SEZ Limited | **-** | 2.46 |
| d) ONGC Tripura Power Co. Limited | **-** | 3.87 |
| **Dividend Income - Petronet LNG Limited** | **187.50** | 164.06 |
| **Advance during Year:** | | |
| a) Dahej SEZ Ltd. | **230.00** | - |
| b) ONGC Petro-additions limited | **-** | 1,852.99 |
| c) ONGC Mangalore Petrochemicals Limited | **-** | 4,830.00 |
| **Amount Receivable:** | | |
| a) ONGC Petro-additions Limited | **55.76** | 29.03 |
| b) ONGC Teri Biotech Limited | **-** | 0.81 |
| c) ONGC Tripura Power Co. Limited | **-** | 0.90 |
| **Amount Payable:** | | |
| a) ONGC Teri Biotech Limited | **107.49** | 47.02 |
| b) ONGC Mangalore Petrochemicals Limited | **0.02** | - |
| c) Dahej SEZ Ltd. | **6.63** | - |
| **Advance towards equity pending allotment :** | | |
| a) ONGC Petro-addition Limited | **9,702.99** | 9,702.99 |
| b) ONGC Tripura Power Co. Limited | **1,233.87** | 1,233.87 |
| c) ONGC Mangalore Petrochemicals Limited | **9,199.77** | 9,199.77 |

39.3.2. Key Management Personnel

(₹ in million)

| Particulars | 2011-12 | 2010-11 |
|---|---|---|
| Remuneration to Directors | 18.79 | 31.06 |
| Amount Receivable | 0.54 | 0.75 |
| Amount Payable | 8.17 | 10.81 |

40. **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 ₹ 799.74 million (Previous year ₹ 749.63 million) had been paid towards cancellable Operating Lease.

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

41.1. **Jointly Controlled Assets**

In respect of certain blocks, the Company's Joint Ventures (JV) with certain corporate bodies have entered into Production Sharing Contracts (PSCs) with the GoI. Details of these blocks and JVs as on 31.03.2012 are as under:

| Sl. No. | Blocks | Company's PI * | Others Partners and their PI in the JV/Operatorship*** |
|---|---|---|---|
| A | **Jointly Operated JVs** | | |
| 1 | Panna, Mukta and Tapti | 40% (40%) | BGEPIL 30%, RIL 30% |
| 2 | AN-DWN-2009/1 | 70% (70%) | OIL 30% |
| B | **ONGC Operated JVs** | | |
| 3 | CB-OS/1 Development Phase | 55.26% (55.26%) | TPL 6.7%, HOEC 38.04% |
| 4 | KG-DWN-98/2 ** | 90% (90%) | CEIL 10% |
| 5 | MN-DWN-98/3 | 60% (60%) | PIBBV 40% |
| 6 | MN-OSN-2000/2 | 40% (40%) | GAIL 20%, IOC 20%, OIL 20% |
| 7 | AA-ONN-2001/2 | 80% (80%) | IOC 20% |
| 8 | AA-ONN-2001/3 | 85% (85%) | OIL 15% |
| 9 | KK-DWN-2002/2 | 80% (80%) | HPCL 20% |
| 10 | KG-DWN-2002/1 | 70% (70%) | OIL 20% , BPRL 10% |
| 11 | MN-DWN-2002/1 | 36% (36%) | OIL 20% , BPRL 10%, ENI 34% |
| 12 | CY-ONN-2002/2 | 60% (60%) | BPRL 40% |
| 13 | AA-ONN-2002/4 | 90% (90%) | OIL 10% |
| 14 | MN-DWN-2002/2** | 100% (75%) | (BGEPIL 25%) |
| 15 | KK-DWN-2004/1 | 45% (45%) | OIL 40%, TATA 15% |
| 16 | CY-DWN-2004/1 | 70% (70%) | GSPC 10%,HPCL 10%, GAIL 10% |
| 17 | CY-DWN-2004/2 | 70% (70%) | GSPC 10%, HPCL 10% , GAIL 10% |
| 18 | CY-DWN-2004/3 | 70% (70%) | GSPC 10%, HPCL 10%, GAIL 10% |
| 19 | CY-DWN-2004/4 | 70% (70%) | GSPC 10% , HPCL 10% GAIL 10% |
| 20 | CY-PR-DWN-2004/1 | 70% (70%) | GSPC 10%, HPCL 10%, GAIL 10% |
| 21 | CY-PR-DWN-2004/2 | 70% (70%) | GSPC 10%,HPCL 10% ,GAIL 10% |
| 22 | KG-DWN-2004/1 | 70% (70%) | GSPC 10%, HPCL 10%, GAIL 10% |
| 23 | KG-DWN-2004/2 | 60% (60%) | GSPC 10%, HPCL 10%, GAIL 10% , BPCL 10% |
| 24 | KG-DWN-2004/3 | 70% (70%) | GSPC 10%, HPCL 10%, GAIL 10% |
| 25 | KG-DWN-2004/5 | 50% (50%) | GSPC 10%, HPCL 10%, GAIL 10%, OIL 10%, BPRL 10% |
| 26 | KG-DWN-2004/6 | 60% (60%) | GSPC 10%, HPCL 10%, GAIL 10% , OIL 10% |

| Sl. No. | Blocks | Company's PI * | Other Partners and their PI in the JV/Operatorship*** |
|---|---|---|---|
| 27 | KG-OSN-2004/1** | 100% (55%) | (BGEPIL 45%) |
| 28 | CB-ONN-2004/1 | 50% (50%) | GSPC 40%, HERA-MEC LTD 10% |
| 29 | CB-ONN-2004/2** | 55% (55%) | GSPC 45% |
| 30 | CB-ONN-2004/3 | 40% (40%) | GSPC 35% , ENSEARCH 25% |
| 31 | CB-ONN-2004/4 | 50% (50%) | GSPC 40% , HERA-MEC LTD 10% |
| 32 | CY-ONN-2004/1 | 80% (80%) | BPRL 20% |
| 33 | CY-ONN-2004/2 | 80% (80%) | BPRL 20% |
| 34 | MB-OSN-2005-1 | 80% (80% ) | GSPC 20% |
| 35 | MB-OSN-2005-5 | 70% (70% ) | GSPC 30% |
| 36 | MB-OSN-2005-6 | 80% (80% ) | GSPC 20% |
| 37 | AN-DWN-2005/1 | 90% (90% ) | OIL 10% |
| 38 | KG-DWN-2005/1 | 70% (70%) | IOC 20%, GSPC 10% |
| 39 | KK-DWN-2005/2 | 90% (90%) | GSPC 10% |
| 40 | KG-OSN-2005/1 | 60% (60%) | HMEL 20%, GSPC 20% |
| 41 | KG-OSN-2005/2 | 80% (80%) | HMEL 20% |
| 42 | Raniganj | 74% (74%) | CIL 26% |
| 43 | Jharia | 90% (90%) | CIL 10% |
| 44 | NK-CBM-2001/1 | 80% (80%) | IOC 20% |
| 45 | BK-CBM-2001/1 | 80% (80%) | IOC 20% |
| 46 | CB-ONN-2005/4 | 51% (51%) | GSPC 49% |
| 47 | CB-ONN-2005/10 | 51% (51%) | GSPC 49% |
| 48 | PR-ONN-2005/1 | 80% (80%) | TPL 20% |
| 49 | WB-ONN-2005/4 | 75% (75%) | OIL 25% |
| 50 | AA-ONN-2005/1 | 60% (60%) | OIL 30% ACIL -10% |
| 51 | GV-ONN-2005/3 | 80% (80%) | TPL 20% |
| 52 | CB-ONN-2001/1** | 100% (100%) | – |
| 53 | AN-DWN-2009/2 | 60% (60%) | OIL 40% |
| 54 | AN-DWN-2009/3 | 60% (60%) | OIL 40% (Joint Operator) |
| 55 | AN-DWN-2009/5 | 90% (90%) | GSPC 10% |
| 56 | AN-DWN-2009/13 | 70% (70%) | GAIL 10%, NTPC 10%, GSPC 10% |
| 57 | AN-DWN-2009/18 | 60% (60%) | OIL 30%, GAIL 10% |
| 58 | GK-OSN-2009/1 | 40% (40%) | AWEL 20%, GSPC 20%, IOC 20% |
| 59 | GK-OSN-2009/2 | 40% (40%) | AWEL 30%, IOC 30% |
| 60 | KG-OSN-2009/1 | 80% (80%) | APGIC 10%, NTPC 10% |
| 61 | KG-OSN-2009/2 | 90% (90%) | APGIC 10% |
| 62 | KG-OSN-2009/4 | 50% (50%) | APGIC 10%, OIL 30%, NTPC 10% |
| 63 | AA-ONN-2009/3 | 50% (50%) | OIL 50% |
| 64 | CB-ONN-2009/4 | 50% (50%) | GSPC 50% |
| 65 | GK-OSN-2010/1 | 60% (Nil) | OIL-30%, GAIL-10% |
| 66 | GK-OSN-2010/2 | 90% (Nil) | GAIL- 10% |
| 67 | CB-ONN-2010/6 | 80% (Nil) | IOC- 20% |
| | **Operated by JV Partners** | | |
| 68 | Ravva | 40% (40%) | CEIL (Operator) 22.5%, PIL 25%, ROPL 12.5% |
| 69 | CY-OS-90/1 (PY3) | 40% (40%) | HEPI (operator) 18%, HOEC 21%, TPL 21% |
| 70 | RJ-ON-90/1 | 30% (30%) | CEIPL (Operator) 35%, CEHL 35% |

| Sl. No. | Blocks | Company's PI * | Other Partners and their PI in the JV/Operatorship*** |
|---|---|---|---|
| 71 | CB-OS/2 -Development Phase | 50% (50%) | CEIPL (operator) 6.70%, CEIWBV 13.20% CECBV 10.10%, CEGBV 10%, TPL 10% |
| 72 | CB-ON/7 -Development Phase | 30% (30%) | HOEC (Operator) 35%, GSPC 35% |
| 73 | CB-ON/3 - Development Phase | 30% (30%) | EOL (Operator)70% |
| 74 | AA-ONN-2002/3 | 70% (70%) | OIL (Operator) 30% |
| 75 | AN-DWN-2003/2 | 45%(45%) | ENI (Operator) 40%, GAIL 15% |
| 76 | KG-ONN-2003/1 | 51% (51%) | CEIL 24% (Operator), Cairn India 25% |
| 77 | PR-OSN-2004/1 | 35% (35%) | Cairn Energy(Operator) 10%, Cairn India 25%, TPL 30% |
| 78 | CB-ON/2- Development phase | 30% (30%) | GSPC (Operator) 56%, Geo-Global Resources 14% |
| 79 | RJ-ONN-2006/3 | 40% (40%) | GSPC (Operator) 60% |
| 80 | AA-ONN-2009/4 | 50% (50%) | OIL(Operator) 50% |
| 81 | CY-OSN-2009/2 | 50% (50%) | OIL 50% (Operator) |
| 82 | KG-DWN-2009/1 | 45% (45%) | BGEPIL 30%(Operator), OIL 15%, APGIC 10% |
| 83 | RJ-ON/6 - Development phase | 30% (30%) | Focus Energy Ltd (Operator) 7%<br>I services Investment Ltd, Mauritius 45.5%<br>Newbury Oil Co. Ltd, Cyprus 17.5% |
| 84 | AA-ONN-2010/2 | 30% (Nil) | OIL -40%, GAIL-20%, EWP-10% |
| 85 | AA-ONN-2010/3 | 40% (Nil) | OIL-40%, BPRL-20% |

* PI - Participating Interest

** Approval towards pending assignment is awaited from the GoI

*** 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, BMN- BMN Investment Ltd, BPCL- Bharat Petroleum Corporation Ltd, BPRL- Bharat Petro Resources Ltd, CEHL- Cairn Energy Hydrocarbons Ltd, CEIL- Cairn Energy India Ltd, CEIPL- Cairn Energy India Private 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, 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, NTPC- National Thermal Power Corporation Ltd, OIL- Oil India Ltd, PIBBV-Petrobras International Braspero BV, PIL- Petrocon India Ltd, RIL- Reliance Industries Ltd, ROPL- Ravva Oil (Singapore) Private Ltd, SRL- Sunterra Resources Ltd, TIOL- Tullow India Operations Ltd, TPL- Tata Petrodyne Ltd

Working in difficult terrains

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

| Sl. No. | Joint Ventures / PSCs | Company's PI * |
|---|---|---|
| 1 | CY-DWN-2001/1 | 45% (45%) |
| 2 | RJ-ONN-2003/1 | 36% (36%) |
| 3 | SK-CBM-2003/II | 100% (100%) |
| 4 | HF-ONN-2001/1 | 65% (65%) |
| 5 | KG-DWN-98/4 | 85% (55%) |
| 6 | KG-DWN-98/5 | 100% (100%) |
| 7 | GK-OSJ-3 | 25%(25%) |
| 8 | KK-DWN-2002/3 | 80% (80%) |

* PI-Participating Interest

41.3 **The Financial position of the JV/NELP blocks are as under:**

(₹ in million)

| | No. of Jvs/ NELP Blocks | Assets | Liabilities | Income | Expenditure | Profit / (-) Loss before tax |
|---|---|---|---|---|---|---|
| NELP Block-100% PI | 21<br>(22) | 2,702.6<br>(5,090.88) | 100.74<br>(192.90) | 0.10<br>(0.72) | 30,595.61<br>(5,345.08) | -30,595.51<br>(-5,344.36) |
| Blocks with other partners | 85<br>(86) | 96,450.27<br>(97,814.40) | 29,995.32<br>(33,756.91) | 155,064.23<br>(76,164.95) | 88,174.76<br>(75,105.44) | 66,889.47<br>(1,059.51) |
| Surrendered | 33<br>(27) | 316.97<br>(317.59) | 8,255.62<br>(6,942.64) | 2.33<br>(46.96) | 3,760.89<br>(3,044.76) | -3,758.56<br>(-2,997.80) |
| **Total** | **139**<br>(135) | **99,469.87**<br>(103,222.87) | **38,351.68**<br>(40,892.45 | **155,066.66**<br>(76,212.63) | **122,531.26**<br>(83,495.28) | **32,535.40**<br>(-7,282.65) |

41.3.1 The financial statements of 128 (Previous Year 128) out of 139 (Previous Year 135) JVs/NELP as per note no. 41.3 have been incorporated in the accounts to the extent of Company's participating interest in assets, liabilities, income, expenditure and profit/(loss) before tax on the basis of statements certified in accordance with production sharing contract and the same has been adjusted for changes as per Note No. 2.1.1.

41.3.2 In respect of balance 11 (Previous Year 7) JVs/NELP assets, liabilities, income and expenditure amounting to ₹ 1,026.31 Million (Previous year ₹ 47.51 Million), ₹ 1,933.61 million (Previous Year ₹ 782.66 million), ₹ 878.31 million (Previous Year ₹ 55.28 million) and ₹ 2,058.41 million (Previous Year ₹ 943.31 million) respectively have been incorporated on the basis of uncertified statements prepared under the production sharing contracts and the same has been adjusted for changes as per Note No. 2.1.1.

41.3.3 The company has acquired 10% Participating Interest (PI) of Cairn Energy India Limited (CEIL) in the Block KG DWN 98/2 on actual past cost basis. Accordingly a Heads of Agreement (HOA) was signed between ONGC & CEIL on 11.1.2012 for a provisional sum of ₹ 2,387.82 Million (USD 46.71 Million) as consideration. The effective date of transfer of PI shall be the date of Government approval, which is pending. Hence, no adjustment is made in the accounts towards the same.

41.3.4 The company has acquired the Participating Interest (PI) of British Gas Exploration & Production India Ltd (BGEPIL) 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, which is pending. Hence, no adjustment for this sum is made in the accounts towards the lump sum amount due as above.

41.4 **Jointly Controlled Entities:**

41.4.1 Company has ownership interest in following Jointly Controlled Entities:

| Name | Country of Incorporation | Ownership Interest (%) | |
|---|---|---|---|
| | | As at 31.03.2012 | As at 31.03.2011 |
| Petronet LNG Limited | India | 12.50 | 12.50 |
| Petronet MHB Limited | India | 28.77 | 28.77 |
| Mangalore SEZ Limited | India | 26.00 | 26.00 |
| ONGC Mangalore Petrochemicals Limited | India | 46.00 | 46.00 |
| ONGC Petro-additions Limited | India | 41.93 | 41.93 |
| ONGC Tripura Power Co. Limited | India | 49.52 | 49.52 |
| ONGC Teri Biotech Limited | India | 49.98 | 49.98 |
| Dahej SEZ Limited | India | 50.00 | 49.60 |

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

(₹ in million)

| | Description | As at 31.03.2012 | As at 31.03.2011 |
|---|---|---|---|
| i) | **Assets** | | |
| | Fixed Assets | 64,617.06 | 34,496.77 |
| | Other Non Current Asset | 15,265.89 | 14,644.04 |
| | Deferred Tax Assets | 268.39 | 311.06 |
| | Current Asset | 6,862.06 | 4,918.14 |
| ii) | **Liabilities** | | |
| | Long Term Borrowings | 15,861.13 | 4,546.31 |
| | Other Non Current liabilities and provisions | 5,143.89 | 3,902.13 |
| | Deferred Tax Liability | 621.01 | 508.68 |
| | Current liabilities and provisions | 46,955.31 | 28,610.00 |
| iii) | **Income** | 29,069.29 | 17,160.77 |
| iv) | **Expenses** | 26,805.23 | 15,962.49 |
| v) | **Contingent liabilities** | 6,566.33 | 3,077.14 |
| vi) | **Capital commitments** | 49,098.16 | 47,639.97 |

42 **Disclosure under Accounting Standard - 28 on "Impairment of Assets"**

42.1 The Company is engaged mainly in the business of oil and gas exploration and production where each cost centre used for depreciation (depletion) purposes is identified as independent Cash Generating Unit (CGU) for assessing the impairment in Producing Properties and fixed assets etc. on the basis of 'value in use'. The Company has tested all its CGUs for impairment as on 31.03.2012 by applying discount rates of 20.40% (Previous Year 17.16 %) for Rupee transactions and 13.67 % (Previous Year 12.80 %) for crude oil and value added product's revenue measured in USD as on 31.03.2012.

42.2 During the year ₹ 932.83 million (Previous Year ₹ 1534.73 million) is provided as impairment loss. Out of this ₹ 83.30 million (Previous Year ₹ 600.07 million) has been provided as additional impairment in respect of onshore CGUs – Jodhpur and Silchar and for offshore CGU- Ratna, ₹ 75.83 million (Previous Year nil) has been provided on account of increase in the estimate of abandonment liability. In addition, ₹ 154.99 million (Previous Year nil) pertaining to block CY-OS-90/1 (PY-3) has been provided as presently the field has potential only to produce for next two years and an amount of ₹ 78.57 million (Previous Year nil) has been provided in respect of Tatipaka mini Refinery, Rajahmundry. Balance amount of ₹ 540.14 million (Previous Year ₹ 934.66 million) mainly represents additional impairment charge in respect of certain onshore NELP blocks due to adjustment of cost recovery from revenue and sharing of 100% royalty.

Further, ₹ 827.73 million (Previous Year ₹ 182.53 million) has been reversed as impairment loss during the year. Out of this, an amount of ₹ 791.25 million (Previous Year nil) has been reversed for offshore - Krishna Godavari CGU, Rajahmundry due to better economic performance of the asset based on the future production profile. Balance amount reversed is attributable to Jodhpur and Silchar onshore due to transfer of assets to another CGU and change in estimation of abandonment liability in respect of offshore.

43. **Disclosure under Accounting Standard - 29 on "Provisions, Contingent Liabilities and Contingent Assets":**

**Movement in Provisions – Others**

For Court cases, arbitration and others, where the timing of expected outflows is upon settlement of the proceedings:

(₹ in million)

| Particulars | Provision for Abandonment | | Others | |
|---|---|---|---|---|
| | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| **Opening Balance** | 175,642.55 | 164,006.68 | 626.72 | 552.73 |
| **Add:** Provision made during the year | 887.41 | 11,635.87 | 86.70 | 353.92 |
| **Less:** Provision written back/ reclassified/ reduction during the year | – | – | (201.15) | 279.93 |
| **Closing Balance** | **176,529.96** | **175,642.55** | **914.57** | **626.72** |

44 **Other Disclosures under Schedule VI to the Companies Act, 1956:**

44.1 **Capital Commitments:**

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

i) In respect of Company - ₹ 114,089.33 million (Previous Year ₹ 164,078.98 million).

ii) In respect of Joint Ventures - ₹ 3,561.76 million (Previous Year ₹ 145.45 million).

44.2 **Other Commitments**

44.2.1 Estimated amount of Minimum Work Programme (MWP) committed under various 'Production Sharing Contracts' with Government of India/ Nominated Blocks:

i) In respect of NELP blocks in which the Company has 100% participating interest – ₹ 15,052.01 million (Previous Year ₹ 22,558.90 million).

ii) In respect to Nominated Blocks ₹ 282.68 million (Previous Year ₹ 374.04 million).

iii) In respect of NELP blocks in Joint Ventures - ₹ 71,183.60 million (Previous Year ₹ 92,560.05 million).

44.2.2 Board has approved the loan up to ₹ 50,000.00 million (Previous Year Nil) to MRPL, a subsidiary of the Company. Out of which ₹ 26,000.00 million has been disbursed and ₹ 24,000.00 million can be availed by MRPL up to 31st December, 2012.

44.2.3 The Company has given an undertaking to Power Finance Corporation (PFC), for an additional funding up to ₹ 2,234.00 million (Previous Year ₹ 2,234.00 million) in respect of ONGC Tripura Power Co. Limited (OTPC) for cost overrun, if any.

ONGC has made 23 discoveries in domestic fields in FY 2011-12

44.3 **Contingent Liabilities:**

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

(₹ in million)

| | Particulars | As at 31st March 2012 | As at 31st March 2011 |
|---|---|---|---|
| (A) | **In respect of Company** | | |
| | i. Income Tax | 17,697.92 | 11,192.71 |
| | ii. Excise Duty | 6,467.22 | 4,924.11 |
| | iii. Custom Duty | 1,452.76 | 1,447.47 |
| | iv. Royalty | 66,123.54 | 19,484.60 |
| | v. Cess | 6.57 | 6.57 |
| | vi. AP Mineral Bearing Lands (Infrastructure) Cess | 1,694.82 | 1,470.22 |
| | vii. Sales Tax | 38,177.94 | 29,465.43 |
| | viii. Service Tax | 4,362.00 | 1,039.92 |
| | ix. Octroi | 66.89 | 66.89 |
| | x. Specified Land Tax (Assam) | 2860.57 | 2,526.40 |
| | xi. Claims of contractors in Arbitration / Court | 38,981.11 | 34,199.71 |
| | xii. Others | 16,867.05 | 17,921.72 |
| | **Sub Total (A)** | **192,638.39** | **123,745.75** |
| (B) | **In respect of Joint Ventures** | | |
| | i. Income Tax | 8.91 | 8.91 |
| | ii. Excise Duty | - | - |
| | iii. Custom Duty | 3,620.12 | 3,457.81 |
| | iv. Cess | - | - |
| | v. Sales Tax and Service Tax | 3,125.39 | 3,116.46 |
| | vi. Claims of contractors in Arbitration / Court | 299.92 | 9,798.45 |
| | vii. Others | 5,023.97 | 4,542.00 |
| | **Sub Total (B)** | **12,078.31** | **20,923.63** |
| | **TOTAL (A + B)** | **204,716.70** | **144,669.38** |

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

44.4 **Corporate Guarantees executed by the Company on behalf of its wholly owned subsidiary, ONGC Videsh Limited (OVL) and ONGC Nile Ganga BV (wholly owned subsidiary of OVL):**

44.4.1 Guarantees executed for financial obligations:

i) Amount of Guarantee ₹ 42,372.48 million (Previous year ₹ 36,371.66 million).

ii) Amount Outstanding ₹ 30,845.81 million (Previous year ₹ 33,934.59 million).

44.4.2 Performance Guarantees executed under the contracts:

Guarantee in respect of Sakhalin Project in favour of Exxonneftgas Ltd., M/s. Rosneft-S, SMNG-S and RN-Astra towards performance of Company's obligation under Joint Operating Agreement without any financial ceiling.

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

i) Amount of Guarantee ₹ 8,179.20 million (Previous year ₹ 7,155.20 million).

ii) Amount Outstanding ₹ 4,071.20 million (Previous year ₹ 3,442.99 million).

44.6 Uncalled liability on partly paid shares is ₹ 1,337.19 million (Previous Year ₹ 1,337.19 million) against which advance paid ₹ 1,233.87 million (Previous Year ₹ 1,233.87 million).

**44.7 Quantitative Details**

44.7.1 Production Quantities (Certified by the Management):

| Products | Unit | 2011-12 | 2010-11 |
|---|---|---|---|
| Crude Oil | MT | 26,925,348 | 27,278,278 |
| Natural Gas | 000 $M^3$ | 25,510,346 | 25,322,148 |
| Liquefied Petroleum Gas | MT | 1,037,106 | 1,054,317 |
| Ethane/Propane | MT | 483,056 | 388,010 |
| Naphtha | MT | 1,557,049 | 1,570,184 |
| Superior Kerosene Oil | MT | 79,033 | 115,961 |
| Aviation Turbine Fuel | MT | 14,158 | 19,284 |
| Low Sulphur Heavy Stock | MT | 30,893 | 16,179 |
| High Speed Diesel | MT | 32,883 | 39,223 |
| Mineral Turpentine Oil | MT | 887 | – |

**Notes:**

1. Production includes internal consumption and intermediary losses.
2. Production of 1,013 MT (Previous year 203,799 MT) Crude Oil and 15,175 $TM^3$ (Previous year 17,059 $TM^3$) of Natural Gas is included which is the difference between participating interest and entitlement interest in respect of CB-ON/3, CB-ON/2 and RJ-ON/6 JVs.
3. Crude oil production includes condensate of 1.952 MMT (Previous year 2.042 MMT).

44.7.2 Purchases:

(₹ in million)

| Products | | 2011-12 | | 2010-11 | |
|---|---|---|---|---|---|
| | Unit | Quantity | Value (₹ in million) | Quantity | Value (₹ in million) |
| High Speed Diesel | KL | 52 | 2.27 | 3,238 | 111.22 |
| Motor Spirit | KL | 431 | 22.37 | 624 | 26.52 |
| Others | | | 0.18 | | 0.61 |
| **Total** | | | **24.82** | | **138.35** |

44.7.3 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)

| Particulars | Unit | 2011-12 | | 2010-11 | |
|---|---|---|---|---|---|
| | | Quantity | Value of cost (₹ in million) | Quantity | Value of cost (₹ in million) |
| **Out of own production:** | | | | | |
| Crude Oil | MT | 124,881 | 849.92 | 131,207 | 702.25 |
| Natural Gas | 000$M^3$ | 831,799 | 4,476.42 | 697,700 | 2,949.13 |
| Gas Equivalent Condensate | 000$M^3$ | 503,709 | 1,413.71 | 476,855 | 1,113.96 |
| **Purchases** | | | | | |
| Gas Equivalent Condensate | MT | 84,283 | 2,810.98 | 89,748 | 2,805.57 |

**44.8 Consumption of Raw Materials, Stores and Spare Parts:**

| Particulars | 2011-12 | | 2010-11 | |
|---|---|---|---|---|
| | Amount (₹ in million) | % | Amount (₹ in million) | % |
| Imported | 6,625.03 | 27.06 | 6,483.77 | 23.35 |
| Indigenous | 17,859.95 | 72.94 | 21,284.71 | 76.65 |
| **Total** | **24,484.98** | **100.00** | **27,768.48** | **100.00** |

**44.9 Value of Imports on CIF Basis:**

(₹ in million)

| Particulars | 2011-12 | 2010-11 |
|---|---|---|
| Capital items* | 188,428.87 | 182,974.34 |
| Stores and Spare Parts | 21,779.28 | 6,848.04 |
| **Total** | **210,208.15** | **189,822.38** |

*Includes stage payments made against capital works.

**44.10 Expenditure in Foreign Currency:**

(₹ in million)

| Particulars | 2011-12 | 2010-11 |
|---|---|---|
| Interest | - | 0.75 |
| Services | 190,182.02 | 178,744.72 |
| Others | 1,308.39 | 2,786.25 |
| **Total** | **191,490.41** | **181,531.72** |

**44.11 Earnings in Foreign Currency:**

(₹ in million)

| Particulars | 2011-12 | 2010-11 |
|---|---|---|
| Interest | - | 5.06 |
| Services | 9.41 | 2.72 |
| FOB value of Sales | 63,106.21 | 47,105.49 |
| Others | 37.11 | 2.23 |
| **Total** | **63,152.73** | **47,115.50** |

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

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

| | Details | Crude Oil (MMT) | | Gas (Billion Cubic Meter) | | Total Oil Equivalent (MTOE)* | |
|---|---|---|---|---|---|---|---|
| | | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 |
| **Offshore** | Opening | 210.75 | 224.26 | 202.008 | 210.517 | 412.76 | 434.76 |
| | Addition | 21.56 | 3.94 | 25.694 | 11.079 | 47.25 | 15.01 |
| | Production | 16.54 | 17.45 | 19.524 | 19.588 | 36.06 | 37.03 |
| | **Closing** | **215.77** | **210.75** | **208.178** | **202.008** | **423.95** | **412.76** |
| **Onshore** | Opening | 189.91 | 189.90 | 155.688 | 152.227 | 345.60 | 342.12 |
| | Addition | 9.91 | 9.02 | 6.182 | 8.999 | 16.09 | 18.01 |
| | Production | 9.37 | 9.00 | 5.796 | 5.538 | 15.16 | 14.64 |
| | **Closing** | **190.45** | **189.91** | **156.074** | **155.688** | **346.53** | **345.60** |
| **Total** | Opening | 400.66 | 414.15 | 357.697 | 362.744 | 758.36 | 776.90 |
| | Addition | 31.47 | 12.96 | 31.876 | 20.078 | 63.35 | 33.02 |
| | Production | 25.91 | 26.45 | 25.319 | 25.126 | 51.22 | 51.57 |
| | **Closing** | **406.23** | **400.66** | **364.253** | **357.697** | **770.48** | **758.36** |

* MTOE denotes "Million Tonne Oil Equivalent" and for calculating Oil equivalent of Gas, 1000 $M^3$ of Gas has been taken to be equal to 1 MT of Crude Oil.

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

| | Details | Crude Oil (MMT) | | Gas (Billion Cubic Meter) | | Total Oil Equivalent (MTOE)* | |
|---|---|---|---|---|---|---|---|
| | | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 |
| **Offshore** | Opening | 158.76 | 173.44 | 120.549 | 129.860 | 279.31 | 303.30 |
| | Addition | 11.27 | 2.77 | 13.649 | 10.276 | 24.92 | 13.05 |
| | Production | 16.54 | 17.45 | 19.508 | 19.588 | 36.04 | 37.03 |
| | **Closing** | **153.50** | **158.76** | **114.690** | **120.549** | **268.19** | **279.31** |
| **Onshore** | Opening | 150.77 | 146.26 | 110.749 | 111.178 | 261.52 | 257.44 |
| | Addition | 7.37 | 13.46 | 5.451 | 5.012 | 12.82 | 18.47 |
| | Production | 9.41 | 8.95 | 5.836 | 5.441 | 15.25 | 14.39 |
| | **Closing** | **148.73** | **150.77** | **110.364** | **110.749** | **259.09** | **261.52** |
| **Total** | Opening | 309.54 | 319.71 | 231.297 | 241.039 | 540.83 | 560.74 |
| | Addition | 18.64 | 16.23 | 19.101 | 15.287 | 37.74 | 31.51 |
| | Production | 25.95 | 26.40 | 25.343 | 25.029 | 51.29 | 51.42 |
| | **Closing** | **302.23** | **309.54** | **225.055** | **231.297** | **527.28** | **540.83** |

* MTOE denotes "Million Tonne Oil Equivalent" and for calculating Oil equivalent of Gas, 1000 $M^3$ of Gas has been taken to be equal to 1 MT of Crude Oil.

Variations in totals, if any, are due to internal summation and rounding off.

**46. Disclosure pursuant to the clause 32 of the Listing Agreement:**

(₹ in million)

| Particulars | Outstanding as at 31.03.2012 | Maximum Amount Outstanding during the year 2011-12 | Outstanding as at 31.03.2011 | Maximum Amount Outstanding during the year 2010-11 |
|---|---|---|---|---|
| a) Loans to Subsidiaries* | | | | |
| i) ONGC Videsh Limited (OVL)* | 168,255.44 | 172,786.16 | 172,786.16 | 174,914.01 |
| ii) Mangalore Refinery & Petrochemicals Limited.(MRPL) | 33,200.00 | 34,100.00 | 10,800.00 | 10,800.00 |
| b) To Associates | 1,319.24 | 1,517.69 | 786.72 | 1,434.93 |
| c) Where there is no repayment schedule ONGC Videsh Limited (OVL) | 168,255.44 | 172,786.16 | 172,786.16 | 174,914.01 |
| d) Having repayment schedule of beyond seven years : to employees | 9,085.11 | 9,085.11 | 7,721.76 | 7,721.76 |
| e) Where no interest or interest below Section 372A of Companies Act | | | | |
| i) ONGC Videsh Limited (OVL)* | 168,255.44 | 172,786.16 | 172,786.16 | 174,914.01 |
| ii) Mangalore Refinery & Petrochemicals Limited.(MRPL) | 7,200.00 | 10,800.00 | - | - |
| f) In the nature of loans to Firms/companies in which directors are interested | Nil | Nil | Nil | Nil |

*Excludes Current account transactions

g) **Investments by the ONGC Videsh Limited (OVL), loanee:**

| Name of Subsidiary | As at 31st March, 2012 | | As at 31st March, 2011 | |
|---|---|---|---|---|
| | No of Shares | ₹ in million | No of Shares | ₹ in million |
| i) ONGC Nile Ganga BV | | | | |
| Class A | 40 | 8,462.12 | 40 | 8,462.12 |
| Class B | 100 | 21,156.29 | 100 | 21,156.29 |
| Class C | 880 | 234.25 | 880 | 234.25 |
| ii) ONGC Narmada Limited | | | | |
| Equity Shares | 20,000,000 | 8.94 | 20,000,000 | 8.94 |
| iii) ONGC Amazon Alaknanda Limited | | | | |
| Equity Shares | 12,000 | 0.56 | 12,000 | 0.56 |
| Preference Shares | 367,995,174 | 16,982.98 | 437,488,000 | 20,190.07 |
| iv) Jarpeno Limited, Cyprus | | | | |
| Equity Shares | 1,450 | 15,574.46 | 1,350 | 0.06 |
| Preference Shares | 192,210 | 86,744.37 | 192,210 | 86,744.37 |
| v) Carabobo one AB Ltd. | 377,878 | 2,822.02 | 1,000 | 0.76 |

**Notes:**

1. Loan to OVL is repayable within a notice period of minimum one year and carries no interest during the year 2010-11 and 2011-12.

2. Loan to MRPL comprises two loans: First loan carries interest @ 7% per annum and is repayable at quarterly intervals. Second loan carries interest @ SBI Prime Lending Rate (SBAR) with a spread of minus 385 basis points. Repayment of the loan will start in 28 equal instalments 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.

47. **Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:**

Company had sought confirmation from the vendors whether they fall in the category of Micro, Small or Medium Enterprises. Based on the information available, the required disclosure under the Micro, Small and Medium Enterprises Development Act, 2006 is given below:

(₹ in million)

| Particulars | 2011-12 | 2010-11 |
|---|---|---|
| a) Principal amount remaining unpaid but not due as at year end | 6.13 | 10.75 |
| 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 | - | - |

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

(Figures in million)

| Particulars | As at 31st March, 2012 | | As at 31st March, 2011 | |
|---|---|---|---|---|
| | Amount in Foreign Currency | Equivalent ₹ | Amount in Foreign Currency | Equivalent ₹ |
| **Import Creditors** | | | | |
| Euros | 21.43 | 1,462.86 | 28.94 | 1,825.13 |
| British Pound | 2.02 | 165.32 | 4.30 | 307.73 |
| Japanese Yen | 688.60 | 430.10 | 1090.50 | 587.89 |
| Norwegian Kroner | 4.80 | 42.80 | 4.12 | 32.89 |
| Singapore Dollar | 0.10 | 4.27 | 0.19 | 6.59 |
| Swiss Franc | - | 0.26 | - | - |
| United States Dollar | 820.52 | 41,944.75 | 959.62 | 42,914.33 |
| Malaysian Ringgit | 0.09 | 1.58 | 0.28 | 3.96 |
| **Total** | | **44,052.04** | | **45,678.52** |
| **Export Receivables** | | | | |
| United States Dollar | 116.96 | 5,979.17 | 73.15 | 3,271.29 |
| Euros | 0.06 | 3.65 | - | - |
| **TOTAL** | | **5,982.82** | | **3,271.29** |

49. Pursuant to the finalization of the agreement between ONGC, Cairns Energy Plc, Vedanta Resources Plc and their associates during the year, the royalty paid by ONGC in respect of RJ-ON-90/1 Block has been treated as contract cost eligible for cost recovery. As a result, an income of ₹ 31,405.47 million received from M/s Cairn India Ltd. towards Royalty paid for the period August 2009 to September 2011 has been disclosed as an exceptional item.

50. 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.

51. 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.

52. Previous year's figures have been regrouped/ reclassified, as required under Revised Schedule-VI to the Companies Act, 1956 wherever necessary, to confirm to current year's classification.

53. Figures in parenthesis as given in these Notes to Financial Statement relate to previous year.

Operation control room

Moonpool of an Offshore drilling rig

# Cash Flow Statement for The Year Ended 31st March, 2012

(₹ in million)

| | | | Year Ended 31st March, 2012 | | Year Ended 31st March, 2011 |
|---|---|---|---|---|---|
| A. | **CASH FLOW FROM OPERATING ACTIVITIES:** | | | | |
| | Net Profit before tax and extraordinary items | | 366,425.67 | | 276,163.70 |
| | Adjustments For: | | | | |
| | - Prior Period Items | (95.48) | | 336.25 | |
| | - Depreciation, Depletion, Amortisation & Impairment | 74,959.15 | | 76,766.88 | |
| | - Exploratory Well Costs Written off | 80,924.97 | | 65,815.26 | |
| | - Interest on Borrowings | 348.30 | | 251.07 | |
| | - Foreign Exchange Loss/(Gain) | 1,070.59 | | 520.55 | |
| | - Provision for Leave Encashment | 1,661.05 | | 2,246.13 | |
| | - Provision for AS-15 Benefits | 2,801.10 | | 2,834.85 | |
| | - Other Provision and Write offs | 2,739.57 | | 5,820.80 | |
| | - Interest Income | (31,115.56) | | (19,871.73) | |
| | - Excess Liability written Back | (1,961.63) | | (727.89) | |
| | - Amortization of Government Grant | (3.92) | | (4.72) | |
| | - Dividend Income | (5,265.84) | 126,062.30 | (5,527.71) | 128,459.74 |
| | Operating Profit before Working Capital Changes | | 492,487.97 | | 404,623.44 |
| | Adjustments for:- | | | | |
| | - Receivables | (23,933.68) | | (9,418.61) | |
| | - Loans and Advances | (6,598.19) | | (537.77) | |
| | - Other Current Assets | (3,750.23) | | (893.93) | |
| | - Inventories | (10,603.96) | | 5,644.48 | |
| | - Trade Payable and Other Liabilities | 1,755.48 | (43,139.58) | 67,682.28 | 62,476.45 |
| | Cash generated from Operations | | 449,348.39 | | 467,099.89 |
| | Direct Taxes Paid (Net of tax refund) | | (90,257.39) | | (73,396.81) |
| | Cash Flow before prior period | | 359,091.00 | | 393,703.08 |
| | Prior period items (Cash items) | | 102.06 | | (319.36) |
| | **Net Cash Flow from Operating Activities 'A'** | | 359,193.06 | | 393,383.72 |
| B. | **CASH FLOW FROM INVESTING ACTIVITIES:** | | | | |
| | Purchase of Fixed Assets | | (137,088.73) | | (137,905.27) |
| | Sale of Fixed Assets | | 1,212.53 | | 189.38 |
| | Exploratory and Development Drilling | | (121,159.97) | | (117,071.22) |
| | Sale of Investments | | 6.50 | | - |
| | Advance/Investment in Joint Controlled Entities | | (230.09) | | (6,882.99) |
| | Loan to Associates | | (533.52) | | (958.50) |
| | Loan and advances to Subsidiary | | (18,399.79) | | (10,245.43) |
| | Loans to Public Sector Undertakings and Other Bodies Corporate | | 366.94 | | 340.04 |
| | Deposit with Public Sector Undertakings | | - | | 15,000.00 |
| | Dividend Received from Subsidiary | | 1,506.43 | | 1,506.42 |
| | Deposit in Site Restoration Fund | | (10,670.65) | | (7,124.00) |
| | Dividend Received from Others | | 3,759.41 | | 4,021.29 |
| | Interest Received | | 26,752.91 | | 18,917.65 |
| | Tax paid on Interest Income | | (8,679.98) | | (6,430.11) |
| | **Net Cash Flow from Investing Activities 'B'** | | (263,169.84) | | (248,442.74) |

(₹ in million)

| | Year Ended 31st March, 2012 | Year Ended 31st March, 2011 |
|---|---|---|
| **C. CASH FLOW FROM FINANCING ACTIVITIES:** | | |
| Short Term Borrowings/Repayment | 45,000.00 | (49.75) |
| Dividend Paid | (72,688.85) | (100,481.31) |
| Tax on Dividend | (11,551.31) | (16,444.12) |
| Interest Paid | (348.30) | (251.07) |
| **Net Cash Flow from Financing Activities 'C'** | (39,588.46) | (117,226.25) |
| **Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)** | 56,434.76 | 29,714.73 |
| Cash and Cash Equivalents as at 1st April, 2011 (Opening Balance) | 144,810.89 | 115,096.16 |
| Cash and Cash Equivalents as at 31st March, 2012* (Note 24) (Closing Balance) | 201,245.65 | 144,810.89 |
| | 56,434.76 | 29,714.73 |

**Notes:**

1. 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.
2. *Includes Fixed deposits of ₹ 52,380.00 million (Previous Year ₹ Nil million) pledged to Banks against Short term loan taken from Banks. Also, includes restricted amount of ₹ 255.75 million (Previous Year ₹ 222.85 million) earmarked for payment of unclaimed dividend.
3. Brackets indicate cash outflow/deduction.
4. Previous year's figures have been re-grouped/re-classified wherever necessary to confirm to the current year's presentation.

For and on behalf of the Board

| | | |
|---|---|---|
| (N. K. Sinha)<br>**Company Secretary** | (A. K. Banerjee)<br>**Director (Finance)** | (Sudhir Vasudeva)<br>**Chairman & Managing Director** |

**In terms of our report of even date attached**

| | | |
|---|---|---|
| **For Kalyaniwalla & Mistry**<br>**Chartered Accountants**<br>**Firm Reg. No. 104607W** | **For Varma & Varma**<br>**Chartered Accountants**<br>**Firm Reg. No. 004532S** | **For S. Bhandari & Co.**<br>**Chartered Accountants**<br>**Firm Reg. No. 000560C** |
| (Ermin K. Irani)<br>**Partner (M.No. 035646)** | (K.M. Sukumaran)<br>**Partner (M. No.015707)** | (P.P.Pareek)<br>**Partner (M. No. 071213 )** |
| **For Ray & Ray**<br>**Chartered Accountants**<br>**Firm Reg. No. 301072E** | **For Mehra Goel & Co.**<br>**Chartered Accountants**<br>**Firm Reg. No. 000517N** | |
| (B.K.Ghosh)<br>**Partner (M. No. 051028)** | (R.K.Mehra)<br>**Partner (M.No. 006102)** | |

New Delhi
May 29, 2012

## Segment Information-Stand Alone

(₹ in million)

| Particulars | 2011-12 | | | | | 2010-11 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | Offshore | Onshore | Total Segments | Unallocated | Grand Total | Offshore | Onshore | Segments | Unallocated | Grand Total |
| **Segment Revenue** | 529,362 | 239,522 | 768,884 | – | 768,884 | 517,396 | 169,060 | 686,456 | – | 686,456 |
| **Segment Results** | | | | | | | | | | |
| Segment Result Profit(+)/Loss(-) | 242,988 | 98,945 | 341,933 | | 341,933 | 236,749 | 24,683 | 261,432 | | 261,432 |
| Unallocated Corporate Expenses | | | – | 11,542 | 11,542 | | | – | 10,226 | 10,226 |
| **Operating Profit** | 242,988 | 98,945 | 341,933 | (11,542) | 330,391 | 236,749 | 24,683 | 261,432 | (10,226) | 251,206 |
| Interest Expenses | | | – | 348 | 348 | | | – | 251 | 251 |
| Interest/Dividend Income | | | – | 38,382 | 38,382 | | | – | 25,209 | 25,209 |
| Income Taxes | | | – | 115,196 | 115,196 | | | – | 86,924 | 86,924 |
| Profit from Ordinary Activities | 242,988 | 98,945 | 341,933 | (88,704) | 251,229 | 236,749 | 24,683 | 261,432 | (72,192) | 189,240 |
| Extraordinary Gain | | | – | | – | | | – | | – |
| **Net Profit** | 242,988 | 98,945 | 341,933 | (88,704) | 251,229 | 236,749 | 24,683 | 261,432 | (72,192) | 189,240 |
| **Other Information** | | | | | | | | | | |
| **Segment Assets** | 745,496 | 370,411 | 1,115,907 | | 1,115,907 | 670,683 | 324,296 | 994,979 | | 994,979 |
| Unallocated Corporate Assets | | | – | 601,415 | 601,415 | | | – | 496,324 | 496,324 |
| **Total Assets** | 745,496 | 370,411 | 1,115,907 | 601,415 | 1,717,322 | 670,683 | 324,296 | 994,979 | 496,324 | 1,491,303 |
| **Segment Liabilities** | 311,344 | 86,456 | 397,800 | | 397,800 | 302,899 | 93,187 | 396,086 | | 396,086 |
| Unallocated Corporate Liabilities | | | – | 189,955 | 189,955 | | | – | 120,173 | 120,173 |
| **Total Liabilities** | 311,344 | 86,456 | 397,800 | 189,955 | 587,755 | 302,899 | 93,187 | 396,086 | 120,173 | 516,259 |
| **Capital Expenditure** | 250,171 | 72,804 | 322,975 | 1,426 | 324,401 | 260,655 | 52,078 | 312,733 | 1,241 | 313,974 |
| **Depreciation (Recouped Cost)*** | 126,335 | 41,427 | 167,762 | 629 | 168,391 | 115,900 | 42,923 | 158,823 | 606 | 159,429 |
| **Other Non-cash Expenses** | 839 | 2,343 | 3,182 | (85) | 3,097 | 4,497 | 1,513 | 6,010 | 104 | 6,114 |

* Also includes Depletion,Amortization and Impairment Loss.

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# ONGC Everywhere

**STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956**

**AUDITORS' REPORT - ONGC GROUP**

**CONSOLIDATED FINANCIAL STATEMENT OF ONGC GROUP**

| Sl. No. | Name of Subsidiaries | 1. The Financial Year of the Subsidiaries ends on | 2. Date from which it became Subsidiary | 3. (a) Number of shares held by Oil and Natural Gas Corporation Ltd. in the Subsidiaries at the end of the financial year of the Subsidiaries |
|---|---|---|---|---|
| 1 | ONGC Videsh Limited | 31st March, 2012 | 1st February, 1994 | 10,00,00,000 Equity shares of ₹ 100 each |
| 2 | Mangalore Refinery and Petrochemicals Limited | 31st March, 2012 | 30th March, 2003 | 1,25,53,54,097 Equity shares of ₹ 10 each |
| 3 | ONGC Nile Ganga B.V. | 31st December, 2011 | 12th March, 2003 | 40 Class "A" & 100 Class "B" shares of Euro 453.78 each & 880 Class "C" Shares of Euro 1 each directly, rest 720 Class "C" shares are held by OMEL which is JV Company of OVL & Mittal Investment Sarl (M/S) |
| 4 | ONGC Narmada Limited | 31st March, 2012 | 7th December, 2006 | 20 million shares of 1 Naira each |
| 5 | ONGC Amazon Alaknanda Limited | 31st March, 2012 | 8th August, 2006 | 12,000 Equity & 367,995,174 Preference shares of 1 USD each |
| 6 | ONGC Campos Ltd. | 31st December, 2011 | 16th March, 2007 | 353,958,050 quotas of BRL 1 each |
| 7 | ONGC Nile Ganga (Cyprus) Ltd. | 31st December, 2011 | 26th November, 2007 | 241,223 Shares of 0.01 USD each |
| 8 | ONGC Nile Ganga (San Cristobal) B.V. | 31st December, 2011 | 29th February, 2008 | 54,000 shares of Euro 1 each |
| 9 | ONGC Satpayev E&P B.V | 31st December, 2011 | 7th June, 2010 | 18,000 shares of Euro 1 each |
| 10 | ONGC Caspian E&P B.V | 31st December, 2011 | 7th June, 2010 | 36,000 shares of Euro 1 each |
| 11 | Jarpeno Limited | 31st March, 2012 | 12th 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 | 31st March, 2012 | 13th January, 2009 | 1,000 shares of 1.71 EUR each |
| 13 | San Agio Investments Limited | 31st March, 2012 | 13th January, 2009 | 1,000 shares of 1.71 EUR each |
| 14 | Redcliffe Holdings Limited | 31st March, 2012 | 13th January, 2009 | 2,520 shares of 1 USD each |
| 15 | Imperial Energy Nord Limited | 31st March, 2012 | 13th January, 2009 | 25,920 shares of 1 USD each |
| 16 | Imperial Energy (Cyprus) Limited | 31st March, 2012 | 13th January, 2009 | 25,720 shares of 1 USD each |
| 17 | Imperial Energy Tomsk Limited | 31st March, 2012 | 13th January, 2009 | 1,000 shares of 1.71 EUR each |
| 18 | Imperial Energy Gas Limited | 31st March, 2012 | 13th January, 2009 | 2,000 shares of 1 EUR each |
| 19 | Imperial Frac Services (Cyprus) Limited | 31st March, 2012 | 13th January, 2009 | 1,000 shares of 1.71 EUR each |
| 20 | Nefsilius Holdings Limited | 31st March, 2012 | 13th January, 2009 | 2,420 shares of 1 USD each |
| 21 | Freshspring Investments Limited | 31st March, 2012 | 13th January, 2009 | 1,000 shares of 1.71 EUR each |
| 22 | RK Imperial Energy Kostanai Limited | 31st March, 2012 | 13th January, 2009 | 1,000 shares of 1.71 EUR each |
| 23 | LLC Nord Imperial | 31st December, 2011 | 13th January, 2009 | full charter capital 100,000RUR |
| 24 | LLC Allianceneftegaz | 31st December, 2011 | 13th January, 2009 | full charter capital 50,000RUR |
| 25 | LLC Sibinterneft | 31st December, 2011 | 13th January, 2009 | full charter capital 100,000RUR |
| 26 | LLC Rus Imperial Group | 31st December, 2011 | 13th January, 2009 | full charter capital 100,000RUR |
| 27 | LLC Imperial Trans Service | 31st December, 2011 | 13th January, 2009 | full charter capital 100,000RUR |
| 28 | LLC Imperial Energy Tomsk Gas | 31st December, 2011 | 13th January, 2009 | full charter capital 10,000RUR |
| 29 | LLC Stratum | 31st December, 2011 | 13th January, 2009 | full charter capital 100,000RUR |
| 30 | Carabobo One AB | 31st March, 2012 | 25th February, 2010 | 377,678 ordinary shares of 11.19457 Euro each |
| 31 | Petro Carabobo Ganga B.V. | 31st December, 2011 | 26th February, 2010 | 18,000 shares of 1 Euro each |

*At the closing rate of exchange, there is a Foreign Exchange Translation Reserve of ₹ 19,082.22 million, which has not been adjusted.

| 3. (b) Extent of Interest of Holding Company at the end of the financial year of the Subsidiary | 4. The net aggregate amount of the Subsidiary's Profit/(Loss) so far it concerns the members of the Holding Company: | | | |
|---|---|---|---|---|
| | 4. (a) Not dealt within the Holding Company's accounts* | | 4. (b) Dealt within the Holding Company's accounts: | |
| | 4. (a) (i) For the period 1st April, 2011 to 31st March, 2012 (₹ in million) | 4. (a) (ii) For the previous period (s) of the Subsidiaries since it became the Holding Company's Subsidiary (₹ in million) | 4. (b) (i) For the period 1st April, 2011 to 31st March, 2012 (₹ in million) | 4. (b) (ii) For the previous period (s) of the Subsidiaries since it became the Holding Company's Subsidiary (₹ in million) |
| 100% | 14,441.38 | 71,799.22 | - | 1,050.00 |
| 71.63% | 6,506.14 | 40,698.11 | 1,506.42 | 7,657.64 |
| Class A&B 100%<br>Class C 77.491% | 11,534.48 | 64,668.56 | 1,049.40 | 14,916.88 |
| 100% | – | (1,373.60) | – | – |
| 100% | 7,185.50 | 13,066.09 | – | – |
| 100% | (2,369.73) | 440.85 | – | – |
| 100% | 188.09 | 218.27 | – | – |
| 100% | 78.10 | 11,028.80 | – | – |
| 100% | (0.10) | (0.38) | – | – |
| 100% | (0.15) | (8.37) | – | – |
| 100% | (0.06) | 1,528.42 | – | – |
| 100% | (0.01) | 1,154.25 | – | – |
| 100% | (0.01) | (440.15) | – | – |
| 100% | (97.33) | (2.60) | – | – |
| 100% | (8.25) | 97.53 | – | – |
| 100% | (1.06) | (213.13) | – | – |
| 85% | (8.78) | (127.54) | – | – |
| 100% | (0.01) | (908.20) | – | – |
| 100% | (0.03) | (783.27) | – | – |
| 100% | – | (67.11) | – | – |
| 100% | – | (2.33) | – | – |
| 100% | – | (2.51) | – | – |
| 100% | – | (5.73) | – | – |
| 100% | – | (2.37) | – | – |
| 55.9% (Net Interest 47.5%) | – | (2.02) | – | – |
| 100% | – | (11,518.77) | – | – |
| 100% | – | (4,408.18) | – | – |
| 95% | – | (608.51) | – | – |
| 100% | – | (498.38) | – | – |
| 100% | (144.13) | (9.51) | – | – |
| 100% | (4.41) | (9.89) | – | – |

Sd/-
(N K Sinha)
**Company Secretary**

Sd/-
(A K Banerjee)
**Director (Finance)**

Sd/-
(Sudhir Vasudeva)
**Chairman & Managing Director**

Place: New Delhi
Dated: May 29, 2013

# ONGC Group
# Performance at a Glance

| (₹ in million unless otherwise stated) | 2011-12 | 2010-11 |
|---|---|---|
| **FINANCIAL** | | |
| Income from Operations | 1,511,211 | 1,252,873 |
| Other Non-operating Income | 47,950 | 37,180 |
| **Total Revenue** | 1,559,161 | 1,290,053 |
| Statutory Levies | 269,403 | 247,631 |
| Operating Expenses | 639,354 | 485,662 |
| Exchange Loss/(Gain) | 12,147 | 42 |
| Exploration costs written off # | 105,136 | 92,620 |
| Purchase | 2,811 | 2,944 |
| **Profit Before Interest, Depreciation & Tax (PBIDT)** | 530,310 | 461,154 |
| Depreciation, Depletion, Amortization and Impairment | 129,330 | 113,644 |
| **Profit Before Interest & Tax (PBIT)** | 400,980 | 347,510 |
| Interest Payment | 4,350 | 4,377 |
| Profit before Tax and Exceptional Items | 396,630 | 343,133 |
| Exceptional Items | 31,405 | – |
| **Profit before Tax** | 428,035 | 343,133 |
| Corporate Tax | 143,746 | 114,883 |
| **Profit after Tax** | 284,289 | 228,250 |
| Share in Associates for the year | (11) | 30 |
| Profit relating to minority | 2,842 | 3,720 |
| **Group Profit after Tax** | 281,436 | 224,560 |
| Dividend | 83,416 | 74,859 |
| Tax on Dividend | 13,811 | 12,528 |
| Share Capital | 42,778 | 42,778 |
| Net Worth (Equity) | 1,352,868 | 1,145,312 |
| Long-term Borrowings | 52,088 | 39,771 |
| Working Capital | 85,484 | 75,237 |
| Capital Employed | 1,000,890 | 909,267 |
| **FINANCIAL PERFORMANCE RATIOS** | | |
| PBIDT to Turnover (%) | 35.09 | 36.81 |
| PBDT to Turnover (%) | 34.80 | 36.46 |
| Profit Margin (%)- incl. exceptional items | 18.62 | 17.92 |
| ROCE(PBIDT to Capital Employed) (%) | 52.98 | 50.72 |
| Net Profit to Equity (%)- incl. exceptional items | 20.81 | 19.61 |
| **BALANCE SHEET RATIOS** | | |
| Current Ratio | 1.19:1 | 1.21:1 |
| Debt Equity Ratio | 0.04 | 0.03 |
| Debtors Turnover Ratio (Days) | 28 | 29 |
| **PER SHARE DATA** | | |
| Earning Per Share (₹) | 32.90 | 26.25 |
| Dividend (%) | 195 | 175 |
| **Book Value Per Share (₹)** | 158 | 134 |

| (₹ in million unless otherwise stated) | 2009-10 |
|---|---|
| **FINANCIAL** | |
| Income from Operations (Gross) | 1,085,787 |
| Statutory Levies | 213,391 |
| Operating Expenses | 407,693 |
| Exchange Loss/(Gain) | (10,671) |
| **Profit Before Interest Depreciation & Tax (PBIDT)** | 475,374 |
| Recouped Costs | 187,391 |
| **Operating Income (PBIT)** | 287,983 |
| Interest (Net) | (16,431) |
| **Profit before Tax and Extraordinary Items** | 304,414 |
| Extraordinary Items- Excess of Insurance Claims over BV | 0 |
| **Profit before Tax** | 304,414 |
| Corporate Tax | 107,138 |
| **Profit after Tax** | 197,276 |
| Share in Associates for the year | 78 |
| Profit relating to minority | 3,319 |
| **Group Profit after Tax** | 194,035 |
| Dividend | 70,583 |
| Tax on Dividend | 11,992 |
| Share Capital | 21,389 |
| Net Worth (Equity) | 1,005,853 |
| Borrowings | 51,769 |
| Working Capital | 192,787 |
| Capital Employed | 869,009 |
| **FINANCIAL PERFORMANCE RATIOS** | |
| PBIDT to Turnover (%) | 43.78 |
| PBDT to Turnover (%) | 45.29 |
| Profit Margin(%)- incl. extraordinary items | 17.87 |
| ROCE(PBIDT to Capital Employed) (%) | 54.70 |
| Net Profit to Equity (%)- incl. extraordinary items | 19.29 |
| **BALANCE SHEET RATIOS** | |
| Current Ratio | 1.38:1 |
| Debt Equity Ratio | 0.05 |
| Debtors Turnover Ratio(Days) | 24 |
| **PER SHARE DATA** | |
| Earning Per Share (₹)- before extraordinary items* | 22.68 |
| Earning Per Share (₹)- after extraordinary items* | 22.68 |
| Dividend (%) | 330 |
| **Book Value Per Share(₹)*** | 118 |

*Restated Post Bonus & split

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

Notes:

1. 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 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.

| 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 |
|---|---|---|---|---|---|---|
| 1,106,621 | 1,036,483 | 898,872 | 755,854 | 630,663 | 465,200 | 355,082 |
| 229,963 | 240,025 | 218,411 | 175,823 | 155,922 | 118,979 | 93,177 |
| 430,150 | 374,072 | 307,502 | 255,258 | 186,967 | 139,374 | 72,330 |
| 11,716 | 1,018 | (2,675) | (463) | 203 | 61 | 356 |
| 433,792 | 421,368 | 377,634 | 325,236 | 287,571 | 206,766 | 189,219 |
| 155,705 | 139,533 | 124,154 | 103,549 | 73,940 | 65,797 | 41,681 |
| 278,087 | 281,835 | 253,480 | 221,687 | 213,631 | 140,969 | 147,538 |
| (32,950) | (27,375) | (19,241) | (11,715) | (10,991) | (7,772) | (12,671) |
| 311,037 | 309,210 | 272,721 | 233,402 | 224,622 | 148,761 | 160,209 |
| 658 | 0 | 4,751 | 6,405 | 0 | 0 | 0 |
| 311,695 | 309,210 | 277,472 | 239,807 | 224,622 | 148,761 | 160,209 |
| 110,094 | 106,999 | 98,454 | 84,932 | 79,416 | 53,880 | 55,785 |
| 201,601 | 202,211 | 179,018 | 154,875 | 145,206 | 94,881 | 104,424 |
| 99 | 21 | 102 | 107 | 114 | 156 | (8) |
| 3,747 | 3,509 | 1,424 | 1,006 | 1,930 | 1,234 | (259) |
| 197,953 | 198,723 | 177,596 | 153,676 | 143,390 | 93,803 | 104,675 |
| 68,444 | 68,444 | 66,305 | 64,167 | 67,535 | 34,222 | 42,778 |
| 12,017 | 12,014 | 10,383 | 9,172 | 8,156 | 4,365 | 2,376 |
| 21,389 | 21,535 | 21,418 | 14,259 | 14,259 | 14,259 | 14,259 |
| 915,729 | 774,127 | 661,994 | 564,017 | 480,583 | 407,397 | 356,388 |
| 13,091 | 9,427 | 12,964 | 22,342 | 23,870 | 29,073 | 55,527 |
| 172,257 | 240,202 | 202,428 | 173,164 | 135,348 | 107,709 | 91,928 |
| 752,781 | 650,329 | 618,263 | 513,037 | 430,333 | 405,765 | 369,476 |
| | | | | | | |
| 39.2 | 40.7 | 42.0 | 43.0 | 45.6 | 44.5 | 53.3 |
| 42.2 | 43.3 | 44.2 | 44.6 | 47.3 | 46.1 | 56.9 |
| 17.9 | 19.2 | 19.8 | 20.4 | 22.7 | 20.2 | 29.5 |
| 57.6 | 60.8 | 61.1 | 63.4 | 66.6 | 51.0 | 48.6 |
| 21.6 | 25.7 | 26.8 | 27.3 | 29.8 | 23.0 | 29.4 |
| | | | | | | |
| 1.31:1 | 1.75:1 | 1.79:1 | 1.97:1 | 1.74:1 | 1.67:1 | 1.82:1 |
| 0.01 | 0.01 | 0.02 | 0.04 | 0.05 | 0.07 | 0.16 |
| 24 | 25 | 20 | 21 | 27 | 23 | 44 |
| | | | | | | |
| 23.09 | 23.23 | 20.40 | 17.50 | 16.76 | 10.96 | 12.23 |
| 23.14 | 23.23 | 20.77 | 18.00 | 16.76 | 10.96 | 12.23 |
| 320 | 320 | 310 | 450 | 400 | 240 | 300 |
| 107 | 90 | 77 | 66 | 56 | 48 | 42 |

# Statement of Income and Retained Earnings of ONGC Group

| (₹ in million) | 2011-12 | 2010-11 |
|---|---|---|
| **REVENUES** | | |
| Sales | | |
| Crude Oil | 640,041 | 556,993 |
| Natural Gas | 151,329 | 135,329 |
| LPG | 23,711 | 18,368 |
| Naptha | 72,167 | 56,342 |
| Ethane/Propane | 12,741 | 8,796 |
| Superior Kerosene Oil | 1,529 | 679 |
| HSD | 103 | 134 |
| Motor Spirit | 39 | – |
| Others | 600,181 | 447,972 |
| Price Revision Arrears | – | – |
| Sub-total | 1,501,814 | 1,226,813 |
| Traded Products | 34 | 172 |
| Other Operating Revenue | 9,363 | 26,088 |
| **Total Revenue from Operations** | 1,511,211 | 1,252,873 |
| Other Non-operating Income | 47,950 | 37,180 |
| Total Revenues | 1,559,161 | 1,290,053 |
| **COST & EXPENSES** | | |
| Operating, Selling & General | | |
| Statutory Levies | | |
| (a) Royalties | 155,318 | 126,529 |
| (b) Cess/ Excise Duty | 95,258 | 108,507 |
| (c) Natural Calamity Contingent Duty - Crude Oil | 1,097 | 1,114 |
| (d) Sales Tax | 11,676 | 5,130 |
| (d) Education Cess | 1,872 | 1,828 |
| (e) Octroi & Port Trust Charges | 4,184 | 4,523 |
| Sub-total (a to f) | 269,403 | 247,631 |
| Accretion / (Decretion) in stock | (4,641) | (8,917) |
| Production, Transportation, Selling and Distribution Expenditure | 632,637 | 484,632 |
| Purchases | 2,811 | 2,944 |
| Provisions and Writ-offs | 11,509 | 9,635 |
| Exchange Loss | 12,147 | 42 |
| Adjustments relating to Prior Period (Net) | (241) | 112 |
| Exploration Costs Written off # | | |
| -Survey Costs | 14,847 | 19,542 |
| -Exploratory Well Costs | 90,189 | 73,078 |
| **Profit Before Depreciation, Interest &Tax** | 530,319 | 461,154 |
| Depreciation, Depletion, Amortisation and Impairment | 129,330 | 113,644 |
| **Total Cost & Expenses** | 1,158,181 | 942,543 |
| **Operating Income Before Interest &Tax** | 400,989 | 347,510 |
| Interest Payment | 4,359 | 4,377 |
| **Profit before Tax and Extraordinary Items** | 396,630 | 343,133 |
| Exceptional Items | 31,405 | – |
| **Profit before Tax** | 428,035 | 343,133 |
| Corporate Tax (Net) | 143,746 | 114,883 |
| **Profit after Tax** | 284,289 | 228,250 |
| Share in Associates for the year | (11) | 30 |
| Profit relating to minority | 2,842 | 3,720 |
| **Group Profit after Tax** | 281,436 | 224,560 |
| Profit & Loss Account Balance b/f | 144,332 | 116,377 |
| Adjustments due to change in share holding/ Other adjustments | 44 | (137) |
| Transfer to Capital Redemption Reserve | 48 | – |
| Dividend | 83,418 | 74,859 |
| Tax on Dividend | 13,611 | 12,528 |
| Transfer to General Reserve | 144,461 | 104,773 |
| Transfer to Debenture Redemption Reserve | 4,319 | 4,308 |
| **Retained Earnings For The Year** | 179,959 | 144,332 |

| (₹ in million) | 2009-10 |
|---|---|
| **REVENUES** | |
| Sales | |
| Crude Oil | 527,312 |
| Natural Gas | 81,405 |
| LPG | 21,924 |
| Naptha/Aromatic Rich Naptha | 47,137 |
| Ethane/Propane | 10,249 |
| Superior Kerosene Oil | 3,255 |
| HSD | 156 |
| Motor Spirit | 27 |
| Others | 370,250 |
| Price Revision Arrears | 0 |
| Sub-total | 1,061,715 |
| Pipeline Revenue | 3,126 |
| Other Receipts | 17,217 |
| Accretion / (Decretion) in stock | 3,729 |
| **Total Revenues** | 1,085,787 |
| **COST & EXPENSES** | |
| Operating, Selling & General | |
| (a) Royalties | 103,561 |
| (b) Cess/ Excise Duty | 99,831 |
| (c) Natural Calamity Contingent Duty - Crude Oil | 1,062 |
| (d) Sales Tax | 3,734 |
| (e) Education Cess | 1,719 |
| (f) Octroi & Port Trust Charges | 4,484 |
| Sub-total (a to f) | 213,391 |
| Pipeline Operations (Excluding Depreciation) | 11,967 |
| Other Operating Costs | 395,726 |
| Exchange Loss/(Gain) | (10,871) |
| **Recouped Costs** | |
| (a) Depletion | 62,242 |
| (b) Depreciation | 20,767 |
| (c) Amortisation | 104,815 |
| (d) Impairment | (433) |
| Sub-total (a to d) | 187,391 |
| **Total Cost & Expenses** | 797,804 |
| **Operating Income Before Interest &Tax** | 287,983 |
| **Interest** | |
| -Payments | 5,564 |
| -Receipts | 21,995 |
| -Net | (16,431) |
| **Profit before Tax and Extraordinary Items** | 304,414 |
| Extraordinary Items- Excess of Insurance Claims over BV | 0 |
| **Profit before Tax** | 304,414 |
| Corporate Tax (Net) | 107,138 |
| **Profit after Tax** | 197,276 |
| Share in Associates for the year | 78 |
| Profit relating to minority | 3,319 |
| **Group Profit after Tax** | 194,035 |
| Profit & Loss Account Balance b/f | 93,335 |
| Adjustments | (21) |
| Dividend | 70,583 |
| Tax on Dividend | 11,992 |
| **Retained Earnings For The Year** | 204,774 |

\# Exploration Costs written off towards Survey & Dry Wells have been regrouped from Depreciation, Depletion and Amortization since these represent cash expenditure and are shown as a separate item.

Note:

1. 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 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.

| 2008-09 | 2007-08 | 2006-07 | 2005-06 | 2004-05 | 2003-04 | 2002-03 |
|---|---|---|---|---|---|---|
| 491,127 | 543,631 | 475,295 | 382,311 | 299,765 | 222,347 | 245,049 |
| 82,835 | 78,560 | 80,117 | 73,383 | 57,759 | 53,508 | 50,858 |
| 22,752 | 20,169 | 14,867 | 16,279 | 12,086 | 16,352 | 19,087 |
| 48,406 | 43,848 | 37,907 | 35,679 | 29,260 | 22,538 | 22,035 |
| 9,890 | 9,291 | 9,095 | 7,401 | 5,705 | 4,779 | 5,837 |
| 16,701 | 10,775 | 15,754 | 10,605 | 16,896 | 2,658 | 3,189 |
| 61,910 | 48,621 | 42,037 | 23,403 | 29,277 | 85 | 80 |
| 11,062 | 9,159 | 4,530 | 3,797 | 6,846 | 0 | 0 |
| 349,257 | 254,297 | 183,064 | 188,892 | 164,217 | 127,037 | 1,748 |
| 0 | 0 | 11 | 156 | 584 | 3,461 | 1,568 |
| 1,093,940 | 1,018,351 | 862,677 | 741,806 | 622,375 | 452,765 | 349,451 |
| 5,287 | 4,644 | 3,351 | 3,214 | 23 | 24 | 478 |
| 9,858 | 12,387 | 23,029 | 11,279 | 6,989 | 11,028 | 6,268 |
| (3,444) | 1,101 | 9,815 | (545) | 1,276 | 1,383 | (1,115) |
| 1,105,621 | 1,036,483 | 898,872 | 755,854 | 630,663 | 465,200 | 355,082 |
| | | | | | | |
| 111,574 | 121,057 | 104,558 | 85,242 | 65,692 | 44,740 | 30,762 |
| 103,571 | 108,638 | 100,160 | 76,755 | 68,556 | 58,647 | 47,057 |
| 1,081 | 1,127 | 1,149 | 1,080 | 1,138 | 1,117 | 98 |
| 7,823 | 2,947 | 6,009 | 10,299 | 17,405 | 12,239 | 12,572 |
| 1,784 | 1,861 | 1,303 | 0 | 0 | 0 | 0 |
| 4,130 | 4,195 | 3,232 | 2,447 | 3,131 | 2,236 | 2,688 |
| 229,963 | 240,025 | 216,411 | 175,823 | 155,922 | 118,979 | 93,177 |
| 10,725 | 10,343 | 9,122 | 7,732 | 10,320 | 6,095 | 5,500 |
| 419,425 | 363,729 | 298,380 | 247,526 | 178,647 | 133,279 | 68,830 |
| 11,716 | 1,018 | (2,675) | (483) | 203 | 61 | 356 |
| | | | | | | |
| 55,883 | 49,259 | 46,439 | 34,318 | 27,802 | 25,748 | 17,637 |
| 21,822 | 27,874 | 29,060 | 28,556 | 10,223 | 10,758 | 7,651 |
| 81,110 | 62,837 | 46,925 | 41,001 | 35,774 | 26,129 | 18,231 |
| (3,110) | (437) | 1,730 | (326) | 141 | 162 | 162 |
| 155,705 | 139,533 | 124,154 | 103,549 | 73,940 | 65,797 | 41,681 |
| 827,534 | 754,648 | 645,392 | 534,167 | 417,032 | 324,211 | 207,544 |
| 278,087 | 281,835 | 253,480 | 221,687 | 213,631 | 140,989 | 147,538 |
| | | | | | | |
| 2,386 | 1,135 | 1,906 | 1,597 | 1,644 | 3,785 | 1,183 |
| 35,336 | 28,510 | 21,147 | 13,312 | 12,635 | 11,557 | 13,854 |
| (32,850) | (27,375) | (19,241) | (11,715) | (10,891) | (7,772) | (12,671) |
| 311,037 | 309,210 | 272,721 | 233,402 | 224,622 | 148,761 | 160,209 |
| 859 | 0 | 4,751 | 6,405 | 0 | 0 | 0 |
| 311,895 | 309,210 | 277,472 | 239,807 | 224,622 | 148,761 | 160,209 |
| 110,094 | 106,999 | 98,454 | 84,932 | 79,416 | 53,880 | 55,785 |
| 201,801 | 202,211 | 179,018 | 154,875 | 145,206 | 94,881 | 104,424 |
| 99 | 21 | 102 | 107 | 114 | 156 | (8) |
| 3,747 | 3,509 | 1,424 | 1,008 | 1,930 | 1,234 | (259) |
| 197,953 | 198,723 | 177,696 | 153,976 | 143,390 | 93,803 | 104,675 |
| 56,990 | 28,795 | 8,848 | 1 | 1 | 0 | 58 |
| (107) | 0 | 0 | 0 | 0 | 0 | 0 |
| 68,444 | 88,444 | 66,305 | 64,167 | 57,535 | 34,222 | 42,778 |
| 12,017 | 12,014 | 10,383 | 9,172 | 8,156 | 4,385 | 2,375 |
| 176,375 | 147,060 | 109,856 | 80,638 | 77,700 | 55,196 | 59,580 |

# Statement of Financial Position of ONGC Group

| (₹ in million) | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| **RESOURCES** | | |
| **A. Own** | | |
| 1. Net Worth | | |
| (a) Equity | | |
| i) Share Capital | 42,778 | 42,778 |
| ii) Reserves & Surplus | 1,321,614 | 1,110,495 |
| Sub-Total | 1,364,392 | 1,153,273 |
| (b) Less: Miscellaneous Expenditure | 11,726 | 7,961 |
| **Net Worth** | 1,352,666 | 1,145,312 |
| **B. Long-term Borrowings** | 52,086 | 39,771 |
| **C. Deferred Tax Liability (Net)** | 121,846 | 111,526 |
| **D. Minority Interest** | 22,084 | 19,891 |
| **TOTAL RESOURCES ( A+B+C+D )** | 1,548,682 | 1,316,500 |
| **DISPOSITION OF RESOURCES** | | |
| **A. Non-current assets** | | |
| 1. Fixed Assets( Net) | | |
| i) Tangible assets | 306,080 | 266,924 |
| ii) Producing Properties | 608,004 | 571,896 |
| iii) Intangible assets | 1,364 | 1,735 |
| **Total Block Capital** | 915,448 | 840,555 |
| 2. Goodwill on consolidation | 77,876 | 89,928 |
| 3. Long-term Loans and Advances(Excluding Capital Advance) | 59,426 | 58,250 |
| 4. Deposit with Bank Under Site Restoration Fund Scheme | 94,753 | 81,262 |
| 5. Other non-current Assets (Excluding DRE) | 20,084 | 5,619 |
| **Sub-total (A)** | 1,167,687 | 1,075,614 |
| **B. Less Non-current Liabilities** | | |
| 1. Other Long Term Liabilities | 10,796 | 9,731 |
| 2. Libility for Abandonment Cost | 203,981 | 198,469 |
| 3. Long Term Provisions | 37,504 | 33,384 |
| **Sub-total (B)** | 252,281 | 241,584 |
| **C. Net Non-current Asset (A-B)** | 915,406 | 834,030 |
| **D. Working Capital** | | |
| **1. Current Assets** | | |
| i) Inventories | 131,680 | 85,676 |
| ii) Trade Receivables | 117,143 | 99,730 |
| iii) Cash & Cash equivalents | 278,896 | 208,158 |
| iv) Short-term Loans & Advances | 49,309 | 40,124 |
| v) Other Current Assets (Excluding DRE) | 12,073 | 5,955 |
| **Sub-Total (1)** | 589,101 | 439,643 |
| **Less:** | | |
| **2. Current Liabilities** | | |
| i) Short-term borrowings | 100,146 | 20,843 |
| ii) Trade payables | 181,330 | 155,863 |
| iii) Other current liabilities | 198,173 | 176,615 |
| iv) Short-term provisions | 23,968 | 11,085 |
| **Sub-Total (2)** | 503,617 | 364,406 |
| **Net Working Capital (D)=(1)-(2)** | 85,484 | 75,237 |
| **E. Capital Employed** | 1,000,890 | 909,267 |
| **F. Investments** | | |
| i) Non-current Investments | 20,412 | 28,920 |
| ii) Current Investments | 8,795 | 2,080 |
| **G. Capital Works In Progress (Including Capital Advance)** | 402,032 | 273,854 |
| **H. Exploratory/Development Wells in Progress** | 116,553 | 102,379 |
| **TOTAL DISPOSITION (E+F+G+H)** | 1,548,682 | 1,316,500 |

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 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) | As at 31st March, 2010 | As at 31st March, 2009 | As at 31st March, 2008 | As at 31st March, 2007 | As at 31st March, 2006 | As at 31st March, 2005 | As at 31st March, 2004 | As at 31st March, 2003 |
|---|---|---|---|---|---|---|---|---|
| **RESOURCES** | | | | | | | | |
| **A. Own** | | | | | | | | |
| 1. Net Worth | | | | | | | | |
| (a) Equity | | | | | | | | |
| i) Share Capital | 21389 | 21389 | 21535 | 21416 | 14259 | 14259 | 14259 | 14259 |
| ii) Reserves & Surplus | 992677 | 900846 | 759331 | 645719 | 553421 | 471941 | 399158 | 344433 |
| **Sub-Total** | 1014066 | 922235 | 780866 | 667135 | 567680 | 486200 | 413417 | 358692 |
| (b) Less Deferred Revenue Expenditure | 8413 | 6506 | 6739 | 5141 | 3663 | 5617 | 6020 | 2304 |
| **Net Worth** | 1005653 | 915729 | 774127 | 661994 | 564017 | 480583 | 407397 | 356388 |
| 2. Long Term Liabilities | | | | | | | | |
| Net Deferred Tax Liability | 102912 | 92231 | 87376 | 81119 | 71633 | 57894 | 54250 | 47116 |
| **Total Own Funds ( 1 + 2 )** | 1108565 | 1007960 | 861503 | 743113 | 635650 | 538477 | 461647 | 403504 |
| **B. Minority Interest** | 16432 | 14113 | 11448 | 8321 | 7230 | 6204 | 4274 | 5029 |
| **C. Outside** | | | | | | | | |
| 1. Unsecured Loans | | | | | | | | |
| a) Indian Loans | 34550 | 6015 | 2079 | 1881 | 1745 | 1643 | 1541 | 5729 |
| b) Foreign Loans | 10260 | 1492 | 1458 | 4526 | 13181 | 11718 | 8431 | 5488 |
| **Total Unsecured Loans** | 44810 | 7507 | 3537 | 6407 | 14926 | 13361 | 9972 | 11217 |
| 2. Secured Loans | 6959 | 5584 | 5890 | 6557 | 7416 | 10509 | 19101 | 44310 |
| **Total Outside Resources** | 51769 | 13091 | 9427 | 12964 | 22342 | 23870 | 29073 | 55527 |
| **TOTAL RESOURCES ( A+ B+C )** | 1176766 | 1035164 | 882378 | 764398 | 665222 | 568551 | 494994 | 464060 |
| | | | | | | | | |
| **DISPOSITION OF RESOURCES** | | | | | | | | |
| A. Goodwill on consolidation | 95385 | 114039 | 26777 | 30616 | 17103 | 13683 | 14581 | 12790 |
| B. Block Capital | | | | | | | | |
| 1. Fixed Assets | 243762 | 184958 | 193681 | 185355 | 138806 | 116669 | 117049 | 119932 |
| 2. Producing Properties (Gross) | 511665 | 452980 | 362714 | 351741 | 312639 | 245554 | 246708 | 190493 |
| Less: Liability for Abandonment Cost | 174590 | 171461 | 129025 | 151857 | 128675 | 80941 | 80292 | 25665 |
| **TOTAL BLOCK CAPITAL** | 580837 | 466485 | 427350 | 385239 | 322770 | 281302 | 283465 | 284760 |
| C. Working Capital | | | | | | | | |
| a) Current Assets | | | | | | | | |
| i) Inventories | 82400 | 65424 | 72985 | 58744 | 49432 | 43730 | 35529 | 25835 |
| ii) Debtors (Net of Provision) | 71424 | 71814 | 70469 | 48187 | 44271 | 47091 | 29310 | 42843 |
| iii) Cash & Bank Balances | 149704 | 156331 | 186525 | 150653 | 45721 | 66035 | 64564 | 40035 |
| iv) Deposit with Bank Under Site Restoration Fund Scheme# | 74136 | 69624 | 64034 | 56103 | 45336 | 36180 | 31682 | 24781 |
| v) Loans & Advances and Others | 127966 | 143953 | 81332 | 74738 | 120683 | 77192 | 60835 | 40456 |
| Sub-Total | 505664 | 507148 | 475345 | 388435 | 305443 | 270228 | 221920 | 173750 |
| Less: | | | | | | | | |
| (b) Current Liabilities and Provisions and Short Term Loans | 312877 | 334889 | 235143 | 185997 | 132279 | 134680 | 114211 | 81822 |
| **Working Capital** | 192787 | 172257 | 240202 | 202438 | 173164 | 135348 | 107709 | 91928 |
| **D. CAPITAL EMPLOYED** | 869009 | 752781 | 693329 | 618263 | 513037 | 430333 | 405765 | 389478 |
| **E. INVESTMENTS** | 51560 | 34803 | 44821 | 35832 | 35579 | 26555 | 30307 | 30603 |
| **F. CAPITAL WORKS IN PROGRESS** | 176039 | 166222 | 86351 | 64056 | 76292 | 87776 | 13520 | 9338 |
| **G. EXPLORATORY/ DEVELOPMENT WELLS IN PROGRESS** | 80125 | 82358 | 57877 | 48248 | 40314 | 23888 | 40402 | 34641 |
| **TOTAL DISPOSITION** | 1176766 | 1035164 | 882378 | 764398 | 665222 | 568551 | 494994 | 464060 |

# Excluded for Current Ratio.

**Report of the Auditors to the Board of Directors of Oil and Natural Gas Corporation Limited on the Consolidated Financial Statements of Oil and Natural Gas Corporation Limited, its Subsidiaries, Joint Ventures and Associates**

1. We have audited the attached Consolidated Balance Sheet of Oil and Natural Gas Corporation Limited ("the Company"), its subsidiaries, joint ventures and associate (hereinafter referred to as "Group"), as at March 31, 2012 and the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement for the year ended on that date and annexed thereto ("Consolidated Financial Statements"). These consolidated financial statements are the responsibility of the Management of the Company and have been prepared by the Management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these consolidated financial statements based on our audit.
2. We conducted our audit in accordance with auditing standards generally accepted in India. Those standards require that we plan and perform the audit to obtain reasonable assurance whether the financial statements are prepared, in all material respects, in accordance with an identified financial reporting framework and are free of material misstatements. An audit includes, examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the Management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.
3. These Consolidated Financial Statements include the Company's share in the total value of assets, liabilities, expenditure and income of 139 blocks under New Exploration Licensing Policy (NELPs)/ Joint Venture (JVs) accounts for exploration and production out of which 9 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 (Refer Note No. 42.1.2.1 and 42.1.2.2 of the consolidated financial statements).
4. We did not audit the consolidated financial statements of Mangalore Refinery and Petrochemicals Limited (MRPL), a subsidiary, whose financial statements reflect total assets of ₹ 2,61,861.59 million as at March 31, 2012 and total revenues of ₹ 5,39,149.16 million and cash flows amounting to ₹ 5,187.4 million for the year ended on that date. These consolidated financial statements and other financial information of MRPL has been audited by other auditors whose audit report has been furnished to us, and our opinion, so far as it relates to the amounts included in respect of this subsidiary is based solely on the report of those auditors.
5. We did not audit the consolidated financial statements of ONGC Videsh Limited (OVL), a subsidiary, whose financial statements reflect total assets of ₹ 5,06,008.66 million as at March 31, 2012 and total revenues of ₹ 2,26,374.25 million and cash flows amounting to ₹ 14,530.06 million for the year ended on that date. These consolidated financial statements and other financial information of OVL has been audited by other auditors whose audit report has been furnished to us, and our opinion, so far as it relates to the amounts included in respect of the above is based solely on the report of those auditors. These consolidated financial statements of OVL comprise of:

   (a) Consolidated financial statements of the following subsidiaries/Joint Venture Companies which are prepared under respective local laws / Production Sharing Contract / Joint Operating Agreement:

   (I) **Subsidiaries audited by local firm of auditors:**

(₹ in million)

| Name of Company | Total Assets | Total Liabilities | Revenue | Profit/(Loss) after tax for the year ended March 31, 2012 (Consolidated) |
|---|---|---|---|---|
| ONGC Nile Ganga BV | 180,982.97 | 46,546.22 | 115,164.72 | 17,308.50 |
| ONGC Amazon Alaknanda Limited | 44,704.27 | 6,244.08 | 16,384.85 | 7,195.33 |
| Jarpeno Limited | 88,771.60 | 20,423.16 | 20,006.65 | (25,656.16) |

(ii) **Subsidiaries unaudited, as certified by the Management:**

(₹ in million)

| Name of Company | Total Assets | Total Liabilities | Revenue | Profit/(Loss) after tax for the year ended March 31, 2012 (Consolidated) |
|---|---|---|---|---|
| ONGC Narmada Ltd. | 101.91 | 1,644.03 | Nil | Nil |
| Carabobo One AB | 6,302.10 | 399.12 | Nil | (143.99) |

(iii) **Joint Venture Company unaudited, as certified by the Management:**

(₹ in million)

| Name of Company | Total Assets | Total Liabilities | Revenue | Profit/(Loss) after tax for the year ended March 31, 2012 (Consolidated) |
|---|---|---|---|---|
| ONGC Mittal Energy Ltd. | 1,021.09 | 7,560.76 | 462.79 | (2,428.84) |

**In respect of:**

I. Item no. (i) above so far it relates to amounts included, is based solely on the report of the other auditors, and

II. Item no. (ii) and (iii) above so far it relates to amounts included, is based solely on the financial statements certified by the management and relied upon by us.

(b) Company's share of Assets, Liabilities, Revenues and Expenditure in the Joint Ventures of OVL include 30 projects (as detailed in Note no. 42.2.1 of Consolidated Financial Statements) held in the books of the respective Subsidiaries / Joint Venture Company as mentioned in 5(a) above, out of which financial statements of 22 projects certified under respective local laws / Production Sharing Contract / Joint Operating Agreement by local audit firms and financial statements of 8 projects certified by the Management of the Consolidated Financial Statements and relied upon by us.

6. **We did not audit the financial statements of the following Joint Venture companies:**

(₹ in million)

| S No. | Name of Joint Venture | Company's share of Total Assets | Company's share of Total Revenue | Company's share of Cash Flows |
|---|---|---|---|---|
| (a) | Petronet LNG Limited | 11,513.80 | 28,475.93 | 1,033.03 |
| (b) | Petronet MHB Limited | 1,388.68 | 247.47 | 100.25 |
| (c) | Mangalore SEZ Limited (Consolidated Financial Statements) | 2,203.04 | 9.77 | 252.05 |
| (d) | ONGC Mangalore Petrochemicals Limited | 13,791.90 | 15.82 | 916.98 |
| (e) | ONGC Petro Additions Limited | 39,385.06 | – | 1.14 |
| (f) | ONGC Tripura Power Company Limited (Consolidated Financial Statements) | 13,903.97 | – | 17.54 |
| (g) | ONGC Teri Biotech Limited | 138.93 | 69.37 | 14.69 |
| (h) | Dahej SEZ Limited | 4,612.76 | 242.08 | (5.47) |

Financial statements of the above mentioned joint venture companies have been audited by other auditors except for ONGC Petro Additions Limited, ONGC Mangalore Petrochemicals Limited, Mangalore SEZ Limited and Dahej SEZ Limited, whose reports have been furnished to us, and our opinion, so far as it relates to the amounts included in respect of these Joint Venture companies is based solely on the report of those auditors.

Financial statements of Dahej SEZ Limited have been limited reviewed by other auditor, whose reports have been furnished to us, and our opinion, so far as it relates to the amounts included in respect of the Joint Venture Company is based solely on the report of the auditor.

We have relied on the unaudited financial statements of ONGC Petro Additions Limited, ONGC Mangalore Petrochemicals Limited and Mangalore SEZ Limited. These unaudited financial statements as certified by the management have been furnished to us and our report, in so far as it relates to the amount included in respect of these companies is based solely on such certified unaudited financial statements.

7. For the purpose of considering the investment in Pawan Hans Helicopters Limited, an associate, in the consolidated financial statements, the share of loss for the year ended 31st March, 2012, amounting to ₹ 10.74 million based on unaudited accounts has been considered in the current year. 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.

8. We have placed reliance on technical / commercial evaluation by the Management in respect of categorization of wells as exploratory, development and producing, allocation of cost incurred on them, depletion of producing properties / impairment on the basis of proved developed hydrocarbon reserves, liability for abandonment costs, liabilities under NELP for under performance against Minimum Work Programme and allocation of depreciation on process platforms to transportation and facilities.

9. We report that the consolidated financial statements have been prepared by the Company's Management in accordance with the requirements of Accounting Standard (AS) 21 - 'Consolidated Financial Statements', Accounting Standard (AS) 23 - 'Accounting for Investment in Associates in Consolidated Financial Statements' and Accounting Standard (AS) 27 - 'Financial Reporting of Interests in Joint Ventures', as notified by the Companies (Accounting Standards) Rules, 2006.

10. We report that on the basis of information and explanations given to us and on the consideration of the audit reports on financial statements of the Company, its subsidiaries, joint ventures and associates and certification of Management in respect of unaudited accounts referred to in Para 3, 5(a)(i), 5(a)(ii), 6(c), 6(d), 6(e) and 7 above, we are of the opinion that the consolidated financial statements read with notes to accounts give a true and fair view in conformity with the accounting principles generally accepted in India:

a. in the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2012; and

b. 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

c. in the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

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

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

**For M/s Verma & Verma**
**Chartered Accountants**
**Firm Reg No.004532S**

(M.K. Sukumaran)
**Partner (Mem. No.015707)**

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

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

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

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

**For M/s Mehra Goel & Co.**
**Chartered Accountants**
**Firm Reg No. 000517N**

(R. K. Mehra)
**Partner (Mem. No. 006102)**

**New Delhi**
May 29, 2012

Manifold series: Enhancing production

## Consolidated Balance Sheet as at 31st March, 2012

(₹ in million)

| | Particular | Note No. | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|---|---|
| I. | **EQUITY AND LIABILITIES** | | | |
| | **1 Shareholders' funds** | | | |
| | (a) Share capital | 4 | 42,777.60 | 42,777.60 |
| | (b) Reserves and surplus | 5 | 1,321,813.70 | 1,110,494.86 |
| | **2 Minority Interest** | | 22,094.28 | 19,891.09 |
| | **3 Non-current liabilities** | | | |
| | (a) Long-term borrowings | 6 | 52,085.83 | 39,771.17 |
| | (b) Deferred tax liabilities | 7 | 122,037.83 | 111,764.56 |
| | (c) Other Long-term liabilities | 8 | 10,795.56 | 9,731.07 |
| | (d) Long-term provisions | 9 | 241,485.04 | 231,852.84 |
| | **4 Current liabilities** | | | |
| | (a) Short-term borrowings | 10 | 100,146.07 | 20,842.84 |
| | (b) Trade payables | 11 | 181,330.21 | 155,863.51 |
| | (c) Other current liabilities | 12 | 196,173.18 | 176,614.60 |
| | (d) Short-term provisions | 13 | 23,967.66 | 11,084.55 |
| | **TOTAL** | | 2,316,496.96 | 1,930,888.69 |
| II. | **ASSETS** | | | |
| | **1 Non-current assets** | | | |
| | (a) Fixed assets | | | |
| | (i) Tangible assets | 14 | 306,079.87 | 266,924.36 |
| | (ii) Producing properties | 15 | 606,004.37 | 571,896.33 |
| | (iii) Intangible assets | 16 | 1,364.19 | 1,734.68 |
| | (iv) Capital work-in-progress | 17 | 360,428.67 | 245,221.66 |
| | (v) Exploratory/Development Wells in Progress | 18 | 116,552.61 | 102,378.94 |
| | (b) Goodwill on consolidation | 19 | 77,875.77 | 89,928.57 |
| | (c) Non-current investments | 20 | 20,411.78 | 28,920.37 |
| | (d) Deferred tax asset | 7 | 191.40 | 238.20 |
| | (e) Long-term loans and advances | 21 | 81,029.35 | 86,881.79 |
| | (f) Deposit under Site Restoration Fund Scheme | | 94,752.87 | 81,262.48 |
| | (g) Other non-current assets | 22 | 29,203.05 | 11,301.55 |
| | **2 Current assets** | | | |
| | (a) Current investments | 23 | 8,795.36 | 2,079.68 |
| | (b) Inventories | 24 | 131,690.09 | 85,675.64 |
| | (c) Trade receivables | 25 | 117,143.31 | 99,729.83 |
| | (d) Cash and Cash equivalents | 26 | 278,895.53 | 208,158.15 |
| | (e) Short-term loans and advances | 27 | 49,309.09 | 40,123.90 |
| | (f) Other current assets | 28 | 14,679.84 | 8,232.56 |
| | **TOTAL** | | 2,316,496.96 | 1,930,888.69 |
| | **Notes to Financial Statements** | 1 to 52 | | |

For and on behalf of the Board

| | | |
|---|---|---|
| (N. K. Sinha)<br>**Company Secretary** | (A K Banerjee)<br>**Director (Finance)** | (Sudhir Vasudeva)<br>**Chairman & Managing Director** |

**In terms of our report of even date attached**

| | | |
|---|---|---|
| **For Kalyaniwalla & Mistry<br>Chartered Accountants<br>Firm Reg. No. 104607W** | **For Varma & Varma<br>Chartered Accountants<br>Firm Reg. No. 004532S** | **For S. Bhandari & Co.<br>Chartered Accountants<br>Firm Reg. No. 000560C** |
| (Ermin K. Irani)<br>**Partner (Mem .No. 035646)** | (K.M. Sukumaran)<br>**Partner (M. No.015707)** | (P.P.Pareek)<br>**Partner (Mem. No. 071213 )** |
| **For Ray & Ray<br>Chartered Accountants<br>Firm Reg. No. 301072E** | **For Mehra Goel & Co.<br>Chartered Accountants<br>Firm Reg. No. 000517N** | |
| (B.K.Ghosh)<br>**Partner (Mem. No. 051028)** | (R.K.Mehra)<br>**Partner (Mem. No. 006102)** | |

New Delhi
May 29th, 2012

## Consolidated Statement of Profit and Loss for The Year Ended 31st March, 2012

(₹ in million)

| | Particular | Note No. | 2011-12 | 2010-11 |
|---|---|---|---|---|
| I | **REVENUE** | | | |
| | Revenue from Operations (Gross) | 29 | 1,511,210.96 | 1,252,873.20 |
| | Less Excise Duty | | 38,153.77 | 51,534.46 |
| | Revenue from Operations (Net) | | 1,473,057.19 | 1,201,338.74 |
| | Other Income | 30 | 47,949.24 | 37,179.86 |
| | **Total Revenue** | | 1,521,006.43 | 1,238,518.60 |
| II | **EXPENSES** | | | |
| | (Increase)/ Decrease in Inventories | 31 | (4,641.19) | (8,916.91) |
| | Purchases of stock-in-trade | | – | 0.64 |
| | Production, Transportation, Selling and Distribution Expenditure | 32 | 878,844.39 | 683,914.11 |
| | Exploration Costs written off | | | |
| | – Survey costs | | 14,946.82 | 19,541.74 |
| | – Exploratory well costs | | 90,189.41 | 73,077.74 |
| | Depreciation, Depletion, Amortisation and Impairment | 33 | 129,329.90 | 113,643.91 |
| | Financing Costs | 34 | 4,349.41 | 4,377.17 |
| | Provisions and Write-offs | 35 | 11,588.86 | 9,635.43 |
| | Adjustments relating to Prior Period (Net) | 36 | (240.76) | 111.71 |
| | **Total Expenses** | | 1,124,376.84 | 895,385.54 |
| | **Profit before Exceptional, Extraordinary Items and Tax** | | 396,629.59 | 343,133.06 |
| | Exceptional Items | 47 | 31,405.47 | – |
| | **Profit before Extraordinary Items and Tax** | | 428,035.06 | 343,133.06 |
| | Extraordinary Items | | – | – |
| | **Profit before Tax** | | 428,035.06 | 343,133.06 |
| | **Tax Expenses** | | | |
| | – Current Tax | | 140,038.84 | 114,021.21 |
| | – Earlier years | | (5,967.19) | (7,853.61) |
| | – MAT Credit | | (9.45) | – |
| | – Deferred Tax | | 9,737.89 | 8,795.93 |
| | – Fringe Benefit Tax | | (54.09) | (80.20) |
| | **Profit after Tax** | | 284,289.06 | 228,249.73 |
| | **Add: Share of Profit/(Loss) in Associate** | | (10.74) | 30.00 |
| | **Less: Share of Profit - Minority Interest** | | 2,842.16 | 3,720.41 |
| | **GROUP PROFIT AFTER TAX** | | 281,436.16 | 224,559.32 |
| | **Earning per Equity Share-Basic and Diluted (₹) (Face Value ₹ 5/- per Share)** | 37 | 32.90 | 26.25 |
| | **Notes to Financial Statements** | 1 to 52 | | |

For and on behalf of the Board

(N. K. Sinha)
**Company Secretary**

(A.K Banerjee)
**Director (Finance)**

(Sudhir Vasudeva)
**Chairman & Managing Director**

**In terms of our report of even date attached**

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

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

**For Varma & Varma**
**Chartered Accountants**
**Firm Reg. No. 004532S**

(K.M. Sukumaran)
**Partner (M. No.015707)**

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

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

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

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

**For Mehra Goel & Co.**
**Chartered Accountants**
**Firm Reg. No. 000517N**

(R.K.Mehra)
**Partner (Mem. No. 006102)**

New Delhi
May 29th, 2012

## Notes to Financial Statements for the year ended 31st March 2012

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 Associates. The Group is mainly engaged in Exploration & Production (E&P) of Oil & Gas in India and abroad including refinery business, 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 recognised 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 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. The financial statements are presented in Indian Rupee and all values are rounded to the nearest million except when otherwise indicated.

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 income under '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 Acquisition Cost**

Acquisition cost of an oil and gas property in exploration and development stage is taken to acquisition cost under the respective category. In case of overseas projects, the same is taken to capital work in progress. Such costs are capitalized by transferring to Producing Property when it is ready to commence commercial production. In case of abandonment, such costs are expensed. Acquisition cost of a producing oil and gas property is capitalized as Producing Property.

**e.2 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.3 Exploratory/ Development Wells in Progress**

e.3.1 All acquisition costs, exploration costs incurred in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalised as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per note no. 2.2.f.4.1 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.3.2 All wells under 'Exploratory Wells in Progress' which are more than two years old from the date of completion of drilling are expensed as exploration cost (including allocated depreciation) except those wells where it could be reasonably demonstrated that the well has proved reserves and the development of the field in which the wells are located has been planned.

e.3.3 All costs relating to Development Wells are initially capitalized as 'Development Wells in Progress' and transferred to 'Producing Properties' on completion as per note no. 2.2.f.4.1 and 2.2.f.4.2.

**f.4 Producing Properties**

f.4.1 Producing Properties are created in respect of an area/field having proved developed oil and gas reserves, when the well in the area/field is ready to commence commercial production.

f.4.2 Cost of temporary occupation of land, successful exploratory wells, all development wells, depreciation on related equipment, facilities and estimated future abandonment costs are capitalised and reflected as Producing Properties.

**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/licence/asset/amortization base by considering the proved developed reserves and related capital costs incurred including estimated future abandonment costs. In case of acquisition cost, 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 Sidetracking**

i.1 The cost of abandoned portion of sidetrack exploratory wells is expensed as 'Exploratory Well Cost'.

i.2 The cost of abandoned portion of sidetrack development wells is considered as part of cost of development wells.

i.3 The cost of sidetracking in respect of existing producing wells is capitalized if it increases the proved developed reserves otherwise, expensed as 'Workover Expenditure'.

**j Impairment**

Producing Properties, Development Wells in Progress (DWIP) and Fixed Assets (including Capital Works in Progress) of a "Cash Generating Unit" (CGU) are reviewed for impairment at each Balance Sheet date. In case, events and circumstances indicate any impairment, recoverable amount of these assets is determined. An impairment loss is recognized, whenever the carrying amount of such assets exceeds the recoverable amount. The recoverable amount is its 'value in use' or 'net selling price' (if determinable) whichever is higher. In assessing value in use, the estimated future cash flows from the use of assets and from its disposal at the end of its useful life are discounted to their present value at appropriate rate.

An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, is allocated to its assets on a pro-rata basis. Subsequent to impairment, depreciation is provided on the revised carrying value of the assets over the remaining useful life.

**k Abandonment Cost**

k.1 The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring offshore well sites and allied facilities are recognized in respective assets when the well is complete / facilities are installed.

k.2 The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring onshore well sites are recognized when the well is complete. Cost relating to dismantling, abandoning and restoring its allied facilities are accounted for in the year in which such costs are incurred as the salvage value is expected to take care of the abandonment costs. The abandonment cost on dry well is expensed as exploratory well cost.

k.3 Provision for abandonment cost is updated based on the technical assessment at current costs.

**l Joint Ventures**

The Company has Joint Ventures in the nature of Production Sharing Contracts (PSC) with the Government of India and various bodies corporate for exploration, development and production activities.

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.

l.2 **Consideration for the right to participate in operations recoverable from new Joint Venture Partners are :**

i) Reduced from respective capitalized cost wherever applicable

ii) Reduced from current expenditure to the extent it relates to current year.

iii) Balance is considered as miscellaneous receipts.

l.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 upto Group Gathering Stations/platform and Natural Gas in Pipelines are 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 Raw material is valued at lower of cost or net realisable value. Cost is determined on First in First Out (FIFO) basis.

n.5 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. Any difference as of the reporting date between the entitlement quantity minus the quantities sold in respect of crude oil (including condensate), if positive (i.e. under lift quantity) the proportionate production expenditure is treated as prepaid expenses and, if negative (i.e. over lift quantity), a liability for the best estimate of the Company's proportionate share of production expenses as per the Joint Operating Agreement / Production Sharing Agreement is created in respect of the quantity of crude oil to be foregone in future period towards settlement of the over-lift quantity of crude oil with corresponding charge to statement of Profit & Loss.

o.2 Any payment received in respect of short lifted gas quantity for which an obligation exists to supply such gas in subsequent periods is recognized as Deferred Revenue in the year of receipt. The same is recognized as revenue in the year in which such gas is actually supplied for the quantity supplied or in the year in which the obligation to supply such gas ceases, whichever is earlier.

o.3 Sale of crude oil and gas (net of levies) produced from Exploratory Wells in Progress is deducted from expenditure on such wells.

o.4 Sales are inclusive of all statutory levies except Value Added Tax (VAT). Any retrospective revision in prices is accounted for in the year of such revision.

o.5 Revenue in respect of fixed price contracts is recognized for the quantum of work done on the basis of percentage of completion method. The quantum of work done is measured in proportion of cost incurred to date to the estimated total cost of the contract or based on reports of physical work done.

o.6 Finance income in respect of assets given on finance lease is recognized based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

o.7 **Revenue in respect of the following is recognized when there is reasonable certainty regarding ultimate collection:**

a. Short lifted quantity of gas

b. Gas pipeline transportation charges

c. Reimbursable subsidies and grants

d. Surplus from Gas Pool Account

e. Interest on delayed realization from customers

f. 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 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 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 and 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 the Company's integral foreign operations:**

q.4.1 The foreign currency transactions on initial recognition in the reporting currency are recorded following the note no 2.2.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 of the company 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 the company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve until the disposal of such investment, at which time they are recognized as income or as expenses.

q.6 In the case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortised as income or expense over the life of the contract as well as exchange difference on such contracts, i.e. difference between the exchange rate at the reporting / settlement date and the exchange rate on the date of inception / the last reporting date, is recognized as income / expense for the period.

Forward exchange contracts other than those covered under Accounting Standard-11 on The effect of Changes in Foreign Exchange Rates, are marked to market basis at the reporting date and the losses are charged to statement of Profit & Loss. Unrealized gains are ignored.

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. are 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.

r.4 Liability for gratuity as per actuarial valuation is funded with a separate trust.

s. **Voluntary Retirement Scheme**

Expenditure on Voluntary Retirement Scheme (VRS) is charged to statement of profit and loss when incurred.

t. **General Administrative Expenses**

General administrative expenses which are identifiable to Assets, Basins & Services are allocated to activities and the balance is charged to statement of profit and loss. Such expenses relating to Headquarter are charged to statement of profit and 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 statement of profit and loss Account.

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 and loss.

v. **Research Expenditure**

Revenue expenses on Research are charged to statement of profit and 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 statement of profit and 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 statement of profit and loss.

**z. Deferred Revenue 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 considered as deferred revenue expenditure and amortized over the period of use not exceeding five years.

z.2 Transportation Costs in respect to 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.

**za 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.

**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 and 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 and loss on accrual basis.

**zc Provisions, Contingent Liabilities and Contingent Assets**

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are disclosed by way of notes to accounts.

**zd Accounting for Derivatives**

Accounting for Derivatives, other than those covered under Accounting Standard (AS) 11, is done on marked to market basis and the losses are charged to statement of Profit & Loss. Unrealized gains are ignored.

**ze Goodwill on Consolidation**

Goodwill arising on Consolidation of Companies having Hydrocarbon reserves is 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 associates as detailed below:-

| Sl No. | Name of the Subsidiaries/ Joint Venture and Associates | Country of Incorporation | Proportion of Ownership Interest as on | | Status of Audit as on 31.03.12 |
|---|---|---|---|---|---|
| | | | 31.03.2012 | 31.03.2011 | |
| 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 Do Brasil Exploracao Petrolifera Ltd.*** | Brazil | – | 100% | Audited |
| 1.1 (ii) | ONGC Campos Ltd. | Brazil | 100% | 100% | Audited |
| 1.1 (iii) | ONGC Nile Ganga (Cyprus) Ltd. | Cyprus | 100% | 100% | Audited |
| 1.1 (iv) | ONGC Nile Ganga (San Cristobal) B.V. | The Netherlands | 100% | 100% | Audited |
| 1.1 (v) | ONGC Satpayev E&P B.V. | The Netherlands | 100% | 100% | Audited |
| 1.1 (vi) | 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 | Jarpeno Limited | Cyprus | 100% | 100% | Audited |
| 1.5 (i) | Imperial Energy Corporation plc(*) | UK | – | 100% | Audited |
| 1.5 (ii) | Imperial Energy Limited(*) | UK | – | 100% | Audited |
| 1.5(iii) | Imperial Energy Kostanai Limited(*) | UK | – | 100% | Audited |
| 1.5(iv) | Imperial Energy Tomsk Limited | Cyprus | 85% | 85% | Audited |
| 1.5(v) | Imperial Energy (Cyprus) Limited | Cyprus | 100% | 100% | Audited |
| 1.5 (vi) | Imperial Energy Nord Limited | Cyprus | 100% | 100% | Audited |
| 1.5(vii) | RK Imperial Energy (Kostanai) Limited | Cyprus | 100% | 100% | Audited |
| 1.5(viii) | Freshspring Investments Limited | Cyprus | 100% | 100% | Audited |
| 1.5 (ix) | Nefsilius Holdings Limited | Cyprus | 100% | 100% | Audited |
| 1.5(x) | Biancus Holdings Limited | Cyprus | 100% | 100% | Audited |
| 1.5 (xi) | Redcliffe Holdings Limited | Cyprus | 100% | 100% | Audited |
| 1.5(xii) | Imperial Energy Gas Limited | Cyprus | 100% | 100% | Audited |
| 1.5(xiii) | Imperial Frac Services (Cyprus) Limited | Cyprus | 100% | 100% | Audited |
| 1.5 (xiv) | San Agio Investments Limited | Cyprus | 100% | 100% | Audited |
| 1.5(xv) | LLC Imperial Energy(*) | Russia | – | 100% | Audited |
| 1.5(xvi) | LLC Sibinterneft (**) | Russia | 48% | 48% | Audited |
| 1.5(xvii) | LLC Allianceneftegaz | Russia | 100% | 100% | Audited |
| 1.5(xviii) | LLC Nord Imperial | Russia | 100% | 100% | Audited |
| 1.5 (xix) | LLC Imperial Trans service | Russia | 100% | 100% | Audited |
| 1.5(xx) | LLC Rus Imperial Group | Russia | 100% | 100% | Audited |
| 1.5(xxi) | LLC Stratum | Russia | 100% | 100% | Audited |
| 1.5(xxii) | LLC Imperial Energy Tomsk Gas(***) | Russia | 95% | 95% | Audited |
| 1.6 | Carabobo One AB | Sweden | 100% | 100% | Unaudited |
| 1.6(i) | Petro Carabobo Ganga B.V. | The Netherlands | 100% | 100% | Unaudited |

| Sl No. | Name of the Subsidiaries/ Joint Venture and Associates | Country of Incorporation | Proportion of Ownership Interest as on | | Status of Audit as on |
|---|---|---|---|---|---|
| | | | 31.03.2012 | 31.03.2011 | 31.03.12 |
| 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 Managalore Petrochemicals Ltd. (OMPL) (note 3.2) | India | 48.15% | 48.15% | Unaudited |
| 5. | ONGC Petro Additions Ltd. (OPaL) | India | 41.93% | 41.93% | Unaudited |
| 6. | ONGC Tripura Power Company Ltd. ( OTPC) | India | 49.52% | 49.52% | Audited |
| 7. | ONGC Teri Biotech Ltd. | India | 49.98% | 49.98% | Audited |
| 8. | Dahej SEZ Limited | India | 50.00 % | 49.60 % | Unaudited |
| 9. | LLC Imperial Frac Services (through OVL) | Russia | 50% | 50% | Audited |
| 10. | ONGC Mittal Energy Limited (OMEL) (through OVL) | Cyprus | 49.98% | 49.98% | Unaudited |
| 11. | Shell MRPL Aviation Fuels & Services Pvt. Limited (through MRPL) | India | 50% | 50% | Audited |
| 12. | North East Transmission Company Ltd. Limited (through OTPC) | India | 32.36% | 28.85% | Audited |
| **C. Associates** | | | | | |
| 1 | Pawan Hans Helicopters Ltd. (PHHL) | India | 49.00 % | 49.00% | Unaudited |

(*) Liquidated during the reporting period.

(**) Although the Company has 47.52% effective ownership interest, it has 55.9% 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.

(***) 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. Such different accounting policies have been adopted and impact thereof is disclosed in Note no. 14.2, 14.3, 16.1 (c) & (d), 19.4, 24.2 & 32.2.

4. **Share Capital** (₹ In million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| **Authorised:** | | |
| 30,000,000,000 Equity Shares of ₹ 5 each (Previous Year 30,000,000,000 Equity Shares of ₹ 5 each) | 150,000.00 | 150,000.00 |
| **Issued and Subscribed:** | | |
| 8,555,528,064 Equity Shares of ₹ 5 each (Previous Year 8,555,528,064 Equity Shares of ₹ 5 each) | 42,777.64 | 42,777.64 |
| **Paid up :** | | |
| 8,555,490,120 Equity Shares of ₹ 5 each (Previous Year 8,555,490,120 Equity Shares of ₹ 5 each) | 42,777.45 | 42,777.45 |
| Add: Shares forfeited | 0.15 | 0.15 |
| **Total** | 42,777.60 | 42,777.60 |

4.1 **Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period.**

| Particulars | As at 31st March, 2012 | | As at 31st March, 2011 | |
|---|---|---|---|---|
| | No in million | ₹ in million | No in million | ₹ in million |
| Outstanding at the beginning of the year | 8,555.49 | 42,777.45 | 2,138.87 | 21,388.73 |
| Conversion of face value of ₹ 10 to face value of ₹ 5 | - | - | 2,138.87 | - |
| Issued During the Year -Bonus Share | - | - | 4,277.75 | 21,388.72 |
| **Outstanding at the end of the year** | 8,555.49 | 42,777.45 | 8,555.49 | 42,777.45 |

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 company declares and pays dividends in Indian rupees. 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 Shareholder | As at 31st March, 2012 | | As at 31st March, 2011 | |
|---|---|---|---|---|
| | No in million | % holding | No in million | % holding |
| President of India | 5,922.55 | 69.23 | 6,342.96 | 74.14 |
| Life Insurance Corporation of India | 664.45 | 7.76 | 261.53 | 3.06 |
| 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. Company has issued total 4,277.75 million (Previous Year 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

**5. Reserves and Surplus**

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| **Capital Reserve (Note 5.1)** | | | | |
| a) As per last Balance Sheet | 1,008.91 | | 1,015.06 | |
| b) Addition/(deduction) during the year | 96.06 | 1,104.97 | (6.15) | 1,008.91 |
| **Capital Redemption Reserve (Note 5.2)** | | | | |
| a) As per Last Balance Sheet | 0.09 | | 0.09 | |
| b) Add: Transferred from P&L Account | 45.93 | 46.02 | – | 0.09 |
| **Securities Premium Account** | | | | |
| a) As per last Balance Sheet | 144.33 | | 312.45 | |
| b) Less: Bonus Share issued | – | 144.33 | 168.12 | 144.33 |
| **Debenture Redemption Reserve (note no. 5.3)** | | | | |
| a) As per Last Balance Sheet | 5,461.83 | | 1,154.19 | |
| b) Add: Transferred from Surplus Account | 4,319.44 | 9,781.27 | 4,307.64 | 5,461.83 |
| **Deferred Government Grant (Note 2.2.c)** | | | | |
| a) As per last Balance Sheet | 34.73 | | 39.45 | |
| b) Addition during the year | – | | – | |
| c) Less: Deduction during the year | 3.91 | 30.82 | 4.72 | 34.73 |
| **Insurance Reserve** | | | | |
| a) As per last Balance Sheet | – | | 2,500.00 | |
| b) Less: Transfer to General Reserve | – | – | 2,500.00 | – |
| **Foreign Exchange Translation Reserve (Note 5.4)** | | | | |
| a) As per Last Balance Sheet | (1,933.82) | | (4,115.28) | |
| b) Addition/(deletion) | 26,573.80 | 24,639.98 | 2,181.46 | (1,933.82) |
| **General Reserve** | | | | |
| a) As per last Balance Sheet | 961,447.07 | | 875,394.22 | |
| b) Add: Transferred from Insurance Reserve | – | | 2,500.00 | |
| c) Add: Transferred from Surplus Accounts | 144,460.49 | | 104,773.46 | |
| d) Less: Bonus Share issued | – | 1,105,907.56 | 21,220.61 | 961,447.07 |
| **Surplus** | | | | |
| a) As per last Balance Sheet | 144,331.72 | | 116,377.36 | |
| b) Add: Transferred from Statement of Profit and Loss | 281,436.16 | | 224,559.32 | |
| c) Add: Adjusment due to change in holding/other adjustment | 43.82 | | (136.74) | |
| d) Less: Proposed Dividend | 17,111.01 | | 6,415.15 | |
| e) Less: Interim Dividend | 66,305.10 | | 68,443.92 | |
| f) Less: Tax on Dividend | 13,610.96 | | 12,528.05 | |
| g) Less: Transfer to Capital Redemption Reserve | 45.93 | | – | |
| h) Less: Transfer to Debenture Redemption Reserve | 4,319.44 | | 4,307.64 | |
| i) Less: Transferred to General Reserve | 144,460.49 | 179,958.75 | 104,773.46 | 144,331.72 |
| **Total** | | 1,321,813.70 | | 1,110,494.86 |

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 subsidiary, MRPL has created Capital redemption Reserve on redemption of Preference share capital of ₹ 45.93 million during 2011-12.

5.3 **Debenture Redemption Reserve: -**

Debenture Redemption Reserve has been created as follows:

(₹ in million)

| Particulars | Balance as on 31st March, 2011 | Additions | Balance as on 31st March, 2012 |
|---|---|---|---|
| 8.40 % 5 Years Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series I | 5,005.91 | 3,948.64 | 8,954.54 |
| 8.54 % 10 Years Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series II | 455.92 | 370.80 | 826.73 |
| **Total** | **5,461.83** | **4,319.44** | **9,781.27** |

5.4 **Foreign Currency 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 Operation. Accordingly, the resulting exchange gain of ₹ 26,573.80 million (Previous Year ₹ 2,181.46 million) has been accounted as foreign currency translation reserve.

5.5 Reserve and Surplus includes ₹ (-) 3,851.46 million shares of jointly controlled entities. (Previous Year ₹ (-) 1,838.96 million)

## 6. Long-term borrowings

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| **A. Secured** | | | | |
| (a) Zero Coupon Bond (note no. 6.2.1) | 91.04 | | 179.98 | |
| (b) Term Loan | | | | |
| - From Banks | 1,344.54 | | 2,370.33 | |
| - From Others | 13,032.27 | 14,467.85 | 2,710.05 | 5,260.36 |
| **B. Unsecured** | | | | |
| (a) Non Convertible Redeemable Bonds | 23,400.00 | | 23,400.00 | |
| (b) Term Loan | | | | |
| - From Others | 7,969.78 | | 4,472.00 | |
| (c) Long Term maturity of Finance Lease (Note 41.2) | 3,124.98 | | 3,341.28 | |
| (d) Non - Recourse Deferred Credit (Note 6.3.3) | 380.60 | | 554.91 | |
| (e) Sales Tax Deferment Loan (Note no.6.3.5) | 2,742.62 | 37,617.98 | 2,742.62 | 34,510.81 |
| **Total Long Term Borrowing (A+B)** | | 52,085.83 | | 39,771.17 |

6.1 Secured Long Term borrowing includes ₹ 11,891.35 million shares of jointly controlled entities (Previous Year ₹ 4,546.31 million) and Unsecured Long Term Borrowing includes ₹ 3,969.78 million shares of jointly controlled entities. (Previous Year ₹ Nil)

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 ZCB's 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 31st March 2012 is ₹ 316.48 million (previous year ₹ 625.67 million) out of which Group's share is ₹ 91.04 million (Previous year ₹ 179.98 million)

6.2.2 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. Balance outstanding as on 31st March 2012 is ₹ 10,756.30 million (previous year ₹ 13,250.20 million) out of which group's share is ₹ 1,344.54 million (Previous year ₹ 1,656.28 million).

6.2.3 The Subsidiary, MRPL has external commercial borrowing (ECB) of ₹ 2,576.50 million (previous year ₹ nil). secured by first pari passu Charge over immovable and movable fixed assets both present and future. Charge/security is in the process of being created. The interest rate for ECB is LIBOR plus 3.30 % p.a.

6.2.4 The Subsidiary, MRPL has outstanding loan of ₹ nil (previous year ₹ 714.06 million). Also refer note 12.1.1.

6.2.5 The Joint Venture, OTPC has outstanding loan from Power Finance Corporation Limited, secured by, first pari-passu charge on all immovable properties, present and future, relating to the project and first charge by way of hypothecation on all movable properties, present and future, relating to project and first charge on all the receivables, Letter of credit and Escrow Account. Balance outstanding as on 31st March 2012 is ₹ 16,424.54 million (previous year ₹ 1,728.25 million) out of which group's share is ₹ 8,132.61 million (Previous year ₹ 855.74 million)

6.2.6 The Joint Venture, PLL has external commercial borrowings of USD 150 million from International Finance Corporation Washington D.C., USA and USD 100 million from Proparco, France, outstanding as on 31st March 2012, the Joint Venture, PLL has entered into derivative contract to hedge the loan including interest. Balance outstanding as on 31st March 2012 is ₹ 18,585.30 million (previous year ₹ 14,834.50 million) out of which group's share ₹ 2,323.16 million (Previous year ₹ 1854.31 million).

6.3 **Unsecured Loan**

6.3.1 **Non-convertible Redeemable Bonds:**

During the financial year 2009-10, the subsidiary, OVL, had raised funds from the financial markets by issuance of non-convertible redeemable bonds in the nature of debentures as follows:

| Particulars | Amount (₹ 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-10 | 6-Jan-20 |
| 8.40 % 5 Years Unsecured Non-Convertible Redeemable Bond in the nature of Debentures- Series I | 19,700.00 | 23-Dec-09 | 23-Dec-14 |
| **Total** | 23,400.00 | | |

6.3.2 The Subsidiary, MRPL has unsecured term loan from Oil Industry Development Board (OIDB) of ₹ 4,000.00 million (previous year ₹ nil). The interest rates are 8.89 % and 9.04% on ₹ 3,650.00 million and ₹ 350.00 million respectively, having repayment schedule in four equal installments up to 2016-17.

6.3.3 The Subsidiary, OVL has unsecured non-recourse deferred credit ₹ 888.07 million (Previous Year ₹ 776.89 million) represents the non-recourse deferred credit from contractors of pipeline project executed by the Company in Sudan. The credit is repayable from the instalments of pipeline lease rentals from ministry of Energy and mining (MEM), Sudan.

(₹ in million)

| Non-Recourse Deferred Credit (Unsecured) | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| Current (Note 12) | 507.47 | 221.98 |
| Non Current (Note 6) | 380.60 | 554.91 |
| **Total** | **888.07** | **776.89** |

6.3.4 The Subsidiary, OVL has Foreign currency loan from Bank: Represents USD 100 million (Noncurrent Nil / current USD 100 million (₹ 5112.00 million) (31st March 2011 USD 200 million ₹ 8944.00 million (Non Current USD 100 million (₹ 4472 million)Current USD 100 million (₹ 4472 million)) syndicated loan taken by Jarpeno Limited, Cyprus, in January -2010 from a consortium of banks led by Sumitomo Mitsui Banking Corporation, Singapore. The loan is repayable in 8 equal quarterly instalments starting April 2011. Four instalments of USD 25 million each were paid on due dates during the period.

(₹ in million)

| Foreign Currency Loans | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| Current (Note 12) | 5,112.00 | 4,472.00 |
| Non Current (Note 6) | - | 4,472.00 |
| **Total** | **5,112.00** | **8,944.00** |

6.3.5 The Subsidiary, MRPL, has deferred sale tax payment liability of ₹ 2,742.62 million (previous year ₹ 2,742.62 million) with Nil interest rate, to be repaid by 2020-21.

6.3.6 The Joint Venture, OMPL has an External Commercial Borrowing (ECB) which is repayable in 14 equal half yearly instalments commencing from 1st April 2015. The rate of interest for ECB is six month LIBOR + 3.13% reset on the last day of the six monthly interest period. There has been no default in payment of interest during the year. Balance outstanding as on 31st March 2012 is ₹ 8,244.80 million (previous year ₹ nil) out of which Group's shares is ₹ 3,969.78 million (Previous year ₹ nil).

## 7. Deferred Tax Liabilities

The Net Deferred Tax Liability of the company, its subsidiaries and joint ventures as at 31st March, 2012 comprises of the major components of Deferred Tax Liabilities and Deferred Tax Assets as under:

(₹ in million)

| | Particulars | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|---|
| (i) | **Liabilities** | | |
| | Depletion of Producing Properties | 149,985.77 | 140,955.74 |
| | Depreciation Allocated to Wells in Progress & expenses relating to NELP | 9,452.84 | 10,264.98 |
| | Deferred Revenue Expenditure written off | 3,804.58 | 2,582.70 |
| | Development wells-in Progress | 9,013.47 | 6,736.28 |
| | Depreciation | 16,987.79 | 21,742.53 |
| | Others | 4,540.08 | 5,154.56 |
| | Deferred Tax Liability of ONGBV, OAAL- Subsidiary of OVL | - | 5,771.82 |
| | **Sub Total** | **193,784.53** | **193,208.61** |
| (ii) | **Assets** | | |
| | Depreciation | 9,963.10 | 6,976.17 |
| | Unabsorbed Losses and Allowances | 265.69 | 309.26 |
| | Dry Wells Written off | 10,176.73 | 22,297.93 |
| | Provision for Non Moving Inventories | 1,228.89 | 1,198.44 |
| | Provision for Doubtful Debts/ Claims /Advances/ Interest | 5,313.09 | 4,622.26 |
| | Provision for Abandonment | 25,718.03 | 29,523.56 |
| | Provision for Leave Encashment | 5,790.60 | 5,251.43 |
| | Provision Toward Additional Profit Petroleum & Interest | 2,783.85 | 2,435.33 |
| | Statutory Duties Unpaid u/s 43B | 1,584.19 | 3,241.93 |
| | Others | 9,113.93 | 4,623.76 |
| | Deferred Tax Asset of ONGBV - Subsidiary of OVL | - | 1,202.19 |
| | **Sub Total** | **71,938.10** | **81,682.25** |
| | **Net Liability (I-II)** | **121,846.43** | **111,526.36** |

7.1 The above includes Deferred Tax Asset of ₹ 191.40 million (Previous Year ₹ 238.20 million) and Deferred Tax Liability of ₹ 122,037.83 million (Previous Year ₹ 111,764.56 million) in respect of various components of entities consolidated.

8. **Other Long term Liabilities**

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| **Trade payables** | | |
| - Outstanding dues to Micro & Small Enterprises | – | – |
| - Outstanding dues to other than Micro & Small Enterprises | 182.72 | 322.15 |
| **Others** | | |
| - Advance from customers | 3,935.44 | 3,119.10 |
| - Deposits from Suppliers and Contractors | 2,192.19 | 2,303.03 |
| - Liability for Capital Goods | 266.44 | 34.21 |
| - Other Liabilities | 4,218.77 | 3,952.58 |
| **Total** | 10,795.56 | 9,731.07 |

8.1 Above includes ₹ 5,359.45 million shares of jointly controlled entities (Previous Year ₹ 3,932.34 million).

9. **Long Term Provisions**

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| **Provision for Employee Benefits** | | |
| - Unavailed Leave | 16,926.94 | 15,530.67 |
| - Gratuity | 174.28 | 165.12 |
| - Post Retirement Medical & Terminal Benefits | 19,609.28 | 17,237.26 |
| **Provision for Abandonment** | 203,981.37 | 198,469.30 |
| **Other Provisions (Note no. 44)** | 793.17 | 450.49 |
| **Total** | 241,485.04 | 231,852.84 |

9.1 Above includes ₹ 10.12 million shares of jointly controlled entities (Previous Year ₹ 8.49 million).

10. **Short Term Borrowings**

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| **Secured borrowing** | | |
| Short Term Loans from Banks | 45,119.62 | 690.57 |
| **Unsecured Borrowing** | | |
| Loans Repayable on demand from Bank | 29,329.68 | 14,450.96 |
| Other Short Term Loans : | | |
| From Banks | 25,581.42 | 5,592.11 |
| From Others | 115.35 | 109.20 |
| **Total** | 100,146.07 | 20,842.84 |

10.1 Secured short term borrowing includes ₹ 72.49 million shares of jointly controlled entities (Previous Year ₹ 91.54 million) and unsecured short term borrowing includes ₹ 36,360.30 million shares of jointly controlled entities (Previous Year ₹ 20,043.07 million).

10.2 **Short Term Secured Loan**

10.2.1 ONGC has availed short term loan from banks for ₹ 45,000.00 million (Previous Year ₹ nil) against pledge of fixed deposit of ₹ 52,380.00 million (Previous Year ₹ nil). Refer note 28.1.

10.2.2 The subsidiary, MRPL has an outstanding secured short term Loan of ₹ 119.62 million (Previous Year ₹ 690.57 million) from Bank (secured by way of hypothecation of the Company's stocks 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/to be secured by residual charge on Company's immovable and movable properties except Current Assets) both present and future, ranking pari passu inter se and including a lien over Company's Fixed Deposit amounting to Nil (Previous Year ₹ 7,830.00 million). This includes ₹ 72.49 million in respect of Shell MRPL Aviation Fuels & Services Pvt Ltd (Previous Year ₹ 91.54 million).

10.3 **Short Term Unsecured Loan**

10.3.1 The Joint Venture, OPaL has borrowed a short term loan from the bank repayable on demand of ₹ 59,949.15 million (Previous Year ₹ 34,464.50 million) out of which group share included above is ₹ 29,329.68 million (Previous Year ₹ 14,450.96 million).

10.3.2 Other short term loans from bank include ₹ 14,950.80 million (Previous Year ₹ nil) in respect of subsidiary, MRPL in the form of buyers credit.

## 11. Trade Payables

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| Outstanding dues to Micro & Small Enterprises | 7.33 | 10.89 |
| Outstanding dues to other than Micro & Small Enterprises | 181,322.88 | 155,852.62 |
| Total | 181,330.21 | 155,863.51 |

11.1 Above includes ₹ 3,624.43 million shares of jointly controlled entities. (Previous Year ₹ 2,489.32 million).

## 12. Other Current Liabilities

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| Current Maturity of Long Term Borrowings | 7,610.16 | 6,428.36 |
| Interest Accrued but not due on Borrowings | 1,130.07 | 526.22 |
| Interest Accrued and due on Borrowings | 303.26 | 0.19 |
| Unclaimed Dividend | 416.87 | 354.93 |
| Liability for Capital Goods | 50,818.52 | 38,772.87 |
| Liability for Statutory Payments | 27,990.89 | 24,331.64 |
| Liability for Gratuity | 451.85 | 1,572.27 |
| Deposits from Suppliers and Contractors | 4,194.56 | 9,888.22 |
| Advance from Customers | 29,865.40 | 36,909.63 |
| Liability for Employees | 12,443.22 | 11,964.87 |
| Other Liabilities | 62,948.38 | 45,865.40 |
| Total | 198,173.18 | 176,614.60 |

12.1 Above includes ₹ 7,166.74 million share of jointly controlled entities. (Previous Year ₹ 6,175.49 million).

12.1.1 Above includes, outstanding current maturity of Long Term Borrowings of ₹ 714.05 million (Previous Year ₹ 714.05 million ) in respect of the subsidiary, MRPL, secured by Equitable mortgage over the immovable properties, both present and future and also by hypothecation over the present and future movable properties. These Term Loans are convertible into Equity Shares of MRPL in case of default in repayment of loans.

12.2 No amount is due for payment to Investor Education Protection Fund.

## 13. Short Term provisions

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| **Provision for Employees Benefits** | | | | |
| Unavailed Leave | | 1,541.12 | | 1,114.20 |
| Gratuity | | 10.07 | | 7.77 |
| Post Retirement Medical & Terminal Benefits | | 1,050.72 | | 501.42 |
| **Provision for Others** | | | | |
| Proposed Dividend | | 17,110.96 | | 6,416.63 |
| Tax on Proposed Dividend | | 3,100.61 | | 1,412.53 |
| Provision for wealth Tax | 74.50 | | 88.50 | |
| Less: Advance payment of Wealth tax | 46.03 | 28.47 | 56.98 | 31.52 |
| Provision for Abandonment | | 157.45 | | 34.41 |
| Other Provisions (note no 44) | | 968.24 | | 1,566.07 |
| Total | | 23,967.66 | | 11,084.55 |

13.1 Above includes ₹ 209.99 million share of jointly controlled entities. (Previous Year ₹ 181.86 million)

13.2 **Other provision**

The subsidiary, MRPL, had recognised liability based on the substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March 2012 for ₹ 692.71 million (Previous Year ₹ 1,241.72 million).

## 14. Tangible Assets

(₹ in million)

| | Gross Block | | | | Accumulated Depreciation | | | | Accumulated Impairment | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | At 1st April, 2011 | Additions | Deletion/ Adjustment | At 31st March, 2012 | At 1st April, 2011 | For the year | Deletion/ Adjustment | At 31st March, 2012 | At 1st April, 2011 | For the year | Written back | Re-classification | At 31st March, 2012 | At 31st March, 2012 | At 31st March, 2011 |
| Land Freehold | 2,810.14 | 256.30 | 7.58 | 3,058.86 | – | – | – | – | 13.50 | – | – | – | 13.50 | 3,045.36 | 2,796.64 |
| Land Leasehold | 12,595.56 | 1,416.79 | (73.17) | 14,085.51 | 629.36 | 126.13 | (1.16) | 756.65 | – | – | – | – | – | 13,328.86 | 11,966.20 |
| Building & Bunk Houses | 28,276.63 | 4,852.87 | (740.29) | 31,869.59 | 9,359.90 | 1,123.83 | 20.57 | 10,463.16 | 97.10 | 15.47 | – | – | 112.57 | 21,293.86 | 18,819.63 |
| Railway Sidings | 89.95 | – | – | 89.95 | 84.11 | 0.81 | 0.01 | 84.91 | – | – | – | – | – | 5.04 | 5.84 |
| Plant & Equipment | 927,768.07 | 118,630.05 | 8,440.91 | 1,037,957.21 | 698,526.96 | 83,933.22 | 7,829.72 | 774,630.46 | 1,446.48 | 149.95 | 26.54 | (0.45) | 1,587.34 | 261,739.41 | 227,794.63 |
| Furnitures & Fixtures | 11,281.83 | 484.38 | (3,226.66) | 14,992.87 | 5,361.17 | 1,016.57 | (3,076.62) | 9,454.36 | 8.43 | 1.34 | 0.01 | 0.02 | 9.74 | 5,528.77 | 5,912.23 |
| Office Equipment | 6,144.54 | 482.75 | 887.78 | 5,739.51 | 4,916.15 | 446.56 | 549.24 | 4,813.47 | 17.98 | 0.93 | 1.46 | (2.22) | 19.67 | 906.37 | 1,210.41 |
| Vehicles includes Survey Ships, Crew Boats, Aircrafts and Helicopters | 6,065.70 | 232.74 | (0.33) | 6,298.67 | 4,636.92 | 464.60 | 15.16 | 5,076.36 | 10.00 | – | – | 0.20 | 9.80 | 1,212.51 | 1,418.78 |
| Total | 993,032.41 | 126,355.58 | 8,296.12 | 1,114,091.87 | 724,814.58 | 87,191.72 | 5,336.90 | 806,279.38 | 1,593.49 | 164.69 | 28.01 | (2.45) | 1,732.62 | 306,079.87 | 266,624.36 |
| Previous Year | 898,445.76 | 120,578.16 | 25,991.51 | 993,032.41 | 653,392.32 | 83,583.69 | 12,861.45 | 724,814.58 | 790.06 | 897.80 | 144.61 | (350.24) | 1,593.49 | 266,624.36 | |
| The above includes the Corporation's share in Joint Venture Assets | 169,975.16 | 11,873.23 | (2,006.88) | 183,855.27 | 99,278.10 | 18,532.95 | (569.67) | 118,380.72 | 129.32 | 53.20 | – | – | 182.52 | 65,292.03 | 70,568.74 |
| Previous Year | 145,906.17 | 44,501.53 | 20,433.53 | 169,975.16 | 63,205.82 | 29,720.04 | 13,647.66 | 99,278.10 | 28.61 | 100.71 | – | – | 129.32 | 70,568.74 | |

**14.1 Above Includes:-**

(a) Additions to Tangible Fixed Assets are net of ₹ 2,220.06 million on account of foreign currency translation adjustment during the year (previous year ₹ (-)6,445.33 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 to certain Buildings is pending execution.

(d) 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 ₹ 120.73 million (previous year ₹ 162.07 million).

(e) Net Tangible Assets include ₹ 14,308.77 million shares of jointly controlled entities (previous year ₹ 8,965.15 million).

(f) Depreciation for the year includes ₹ (-) 224.89 million taken to prior period (previous year ₹ 203.28 million).

(g) Plant & Equipment includes Jetty & Trestle (gross block of ₹ 45,437.82 million). As per the agreement, ownership of assets will be transferred to the Gujarat Maritime Board in the year 2035.

(h) Building includes the cost of undivided interest in land.

14.2 The accounting policies for treatment of depreciation of fixed assets by the subsidiaries/Joint Venture Entities are different from the accounting policies of the Group. Such different policies of depreciation of fixed have been adopted in respect to the following:-

(₹ in million)

| Names of Subsidiaries/JV | Accounting Policies | | Proportionate Depreciation | | Proportionate Net Block | |
|---|---|---|---|---|---|---|
| | Company | Subsidiaries/JV | 2011-12 | 2010-11 | 2011-12 | 2010-11 |
| MRPL | Written Down Value Method at the rates specified in Schedule XIV. | Straight Line Method | 4,316.54 | 3,874.88 | 40,251.74 | 30,554.48 |
| Petronet LNG Ltd. | | | 229.89 | 230.38 | 3,146.21 | 3,372.13 |
| Petronet MHB Ltd. | | | 44.9 | 313.29 | 616.83 | 656.22 |
| Mangalore SEZ Ltd. | | | 0.35 | 0.38 | 2.72 | 2.62 |
| OMPL | | | 1.06 | 4.67 | 6.58 | 7.18 |
| OPaL | | | 97.71 | 0.37 | 3,575.64 | 7.17 |
| OTPC* | | | 3.01 | 0.64 | 194.16 | 10.53 |
| OAAL | | | - | 652.07 | - | 3,928.50 |
| OMEL | | | - | 15.59 | - | 30.40 |
| Jarpeno Limited | | | - | 269.31 | - | 932.19 |
| Total- Proportion | | | 4,693.46 | 5,361.58 | 47,793.88 | 39,501.42 |
| **Group Total** | | | 4,3304.8 | 83,811.73 | 24,5607.5 | 252,199.91 |

* Depreciation has been provided on the basis of CERC Tariff Regulations 2009 with effect from 1st April 2009, as notified by Central Electricity Regulatory Commission.

14.3 Due to different nature of their operations, PHHL, the Associate of the Company, follows different accounting policies in respect to depreciation. Depreciation is charged by PHHL on Straight Line Method rates specified in Schedule XIV where as 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.

14.4 **Title to Fixed Assets under Production Sharing Agreements**

The Subsidiary OVL and its subsidiaries and joint ventures, in consortium with other partners (Consortium) carry on its business in respect to exploration, development and production of hydrocarbons under agreements with the host governments. Several of these agreements, governing Company's activities in the fields / projects, provide that the title to the fixed assets and other ancillary installations shall pass to host Government or its nominated entities either upon acquisition / first use of such assets or upon 100% recovery of such costs through allocation of "Cost Oil" and "Cost Gas" or upon relinquishment of the relevant contract areas or termination of the relevant agreement. However, as per the terms of the agreements, the Consortium and/ or Operator has the custody of all such assets and is entitled to use, free of charge all such assets for Petroleum Operations throughout the term of the respective agreements. The Consortium also has the custody and maintenance of such assets and bears all risks of accidental loss and damage and all costs necessary to maintain such assets and to replace or repair such damage or loss. Under the circumstances, such assets are kept in the records of the Company during the currency of the respective agreements.

16. **Producing Properties**

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| **Gross Cost** | | | | |
| Opening Balance | 1,170,970.96 | | 1,031,074.13 | |
| Acquisition Cost | – | | 164.99 | |
| Expenditure during year | 10,493.91 | | 24,413.40 | |
| Transfer from Exploratory Wells-in-Progress | 6,077.30 | | 3,919.05 | |
| Transfer from Development Wells-in-Progress | 63,496.41 | | 48,168.03 | |
| Depreciation on Facilities | 43,136.89 | | 36,389.82 | |
| Increase/(Decrease) in Estimated Abandonment Costs | 368.18 | | 23,384.91 | |
| Foreign Currency Translation Adjustments | 16,109.82 | | 3,460.36 | |
| Other Adjustments | (167.08) | | 1.57 | |
| | | 1,298,434.31 | | 1,170,970.96 |
| **Less: Depletion & Impairment** | | | | |
| **Depletion** | | | | |
| Opening Balance | 596,281.58 | | 516,817.94 | |
| Depletion for the year | 82,318.51 | | 78,174.11 | |
| Foreign Currency Translation Adjustments | 9,436.84 | | 1,289.53 | |
| Other Adjustments | (147.19) | | – | |
| | | 687,875.54 | | 596,281.58 |
| **Impairment** | | | | |
| Opening Balance | 2,693.05 | | 2,591.21 | |
| Transfer of Impairment from Development Wells-in-Progress | – | | 0.57 | |
| Impairment provided for the year | 582.35 | | 136.20 | |
| Write back of impairment | (731.09) | | (34.93) | |
| | | 2,554.46 | | 2,693.05 |
| **Net Producing Properties** | | 608,004.37 | | 571,876.33 |

16.1 Above includes ₹ nil share of jointly controlled entities. (Previous Year ₹ nil)

Geophysical exploratory operation

## 18. Intangible Assets

(₹ in million)

| | Gross Block | | | | Accumulated Depreciation | | | | Accumulated Impairment | | | | | Net Block | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | At 1st April, 2011 | Additions | Deletion/ Adjustment | At 31st March, 2012 | At 1st April, 2011 | For the year | Deletion/ Adjustment | At 31st March, 2012 | At 1st April, 2011 | For the year | Written back | Re-classification | At 31st March, 2012 | At 31st March, 2012 | At 31st March, 2011 |
| Computer Software | 6,362.28 | 186.31 | 36.40 | [illegible] | 4,643.81 | 656.88 | 57.36 | [illegible] | 21.69 | 4.67 | – | (0.08) | 22.27 | [illegible] | 1,689.88 |
| Copyrights & Patents | – | – | (56.56) | [illegible] | – | – | (56.53) | [illegible] | – | – | – | – | – | – | – |
| Goodwill | 30.13 | – | – | 30.13 | 6.06 | 3.01 | – | [illegible] | – | – | – | – | – | [illegible] | 12.08 |
| Right of way | 87.59 | – | – | 87.59 | 48.87 | – | – | 48.87 | – | – | – | – | – | 38.72 | 38.72 |
| Total | [illegible] | 186.31 | (21.04) | 6,607.51 | 4,703.83 | 557.84 | (19.45) | 5,281.14 | 21.69 | 4.67 | – | (0.08) | 22.27 | [illegible] | 1,734.68 |
| Previous Year | 6,174.12 | 306.40 | 30.40 | [illegible] | 3,987.81 | 719.47 | 12.48 | 4,703.83 | 21.60 | – | 0.01 | – | 21.69 | 1,734.68 | |
| The above includes the Corporation's share in Joint Venture Assets | 300.00 | 76.08 | 6.70 | 372.38 | 230.79 | (8.60) | 1.48 | 223.62 | – | – | – | – | – | 148.77 | |
| Previous Year | 273.08 | 34.54 | (6.37) | 303.08 | 212.70 | 13.11 | (4.25) | 230.79 | – | – | – | – | – | 72.33 | |

18.1 **Above includes:-**

(a) Addition to Intangible Assets are net of ₹ 7.17 million on account of foreign currency translation adjustment during the year (Previous Year ₹ (-) 0.12 million)

(b) Net Intangible assets include ₹ 41.55 million shares of jointly controlled entities. (Previous Year ₹ 41.49 million)

(c) In respect to Joint Venture - Petronet MHB Ltd. (PMHBL), Cost of Right of way for laying pipeline amounting to ₹ 38.72 million (Previous Year ₹ 38.72 million) included above is capitalized as intangible asset and being perpetual in nature is not amortized.

(d) In respect of subsidiary, ONGC Videsh Ltd. the financial statements for the year 2011-12 are prepared following the same accounting policies and practices as followed in the annual financial statements for the year ended March 31, 2011, except for change in the policy with regard to amortization of intangible assets which has been changed during the current period to align with the accounting policy of the Group and AS-26 from Written Down Value Method @ 40% to Straight Line Method over the useful life not exceeding a period of 5 years in order to systematically amortize its intangible assets. This has resulted in decrease in Depreciation, Depletion, Amortization and Impairment by ₹ 88.67 million, consequently profit before tax increased by ₹ 88.67 million during the year.

## 17. Capital Works-in-Progress

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| Buildings | 4,398.17 | | 1,963.34 | |
| Plant and Machinery | 374,917.89 | | 242,551.53 | |
| Others | 513.44 | | 960.35 | |
| Capital Stores (including in transit) | 1,991.44 | | 1,550.67 | |
| **Less:** Provision for Non-Moving Items | 93.36 | | 49.27 | |
| | | 381,724.57 | | 246,976.62 |
| **Less: Impairment** | | | | |
| Opening Balance | 1,154.86 | | 958.16 | |
| Provided for the year | 165.21 | | 553.14 | |
| Transfer to Fixed Assets | (1.78) | | (355.48) | |
| Write back of Impairment | (22.39) | | (0.96) | |
| | | 1,295.90 | | 1,154.86 |
| **Net Capital Works-in-Progress** | | 380,428.67 | | 245,821.76 |

17.1 Above includes:-

(a) Plant & Machinery includes an amount of ₹ 8,159.95 million (Previous Year ₹ 7,841.59 million) in respect to Capital Works in Progress (CWIP) for C2-C3 plant which is mechanically complete and will be capitalized on completion of test run which is pending due to non receipt of approval for allocation of gas from the Ministry of Petroleum and Natural Gas (MoP&NG) for swap arrangement through GAIL.

(b) CWIP ₹ 50,839.42 million shares of jointly controlled entities (Previous Year ₹ 28,287.53 million).

(c) CWIP ₹ 4,854.38 million on account of capitalization of borrowing cost (Previous Year ₹ 1,243.29 million).

(d) In respect of subsidiary company, MRPL, an amount of ₹ 38.14 million (Previous Year ₹ 0.01 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 the Statement of profit & loss, in pursuant of notification no. GSR(914)E dated 29th December, 2011 issued by Ministry of Corporate Affairs, Govt of India.

Rig Mounted Platform RS-12

## 18. Exploratory/Development Wells-in-Progress

(₹ in million)

| | | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|---|
| **A)** | **Exploratory Wells-in-Progress** | | | | |
| | **Gross Cost** | | | | |
| | Opening Balance | | 84,214.67 | | 89,115.24 |
| | Expenditure during the year | 90,602.36 | | 67,727.73 | |
| | **Less :** Sale proceeds of Oil and Gas (Net of levies) | 296.64 | | 369.82 | |
| | | | 90,305.72 | | 67,357.91 |
| | Depreciation during the year | | 4,844.42 | | 5,415.22 |
| | | | 179,364.81 | | 161,888.37 |
| | **Less :** | | | | |
| | Transfer to Producing Properties | 5,077.20 | | 3,816.05 | |
| | Wells written off during the year | 90,207.17 | | 73,175.23 | |
| | Foreign Currency Translation Adjustments | 1,129.73 | | 853.21 | |
| | Other adjustments | 21.31 | 96,435.41 | (170.79) | 77,673.70 |
| | | | 82,929.40 | | 84,214.67 |
| | **Less :** Provision for Exploratory Wells (Note 18.1 (a) & (c)) | | 10,891.24 | | 10,868.20 |
| | **Exploratory Wells-in-Progress** | | 72,038.16 | | 73,346.47 |
| **B)** | **Development Wells-in-Progress** | | | | |
| | Opening Balance | | 29,332.35 | | 21,892.87 |
| | Expenditure during the year | 56,462.59 | | 49,827.93 | |
| | Depreciation during the year | 9,644.88 | | 5,344.63 | |
| | Foreign Currency Translation Adjustments | 2,790.78 | | 432.95 | |
| | **Less:** Transfer to Producing Properties | 53,465.41 | 15,442.84 | 48,165.03 | 7,439.48 |
| | | | 44,775.19 | | 29,332.35 |
| | **Less: Impairment** | | | | |
| | Opening Balance | 299.88 | | 54.87 | |
| | Provision for the year | 9.91 | | 247.60 | |
| | Transfer to Producing Properties | – | | (0.57) | |
| | Write back during the year | (49.05) | | (2.02) | |
| | | | 260.74 | | 299.88 |
| | **Development Wells-in-Progress** | | 44,514.45 | | 29,032.47 |
| | **Exploratory/Development Wells-in-Progress (A+B)** | | 116,552.61 | | 102,378.94 |

**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 capitalized 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 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. There is no significant change in the status of this block during the current year. Pending final decision on the DOC by the MC, as a matter of abundant caution, the Company has made a provision of ₹9,412.09 million (including provisions created in earlier years ₹9,401.34) towards exploratory wells which are more than two years old from the date of completion of drilling

(b) As per the Production Sharing Contracts signed by the Company with the GoI, the Company is required to complete Minimum Work Programme (MWP) within stipulated time. In case of delay in completion of the MWP, Liquidated Damages (LD) are payable for extension of time to complete MWP. Further, in case the Company does not complete MWP or surrender the block without completing the MWP, the estimated cost of completing balance work programme is required to be paid to the GoI. LD amounting to ₹ 870.42 million (Previous Year ₹ 113.72 million) net of reversal and cost of unfinished MWP ₹ 146.57 million (Previous Year ₹ 919.81 million) paid/payable to the GoI is included in survey and wells written off expenditure.

(c) In respect of subsidiary company OVL, the provision of ₹ 1,479.15 million (Previous Year ₹ 1,466.86 million) has been created in respect of Farsi block Iran under service contract pending the agreements on development.

(d) Exploratory well-in-progress/ Development well in progress include ₹ nil shares of jointly controlled entities (Previous Year ₹ nil).

## 19. Goodwill on Consolidation

(₹ in million)

| | 31st March, 2012 | 31st March, 2011 |
|---|---|---|
| Gross Goodwill | 124,960.21 | 109,769.68 |
| Less : Accumulated Amortization | 27,450.75 | 19,841.11 |
| Less : Provision for Impairment | 19,533.69 | – |
| **Total** | **77,975.77** | **89,928.57** |

19.1 The subsidiary, ONGC Videsh Ltd., has carried out impairment assessment as per the Accounting Standard - 28, wherein indicators were noted for four Cash Generating Units (CGU). Based on the impairment test, provision of US$ 407.97 million (₹ 19,533.69 million) (Previous Year ₹ nil) has been provided in respect of one CGU and has been provided for in the Goodwill.

## 20. Non Current Investments

(₹ in million)

| | | No. of Shares/ Bonds/Units | Face Value Per Share/ Bond/Unit (in ₹) | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|---|---|---|
| A | **Trade Investments** | | | | |
| | **Investment in Equity Instruments** | | | | |
| | **(i) Investment in Associates** | | | | |
| | (a) Pawan Hans Helicopter Limited (Unquoted) (Net of Capital Reserve of ₹ 285.32 million) | 120,350 | 10,000.00 | **2,041.67** | 2,052.41 |
| | **(ii) Investment in Others** | | | | |
| | (a) Indian Oil Corporation Limited- (Quoted) | 212,906,190 | 10.00 | **13,720.49** | 13,720.49 |
| | (b) GAIL (India) Limited (Quoted) | 61,259,323 | 10.00 | **2,451.06** | 2,451.06 |
| | (c) Oil Spill Response Ltd. | 100 | (note 20.1) | **0.01** | 0.01 |
| | (d) Adani Petronet (Dahej) Port Pvt. Ltd. (Unquoted) | 11,250,000 | 10.00 | **112.50** | 91.68 |
| | (e) Bharuch Dahej Railway Company Limited(BDRCL) (Unquoted) | 5,000,000 (4,960,000) | 10.00 | **50.00** | 49.60 |
| B | **Non-Trade Investments (Unquoted)** | | | | |
| | (i) Investment in 7% Oil Co. GOI Spl. Bonds 2012 | 851,907 | 10,000.00 | **–** | 8,519.07 |
| | (ii) Investment in 8.40% Oil Co. GOI Spl. Bonds 2025 | 197,370 | 10,000.00 | **1,973.70** | 1,973.70 |
| | (iii) Investment in other Central Govt. Securities | | | **62.35** | 62.35 |
| | **Total Non-current Investment** | | | **20,411.78** | **28,920.37** |
| | Total Quoted Investments | | | **16,171.55** | 16,171.55 |
| | Total Unquoted Investments | | | **4,240.23** | 12,748.82 |
| | **Total** | | | **20,411.78** | **28,920.37** |
| | **Total Market Value of Quoted Investments** | | | **78,979.28** | 99,290.15 |

20.1 GBP one each, total value ₹ 6,885/-

20.2 **Above includes:-**

(a) Figures in parenthesis relate to previous year.

(b) Long term investment includes ₹ 342.3 million shares of jointly controlled entities (Previous Year ₹ 306.59 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 During the FY 2010-11, the Company had acquired an additional number of 95,850 equity shares of ₹ 10,000/- each in its Associate Pawan Hans Helicopters Ltd. (PHHL) for ₹ 958.50 million resulting in increase in the holding to 49.00% from 21.54%. The above acquisition has resulted in a 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 PHHL (Associates), the audited Annual Accounts for the year 2011-12 have not been received. For the purposes of consolidation of PHHL, the audited Annual Accounts for the year 2010-11 and unaudited accounts for the year 2011-12 have been considered. The difference in share of profit amounting to ₹ 40.17 million between audit Profit After Tax (PAT) and unaudited PAT for the year 2010-11 have been considered as share of profit in Associate. The share of loss for the year 2011-12 amounting to ₹ 50.91 million has also been considered as share of loss in Associate. No dividend has been received during the year.

## 21. Long-Term Loans And Advances

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| **Secured and Considered Goods** | | | | |
| Loans and Advances to Associates | 1,042.78 | | 551.63 | |
| Loans and Advances to Employees | 6,849.04 | | 6,200.55 | |
| Loans and advances to Others | 900.51 | | 384.41 | |
| | | 8,792.33 | | 7,136.59 |
| **Unsecured** | | | | |
| **(Considered Good unless otherwise stated)** | | | | |
| Capital Advances | | 21,603.33 | | 28,632.13 |
| Public Sector Undertakings | | | | |
| Considered Good | – | | 82.63 | |
| Considered Doubtful | 240.50 | | 240.50 | |
| Less : Provision for Doubtful Advances | 240.50 | | 240.50 | |
| | | – | | 82.63 |
| Advances against Equity pending allotment | | 9,807.82 | | 9,960.71 |
| Loans and Advances to Employees | | | | |
| Considered Good | 507.08 | | 441.95 | |
| Considered Doubtful | 14.99 | | 11.58 | |
| Less : Provision for Doubtful Loan/Advances | 14.99 | | 11.58 | |
| | | 507.08 | | 441.95 |
| Adv Recoverable in Cash or in kind | | | | |
| Considered Good | 3,619.71 | | 3,600.33 | |
| Considered Doubtful (Note 21.2) | 18,367.70 | | 16,601.75 | |
| Less : Provision for Doubtful Claims/Advances | 18,367.70 | | 16,601.75 | |
| | | 3,619.71 | | 3,600.33 |
| Loans and Advances to Others | | | | |
| Considered Good | 48.42 | | 1,107.45 | |
| Considered Doubtful | 1,940.34 | | 1,433.09 | |
| Less : Provision for Doubtful Loan/Advances | 1,940.34 | | 1,433.09 | |
| | | 48.42 | | 1,107.45 |
| Advance payment of Tax | 369,530.26 | | 341,566.76 | |
| Less :Provision for Taxation (Note 21.3) | 337,887.01 | | 310,350.42 | |
| | | 31,643.25 | | 31,216.34 |
| **Deposits** | | | | |
| With Customs/Port Trusts etc. | 31.90 | | 35.91 | |
| Other Security Deposits | 250.10 | | 260.82 | |
| Other Deposits | 4,781.06 | | 4,444.26 | |
| **Less:** Provision for Doubtful Deposits | 55.65 | | 37.33 | |
| | | 5,007.41 | | 4,703.66 |
| **Total** | | 81,029.35 | | 86,881.79 |

21.1 Long term Loans & Advances include ₹ 14,978.33 million shares of jointly controlled entities (Previous Year ₹ 14,411.08 million).

21.2 In Ravva Joint Venture, the demand towards additional profit petroleum raised by Government of India (GoI), due to differences in interpretation of the provisions of the Production Sharing Contract 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 GoI in earlier years and the amount of provision outstanding as on 31st March, 2012 is ₹ 8,580.22 million (equivalent to USD 167.84 million) after adjustments for interest and exchange rate fluctuations. GoI had recovered the above amount [Including interest thereon USD 54.88 million (₹ 2,829.86 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 31st March, 2012.

In subsequent legal proceedings, The Appellate Authority of the Honourable 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 GoI has preferred an appeal before the Federal Court of Malaysia. During the year, The Federal Court of Malaysia, vide its order dated 11th October, 2011, has dismissed the said appeal of the GoI.

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 13th January 2012 received, MoP&NG expressed the view that ONGC's proposal would be examined when the issue 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 31st March, 2012.

21.3 The Finance (No.2) Act, 2009, has specified the definition of "undertaking" for the purpose of claiming tax holiday under section 80-IB(9) of Income Tax Act, 1961 to be 'all blocks licensed under a single contract' retrospectively whereas the company had earlier considered each 'Well' as an undertaking. Since the amendment still requires clarity on various issues and also considering the advice of legal experts, the Company continued to make provision for tax without considering the benefit u/s 80-IB(9).

## 22. Other Non Current Assets

(₹ in million)

| | | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|---|
| A | **Secured and Considered good** | | | | |
| | Investment in Lease | 1,846.25 | | 2,567.91 | |
| | Interest accrued on Loans & Advances to Employees | 2,710.52 | | 2,654.88 | |
| | | | 4,556.77 | | 5,222.79 |
| | **(Unsecured, Considered Good unless otherwise stated)** | | | | |
| B | **Trade Receivables** | | | | |
| | Considered Good | 15,138.70 | | 38.39 | |
| | Considered Doubtful | 5,597.50 | | 3,678.59 | |
| | Less : Provision for doubtful receivables | 5,597.50 | | 3,678.59 | |
| | | | 15,138.70 | | 38.39 |
| C | **Other Receivables** | | | | |
| | Considered Good | 101.39 | | 92.32 | |
| | Considered Doubtful | 535.90 | | 575.13 | |
| | Less : Provision for doubtful receivables | 535.90 | | 575.13 | |
| | | | 101.39 | | 92.32 |
| D | **Interest Accrued** | | | | |
| | On Investments | 0.02 | | – | |
| | On Deposits | 17.39 | | 12.94 | |
| | On Loans & Advances | 293.69 | | 279.25 | |
| | Less : Provision for Interest Accrued | 24.20 | | 27.05 | |
| | | | 286.90 | | 265.14 |
| E | **Expenditure to the extend not written off** | | | | |
| | Dry Docking Charges | 8,451.33 | | 4,715.98 | |
| | Mobilisation Charges | 667.96 | | 966.93 | |
| | | | 9,119.29 | | 5,682.91 |
| | **Total** | | 29,203.05 | | 11,301.55 |

22.1 Above includes ₹ 6.88 million shares of jointly controlled entities (Previous Year ₹ 8.87 million).

## 23. Current Investments

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| **Non Trade** | | |
| **Current Maturity of Long Term Investment** | | |
| 7% Govt. of India Special Bonds 2012 (Unquoted) | 8,791.85 | 272.78 |
| **Other Investments** | | |
| Investments in Mutual Funds (Quoted) | – | 1,806.40 |
| Investment in 12% UP State Devlopment Loan-2011 (Unquoted) | – | 0.50 |
| Other Investments (unquoted) | 3.51 | – |
| **Total** | 8,795.36 | 2,079.68 |
| **Total Quoted Investments** | – | 1,806.40 |
| **Total Unquoted Investments** | 8,795.36 | 2,079.68 |

23.1 Above includes ₹ 3.51 million shares of jointly controlled entities (Previous Year ₹ 1,806.40 million).

## 24. Inventories

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| Raw Material | 18,001.09 | | 7,559.99 | |
| Raw Material in transit | 32,634.96 | | 10,583.23 | |
| | | 50,636.05 | | 18,143.22 |
| Finished Goods (Including Carbon Credits) | 28,836.97 | | 25,466.88 | |
| Less: Provision for Stock loss | 5.91 | | 6.98 | |
| | | 28,831.06 | | 25,459.90 |
| Traded Goods | | 1.15 | | 1.65 |
| Stock in Process | | 1,961.45 | | 2,414.79 |
| Stores and spare parts | | | | |
| On hand | 49,013.47 | | 41,790.55 | |
| In transit | 6,398.56 | | 2,553.99 | |
| | 55,412.03 | | 44,344.54 | |
| Less: Provision for non-moving | 5,344.56 | | 4,808.24 | |
| | | 50,067.47 | | 39,536.30 |
| Unserviceable Items | | 182.90 | | 119.78 |
| **Total** | | 131,680.08 | | 85,675.64 |

24.1 Includes ₹ nil shares of jointly controlled entities (Previous Year ₹ nil).

24.2 The joint venture, PLL, follows Weighted Average Method for raw material valuation and raw material cost is valued at lower of cost or net realizable value.

25. **Trade Receivables**

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| **Secured** | | | | |
| Outstanding for a period exceeding six months from due date | 3,286.52 | | 3,020.72 | |
| Other | 7.48 | | - | |
| | | 3,294.00 | | 3,020.72 |
| **Unsecured (Considered Good unless otherwise stated)** | | | | |
| Outstanding for a period exceeding six months from due date | | | | |
| Considered Good | 27,026.53 | | 25,721.32 | |
| Considered Doubtful | 618.46 | | 641.35 | |
| Less: Provision for Doubtful Receivables | 618.46 | | 641.35 | |
| | | 27,026.53 | | 25,721.32 |
| **Other:** | | | | |
| Considered Good | 86,822.78 | | 70,987.79 | |
| Considered Doubtful | 17.78 | | 31.16 | |
| Less: Provision for Doubtful Receivables | 17.78 | | 31.16 | |
| | | 86,822.78 | | 70,987.79 |
| **Total** | | 117,143.31 | | 99,729.83 |

25.1 Above includes ₹ 2,320.19 million shares of jointly controlled entities (Previous Year ₹ 1,714.30 million).

26. **Cash and Cash Equivalents**

(₹ in million)

| | As at 31st March, 2012 | As at 31st March, 2011 |
|---|---|---|
| Balance with Bank On Current Accounts | 53,202.86 | 40,487.98 |
| Cash on hand | 17.76 | 13.83 |
| Short Term Investment in Mutual Funds | 1,110.49 | 2,560.93 |
| Bank Deposit | 222,878.18 | 156,736.55 |
| Deposit towards margin money against guarantees issued | 1,269.37 | 8,003.93 |
| Unclaimed Dividend Account (Note 26.2) | 416.87 | 354.93 |
| **Total** | 278,895.53 | 208,158.15 |

26.1 Fixed deposits of ₹ 52,380.00 million (Previous Year ₹ nil) has been pledged to Banks against Short term loan taken from Banks.

26.2 Amount deposited in unclaimed dividend account is earmarked for payment of dividend and cannot be used for any other purpose

26.3 Cash and Cash Equivalents includes ₹ 3,880.35 million share of jointly controlled entities. (Previous Year ₹ 1,671.74 million)

27. **Short Term Loans And Advances**

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| **(Secured, Considered Good)** | | | | |
| Loans and Advances to Associates | 276.46 | | 234.09 | |
| Loans and Advances to Employees | 1,781.58 | | 1,553.31 | |
| | | 2,058.04 | | 1,787.40 |
| **(Unsecured, Considered Good unless otherwise stated)** | | | | |
| Public Sector Undertakings | | 83.03 | | 361.34 |
| Advance against Equity Pending Allotment | | – | | 48.25 |
| Loans and Advances to Employees | | 343.38 | | 429.76 |
| Balance with Tax Authorities | | 1,319.43 | | 1,731.79 |
| Prepaid expenses for underlift | | 745.48 | | 283.33 |
| Advances Recoverable in cash or kind | | | | |
| Considered Good (Note 27.2) | 37,337.78 | | 27,708.02 | |
| Considered Doubtful (Note 27.3) | 3,215.99 | | 6,271.93 | |
| **Less**: Provision for Doubtful Advances | 3,215.99 | | 6,271.93 | |
| | | 37,337.78 | | 27,708.02 |
| **Deposits** | | | | |
| With Customs/Port Trusts etc. | 3,128.05 | | 3,728.39 | |
| Security Deposits | 4,293.81 | | 4,045.62 | |
| | | 7,421.86 | | 7,774.01 |
| **Total** | | 49,309.00 | | 40,123.90 |

27.1 Above includes ₹ 275.09 million shares of jointly controlled entities (Previous Year ₹ 354.05 million).

27.2 The Subsidiary Company, OVL carried the share of investment of Sudapet, a company owned by the Government of Sudan, for its 3.375% share in Block 5A till the commencement of first commercial production (Sudapet Carry). The carried amounts are repayable without interest in form of oil out of the production share of Sudapet as per the terms of the Exploration and Production Sharing Agreement (EPSA).Currently, Block 5A is under exploration, production and development and due to certainty of the recovery, the net carried amount of USD 1.36 million equivalent to ₹ 69.38 million (previous year USD 6.33 million equivalent to ₹ 282.92 million) has been included in Advances recoverable in cash or kind above.

27.3 During the financial year 2010-11, the Oil Marketing Companies, nominees of the GoI recovered USD 32.07 million (₹ 1,639.55 million), (Previous Year USD 32.07 million, ₹ 1,432.34 million) ONGC's share as per directives of GoI in respect of Jointly Controlled Assets-Panna Mukta & Tapti. The recovery is towards certain observations raised by the 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 GoI. BGEPIL along with RIL ("Claimants") have served a notice of arbitration on the GoI in respect of dispute, differences and claims arisen in connection with the term of Panna, Mukta 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. 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 included in Receivable from GoI under 'Advances Recoverable in cash or kind'.

28 **Other Current Assets**

(₹ in million)

| | | As at 31st March, 2012 | | As at 31st March, 2011 |
|---|---|---|---|---|
| **Secured and Considered good** | | | | |
| **Interest Accrued on Loans & Advances** | | | | |
| Employee | 28.15 | | 19.33 | |
| Associates | 12.78 | | 6.49 | |
| Others | – | | 10.93 | |
| | | 40.93 | | 36.75 |
| **(Unsecured, Considered Good unless otherwise stated)** | | | | |
| Interest Accrued | | | | |
| On Investments | 37.83 | | 37.85 | |
| On Deposits | 8,819.28 | | 4,287.68 | |
| On Loans & Advances | 520.85 | | 163.96 | |
| | | 9,377.96 | | 4,489.49 |
| Other Current Assets | | 188.12 | | 441.43 |
| Cost of Ongoing Project | | 38.69 | | 11.65 |
| Investment in Lease | | 2,427.35 | | 975.68 |
| Deferred Revenue Expenditure | | | | |
| Dry Docking Charges | 1,891.35 | | 1,401.61 | |
| Mobilisation charges | 715.44 | | 876.05 | |
| | | 2,606.79 | | 2,277.66 |
| **Total** | | 14,679.84 | | 8,232.56 |

28.1 Above includes ₹ 207.61 million share of jointly controlled entities (Previous Year ₹ 133.25 million).

29. **Revenue From Operations**

(₹ in million)

| | | | 2011-12 | | 2010-11 |
|---|---|---|---|---|---|
| A. | **Sale of Products** | | | | |
| | Own Product | | 1,530,074.07 | | 1,242,430.80 |
| | **Less :** | | | | |
| | Transfer to Exploratory Wells-In-Progress | 394.77 | | 472.11 | |
| | Government of India's (GoI's) share in Profit Petroleum | 27,864.84 | | 15,344.76 | |
| | | | 28,259.61 | | 15,816.87 |
| | | | 1,501,814.46 | | 1,226,613.93 |
| | **Traded Products Revenue** | | 33.99 | | 171.55 |
| B. | **Other Operating Revenue** | | | | |
| | Pipeline Transportation Receipts | 876.48 | | 871.32 | |
| | Contractual Short Lifted Gas Receipts | 79.44 | | 66.69 | |
| | Surplus from Gas Pool Account (note no. 29.4) | 3,848.33 | | 21,814.90 | |
| | North-East Gas Subsidy | 2,007.09 | | 1,556.41 | |
| | SEZ Lease Income | 842.32 | | 591.00 | |
| | Other Operating Income | 1,249.41 | | 557.48 | |
| | Processing Charges | 549.28 | | 378.91 | |
| | Production Bonus | 130.16 | | 148.61 | |
| | | | 9,362.51 | | 26,087.72 |
| | **Total** | | 1,511,210.96 | | 1,252,873.20 |

29.1 New Crude Oil Sales Agreements (COSA), with Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited (HPCL), have been signed on 5th January, 2012 and 12th April, 2012 respectively. Since, the new COSA is made effective from 1st April, 2010, necessary adjustments amounting to ₹ 173.40 million considering revised crude prices for supplies made to BPCL and HPCL Refineries w.e.f 1st April, 2010 have been made in the accounts of 2011-12.

29.2 Sales revenue in respect of Crude Oil supplied to other refineries (other than BPCL and HPCL) is based on the pricing formula agreed with the refineries in terms of erstwhile MoU. For crude oil produced in Assam, sales revenue is based on the pricing formula provided by MoP&NG. COSA with Indian Oil Corporation Limited (IOCL) is under finalization stage, with proposed effective dates of 1st April, 2010. As IOC is making the payment as per initialed COSA, further provision amounting to ₹ 2,010.70 million (Previous Year ₹ 1,075.10 million) has been made during the year. Provision made till 31st March, 2012 is ₹ 3,085.80 million (Previous Year ₹ 1,075.10 million).

29.3 Sales revenue of Natural Gas is based on producer price fixed by GoI vide letter dated 31.05.2010 in respect of APM gas produced by National Oil Companies (NOCs) at USD 4.2/mmbtu inclusive of royalty effective from 01.06.2010. For APM consumers, except for consumers in North Eastern states, the consumer price is same as producer price, i.e. USD 4.2/mmbtu inclusive of royalty. For APM consumers in North-East, consumer price is 60% of the producer price, i.e., USD 2.52/mmbtu inclusive of royalty and the difference between producer price and consumer price is paid to the company through GoI Budget and shown as 'North-East Gas Subsidy'.

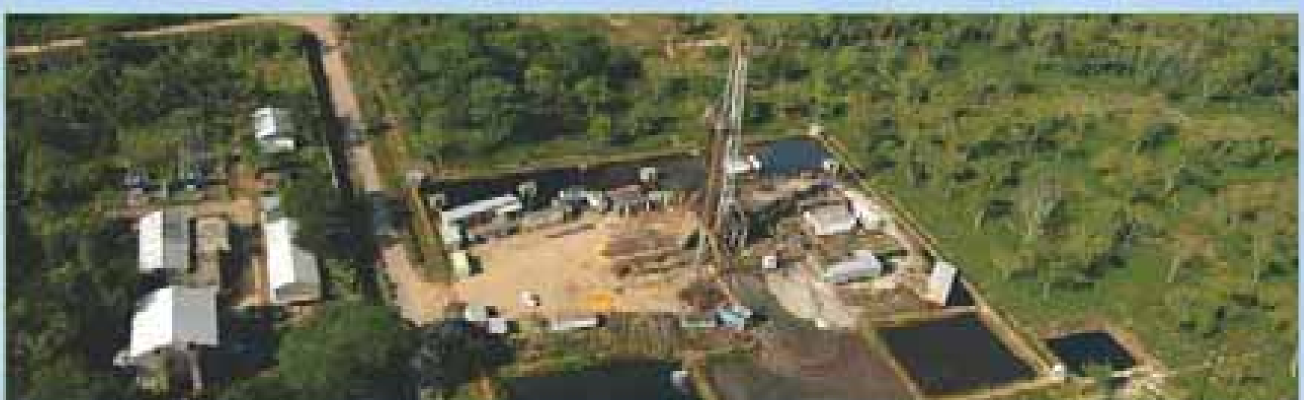
29.4 The Company is supplying majority of Natural Gas to Gas Authority of India Limited (GAIL) which also purchases gas from other sources and sells to APM and non-APM consumers. Based on the Government directives, excess in Gas Pool Account at the end of financial year is transferred to ONGC/Oil India Limited (OIL) in accordance with their contribution. Based on the details received from GAIL, an amount of ₹ 3,946.33 million (Previous Year ₹ 21,914.90 million) has been considered as 'Surplus from Gas Pool Account'.

29.5 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 2011-12 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), Ministry of Petroleum and Natural Gas (MoP&NG). The impact of discount is as under:

(₹ in million)

| Decrease in | For the year 2011-12 | For the year 2010-11 |
|---|---|---|
| Gross Revenue | 444,656.08 | 248,924.30 |
| Less: Value Added Tax (VAT) | 13,533.22 | 6,159.47 |
| Sales Revenue | 431,122.86 | 242,764.83 |
| Less: Statutory Levies | 53,135.43 | 29,416.00 |
| Profit Before Tax | 377,987.43 | 213,348.83 |

29.6 Revenue from operation includes ₹ 31,338.00 million shares of jointly controlled entities (Previous Year ₹ 18,374.90 million).



A drilling rig of ONGC- India's greenest company

## 30. Other Income

(₹ in million)

| | | 2011-12 | | 2010-11 |
|---|---|---|---|---|
| **Interest Income** | | | | |
| Long Term Investments | 1,118.69 | | 765.99 | |
| Deposits with Banks/PSUs | 23,620.64 | | 12,292.64 | |
| Loans and Advances to Employees | 408.17 | | 376.18 | |
| Income Tax Refund | 384.92 | | 63.95 | |
| Site Restoration Fund Deposit | 7,772.30 | | 6,491.31 | |
| Delayed Payment from Customers and Others | 853.33 | | 1,028.49 | |
| | | 34,158.05 | | 21,018.56 |
| **Dividend Income** | | | | |
| Long Term Investments | 2,543.32 | | 3,571.63 | |
| Short Term -Debt Mutual Funds | 1,098.26 | | 679.91 | |
| | | 3,641.58 | | 4,251.54 |
| **Other Non Operating Income** | | | | |
| Excess Provisions written back | 392.69 | | 618.00 | |
| Liabilities no longer required written back | 1,989.73 | | 809.33 | |
| Profit on sale of Investment | 3.65 | | 0.57 | |
| Exchange Loss/(Gain) | – | | 1,170.67 | |
| Contractual Receipts | 494.17 | | 447.57 | |
| Miscellaneous Receipts | 7,269.37 | | 8,863.62 | |
| | | 10,149.61 | | 11,909.76 |
| **Total** | | 47,949.24 | | 37,179.86 |

30.1 Above includes ₹ 545.09 million shares of jointly controlled entities (Previous Year ₹ 369.89 million).

## 31. (Increase)/Decrease in Inventories

(₹ in million)

| | | 2011-12 | | 2010-11 |
|---|---|---|---|---|
| **Closing Stock** | | | | |
| Stock in Process | 1,961.45 | | 850.89 | |
| Finished Goods and Stock in trade | 28,838.12 | | 25,468.53 | |
| | | 30,799.57 | | 26,319.42 |
| **Opening Stock** | | | | |
| Stock in Process | 850.89 | | 1,090.92 | |
| Finished Goods and Stock in trade | 25,468.53 | | 17,194.94 | |
| **Less: Adjustment** | 161.04 | | 883.35 | |
| | | 26,158.38 | | 17,402.51 |
| **Net (Increase)/Decrease in Inventories** | | (4,641.19) | | (8,916.91) |

31.1 Above includes ₹ (-) 29.3 million shares of jointly controlled entities (Previous Year ₹ 150 million).

## 32. Production, Transportation, Selling and Distribution Expenditure

(₹ in million)

| | 2011-12 | 2010-11 |
|---|---|---|
| Royalty (Note 32.2) | 155,316.39 | 126,528.57 |
| Cess | 57,830.85 | 56,962.72 |
| Natural Calamity Contingent Duty | 1,097.27 | 1,113.96 |
| Excise Duty on Stock (Net) (Note 32.3) | (727.20) | 10.58 |
| Sales Tax | 3,339.24 | 3,112.62 |
| Service Tax | 8,336.97 | 2,017.80 |
| Education Cess | 1,871.44 | 1,828.44 |
| Octroi and Port Trust Charges | 4,184.36 | 4,522.45 |
| Staff Expenditure | 16,957.49 | 17,148.83 |
| Workover Operations | 23,955.18 | 27,851.95 |
| Water Injection, Desalting and Demulsification | 12,113.51 | 12,710.45 |
| Consumption of Raw Materials, Stores and Spares | 467,871.56 | 321,430.93 |
| Pollution Control | 4,881.09 | 5,048.63 |
| Transport Expenses | 9,056.05 | 8,397.24 |
| Insurance | 1,248.84 | 1,139.32 |
| Power and Fuel | 24,532.28 | 19,408.14 |
| Repairs and Maintenance | 8,830.19 | 9,409.01 |
| Contractual Payments including Hire charges etc. | 8,031.36 | 12,971.77 |
| Other Production Expenditure | 13,255.63 | 9,568.40 |
| Transportation and Freight of Products | 10,002.52 | 9,573.94 |
| Research and Development | 3,238.11 | 3,582.44 |
| General Administrative Expenses | 22,867.39 | 21,857.80 |
| Exchange Loss (Net) | 11,600.22 | – |
| Adjustments for Overlift/(Underlift) | (414.11) | (283.32) |
| Provision for mark to market loss on derivative contracts | 498.56 | – |
| Hedging (Gain)/Loss (note no. 32.5) | 48.52 | 41.85 |
| Other Expenditure | 9,020.68 | 7,959.59 |
| **Total** | **878,844.39** | **683,914.11** |

32.1 Above includes ₹ 28,947.27 million shares of jointly controlled entities (Previous Year ₹ 16,683.77 million).

32.2 The Subsidiary - 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. Royalties on production represent the entitlement of the government of Sudan to a portion of ONGBV's share of crude oil and liquid production and are recorded using the rates in effect under the terms of the contract at the time of production. Royalties / taxes in Syrian concession are accounted similarly by ONGBV. The amount involved is ₹ 38,770.10 million (Previous Year ₹ 40,848.27 million) under the Head Royalty.

32.3 Excise duty on the 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.

32.4 **The above includes Auditors Remuneration as under**

(₹ in million)

| | 2011-12 | 2010-11 |
|---|---|---|
| Audit Fees | 15.40 | 13.91 |
| For Certification work etc. | 10.21 | 8.48 |
| Travelling and Out of Pocket Expenses | 15.72 | 12.62 |
| **Total** | 41.33 | 35.01 |

32.5 In respect of a Subsidiary OVL, the hedging loss for the year is ₹ 48.52 million (Previous Year gain ₹ 41.85 million) is in respect of hedging of crude oil against prices by OMEL.

32.6 **Details of Nature wise Expenditure**

Details of expenditure incurred during the year on Production, Selling and Distribution, Operation and Maintenance of Pipelines, Exploration, Drilling and Development:-

(₹ in million)

| | | 2011-12 | 2010-11 |
|---|---|---|---|
| **Manpower Cost:** | | | |
| (a) Salaries, Wages, Ex-gratia etc. | 54,837.45 | | 53,994.91 |
| (b) Contribution to Provident and other funds | 3,519.59 | | 3,487.19 |
| (c) Provision for Gratuity | 710.90 | | 1,536.18 |
| (d) Provision for Leave Encashment | 4,346.79 | | 4,582.08 |
| (e) Provision for Post Retirement Medical & Terminal Benefits | 2,838.27 | | 2,840.25 |
| (f) Staff Welfare Expenses | 5,683.13 | | 5,054.96 |
| **Sub Total** | | 71,936.13 | 71,495.57 |
| Consumption of Raw Materials, Store and Spares | | 485,819.97 | 342,899.17 |
| Cess | | 57,830.85 | 56,962.72 |
| Natural Calamity Contingent Duty - Crude Oil | | 1,097.27 | 1,113.96 |
| Excise Duty | | 2,992.47 | 3,110.42 |
| Royalty | | 155,317.70 | 126,514.52 |
| Sales Tax | | 3,339.24 | 3,878.45 |
| Octroi/BPT | | 4,719.08 | 5,104.68 |
| Service Tax | | 10,939.29 | 227.48 |
| Education Cess | | 1,871.42 | 1,828.44 |
| Rent | | 3,365.08 | 3,248.82 |
| Rates and Taxes | | 2,023.57 | 2,385.67 |
| Hire Charges of Equipments and Vehicles | | 112,966.71 | 111,341.13 |
| Power, Fuel and Water Charges | | 3,879.22 | 3,397.38 |
| Contractual Drilling, Logging, Workover etc. | | 168,173.58 | 182,219.80 |
| Contractual Security | | 2,921.31 | 2,844.99 |
| Repairs to Building | | 911.72 | 2,627.77 |
| Repairs to Plant and Machinery | | 3,457.97 | 2,310.41 |
| Other Repairs | | 3,859.32 | 5,148.23 |
| Insurance | | 2,566.51 | 2,331.78 |
| Other Operating Expenditure | | 40,035.40 | 20,491.75 |
| Miscellaneous Expenditure | | 24,903.14 | 16,499.74 |
| | | 1,164,946.95 | 947,982.88 |
| **Less:** | | | |
| Allocated to Exploration, Development Drilling, Capital Jobs Recoverable etc. | | 247,736.81 | 212,332.54 |
| Excise Duty | | 38,157.77 | 51,534.46 |
| Prior Period Adjustment | | 207.98 | 201.77 |
| **Production, Transportation, Selling and Distribution Expenditure etc.** | | 878,844.39 | 683,914.11 |

## 33. Depreciation, Depletion, Amortization And Impairment

(₹ in million)

| | | 2011-12 | | 2010-11 |
|---|---|---|---|---|
| Depletion | | 82,310.51 | | 78,033.54 |
| Pre Acquisition Expenditure | | 190.65 | | 375.98 |
| Amortisation of Goodwill | | 5,145.55 | | 5,050.42 |
| Depreciation (Note 16.1.d) | 87,923.86 | | 84,396.97 | |
| **Less : Allocated to :** | | | | |
| Exploratory Drilling | 4,844.42 | | 5,415.22 | |
| Development Drilling | 43,136.69 | | 36,389.62 | |
| Depreciation on Facilities | 9,644.88 | | 5,344.63 | |
| Others | 8,253.47 | | 8,415.73 | |
| | | 22,044.40 | | 28,831.77 |
| **Impairment Loss** | | | | |
| During the year | 20,466.52 | | 1,534.73 | |
| Less: Reversal during the year | 827.73 | | 182.53 | |
| | | 19,638.79 | | 1,352.20 |
| **Total** | | 129,329.90 | | 113,643.91 |

33.1 Above includes ₹509.72 million shares of jointly controlled entities (Previous Year ₹2,852.82 million).

## 34. Financing Costs

(₹ in million)

| | 2011-12 | 2010-11 |
|---|---|---|
| **Interest** | | |
| On Fixed Loans - Foreign Currency Loans | – | 1.22 |
| On Short Term Loan | 2,424.14 | 2,361.56 |
| On Cash Credit | 2.69 | 3.01 |
| Others | 1,350.31 | 856.55 |
| Lease Finance Charges | 389.71 | 1,154.83 |
| Foreign Exchange Fluctuation related to Borrowing Cost | 182.56 | – |
| **Total** | 4,349.41 | 4,377.17 |

34.1 Above includes ₹500.9 million shares of jointly controlled entities (Previous Year ₹315.28 million).

## 35. Provisions and Write Offs

(₹ in million)

| | | 2011-12 | | 2010-11 |
|---|---|---|---|---|
| **Provisions** | | | | |
| For Doubtful Debts | | 4,379.36 | | 1,205.38 |
| For Doubtful Advances | | 658.56 | | 3,937.04 |
| For Non-Moving Inventory | | 864.32 | | 585.61 |
| For Others | | 86.70 | | 353.93 |
| **Sub-Total** | | 5,988.94 | | 6,081.96 |
| **Write-Offs** | | | | |
| Disposal/Condemnation of Fixed Assets (Net) | | 82.43 | | 216.77 |
| Claims/Advances | 2.54 | | 8.26 | |
| **Less: Provision** | – | | 8.15 | |
| | | 2.54 | | 0.11 |
| Inventory | | 139.45 | | 96.24 |
| Bad Debts | – | | 239.14 | |
| **Less: Provisions** | – | | 28.64 | |
| | | – | | 210.50 |
| Acquision Cost Written-off | | 3,257.84 | | 941.85 |
| Others | | 2,127.66 | | 2,088.00 |
| **Sub-Total** | | 5,609.92 | | 3,553.47 |
| **Total** | | 11,598.86 | | 9,635.43 |

35.1 Above includes ₹2,402.64 million shares of jointly controlled entities (Previous Year ₹181.61 million).

# Creating value, day-in & day-out

36. **Adjustments Relating To Prior Period (Net)**

(₹ in million)

| | 2011-12 | 2010-11 |
|---|---|---|
| **A. Expenditure** | | |
| Statutory Levies | 1.30 | (15.71) |
| Other Production, Selling & Distribution Expenditure | 212.64 | 63.79 |
| Exchange Fluctuation | (12.17) | 166.45 |
| Survey | 61.71 | 41.30 |
| Dry Wells | 26.51 | 115.16 |
| Depletion | – | 140.57 |
| Depreciation | (224.89) | 203.28 |
| Amortisation of Goodwill | 11.14 | (480.54) |
| | 78.24 | 234.30 |
| **B. Income** | | |
| Sales | 10.95 | (45.36) |
| Interest -Others | 0.79 | 9.24 |
| Other Income | 307.26 | 158.71 |
| **Sub-Total** | 319.00 | 122.59 |
| **Total (Net)** | (240.76) | 111.71 |

36.1 Above includes ₹ (-) 90.07 million shares of jointly controlled entities (Previous Year ₹ 174.89 million).

37. **Earnings per Equity Share**

(₹ in million)

| | 2011-12 | 2010-11 |
|---|---|---|
| Net Profit after Tax (₹ in million) | 281,436.16 | 224,559.32 |
| Weighted Average Number of Shares (Nos. in million) | 8,555.49 | 8,555.49 |
| **Basic & Diluted earnings per equity share(₹)** | 32.90 | 26.25 |
| Face Value per equity Share (₹) | 5.00 | 5.00 |

38. **Disclosure under Accounting Standard-16 on "Borrowing Costs"**

Borrowing cost capitalized during the year is ₹ 4,654.28 million (Previous Year ₹ 1,243.29 million)

39. Disclosure under Accounting Standard -17 on "Segment Reporting"

39.1 The Consolidated Segment Information as per Accounting Standard AS-17 for the Company is given below

(₹ in million)

**2011-12**

| Particulars | In India – E & P – Offshore | In India – E & P – Onshore | In India – Refining | Outside India | Unallocated | Grand Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External Sales | 457,475.58 | 237,351.08 | 572,077.78 | 215,566.24 | 28,751.28 | 1,511,221.91 |
| Inter Segment Sales | 71,886.52 | | 24.82 | 8,253.83 | | 80,165.17 |
| **Total Revenue** | 529,362.07 | 237,351.08 | 572,102.60 | 223,820.07 | 28,751.28 | 1,591,387.08 |
| **Results** | | | | | | |
| Segment Result Profit(+)/Loss(-) | 242,988.17 | 97,941.52 | 13,096.07 | 53,224.22 | | 407,249.98 |
| Unallocated Corporate Expenses | | | | | 12,665.92 | 12,665.92 |
| **Operating Profit** | 242,988.17 | 97,941.52 | 13,096.07 | 53,224.22 | (12,665.92) | 394,584.06 |
| Interest Expenses | | | | | 4,349.42 | 4,349.42 |
| Interest/Dividend Income | | | | | 37,800.42 | 37,800.42 |
| Income Taxes | | | | | 143,746.00 | 143,746.00 |
| Profit from Ordinary Activities | 242,988.17 | 97,941.52 | 13,096.07 | 53,224.22 | (122,960.92) | 284,289.06 |
| Extraordinary Gain | | | | | | - |
| **Net Profit** | 242,988.17 | 97,941.52 | 13,096.07 | 53,224.22 | (122,960.92) | 284,289.06 |
| **Other Information** | | | | | | |
| **Segment Assets** | 745,495.68 | 379,226.66 | 262,046.32 | 513,373.88 | | 1,890,141.51 |
| Unallocated Corporate Assets | | | | | 426,355.46 | 426,355.46 |
| **Total Assets** | 745,495.65 | 379,226.66 | 262,046.32 | 512,372.88 | 426,355.46 | 2,316,496.96 |
| Segment Liabilities | 311,343.83 | 88,444.47 | 189,468.80 | 144,038.79 | | 731,296.89 |
| Unallocated Corporate Liabilities | | | | | 220,808.79 | 220,808.79 |
| **Total Liabilities** | 311,343.83 | 88,444.47 | 189,468.80 | 144,038.79 | 220,808.79 | 952,105.68 |
| **Capital Expenditure** | 258,176.67 | 72,804.44 | 45,085.91 | 94,383.19 | 31,692.86 | 494,135.08 |
| **Depreciation*** | 128,334.51 | 41,334.50 | 4,487.86 | 61,221.63 | 984.09 | 234,342.59 |
| **Other Non-cash Expenses** | 838.21 | 2,343.04 | 1.68 | 8,396.42 | 19.91 | 11,598.86 |

**2010-11**

| Particulars | In India – E & P – Offshore | In India – E & P – Onshore | In India – Refining | Outside India | Unallocated | Grand Total |
|---|---|---|---|---|---|---|
| **Revenue** | | | | | | |
| External Sales | 517,396.39 | 159,059.52 | 364,984.78 | 184,465.75 | 16,941.41 | 1,252,827.85 |
| Inter Segment Sales | 55,730.43 | | 5,758.15 | 9,814.41 | | 71,302.99 |
| **Total Revenue** | 573,126.82 | 159,059.52 | 370,722.93 | 194,280.16 | 16,941.41 | 1,324,130.84 |
| **Results** | | | | | | |
| Segment Result Profit(+)/Loss(-) | 236,748.93 | 24,077.44 | 17,228.07 | 51,945.24 | | 329,999.68 |
| Unallocated Corporate Expenses | | | | | 8,260.12 | 8,260.12 |
| **Operating Profit** | 236,748.93 | 24,077.44 | 17,228.07 | 51,945.24 | (8,260.12) | 321,739.56 |
| Interest Expenses | | | | | 4,374.43 | 4,374.43 |
| Interest/Dividend Income | | | | | 25,798.04 | 25,798.04 |
| Income Taxes | | | | | 114,913.44 | 114,913.44 |
| Profit from Ordinary Activities | 236,748.93 | 24,077.44 | 17,228.07 | 51,945.24 | (101,749.95) | 228,249.73 |
| Extraordinary Gain | | | | | | – |
| **Net Profit** | 236,748.93 | 24,077.44 | 17,228.07 | 51,945.24 | (101,749.95) | 228,249.73 |
| **Other Information** | | | | | | |
| **Segment Assets** | 670,683.18 | 323,956.55 | 184,475.69 | 253,020.76 | | 1,432,136.18 |
| Unallocated Corporate Assets | | | | | 508,982.81 | 508,982.81 |
| **Total Assets** | 670,683.18 | 323,956.55 | 184,475.69 | 253,020.76 | 508,982.81 | 1,941,118.99 |
| Segment Liabilities | 302,899.06 | 93,186.75 | 118,796.10 | 116,809.04 | | 631,693.95 |
| Unallocated Corporate Liabilities | | | | | 156,152.59 | 156,152.59 |
| **Total Liabilities** | 302,899.06 | 93,186.75 | 118,796.10 | 116,809.04 | 156,152.59 | 787,846.54 |
| **Capital Expenditure** | 260,604.78 | 52,074.19 | 38,007.31 | 83,222.44 | 21,901.83 | 455,860.55 |
| **Depreciation*** | 115,900.46 | 42,888.81 | 3,968.29 | 42,337.91 | 1,190.70 | 206,284.17 |
| **Other Non-cash Expenses** | 4,497.36 | 1,512.84 | 114.27 | 9,604.48 | 70.06 | 15,799.01 |

* 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 ₹ 1,384.10 million of Intangible Assets (Previous Year ₹ 1,738.45 million).

39.2.6 Reconciliation of the Segment Revenue with the Revenue as per note 29 & 36 is given below:

(₹ in million)

| Particulars | Note | 2011-12 | 2010-11 |
|---|---|---|---|
| Revenue from Operation (Gross) | 29 | 1,511,210.96 | 1,252,873.20 |
| Prior Period Sales | 36 | 10.95 | (45.36) |
| Total | | 1,511,221.91 | 1,252,827.84 |
| Segment Revenue as per note no. 39.1 | | 1,511,221.91 | 1,252,827.84 |

## 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**

| Sl No. | Name | Relationship |
|---|---|---|
| **A** | **Jointly Controlled Entities in India** | |
| i | ONGC Mangalore Petrochemicals Limited | Jointly Controlled Entity in India |
| ii | Petronet LNG Limited | Jointly Controlled Entity in India |
| iii | ONGC Teri Biotech Limited | Jointly Controlled Entity in India |
| iv | Mangalore SEZ Limited | Jointly Controlled Entity in India |
| v | ONGC Petro-additions Limited | Jointly Controlled Entity in India |
| vi | ONGC Tripura Power Co. Limited | Jointly Controlled Entity in India |
| vii | Dahej SEZ Limited | Jointly Controlled Entity in India |
| **B** | **Joint Ventures/Associates of Subsidiary** | |
| i | Block 06.1 Project, Vietnam | Joint Venture (Outside India) through OVL |
| ii | Sakhalin-1 Project, Russia | Joint Venture (Outside India) through OVL |
| iii | Block 1a, 1b, 2a, 2b & 4 Project, Sudan | Joint Venture (Outside India) through OVL |

| Sl No. | Name | Relationship |
|---|---|---|
| iv | Block 5A Project, Sudan | Joint Venture (Outside India) through OVL |
| v | MECL, Colombia | Joint Venture (Outside India) through OVL |
| vi | AFPC, Syria | Joint Venture (Outside India) through OVL |
| vii | Block BC-10, Brazil | Joint Venture (Outside India) through OVL |
| viii | Block BM-SEAL-4, Brazil | Joint Venture (Outside India) through OVL |
| ix | Block BM-BAR-1, Brazil | Joint Venture (Outside India) through OVL |
| x | Block BM-S-73, Brazil | Joint Venture (Outside India) through OVL |
| xi | Block BM-S-74, Brazil | Joint Venture (Outside India) through OVL |
| xii | Block A-1 Project, Myanmar | Joint Venture (Outside India) through OVL |
| xiii | Block A-3 Project, Myanmar | Joint Venture (Outside India) through OVL |
| xiv | Farsi Block Project, Iran | Joint Venture (Outside India) through OVL |
| xv | Block XXIV Project, Syria | Joint Venture (Outside India) through OVL |
| xvi | Block 2, JDZ, Nigeria / STP | Joint Venture (Outside India) through OVL |
| xvii | Block 25-29, 35 (Part) & 36 Project, Cuba | Joint Venture (Outside India) through OVL |
| xviii | Khartoum - Port Sudan Pipeline Project, Sudan | Joint Venture (Outside India) through OVL |
| xix | ONGC Mittal Energy Limited, Cyprus | Joint Venture (Outside India) through OVL |
| xx | Block RC-8, Colombia | Joint Venture (Outside India) through OVL |
| xxi | Block RC-9, Colombia | Joint Venture (Outside India) through OVL |
| xxii | Block RC-10, Colombia | Joint Venture (Outside India) through OVL |
| xxiii | Block SSJN-7, Colombia | Joint Venture (Outside India) through OVL |
| xxiv | Block CPO-5, Colombia | Joint Venture (Outside India) through OVL |
| xxv | San Cristobal Project, Venezuela | Joint Venture (Outside India) through OVL |
| xxvi | Carabobo Project, Venezuela | Joint Venture (Outside India) through OVL |
| xxvii | ONGC Nile Ganga B.V., The Netherlands | Joint Venture (Outside India) through OVL |
| xxviii | LLC Imperial Frac Service, Russian Federation | Joint Venture (Outside India) through OVL |
| Xxix | Satpayev Project, Kazakhstan | Joint Venture (Outside India) through OVL |
| xxx | Shell MRPL Aviation Fuels & Services Pvt. Limited | Joint Venture of MRPL |
| Xxxi | Mangalam Retail Services Limited | Joint Venture of MRPL |

Exploring new frontiers of energy-ONGC's Coal Bed Methane Project

40.2 **Key Management Personnel:**

**Whole-time Functional Directors:**

**Parent Company**

i) Mr. Sudhir Vasudeva, Chairman and Managing Director from 03.10.2011

ii) Mr. A.K. Hazarika, holding additional charge of Chairman and Managing Director up to 02.10.2011

iii) Mr. U. N. Bose

iv) Mr. D.K.Sarraf up to 15.09.2011

v) Mr. S.V Rao

vi) Mr. K.S. Jamestin from 25.05.2011

**Subsidiaries and Joint Ventures:**

i) Mr. D K Sarraf, Managing Director, OVL(with effect from 16.09.2011)

ii) Mr. J Thomas, Managing Director, OVL (till 15.09.2011 ) and Director (Exploration) (till 31.12.2011)

iii) Mr. S P Garg, Director (Finance), OVL

iv) Mr. S. Roychoudhary, Director (Operations), OVL

v) Mr. N K Verma, Director (Exploration) OVL (with effect from 01.01.2012)

vi) Ir. A R Baron Mackay Holding B.V., Director, ONGC Nile Ganga B.V.

vii) Mr. Costas Christoforou, Director, Jarpeno Limited

viii) Ms. Arlene Nahikian, Director, Jarpeno Limited

ix) Ms. K. Antoniadou, Director, Jarpeno Limited

x) Ms. E. Chrysanthou, Director, Jarpeno Limited

xi) Mr. A. Loizou, Director, Jarpeno Limited

xii) Mr. Roland Göransson, Director, Carabobo One AB

xiii) Mr. Richard Chindt, Director, Carabobo One AB

xiv) Mr. U.K. Basu, Managing Director, MRPL

xv) Mr. P P Upadhya, Director ( Technical), MRPL

xvi) Mr. Vishnu Agarwal, Director (Finance), MRPL

xvii) Dr. A.K. Balyan, (Managing Director & CEO), PLL

xviii) Mr. Amitava Sengupta, (Director-Finance & Commercial), (Till 26.04.2011) PLL

xix) Mr. C S Mani, Director-Technical, PLL

xx) Mr. R K Garg, Director - Finance (Since 20.07.2011)

xxi) Mr. Rajiv Banga, Managing Director & CEO MSEZ

xxii) Mr. P.P. Nadkarni, Managing Director, upto 18.04.2012 PMHBL

xxiii) Mr. Anil Khurana, Managing Director from 19.04.2012 PMHBL

xxiv) Mr. Sudhindra Kumar Dube, Managing Director, OTPCL

**40.3 Details of Transactions**

**40.3.1 Joint Ventures/ Jointly Controlled Entities**

(₹ in million)

| Details | 2011-12 | 2010-11 |
|---|---|---|
| **Sale of Products to** | | |
| a) Shell MRPL Aviation Fuels & Services Pvt. Ltd. | **4,647.31** | 2,457.04 |
| **Services Received from :** | | |
| a) ONGC Teri Biotech Ltd. | **133.67** | 94.51 |
| b) Dahej SEZ Ltd. | **7.36** | 23.92 |
| c) ONGC Mangalore Petrochemicals Ltd. | **0.02** | 79.54 |
| d) Mangalore SEZ Ltd. | **2.38** | 161.68 |
| **Services Provided to :** | | |
| a) ONGC Petro-additions Ltd. | **81.63** | 126.25 |
| b) ONGC Teri Biotech Ltd. | **0.04** | 0.81 |
| c) Mangalore SEZ Ltd. | **3.82** | 12.00 |
| d) ONGC Tripura Power Co. Pvt. Ltd. | **–** | 3.67 |
| e) JVs of OVL | **167.29** | 182.05 |
| f) ONGC Mangalore Petrochemicals Ltd. | **18.40** | 36.50 |
| g) Shell MRPL Aviation Fuels & Services Pvt. Ltd. | **0.78** | 1.44 |
| Interest Income (JVs of OVL) | **34.43** | 303.04 |
| **Advance :** | | |
| a) ONGC Petro-additions Ltd. | **–** | 1,852.99 |
| b) ONGC Mangalore Petrochemicals Ltd. | **–** | 5,070.00 |
| c) Mangalam Retail Services | **–** | 1.00 |
| **Dividend Income** | | |
| a) Petronet LNG Ltd. | **187.50** | 164.06 |
| **Amount Receivable :** | | |
| a) ONGC Petro-additions Ltd. | **55.76** | 29.03 |
| b) ONGC Tripura Power Co. Pvt. Ltd. | **–** | 0.90 |
| c) ONGC Teri Biotech Ltd. | **–** | 0.81 |
| d) Manglore SEZ Ltd. | **844.23** | 712.42 |
| e) ONGC Mangalore Petrochemicals Ltd. | **25.06** | 572.57 |
| f) Shell MRPL Aviation Fuels & Services Pvt. Ltd. | **408.47** | 272.13 |
| **Amount Payable :** | | |
| a) ONGC Teri Biotech Ltd. | **107.49** | 47.02 |
| b) ONGC Mangalore Petrochemicals Ltd. | **0.02** | – |
| c) Dahej SEZ Ltd. | **6.63** | – |
| **Advance Outstanding :** | | |
| a) ONGC Petro-addition Ltd. | **9,702.99** | 9,702.99 |
| b) ONGC Tripura Power Co. Pvt. Ltd. | **1,233.87** | 1,233.87 |
| c) ONGC Mangalore Petrochemicals Ltd. | **9,799.76** | 9,799.76 |
| d) Mangalam Retail Services Ltd. | **1.00** | 1.00 |

**40.3.2 Key Management Personnel**

Remuneration Paid to Key Management Personnel ₹ 60.20 million (Previous Year ₹ 91.32 million).

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

41.1 **Khartoum - Port Sudan Pipeline Project:**

The Company 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 EPC Contractor executing the project claimed additional costs aggregating to USD 37.15 million, Company's share being USD 33.43 million (90%), 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 USD 46.18, Company's share being USD 41.56. The EPC Contractor has initiated arbitration with a claim for USD 25.49 million plus interest against the Company. Pending settlement with the EPC Contractor, an amount of USD 22.94 million, being the Company's 90% share out of total claim of USD 25.49 million has been accounted as liability in the relevant year. No revenue in this respect 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 payment under the contract with GOS would be received over a period of 10 years including a moratorium of one year from the date of the contract (30th June, 2004) in 18 equal semi-annual installments along with the 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 30th December 2010 have been received. The 12th installment due on 30th June 2011 and 13th installment due on 30th December 2011 have not yet been received. Company has taken a political risk insurance policy for 12th and 13th installments. As per the provisions of the policy contract, the Company has filed the claim for 12th and 13th installments with Export Credit Guarantee Corporation of India (ECGC).

**The disclosure in accordance with the Accounting Standard (AS) 19 viz. Leases is as under:**

(₹ in million)

| Particulars | | 31st March, 2012 | | 31st March, 2011 | |
|---|---|---|---|---|---|
| | | 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 | 2,581.50 | 2,427.35 | 1,129.15 | 975.68 |
| - | Later than one year and not later than five years | 1,936.13 | 1,846.25 | 2,822.89 | 2,567.9 |
| - | Later than five years | - | - | - | - |
| | Total | 4,517.63 | 4,273.60 | 3,952.04 | 3,543.59 |
| b) | Unearned Finance Income | 244.03 | | 408.45 | |
| c) | Unguaranteed residual value accruing to the Company's benefit | Nil | | Nil | |
| d) | Accumulated provision for uncollectible minimum lease payments receivable | Nil | | Nil | |
| e) | Contingent rents recognised in the statement of profit and loss for the period | Nil | | Nil | |
| f) | General description of the significant leasing arrangement | As described in para above | | As described in para above | |
| g) | Accounting Policy followed in respect of initial direct costs | As per note no. 2.2.zb.1 | | As per note no. 2.2.zb.1 | |

**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 and 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 the BC-10 Project. Both finacial leases commenced on 31st December 2008. For the period, April 1, 2011 to March 31, 2012, the financial statements were reviewed by the auditors of Tamba B.V.

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 Ltd. The risks and rewards incidental to ownership are largely transferred to the lessee. These assets are capitalised and recognised 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 instalments. The lease instalments 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 recognised in the statement of profit and loss in accordance with the lease installments.

Revenue of finance lease contracts represents the transfer of economic ownership from Tamba BV (lessor) to the lessee of the asset, being an affiliate. Cost of sales represents the costs associated with the finance lease contracts. The Company's share of the lease liability ( at USD 1= ₹ 51.12) are tabulated below:

(₹ in million)

| **Lease Liability** | |
|---|---|
| Opening Balance as at 1st April 2011 | 4,021.60 |
| Interest | 396.40 |
| Lease Payments | (954.88) |
| Foreign Currency Translation Adjustment | 575.54 |
| **Closing Balance as at 31st March 2012** | **4,038.66** |

**The Company's 15% share of future estimated minimum lease expenses in the year and their present values are scheduled to be as follows:**

(₹ in million)

| | < 1 Year | 1-5 Years | > 5 Years | Total |
|---|---|---|---|---|
| Future minimum lease payments | 950.31 | 2,649.73 | 2,035.52 | 5,635.57 |
| Present value of minimum lease payments | 913.68 | 2,073.20 | 1,051.78 | 4,038.66 |

Tamba B.V., JV company of ONGBV (15%) 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%).

41.3 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 ₹ 908.44 million (Previous Year ₹ 875.60 million) had been paid towards cancellable Operating Lease.

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 bodies corporate have entered into Production Sharing Contracts (PSCs) with GoI. Details of these blocks and JVs as on 31.03.2012 are as under:

| Sl. No. | Blocks | Company's PI * | Others Partners and their PI in the JV/Operatorship*** |
|---|---|---|---|
| **A** | **Jointly Operated Jvs** | | |
| 1 | Panna, Mukta and Tapti | 40% (40%) | BGEPIL 30%, RIL 30% |
| 2 | AN-DWN-2009/1 | 70% (70%) | OIL 30% |
| **B** | **ONGC Operated Jvs** | | |
| 3 | CB-OS/1 Development Phase | 55.26% (55.26%) | TPL 6.7%, HOEC 38.04% |
| 4 | KG-DWN-98/2 ** | 90% (90%) | CEIL 10% |
| 5 | MN-DWN-98/3 | 60% (60%) | PIBBV 40% |
| 6 | MN-OSN-2000/2 | 40% (40%) | GAIL 20%, IOC 20%, OIL 20% |
| 7 | AA-ONN-2001/2 | 80% (80%) | IOC 20% |
| 8 | AA-ONN-2001/3 | 85% (85%) | OIL 15% |
| 9 | KK-DWN-2002/2 | 80% (80%) | HPCL 20% |
| 10 | KG-DWN-2002/1 | 70% (70%) | OIL 20% , BPRL 10% |
| 11 | MN-DWN-2002/1 | 36% (36%) | OIL 20% , BPRL 10%, ENI 34% |
| 12 | CY-ONN-2002/2 | 60% (60%) | BPRL 40% |
| 13 | AA-ONN-2002/4 | 90% (90%) | OIL 10% |
| 14 | MN-DWN-2002/2** | 100% (75%) | (BGEPIL 25%) |
| 15 | KK-DWN-2004/1 | 45% (45%) | CIL 40%, TATA 15% |
| 16 | CY-DWN-2004/1 | 70% (70%) | GSPC 10%,HPCL 10%, GAIL 10% |
| 17 | CY-DWN-2004/2 | 70% (70%) | GSPC 10%, HPCL 10% , GAIL 10% |
| 18 | CY-DWN-2004/3 | 70% (70%) | GSPC 10%, HPCL 10%, GAIL 10% |
| 19 | CY-DWN-2004/4 | 70% (70%) | GSPC 10% , HPCL 10% GAIL 10% |
| 20 | CY-PR-DWN-2004/1 | 70% (70%) | GSPC 10%, HPCL 10%, GAIL 10% |
| 21 | CY-PR-DWN-2004/2 | 70% (70%) | GSPC 10%,HPCL 10% ,GAIL 10% |
| 22 | KG-DWN-2004/1 | 70% (70%) | GSPC 10%, HPCL 10%, GAIL 10% |
| 23 | KG-DWN-2004/2 | 60% (60%) | GSPC 10%, HPCL 10%, GAIL 10% , BPCL 10% |
| 24 | KG-DWN-2004/3 | 70% (70%) | GSPC 10%, HPCL 10%, GAIL 10% |
| 25 | KG-DWN-2004/5 | 50% (50%) | GSPC 10%, HPCL 10%, GAIL 10%, OIL 10%, BPRL 10% |
| 26 | KG-DWN-2004/6 | 60% (60%) | GSPC 10%, HPCL 10%, GAIL 10% , OIL 10% |
| 27 | KG-OSN-2004/1** | 100% (55%) | (BGEPIL 45%) |
| 28 | CB-ONN-2004/1 | 50% (50%) | GSPC 40%, HERA-MEC LTD 10% |
| 29 | CB-ONN-2004/2** | 55% (55%) | GSPC 45% |

| Sl. No. | Blocks | Company's PI * | Others Partners and their PI in the JV/Operatorship*** |
|---|---|---|---|
| 30 | CB-ONN-2004/3 | 40% (40%) | GSPC 35% , ENSEARCH 25% |
| 31 | CB-ONN-2004/4 | 50% (50%) | GSPC 40% , HERA-MEC LTD 10% |
| 32 | CY-ONN-2004/1 | 80% (80%) | BPRL 20% |
| 33 | CY-ONN-2004/2 | 80% (80%) | BPRL 20% |
| 34 | MB-OSN-2005/1 | 80% (80% ) | GSPC 20% |
| 35 | MB-OSN-2005/5 | 70% (70% ) | GSPC 30% |
| 36 | MB-OSN-2005/6 | 80% (80% ) | GSPC 20% |
| 37 | AN-DWN-2005/1 | 90% (90% ) | OIL 10% |
| 38 | KG-DWN-2005/1 | 70% (70%) | IOC 20%, GSPC 10% |
| 39 | KK-DWN-2005/2 | 90% (90%) | GSPC 10% |
| 40 | KG-OSN-2005/1 | 60% (60%) | HMEL 20%, GSPC 20% |
| 41 | KG-OSN-2005/2 | 80% (80%) | HMEL 20% |
| 42 | Raniganj | 74% (74%) | CIL 26% |
| 43 | Jharia | 90% (90%) | CIL 10% |
| 44 | NK-CBM-2001/1 | 80% (80%) | IOC 20% |
| 45 | BK-CBM-2001/1 | 80% (80%) | IOC 20% |
| 46 | CB-ONN-2005/4 | 51% (51%) | GSPC 49% |
| 47 | CB-ONN-2005/10 | 51% (51%) | GSPC 49% |
| 48 | PR-ONN-2005/1 | 80% (80%) | TPL 20% |
| 49 | WB-ONN-2005/4 | 75% (75%) | OIL 25% |
| 50 | AA-ONN-2005/1 | 60% (60%) | OIL 30% ACIL -10% |
| 51 | GV-ONN-2005/3 | 80% (80%) | TPL 20% |
| 52 | CB-ONN-2001/1** | 100% (100%) | |
| 53 | AN-DWN-2009/2 | 60% (60%) | OIL 40% |
| 54 | AN-DWN-2009/3 | 60% (60%) | OIL 40% (Joint Operator) |
| 55 | AN-DWN-2009/5 | 90% (90%) | GSPC 10% |
| 56 | AN-DWN-2009/13 | 70% (70%) | GAIL 10%, NTPC 10%, GSPC 10% |
| 57 | AN-DWN-2009/18 | 60% (60%) | OIL 30%, GAIL 10% |
| 58 | GK-OSN-2009/1 | 40% (40%) | AWEL 20%, GSPC 20%, IOC 20% |
| 59 | GK-OSN-2009/2 | 40% (40%) | AWEL 30%, IOC 30% |
| 60 | KG-OSN-2009/1 | 80% (80%) | APGIC 10%, NTPC 10% |
| 61 | KG-OSN-2009/2 | 90% (90%) | APGIC 10% |
| 62 | KG-OSN-2009/4 | 50% (50%) | APGIC 10%, OIL 30%, NTPC 10% |
| 63 | AA-ONN-2009/3 | 50% (50%) | OIL 50% |
| 64 | CB-ONN-2009/4 | 50% (50%) | GSPC 50% |

| Sl. No. | Blocks | Company's PI * | Others Partners and their PI in the JV/Operatorship*** |
|---|---|---|---|
| 65 | GK-OSN-2010/1 | 60% (Nil) | OIL-30%, GAIL-10% |
| 66 | GK-OSN-2010/2 | 90% (Nil) | GAIL- 10% |
| 67 | CB-ONN-2010/6 | 80% (Nil) | IOC- 20% |
| C | **Operated by JV Partners** | | |
| 68 | Ravva | 40% (40%) | CEIL (Operator) 22.5%, PIL 25%, ROPL 12.5% |
| 69 | CY-OS-90/1 (PY3) | 40% (40%) | HEPI (Operator) 18%, HOEC 21%, TPL 21% |
| 70 | RJ-ON-90/1 | 30% (30%) | CEIPL (Operator) 35%, CEHL 35% |
| 71 | CB-OS/2 -Development Phase | 50% (50%) | CEIPL (Operator) 6.70%, CEIWBV 13.20%<br>CECBV 10.10%, CEGBV 10%, TPL 10% |
| 72 | CB-ON/7 -Development Phase | 30% (30%) | HOEC (Operator) 35%, GSPC 35% |
| 73 | CB-ON/3 - Development Phase | 30% (30%) | EOL (Operator)70% |
| 74 | AA-ONN-2002/3 | 70% (70%) | OIL (Operator) 30% |
| 75 | AN-DWN-2003/2 | 45%(45%) | ENI (Operator) 40% |
| 75 | AN-DWN-2003/2 | 45%(45%) | ENI (Operator) 40%, GAIL 15% |
| 76 | KG-ONN-2003/1 | 51% (51%) | CEIL 24% (Operator), Cairn India 25% |
| 77 | PR-OSN-2004/1 | 35% (35%) | Cairn Energy(Operator) 10%, Cairn India 25%, TPL 30% |
| 78 | CB-ON/2- Development phase | 30% (30%) | GSPC (Operator) 56%, Geo-Global Resources 14% |
| 79 | RJ-ONN-2005/3 | 40% (40%) | GSPC (Operator) 60% |
| 80 | AA-ONN-2009/4 | 50% (50%) | OIL(Operator) 50% |
| 81 | CY-OSN-2009/2 | 50% (50%) | OIL 50% (Operator) |
| 82 | KG-DWN-2009/1 | 45% (45%) | BGEPIL 30% (Operator), OIL 15%, APGIC 10% |
| 83 | RJ-ON/6 - Development phase | 30% (30%) | Focus Energy Ltd. (Operator) 7%,<br>I services Investment Ltd. Mauritius 45.5%,<br>Newbury Oil Co. Ltd. Cyprus 17.5% |
| 84 | AA-ONN-2010/2 | 30% (Nil) | OIL -40%, GAIL-20%, EWP-10% |
| 85 | AA-ONN-2010/3 | 40% (Nil) | OIL-40%, BPRL-20% |

* PI - Participating Interest **Approval towards assignment of PI is awaited from GoI

*** 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., BMN- BMN Investment Ltd., BPCL- Bharat Petroleum Corporation Ltd., BPRL- Bharat Petro Resources Ltd., CEHL- Cairn Energy Hydrocarbons Ltd., CEIL- Cairn Energy India Ltd., CEIPL- Cairn Energy India Private 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, 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., NTPC- National Thermal Power Corporation Ltd., OIL- Oil India Ltd., PIBBV- Petrobras International Braspero BV, PIL- Petrocon India Ltd., RIL- Reliance Industries Ltd., ROPL- Ravva Oil (Singapore) Private Ltd., SRL- Sunterra Resources Ltd., TIOL- Tullow India Operations Ltd., TPL- Tata Petrodyne Ltd.

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

| Sl. No. | Joint Ventures / PSCs | Company's PI * |
|---|---|---|
| 1 | CY-DWN-2001/1 | 45%(45%) |
| 2 | RJ-ONN-2003/1 | 36%(36%) |
| 3. | SK-CBM-2003/II | 100%(100%) |
| 4. | HF-ONN-2001/1 | 65%(65%) |
| 5. | KG-DWN-98/4 | 85%(55%) |
| 6. | KG-DWN-98/5 | 100%(100%) |
| 7. | GK-OSJ-3 | 25%(25%) |
| 8. | KK-DWN-2002/3 | 80%(80%) |

*PI - Participating Interest

42.1.2 **The Financial position of the JV/NELP blocks are as under:**

(₹ in million)

| | No. of JVs/ NELP Blocks | Assets | Liabilities | Income | Expenditure | Profit / (-) Loss before tax |
|---|---|---|---|---|---|---|
| **NELP Block-100% PI*** | 21<br>(22) | 2,702.63<br>(5,090.88) | 100.74<br>(192.90) | 0.10<br>(0.72) | 30,595.61<br>(5,345.08) | -30,595.51<br>(-5,344.36) |
| **Blocks with other partners** | 85<br>(86) | 96,450.27<br>(97,814.40) | 29,995.32<br>(33,756.91) | 155,064.23<br>(76,164.95) | 88,174.76<br>(75,105.44) | 66,889.47<br>(1,059.51) |
| **Surrendered** | 33<br>(27) | 316.97<br>(317.59) | 8,255.62<br>(6,942.64) | 2.33<br>(46.96) | 3,760.89<br>(3,044.76) | -3,758.56<br>(-2,997.80) |
| **Total** | **139**<br>**(135)** | **99,469.87**<br>**(103,222.87)** | **38,351.68**<br>**(40,892.45)** | **155,066.66**<br>**(76,212.63)** | **122,531.26**<br>**(83,495.28)** | **32,535.40**<br>**(-7,282.65)** |

42.1.2.1 The financial statements of 128 (Previous Year 128) out of 139 (Previous Year 135) JVs/NELP as per note no. 42.1 have been incorporated in the accounts to the extent of Company's participating interest in assets, liabilities, income, expenditure and profit/(loss) before tax on the basis of statements certified in accordance with production sharing contract and the same has been adjusted for changes as per Note No. 2.I.1.

42.1.2.2 In respect of balance 11 (Previous Year 7) JVs/NELP assets, liabilities, income and expenditure amounting to ₹ 1,026.31 million (Previous Year ₹ 47.51 million), ₹ 1,933.61 million (Previous Year ₹ 782.66 million), ₹ 878.31 million (Previous Year ₹ 55.28 million) and ₹ 2,058.41 million (Previous Year ₹ 943.31 million) respectively have been incorporated on the basis of uncertified statements prepared under the production sharing contracts and the same has been adjusted for changes as per Note No. 2.I.1.

42.1.2.3 The Company has acquired 10% Participating Interest (PI) of Cairn Energy India Limited (CEIL) in the Block KG DWN 98/2 on actual past cost basis. Accordingly, a Heads of Agreement (HOA) was signed between ONGC & CEIL on 11.1.2012 for a provisional sum of ₹ 2,387.82 million (USD 46.71 million) as consideration. The effective date of transfer of PI shall be the date of Government approval, which is pending. Hence, no adjustment is made in the accounts towards the same.

42.1.2.4 The Company has acquired the Participating Interest (PI) of British Gas Exploration & Production India Ltd. (BGEPIL) 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, which is pending. Hence, no adjustment for this sum is made in the accounts towards the lump sum amount due as above.

**42.2 Company's share in Joint Ventures (Outside India) through Subsidiary - OVL**

| Sr. No. | Name of the Project and Country of Operation | Company's participating share (%) | Other Consortium Members | Operator | Status |
|---|---|---|---|---|---|
| 1 | Block 06.1 Project, Vietnam, Offshore | 45% | TNK - 35%<br>Petrovietnam - 20% | TNK* | The project is under development and production. |
| 2 | Block 1a, 1b, 2a, 2b & 4 (GNOP) Project,<br>Sudan, Onshore (Through ONGC Nile Ganga B.V.) | 25% | CNPC - 40%<br>Petronas - 30%<br>Sudapet - 5% | Joint Operatorship | The project is under production. |
| 3 | Sakhalin -1 Project, Russia, Offshore | 20% | ENL - 30%<br>SODECO - 30%<br>SMNG - 11.5%<br>R N Astra – 8.5% | ENL | The project is under development and production. |
| 4 | AFPC Project<br>Syria, Onshore (Through ONGC Nile Ganga B.V.) ** | 38.75% | Fulin – 50%<br>Mittals – 11.25% | SSPD ** | The project is under production. |
| 5 | MECL, Colombia, Onshore (Through ONGC Amazon Alaknanda Limited) | 50% | Sinopec – 50% | Joint Operatorship | The project is under exploration, development and production. |
| 6 | Block 5A Project,<br>Sudan, Onshore | 24.125% | Petronas - 67.875%<br>Sudapet - 8% | Petronas and Sudapet - Joint Operatorship | The project is under exploration, development and production. |
| 7 | Block BC-10 Project,<br>Brazil, Offshore (Through ONGC Nile Ganga B.V.) | 15% | Shell – 50%<br>Petrobras – 35% | Shell | The project is under development and production. |
| 8 | OOO Imperial Frac Service (Through Jarpeno Ltd.) | 50% | Mr. Vladimir Aleksandrovich Borisov -50% | OVL | The Company provides Fraccing Services. |
| 9 | San Cristobal Project, Venezuela, Onshore<br>(Through ONGC Nile Ganga B.V.) | 40% | CVP - 60% | Joint Operatorship | The project is under development and productio. |

| Sr. No. | Name of the Project and Country of Operation | Company's participating share (%) | Other Consortium Members | Operator | Status |
|---|---|---|---|---|---|
| 10 | Block A-1 Project, Myanmar, Offshore | 17% | Daewoo – 51%<br>KOGAS – 8.5%<br>GAIL – 8.5%<br>MOGE- 15% | Daewoo | The project is under development. |
| 11 | Block A-3 Project, Myanmar, Offshore | 17% | Daewoo – 51%<br>KOGAS – 8.5%<br>GAIL – 8.5%<br>MOGE- 15% | Daewoo | The project is under development. |
| 12 | Farsi Block Project,<br>Iran, Offshore | 40% | IOC – 40%<br>OIL – 20% | OVL | The project 's exploration service contract ended on 24 June 2009. The Master Development Plan (MDP) for the Farzad 'B' Gas Field has been submitted to National Iranian Oil Company and Development Service Contract for the field is under discussion. |
| 13 | Block XXIV Project, Syria, Onshore | 60% | IPRMEL - 25%<br>Triocean-15% | IPR MEL | The project is under exploration, development and production. |
| 14 | Block 25-29, 35 (Part) & 36 Project,<br>Cuba, Offshore | 30% | Repsol YPF – 40%<br>Stat Oil – 30% | Repsol YPF | The project is under exploration. |
| 15 | Khartoum–Port Sudan Pipeline Project,<br>Sudan | 90% | OIL – 10% | OVL | The pipeline has been completed and is under lease. |
| 16 | Block RC-8, Colombia, Offshore | 40% | Ecopetrol - 40%<br>Petrobras – 20% | OVL | The project is under exploration |
| 17 | Block RC-9, Colombia, Offshore | 50% | Ecopetrol - 50% | Ecopetrol | The project is under exploration. |
| 18 | Block RC-10, Colombia, Offshore | 50% | Ecopetrol - 50% | OVL | The project is under exploration. |
| 19 | Block BM-SEAL-4, Brazil. (Through ONGC Nile Ganga B.V.) | 25% | Petrobras- 75% | Petrobras | The project is under exploration. |
| 20 | Block BM-BAR-1, Brazil (Through ONGC Nile Ganga B.V.) | 25% | Petrobras- 75% | Petrobras | The project is under exploration. |
| 21 | Block SSJN-7, Colombia, Onshore | 50% | Pacific - 50% | Pacific | The project is under exploration. |
| 22 | OPL-279, Nigeria (Through ONGC Mittal Energy Limited) | 22.74% (OMEL 45.5%) | EMO- 40%<br>Total -14.5% | OMEL | Exploration surrendered in 2011-12. |

| Sr. No. | Name of the Project and Country of Operation | Company's participating share (%) | Other Consortium Members | Operator | Status |
|---|---|---|---|---|---|
| 23 | OPL-285, Nigeria (Through ONGC Mittal Energy Limited) | 32.15% (OMEL 64.33%) | EMO- 10% Total -25.67% | OMEL | Exploration surrendered in 2011-12. |
| 24 | Block CPO-5, Colombia, Onshore | 70% | PetroDorado – 30% Daewoo – 51%, KOGAS – 8.5%, | OVL | The project is under exploration. |
| 25 | SHWE Offshore Pipeline Project, Myanmar | 17% | GAIL – 8.5%, MOGE – 15% | OVL | The project is under construction. |
| 26 | Onshore Gas Pipeline Project (SEAGPCL), Myanmar (Through ONGC Nile Ganga B.V.) | 8.35% | CNPC-SEAP– 50.9% Daewoo – 25.041%, KOGAS – 4.1735%, GAIL – 4.1735%, MOGE – 7.365% | CNPC-SEAP | The project is under construction. |
| 27 | BM-S-73, Brazil (Through ONGC Nile Ganga B.V.) | 43.50% | Petrobras – 43.5% Eco Petrol – 13% | OCL | The project is under exploration. |
| 28 | BM-S-74, Brazil (Through ONGC Nile Ganga B.V.) | 43.50% | Petrobras – 43.5% Eco Petrol – 13% CVP - 60% | Petrobras | The project is under exploration. |
| 29 | Carabobo Project, Venezuela (Through Carabobo One AB) | 11% | Repsol Exp-11% Petronas Ve-11% INDOIL-7% | Joint operatorship | The project is under development. |
| 30 | Satpayev Contract Area 3575, Kazakhstan | 25% | KMG – 75% | SOLLP | Under exploration. |

Abbreviations used: Addax - Addax Energy Nigeria Limited, BPEOC - BP Exploration Operating Company Ltd., CNPC - China National Petroleum Corporation, CNPC-SEAP-CNPC South-East Asia Pipeline Co Ltd., CVP - Corporacion Venezolana Del Petroleo S.A., Daewoo - Daewoo International Corporation, Devon - Devon Energy do Brazil Ltd., EMO - EMO Exploration & Production Limited, Equator - Equator Exploration JDZ Block 2 Limited, ERHC - ERHC Energy Nigeria JDZ Block 2 Limited, ENL - Exxon Neftegas Limited, Foby - Foby Energy Company Limited, Fulin - Fulin Investments Sarl, GAIL - GAIL (India) Limited, IOC - Indian Oil Corporation Limited, INDOIL- Indoil Netherlands B.V., IPRMEL - IPR Mediterranean Exploration Limited, KOGAS - Korea Gas Corporation, B.V; Mittals - Mittal Investments Sarl, MOGE- Myanmar Oil and Gas Enterprise, Amber - Momo Deepwater JDZ Limited, OCL - ONGC Campos Ltd., OIL - Oil India Limited, Pacific - Pacific Stratus Energy, Colombia, Petrobras - Petroleo Brasileiro S.A., Petro-Dorado - Petro-Dorado South America S.A., Petronas - Petronas Carigali Overseas Sdn Bhd, Petronas Ve: PC Venezuela Ltd., Petrovietnam - Vietnam Oil and Gas Group, Repsol - Repsol YPF Cuba SA, Repsol Exp- Repsol Exploracion S.A., SEAGPCL - South East Asia Gas Pipeline Company Ltd., Shell - Shell Brazil Ltd., Sinopec - Sinopec Overseas Oil and Gas Limited, Sinopec JDZ- Sinopec JDZ Block 2 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.

*BPEOC has transferred its PI and Operatorship for the Block-6.1 to TNK-Vietnam B.V. effective from 17th October, 2011.

** 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.

42.2.1 Company's share in Joint Ventures

The Company, its Subsidiaries' and the Joint Venture Company's share of assets, liabilities, income and expenses in the Joint Ventures as furnished by the Operator has been incorporated in the financial statements as given below:

(₹ in million)

| Net Fixed Assets | Net Fixed Assets | Net Producing Property | Capital Work in Progress | Exploratory and Development Wells-in-Progress | Current Assets | Cash and Bank Balance | Liabilities | Income | Expenditure* (including depreciation) |
|---|---|---|---|---|---|---|---|---|---|
| **A. Audited as of 31st March, 2012** | | | | | | | | | |
| Block 06.1, Vietnam | 1,160.94 | 1,700.14 | 2,503.28 | 3,868.07 | 2,585.96 | 22.96 | 12,227.59 | 16,124.13 | 3,666.03 |
| Farsi Block, Iran | 0.27 | - | - | - | 1.45 | 1.08 | 116.18 | 0.33 | 10.90 |
| Sudan Pipeline, OVL's Share (90%) | - | - | - | - | 2,436.45 | 8.10 | 3,861.74 | 207.37 | (914.15) |
| Block 1a, 1b, 2a, 2b & 4, Sudan | 434.36 | 21,855.12 | - | 4,065.73 | 5,498.61 | 1,066.82 | 4,694.70 | 51,181.18 | 34,218.54 |
| Block BC-10 & Exploratory Blocks, Brazil | - | 21,466.30 | - | 1,954.69 | 2,680.75 | 261.84 | 3,764.59 | 17,486.37 | 18,696.80 |
| PIVSA (San Cristobal), Venezuela | 962.37 | 1,917.26 | 2,466.28 | - | 16,821.40 | 130.99 | 11,228.61 | 26,564.20 | 16,072.04 |
| Pipeco 1 onshore Project, Myanmar (SEAGP) | 14.54 | - | 2,275.55 | - | 2.70 | 83.72 | 969.40 | - | - |
| Tamba | - | - | 2,562.69 | - | 8,665.74 | 815.60 | 4,672.24 | 1,490.54 | 3.89 |
| AFPC, Syria | 0.87 | 2,180.50 | - | 66.72 | 2,106.32 | 13.43 | 658.51 | 16,619.54 | 15,506.74 |
| MECL | 3,089.19 | 5,871.94 | 131.84 | 2,888.02 | 4,111.37 | - | 1,334.52 | 12,935.66 | 9,580.56 |
| LLC Imperial Frac Service-Jarpeno | 97.74 | - | - | - | 57.15 | 13.60 | 30.26 | 247.70 | 183.44 |
| **Total (A)** | **5,760.27** | **54,891.27** | **9,939.44** | **12,843.22** | **44,903.90** | **2,418.94** | **43,569.43** | **138,827.01** | **97,023.82** |
| **B. Audited as of 31st January, 2012** | | | | | | | | | |
| Block 5A, Sudan | 2,834.54 | 5,016.93 | 37.26 | 2,006.76 | 1,204.69 | 125.42 | 325.40 | 3,287.07 | 1,911.68 |
| **Total (B)** | **2,834.54** | **5,016.93** | **37.26** | **2,006.76** | **1,204.69** | **125.42** | **325.40** | **3,287.07** | **1,911.68** |
| **C. Audited as of 31st December, 2011** | | | | | | | | | |
| Sakhalin 1, Russia | 22,632.87 | 54,960.77 | 46,764.05 | 1,344.42 | 9759.26 | 799.88 | 80,642.67 | 80,737.72 | 28,442.48 |
| Block RC-8, Colombia | 0.15 | - | - | - | 11.06 | - | 126.73 | 0.35 | 40.91 |
| Block RC-10, Colombia | 0.71 | - | - | - | 14.33 | - | 150.08 | 0.49 | 38.39 |
| Block RC-9, Colombia | - | - | - | - | 0.09 | 0.24 | 7.59 | 0.26 | (13.91) |
| Block SSJN-7, Colombia | - | - | - | - | 2.20 | - | 50.93 | 0.07 | 260.33 |
| Blocks 25-29, 35 (Part) & 36, Cuba | 6.12 | - | 346.91 | 1,811.66 | 248.44 | - | 748.71 | - | 20.32 |
| Block A-1, Myanmar | 20.97 | - | 3,960.76 | 2,753.72 | 734.59 | 444.92 | 1,627.11 | 3.14 | 78.56 |
| Block A-3, Myanmar | 2.01 | - | 840.85 | 2,695.10 | 198.02 | 162.42 | 317.60 | 3.54 | 10.13 |
| CPO 5 Block | 0.24 | - | - | 15.20 | 67.00 | - | 219.11 | 1.16 | 166.43 |
| SHWE Offshore Pipeline, Myanmar | - | - | 1,966.65 | - | 444.16 | 443.79 | 440.26 | 1.74 | (5.61) |
| **Total (C)** | **22,662.57** | **54,960.77** | **53,879.32** | **8,620.30** | **11,487.22** | **1,851.25** | **84,530.79** | **80,748.47** | **29,038.09** |
| **D. Unaudited** | | | | | | | | | |
| Block XXIV, Syria | 53.67 | (78.48) | - | 1,998.02 | 314.87 | - | 270.06 | 191.49 | 246.74 |
| Block 6 North Ramadan, Egypt+ | - | - | - | - | 50.98 | - | 60.82 | 0.80 | (68.50) |
| Block NC-189, Libya+ | - | - | - | - | 24.79 | 2.34 | 0.23 | - | (0.75) |
| Block NEMED, Egypt+ | - | - | - | - | - | - | (1.88) | - | 30.79 |
| Petro carabobo** | - | - | 300.76 | - | 250.41 | 121.70 | 246.83 | - | - |
| Satpayev Block, Kazakhstan | 2.30 | - | 4,753.53 | - | 18.66 | - | 646.57 | - | 703.45 |
| Block 279, Nigeria | | | | | | | | | 8.07 |
| Block 285, Nigeria | 22.55 | | | | | | | | 79.29 |
| **Total (D)** | **78.52** | **(78.48)** | **5,054.29** | **1,998.02** | **659.79** | **124.04** | **1,222.83** | **192.29** | **999.08** |
| **Grand Total** | **31,360.90** | **114,790.51** | **68,900.31** | **25,468.30** | **58,297.60** | **4,519.65** | **129,647.25** | **223,054.84** | **128,972.59** |

*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.

42.2.2 The Group'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 Project, where the details are provided by the Operator on quarterly basis.

42.2.3 **Block 5A, Blocks 1, 2 &4 in Republic of South Sudan**

The Subsidiary, OVL has 24.125% participating interest in Block 5A Republic of Sudan (ROS). South Sudan separated from ROS as an independent country effective from 9th July 2011. In view of the separation of South Sudan, the entire contract area of Block 5A is now situated in Republic of South Sudan (RSS), whereas the downstream crude oil transportation system and export terminal are situated in ROS.

OVL signed a Transition Agreement (TA) with RSS on 13th January 2012 continuing its right for oil exploration and exploitation for contract area of Block 5A in Republic of South Sudan. Republic of South Sudan is a landlocked country. Government of Sudan and Government of South Sudan have been negotiating an agreement for the evacuation of crude produced from Republic of South Sudan concessional area through the processing and transportation facilities of Republic of Sudan and have yet to reach an agreement. As per the directives of Ministry of Petroleum & Mines, Government of South Sudan, petroleum operation has been shut down in concession area of Block 5A effective from 23rd January 2012. In view of the above, currently petroleum operations in the Block have been limited to the maintenance of the facilities to ensure integrity for timely resumption of production operation.

Due to the secession of South Sudan from ROS, the operator has been shifting office from Khartoum in ROS to Juba in RSS. Due to the shifting process the operator has not been able to provide the monthly expenditure statement for the month of February and March 2012. Hence the expenditure for the month of February and March is booked based on the cash call request for those two months amounting to USD 4.39 million equivalent ₹ 218.24 million. Necessary adjustments would be carried out in the accounts on receipt of the expenditure statement.

42.2.4 **Satpayev Block, Kazakhstan**

Effective 12th October 2011, the Company 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 15th 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 aggregating to ₹4,753.53 million are disclosed as Capital Work in Progress in Note 17.

42.2.5 **AFPC, Syria**

ONGC Nile Ganga B.V. (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 hold 33.33% to 37.5% PI in four Production Sharing Contracts (PSCs) in Syria. The Syria business for the above PSC of ONGBV is structured as separate class business (Class C).

Effective 1st December 2011 Al Furat Petroleum Company (AFPC) an Operating Company jointly held by the Contractor and General Petroleum Company (GPC), which represents Govt. of Syria in the Operating Company, were included in the list of sanctioned enterprises by the European Union 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.

In December 2011, SSPD's nominee on the Board of Directors of AFPC communicated to the Chairman of AFPC, the Minister of Petroleum and the General Manager, GPC, Syria that at the moment circumstances (including EU sanctions) exist which are beyond the reasonable control of SSPD and HESBV, which prevents the parties from discharging their obligations under the Contract. He further informed in his letter that based on the opinion of an independent law firm, the restrictions that the Contractor face lead to a Force Majeure (FM) situation under the Contracts.

In an opinion obtained by OVL from an independent law firm, nothing in the PSC would permit GPC to take, own or dispose of the Contractor's share in the event of Force Majeure being called. Further, once the sanctions have been lifted, the Contractor could then claim its share in production done during the period of the sanctions and pay for the expenditure of those operations if appropriate.

Post the Force Majeure, the operation of the project is continued to be carried out by AFPC. HESBV while preparing its accounts for the period ended 31st March 2012 has accounted for revenue and expenses based on the Joint Interest Billings received by HESBV up to the period November 2011 and has also accounted for its share of expenditure of SSPD for the period up to March 2012.

As per the financials prepared by HESBV for the period ended 31st March 2012, ONGBV's share of net fixed assets in HESBV is EURO 32.92 million and trade receivables of EURO 56.44 million. Due to the 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 31st March 2012. No impairment provision was required in view of the recoverable value being higher than the carrying value.

42.3 **Jointly Controlled Entities:**

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

(₹ in million)

| Description | | As at 31.03.2012 | As at 31.03.2011 |
|---|---|---|---|
| i) | **Assets** | | |
| | Fixed Assets | 65,289.34 | 37,324.75 |
| | Other Non Current Assets | 15,380.94 | 14,744.69 |
| | Deferred Tax Assets | 268.39 | 311.06 |
| | Current Assets | 7,960.80 | 6,393.97 |
| ii) | **Liabilities** | | |
| | Long Term Borrowings | 22,742.82 | 10,931.76 |
| | Other Non Current Liabilities and Provisions | 5,430.43 | 3,961.99 |
| | Deferred Tax Liability | 621.51 | 509.19 |
| | Current Liabilities and Provisions | 47,942.05 | 29,797.23 |
| iii) | **Income** | 32,158.81 | 18,977.34 |
| iv) | **Expenses** | 32,237.66 | 20,201.38 |
| v) | **Contingent Liabilities** | 6,560.33 | 3,077.15 |
| vi) | **Capital Commitments** | 49,098.16 | 47,639.97 |

43 **Disclosure under Accounting Standard - 28 on "Impairment of Assets"**

43.1 The Company is engaged mainly in the business of oil and gas exploration and production where each cost centre used for depreciation (depletion) purposes is identified as independent Cash Generating Unit (CGU) for assessing the impairment in Producing Properties and fixed assets etc. on the basis of 'value in use'. The Company has tested all its CGUs for impairment as on 31.03.2012 by applying discount rates of 20.40% (Previous Year 17.16 %) for Rupee transactions and 13.67 % (Previous Year 12.80 %) for crude oil and value added products revenue measured in USD as on 31.03.2012.

43.2 During the year ₹ 932.83 million (Previous Year ₹ 1,534.73 million) is provided as impairment loss. Out of this ₹ 83.30 million (Previous Year ₹ 600.07 million) has been provided as additional impairment in respect of onshore CGUs-Jodhpur and Silchar and for offshore CGU- Ratna, ₹ 75.83 million (Previous Year nil) has been provided on account of increase in the estimate of abandonment liability. In addition, ₹ 154.99 million (Previous Year nil) pertaining to block CY-OS-90/1 (PY-3) has been provided as presently the field has potential only to produce for next two years and an amount of ₹ 78.57 million (Previous Year nil) has been provided in respect of Tatipaka mini Refinery, Rajahmundry. Balance amount of ₹ 540.14 million (Previous Year ₹ 934.66 million) mainly represents additional impairment charge in respect of certain onshore NELP blocks due to adjustment of cost recovery from revenue and sharing of 100% royalty.

Further, ₹ 827.73 million (Previous Year ₹ 182.53 million) has been reversed as impairment loss during the year. Out of this, an amount of ₹ 791.25 million ( Previous Year nil) has been reversed for offshore - Krishna Godavari CGU, Rajahmundry due to better economic performance of the asset based on the future production profile. Balance amount reversed is attributable to Jodhpur and Silchar onshore due to transfer of assets to another CGU and change in estimation of abandonment liability in respect of offshore.

44 **Disclosure under Accounting Standard - 29 on "Provisions, Contingent Liabilities and Contingent Assets": Movement in Provisions Others**

For Court cases, arbitration and others, where the timing of expected outflows is upon settlement of the proceedings:

(₹ in million)

| **Particulars** | **2011-12** | **2010-11** |
|---|---|---|
| Opening Balance | 2,016.58 | 722.41 |
| Add: Provision made during the year | 111.01 | 1,625.35 |
| Less: Provision written back/ reclassified/ reduction during the year | 366.17 | 331.18 |
| **Closing Balance** | 1,761.42 | 2,016.58 |

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 - ₹ 207,824.06 million (Previous Year ₹ 270,554.18 million).

ii) In respect of Joint Ventures - ₹ 33,226.23 million (Previous Year ₹ 31,964.89 million).

45.1.2 **Estimated amount of Minimum Work Programme (MWP) committed under various 'Production Sharing Contracts':-**

i) In respect of NELP blocks in which the Company has 100% participating interest ₹ 15,052.01 million (Previous Year ₹ 22,558.90 million).

ii) In respect nominated Blocks of ₹ 282.68 million (Previous Year ₹ 374.04 million).

iii) In respect of Joint Ventures - ₹ 77,370.21 million (Previous Year ₹ 98,441.67 million).

45.2 **Contingent Liabilities:**

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

(₹ in million)

| No. | Particulars | As at 31.03.2012 | As at 31.03.2011 |
|---|---|---|---|
| I | **In Respect of Company :** | | |
| | i. Income Tax Matters | **24,972.99** | 16,289.61 |
| | ii. Excise Duty Matters | **5,868.31** | 5,243.29 |
| | iii. Custom Duty Matters | **2,104.63** | 1,577.66 |
| | iv. Royalty | **66,123.54** | 19,484.60 |
| | v. Cess | **6.57** | 6.57 |
| | vi. Sales Tax | **38,499.43** | 30,306.07 |
| | vii. Octroi | **66.89** | 66.89 |
| | viii. Service Tax | **32,530.67** | 1,039.92 |
| | ix. AP Mineral Bearing Land Tax | **1,694.82** | 1,470.22 |
| | x. Specified Land Tax (Assam) | **2,860.57** | 2,526.40 |
| | xi. Claims of contractors in Arbitration/Court | **37,585.34** | 34,781.92 |
| | xii. In respect of other matters | **29,485.21** | 22,297.09 |
| | **Sub Total** | **2,42,798.97** | **1,35,090.24** |
| II | **In Respect of Joint Ventures :** | | |
| | i. Income Tax Matters | **8.91** | 8.91 |
| | ii. Excise Duty Matters | **-** | - |
| | iii. Customs Duty Matters | **3,620.12** | 3,457.81 |
| | iv. Cess | **-** | - |
| | v. Sales Tax | **2,960.23** | 2,959.04 |
| | vi. Claim of GoI for Additional Profit Petroleum | **4,028.17** | 3,634.77 |
| | vii. Claims of Contractors in Arbitration/Court | **299.92** | 9,798.45 |
| | viii. Service Tax | **165.17** | 157.42 |
| | ix. In respect of other matters | **995.80** | 907.23 |
| | **Sub Total** | **12,078.32** | **20,923.63** |
| | **Total (I+II)** | **2,54,877.29** | **1,56,013.87** |

45.2.1 Contingent liabilities, if any, in respect of JVs where OVL is non-operator, is not ascertainable except where the Operator has intimated. In respect of Petronet MHB Limited, there are 127 cases (previous year 135 cases) regarding enhancement of land compensation pending with Karnataka High Court against Order of Principal Judge Bangalore Rural District Court, the amounts are not ascertainable at present.

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

**45.2.3 Performance Guarantees executed under the contracts:**

i. The subsidiary, 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 Ltd. (OCL). The Company is confident that OCL will be able to honour its obligations.

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 (₹ 68,142.96 million).

iii. 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 ₹ 3,910.68 million (USD 76.50 million) (Previous Year ₹ 3,421.08) (USD 76.50 million) as at March 31, 2012.

iv. ONGBV has given performance guarantee to ANP, the regulatory authority in Brazil, favoring ONGC Campos Ltd. (OCL) for BC-10 Project where OCL has a 15% participating interest and Shell Brazil is the operator.

## 46. Disclosure under Guidance Note on "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 (MTOE)* | |
|---|---|---|---|---|---|---|---|
| | | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 |
| **A. In India** | | | | | | | |
| Offshore | Opening | **210.75** | 224.26 | **202.008** | 210.517 | **412.76** | 434.78 |
| | Addition | **21.56** | 3.94 | **25.694** | 11.079 | **47.25** | 15.01 |
| | Production | **16.54** | 17.45 | **19.524** | 19.588 | **36.06** | 37.03 |
| | Closing | **215.77** | 210.75 | **208.179** | 202.008 | **423.95** | 412.76 |
| Onshore | Opening | **189.91** | 189.90 | **155.688** | 152.227 | **345.60** | 342.12 |
| | Addition | **9.91** | 9.02 | **6.182** | 8.999 | **16.09** | 18.01 |
| | Production | **9.37** | 9.00 | **5.796** | 5.538 | **15.16** | 14.54 |
| | Closing | **190.46** | 189.91 | **156.074** | 155.688 | **346.53** | 345.60 |
| Total in India | **Opening** | **400.66** | **414.15** | **357.697** | **362.744** | **758.36** | **776.90** |
| | **Addition** | **31.47** | **12.96** | **31.876** | **20.078** | **63.35** | **33.02** |
| | **Production** | **25.91** | **26.45** | **25.319** | **25.126** | **51.22** | **51.57** |
| | **Closing** | **406.23** | **400.66** | **364.253** | **357.697** | **770.48** | **758.36** |
| **B. Outside India** | | | | | | | |
| GNOP, Sudan | Opening | **17.425** | 19.831 | **–** | – | **17.425** | 19.831 |
| | Addition | **0.870** | – | **–** | – | **0.870** | – |
| | Ded/Adj | **–** | 0.605 | **–** | – | **–** | 0.605 |
| | Production | **1.324** | 1.801 | **–** | – | **1.324** | 1.801 |
| | Closing | **16.971** | 17.425 | **–** | – | **16.971** | 17.425 |
| Block 5A, Sudan | Opening | **6.627** | 6.571 | **–** | – | **6.627** | 6.571 |
| | Addition | **(0.105)** | 0.283 | **–** | – | **(0.105)** | 0.283 |
| | Ded/Adj | **–** | 0.001 | **–** | – | **–** | 0.001 |
| | Production | **0.174** | 0.226 | **–** | – | **0.174** | 0.226 |
| | Closing | **6.348** | 6.627 | **–** | – | **6.348** | 6.627 |
| Sakhalin–1, Russia | Opening | **35.501** | 36.949 | **71.537** | 69.992 | **107.038** | 106.941 |
| | Addition | **0.258** | 0.026 | **0.138** | 1.960 | **0.396** | 1.986 |
| | Ded/Adj | **–** | – | **–** | – | **–** | – |
| | Production | **1.498** | 1.474 | **0.494** | 0.415 | **1.992** | 1.889 |
| | Closing | **34.261** | 35.501 | **71.182** | 71.537 | **105.442** | 107.038 |

| | Details | Crude Oil (MMT) | | Gas (Billion Cubic Meter) | | Total Oil Equivalent (MTOE)* | |
|---|---|---|---|---|---|---|---|
| | | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 |
| Block 06.1, Vietnam | Opening | **0.672** | 0.710 | **10.540** | 12.789 | **11.212** | 13.499 |
| | Addition | – | – | – | – | – | – |
| | Ded/Adj | – | – | – | – | – | – |
| | Production | **0.036** | 0.038 | **2.023** | 2.249 | **2.059** | 2.287 |
| | Closing | **0.636** | 0.672 | **8.517** | 10.540 | **9.153** | 11.212 |
| AFPC, Syria | Opening | **3.210** | 2.939 | – | – | **3.210** | 2.939 |
| | Addition | – | 0.933 | – | – | – | 0.933 |
| | Ded/Adj | – | – | – | – | – | – |
| | Production | **0.503** | 0.662 | – | – | **0.503** | 0.662 |
| | Closing | **2.707** | 3.210 | – | – | **2.707** | 3.210 |
| BC–10, Brazil | Opening | **5.317** | 1.605 | **0.659** | 0.563 | **5.976** | 2.168 |
| | Addition | **(0.089)** | 4.285 | **(0.244)** | 0.128 | **(0.333)** | 4.413 |
| | Ded/Adj | – | – | – | – | – | – |
| | Production | **0.450** | 0.573 | **0.015** | 0.032 | **0.465** | 0.605 |
| | Closing | **4.778** | 5.317 | **0.400** | 0.659 | **5.178** | 5.976 |
| MECL, Columbia | Opening | **4.131** | 3.381 | – | – | **4.131** | 3.381 |
| | Addition | **(0.065)** | 1.218 | – | – | **(0.065)** | 1.218 |
| | Ded/Adj | **0.001** | – | – | – | **0.001** | – |
| | Production | **0.561** | 0.468 | – | – | **0.561** | 0.468 |
| | Closing | **3.504** | 4.131 | – | – | **3.504** | 4.131 |
| IEC,Russia | Opening | **17.181** | 16.876 | **5.309** | 4.992 | **22.491** | 21.868 |
| | Addition | **(0.880)** | 1.075 | **(0.626)** | 0.318 | **(1.506)** | 1.393 |
| | Ded/Adj | – | – | – | – | **0.000** | – |
| | Production | **0.771** | 0.770 | – | – | **0.771** | 0.770 |
| | Closing | **15.530** | 17.181 | **4.683** | 5.309 | **20.213** | 22.490 |
| PIVSA, Venezuela | Opening | **12.688** | 6.526 | – | | **12.688** | 6.526 |
| | Addition | **(0.030)** | 6.920 | – | – | **(0.030)** | 6.920 |
| | Ded/Adj | **(0.001)** | 0.001 | – | – | **(0.001)** | 0.001 |
| | Production | **0.894** | 0.757 | – | – | **0.894** | 0.757 |
| | Closing | **11.765** | 12.688 | – | – | **11.765** | 12.688 |
| BLOCK–24, SYRIA | Opening | **1.813** | 1.815 | – | – | **1.813** | 1.815 |
| | Addition | – | – | – | – | **0.000** | – |
| | Ded/Adj | – | – | – | – | **0.000** | – |
| | Production | **0.010** | 0.002 | – | – | **0.010** | 0.002 |
| | Closing | **1.803** | 1.813 | – | – | **1.803** | 1.813 |
| BLOCK–A1 & A3, Myanmar | Opening | – | – | **10.297** | – | **10.297** | – |
| | Addition | – | – | – | 10.297 | **0.000** | 10.297 |
| | Ded/Adj | – | – | – | – | **0.000** | – |
| | Production | – | – | – | – | **0.000** | – |
| | Closing | – | – | **10.297** | 10.297 | **10.297** | 10.297 |

| | Details | Crude Oil (MMT) | | Gas (Billion Cubic Meter) | | Total Oil Equivalent (MTOE)* | |
|---|---|---|---|---|---|---|---|
| | | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 |
| North Ramadan, Egypt | Opening | – | 0.455 | | | | 0.455 |
| | Addition | – | – | – | – | – | – |
| | Ded/Adj | – | 0.455 | – | – | – | 0.455 |
| | Production | – | – | – | – | – | – |
| | Closing | – | – | – | – | – | – |
| **Total Outside India** | **Opening** | **104.566** | **97.659** | **98.343** | **88.336** | **202.909** | **185.995** |
| | **Addition** | **(0.042)** | **14.740** | **(0.732)** | **12.703** | **(0.772)** | **27.443** |
| | **Ded/Adj** | **–** | **1.062** | **–** | **–** | **0.001** | **1.062** |
| | **Production** | **6.221** | **6.771** | **2.532** | **2.696** | **8.754** | **9.487** |
| | **Closing** | **98.303** | **104.566** | **95.079** | **98.343** | **193.383** | **202.909** |

*MTOE denotes "million Tonne Oil Equivalent" and for calculating Oil equivalent of Gas, 1000 $M^3$ of Gas has been taken to be equal to 1 MT of Crude Oil.

**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 (MTOE)* | |
|---|---|---|---|---|---|---|---|
| | | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 |
| **A. In India** | | | | | | | |
| Offshore | Opening | 158.76 | 173.44 | 120.549 | 129.860 | 279.31 | 303.30 |
| | Addition | 11.27 | 2.77 | 13.649 | 10.276 | 24.92 | 13.05 |
| | Production | 16.54 | 17.45 | 19.508 | 19.588 | 36.04 | 37.03 |
| | Closing | 153.50 | 158.76 | 114.690 | 120.549 | 268.19 | 279.31 |
| Onshore | Opening | 150.77 | 146.26 | 110.749 | 111.178 | 261.52 | 257.44 |
| | Addition | 7.37 | 13.46 | 5.451 | 5.012 | 12.82 | 18.47 |
| | Production | 9.41 | 8.95 | 5.836 | 5.441 | 15.25 | 14.39 |
| | Closing | 148.73 | 150.77 | 110.364 | 110.749 | 259.09 | 261.52 |
| **Total in India** | **Opening** | **309.54** | **319.71** | **231.297** | **241.039** | **540.83** | **560.74** |
| | **Addition** | **18.64** | **16.23** | **19.101** | **15.287** | **37.74** | **31.51** |
| | **Production** | **25.95** | **26.40** | **25.343** | **25.029** | **51.29** | **51.42** |
| | **Closing** | **302.23** | **309.54** | **225.055** | **231.297** | **527.28** | **540.83** |
| **B. Outside India** | | | | | | | |
| GNOP, Sudan | Opening | 7.831 | 7.105 | – | | 7.831 | 7.105 |
| | Addition | 0.200 | 2.527 | – | – | 0.200 | 2.527 |
| | Ded/Adj | – | – | – | – | 0.000 | – |
| | Production | 1.324 | 1.801 | – | | 1.324 | 1.801 |
| | Closing | 6.707 | 7.831 | – | | 6.707 | 7.831 |
| Block 5A, Sudan | Opening | 2.467 | 3.996 | – | – | 2.467 | 3.996 |
| | Addition | 0.306 | – | – | – | 0.306 | – |
| | Ded/Adj | – | 1.303 | – | – | 0.000 | 1.303 |
| | Production | 0.174 | 0.226 | – | – | 0.174 | 0.226 |
| | Closing | 2.599 | 2.467 | – | – | 2.599 | 2.467 |

| | Details | Crude Oil (MMT) | | Gas (Billion Cubic Meter) | | Total Oil Equivalent (MTOE)* | |
|---|---|---|---|---|---|---|---|
| | | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 |
| Sakhalin-1, Russia | Opening | 10.620 | 9.614 | 11.288 | 11.704 | 21.906 | 21.318 |
| | Addition | – | 2.480 | – | – | – | 2.480 |
| | Ded/Adj | – | – | – | 0.001 | – | 0.001 |
| | Production | 1.498 | 1.474 | 0.484 | 0.415 | 1.892 | 1.889 |
| | Closing | 9.122 | 10.620 | 10.794 | 11.288 | 19.916 | 21.908 |
| Block 06.1, Vietnam | Opening | 0.663 | 0.701 | 6.985 | 9.234 | 7.648 | 9.935 |
| | Addition | – | – | – | – | – | – |
| | Ded/Adj | 0.000 | – | – | – | – | – |
| | Production | 0.036 | 0.038 | 2.023 | 2.249 | 2.059 | 2.287 |
| | Closing | 0.627 | 0.663 | 4.962 | 6.985 | 5.589 | 7.648 |
| AFPC, Syria | Opening | 2.835 | 2.716 | – | – | 2.835 | 2.716 |
| | Addition | – | 0.781 | – | – | – | 0.781 |
| | Ded/Adj | – | – | – | – | – | – |
| | Production | 0.503 | 0.662 | – | – | 0.503 | 0.662 |
| | Closing | 2.332 | 2.835 | – | – | 2.332 | 2.835 |
| BC-10, Brazil | Opening | 1.931 | 1.171 | 0.448 | 0.409 | 2.374 | 1.580 |
| | Addition | (0.044) | 1.333 | (0.273) | 0.066 | (0.317) | 1.399 |
| | Ded/Adj | – | – | – | – | – | – |
| | Production | 0.450 | 0.573 | 0.015 | 0.032 | 0.465 | 0.605 |
| | Closing | 1.437 | 1.931 | 0.158 | 0.443 | 1.592 | 2.374 |
| MECL, Columbia | Opening | 3.240 | 2.094 | – | – | 3.240 | 2.094 |
| | Addition | 0.692 | 1.614 | – | – | 0.692 | 1.614 |
| | Ded/Adj | – | – | – | – | – | – |
| | Production | 0.561 | 0.468 | – | – | 0.561 | 0.468 |
| | Closing | 3.371 | 3.240 | – | – | 3.371 | 3.240 |
| IEC,Russia | Opening | 4.793 | 3.997 | – | – | 4.793 | 3.997 |
| | Addition | 1.369 | 1.566 | – | – | 1.369 | 1.566 |
| | Ded/Adj | – | – | – | – | – | – |
| | Production | 0.771 | 0.770 | – | – | 0.771 | 0.770 |
| | Closing | 5.391 | 4.793 | – | – | 5.391 | 4.793 |
| PIVSA, Venezuela | Opening | 1.901 | 3.074 | – | – | 1.901 | 3.074 |
| | Addition | 0.012 | – | – | – | 0.012 | |
| | Ded/Adj | – | 0.416 | – | – | – | 0.416 |
| | Production | 0.894 | 0.757 | – | – | 0.894 | 0.757 |
| | Closing | 1.019 | 1.901 | – | – | 1.019 | 1.901 |
| BLOCK-24, SYRIA | Opening | 0.060 | – | – | – | – | – |
| | Addition | 0.060 | 0.002 | – | – | 0.069 | 0.002 |
| | Ded/Adj | – | – | – | – | – | – |
| | Production | 0.010 | 0.002 | – | – | 0.019 | 0.002 |
| | Closing | 0.050 | – | – | – | 0.050 | – |

| | Details | Crude Oil (MMT) | | Gas (Billion Cubic Meter) | | Total Oil Equivalent (MTOE)* | |
|---|---|---|---|---|---|---|---|
| | | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 | As at 31.03.12 | As at 31.03.11 |
| Total outside India | Opening | 36.281 | 34.468 | 18.716 | 21.347 | 54.997 | 55.815 |
| | Addition | 2.595 | 10.303 | (0.273) | 0.066 | 2.322 | 10.369 |
| | Ded/Adj | – | 1.719 | – | 0.001 | – | 1.720 |
| | Production | 6.221 | 6.771 | 2.532 | 2.696 | 8.753 | 9.467 |
| | Closing | 32.655 | 36.281 | 15.911 | 18.716 | 48.566 | 54.997 |

*MTOE denotes "million Tonne Oil Equivalent" and for calculating Oil equivalent of Gas, 1000 $M^3$ of Gas has been taken to be equal to 1 MT of Crude OIL

47. Pursuant to the finalization of the agreement between ONGC, Cairns Energy Plc, Vedanta Resources Plc and their associates during the year, the royalty paid by ONGC in respect of RJ-ON-90/1 Block has been treated as contract cost eligible for cost recovery. As a result, an income of ₹ 31,405.47 million received from M/s Cairn India Ltd. towards Royalty paid for the period August 2009 to September 2011 has been disclosed as an exceptional item.

48. The figures in respect of Subsidiaries/Joint Venture Companies have been regrouped/rearranged based upon the details obtained from the management of the subsidiaries/Joint Venture Companies wherever their audited accounts did not provide the breakup details required for consolidated financial statements.

49. 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 Benefits is not disclosed in Consolidated Financial statement due to impracticability.

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.

51. Previous year's figures have been regrouped/ reclassified, as required under Revised Schedule-VI to the Companies Act, 1956 wherever necessary, to confirm to current year's classification.

52. Figures in parenthesis as given in these Notes to Financial Statement relate to previous year.

Blender unit for well stimulation services

## Consolidated Cash Flow Statement For The Year Ended 31st March, 2012

(₹ in million)

| | | | Year Ended 31st March, 2012 | | Year Ended 31st March, 2011 |
|---|---|---|---|---|---|
| A. | **CASH FLOW FROM OPERATING ACTIVITIES:** | | | | |
| | **Profit before tax and extraordinary items** | | 428,035.06 | | 343,133.06 |
| | **Adjustments For:** | | | | |
| | Prior Period Items | (240.78) | | 111.71 | |
| | Depreciation, Depletion and Amortisation & Impairment | 128,194.32 | | 113,527.67 | |
| | Exploratory Well Costs Written off | 90,188.41 | | 73,077.74 | |
| | Interest on Borrowings | 4,349.40 | | 4,377.17 | |
| | Foreign Exchange Loss/Translation Adjustment | 28,928.53 | | 803.11 | |
| | Provision for Employee Benefits | 4,462.15 | | 5,184.19 | |
| | Preliminary Expenditure Written off | 0.30 | | 0.30 | |
| | Profit/Loss on Sale of Fixed Assets | 12.84 | | 18.42 | |
| | Lease Income (Net) | (91.93) | | (140.53) | |
| | Other Provision and Write offs | 11,727.85 | | 15,298.14 | |
| | Excess Provision/Liability Written Back | (1,961.63) | | (929.25) | |
| | Interest Income | (34,216.31) | | (21,510.30) | |
| | Amortization of Government Grant | (3.92) | | (4.72) | |
| | Dividend Income | (3,841.59) | | (4,260.71) | |
| | Profit on Sale of Investment | (3.85) | | – | |
| | | | 228,704.82 | | 185,352.94 |
| | **Operating Profit before Working Capital Changes** | | 656,739.88 | | 528,486.00 |
| | **Adjustments for:-** | | | | |
| | Receivables | (11,953.27) | | (33,725.60) | |
| | Loans and Advances | (11,737.97) | | 1,578.18 | |
| | Other Current Assets | (43,218.94) | | (991.82) | |
| | Inventories | (46,882.43) | | (3,925.27) | |
| | Trade Payable and Other Liabilities | 43,286.83 | | 104,615.32 | |
| | | | (70,505.78) | | 67,550.81 |
| | Cash Generated from Operations | | 586,234.10 | | 596,036.81 |
| | Direct Taxes Paid (Net of tax refund) | | (118,813.93) | | (105,166.24) |
| | Cash Flow before prior period and extraordinary items | | 467,420.17 | | 490,870.57 |
| | Prior period items | | 120.52 | | (24.33) |
| | **Net Cash Flow from Operating Activities 'A'** | | 467,540.69 | | 490,846.24 |
| B. | **CASH FLOW FROM INVESTING ACTIVITIES:** | | | | |
| | Purchase of Fixed Assets | | (191,403.10) | | (197,042.48) |
| | Sale of Fixed Assets | | 1,228.36 | | 189.39 |
| | Exploratory and Development Drilling | | (201,561.29) | | (153,271.21) |
| | Purchase of Investments | | (29.23) | | (11,451.33) |
| | Sale of Investments | | 1,819.76 | | 32,014.91 |
| | Advance to Associates and Joint Controlled Entity | | (533.64) | | (7,641.49) |
| | Loans to Public Sector Undertakings and Other Bodies Corporate | | 380.84 | | 340.04 |
| | Deposit with Public Sector Undertakings | | – | | 15,000.00 |
| | Foreign Currency Translation Adjustment | | 173.93 | | (3,306.02) |
| | Deposit in Site Restoration Fund | | (13,496.40) | | (7,016.63) |
| | Project Development/ Preoperative Expenditure (net of advances) | | (11,045.89) | | (9,018.78) |
| | Advance to Sudapet & Carry Finances | | – | | (11.51) |
| | Dividend Received | | 3,656.92 | | 4,260.71 |
| | Interest Received | | 29,785.88 | | 21,511.20 |
| | Tax paid on Interest Income | | (8,972.83) | | (8,649.43) |
| | **Net Cash Flow from Investing Activities 'B'** | | (390,016.28) | | (322,092.64) |

(₹ in million)

| | | Year Ended 31st March, 2012 | Year Ended 31st March, 2011 |
|---|---|---|---|
| C. | **CASH FLOW FROM FINANCING ACTIVITIES:** | | |
| | Redemption of Preference Shares | (45.83) | – |
| | Advance Against Equity | 152.88 | 4,096.29 |
| | Proceeds from Borrowings | 98,146.82 | 13,015.07 |
| | Repayment of Borrowings | (6,623.36) | (12,814.67) |
| | Dividend Paid | (73,657.15) | (101,422.99) |
| | Tax on Dividend | (11,581.31) | (16,471.37) |
| | Interest Paid | (5,727.05) | (4,199.66) |
| | Change in Minority Interest | 320.54 | 901.81 |
| | **Net Cash Flow from Financing Activities 'C'** | **1,015.44** | **(116,895.52)** |
| | Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C) | 78,539.85 | 52,057.08 |
| | Cash and Cash Equivalents as at 1st April, 2011 (Opening Balance) | 200,173.83 | 147,221.29 |
| | Add: Other Adjustments to Cash and Cash Equivalents * | 2.67 | 895.46 |
| | | 200,176.50 | 148,116.75 |
| | Cash and Cash Equivalents as at 31st March,2012 (Closing Balance)(Note 26) | 278,716.35 | 200,173.83 |
| | | 78,539.85 | 52,057.08 |

*Adjustment on account of increase in shareholding in Dahej SEZ Ltd. (Previous Year Cash and cash equivalent as on 01.04.2010 includes ₹ 895.46 million on account of consolidation of accounts of Dahej SEZ Ltd.)

**Notes:**

1. The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
2. Cash and Cash equivalents as at 31st March, 2012 excludes ₹ 179.18 million (Previous Year ₹ 7,984.32 million) in current account/deposit account of interest warrant/refund accounts, under lien, pledge with banks/Govt. authorities in respect of MRPL.
3. Cash and Cash equivalents includes Fixed deposits of ₹ 52,380.00 million (Previous Year Nil) pledged to Banks against Short term loan. Also, includes restricted amount of ₹ 416.87 million (Previous Year ₹ 354.93 million) earmarked for payment of unclaimed dividend.
4. Cash Balance includes ₹ 3,880.35 million shares of jointly controlled entities (Previous Year ₹ 1,571.74 million).
5. Bracket indicates cash outflow.
6. Previous year figures have been regrouped wherever necessary to conform to current year's classification.

For and on behalf of the Board

(N. K. Sinha)
**Company Secretary**

(A. K. Banerjee )
**Director(Finance)**

(Sudhir Vasudeva)
**Chairman & Managing Director**

**In terms of our report of even date attached**

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

(Ermin K. Irani)
**Partner (M.No. 035646)**

**For Varma & Varma**
**Chartered Accountants**
**Firm Reg. No. 004532S**

(K.M. Sukumaran)
**Partner (M. No.015707)**

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

(P.P.Pareek)
**Partner (M. No. 071213 )**

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

(B.K.Ghosh)
**Partner (M. No. 051028)**

**For Mehra Goel & Co.**
**Chartered Accountants**
**Firm Reg. No. 000517N**

(R.K.Mehra)
**Partner (M.No. 006102)**

New Delhi
29th May, 2012

ONGC has made a prospect discovery (Gas)
in the deep-waters of Mahanadi Offshore

## Electronic Clearing Services (ECS) Request Form

The Company extends the ECS facility to the shareholders so as to enable them to receive dividend through electronic mode to their bank. This facility will be available in the following centres: Ahamdabad, Bangalore, Bhubaneswar, Chandigarh, Chennai, Delhi, Guwahati, Hydrabad, Jaipur, Kanpur, Kolkata, Mumbai, Nagpur, Patna, Thiruvananthapuram, Agra, Allahabad, Amritsar, Aurangabad, Baroda, Bhopal, Calicut, Cochin, Coimbatore, Dehradun, Erode, Gorakhpur, Gwalior, Hubli, Indore, Jabalpur, Jalandhar, Jammu, Jamshedpur, Jodhpur, Kohlapur, Lucknow, Ludhiana, Madurai, Mangalore, Mysore, Nasik, Panjim, Pune, Raipur, Rajkot, Salem, Shimla, Surat, Trichur, Trichy, Udaipur, Varanasi, Vijyawada, Vishkhapatnam. Those who wish to avail the facility may fill up the ECS form given below and send the same to the Share Transfer Agent of the Company - M/s Karvy Computershare Private Limited in case of shares held in physical form and to their respective Depository Participant in case of shares held in Electronic/Demant form.

Electronic Clearing Services (ECS) Request form
(Note: If you are already receiving through ECS, please ignore this form)

| SHAREHOLDERS IN PHYSICAL FORM | SHAREHOLDERS IN DEMAT FORM |
|---|---|
| Karvy Computershare Pvt. Ltd<br>Unit - ONGC, 17-24, Vittal Rao Nagar<br>Madhapur, Hyderabad – 500 081<br>Andhra Pradesh – India<br>Tel: 040-44655150, 44655155 Fax: 040-44655024 | 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: |

# Proxy Form

Oil And Natural Gas Corporation Limited

Registered Office: Jeevan Bharati Bldg., Tower- II, 124 Indira Chowk, New Delhi - 110001

| | | | | |
|---|---|---|---|---|
| D.P ID* | | | Folio No. | |
| Client ID* | | | No. of share(s) held | |

I/We.......................................................................................................... of ............................being a member(s) of OIL AND NATURAL GAS CORPORATION LIMITED hereby appoint Mr./Ms...................................................................... of.................................or failing him/ her ...............................of ..............as my /our proxy to vote for me/us on my/our behalf at the 19th Annual General Meeting of Oil And Natural Gas Corporation Limited to be held on Monday, 24th September, 2012 at 10.00 A.M. or at any adjournment thereof.

Affix revenue stamp of ₹1

Signed this ..........................day of.........................2012.

*Applicable for investor holding share(s) in electronic form.

Note: The proxy in order to be effective should be duly stamped, completed and signed and must be deposited at the Registered Office of the Company not less than 48 hours before the scheduled time of the aforesaid meeting.

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## Attendance Slip

Oil And Natural Gas Corporation Limited

Jeevan Bharati Bldg., Tower- II, 124 Indira Chowk, New Delhi - 110001

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 19th Annual General Meeting of the Oil And Natural Gas Corporation Limited held on Monday, 24th September, 2012 at 10.00 A.M. at Siri Fort Auditorium, New Delhi-110 049.

Members/Proxy's name in Block Letters

Signature of Member/Proxy

*Applicable for investor holding Share(s) in electronic form.

# ONGC'S Sports Equity


**180 sportspersons, 70 of them current international achievers, are ONGCians.
17 ONGC sportspersons have brought national glory including 1 Khel Ratna,
2 Padma Shri and 14 Arjun Awardees.**


FORTUNE 500
COMPANY
NO. 2 E&P
ENERGY
PETROLEUM
MOST RESPECTED PSU
ENERGY ONGC
MAHARATNA
NO. 2 E&P
ONGC
ENERGY
24TH GLOBAL
ENERGY COMPANY
PFC-50
NO.1 PROFIT MAKING COMPANY
NO.1
ONGC
NO.1
MOST
RESPECTED
PSU
ONGC
HIGHEST WEALTH
CREATOR IN INDIA
TRANSPARENCY
171st IN FORBES
GLOBAL 2000
MOST ATTRACTIVE
EMPLOYER