Annual Report 2012-13

Crossing Global Boundaries

ONGC Videsh Limited Annual Report 2012-13

ONGC Videsh Ltd.

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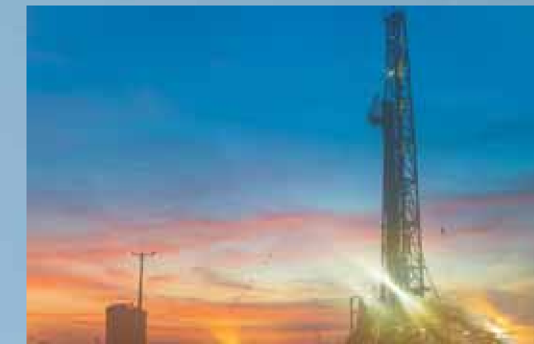
ONGC Videsh moves forward ambitiously with innovative ideas and aspirations with the dedicated teams working worldwide with the goal of achieving optimum efficiency for the energy security of the country.



VISION

To be a world class E&P company providing energy security to the country.

MISSION

By 2030, contribute 60 MMTPA of equity oil and gas.

CHAIRMAN'S MESSAGE

Dear Shareholders,

It gives me immense pleasure to welcome you to the 48th Annual General Meeting of ONGC Videsh Ltd.

I am sure you share my sense of satisfaction at yet another successful year. The performance is more heartening given the geo-political challenges in some of the countries where ONGC Videsh operates.

Before I speak about the performance of the Company for the year 2012-13 and the business plans, I would like to outline the global industry environment during the year.

Global Economic Environment:

Conventional exploration continued to find big volumes during 2012. The year saw over 300 new field discoveries spread over in more than 50 different countries with total resources of at least 25 billion boe. It was estimated that the E&P industry invested around USD 85 billion on conventional exploration and appraisal work during 2012. This represents growth of 15% from 2011, mainly due to cost inflation but with some activities increase in a few sectors. Of this investment, around USD 55 billion was spent on exploration that amounts to resource discovery costs to be USD 2.21 per boe, excluding appraisal. This is the first year that resource discovery costs have exceeded USD 2 per boe.

A new era of exploration is underway in the offshore Arctic, with exploration forecast to hit levels last seen in the 1980s. Canada, Greenland, Norway, Russia and the US (Alaska) all have large prospective acreage within the Arctic offshore. All five have taken steps to attract exploration investment, encouraged by assessments of the region's subsurface that indicate potentially vast yet-to-find resources.

Performance:

The significant performance highlights during the year are the following:

- Your Company's consolidated production of Oil plus Oil-Equivalent Gas (O+OEG) was 7.260 MMTOE during FY'13 as compared to 8.753 MMTOE during FY'12. The Oil Production decreased from 6.221 MMT during FY' 12 to 4.343 MMT during FY'13 mainly due to adverse geopolitical situation in Sudan, South Sudan and Syria and natural decline in matured fields viz. Sakhalin-1, Russia; San Cristobal Project, Venezuela and BC-10, Brazil. Due to proactive and sincere efforts, your Company could achieve the production level in Sudan close to its potential to average 58,000 bopd at the end of FY'13 from about 46,000 bopd in May 2012. The production from Block 5A, South Sudan could be resumed on 6th April 2013 and from Blocks 1, 2 & 4, South Sudan on 13th April 2013. However, the operations of AFPC, Syria are expected to resume only after improvement in geopolitical situations.
- Your Company's consolidated net worth has increased by 46.26% to ₹291,666 million as on 31st March, 2013 as compared to ₹199,411 million as on 31st March, 2012. Your Company has issued equity share capital of ₹40,000 million to its parent company ONGC and the Debt Equity ratio of the Company improved to 0.50, which is comparable to the International E&P Companies.
- Your Company's share of proved reserves as on 1st April 2013 stood at 196.415 MMTOE (O+OEG). Your Company has been ranked as India's no. 1 internationalised company based on the Transanationality Index 2013, a survey conducted jointly by the Indian School of Business (ISB) and Fundacao Dom Cabral (FDC), Brazil.
- Your Company's consolidated net profit was up by 44.39 %, from ₹27,212 million for FY'12 to ₹39,291 million for FY'13.
- Your Company has been upgraded to Schedule "A" Public Sector Enterprises from Schedule "B" by the Government of India w.e.f. 28th August 2012.
- Your Company completed the acquisition of Hess Corporation's 2.7213% participating interest in the Azeri, Chirag and the Deep Water Portion of Guneshli Fields in the Azerbaijan sector of the Caspian Sea (ACG) and 2.36% interest in the Baku-Tbilisi-Ceyhan (BTC) Pipeline on 28th March 2013. The acquisition would bring about 9% additional proved reserves to OVL's portfolio and oil production of about 0.9 MMT p.a.
- Your Company has won two exploration blocks in Colombia under Colombian Bid Round 2012 (i) Offshore block Guaoff-2 in Guajira Basin with 100% PI and (ii) Onshore block Llanos-69 (LLA-69) in prolific Llanos basin of Colombia by Mansarovar Energy Colombia Limited (MECL), a 50:50 joint venture company between OVL and Sinopec of China.
- In its efforts to increase equity oil from abroad, your Company as Operator in 50:50 consortium with OIL has submitted bids for two shallow water blocks in Bangladesh namely SS-04 and SS-09. Both these blocks are likely to be awarded to the consortium.
- Your Company discovered oil in the first well of the onshore exploration block CPO-5 in Colombia in which it is the operator with 70% participating interest. The first of the two commitment wells i.e. Kamal-1 was spudded on 29th October 2012 and drilled up to the target depth of 10,500 feet with oil discovery. The second well is currently under testing with encouraging results.
- Your Company achieved an overall rating of "Very Good" in actual performance as compared to MOU parameters for FY'13.

Night view of an operational rig at Caracas, Venezuela

Mrs. Panabaaka Lakshmi, Union Minister of State, Petroleum and Natural Gas, India with Mr. Sudhir Vasudeva, Chairman, ONGC Videsh during the 48th OVL Day celebrations

Corporate Governance:

Your Company believes that good corporate governance goes beyond compliance of the provisions of various laws and therefore strives to inculcate the practice of transparency in conduct of all across its business practices. Pursuant to appointment of three Independent Directors namely Mr. Shyam Saran, Prof. Sanjay Govind Dhande and Prof. Shyamal Roy on the Board of the Company w.e.f. 5th June 2012, ONGC Videsh has reconstituted the Audit Committee and constituted other Board Committees v.i.z. Project Appraisal, HSE and Risk Management Committee; Financial Management Committee; and Human Resource Management and Remuneration Committee. This has made your Company fully compliant with the DPE Guidelines on Corporate Governance and your Company has achieved a rating of Excellent in Corporate Governance criteria.

Perspective Plan:

Your Company has registered presence in various oil provinces of the world and continues to look for potential assets. It has earned a high reputation for itself and therefore multiple opportunities keep coming for its consideration.

The Perspective Plan 2030 of ONGC Group has thrown challenging responsibility on your Company that it would need to achieve a production target of 20 MMTOE by FY' 18 and 60 MMTOE by FY' 30 i.e. 46% of group production. As the production targets are quite steep involving a CAGR of more than 22% from FY'13 to FY'18 and more than 9% from FY'18 to FY'30, your Company needs to concentrate on acquiring assets under development and production phases initially and then concentrate on high potential exploration acreages and also venture capitalist type of opportunities.

This will involve substantial fund requirement to the tune of USD 20 billion and ONGC Videsh needs to use full headroom of balance sheet of ONGC and ONGC Videsh to finance these acquisitions coupled with equity and project financing. This will also require acquiring, retention and training of manpower with specific skill sets, revamping of many internal processes and taking a relook at the way business development is to be done in future.

Government Support:

To achieve energy security, the Government of India is encouraging investment plan of your Company and facilitates all possible diplomatic supports in overseas acquisitions. However, considering nature of business being capital intensive and prevailing fierce competition in acquisition of overseas E&P assets, an application for grant of Navratna status has been submitted to the Government of India.

Acknowledgements:

On behalf of the Board of Directors, I would like to acknowledge with deep appreciation the valuable guidance and support extended by the Government of India, especially the Ministry of Petroleum & Natural Gas, Ministry of Finance, Ministry of External Affairs, Indian Embassies/ High Commissions abroad and the Reserve Bank of India etc. Your Company also wish to place on record its deep sense of appreciation for the credible services by the employees of your Company. Your Company recognizes that the achievements of your Company have been possible with support from the parent company, Oil and Natural Gas Corporation Limited.

We reaffirm our commitment to excellence in the coming year with the determination to sustain our success and momentum.

With Best Compliments,

(Sudhir Vasudeva)
Chairman

CONTENTS

BOARD OF DIRECTORS

ओएनजीसी विदेश
ONGC VIDESH

P K Borthakur
Director (Offshore), ONGC
Special Invitee

Shashi Shanker
Director (T & FS), ONGC
Special Invitee

A K Banerjee
Director (Finance), ONGC
Special Invitee

K S Jamestin
Director (HR), ONGC
Special Invitee

Shyamal Bhattacharya
Director (Operations)

Narendra K Verma
Director (Exploration)

S P Garg
Director (Finance)

D K Sarraf
Managing Director

Sudhir Vasudeva
Chairman

P K Singh
Govt. Nominee Director

Arun Ramanathan
Independent Director

Shyam Saran
Independent Director

Sanjay G Dhande
Independent Director

Shyamal Roy
Independent Director

Aramane Giridhar
Joint Secretary (E), MoP&NG
Special Invitee

& Sharmila Chavaly
Govt. Nominee Director

CONSOLIDATED PERFORMANCE AT A GLANCE

(₹ in Million, unless otherwise stated)

	2012-13	2011-12	2010-11
PHYSICAL			
Crude oil (MMT) (Including condensate)	4.343	6.214	6.756
Gas (BCM)	2.917	2.539	2.692
FINANCIAL			
Income from Operations (Net)	175,578	223,473	184,111
Other Non-operating Income	2,650	1,990	2,111
Total Revenue	**178,228**	**225,463**	**186,223**
Statutory Levies	36,038	65,672	56,947
Operating Expenses	40,591	63,223	34,948
Exchange Loss/(Gain)	(2,960)	1,474	(815)
Profit Before Interest, Depreciation & Tax (PBIDT)	**104,559**	**95,094**	**95,143**
Depreciation, Depletion, Amortisation and Impairment	37,384	41,870	42,683
Profit Before Interest & Tax (PBIT)	**67,175**	**53,224**	**52,461**
Financial Costs			
Interest			
Payments	2,414	2,970	3,531
Receipts	2,065	911	488
Net	349	2,058	3,043
Profit before Tax and Exceptional Items	**66,826**	**51,166**	**49,418**
Exceptional item	-	-	-
Profit before Tax	**66,826**	**51,166**	**49,418**
Corporate Tax	27,653	23,627	22,048
Profit after Tax	**39,173**	**27,538**	**27,369**
Profit relating to minority	(119)	327	464
GROUP PROFIT AFTER TAX (PAT)	**39,291**	**27,212**	**26,905**
Dividend	-	-	-
Tax on Dividend	-	-	-
Share Capital	50,000	10,000	10,000
Net Worth (Equity)	291,666	199,411	145,530
Long-term Borrowings	145,871	195,161	204,554
Working Capital	18,801	45,614	49,047
Capital Employed	323,859	293,562	294,194
Internal Resource Generation	68,848	89,307	57,578
Plan Expenditure	1,08,914	79,995	56,502
Expenditure on Employees	3,193	2,187	2,209
Number of Employees	279	246	233
FINANCIAL PERFORMANCE RATIOS			
PBIDT to Turnover (%)	59.55	42.55	51.68
PBDT to Turnover (%)	59.35	41.63	50.02
Profit Margin (%)- incl. exceptional items	15.89	7.74	14.61
ROCE (PBIDT to Capital Employed) (%)	32.29	32.39	32.34
Net Profit to Equity (%)- incl. exceptional items	13.47	13.65	18.49
BALANCE SHEET RATIOS			
Current Ratio	1.17	1.63	1.92
Debt Equity Ratio	0.50	0.98	1.41
Debtors Turnover Ratio (Days)	104	48	79
PER SHARE DATA			
Earning Per Share (₹)	81.87	76.99*	269.05
Dividend (%)	-	-	-
Book Value Per Share (₹)	583*	1,994.11	1,455.30

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 from FY 2010-11 are given as per the requirement of Revised Schedule VI and earlier years figures are as per Old Schedule VI.

* Restated for rights issue during the current year

CONSOLIDATED PERFORMANCE AT A GLANCE

(₹ in Million, unless otherwise stated)

	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
PHYSICAL							
Crude oil (MMT) (Including condensate)	6.513	6.556	6.84	5.804	4.584	3.714	3.345
Gas (BCM)	2.357	2.220	1.962	2.148	1.755	1.349	0.523
FINANCIAL							
Income from Operations (Turnover)	153,828	184,235	168,657	117,947	80,780	59,848	34,788
Statutory Levies	49,387	68,857	60,374	51,446	39,070	27,781	16,289
Operating expenses	26,186	22,157	20,070	18,107	14,534	9,709	3,821
Profit before Interest Depreciation &Tax (PBIDT)	78,254	93,221	88,213	48,394	27,176	22,358	14,678
Depreciation, Depletion & Amortisation	36,513	30,620	36,650	21,335	11,204	7,670	6,134
Operating Income (PBIT)	41,741	62,601	51,563	27,059	15,972	14,688	8,544
Exchange loss /(Gain)	(2,651)	1,904	3,243	(2,527)	(1,005)	264	913
Interest Payment	4,370	7,289	7,373	318	40	13	64
Hedging Cost	(19)	(154)	217	-	-	-	-
Profit Before Tax	40,041	53,562	40,730	29,268	16,937	14,411	7,567
Corporate Tax	18,889	25,032	16,759	12,635	8,234	6,797	3,283
Net Profit	21,152	28,530	23,971	16,633	8,703	7,614	4,284
Less: Share of Profit/loss - Minority Interest	256	463	-	-	(309)	-	-
GROUP PROFIT AFTER TAX (PAT)	**20,896**	**28,067**	**23,971**	**16,633**	**9,012**	**7,614**	**4,284**
Dividend	-	-	-	-	-	1,050	-
Tax on Dividend	-	-	-	-	-	147	-
Share Capital	10,000	10,000	10,000	10,000	3,000	3,000	3,000
Net Worth (Equity)	116,449	115,156	63,059	43,736	21,977	12,227	8,720
Borrowings	206,983	206,790	113,738	132,347	159,242	116,610	87,581
Working Capital	30,676	33,339	29,592	29,438	74,399	42,371	23,364
Capital Employed	269,047	264,819	153,556	159,451	140,105	81,084	63,645
Internal Resources Generation	49,726	67,996	36,733	41,774	21,158	6,275	4,887
Plan Expenditure	49,919	161,049	45,293	71,519	63,306	43,101	23,422
Expenditure on Employees	1,992	1,573	628	666	602	346	322
Number of employees	231	196	190	110	90	85	63
FINANCIAL PERFORMANCE RATIOS							
PBIDT to Turnover (%)	50.87	50.60	52.30	41.03	33.64	37.36	42.19
PBDT to Turnover (%)	49.77	45.69	45.88	42.90	34.84	36.89	39.38
Profit Margin (%)	13.58	15.23	14.21	14.10	11.16	12.72	12.31
ROCE (PBIDT to Capital employed) (%)	29.09	35.20	57.45	30.35	19.40	27.57	23.06
Net Profit to Equity (%)	17.94	24.37	38.01	38.03	41.01	62.27	49.13
BALANCE SHEET RATIOS							
Current ratio	1.68:1	1.69:1	2.23:1	2.56:1	7.27:1	5.30:1	3.63:1
Debt Equity Ratio	1.78:1	1.80:1	1.80:1	3.03:1	7.25:1	9.54:1	10.04:1
Debtors Turnover Ratio (Days)	70	49	33	35	18	46	13
PER SHARE DATA							
Earnings per share (₹)	209	281	240	224	300	254	143
Dividend (%)	-	-	-	-	-	35	-
Book Value per share (₹)	1,164	1,152	631	437	733	408	291

STATEMENT OF CONSOLIDATED INCOME & RETAINED EARNINGS

(₹ in Million)

	2012-13	2011-12	2010-11
REVENUES			
Sales			
Crude Oil	162,366	211,687	174,081
Natural Gas	11,394	9,924	8,280
Condensate	2,955	3,189	2,233
Sub- Total	**176,715**	**224,800**	**184,594**
Traded Products			
Other Operating Revenue	1,197	1,240	434
Total Revenue from Operations (Gross)	**177,912**	**226,041**	**185,027**
Less: VAT	2,334	2,568	916
Total Revenue from Operations (Net)	**175,578**	**223,473**	**184,111**
Other Non-operating Income	2,650	1,990	2,111
Total Revenues	**178,228**	**225,463**	**186,223**
COST AND EXPENSES			
Operating, Selling & General			
Statutory Levies			
(a) Royalties	29,115	57,571	55,156
(b) Other Taxes	6,923	8,101	1,791
Sub-total (a to b)	**36,038**	**65,672**	**56,947**
Accretion / (Decretion) in stock	149	(632)	(121)
Production, Transportation, Selling and Distribution Expenditure	35,828	35,866	32,213
Provisions and Write-offs	2,912	27,929	3,448
Adjustments for overlift/(underlift)	546	(414)	(283)
Adjustments relating to Prior Period (Net)	(501)	(73)	(351)
PROFIT BEFORE DEPRECIATION, INTEREST AND TAX	**103,256**	**97,115**	**94,370**
DEPRECIATION, DEPLETION, AMORTISATION AND IMPAIRMENT	37,384	41,870	42,683
TOTAL COST AND EXPENSES	**112,356**	**170,218**	**134,535**
OPERATING INCOME BEFORE INTEREST AND TAX	**65,872**	**55,245**	**51,688**
Financial Costs			
Exchange Loss / (Gain)	(2,960)	1,474	(815)
Interest			
Payments	2,414	2,970	3,531
Receipts	2,065	911	488
Hedging Cost	1,657	547	42
Net	(953)	4,079	2,270
PROFIT BEFORE TAX AND EXTRAORDINARY ITEMS	**66,826**	**51,166**	**49,418**
Exceptional item			
PROFIT BEFORE TAX	66,826	51,166	49,418
Corporate Tax (Net)	27,653	23,627	22,048
PROFIT AFTER TAX	**39,173**	**27,538**	**27,369**
Profit relating to minority	(119)	327	464
GROUP PROFIT AFTER TAX	**39,291**	**27,212**	**26,905**
Profit & Loss Account Balance b/f	-	122,532	102,077
Adjustments due to change in share holding /other adjustment	-	-	-
Transfer to Capital Redemption Reserve	-	-	-
Dividend	-	-	-
Tax on Dividend	-	-	-
Transfer to General Reserve	2,645	1,876	2,142
Transfer to Debenture Redemption Reserve	4,308	4,319	4,308
RETAINED EARNINGS FOR THE YEAR	**32,339**	**143,549**	**122,532**

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 from FY 2010-11 are given as per the requirement of Revised Schedule VI and earlier years figures are as per Old Schedule VI.

STATEMENT OF CONSOLIDATED INCOME & RETAINED EARNINGS

(₹ in Million)

	2009–10	2008–09	2007–08	2006–07	2005–06	2004–05	2003–04
REVENUES							
Sales							
Crude oil	140,444	169,088	155,430	102,426	64,415	47,696	30,881
Gas	7,608	7,307	6,780	8,004	6,668	4,552	1,469
Condensate	1,706	2,109	2,081	1,841	1,466	833	97
Construction Contract Revenue	–	–	–	–	2,174	5,430	–
Transportation and other Services	2,048	2,938	3,122	3,269	3,199	–	–
Overlifted Quantity of Crude	–	–	–	–	–	–	–
Less: VAT	(816)	(800)	(685)	(1,063)	(927)	(410)	(235)
Sub Total	**150,989**	**180,642**	**166,728**	**114,477**	**76,995**	**58,101**	**32,212**
Other Income							
Interest Income	104	1,570	1,442	2273	3127	1418	814
Lease Income	317	377	352	435	271	–	–
Other Income	1,302	801	333	365	373	332	1720
Increase/(Decrease) in Stock	1,116	845	(198)	397	14	(3)	42
TOTAL INCOME FROM OPERATIONS	**153,828**	**184,235**	**168,657**	**117,947**	**80,780**	**59,848**	**34,788**
COST AND EXPENSES							
Operating, Selling & General							
(a) Production, Transportation & Other operating expenses	23,949	18,891	13,554	12,531	7256	5060	3824
(b) Royalties	48,693	66,640	60,350	51,130	39061	27781	16289
(c) Other Taxes	694	2,217	24	316	9	–	–
(d) Construction Contract Expenditure	–	–	–	–	2699	4253	–
(e) Provisions and write offs	2,819	3,163	5,595	1,409	394	13	–
(f) Adjustments for overlift/(underlift)	–	–	–	–	–	–	–
(g) Prior Period adjustments (Net)	(582)	103	921	4,167	4185	383	(3)
Sub Total (a to g)	**75,574**	**91,014**	**80,444**	**69,553**	**53,604**	**37,490**	**20,110**
Depletion, Depreciation & Amortisation							
(a) Depletion	16,941	13,735	11,777	12,590	4615	2952	2424
(b) Depreciation	4,230	3,159	9,894	2,678	1170	883	919
(c) Amortisation	15,100	12,999	13,654	5,275	4272	3769	1119
(d) Others	244	727	1,325	792	1147	66	1672
Sub Total (a to d)	**36,513**	**30,620**	**36,650**	**21,335**	**11,204**	**7,670**	**6,134**
TOTAL COST AND EXPENSES	**112,087**	**121,634**	**117,094**	**90,888**	**64,808**	**45,160**	**26,244**
OPERATING INCOME BEFORE FINANCIAL COST AND TAX	**41,741**	**62,601**	**51,563**	**27,059**	**15,972**	**14,688**	**8,544**
Financial Costs							
Exchange Loss/(Gain)	(2,651)	1904	3,243	(2,527)	(1005)	264	913
Interest Payments	4,370	7289	7,373	318	40	13	64
Hedging Cost	(19)	(154)	217	–	–	–	–
Sub Total	**1,700**	**9,039**	**10,833**	**(2,209)**	**(965)**	**277**	**977**
PROFIT BEFORE TAX	**40,041**	**53,562**	**40,730**	**29,268**	**16,937**	**14,411**	**7,567**
Corporate Tax (Net)	18,889	25,032	16,759	12,635	8234	6797	3283
Net Profit	21,152	28,530	23,971	16,633	8,703	7,614	4,284
Less: Share of Profit/Loss – Minority Interest	256	463	–	–	(309)	–	–
GROUP PROFIT AFTER TAX	**20,896**	**28,067**	**23,971**	**16,633**	**9,012**	**7,614**	**4,284**
Dividend	–	–	–	–	–	1050	–
Tax on Dividend	–	–	–	–	–	147	–
RETAINED EARNINGS FOR THE YEAR	20,896	28,067	23,971	16,633	9,012	6,417	4,284

STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(₹ in Million)

	2012–13	2011–12	2010–11
RESOURCES			
A. Own			
1. Net Worth			
(a) Equity			
i) Share Capital	50,000	10,000	10,000
ii) Reserves & Surplus	241,666	189,411	135,530
Sub-Total	**291,666**	**199,411**	**145,530**
(b) Less: Miscellaneous Expenditure	-	-	-
Net Worth	**291,666**	**199,411**	**145,530**
B. Long-term Borrowings	**145,871**	**195,161**	**204,554**
C. Deferred Tax Liability (Net)	**5,643**	**4,983**	**8,353**
D. Minority Interest	**909**	**1,003**	**682**
TOTAL RESOURCES (A+B+C+D)	**444,088**	**400,558**	**359,119**
DISPOSITION OF RESOURCES			
A. Non-Current Assets			
1. Fixed Assets (Net)			
i) Tangible assets	58,636	35,590	42,304
ii) Producing Properties	180,988	144,236	136,140
iii) Intangible assets	104	126	37
Total Block Capital	**239,728**	**179,953**	**178,480**
2. Goodwill on consolidation	**80,324**	**75,045**	**86,998**
3. Long-term Loans and Advances (Excluding Capital Advance)	**135**	**917**	**281**
4. Deposit with Bank Under Site Restoration Fund Scheme	**5,018**	**2,927**	**107**
5. Other Non-Current Assets (Excluding DRE)	**10,619**	**17,348**	**2,655**
Subtotal (6)= (1+2+3+4+5)	**335,825**	**276,190**	**268,522**
7. Less: Non-Current Liabilities			
a. Other Long Term Liabilities	108	82	-
b. Liability for Abandonment Cost	30,238	27,609	22,861
c. Long Term Provisions	422	551	513
Sub total (7)	**30,768**	**28,242**	**23,374**
Net Non Current Asset (A)=(6)-(7)	**305,057**	**247,948**	**245,147**
B. Net Working Capital			
1. Current Assets			
i) Inventories	5,876	5,733	4,699
ii) Trade Receivables	49,988	29,615	40,044
iii) Cash & Cash equivalents	44,586	51,528	36,998
iv) Short-term Loans & Advances	5,575	8,227	4,485
v) Other Current Assets (Excluding DRE)	25,945	22,497	16,261
Sub-Total	**131,970**	**117,600**	**102,486**
Less:			
2. Current Liabilities			
i) Short-term borrowings	48,863	623	331
ii) Trade payables	25,865	25,782	19,728
iii) Other current liabilities	38,241	45,392	33,365
iv) Short-term provisions	199	189	16
Sub-Total	**113,168**	**71,986**	**53,440**
Net Working Capital	**18,801**	**45,614**	**49,047**
C. Capital Employed (A+B)	**323,859**	**293,562**	**294,194**
D. Capital Works in Progress (Including Capital Advance)	**88,588**	**76,256**	**40,018**
E. Exploratory/Development Wells in Progress	**31,642**	**30,740**	**24,907**
TOTAL DISPOSITION (C+D+E)	**444,088**	**400,558**	**359,119**

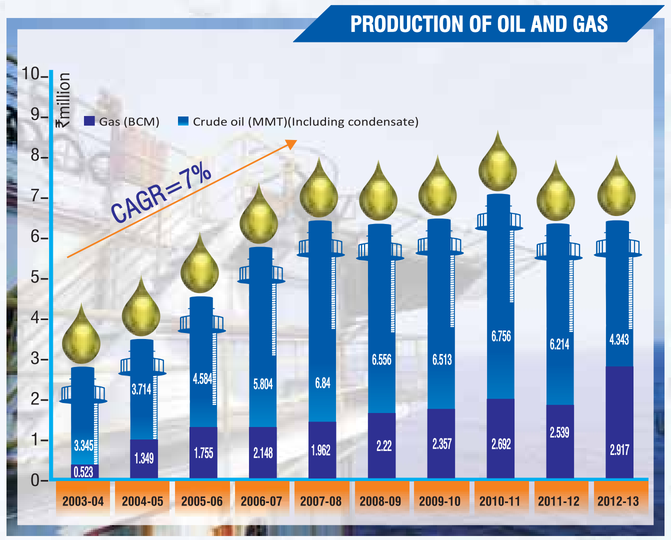
In view of the Notification no. S.O 447(E) dated 28.02.2011, issued by Ministry of Corporate Affairs, the Balance Sheet of the Company is mandatorily required to be prepared in Revised Schedule VI w.e.f 1st April 2011 onwrads. Accordingly, the figures from FY 2010-11 are given as per the requirement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

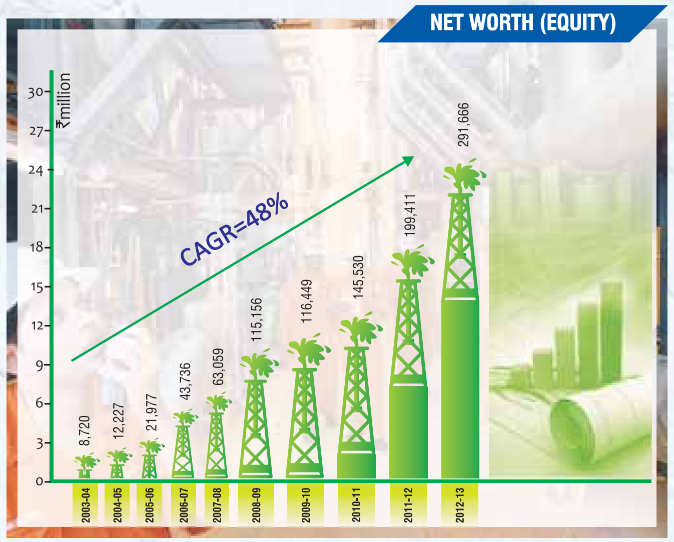
STATEMENT OF CONSOLIDATED FINANCIAL POSITION

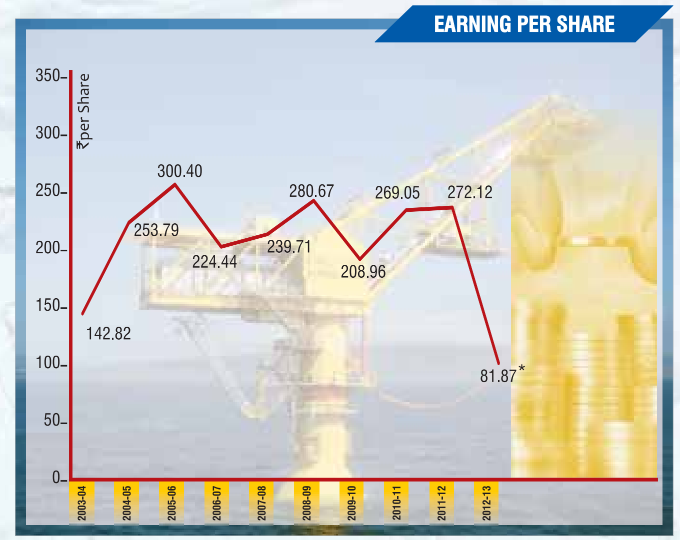
(₹ in Million)

	2009–10	2008–09	2007–08	2006–07	2005–06	2004–05	2003–04
RESOURCES							
A. Own							
1. Net Worth							
(a) Equity							
i) Share Capital	10,000	10,000	10,000	10,000	3,000	3,000	3,000
ii) Reserves and Surplus	106,449	105,156	53,059	33,736	18,977	9,227	5,720
Sub Total	**116,449**	**115,156**	**63,059**	**43,736**	**21,977**	**12,227**	**8,720**
(b) Less: Intangible Assets	–	–	–	–	–	–	–
Net Worth	**116,449**	**115,156**	**63,059**	**43,736**	**21,977**	**12,227**	**8,720**
2. Minority Interest	(220)	(45)	–	–	6708	–	–
3. Long Term Liability– Deferred Tax Liability (Net)	6,884	8,369	8,211	9,759	6,635	4,253	1,734
Total Own Funds (1+2+3)	**123,113**	**123,480**	**71,270**	**53,495**	**35,320**	**16,480**	**10,454**
B. Outside							
Loans							
Oil Industry Development Board	–	–	–	–	61	157	253
Oil and Natural Gas Corporation Ltd	162,723	153,065	112,649	130,941	157,618	115,469	84,849
Non Resource Deferred Credit	934	1,225	1,089	1,406	1,519	984	
Bank Loans/Overdraft/Short Term Loans/ Debentures/ Other Liabilities	9,026	–	–	–	44	–	2,479
Commercial Paper/ Non Convertible Re-deemable Bonds	34,300	52,500	–	–	–	–	–
Total Outside Resources	**206,983**	**206,790**	**113,738**	**132,347**	**159,242**	**116,610**	**87,581**
TOTAL RESOURCES (A+B)	**330,096**	**330,270**	**185,008**	**185,842**	**194,562**	**133,090**	**98,035**
DISPOSITION RESOURCES							
A. Block Capital							
1. Fixed Assets	47,657	40,331	45,144	50,774	17,247	12,013	12,716
2. Producing Properties (Net of depletion)	108,843	91,401	60,840	56,056	36,806	15,947	15,904
Less: Liability for abandonment cost	10,584	11,361	4,867	4,503	2,519	-	-
Net Producing property	98,259	80,040	55,973	51,553	34,287	15,947	15,904
3. Goodwill	92,455	111,109	22,847	27,686	14,172	10,753	11,661
Total Block Capital (1+2+3)	**238,371**	**231,480**	**123,964**	**130,013**	**65,706**	**38,713**	**40,281**
B. Working Capital							
(a) Current Assets							
i) Inventories	6,201	5,941	3,200	3,649	2,163	1,175	885
ii) Debtors (Net of Provision)	29,384	24,701	15,222	11,203	3,944	7,566	1,211
iii) Cash and Bank Balances	16,598	15,997	21,564	12,125	2,563	7,083	8,267
iv) Loans and Advances and others	23,729	34,853	13,669	21,306	77,599	36,402	21,901
Sub Total	**75,912**	**81,492**	**53,655**	**48,283**	**86,269**	**52,226**	**32,264**
Less:							
(b) Current Liabilities and Provisions	45,236	48,153	24,063	18,845	11,870	9,855	8,900
Working Capital (a – b)	**30,676**	**33,339**	**29,592**	**29,438**	**74,399**	**42,371**	**23,364**
C. Capital Employed (A+B)	269,047	264,819	153,556	159,451	140,105	81,084	63,645
D. Capital Works in Progress	36,421	33,780	12,503	14,149	43,746	45,476	30,770
E. Exploratory/Development Wells In Progress	24,628	31,671	18,949	12,242	10,711	6,530	3,620
TOTAL DISPOSITION (C + D + E)	**330,096**	**330,270**	**185,008**	**185,842**	**194,562**	**133,090**	**98,035**

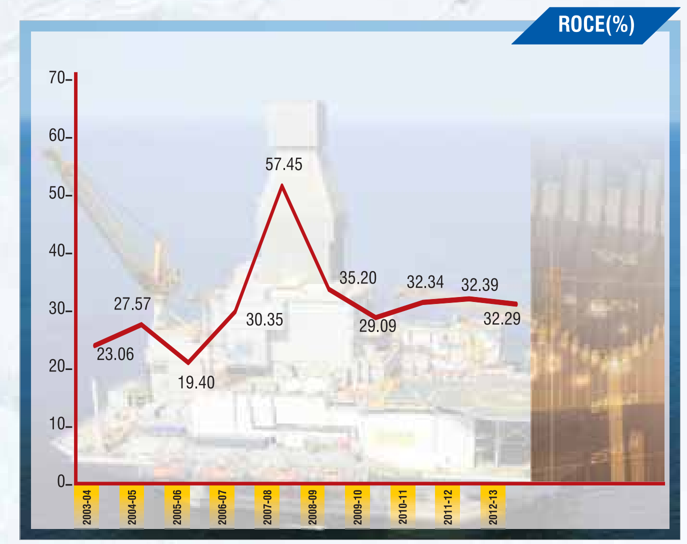
OPERATIONAL & FINANCIAL HIGHLIGHTS

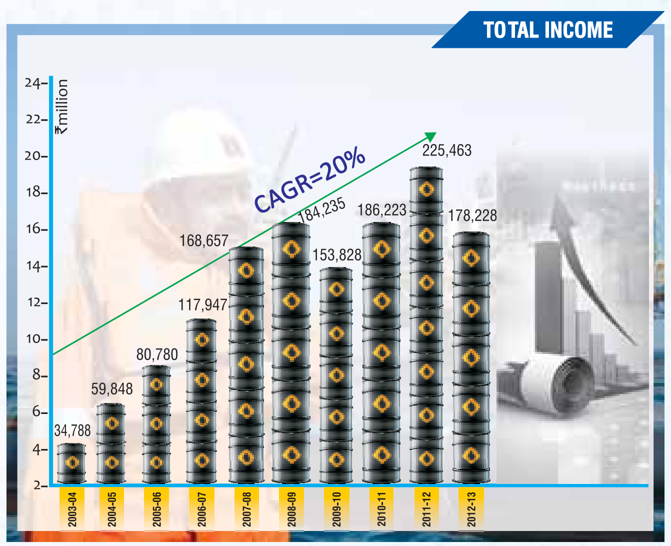


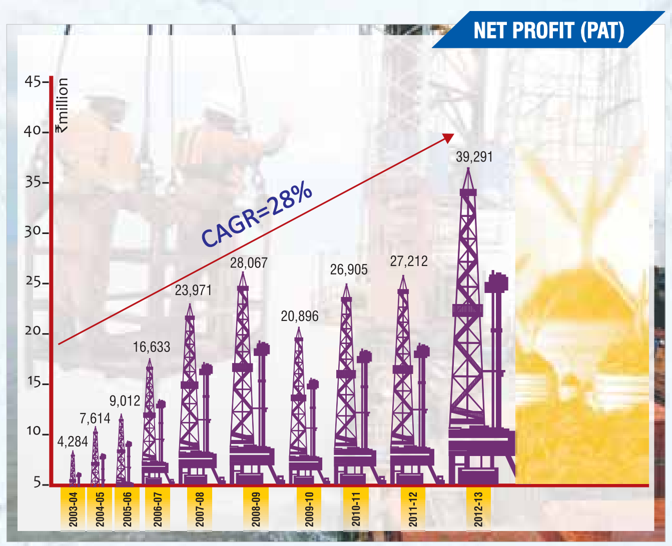


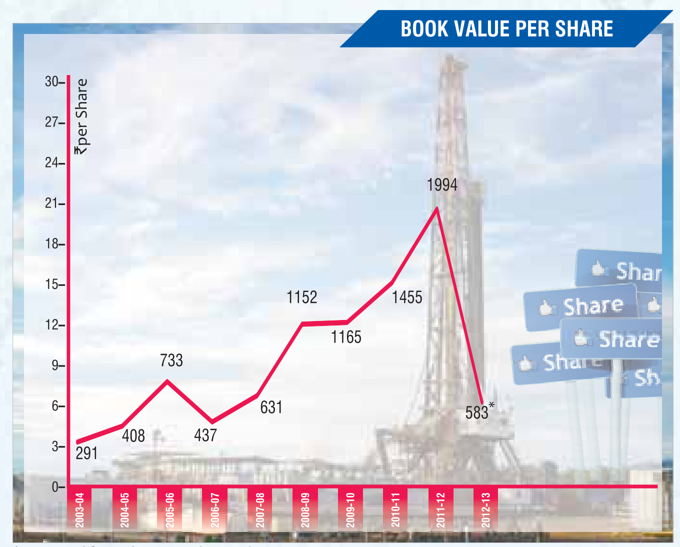


* Restated for rights issue during the current year

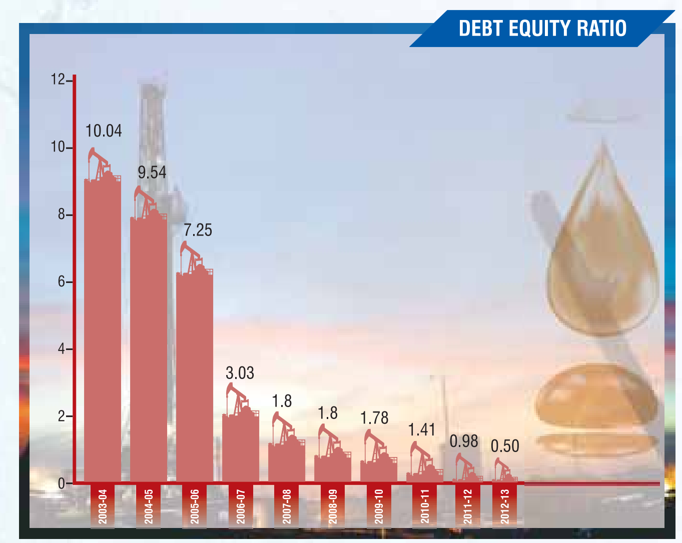








* Restated for rights issue during the current year



DIRECTORS' REPORT

Dear Members,

It give me great pleasure in presenting before you on behalf of the Board of Directors of your Company, the 48th Annual Report on the working of the Company for the financial year ended 31st March, 2013, together with the Audited Financial Statements, the Auditors' Report and the Comments on the Accounts by the Comptroller and Auditor General of India (CAG).

1. PERFORMANCE HIGHLIGHTS:

The fiscal 2012-13 has been another successful year for your Company despite geo-political challenges. Significant performance highlights during the year are as below:

- Your Company's consolidated production of Oil plus Oil-Equivalent Gas (O+OEG) was 7.260 MMTOE during FY'13 as compared to 8.753 MMTOE during FY'12. The Oil Production decreased from 6.221 MMT during FY' 12 to 4.343 MMT during FY'13 mainly due to adverse geopolitical situation in Sudan, South Sudan and Syria and natural decline in matured fields viz. Sakhalin-1, Russia; San Cristobal Project, Venezuela and BC-10, Brazil. ONGC Videsh has resumed the production from Block 5A, South Sudan on 6th April 2013 and from Blocks 1, 2 & 4, South Sudan on 13th April 2013. However, the operations of AFPC, Syria are expected to resume only after improvement in geopolitical situations.
- Your Company's consolidated net worth has increased by 46.26% to ₹291,666 million as on 31st March, 2013 as compared to ₹199,411 million as on 31st March, 2012. Your Company has issued equity shares of ₹40,000 million to its parent company ONGC and the Debt Equity ratio of the Company improved to 0.50, which is comparable to the International E&P Companies.
- Your Company's share of proved reserves as on 1st April 2013 stood at 196.415 MMTOE (O+OEG). Your Company has been ranked as India's no. 1 internationalised company based on the Transanationality Index 2013, a survey conducted jointly by the Indian School of Business (ISB) and Fundacao Dom Cabral (FDC), Brazil.
- Your Company's consolidated net profit was up 44.39 %, from ₹27,212 million for FY'12 to ₹39,291 million for FY'13.
- Your Company has been upgraded to Schedule "A" from Schedule "B" by the Government of India w.e.f. 28th August 2012.

Meeting of The Board of Directors of ONGC Videsh

- Your Company achieved an overall rating of "Very Good" in actual performance as compared to MOU parameters for FY'13. With the appointment of three more Independent Directors w.e.f. 5th June 2012, your Company has achieved a rating of Excellent in Corporate Governance.

2. FINANCIAL RESULTS (HIGHLIGHTS):

a) Consolidated Accounts:

The Consolidated Accounts incorporate accounts of subsidiaries viz., ONGC Nile Ganga BV-Consolidated, ONGC Narmada Limited, ONGC Amazon Alaknanda Limited-Consolidated, ONGC (BTC) Limited, Imperial Energy Limited (formerly Jarpeno Limited) – Consolidated, Carabobo One AB-Consolidated and Jointly Controlled Entity ONGC Mittal Energy Limited-Consolidated and form part of the Annual Report and Accounts.

(₹ in Million)

Particulars	2012-13	2011-12
Total Income	180,293	226,374
Expenditure	113,467	175,208
Profit Before Tax	66,826	51,166
Provision for Tax (including deferred and earlier period tax)	27,653	23,627
Share of Profit – Minority Interest	(119)	327
Profit After Tax	39,291	27,212
Paid-up Equity Share Capital	50,000	10,000
Net Worth	291,666	199,411
Earnings Per Share of ₹100 each (figures in ₹)*	81.87	76.99

* Restated for rights issue of equity shares amounting to ₹40,000 million issued to the parent company ONGC during the year.

b) Stand-alone Accounts:

(₹ in Million)

Particulars	2012-13	2011-12
Total Income	78,706	80,133
Expenditure	40,832	49,978
Profit Before Tax	37,874	30,155
Provision for Tax (including deferred and earlier period tax)	11,427	11,394
Profit After Tax	**26,447**	**18,761**
Transfer to General Reserve	2,645	1,876
Transfer to Debenture Redemption Reserve	4,308	4,319
Paid-up Equity Share Capital	50,000	10,000
Net Worth	167,305	100,881
Earnings Per Share of ₹100 each (figures in ₹)*	55.11	53.08

* Restated for rights issue of equity shares amounting to ₹40,000 million issued to the parent company ONGC during the year

c) Dividend:

No dividend has been proposed for the FY'13, to conserve resources for further growth.

Mr. D. K. Sarraf, MD in conversation with Mr. Oswal Do Madrid, CEO, Petroanazonas, Ecuador

d) Market Borrowings:

During the FY'10, your Company had raised funds from the financial markets by issuance of unsecured non-convertible redeemable bonds, guaranteed by the parent company ONGC. The Bonds consists of (a) ₹19,700 million 8.40% 5 year bonds due on 23rd December 2014, and (b) ₹3,700 million 8.54% 10 year bonds due on 6th January 2020. These bonds were rated "AAA/Stable" and "LAAA" by CRISIL and ICRA respectively which represents highest degree of safety and lowest credit risk. The above securities have been listed at the National Stock Exchange of India Ltd. (NSE). During the year ₹4,307.64 million have been transferred to the Debenture Redemption Reserve which stood at ₹14,088.91 million as on 31st March, 2013.

During FY'13, a short-term external commercial borrowing (bridge finance), guaranteed by ONGC, amounting to USD 883.50 million was availed by the Company from a consortium of banks consisting of State Bank of India, Citibank and Royal Bank of Scotland for financing the acquisition of participating interests in ACG fields, Azerbaijan and BTC pipeline.

In April 2013, your Company successfully approached international debt capital markets for its inaugural dual-tranche bond issuance of USD 800 million guaranteed by ONGC. The offering was well received by the market with the order book closing at about USD 3 billion. The 5 year tranche of USD 300 million was priced at a spread of 190 basis points above the 5 year US treasury, at yield of 2.574% p.a. and the 10 year tranche of USD 500 million was priced at a spread of 210 basis points above the 10 year US treasury, at yield of 3.756% p.a. This inaugural bond offering represent the largest "Reg-S only" issuance by an Indian issuer in the USD bond markets and is at the lowest coupon rates and has set a benchmark in pricing by Indian issuer. The proceeds of the issuance were utilised to repay the short-term external commercial borrowing.

To achieve its strategic objectives, your Company continues to pursue various acquisition opportunities which are expected to require significant investments. Your Company expects to finance its investment requirements with prudent mix of internal resources, funding from parent company and market borrowings.

ON-1 & ON-2 dynamic umbilicals on Carousel at Oceaneering Panama City, BC-10 Project

3. RESERVES:

Details of remaining proved Oil and Gas reserves held by your Company, including that of the subsidiaries, are placed at Note/ Para No. 47 of Notes to Consolidated Financial Statements. In brief, your Company's reserves under different categories are as under:

1.	1P Reserves (Proved)	As on 31st March, 2013	As on 31st March, 2012
	Oil (including Condensate) (In MMT)	**104.119**	98.303
	Gas (In BCM)	**92.296**	95.078
	Total 1P Reserves (In MMTOE)	**196.415**	**193.381**
2.	**2P Reserves (Proved + Probable)**		
	Oil (including Condensate) (In MMT)	**256.210**	250.455
	Gas (In BCM)	**139.403**	142.246
	Total 2P Reserves (In MMTOE)	**395.613**	**392.701**
3.	**3P Reserves (Proved + Probable + Possible)**		
	Oil (including Condensate) (In MMT)	**274.007**	264.186
	Gas (In BCM)	**158.913**	161.756
	Total 3P Reserves (In MTOE)	**432.920**	**425.942**

4. NEW ACQUISITIONS:

4.1.1. ACG Project/BTC Project Pipelines, Azerbaijan:

On 28^{th} March 2013, your Company acquired the Participating Interests (PI) owned by Hess Corporation's wholly-owned subsidiaries in the upstream and midstream oil and gas assets in Azerbaijan i.e. (i) Hess (ACG) Limited's 2.7213% undivided participating interest in Production Sharing Agreement ("PSA") for Azeri, Chirag and deep water portion of the Guneshli ("ACG") fields in the Azerbaijan sector of the Caspian Sea. The field is operated by BP on behalf of the Azerbaijan International Operating Company (AIOC), a consortium of BP (35.79% PI), SOCAR (11.65% PI), Chevron (11.27% PI), INPEX (10.96% PI), Statoil (8.56% PI), ExxonMobil (8.0% PI), TPAO (6.75% PI), Itochu (4.30% PI) and ONGC Videsh as the new entrant (2.72%) and (ii) Entire issued share capital of Hess (BTC) Limited pertaining to 2.36% interest in Baku-Tbilisi-Ceyhan ("BTC") pipeline held by Hess Oil and Gas Holdings Inc. BTC Pipeline is operated by BP and other shareholders are SOCAR, Chevron, INPEX, Statoil, TPAO, Itochu, TOTAL, ENI and Conoco Phillips.

ACG, discovered in the 1970s and 1980s, is the largest oil and gas field complex of Azerbaijan located in the South Caspian Sea about 95 km off the coast of Azerbaijan. Operations at the ACG field started in November 1997 with the start-up of production from the Chirag-1 platform (Early Oil Project). Central, West and East Azeri complex were developed under Phases 1 and 2 and Deepwater Gunashli portion was developed under Phase 3. Currently the Phase 4 of the development of the oilfield, known as the Chirag Oil Project (COP) is in progress and the first oil from COP is scheduled for November 2013.

As on 1^{st} April 2013, the 1P and 3P reserves of the oilfield are estimated to be 354.464 MMT and 547.598 MMT respectively. During the year 2012 -13, the average oil production from the oilfield was approx. 652,000 Barrels of oil per day.

The oil from the oilfield is received at the Sangachal oil terminal located 50 km southwest of Baku. The BTC pipeline commences from Sangachal terminal, runs through Azerbaijan, Georgia and Turkey and terminates at Ceyhan terminal in Turkey with a total length of 1,768 km (42- 46" Dia). The majority of ACG oil is transported to the Mediterranean via the BTC pipeline, a major infrastructure project built to serve ACG.

Some volumes of oil are also exported via the Western Export Route (WER) pipeline (total length is 830 km, 20" Dia) to Georgia's Black Sea port of Supsa and via rail to Georgia's Black Sea port of Batumi. The Georgian Sector of the WER is managed by Georgian Pipeline Company, which has the same shareholders as AIOC.

While BTC Co. operates the pipeline in Azerbaijan and Georgia Section, BOTAS International Limited, a Turkish Government company, operates pipeline in Turkish sector. The BTC pipeline has tariff based on a fixed, utility rate of return mechanism in which investors are guaranteed a 12.5% fixed real rate of return, which are adjusted each year based on actual OPEX and volume of crude transported.

Your company's share of oil and gas production from ACG field was 0.0098 MMT and 0.001 BCM respectively for four days after acquisition on 28^{th} March, 2013. The ACG/BTC project was acquired at a bid price of USD 1,001 million (USD 883.5 million paid at closing net revenue inflows/expenditure for the intervening period w.e.f. 1^{st} January 2012 till closing).

4.1.2 GUAOFF-2, Colombia:

Your Company solely acquired the exploration block GUAOFF-2, located in offshore Colombia, through bidding in the Colombia Bid Round-2012. E&P contract for the Block was signed on 3^{rd}

Mrs. Panabaaka Lakshmi, Union Minister of State, Petroleum and Natural Gas, India, visit to ONGC Nile Ganga B.V. office in Amsterdam

Night view of COP west Chirag platform construction in ATA yard, Azerbaijan

Indo-Russian G&G team working together at Imperial Energy

December, 2012. The block is contiguous to the OVL operated block RC-10 in Caribbean offshore and is spread over an area of 1171.34 SKM. The exploration period is for six years divided into two phases of three years each. The 200 Sq Km 3D seismic survey is being planned for the block as per minimum work commitment during exploration Phase - I. Currently phase 0 is in operation and is likely to end on 28th November 2013. A project team has been constituted which is currently engaged in identification of ethnic communities in the block, carrying out an overview of infrastructure, geography, topography and geology of area and preparation of a road map with timelines project execution.

The Minimum Financial commitments for the exploration Phases I and Phase II are USD 1.43 Million and USD 35 Million respectively.

4.1.3 LLA 69, Colombia:

Mansarovar Energy Colombia Limited (MECL) - a 50-50 joint venture Company between ONGC Videsh and SINOPEC won the exploration block Llanos-69 (LLA-69) in the Colombia Bid Round 2012. The Production Sharing Contract (PSC) for the Block was signed on 29th November, 2012. Block LLA-69 is an onshore Block, in the prolific Llanos basin of Colombia. It has an area of 226 sq. Km. The duration of phase-I is 36 months. The minimum work commitment for phase-1 includes 2D seismic of 46 LKM, 3D seismic of 46 sq km and drilling of 1 well. The total minimum financial commitment for above work Programme is USD 14 million. The phase -2 which is optional and has a further duration of 36 months entails 22.7 sq km of 3D seismic and drilling of 2 exploratory wells. Currently phase 0 is in operation and is likely to end on 28th November 2013. The project team, currently engaged in identification of ethnic communities in area of influence of block, is carrying out an overview of infrastructure, geography, topography and geology of area and preparation of a road map with timelines project execution.

5. PRODUCING ASSETS:

5.1.1 Block 06.1, Vietnam:

Block 06.1 is an offshore Block located 370 km southeast of Vung Tau on the southern Vietnamese coast with an area of 955 sq km. The exploration License for Block 06.1 was acquired by your Company in 1988. The present holdings of PIs are - ONGC Videsh 45%, TNK Vietnam 35% (Operator) and Petro Vietnam 20%. Lan Tay field in the Block has been developed and the field started commercial

Mr. DK Sarraf, MD with Canadian High Commissioner to India, Mr. Stewart Beck production in January, 2003. Development of Lan Do field in the Block was completed during 2012-13 with first gas production from 2 wells commencing on 7th October 2012. Your Company's share of production from the block was 2.104 BCM of gas and 0.037 MMT of condensate during FY'13 as compared to 2.023 BCM of gas and 0.036 MMT of condensate during FY'12. Your Company's share of investment in the block was about USD 426.69 million till 31st March, 2013.

5.1.2 Sakhalin-I, Russia:

Sakhalin-1 is a large oil and gas field in far east offshore in Russia, spread over an area of approx. 1,146 sq km. Your Company acquired stake in the field in July, 2001. Your Company holds 20% PI in the field with Exxon holding 30% PI as Operator; SODECO, a consortium of Japanese companies holding 30% through its subsidiaries and remaining 20% PI is held by Rosneft, the Russian National Oil Company. The project includes three offshore fields - Chayvo, Odoptu and Arkutun Dagi. The first phase of Sakhalin-1 Chayvo field has been developed and production started in October, 2005. Odoptu first stage production started in September, 2010. Development of Arkutun Dagi is in progress and first oil is expected to be produced in third quarter of 2014. Your Company's share of production from the project was 1.370 MMT of oil and 0.650 BCM of gas during FY'13 as compared to 1.498 MMT of oil and 0.494 BCM of gas during FY'12. Your Company's share of investment in the project was about USD 5,235.13 million till 31st March, 2013.

5.1.3 Greater Nile Oil Project (GNOP), Republic of Sudan (ROS):

Your Company holds 25% PI in the GNOP through its wholly owned subsidiary ONGC Nile Ganga BV (ONGBV) which was acquired on 12th March, 2003. Other partners in this project are CNPC (40% PI), Petronas (30% PI) and Sudapet (5% PI). GNOP consisted of the upstream assets of on-land Blocks 1, 2 & 4 spread over 49,500 sq km in the Muglad Basin, located about 700 km South-West of the capital city of Khartoum in undivided Sudan.

GNOP also has a downstream facility of 1504-Km, 28"crude oil pipeline system from the oil field in Heglig to Port Sudan at Red Sea. As per "Settlement Agreement" between the Government of Sudan (GOS) and Foreign Partners (FP's) in December 2010, part ownership in the pipeline system got transferred to the Government of Sudan effective from 1st October 2006, reducing your Company's PI in the pipeline system to 11.25%.

Pipeline maintenance in the harsh climate of Sakhalin-Keeping the lifelines safe

Mrs. Panabaaka Lakshmi , Union Minister of State, Petroleum and Natural Gas with Mr. Mani Shankar Aiyer, former Minister of Petroleum and Natural Gas with Mr. Sudhir Vasudeva CMD, ONGC and Mr. DK Sarraf, MD, OVL at 48th OVL Day celebrations

GNOP in Sudan is jointly operated by all partners through a joint operating company 'Greater Nile Petroleum Operating Company registered in Mauritius.

Upon secession of South Sudan from Sudan in July 2011, the contract areas of Blocks 1, 2 & 4 straddle between Sudan and South Sudan with major share of production and reserves situated in the South Sudan. The northern contract areas of Blocks 1, 2 & 4, major processing facilities and crude oil transportation system along with export terminal are situated in Sudan.

Post secession, as the Govt. of Sudan share of total production from Block 1, 2 & 4 in Sudan was not sufficient to meet requirements of local refineries, it requested the foreign partners to purchase their share of crude oil. However, payment of dues have not been received fully from the Govt. of Sudan, your Company's share of dues being about USD 163.54 million as on 31st March, 2013. Your Company along with other foreign partners are continuously taking up the matter with the Govt. of Sudan.

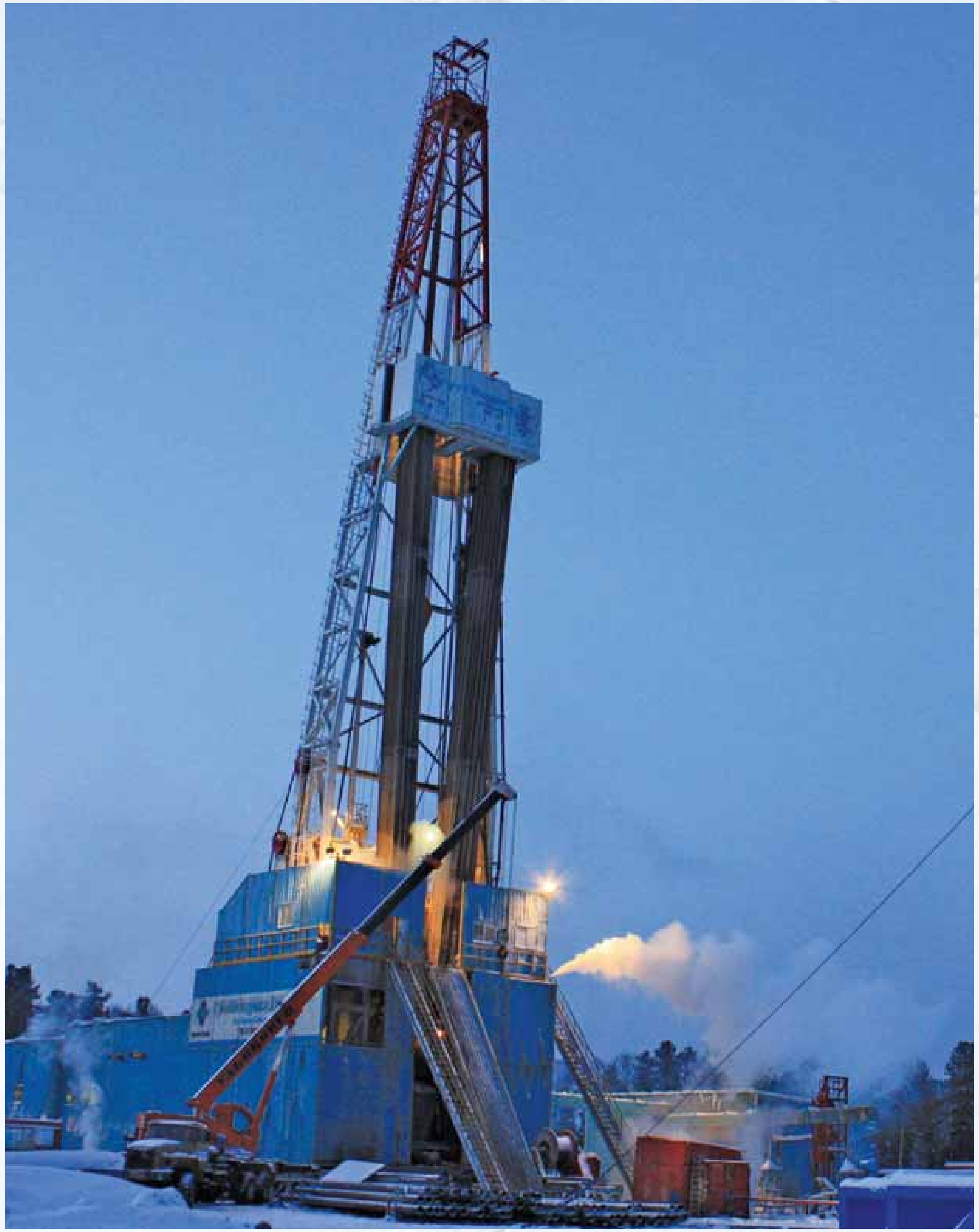
Your Company's share in oil production from GNOP, Sudan was 0.596 MMT during FY'13 as compared to 1.324 MMT during FY'12.

5.1.4 Greater Pioneer Operating Company (GPOC), Republic of South Sudan (RSS):

Upon secession of South Sudan from the ROS effective from 9th July 2011, the contract areas of Blocks 1, 2 & 4 straddle between these two countries with major share of production and reserves situated in South Sudan.

The project is jointly operated by all partners through GPOC, the Joint Operating Company registered in Mauritius. Your Company holds 25% equity share in GPOC through its wholly owned subsidiary ONGC Nile Ganga B.V. Other partners in the project are Petronas (30%), CNPC (40%) and Nilepet (5%).

South Sudan being a land locked country, is dependent on Sudan's pipeline system for evacuation of crude oil for export through Port Sudan. Post-secession, the Governments of Sudan and South Sudan have been engaged in negotiations to resolve their outstanding geopolitical and commercial issues. Pending settlement of the



View of a rig at Caracas, Venezuela

Night shot of Imperial energy operations in Russia

unresolved issues between the two countries, Government of South Sudan enforced shut down of crude production and other oil field operations in South Sudan effective from 23rd January 2012 which continued during the whole FY'13.

After continued dialogue under the mediation of African Union High Level Implementation Panel (AUHIP), the two Governments signed cooperation agreements including agreement on oil and related economic matters termed as 'Oil Agreement' on 27th September, 2012.

Following settlement of the remaining geo-political issues between the two countries, a time based frame work termed as "Implementation Matrix for Agreements" has been signed between the two Governments for resumption of oil production from South Sudan on 12th March, 2013.

After receiving directions from the host Government, GPOC has resumed oil production from its blocks in South Sudan in April, 2013. Estimated production loss due to force majeure is about 0.801 MMTOE during FY'13.

5.1.5. San Cristobal Project, Venezuela:

Your Company signed an agreement with Corporación Venezolana del Petróleo S.A. (CVP), a subsidiary of Petróleos de Venezuela S.A. (PDVSA) on 8th April, 2008 acquiring 40% PI in San Cristobal Project, Venezuela. San Cristobal project covers an area of 160.18 Sq. Km in the Zuata Subdivision of proliferous Orinoco Heavy Oil belt in Venezuela. The project is operated jointly by your Company and the PDVSA. The JV Company has been named "Petrolera IndoVenezolana SA" (PIVSA). CVP, holds 60% equity in JVC and Your Company holds 40% equity through ONGC Nile Ganga (San Cristobal) BV, a wholly owned subsidiary of ONGC Nile Ganga B.V. Though Your Company received its dividend of USD 56.224 million for 2008, dividend for 2009, 2010 and 2011 totaling to USD 280.13 million remained unpaid due to cash flow difficulties being faced by PDVSA/CVP. The matter being followed-up with concerned authorities at different levels.

During 2012-13, your Company's share crude oil production was 0.800 MMT during FY'13 as compared to 0.894 MMT during FY'12. Your Company's share of investment was about USD 302.78 million till 31st March, 2013 in the project.

5.1.6. Imperial Energy, Russia:

Your Company acquired Imperial Energy Corporation Plc., an independent upstream oil Exploration and Production Company having its main activities in the Tomsk region of Western Siberia, Russia on 13th January, 2009 at a total cost of USD 2.1 billion. Imperial's interests currently comprise eight blocks in the Tomsk region i.e.

Mr. DK Sarraf, MD, OVL with representatives of Ecuador Company

Block 69, 70-1, 70-2, 70-3, 77, 80, 85-1and 86 with a total licensed area of approximately 12,700 square kilometres with 13 licenses. The Production licenses were granted to the Company during 2005 to 2010 and are valid till 2027 to 2031. As on 1st April, 2013, OVL's share of 3P reserves in the project is 109.491 MTOE (O+OEG).

The post-acquisition development activities of Imperial Energy included drilling of 72 development wells including a new field development and construction of facilities. WP&B 2013 envisaged drilling of 3 development wells in South Maiskoye field. On the exploratory front, a total of 28 exploratory/ appraisal wells have been drilled from 2009 to April 2013 and discovered 3 new fields. Further 323 sq km of 3D seismic data and 2536 Lkm of 2D seismic data were acquired till March 2013. Based on the exploration / development efforts put forward so far, Imperial Energy has primarily focussed on exploiting from Upper Jurassic formation with relative good reservoir characteristics. Major part of Imperial's reserves is in tight formations which require advanced technology to economically exploit the reserves. Additionally, a high oil potential productive shale - Bazhenov shale is present in all the acreages of Imperial Energy. To identify the suitable technology and experienced technology partner to exploit these reserves, Imperial floated an Expression of Interest (EOI) in 2012. Selection of technology partner is in progress. The pilot testing of development in one of the tight sand field, Snezhnoye and Bazhenov shale with induction of advanced technology is scheduled for early 2014. Successful pilot results would enable development of other tight sand fields and also exploitation of oil from Bazhenov from its vast acreage. During the FY'13, production of Imperial Energy was 0.631 MMTOE as compared to 0.771 MMT of oil during FY'12. The production in FY'13 was lower as Imperial took a drilling holiday for one year and focussed on identifying suitable technology for economic exploitation of its tight reservoirs. Additional investment of ONGC Videsh in the project was USD 355.70 million till 31st March 2013.

5.1.7 Mansarovar Energy Project, Colombia:

Mansarovar Energy Colombia Limited (MECL), Colombia is a 50:50 joint venture of your Company and Sinopec of China. Effective 1st April, 2006, MECL's assets constitute a 100% interest in Velasquez fee mineral property and a 50% interest in the Nare Association contracts where the Colombian national oil company, Ecopetrol holds the remaining 50%. MECL also owns 100% of the 189-km Velasquez-Galan pipeline, connecting the Velasquez property to Ecopetrol's Barrancabermeja refinery. During the year, MECL acquired another exploration Onshore Block Llanos-69 (LLA-69) in prolific llanos basin of Colombia. Your Company's share of oil and oil equivalent gas production from MECL was 0.559 MMTOE during FY'13 as compared to 0.561 MMTOE of oil during FY'12.

Seismic survey in Thar desert

5.1.8 Al Furat Project, Syria:

The project is owned by Himalaya Energy Syria B.V. (HESBV), a Joint Venture Company of ONGC Nile Ganga B. V., a wholly owned subsidiary of your Company and Fulin Investments Sarl, a subsidiary of China National Petroleum Company International (CNPCI), holding 50% shares each. The project was acquired w.e.f. July 2005 under Production Sharing Agreement with approx. 36% Participating Interest for HES BV and approx. 64% for Shell Syria Petroleum Company. The fields are operated by Al Furat Petroleum Company (AFPC), Joint Venture Company of Syrian Petroleum Company, the National Oil Company of Syria, Shell Syria Petroleum Development Co. and HESBV. Due to political development in Syria, European Union (EU) imposed oil trade sanctions on Syria in September, 2011. The EU sanctions were specifically targeted at crude oil exports making vessel availability, associated insurance and payment extremely difficult. EU further imposed enhanced sanctions to Syria on 1st December, 2011 and included AFPC and GPC in the list of sanctioned Syrian entities. During 2012-13, the project has been under Force Majeure situation and national employees were running the AFPC operations at fields and details of production rate etc. are not shared with the partners. However, the production and entitlement would be accounted for after shareholders resume active role in the projects in terms of court's decision. In the absence of details, the accounting of revenue and expenditure has not been carried out during the FY'13. Resumption of Operations by your company in the project is expected on normalization of political and security situation in Syria. Estimated production loss due to force majeure condition was 0.358 MMTOE during FY'13.

5.1.9 Block BC-10, Brazil:

Block BC-10 is deep water offshore Block located in the Campos Basin approximately 120 km southwest from the city of Vitoria off the coast of Brazil with a water depth of around 1800 meters spread over 600 sq km. Your Company holds 15% PI in the project. Other partners in the Block are Shell with 50% PI as operator and Petrobras with 35% PI. Phase-1 development of the Block was completed using sub-sea wells which connect via sub-sea manifolds, flow lines, and risers to a Floating Production, Storage and Offloading Vessel (FPSO). Operator drilled 11 wells (10 producers and 1 gas injector) in phase-I to develop 3 fields in the block and oil production commenced on 12th July 2009. The Phase II development, which is being implemented in one field, involves drilling of 7 producers and 4 water injector wells. The Batch drilling of wells has started in April 2012. The Phase-II production will be hooked up to the existing FPSO and first oil is expected in October 2013. Your Company's share of oil and gas production was 0.291 MMT and 0.012 BCM respectively during FY'13 as compared to oil production of 0.450 MMT and gas production of 0.015 BCM during FY'12. OVL share of oil and gas production since inception till 31st March'2013 is 1.573 MMTOE and total investments made in the Project was USD 777.04 million as on 31st March 2013.

Rig Noble Bully 2, Brazil

Mr. DK Sarraf, MD, OVL with Turkmenistan Ambassador to India, H.E. Mr. Parakhat H. Durdyev

5.1.10 Block 5A, Republic of South Sudan:

Your Company holds 24.125% Participating Interest in Block 5A in South Sudan which was acquired from OMV Aktiengesellschaft of Austria on 12th May, 2004. Block 5A is located in the prolific Muglad basin and spread over an area of about 20,917 sq km. Other partners in the Block are Petronas (67.875% PI) of Malaysia and "Sudapet" (8% PI). Post secession of South Sudan from Sudan on 9th July, 2011, the entire Block is located in the territory of the RSS. After separation, the 8% PI of "Sudapet" has been taken over by "Nilepet", the National Oil Company of South Sudan as per the Presidential Decree issued on 8th November 2011.

Block 5A is operated by "White Nile Petroleum Operating Company" (WNPOC), a consortium of Petronas and Sudapet in erstwhile Sudan. During FY'13, your Company has joined the operatorship, in rechristened Company "SUDD Petroleum Operating Co. Ltd." (SPOC) registered in Mauritius with holdings as per the participating interests of the respective partners.

Post-secession, the Governments of Sudan and South Sudan had been engaged in negotiations to resolve their outstanding geopolitical and commercial issues. Pending settlement of the unresolved issues between the two countries, GOSS enforced shut down of crude production and other oil field operations in RSS effective from 23rd January 2012, which continued during the whole FY'13.

Following agreement on the outstanding geo-political issues, the two countries, on 12th March 2013, signed a time based frame work termed as "Implementation Matrix for Agreements" for resumption of oil production from South Sudan.

Consequently as per the directions from the Government of South Sudan, Your Company along with other consortium Partners in Block 5A has resumed oil production from Block 5A in April, 2013. Estimated production loss due to force majeure condition was 0.212 MMTOE during FY'13.

5.1.11 Pipeline Project, Republic of Sudan:

Your Company (90% PI) along with Oil India Limited (10% PI) had financed & constructed a 12", 741 km multi-product pipeline from Khartoum refinery to Port Sudan at a lump sum price of USD 194 million. The pipeline was handed over to Government of Sudan (GOS) in October, 2005. The lump sum price, together with lease rent is payable to the Company in 18 equal half yearly installments effective from December 2005. Payment of eleven half-yearly installments due till December, 2010 has been received by your Company from the GOS. However, the 12th, 13th, 14th and 15th installments were due on 30th June 2011, 30th December 2011, 30th June 2012 and 30th December 2012 respectively, are yet to be released by the GOS. Your Company has been following up for the realization of the amount from GOS at various levels. Dodsal, the EPC contractor has invoked arbitration against your Company staking claim of USD 28.70 million plus interest and cost towards alleged additional work carried out in the project. The arbitral proceedings in the matter between your Company and Dodsal are under adjudication.

6. DISCOVERED ASSETS/ ASSETS UNDER DEVELOPMENT:

6.1.1 Carabobo Project, Venezuela:

Your Company along with Indian Oil Corporation Limited (IOCL), Oil India Limited (OIL), Repsol YPF (Repsol) and Petroliam Nasional Berhad (PETRONAS) (collectively, the "Consortium"), was awarded by the Government of the Bolivarian Republic of Venezuela 40% ownership interest in an "Empresa Mixta" (or "Mixed Company") for developing the Carabobo-1 North (203 sq.km.) and Carabobo-1 Central (180 sq.km.) blocks located in the Orinoco Heavy Oil Belt in eastern Venezuela. Your Company holds 11% PI in Carabobo-I project through its subsidiary Carabobo One AB. Repsol and Petronas holds 11% PI each and IOCL and OIL holds 3.5% PI each in the project. The Corporación Venezolana del Petróleo ("CVP"), a subsidiary of Petróleos de Venezuela S.A. ("PDVSA"), Venezuela's state oil company, holds the remaining 60% equity interest. The Mixed Company was incorporated as Petro Carabobo S.A. (PCB).

Indian Consortium Managers visiting Site of Petro Carabobo , Venezuela

Mr. D. K. Sarraf, MD at World Energy Policy Summit, New Delhi

The project has estimated Oil in Place of about 27 Billion barrels. The Mixed Company would build heavy (8-9°API) oil production facilities, upgrading facilities and associated infrastructure for producing and processing the extra-heavy crude oil. The upstream production facilities are expected to produce about 400,000 barrels per day of which approximately 200,000 barrels per day will be upgraded into light crude oil (32° API). The license period is for 25 year with a potential for a further 15 years extension.

One Service Company Carabobo Ingenieria Y Construcciones S.A (CICSA) for executing the Jobs under Development plan has been incorporated on 21st January 2011. Four Stratigraphic wells and six slant wells were drilled for collection of samples and study of petrophysical properties for drilling development wells for accelerated production of first oil in 2013. Presently, basic engineering & FEED for upgrader and downstream facilities and 3D-Seismic study, civil works for well pads have been awarded. Other tendering processes/ approval from PCB and awarding of drilling contract for Development of the Field were in progress.

It gives us pleasure to inform that first oil from the field as per Accelerated Early Production (AEP) Plan has been received on 27th December 2012 and currently the field is producing at the rate of around 2400 bopd. Your Company's share of investment was about USD 153.77 million till 31st March, 2013 in the project.

6.1.2. Blocks A-1 and A-3, Myanmar:

Your Company holds 17% PI in Blocks A1 and A3 and remaining stakes held by Daewoo (51%), GAIL and KOGAS (8.5% each) and balance 15% by Myanmar Oil & Gas Enterprise (MOGE).

Block A-1 extends over an area of 2,129 sq. km of Rakhine Coast in Arakan offshore in north-western Myanmar. Commercial quantity of natural gas has been discovered in the Block in two fields, Shwe and Shwe Phyu. The Shwe and Shwe Phyu field appraisals have been completed by the consortium and the Gas Initially In-Place reserves certified by an independent firm for the Shwe and Shwe Phyu gas fields are 3.83 TCF. Out of 16 wells drilled so far in the block, 9 have been found gas bearing.

Block A-3, the adjacent block of Block A-1, covers presently an area of 3,441 sq km with bathymetry up to 1,500 meters in the Rakhine offshore. So far six exploratory wells were drilled in this Block out of which three are gas bearing. Commercial quantity of natural gas has been discovered from Mya Gas Field. The Gas initially In-Place reserves certified by an independent firm for the Mya Gas field are 1.52 TCF.

Security Awareness Week

A combined Field Development Plan for Blocks A-1 and A-3 comprising Shwe, Shwe Phyu and Mya gas fields approved by Consortium Partners has been commissioned in June 2013. First gas ceremony was organised on 28th July 2013. Your Company's share of investment in the project till 31st March, 2013 was about USD 234.27 million and USD 119 million for Blocks A-1 and A-3 respectively.

6.1.3. Shwe Offshore Mid-Stream Project:

The mid-stream project which is a part of the combined development of A-1 and A-3 blocks, is in progress through an EPCIC contract and includes construction of offshore pipeline of 110 Km X 32" from Shwe Offshore Platform to land fall point at Ramree Island, onshore gas terminal, supply base and jetty. The construction of 32" offshore pipeline and supply base and jetty has been completed. The Project is expected to be completed by July 2013. Your Company's share of investment in the project was about USD 59.10 million till 31st March, 2013.

6.1.4. Onshore Gas Transportation Pipeline, Myanmar:

Your Company has participation in the Onshore Gas Pipeline Transportation project through a joint venture company South-East Asia Gas Pipeline Company Limited (SEAGP) registered in Hong Kong on 25th June 2010, in which the stake of your Company is 8.347%. The shareholding of other partners are CNPC (50.9%), Daewoo (25.041%), MOGE (7.365%), GAIL and KOGAS (4.1735%) each. The joint venture company has laid an on-land pipeline of 793 Km X 40" from land fall point at Ramree Island to Ruilli at Myanmar-China border. The overall progress of the pipeline as on 31st March 2013 was 87%, which further progressed to 96.74% on 14th May 2013. Presently the pre-commissioning activities of the pipeline are in progress and introduction of hydrocarbon is planned in July 2013. Your Company's share of investment in the project till 31st March, 2013 was about USD 111.43 million.

Your Company's share in the combined development of Blocks A-1 and A-3 Offshore Mid-stream project and Onshore Gas Transportation pipeline was about USD 523.87 million (Pipeline Myanmar) till 31st March 2013.

6.1.5. Block XXIV, Syria:

The Contract for Exploration, Development and Production of Petroleum for the Block XXIV, Syria was signed on 15th January, 2004 with effective date from 29th May, 2004. Your Company holds 60% PI in the Block with IPR Mediterranean Exploration Ltd. (Operator) and Tri Ocean Mediterranean holding PI of 25% and 15% respectively.

The exploration phase for the block has expired on 28th September, 2011. The consortium over achieved the physical Work Commitment by drilling a total of 14 wells in the Block in this phase. During the FY'12, the consortium drilled 7 exploratory wells, out of which 3 wells flowed oil/ gas and 1 well showed presence of hydrocarbon. Extended production testing of three exploratory wells in Abu Khashab area was carried out to acquire reservoir data and also to know its production potential. One development well was also drilled during the FY'12. Based on the exploration results, the Government of Syria granted development rights for additional areas of three formations in Abu Khashab area. Presently, Plan of Development (PoD) of Abu Khashab area is being prepared by the Operator. Further, the consortium's request for granting of development right for Romman Area is under active considerations of the Syrian Authorities. Meanwhile, the Operator has invoked 'Force Majeure' in the Block w.e.f. 30th April, 2012 citing effects of US sanctions and deteriorating law and order situation in the operational areas. Rashid Field has been under extended production testing with an average rate of production of 180 bopd. However, due to worsening law and order situation in and around Rashid field, the facilities have been shut down w.e.f. 13th June, 2012. Your Company's share of oil production from the project was 0.001 MMT during FY'13 compared to 0.01 MMT during FY'12 resulted in an estimated production loss of 0.059 MMTOE in FY'13. The total investment of your Company was about USD 70.09 million in the block till 31st March, 2013, on cash sink basis.

Men at work at OVL's Sudan operations

7. EXPLORATORY ASSETS:

7.1. Blocks SSJN-7 & CPO-5, Colombia:

Your Company participated in the Bidding Round 2008 in Colombia and was awarded two on land exploration blocks i.e. SSJN-7 with 50% PI and CPO-5 with 100% PI. Later in the year 2010, 30% PI in CPO-5 Block was divested to Petrodorado. Block CPO-5 is operated by your Company with 70% PI and the Block SSJN-7 is operated by Pacific Stratus Energy, Colombia with 50% PI. The concession contracts for the Blocks SSJN-7 and CPO-5 were signed on 24th December, 2008 and 26th December, 2008 respectively. Two exploratory locations have been drilled in Block CPO - 5 in Phase-1 and Hydrocarbon presence were found in both the wells. Hydrocarbons are under evaluation and extension of Phase I has been sought for the same. In Block SSJN-7, acquisition & processing of 2D seismic data in part of the identified area have been concluded. Due to delay in grant of environment permits and approvals from concerned authorities, extension of phase I for SSJN 7 has been granted up to 25th May 2014. Your company plans to carry out seismic survey in the remaining part of the block and evaluate the results of seismic work already carried out for possible exploratory drilling. Your Company's share of investment was about USD 6.23 million for Block SSJN-7 and about USD 44.15 million for the Block CPO-5 till 31st March, 2013.

Scarabeo 9 Navigation , Cuba

7. 2. Blocks RC-8, RC-9 and RC-10, Colombia:

Your Company acquired exploration blocks RC–8, RC-9 and RC-10 in offshore Colombia, effective date of concession contracts being 30th November, 2007. Currently Blocks are running in Phase-II, expiring on 29th November, 2013. The current area of these blocks RC–8, RC-9 and RC-10 after entering into phase-II are 1,385 Sq km, 1,060 Sq km and 1,340 Sq km respectively with water depths of 70 to 1,500 meters in offshore Colombia. In Block RC-8, your Company as Operator holds 40% PI with Ecopetrol and Petrobras holding 40% PI and 20% PI respectively. In Blocks RC-9 and RC-10, your Company and Ecopetrol hold 50% PI each. Your Company is Operator in RC-10 Block while Ecopetrol is Operator in RC-9 Block. All the three Blocks have completed three years of exploration Phase-I on 29th November, 2010, successfully completed minimum committed work of the Blocks. Your company is identifying/ evaluating the prospect for a possible probing through exploratory drilling. Your Company's share of investment was about USD 6.68 million in Block RC-8, USD 5.88 million in Block RC-9 and about USD 12.21 million in Block RC-10 till 31st March, 2013 and signature bonus of USD 14.56 million.

7.3. Satpayev Project, Kazakhstan:

Your Company signed agreements with Kaz Munai Gas (KMG), the National Oil Company of Kazakhstan for acquisition of 25% participating interest in Satpayev exploration block on 16th April, 2011 at Astana, Kazakhstan in the presence of Hon'ble Prime Minister of India and the President of Kazakhstan. This transaction marks the entry of your Company in hydrocarbon rich Kazakhstan. Satpayev exploration block, located in the Kazakhstan sector of the Caspian Sea, covers an area of 1482 sq km at a water depth of 6-8 mts. Satpayev Block is situated in close proximity to major discoveries in the North Caspian Sea. Your Company carries KMG for its 75% share and therefore bear the entire 100% expenditure during the exploration and appraisal phase of the Project. Acquisition, Processing and Interpretation of 1200 LKM of 2D Seismic data have already been completed and locations for drilling of wells has been identified. Your Company's share of investment in the project was about USD 125.22 million which includes carry amount of about USD 18.79 million till 31st March, 2013.

Greenhouse project, Azerbaijan

Signing of agreement at the 17th Session of India - Russia working group on Co-operation in energy and energy efficiency


Aniva Bay, transfer of equipment, Sakhalin, Russia

7.4. Block N 34, 35 and part 24, Cuba:

Blocks N 34, 35 and part of N-24 are deep water offshore exploration Blocks located in Cuba's Exclusive Economic Zone (EEZ) for which the PSC was signed on 10th September, 2006. Your Company holds 100% PI in the Blocks as the Operator. Acquisition, processing and interpretation of 2D and 3D seismic data have been completed. The block area has increased from 4300 to 4800 Sq. km after annexation of additional 500 Sq. km of area from the block N-24.

At the request of your Company, Cuban authorities have granted extension of Exploration period by 3 years. The Company is evaluating various options with regard to these blocks. Your Company has invested USD 46.80 Million in the blocks till 31st March 2013.

7.5. Block BM-SEAL-4, Brazil:

Your Company through its indirect wholly owned subsidiary OCL, acquired PI in exploration block BM-SEAL-4 in Brazil during August 2008. Your Company holds 25% PI in the block and Petrobras (operator) is holding remaining 75%. The 1st well drilled in the Block BM-SEAL-4 showed indications of hydrocarbons and the 2nd well has been drilled and is under evaluation. Your Company's share of investment till 31st March, 2013 was about USD 49.21 million in the Block.

7.6. Block OPL 285, Nigeria:

OPL 285 is a deepwater offshore exploration Block in Nigeria with an area of 1,167 sq km. The effective date of the PSC was 23rd February, 2007. Currently, OMEL through its wholly owned subsidiary company OMEL Energy Nigeria Ltd., as operator, holds 64.33% PI in the Block. Other partners in the Block are EMO, a local Nigerian company with 10% PI and TOTAL with 25.67% PI. As per terms of the agreement, EMO is carried by other participants in their respective share of participation. The committed MWP of the block for the first phase of exploration has been completed with acquisition of 524 sq km of 3D data and drilling of one well, Opueyi-1 in August-September, 2010. Two sub-commercial hydrocarbon zones are encountered in the well. Based on post drilling analysis, review of G&G data and the commitment to the downstream project attached to the PSC, the operator, decided to enter the second phase of exploration period, if the regulator NNPC grants the waiver from the downstream project commitment. A request letter was sent to NNPC in this regard on 24th November, 2011 for which response is awaited. OMEL's share of investment, including the carry obligations to EMO, till 31st March, 2013 was about USD 96.80 million.

7.7. Contract Area 43, Libya:

Your Company acquired Contract Area 43 located in Cyrenaica offshore basin in the Mediterranean Sea under an Exploration and Production Sharing Agreement (EPSA) effective from 17th April, 2007. Contract Area 43 consists of four blocks spread over an area of 7,449 Sq Km. The block boundaries extend from the coastline to a water depth of about 2200 meters. Your Company holds 100% PI in Contract Area 43 with operatorship. The acquisition and processing of 1011 LKM 2D and 4000 Sq Km 3D seismic data have been completed. Finalization of interpretation report of Geo scientific data is in progress at G&G centre of your Company in New Delhi. Due to civil unrest in Libya, notice for Force Majeure was served to NOC, Libya w.e.f. 26th February 2011 and the operations at Libya were suspended. However after improvement of safety situation at Libya, the Force Majeure notice has been revoked and the operations have been resumed w.e.f. 1st June, 2012. The exploration phase of Contract Area 43 as per EPSA expired on 16th April 2012, however the period of exploration would be extended further by 461 days (corresponding to Force Majeure period) i.e. up to 21st July 2013 in terms of EPSA. NOC, Libya was requested on 30th June 2013 for extension of exploration period of the Block for 2.5 years i.e. upto 21st January 2016, for carrying our further exploratory activities. Your Company has invested about USD 40.17 million till 31st March, 2013.

7.8. Exploration Block-8, Iraq:

Your Company is the sole licensee of Block-8, a large on-land exploration Block in Western Desert, Iraq spread over 1.5 sq km. The Exploration & Development Contract (EDC) for the Block was signed on 28th November, 2000. The contract was ratified by the Government of Iraq on 22nd April, 2001 and was effective from 15th May 2001. Since then, the work relating to archival, reprocessing and interpretation of the existing seismic data has been completed. However, your Company had to notify the force majeure situation to the Ministry of Oil, Iraq in April, 2003 due to prevailing conditions in Iraq. In 2008, your Company was informed that Government of Iraq had decided to re-negotiate the Block-8 contract in line with the provisions of the new oil and gas law which was expected to be promulgated soon. However re-negotiation is yet to commence. Your company is following up the matter with Iraqian authorities. The Company has invested about USD 1.03 Million till 31st March, 2013.

7.9. Block 128, Vietnam:

Block 128 is an offshore deep-water Block, located at water depth of more than 400 meters with 7,058 sq km area in Vietnam. The PSC for the Block was signed on 24th May, 2006 and the extension to the exploration Phase-I for the Block 128 was valid till 15th June, 2012. Your Company holds 100% PI in the Block with Operatorship. 1650 sq km of 3D seismic data was acquired and interpreted in the Block by your Company and location for drilling of exploration well was identified. Drilling was attempted on the location during September 2009; however, the well could not be drilled as the rig had difficulty in anchoring at the location due to hard carbonate sea bed. Meanwhile, your Company has found solution to the anchoring problem and requested for extension to the exploration phase to undertake review of additional G&G data to find out a viable location for drilling to fulfill the PSC commitment. PetroVietnam (PVN) suggested ONGC Videsh to continue the exploration program in the block for additional two years with effect from 16th June, 2012 by revisiting the geological model with the integration of more data likely to be available with the assistance from PVN and granted the extension for two years i.e. upto 15th June 2014. Your Company has invested about USD 50.88 million in the Block till 31st March, 2013.

8. PROJECTS RELINQUISHED DURING THE FINANCIAL YEAR 2012-13:

8.1.1. Blocks 25, 26, 27, 28, 29 and 36, Cuba:

Blocks 25, 26, 27, 28, 29 and 36 were deep water offshore exploration Blocks located in Cuba's Exclusive Economic Zone (EEZ) for which the agreement for acquisition of 30% PI in the Blocks from Repsol of Spain was signed on 23rd May, 2006. The other partners in the Blocks were Repsol with 40% PI as operator and Statoil with 30% PI. The Consortium entered into extended exploration sub period-IV with commitment of drilling of two exploration wells after relinquishing 5,962 Sq km area of the Blocks. The drilling of first of the two commitment wells was completed on 11th May, 2012 and the well was declared dry. After extensive study & review of the geology of the area, the consortium has decided not to drill the second well and relinquished the block. Your company's share of investment in these blocks was about USD 76.81 million till 31st March 2013.

8.1.2. Blocks BM-S-74, Brazil:

Your Company through its indirect wholly owned subsidiary OCL, held 43.5% PI in Brazil offshore Block BM-S-74 covering an area of 165.4 sq km. Other partners in the block are Petrobras (operator) and Ecopetrol with 43.5% and 13% PI respectively. Seismic data acquisition, processing and G&G studies and drilling of 1 commitment well have been completed. The well has been declared dry and hence abandoned. The consortium relinquished the block. Your Company's share of investment in the block was about USD 18.14 million till 31st March, 2013.

8.1.3. Block BM -BAR-1, Brazil:

Your Company through its indirect wholly owned subsidiary OCL, acquired PI in exploration block BM-BAR-1 in Brazil during August 2008. Your Company held 25% PI in the block and Petrobras (operator) was holding remaining 75% PI. In Block BM-BAR-1, two exploratory wells have been drilled without success, for which your Company has conveyed its decision to relinquish its share in the venture in May, 2012. Your Company's share of investment was about USD 114.93 million till 31st March, 2013.

8.1.4. Block BM-S-73, Brazil:

Your Company through its indirect wholly owned subsidiary ONGC Campos Ltd (OCL) holds 43.5% PI and is the Operator in offshore Block BM-S-73, Brazil. Petrobras and Ecopetrol are the other partners in the block having 43.5% and 13% PI respectively. 3D Seismic data acquisition, processing, G&G study and drilling of one committed well have been completed for the fulfilment of MWP of 1st Exploration

LNG Terminal path water facing

X-Tree Installation - BC-10 Phase 2, Brazil phase. As the exploratory well has been declared dry, the block has been surrendered in February 2012. However, there is dispute with the partners against the rig hire charges for stand-by period and penalties imposed by Agencia Nacional de Petroleo (ANP), the Brazilian regulatory authority. Your Company's share of investment was about USD 98.07 million till 31st March 2013.

9. BUSINESS OPPORTUNITIES UNDER EVALUATION PROCESS AT ADVANCE STAGE:

9.1. Opportunity in Mozambique:

Your Company and Oil India Limited (OIL) have signed definitive agreements on 25th June 2013 with Videocon Mauritius Energy Limited to acquire 100% of shares in Videocon Mozambique Rovuma 1 Limited, the company holding a 10% participating interest in the Rovuma Area 1 Offshore Block in Mozambique (Area 1) for USD 2,475 million. Area 1 covers approximately 2.6 million acres in the deep-water Rovuma Basin offshore Mozambique and represents the largest gas discovery in offshore East Africa with estimated recoverable reserves of 35 to 65 trillion cubic feet. The partners in Area 1 include Anadarko, operator of the project, ENH, Mitsui, BPCL and PTTEP. The Area 1 LNG project is strategically located to supply LNG to India at a competitive price. Participation of your Company and OIL in the project will facilitate access of LNG to the growing Indian gas market. The project would also be an important milestone in reaching OVL's long-term production target of 60 MMTOE by FY'30.

Orlan Platform, Sakhalin, Russia

9.2. Opportunity in Kazakhstan:

Your Company has finalized definitive agreements for the acquisition of the 8.40% Participating Interest (PI) of ConocoPhillips in the North Caspian Sea Production Sharing Agreement (NCS PSA) that includes the Kashagan Field, in Kazakhstan. The Kashagan Field, located in the shallow waters (~5m to 8m) of the Kazakh North Caspian Sea, is the world's largest current development project. Kashagan's consortium partners are Eni, Total, Shell, ExxonMobil and KazMunaiGaz each with 16.81% PI, while ConocoPhillips has 8.40% PI and Inpex has 7.56%. The acquisition would mark your Company's entry into the largest oil proven North Caspian Sea of Kazakhstan. However, the deal did not come through since the Government of Kazakhstan pre-empted the transaction.

Wind Mill Farm

9.3. Opportunity in Bangladesh:

Your Company and OIL in a 50:50 consortium (ONGC Videsh as the Operator) has submitted bid on 2nd April, 2013 for two shallow water blocks in Bangladesh namely SS-04 and SS-09. Both the blocks are expected to be awarded to the consortium.

10. DIRECT SUBSIDIARIES OF ONGC VIDESH LIMITED:

10.1. ONGC Nile Ganga BV (ONGBV) - Wholly owned Subsidiary:

ONGBV is incorporated in Netherlands and engaged in Exploration and Production (E&P) activities in Sudan, South Sudan, Syria, Venezuela, Brazil and Myanmar. Your Company has ownership interest in following projects through ONGBV:

10.1.1 25% Participating Interest (PI) in Greater Nile Oil Project (GNOP), Sudan and Greater Pioneer Operating Project, South Sudan;

10.1.2 16.66% to 18.75% PI in four Production Sharing Contracts in Al Furat Petroleum Company (AFPC);

10.1.3 40% PI in San Cristobal Project in Venezuela;

10.1.4 15% PI in BC-10 Project in Brazil through its subsidary ONGC Campos Ltda.

10.1.5 25% PI in exploratory blocks Block BM-SEAL-4 located in Deepwater Offshore, Brazil through its subsidiary ONGC Campos Ltda.

10.1.6 8.347% PI in South East Asia Gas Pipeline Co. Ltd., (SEAGP) for Pipeline project, Myanmar.

10.2. ONGC Amazon Alaknanda Limited (OAAL) – Wholly owned Subsidiary:

OAAL, a Bermuda registered Company, holds stake in E&P projects in Colombia, through Mansarovar Energy Colombia Limited (MECL), a 50:50 joint venture company with Sinopec.

10.3. Imperial Energy Limited (Erstwhile Jarpeno Limited) – Wholly owned Subsidiary:

Imperial Energy Limited (Erstwhile Jarpeno Limited), registered in Cyprus and acquired Imperial Energy Corporation plc., a United Kingdom listed upstream oil exploration and production entity with its main activities in Tomsk region of western Siberia in Russia, in January 2009.

10.4. Carabobo One AB – Wholly Owned Subsidiary:

Carabobo One AB is registered in Sweden and holds 11% PI in Carabobo-1 Project, Venezuela.

10.5. ONGC BTC Limited-Wholly Owned Subsidiary:

ONGC (BTC) Limited is registered in Cayman Island and holds 2.36% PI of the Baku-Tbilisi-Ceyhan ("BTC") Company with effect from 28th March, 2013, which operates 1,768 km oil pipeline running through Azerbaijan, Georgia and Turkey. The pipeline mainly carries crude from the ACG Fields from Azerbaijan to Mediterranean Sea.

10.6. ONGC Narmada Limited (ONL) - Wholly owned Subsidiary:

ONL is registered in Lagos, Nigeria. ONL is a Special Purpose Vehicle and currently has no business activities.

11. EXEMPTION IN RESPECT OF ANNUAL REPORT OF SUBSIDIARIES AND CONSOLIDATED FINANCIAL STATEMENTS:

Ministry of Corporate Affairs (MCA) vide its circular dated 8th February 2011 and clarification dated 21st February 2011 has 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

Night view of Orlan Platform, Sakhalin, Russia

DeKastri Oil Export Terminal, Sakhalin, Russia

Account prepared for the financial year ending on or after 31st March 2011, in relation to subsidiaries of those companies which fulfill the various conditions including inter-alia approval of the Board of Directors for not attaching the Balance Sheet of the subsidiary concerned. Your Board has accorded necessary approval in this regard for not attaching the Balance Sheet and Profit & Loss Account of all direct and indirect subsidiaries of the Company with its Annual Accounts for the financial year ended 31st March 2013. All other conditions mentioned in the circular are complied with by your Company.

12. JOINT VENTURE COMPANY-ONGC MITTAL ENERGY LIMITED:

Your Company along with Mittal Investments Sarl (MIS) had promoted ONGC Mittal Energy Limited (OMEL), a joint venture company incorporated in Cyprus. Your Company and MIS hold 98% shares of OMEL in the ratio of 51% (ONGC Videsh) and 49%(MIS) with 2% shares held by SBI Capital Markets Ltd. OMEL holds interest in the AFPC Syrian Assets through ONGBV and exploration Blocks OPL 279 and OPL 285 through its 100% subsidiaries OMEL Exploration and Production Nigeria Limited (OEPNL) and OMEL Energy Nigeria Limited (OENL) respectively in Nigeria.

13. OVERSEAS OFFICES AND REGISTERED OFFICES:

The overseas offices of your Company are located in Ho Chi Minh City (Vietnam), Yuzhno Sakhalinsk (Russia), Baghdad (Iraq), Tehran (Iran), Tripoli (Libya), Havana (Cuba), Caracas (Venezuela), Astana & Atyrau (Kazakhstan), Bogota (Colombia), Damascus (Syria), Calgary (Canada) and Baku (Azerbaijan). ONGC Nile Ganga BV has its registered office in Amsterdam (The Netherlands), offices in Khartoum (Sudan), Juba (South Sudan) and its subsidiaries have offices in Rio de Janeiro (Brazil) and Nicosia (Cyprus). ONGC Narmada Limited and ONGC Amazon Alaknanda Limited have their registered offices in Lagos (Nigeria) and Hamilton (Bermuda) respectively. Imperial Energy Limited has its registered office in Cyprus and its subsidiaries have offices in Cyprus, Moscow and Tomsk (Russia). Carabobo One AB has its registered office in Sweden.

14. INFORMATION TECHNOLOGY:

Your Company keeps itself abreast of the latest advancements in the field of information

ALM #3 being loaded to the barge – prior to their load out to installation vessel, Brazil

technology so as to adopt them to the extent required in its pursuit of achieving operational excellence.

During the current year, your Company has installed state-of-the-art High end Graphic Workstations for G&G data processing and interpretation.

15. HUMAN RESOURCE DEVELOPMENT:

Your Company has been operating with pool of highly skilled manpower provided by the parent company ONGC, in the core areas of E&P globally. Your Company calibrate its manpower levels and quality with its expanding requirements and challenges in various parts of the world. The total manpower of your Company was 279 as on 31st March, 2013 as compared to 246 as on 31st March, 2012 out of which 92 executives stood posted to various overseas projects/ offices.

16. IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY:

Your Company continues to make concerted efforts to spread and promote Official Language. During the year, Hindi Fortnight was organised from 14th to 28th September, 2012. In the Hindi fortnight, a large number of employees participated in Hindi competitions and successful ones were awarded. Your Company's In-house magazine "Aadharshila", Hindi fortnight awardees compilation, Corporate Brochure and Annual Reports were also printed in Hindi. Statutory advertisements were released in Hindi also. Quarterly Hindi Progress Report of the Company is being sent to Headquarter regularly and Hindi workshops are being organised. Your company was also awarded for achieving contribution towards implementing official language in day to day official work. In this context, your company's Corporate film has also been prepared both in Hindi and English versions.

Operations in Colombia

17. BOARD OF DIRECTORS:

- Mr. Shyam Saran, Former Foreign Secretary to the Government of India, joined your Company as an Independent Director on 5th June 2012.
- Prof. Sanjay G. Dhande, Former Director, IIT, Kanpur, joined your Company as an Independent Director on 5th June 2012.
- Prof. Shyamal Roy, Chairperson, Executive Education, IIM, Bangalore, joined your Company as an Independent Director on 5th June 2012.
- Mr. Shyamal Bhattacharya joined your Company as Director (Operations) on 1st July 2012 in place of Mr. S. Roychaudhury, who submitted his resignation from the Board of Directors of your Company pursuant to his superannuation on 30th June 2012.
- Mr. Vivek Kumar, Nominee Director of the Ministry of Petroleum & Natural Gas (MoP&NG) has resigned from the Board of your Company w.e.f. 9th August 2012, consequent upon completion of his central deputation tenure in MoP&NG.
- Ms. Sharmila Chavaly, Joint Secretary, Department of Economic Affairs, Ministry of Finance was appointed as Director on the Board of your Company vice Shri Rajesh Kumar Khullar, w.e.f. 29th October, 2012.
- Mr P. K. Singh, Joint Secretary (IC), MoP&NG was appointed as Director w.e.f. 10th December 2012.
- MoP&NG vide letter dated 7th January 2013 conveyed the ex-post facto approval of appointment of Mr. Arun Ramanathan, Independent Director, ONGC as part-time non-official Director on the Board of ONGC Videsh Limited, on co-terminus basis with his tenure on the Board of ONGC or until further orders, whichever is earlier.
- MoP&NG vide letter dated 8th February, 2013 conveyed the extension of tenure of Mr. S. P. Garg, Director (Finance) beyond 7th September, 2013 till 31st August, 2016 i.e., the date of his superannuation, or until further orders, whichever is earlier.
- Mr. Narendra K. Verma tendered his resignation from Director (Exploration) of your Company w.e.f. 1st April, 2013 pursuant to his appointment

as Director (Exploration), Oil and Natural Gas Corporation Limited w.e.f. 1st April, 2013. Further, Mr. N. K. Verma, Director (Exploration), ONGC has been inducted as Director (Exploration) as MoP&NG entrusted him with additional charge of Director (Exploration), ONGC Videsh Limited vide letter No. C-31012/3/2013-CA dated 21st June 2013 for a period of three months with effect from 1st July 2013 or till a regular incumbent is appointed or until further orders, whichever is earliest.

Your Directors place on record their sincere appreciation for the excellent contributions made by Mr. S. Roychaudhury, Mr. Vivek Kumar and Mr. Rajesh K. Khullar and extend a warm welcome to Ms. Sharmila Chavaly, Mr. P. K. Singh, Govt. Nominee Directors and Mr. Shyam Saran, Prof. Sanjay G. Dhande and Prof. Shyamal Roy, Independent Directors.

Guidelines on Corporate Governance 2010 issued by Department of Public Enterprises require that at-least one-third of the Board members should be Independent Directors. The appointment of three new Independent Directors by ONGC as per letter of MoP&NG vide no. C-31024/3/2008-CA dated 5th June 2012, has fulfilled the requisite number of Independent Directors on the Board of your Company.

As required under Section 255 and 256 of the Companies Act, 1956, Mr. Arun Ramanathan and Prof. Shyamal Roy retire by rotation at the ensuing Annual General Meeting and being eligible, offer themselves for re-appointment at the said meeting.

18. AUDITORS:

M/s GSA & Associates, Chartered Accountants and M/s S Mann & Co., Chartered Accountants were appointed as Joint Statutory Auditors of your Company by the Comptroller & Auditor General (C&AG) of India for the financial year 2012-13. The Notes on Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments.

You would be pleased to know that your Company has received 'Nil' comments from C&AG and Statutory Auditors for the year 2012-13.

19. COST AUDIT:

Pursuant to clarifications provided by the Cost Audit Branch of Ministry of Corporate Affairs vide letter no. F. No. 52/21/CAB/2007 dated 26th May, 2008, the Company maintains its cost records under section 209(1)(d) of the Companies Act, 1956 and these records are duly audited by Cost Auditors of the Company. Ministry of Corporate Affairs vide letter F. No. 52/26/CAB-2010 dated 2nd May, 2011 had issued an order under Section 233B(1) of the Companies Act, 1956 which inter-alia states that all companies to which Cost Accounting Records (Petroleum Industry) Rules, 2002 apply and wherein the aggregate value of the turnover made by the Company from sale or supply of all products or activities during the immediate preceding financial year exceeds twenty crore of rupees; or wherein the company's equity or debt securities are listed or are in the process of listing on any stock exchange, whether in India or outside India, shall get its cost accounting records, in respect of each of its financial year commencing on or after the 1st day of April, 2011, audited by a Cost Auditor. Accordingly, Your Company got covered under the Cost Audit from the Financial Year 2011-12 onwards and further appointed M/s Gurdeep Singh & Associates, Cost Accountants for the year 2012-13.

Mr. D.K. Sarraf, MD, and Mr. S.P. Garg, Director-Finance, with a delegate from Vietnam

Pre-school education project, Azerbaijan

20. STATUTORY DISCLOSURES:

(i) None of the employees posted in your Company drew remuneration more than the prescribed limits during the year 2012-13 as required to be disclosed as per Companies (Particulars of Employees) Amendment Rules, 2011 vide GSR 289 (E) dated 31st March, 2011 read with the provision of Section 217(2A) of the Companies Act, 1956.

(ii) None of the Directors of your Company is disqualified under the provisions of Section 274 (1) (g) of the Companies Act, 1956.

(iii) 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 regarding Energy Conservation, Technology Absorption and Foreign Exchange earnings and outgo during the financial year 2012-13 is given below:

a) the sources of energy used by the Company are Electricity, Diesel and Motor Spirit (Petrol);

b) the Board, as part of its existing internal control measures, is striving for the conservation of electricity, diesel and petrol under the supervision of Managing Director on a continuous basis and is satisfied that the utilisation of energy is optimum for the operations of the Company in India;

c) the provisions of the Companies Act, 1956, in regard to technology absorption are not applicable to the Company; and

d) the details of foreign exchange earned and outgo during the year 2012-13 are as follows:

	(₹ in Million)
• Foreign Exchange earned	78,594.12
• Foreign Exchange outgo	78,965.55

21. MANAGEMENT DISCUSSION AND ANALYSIS REPORT:

The Management Discussion and Analysis Report, is annexed and forms part of the Directors' Report.

22. CORPORATE GOVERNANCE REPORT:

Your Company strives to attain high standards of corporate governance. A separate section on Corporate Governance is annexed and forms part of the Directors' Report. Your company got a grading of 99.5% after evaluation as per DPE Corporate Governance Guidelines.

23. ENTERPRISE RISK MANAGEMENT AND HEALTH, SAFETY AND ENVIRONMENT:

23.1 Enterprise Risk Management Policy:

In line with the requirements of Clause 49 of Equity Listing Agreement and DPE Guidelines on Corporate Governance, your Company has developed a comprehensive Enterprise-wide Risk Management (ERM) framework inter-alia identifying the causes of risks and its mitigating measures. The Risk Register and the Risk Management Policy of your Company was reviewed by the Audit Committee and approved by the Board of Directors. The Risk Management Policy of ONGC Videsh is reproduced below:

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

The ERM framework had been rolled out in April 2012. Risk mapping has been done and risks identified are being monitored on regular basis. First ERM status report was issued in September 2012.

ERM status report along with major risks across operations was appraised to the Project Appraisal, HSE and Risk Management Committee.

For aligning the existing ERM system with ISO 31000:2009, an internationally reputed consultant has been engaged for assessment of the existing ERM system and identifying the gaps w.r.t. to ISO 31000, conducting workshop and imparting training on ERM.

23.2 Health, Safety and Environment (HSE):

HSE vision, HSE strategic objectives & HSE policy were reviewed, revised & issued. HSE guidelines, in line with internationally recognized standards were formulated and issued. HSE webpage on OVL website was revised.

HSE system was established for drilling of wells in Project CPO-5, Colombia as operator. Compliance of local HSE regulations/ guidelines was ensured throughout the drilling of wells Kamal-1 & Loto-1 In Block CPO-5, Colombia. ANH, the regulatory authority of Colombia carried out statutory audit successfully and reported that all recommendations were complied with.

Comprehensive HSE monthly report of OVL is being prepared building up the HSE data bank. Awareness drive on HSE was carried out through celebrations, training, presentations and issuance of safety alerts.

The process has been initiated for QHSE certification based on ISO 9001: 2008, ISO 14001: 2004 and OHSAS 18001: 2007.

24. DIRECTOR'S RESPONSIBILITY STATEMENT:

Pursuant to provisions of Section 217(2AA) of the Companies Act, 1956, the following statements relating to Annual Accounts for the financial year ended 31st March, 2013 are made:

(i) in the preparation of the annual accounts for the financial year 2012-13, the applicable accounting standards read with requirements set out under Schedule VI to the Companies Act, 1956, have been followed and that there are no material departures from the same;

(ii) the Directors have selected such accounting policies as described in the Notes to the Accounts of the Financial Statements for the financial year ended 31st March, 2013 and applied them consistently as stated in the annual accounts 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, 2013 and of the profit of the Company for the year ended on that date;

ONGC Drill for Energy Security

(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 frauds and other irregularities; and

(iv) the Directors have prepared the annual accounts on a "going concern" basis.

25. COMMITTEE(S):

The details of Committees are given separately in the Corporate Governance Report.

26. ACKNOWLEDGEMENT:

Your Directors would like to acknowledge with deep appreciation the valuable guidance and support extended by the Government of India, especially the Ministry of Petroleum & Natural Gas, Ministry of Finance, Ministry of External Affairs, Department of Public Enterprises, Indian Embassies/ High Commissions abroad and the Reserve Bank of India etc. Yours Directors' acknowledge the constructive suggestions received from Statutory Auditor(s) and the Controller & Auditor General of India and are grateful for their continued support and cooperation. Your Directors also wish to place on record their deep sense of appreciation for the dedicated services by the employees of the Company. Your Directors recognize that the achievements of your Company would not have been possible without the unstinted and total support from the parent company, Oil and Natural Gas Corporation Limited.

On behalf of the Board of Directors

(Sudhir Vasudeva)
Chairman

New Delhi
19th August, 2013

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

1. INTRODUCTION:

ONGC Videsh Limited (ONGC Videsh) is a wholly owned subsidiary of Oil and Natural Gas Corporation Limited (ONGC), the flagship National Oil Company and a Central Public Sector Enterprise/ Undertaking (CPSE/CPSU) of the Government of India, under the administrative control of the Ministry of Petroleum & Natural Gas (MoP&NG). ONGC Videsh is engaged in prospecting for and acquisition of oil and gas acreages outside India for exploration, development and production of oil and gas. ONGC Videsh was incorporated as Hydrocarbons India Private Limited, on March 5, 1965 with registered office in New Delhi to perform international exploration and production business and the Company was rechristened as ONGC Videsh Limited w.e.f. 15th June, 1989. With widening of the energy supply gap from domestic production, participation in overseas oil and gas assets for equity oil was revived in the mid-nineties.

In January, 2000, ONGC Videsh was granted special empowerment by the Government of India that facilitated better and smooth functioning of the Company in the international environment as evidenced by a string of successful acquisitions post January, 2000. As on 31st March,2013, ONGC Videsh has participation either directly or through wholly owned subsidiaries/joint venture companies in 32 E&P projects in 16 countries namely Vietnam (2 projects), Russia (2 projects), Sudan (2 projects), South Sudan (2 projects), Iran (1 project), Iraq (1 project), Libya (1 project), Myanmar (2 projects), Syria (2 projects), Cuba (1 project), Brazil (2 projects), Nigeria (1 project), Colombia (8 projects), Venezuela (2 projects), Kazakhstan (1 project) and Azerbaijan (2 projects) and is actively pursuing more opportunities across the globe. Out of 32 projects, ONGC Videsh is Operator in 11 projects, Joint Operator in 8 projects and remaining 13 are non-operated projects. The Company adopts a balanced portfolio and maintains a combination of 11 producing, 5 discovered,14 exploration assets and two pipeline assets. Your Company has successfully completed a 741 km product pipeline project in Sudan in 2005 and acquired 2.36% stake in 1,768 kms BTC pipeline, Azerbaijan in March 2013.

2. INDUSTRY STRUCTURE AND DEVELOPMENTS:

Conventional Exploration has been ranked very high this year as the major primary resource capture option worldwide. The relative importance of Mergers and Acquisition (M&A), Discovered Resource Access and Unconventional Exploration

Sudan's Ministerial Delegation with Mr. DK Sarraf, MD, OVL

as a primary resource capture option has remained the same as that of previous years. In fact, with the exception of the increasing importance of Exploration, the only significant change from 2011 is a decrease in the importance of M&A as a resource capture option – possibly as a result of the limited availability of quality conventional opportunities on the market and a slow-down in M&A to access unconventional positions, a theme that was seen in recent years.

In 2012 the upstream development spending was higher than in 2011. This rise may be attributed mainly to the increased activity, reflecting confidence in high oil prices and a growing range of attractive opportunities. Cost inflation has a regional impact, most evident in Australia, Canadian Oil Sands, Norway and global deepwater.

Investment in countries such as Russia, Qatar and the UK seems likely to remain flat or fall back from the high levels of recent years, while capital spending in Nigeria's upstream sector is around 30% from its peak in 2009. In late 2012, there is a sense that the upstream industry is in a rare state of equilibrium.

The upstream opportunity set is broad and varied and most oil price forecasts offer an acceptable balance between the interests of resource-owning states and resource-seeking oil companies, thus maintaining a steady and sustainable growth.

Political risk is still a threat to international E&P business and especially for high potential markets, where it is identified as the main investment constraint. All four forms of political risk in the emerging markets i.e. political violence, resource nationalization, threats associated with geopolitical tensions and governmental instability have a material impact on business are seen as increasing for E&P opportunities and predominate, although the political risk is posing a greater threat to upstream business.

The political risks of energy investments gel with the tightness of global oil supplies. When markets are tight and oil prices are high, existing contracts are re-negotiated to benefit the host countries. The absence of internationally agreed norms for foreign investments in energy sector hinders economic development in the host countries, foments aggressive geopolitical competition that threatens global energy security and will block the scale of investment and co-operation necessary to overhaul a strained global energy system. Political risks facing FDI in energy sector are likely to rise in the coming years.

India and China once again accounted for all of the net growth that took place in emerging economies and nearly 90% of the net increase in global energy consumption. OECD consumption declined for the fourth time in the past five years, led by a

Offshore platform in Vietnam

large decline in the US. Despite the slowdown, consumption and production reached record levels for all fuels except nuclear power and biofuels. The data suggests that growth in global CO_2 emissions from energy use continued in 2012, but at a slower rate than in 2011. Energy price developments were mixed. Brent, the international crude oil benchmark, saw annual average prices reach record levels during 2012 (in money-of-the-day terms), although annual prices declined slightly on an inflation-adjusted basis.

Oil production growth in the US was the largest in the world in 2012, and the largest in the country's history. In response, the differential between Brent and West Texas Intermediate (WTI) reached another record, although the gap began to narrow later in the year as infrastructure bottlenecks in the US eased. Natural gas prices rose in Europe and Asia, but fell in North America, where rising US natural gas output pushed gas prices to record discounts against both crude oil and international gas prices. Coal prices declined in all regions. World primary energy consumption grew by 1.8% in 2012, well below the 10-year average of 2.6%. Consumption in OECD countries fell by 1.2%, led by a decline of 2.8% in the US (the world's largest decline in volumetric terms). Non-OECD consumption grew by 4.2%, below the 10-year average of 5.3%. Global consumption growth was below average for each fossil fuel and for nuclear power; regionally growth was below average everywhere except Africa. Oil remains the world's leading fuel, at 33.1% of global energy consumption[1].

Global oil production increased by 2.2% in 2012. OPEC accounted for about three-quarters of the global increase despite a decline in Iranian output (680,000 b/d) due to international sanctions. Libyan output (+1 million b/d) nearly regained all of the ground lost in 2011. For a second consecutive year, output reached record levels in Saudi Arabia, the UAE and Qatar. Iraq and Kuwait also registered significant increase. Non-OPEC output grew by 490,000 b/d, with increase in the US (+1 million b/d), Canada, Russia and China offsetting unexpected outages in Sudan/South Sudan (-340,000 b/d) and Syria (-160,000 b/d), as well as declines in mature provinces such as the United Kingdom and Norway[2].

Global natural gas production grew by 1.9%. The US (+4.7%) once again recorded the largest volumetric increase and remained the world's largest producer.

1. ***Source:*** *BP statistical Review of World Energy 2013*
2. ***Source:*** *BP statistical Review of World Energy 2013*

Empowering Women

Subsea Distribution Hardware Installation, Brazil

Norway (+12.6%), Qatar (+7.8%), and Saudi Arabia (+11.1%) also saw significant production increase, while Russia (-2.7%) had the world's largest decline in volumetric terms. Global natural gas trade was very weak during 2012[3].

2.1 International Industry Environment:

Conventional Exploration continued to find big volumes during 2012. The year saw over 300 new field discoveries spread over in more than 50 different countries with total resources of at least 25 billion boe. It was estimated that the E&P industry invested around USD85 billion on conventional exploration and appraisal work during 2012. This represents growth of 15% from 2011, mainly due to cost inflation but with some activity increases in a few sectors. Of this investment, around USD55 billion was spent on exploration amounting to resource discovery costs to be USD2.21 per boe, excluding appraisal. This is the first year that resource discovery costs have exceeded USD2/boe[4].

Not all basins continued to deliver as strongly as they have been in the past. Volumes added in the UK, Nigeria, Australia and the US Gulf of Mexico were below average, pointing to reduced exploration or steady maturing of these areas. Other hot plays of recent years paused for breath or saw investment directed mainly at appraisal work – notably the eastern Mediterranean gas play and Iraqi Kurdistan.

The Independents were the most successful explorers, with 37% of volumes found. The Majors added around 25% of volumes. Both groups have also made huge progress with commercialisation of unconventional resources. The National Oil Companies also added around 25% of conventional volumes. This is much less than their usual 50% share and could imply that some material finds are yet to be reported from regions such as the Middle East and Asia[5].

A new era of exploration is underway in the offshore Arctic, with exploration forecast to hit levels last seen in the 1980s. Canada, Greenland, Norway, Russia and the US (Alaska) each have large prospective acreage within the Arctic offshore. All five have taken steps to attract exploration investment, encouraged by assessments of the region's subsurface that indicate potentially vast yet-to-find resources[6].

3. **Source:** *BP statistical Review of World Energy 2013*
4. **Source:** *Woodmac research*
5. **Source:** *Woodmac research*
6. **Source:** *Woodmac research*

3. STRENGTH AND WEAKNESS:

Your Company is the first Indian International E&P Company to produce Equity Oil and Gas outside India. Your Company now has a presence in 16 countries and oil and gas production from 11 projects in 9 countries.

Your company has developed relations with most of the National Oil Companies (NOCs) and International Oil Companies (IOCs) globally and is considered to be a preferred partner by many of them. A fair degree of risk mitigation has already been exercised by partnering with some of the leading international oil and gas companies like Exxon, Shell, Chevron, TNK, BP, Rosneft, TOTAL, ENI, Repsol, Petrobras, PDVSA, PetroVietnam, CNPC, Sinopec, Ecopetrol, Petronas, KazMunaiGas etc. ONGC Videsh has emerged as a credible player in the international E&P market, which is evident from the fact that it has been able to register its presence in most of the oil producing provinces. Your Company has adopted an aggressive acquisition strategy and aims to sustain the exploration effort through allocation of its internal resources for attractive projects.

Your company has developed working relationship contacts with reputed bankers, advisors, service providers and gained experience to work as a partner in a joint venture and contributes significantly in technical and commercial matters.

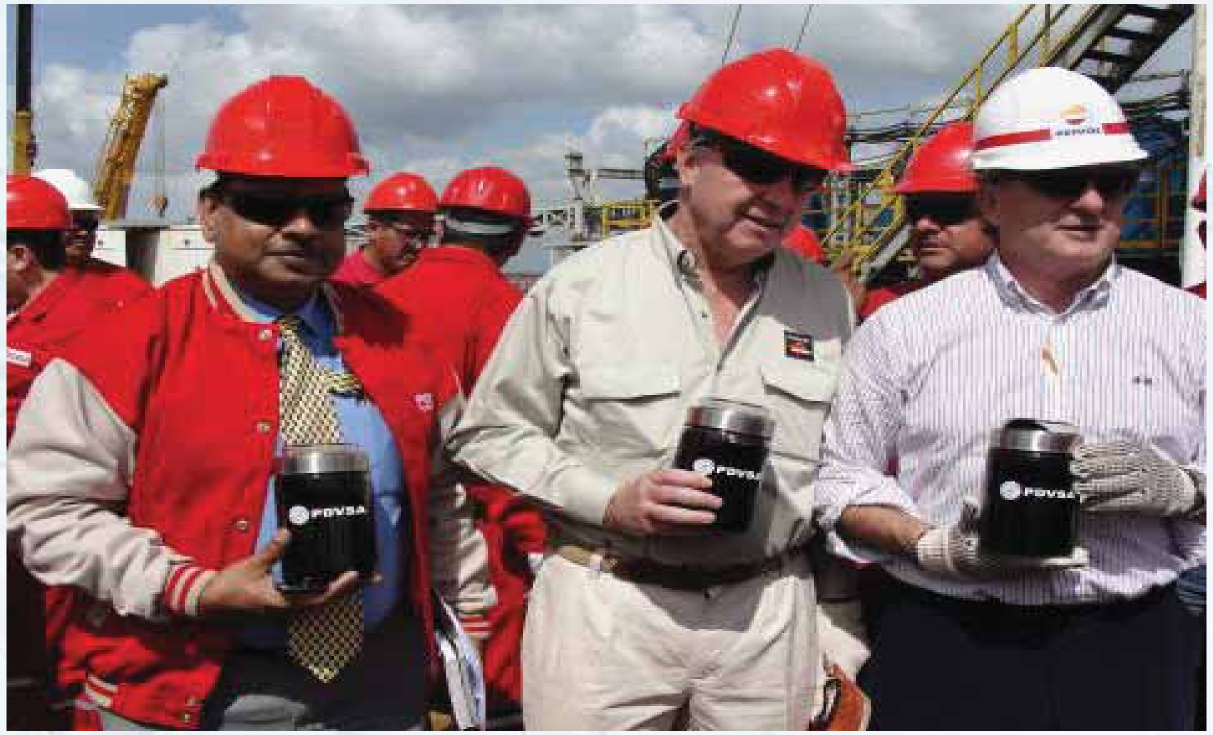
However, being a Public Sector Undertaking, there are some limitations for the Company, in terms of decision making process, retention policy and human resource. The Company is pursuing with MoP&NG for enhancement of empowerment of its Board as the present empowerment is insufficient even for carrying out the minimum work program in exploratory assets.

4. OPPORTUNITIES AND THREATS:

ONGC Videsh has been participating in opportunities for acquisition through various routes like bidding rounds, direct negotiations, advised acquisitions etc. In the last few years, many countries like Libya, Nigeria, Vietnam, Syria, Yemen, Angola, Brazil, Iraq, Afghanistan, Australia, Indonesia, Bangladesh, Colombia and Venezuela have offered acreages through bidding rounds. Your Company has acquired 2.7213% and 2.36% stakes of M/s Hess Corporation in the oil/gas producing ACG

The flowline production jumpers being deployed, Brazil


Bioremediation site at Nawagam Ahmedabad



"Production of first oil" Ceremony organised by Petrocarabobo S.A.

Fields and BTC Pipeline respectively in Azerbaijan during the year. This is your Company's second acquisition in the Caspian Sea and has added substantially to the company's annual oil/gas production. Your Company's stake in the BTC Pipeline is of marked strategic importance, BTC being an important evacuation route for oil from the land-locked Caspian. On the exploration front, your Company has won two blocks in Ronda Colombia 2012 (one offshore block on sole basis and one on-land block through MECL, the JV in Colombia) and two shallow water exploration blocks in the Bangladesh Bid Round 2012. Your Company expects good results out of the exploration prospects over the coming years. The recent oil strike in an exploration block CPO-5 in Colombia by Your Company is a testimony to this belief. If this success story continues in these ventures, the Company shall be adding reserves through exploration efforts thereby reducing its overall acquisition cost of reserves considerably.

The performance of the Company hinges on oil prices on the revenue side and factor cost of raw material, equipment, services etc. on the input side. High volatility in oil price and scarcity or high input costs of factor inputs could materially affect the performance of the Company. Though most of the projects are under production sharing contracts, the entitlement and cost oil recoveries may be altered by host Governments in attempt to net the windfall profits emerging from high oil prices.

5. OUTLOOK:

Your Company has registered presence in various oil provinces of the world and continues to look for attractive assets. It has earned a high reputation for itself and therefore multiple opportunities keep coming for its consideration. ONGC Videsh had earlier set a production target of 20 MMTPA of oil and gas from its overseas assets by 2020. In the 9th Strategy Meet of ONGC group held during November, 2011 under the Chairmanship of Secretary MOP&NG, it was decided that ONGC Videsh should produce equity oil and gas of 20 MMTOE by FY'18 and 60 MMTOE by FY'30.

This needs to be achieved by new acquisitions to yield additional 50 MMTOE p.a. by FY'30 and to build positions of scale in 3-5 focus plays. With this plan in place, the two internal targets for ONGC Videsh are to (i) Increase production to 20 MMTOE p.a. by FY'18 and (ii) Increase production to 60 MMTOE p.a. by FY'30. As the production targets are quite steep involving a CAGR of more than 22% from FY'13 to FY'18 and more than 9% from FY'18 to FY'30, your Company needs to concentrate on acquiring assets in development and production phase initially and then also concentrate on high potential exploration acreages and also venture capitalist type of opportunities.

This will involve substantial fund requirement to the tune of USD 20 billion and ONGC Videsh needs to use full headroom of balance sheet of ONGC and ONGC Videsh to finance these acquisitions coupled with equity and project financing. This will also require acquiring, retention and training of manpower with specific skill sets revamping of many internal processes and taking a relook at the way business development is to be done in future.

Key priorities for going forward include the following:

5.1 New Ventures:

Your Company in last few years has adopted a balanced portfolio approach by maintaining a combination of:

(a) Producing, discovered and exploration assets;

(b) Conventional and non-conventional assets; and

(c) Risking and politically stable countries.

While acquiring producing properties, enhanced emphasis is also being given to add to the company's reserves through exploratory efforts to contribute to production in future. ONGC Videsh intends to maintain this trend and the focus.

5.2 Exploration:

Your Company has set up a state-of-the-art data center and has constituted a knowledge team to scan and identify value in the existing exploration assets, assets with discovery and in new opportunities so as to enhance the reserve base of the Company.

5.3 International Alliances:

The Company has also plan to forge alliances to attain a collaborative approach on value creation and knowledge sharing. The Company shall continue to engage more and more in such alliances through agreements and Joint Ventures.

5.4 Geographic Spread:

The Company has presence in 16 countries and it has been able to enhance participation in more than one project in some countries. The Company shall endeavor to consolidate its position in the regions/countries where it is already present while making attempt to enter attractive acreages in other hydrocarbon rich countries/regions.

Protecting environment in and around the working places

Inspection of machines

6. RISKS AND CONCERNS:

The Company participates and operates in varied environments, both politically and geographically, where exploration, production and development is more challenging technologically, operationally and financially. In the projects and countries where your Company has large investments, the risks of expropriation, change in fiscal regime, additional taxes and increase in Government share or restrictions on exports of oil could materially affect the performance. However, due to prime importance of oil and gas industry in these countries, their Governments in their own interest would not like to destabilize the oil companies. Most of the international investments in the past had been in the form of joint ventures where your Company was not the operator. In the course of such investments, your Company was dependent to an extent on the operating partner, including for the success of the joint venture. The Company may sometime disagree with actions proposed to be taken by the operating partner. However, this is the format in which international E&P industry works to take care of sharing of exploration risks.

Further, of late, the Company is acting as Operator in several projects.

Some of the projects are in countries where there are unresolved unrests and larger issues of governance and territorial/ethnic divisions; some also have terrorism and reactionary protests on continued basis. Though your Company has not been the target, yet in future it may face the threat from these as closely as any one operating in such hostile environments. Further, the business involves high exploration and technology risks and there are inherent HSE risks in the oil & gas business, particularly in offshore.

7. INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has adequate internal audit and internal control systems to ensure that all transactions adhere to procedure and meet statutory requirements. The Company has already implemented SAP R/3 ERP system for integration of various business processes. The internal control system consists of regular operative performance evaluation and devising corrective measures thereof and comprehensive internal and external audit including audit by the Controller and Auditor General of India (C&AG). During the year 2012-13,

Sudan Installation

internal audit was got carried out from M/s KPMG in a phased manner, which had independently evaluated adequacy of internal control system. The audit observations are periodically reviewed by the Audit Committee and necessary directions are issued wherever required.

8. PHYSICAL PERFORMANCE:

8.1 Reserve Accretion:

ONGC Videsh's share of total reserves (3P) of oil and oil equivalent gas as on 1st April, 2013 was 432.920 MMTOE and the Reserves-to-Production (R/P) Ratio considering proved reserves was 27.35 during 2012-13.

8.2 Production:

The Crude Oil Production (including condensate) was 4.343 MMT during 2012-13 as compared to 6.214 MMT during 2011-12. Production of natural gas was 2.917 BCM during 2012-13 as compared to 2.539 BCM during 2011-12. The production was adversely affected during the year 2012-13 mainly due to adverse geo-political situation in Sudan, South Sudan and Syria. The details of production during the last ten years are given below:

Particulars	YEAR ENDED									
	Mar'13	Mar'12	Mar'11	Mar'10	Mar'09	Mar'08	Mar'07	Mar'06	Mar'05	Mar'04
Crude Oil (MMT)*	4.343	6.214	6.756	6.513	6.556	6.840	5.804	4.584	3.714	3.345
Gas (BCM)	2.917	2.539	2.692	2.357	2.220	1.962	2.148	1.755	1.349	0.523
Total (O+OEG) (MTOE)	**7.260**	**8.753**	**9.448**	**8.870**	**8.776**	**8.802**	**7.952**	**6.339**	**5.063**	**3.868**

* Including Condensate

9. FINANCIAL PERFORMANCE:

Your Company achieved the highest-ever profit (PAT) of ₹39,291 Million during FY' 13, as compared to the PAT of ₹27,211 Million during FY' 12 an increase of 44.39%. However consolidated gross revenue reduced by 20.36%, from ₹226,374 million during 2011-12 to ₹180,293 million during 2012-13.

The Consolidated financial results of ONGC Videsh, including wholly owned subsidiary companies viz. ONGBV (consolidated), ONL, OAAL (consolidated), Imperial Energy Limited (erstwhile Jarpeno Limited) (consolidated), ONGC BTC Limited, Carabobo one AB (consolidated) and jointly controlled entity viz. OMEL (consolidated) for the year 2012-13 as compared to 2011-12 are as follows:

(₹ in Million)

Sr. No.	Particulars	For the Year ended		% Variation
		31 March, 2013	31 March, 2012	
A	**INCOME**			
i	Revenue from Operations	175,578	223,473	(21.43)
ii	Interest Income	2,065	911	126.67
iii	Other Income	2,650	1,990	33.17
	TOTAL REVENUE (A)	**180,293**	**226,374**	**(20.36)**
B	**EXPENSES**			
i	Production, Transportation, Selling and Distribution Expenditure	71,865	101,609	(29.27)
ii	Change in inventories of finished goods	149	(632)	(123.58)
iii	Other Expenses	(1,302)	2,141	(160.81)
iv	Decrease/(increase) due to overlift/underlift quantity	546	(414)	(231.88)
v	Provisions & Write-Offs	2,912	27,929	(89.57)
	TOTAL EXPENSES (B)	**74,170**	**130,633**	**(43.22)**
C	**Earning Before Interest, Tax, Depreciation & Amortisation (EBITDA) (A - B)**	**106,123**	**95,741**	**10.84**
i	Financing Costs	2,414	2,970	(18.72)
ii	Depreciation, Depletion and Amortisation	37,384	41,679	(10.30)
D	**Profit Before Prior Period, Exceptional And Extraordinary Items And Tax**	**66,325**	**51,092**	**29.81**
i	Adjustments relating to Prior Period (Net)	(500)	(73)	586.30
E	**Profit Before Exceptional And Extraordinary Items And Tax**	**66,825**	**51,166**	**30.60**
i	Exceptional and Extraordinary items	-	-	
F	**Tax expense**			
i	Current Year Tax	25,098	27,385	(8.35)
ii	Deferred Tax	377	(3,951)	-(109.54)
iii	Earlier Years Tax	2,178	193	1,028.50
	Total Tax Expenses (F)	27,653	23,627	17.04

Sr. No.	Particulars	For the Year ended		% Variation
		31 March, 2013	31 March, 2012	
G	**Less: Share of Profit or (loss) - Minority Interest**	**(119)**	**327**	**(136.39)**
H	**Group Profit After Tax (E-F-G)**	**39,291**	**27,212**	**44.39**

The position of major items in the Consolidated Balance Sheet as at 31st March, 2013 and 31st March, 2012 is given below:

(₹ in Million)

Sr. No.	Particulars	31 March, 2013	31 March, 2012	% Variation
A	**EQUITY AND LIABILITIES**			
1	**SHAREHOLDERS' FUNDS**			
i	Share Capital	50,000	10,000	400.00
ii	Reserves and Surplus	241,666	189,411	27.59
	TOTAL SHAREHOLDERS' FUNDS	**291,666**	**199,411**	**46.26**
2	**MINORITY INTEREST**	**909**	**1,003**	**(9.37)**
3	**NON-CURRENT LIABILITIES**			
i	Long-term borrowings	145,871	195,161	(25.26)
ii	Deferred tax liabilities	11,714	10,204	14.80
iii	Liability for abandonment	30,204	27,504	9.82
iv	Other Long term liabilities	108	82	31.71
v	Long-term provisions	422	551	(23.41)
	TOTAL NON-CURRENT LIABILITIES	**188,319**	**233,502**	**(19.35)**
4	**CURRENT LIABILITIES**			
i	Short-term borrowings	48,863	508	9518.70
ii	Liability for abandonment	34	104	(67.31)
iii	Trade payables	25,865	25,783	0.32
iv	Other current liabilities	38,241	45,507	(15.97)
v	Short-term provisions	198	189	5.29
	TOTAL CURRENT LIABILITIES	**113,201**	**72,091**	**57.03**
	TOTAL EQUITY AND LIABILITIES	**594,095**	**506,007**	**17.41**
B	**ASSETS**			
1	**NON-CURRENT ASSETS**			
i	Fixed Assets			
a	Tangible assets	58,636	35,590	64.75
b	Intangible assets	104	126	(17.46)
c	Producing properties	180,988	144,236	25.48
d	Development & exploratory wells in progress	31,642	30,740	2.93
e	Capital work in progress	88,588	76,256	16.17

Onshore platform at Caracas, Venezuela

(₹ in Million)

Sr. No.	Particulars	31 March, 2013	31 March, 2012	% Variation
ii	Goodwill	80,324	75,046	7.03
iii	Non-Current Investment	5,018	2,927	71.44
iv	Deferred Tax Assets	6,072	5,221	16.30
v	Long Term Loans and Advances	135	917	(85.28)
vi	Other Non-Current Assets	10,619	17,348	(38.79)
	TOTAL NON CURRENT ASSETS	**462,126**	**388,407**	**18.98**
2	**CURRENT ASSETS**			
i	Inventories	5,876	5,733	2.49
ii	Trade receivables	49,988	29,615	68.79
iii	Cash & Bank balances	44,586	51,528	(13.47)
iv	Short term loans & advances	5,575	8,227	(32.24)
v	Other current assets	25,945	22,497	15.33
	TOTAL CURRENT ASSETS	**131,969**	**117,600**	**12.22**
	TOTAL ASSETS	**594,095**	**506,007**	**17.41**

Withdrawal of wellhead samples by oil and gas production operator at Snezhnoye field, Russia

10. HUMAN RESOURCES / INDUSTRIAL RELATION:

The Company follows the HR policies of its parent company ONGC. However, being international operator, the Company provides necessary training and conducts development programmes to imbibe the necessary skills required to operate in the international environment. Further, the Company deputes its personnel along with other international experts, in joint venture projects with major oil and gas companies which enables them to upgrade their skills in terms of new technologies, working in international environment etc. The Company has been operating mainly with manpower provided by the parent company. The total manpower of the Company was 279 as on 31st March, 2013 as compared to 246 as on 31st March, 2012. As on 31st March, 2013, 92 executives stood posted to various overseas projects/ offices.

Further, ONGC Videsh is in the process of carrying out comprehensive exercise on requirement of manpower discipline wise and level wise, which will be based on scalable generic structure for each area of activity and past experience. In addition to this, requirement of specialist skills required for international business development, international laws and international project management etc. is also being worked out.

Your company achieved its targets in smooth industrial relations environment and no man-day was lost on account of any Industrial Relations (IR) issues.

11. ENVIRONMENT:

As per HSE policy of the Company, it is committed to maintain the highest standards of Occupational Health, Safety and Environment protection and ensures compliance with all applicable statutory and regulatory requirements. In the projects operated by Company, its endeavor is to achieve Operational Excellence through HSE governance and continual improvement with business policies compatible to socio-economic needs of local communities.

In the projects operated by other global E&P operators where your Company is a partner, it is ensured that operating company maintains the highest standards of Occupational Health, Safety and Environment protection and ensures compliance with all applicable statutory and regulatory requirements.

An offshore platform at Mumbai High

12. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The Company, having overseas operations, understands its responsibility to contribute to the communities and economies of the countries in which it operates. The Company is committed to create a positive and lasting social impact by developing successful partnerships built on mutual trust and respect, ultimately raising the standard of living and the stability of the communities of the countries in which the Company operates. The Company makes valuable contribution in many ways such as through payment of tax revenues to governments; by investing in education and training and improving employment opportunities for nationals; providing medical/sports/agricultural facilities to the local community etc.

As per DPE guidelines, CSR budget for a Company with net profit of above ₹500 Crore should be 0.5% to 2% of PAT of previous year. The CSR budget is non lapsable and unutilized budget has to be carried forward to the next year.

ONGC Videsh has framed CSR Policy for achieving the CSR objectives in all its overseas Projects/ Assets. Budget of 0.5% of previous year's Profit after Tax (PAT) or target as per MOU with ONGC, whichever is higher has been allocated towards CSR every year from financial year 2011-12 onwards. The Company spent approx. ₹208 million (USD 3.83 million) on CSR activities during 2012-13 and preferences were given to promoting education, community development, health, social infrastructure, environment etc.

Various CSR initiatives

Mrs. Panabaaka Lakshmi , Union Minister of State, Petroleum and Natural Gas with Mr. Mani Shankar Aiyer, former Minister of Petroleum and Natural Gas and the former CMD of ONGC, Col Wahi at 48th OVL Day celebrations

13. RIGHT TO INFORMATION ACT, 2005 (RTI ACT):

Further, with the objective to ensure access by any citizen to information under the control of the Company and in order to bring in transparency and accountability, an appropriate mechanism has been set up at registered office of the Company in New Delhi in line with the requirements of RTI Act. The status of RTI requests during the year 2012-13 are as follows:

Details	Received during the Year (including cases transferred by other Public Authority)	No. of cases transferred to other Public Authorities
Application(s)	35 (Thirty Five)	3 (Three)
First Appeal(s)	**1 (One)**	**N.A.**

14. CAUTIONARY STATEMENT:

Statements in this Management Discussion and Analysis may be 'forward looking' within the meaning of the applicable Laws and Regulations. Actual performance may deviate from the explicit or implicit expectations.

Mr. Lamba, Advisor to Prime Minister of India being felicitated by former minister of Petroleum and Natural Gas Mr. Mani Shankar Aiyer on OVL day

CORPORATE GOVERNANCE REPORT

ONGC Videsh Limited continues to make efforts towards achieving highest standards of corporate governance and responsible management practices to ensure the best interest of all stake holders. The details of compliance of Guidelines on Corporate Governance by the Company are provided in the following sections.

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE:

The Company's vision is to be a world-class exploration and production company providing security oil to the nation. Its philosophy on Corporate Governance is to conduct business in an efficient, transparent, ethical and responsible manner. The Company believes that good corporate governance goes beyond legal compliances and therefore embedded in the system all across.

2. BOARD OF DIRECTORS:

2.1 Composition of the Board:

The Company is managed by the Board of Directors, which formulates strategies & policies and reviews its performance periodically. As per Articles of Association (AOA) of the Company, the number of Directors shall not be less than three and not more than fifteen. As per AOA, Oil and Natural Gas Corporation Limited (ONGC), the parent company, appoints the Chairman and all part time Directors and the President of India appoints all whole-time Directors, including Managing Director on the Board of the Company. Presently, the Board of your Company comprises four Functional Directors (including Managing Director) and seven Non-executive Directors (one Non-Executive Chairman, two part-time official nominee Directors and four Independent Directors).

The Chairman & Managing Director of ONGC is also the Chairman of the Company. The Managing Director who is the Chief Executive Officer of the Company and three whole-time Directors i.e. Director (Finance), Director (Operations) and Director (Exploration) manage the business of the Company under the overall supervision, control and guidance of the Board. Mr. N. K. Verma, Director (Exploration), ONGC has been entrusted with additional charge of Director (Exploration), ONGC Videsh Limited vide MoP&NG letter No. C-31012/3/2013-CA dated 21st June 2013 for a period of three months with effect from 1st July 2013 or till a regular incumbent is appointed or until further orders, whichever is earliest.

In addition, Joint Secretary (International Cooperation), Ministry of Petroleum and Natural Gas (MoP&NG), Government of India and Joint Secretary, Department of Economic Affairs, Ministry of Finance (MoF) are part-time Directors on the Board of the Company.

To get benefits of broader domain expertise, Joint Secretary (Exploration), MoP&NG and all functional Directors on the Board of ONGC are special invitees to the Board meetings.

Independent Directors in the board of OVL and other members visiting offshore installations of ONGC at Mumbai High

Present composition of the Board of Directors of the Company is as follows:

Non-Executive Chairman:	
Mr. Sudhir Vasudeva	Chairman
Whole-time Directors:	
Mr. D. K. Sarraf	Managing Director
Mr. S. P. Garg	Director (Finance)
Mr. Shyamal Bhattacharya	Director (Operations) w.e.f. 01.07.2012
Mr. N. K. Verma	Director (Exploration) w.e.f. 01.07.2013
Part-time Official Nominee Directors:	
Mr. P. K. Singh, Joint Secretary (IC), MoP&NG	Director w.e.f. 10.12.2012
Ms. Sharmila Chavaly, Joint Secretary, DEA, MoF	Director w.e.f. 29.10.2012
Part-time Non-Official Directors:	
Mr. Arun Ramanathan	Independent Director
Mr. Shyam Saran	Independent Director w.e.f. 05.06.2012
Prof. Sanjay Govind Dhande	Independent Director w.e.f. 05.06.2012
Prof. Shyamal Roy	Independent Director w.e.f. 05.06.2012
Permanent Invitees:	
Mr. A. Giridhar, Joint Secretary (Exploration), MoP&NG	Special Invitee
Mr. K. S. Jamestin, Director (HR), ONGC	Special Invitee
Mr. A. K. Banerjee, Director (Finance), ONGC	Special Invitee
Mr. P. K. Borthakur, Director (Offshore), ONGC	Special Invitee w.e.f. 30.10.2012
Mr. Shashi Shanker, Director (T&FS), ONGC	Special Invitee w.e.f. 01.12.2012

2.2 Recording minutes of proceedings at the Board/ Committee Meeting:

Minutes of the proceedings of each Board/ Committee meeting(s) are recorded. Draft minutes are approved by the Chairman of the Board/ Committee(s). These minutes are confirmed/ noted in the next meeting of the Board/ Committee(s). The approved Minutes of the proceedings of the meetings are entered in the Minutes Book.

2.3 Follow-up mechanism:

The guidelines for the Board/ Committee meetings facilitate an effective post-meeting follow-up, review and reporting process for the action taken on decisions of the Board and Committee. The Action Taken Report (ATR) on the decisions/ instructions/ directions of the Board/ Committee is submitted to the Board/ Committee regularly.

2.4 Compliance:

Concerned Project Head(s)/ Functional Head(s)/ Country Manager(s) are responsible to ensure adherence to all the applicable provisions of law, rules, guidelines etc. A quarterly compliance report of ONGC Videsh reporting compliance of all applicable laws, rules, guidelines etc. on exceptional basis is put up to the Audit Committee and the Board for its review.

2.5 Training of Directors:

The Department of Public Enterprise (DPE) has issued Guidelines on Corporate Governance which requires that the Company shall undertake training programs for its Board members viz 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. In compliance to the DPE Guidelines, ONGC Videsh has adopted a Policy on training of Directors, which provides for three tier training policy for Directors:

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

The non-executive Board members are eminent personalities having wide experience in the field of administration, international relations, education, industry and commerce.

As and when a Director joins the Board of ONGC Videsh, the incorporation documents, code of conduct applicable for Board members and Annual Report of the Company are provided to apprise about the business and operations of ONGC Videsh. Further, a detailed presentation covering history of ONGC Videsh, its global footprints, physical and financial performance etc. are made for acquainting the new Director with the operations of ONGC Videsh.

As a part of external training, Independent Director(s) namely Mr. Shyam Saran, Prof. Sanjay G. Dhande and Prof. Shyamal Roy visited offshore installations of ONGC at Mumbai High on 17th March 2013. The visit gave hands-on experience of offshore operations.

Visit of Independent Directors of ONGC Videsh at Mumbai High

2.6 Board Meetings:

Twelve Board Meetings were held during the financial year 2012-13 on the following dates:

2nd April, 2012	20th April, 2012	9th May, 2012	21st May, 2012
30th July, 2012	17th August, 2012	7th September 2012	10th November, 2012
16th November, 2012	31st January 2013	16th February, 2013	13th March, 2013

The minimum and maximum interval between any two Board meetings was 5 days and 69 days respectively.

2.7 Board Attendance:

The details of attendance, directorship held in other companies etc. during the financial year 2012-13 are as under:

Name of the Directors	No. of Board Meetings held during the Tenure	No. of Board Meetings attended	Attendance at the last AGM (17-Aug-2012)	Details of Directorships held in other Companies*	Membership held in Committees, including ONGC Videsh**
Mr. Sudhir Vasudeva Chairman	12	12	Yes	8	-
Mr. D. K. Sarraf Managing Director	12	12	Yes	-	-
Mr. S.P. Garg Director (Finance)	12	12	Yes	-	-
Mr. S. Bhattacharya Director (Operations) (from 1st July 2012)	8	8	Yes	-	-
Mr. S. Roychaudhury Director (Operations) (up to 30th June 2012)	4	4	NA	-	-
Mr. N.K. Verma Director (Exploration)	12	12	Yes	-	-
Mr. P. K. Singh Director (from 10th Dec. 2012)	4	4	NA	2	-
Ms. Sharmila Chavaly Director (from 29th Oct 2012)	5	2	NA	2	2
Mr. Vivek Kumar Director (up to 8th Aug. 2012)	5	3	NA	-	-
Mr. R. K. Khullar Director (up to 29th Oct. 2012)	7	4	No	-	-
Mr. Arun Ramanathan Independent Director	12	10	Yes	5	7
Mr. Shyam Saran Independent Director (from 5th June 2012)	8	6	Yes	2	-
Prof. Sanjay G. Dhande Independent Director (from 5th June 2012)	8	6	No	1	-
Prof. Shyamal Roy Independent Director (from 5th June 2012)	8	8	Yes	-	-

* *The other directorships do not include directorships of Companies registered under Section 25 of the Companies Act, 1956, Foreign Companies and Private Limited Companies.*

** *Membership of the Audit Committees and Shareholders'/ Investors' Grievance Committees only of all Public Limited Companies have been considered.*

Notes:

(i) Directors are not related to each other;

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

(iii) The Directorships/ Committee memberships are based on the latest disclosure received from Directors;

(iv) 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.

2.8 Resume of Directors proposed to be appointed/ re-appointed:

The brief resume of Directors including nature of their experience in specific functional areas and names of companies in which they hold directorship and membership/ chairmanship of Board/ Committee, who have been appointed after the date of the last report or are retiring by rotation and seeking re-appointment are as below:

2.8.1 Directors to be appointed:

Name	Mr. P. K. Singh	Ms. Sharmila Chavaly
Date of Birth & Age	June 20, 1970, 43 years	October 21, 1960, 52 years
Date of Appointment	December 10, 2012	October 29, 2012
Qualification	– B. Tech (Electrical) from IIT, Delhi; - Master's Degree in Public Policy and Sustainable Development from TERI.	- Master's Degree in Arts
No. of Shares held	Nil	Nil
Experience in specific Functional Areas	Mr. P.K. Singh is an IAS officer from Manipur-Tripura cadre (1993 batch). During his career spanning over two decades, he has held various positions in state of Manipur at District Level as well as State Secretariat level. As Dy. Secretary, in the Ministry of Steel, he was in-charge for Policy, WTO Matters, allocation of resources and steel development. He was also the Director (Refinery) and Director (Supply and Pricing) in Ministry of Petroleum and Natural Gas. Presently, he is Joint Secretary (International Cooperation and Gas), Ministry of Petroleum & Natural Gas, Government of India.	Ms. Chavaly, is an Indian Railway Accounts Service (IRAS) (1986 Batch) officer and has been appointed as Joint Secretary, Department of Economic Affairs. Prior to the present assignment, she held the post of Executive Director (Railway Board). Earlier she also held the position of Director (ADB) with Dept. of Economic Affairs, Ministry of Finance.
Directorship held in other Companies*	1. Mangalore Refinery and Petrochemical Ltd. 2. GAIL (India) Limited	1. India Infrastructure Finance Co. Ltd. 2. Indian Railway Finance Corporation Ltd.
Membership/ Chairmanship of Committees, including ONGC Videsh**		1. India Infrastructure Finance Co. Ltd. 2. Indian Railway Finance Corporation Ltd.

2.8.2 Directors to be reappointed:

Name	Mr. Arun Ramanathan	Prof. Shyamal Roy
Date of Birth & Age	April 25, 1949, 64 years	August 25, 1946, 66 Years
Date of Appointment	August 17, 2012	August 17, 2012
Qualification	- IAS (Retd.) - PG in Nuclear Physics - PG in Business Administration and Development Economics - AICWA	- M. A. - Ph. D.
No. of Shares held	Nil	Nil
Experience in specific Functional Areas	Mr. Arun Ramanathan joined the IAS in July 1973 and held several assignments in various ministries of Govt. of India, such as Secretary (Chemicals & Petrochemicals), Secretary (Financial Services) and finally the Union Finance Secretary.	Mr. Shyamal Roy is presently Chairperson, Executive Education IIM, Bangalore. He was earlier Professor, Economics and Social Science Area, IIM, Bangalore. He has been an Economist/ consultant of International Bank for Reconstruction and Development, (World Bank) and also worked as an Advisor, Policy Analysis Division, Food & Agriculture Organisation of UN, Rome, Italy.
Directorship held in other Companies*	1. National Textile Corporation Limited 2. Shipping Corporation of India Limited 3. Indian Clearing Corporation Limited 4. Oil and Natural Gas Corporation Limited 5. Equitas Holdings Private Ltd. 6. Equitas Microfinance Private Limited 7. Religare Limited	Nil
Membership/ Chairmanship of Committees, including ONGC Videsh Limited**	**Member-Audit Committee** 1. National Textile Corporation Limited 2. Shipping Corporation of India Limited (Chairman) 3. Indian Clearing Corporation Limited 4. Oil and Natural Gas Corporation Limited 5. ONGC Videsh Limited (Chairman) **Member – Shareholders' / Investors' Grievance Committee** 1. Shipping Corporation of India (Chairman) 2. Oil and Natural Gas Corporation Limited	Member-Audit Committee, ONGC Videsh

* *The other directorships do not include directorships of Companies registered under Section 25 of the Companies Act, 1956, Foreign Companies and Private Limited Companies.*

** *Membership/ Chairmanship of the Audit Committees and Shareholders'/ Investors' Grievance Committees of all Public limited companies only have been considered*

3. BOARD COMMITTEES:

In view of induction of three more Independent Directors on the Board of your Company with effect from 5th June, 2012, your Company has reconstituted the Audit Committee and also constituted the three more new committees of the Board to strengthen the deliberations and functioning of the Board. The Company has the following committees of the Board:

4. AUDIT COMMITTEE:

4.1 Composition of the Audit Committee:

The composition of the Audit Committee during the financial year 2012-13 was as follows:

- Mr. Arun Ramanathan, Independent Director – Chairman;
- Prof. Shyamal Roy, Independent Director – Member (w.e.f. 30th July 2012)
- Prof. Sanjay Govind Dhande, Independent Director – Member (w.e.f. 30th July 2012);
- Mr. Shyam Saran, Independent Director – Permanent Special Invitee (w.e.f. 30th July 2012)
- Mr. Vivek Kumar, Govt. Nominee Director – Member (up to 29th July 2012);
- Mr. R.K. Khullar, Govt. Nominee Director – Member (up to 29th July, 2012)

The terms of reference of the Audit Committee are in accordance with Section 292A of the Companies Act, 1956 and the guidelines on Corporate Governance issued by the Department of Public Enterprises.

The Audit Committee was re-constituted by the Board of Directors in its 370th meeting held on 30th July 2012, in view of induction of three new independent directors namely Mr. Shyam Saran, Prof. Sanjay G. Dhande and Prof. Shyamal Roy on the Board of the Company. Mr. Arun Ramanathan, Independent Director, was re-elected as Chairman of the re-constituted Audit Committee.

All members of the Audit Committee have requisite financial and management experience. Mr. Shyam Saran, Independent Director and all Functional Directors of ONGC Videsh and Auditors are the permanent invitees to Committee's meetings. Representatives of Statutory Auditors are invited to attend and participate in the meetings. Executives of Finance and other departments are invited on need basis. Company Secretary acts as the Secretary to the Committee.

4.2 Role of the Audit Committee:

The role of the Audit Committee includes the following:

4.2.1 Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statements are correct, sufficient and credible.

4.2.2 Recommending the fixation of audit fees to the Board.

4.2.3 Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

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

a. Matters required to be included in the Directors' Responsibility Statement and in the Director's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;

b. Changes, if any, in accounting policies and practices and reasons for the same.

c. Major accounting entries involving estimates based on the exercise of judgement by management;

d. Significant adjustments made in the financial statements arising out of audit findings;

e. Compliance with legal requirements relating to financial statements;

f. Disclosure of any related party transactions; and

g. Qualifications in the draft audit report, if any.

4.2.5 Reviewing, with the management, the quarterly/half yearly financial statements as may be required before submission to the Board for approval.

4.2.6 Reviewing, with the management, performance of internal auditors and adequacy of the internal control systems.

4.2.7 Reviewing the adequacy of internal audit function, it 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.

4.2.8 Discussion with internal auditors and/ or auditors any significant findings and follow up there on.

4.2.9 Reviewing the findings of any internal investigations by the internal auditors/ auditors/ agencies 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.

4.2.10 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.

4.2.11 To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors, if any.

4.2.12 To review the functioning of the Whistle Blower Mechanism.

4.2.13 To review the follow up action on the audit observations of the C&AG.

4.2.14 Review/ check the contracts on nomination basis as per CVC guidelines.

4.2.15 To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of Parliament.

4.2.16 Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.

Security Awareness Week

ONGC Petro Addition Ltd., Dahej

4.2.17 Review and pre-approve all related party transactions in the company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions.

4.2.18 Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.

4.2.19 Consider and review the following with the independent auditor and the management:

- The adequacy of internal controls including computerized information system controls and security, and
- Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.

4.2.20 Consider and review the following with the management, internal auditor and the independent auditor:

- Significant findings during the year, including the status of previous audit recommendations.
- Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information.

4.3 Minutes of the Audit Committee:

Minutes of the meetings of the Audit Committee are approved by the Chairman of the Audit Committee, confirmed in the next Audit Committee and are noted by the Board of Directors in the subsequent meeting.

4.4 Meetings:

Eight meetings of the Audit Committee were held during the financial year 2012-13 on the following dates:

2nd April 2012	21st May 2012	17th August 2012	24th September 2012
10th November 2012	16th November 2012	30th January 2013	16th February 2013

Deliberations in progress at BP's Hyatt office, Azerbaijan

4.5 Attendance:

Members	Meetings held during the tenure	Meetings attended
Mr. Arun Ramanathan (Chairman)	8	7
Prof. Shyamal Roy (From 30th July ,2012)	6	4
Prof. Sanjay Govind Dhande (From 30th July ,2012)	6	4
Mr. Vivek Kumar (Upto 9th Aug, 2012)	2	1
Mr. R. K. Khullar (Upto 29th Oct, 2012)	2	1

5. PROJECT APPRAISAL, HSE AND RISK MANAGEMENT COMMITTEE:

5.1 Composition of the Project Appraisal, HSE and Risk Management Committee (PAC):

The PAC was constituted by the Board in its meeting held on 30th July 2012 and its composition is as follows:

- Prof. Sanjay Govind Dhande, Independent Director – Chairman;
- Mr. Shyam Saran, Independent Director – Member;
- Mr. Arun Ramanathan, Independent Director – Member;
- Mr. P. K. Singh, Director – Member (w.e.f. 13th March 2013);
- Mr. D. K. Sarraf, Managing Director – Member;

Gas Processing, Hazira

Oil Export pipeline in DeKastri Oil terminal

- Mr. S. P. Garg, Director (Finance) – Member;
- Mr. Shyamal Bhattacharya, Director (Operations) – Member;
- Mr. N. K. Verma, Director (Exploration) – Member;
- Mr. Vivek Kumar, Director – Member (upto 8th August 2012); and
- Prof. Shyamal Roy, Independent Director – Special Invitee.

Company Secretary acts as the Secretary to the Committee.

5.2 Role of the Project Appraisal, HSE and Risk Management Committee:

The role of the PAC includes the following:

5.2.1 Review and finalise all the bid parameters for Business Development Projects;

5.2.2 Review/Appraisal of projects before being considered by the Board of Directors;

5.2.3 Review and recommend for additional investments approval of existing project(s);

5.2.4 Review the activities and operating performance of subsidiaries of OVL;

5.2.5 Review of policy, processes and systems on Safety, Health, Environment and Ecology aspects; and

5.2.6 Review of Risk Management framework of the Company

5.3 Minutes of the Project Appraisal, HSE and Risk Management Committee:

Minutes of the meetings of the PAC are approved by the Chairman of the Committee, confirmed in the next meeting of the Committee and are noted by the Board of Directors in the subsequent meeting.

5.4 Meetings:

Seven meetings of the PAC were held during the financial year 2012-13 (w.e.f 30th July 2012) on the following dates:

17th August 2012	7th September 2012	24th September 2012	10th November 2012
16th November 2012	30th January 2013	12th March 2013	

5.5 Attendance:

Members	Meetings held during the tenure	Meetings attended
Prof. Sanjay Govind Dhande	7	6
Mr. Shyam Saran	7	4
Mr. Arun Ramanathan	7	6
Mr. D. K. Sarraf	7	7
Mr. S. P. Garg	7	6
Mr. S. Bhattacharya	7	7
Mr. N. K. Verma	7	7

6. FINANCIAL MANAGEMENT COMMITTEE:

6.1 Composition of the Financial Management Committee (FMC):

The FMC was constituted by the Board in its meeting held on 30th July 2012 and its composition is as follows:

- Prof. Shyamal Roy, Independent Director – Chairman;
- Mr. Shyam Saran, Independent Director – Member;

Tanker Loading DeKastri, Sakhalin

Night shot of an offshore rig

- Mr. Arun Ramanathan, Independent Director – Member;
- Mr. S. P. Garg, Director (Finance) – Member;
- Mr. N. K. Verma, Director (Exploration) – Invitee/ Member;
- Mr. Shyamal Bhattacharya, Director (Operations) – Invitee/ Member;
- Mr. D. K. Sarraf, Managing Director – Special Invitee;
- Prof. Sanjay Govind Dhande, Independent Director – Permanent Special Invitee;

Company Secretary acts as the Secretary to the Committee.

6.2 Role of the Financial Management Committee:

The role of the FMC includes consideration of Budget, Delegation of Powers (empowerment), Commercial issues, Forex and Treasury management, Capital Structure, short and long term loans, periodical performance review of subsidiaries.

6.3 Minutes of the Financial Management Committee:

Minutes of the meetings of the FMC are approved by the Chairman of the Committee, confirmed in the next meeting of the Committee and are noted by the Board of Directors in the subsequent meeting.

6.4 Meetings:

Five meetings of the FMC were held during the financial year 2012-13 (w.e.f 30th July, 2012) on the following dates:

17th August 2012	10th November 2012	16th November 2012
16th February 2013	13th March 2013	

6.5 Attendance:

Members	Meetings held during the tenure	Meetings attended
Prof. Shyamal Roy	5	5
Mr. Shyam Saran	5	3
Mr. Arun Ramanathan	5	4
Mr. S. P. Garg	5	5
Mr. Shyamal Bhattacharya	5	5
Mr. N. K. Verma	5	5

7. HUMAN RESOURCE MANAGEMENT AND REMUNERATION COMMITTEE:

7.1 Composition of the Human Resource Management and Remuneration (HRM) Committee:

The HRM Committee was constituted by the Board in its meeting held on 30th July 2012 and its composition is as follows:

- Mr. Shyam Saran, Independent Director – Chairman;
- Mr. Arun Ramanathan, Independent Director – Member;
- Prof. Sanjay Govind Dhande, Independent Director – Member;
- Prof. Shyamal Roy, Independent Director – Member;
- Mr. D. K. Sarraf, Managing Director – Member;
- Mr. S. P. Garg, Director (Finance) – Member;
- Mr. Shyamal Bhattacharya, Director (Operations) – Member; and
- Mr. N. K. Verma, Director (Exploration) – Member.

Company Secretary acts as the Secretary to the Committee.

7.2 Role of the Human Resource Management and Remuneration Committee:

The role of the HRM Committee includes the following:

7.2.1 Consideration of all issues/areas concerning Human Resource Planning and Management, HR policies and Initiatives and promotions for direct recruitees , if any, at the level of GGM and ED;

7.2.2 To decide the annual bonus/variable pay pool and policy for its distribution across the executives and non-unionized supervisors, within the prescribed ceilings;

7.2.3 Consideration of various aspects of remuneration payable to Executive and non-Executive Directors and recommendation thereon to the Board of Directors;

7.2.4 Consideration of sitting fees payable to Independent Directors and recommendations thereon to the Board of Directors as per the provisions of the Companies Act, 1956.

7.2.5 As per extant DPE guidelines, the Remuneration Committee should comprise only part-time Directors (Nominee Directors or Independent Directors) and therefore the Board decided that the whole time Directors would not participate in the discussions when the Committee considers agenda item(s) pertaining to Remuneration Committee.

7.3 Minutes of the Human Resource Management and Remuneration Committee:

Minutes of the meetings of the HRM Committee are approved by the Chairman of the Committee, confirmed in the next meeting of the Committee and are noted by the Board of Directors in the subsequent meeting.

7.4 Meetings:

Two meetings of the HRM Committee were held during the financial year 2012-13 (w.e.f 30th July 2012) on the following dates:

16th November 2012	30th January 2013

7.5 Attendance:

Members	Meetings held during the tenure	Meetings attended
Mr. Shyam Saran	2	1
Prof. Sanjay G. Dhande	2	2
Mr. Arun Ramanathan	2	2
Prof. Shyamal Roy	2	2
Mr. D. K. Sarraf	1	1
Mr. S. P. Garg	1	1
Mr. N. K. Verma	1	1
Mr. Shyamal Bhattacharya	1	1

8. OTHER FUNCTIONAL COMMITTEE(S):

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

Multi support vessel

Well to wire - ONGC Tripura Power Company

9. MEETING OF INDEPENDENT DIRECTORS:

The Department of Public Enterprises (DPE) vide Office Memorandum dated 28th December 2012 conveyed that the appointment of non-official Directors on the Boards of CPSEs is one of the major initiatives undertaken by the Government of India in the context of policy for Professionalization of Boards of CPSEs. The presence of non-official Directors on the Board is considered important for sound Corporate Governance and is essential for smooth and transparent functioning of the company as well as its Board. Accordingly, DPE finalized the Model Roles & Responsibilities for non-official Directors of the Boards of CPSEs.

In terms of DPE Guidelines, the first meeting of Independent Directors was held on 18th March 2013. Mr. Shyam Saran, Director was elected as "Lead Independent Director" and further the Committee decided that their meeting would be held at periodic intervals.

10. EQUITY SHARES HELD BY DIRECTORS (AS ON 31ST MARCH, 2013):

Mr. Sudhir Vasudeva, Mr. D. K. Sarraf and Mr. S. P. Garg hold one share each of the Company as nominee of Oil and Natural Gas Corporation Limited.

11. CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT:

The Company is committed to conduct its business in accordance with the highest standards of business ethics and comply with applicable laws, rules and regulations. A code of conduct, evolved in line with the parent Company ONGC was adopted by the Board which is applicable to all Members of the Board and Senior Management who have confirmed compliance with the Code of Conduct for the year under review. A copy of the Code is available on the Company's website www.ongcvidesh.com.

Yastreb Drilling Rig, Sakhalin-1 Project, Russia

A declaration signed by Chairman is given below:

"I hereby confirm that:

The Company has obtained from the Members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management during the financial year 2012-13."

Sudhir Vasudeva

Chairman

12. SUBSIDIARY MONITORING FRAMEWORK:

All subsidiaries of the Company, except one subsidiary in Brazil, are managed by their respective Boards having the duties to manage such companies in the best interest of their stakeholders. Brazilian company is managed through administrators as permitted under the local laws. Being 100% shareholder, the Company nominates its representatives on the Boards of subsidiaries and monitors the performance of its subsidiaries periodically.

ONGC Videsh had twenty nine subsidiaries (comprising six direct subsidiaries and twenty three indirect subsidiaries) as on 31st March 2013. Details of Subsidiaries are as under:

Sl. No.	Name of the Subsidiary	Date of Incorporation / Acquisition	Country in which Incorporated
	Direct Subsidiaries		
1.	ONGC Nile Ganga B.V.	12.03.2003	Netherlands
2.	ONGC Narmada Limited	07.12.2005	Nigeria
3.	ONGC Amazon Alaknanda Limited	08.08.2006	Bermuda
4.	Imperial Energy Limited (Name changed from Jarpeno Limited with effect from 19th April, 2013)	12.08.2008	Cyprus
5.	Carabobo-1 AB	25.02.2010	Sweden
6.	ONGC (BTC) Limited	28.03.2013	Cayman Islands
	Indirect Subsidiaries		
7.	ONGC Campos Ltda.	16.03.2007	Brazil
8.	ONGC Nile Ganga (Cyprus) Ltd.	26.11.2007	Cyprus
9.	ONGC Nile Ganga (San Cristobal) B.V.	29.02.2008	Netherlands
10.	ONGC Satpayev E&P B.V	07.06.2010	Netherlands
11.	ONGC Caspian E&P B.V	07.06.2010	Netherlands
12.	Biancus Holdings Limited	13.01.2009	Cyprus
13.	Imperial Energy Tomsk Limited	13.01.2009	Cyprus
14.	Imperial Energy (Cyprus) Limited	13.01.2009	Cyprus
15.	Imperial Energy Nord Limited	13.01.2009	Cyprus
16.	Imperial Energy Gas Limited	13.01.2009	Cyprus
17.	Nefsilius Holdings Limited	13.01.2009	Cyprus
18.	RK Imperial Energy Kostanai Limited	13.01.2009	Cyprus
19.	Imperial Frac Services (Cyprus) Limited	13.01.2009	Cyprus
20.	Freshspring Investments Limited	13.01.2009	Cyprus
21.	Redcliffe Holdings Limited	13.01.2009	Cyprus
22.	San Agio Investments Limited	13.01.2009	Cyprus
23.	LLC Sibinterneft	13.01.2009	Russian Federation
24.	LLC Allianceneftegaz	13.01.2009	Russian Federation
25.	LLC Nord Imperial	13.01.2009	Russian Federation
26.	LLC Stratum	13.01.2009	Russian Federation
27.	LLC Imperial Trans Service	13.01.2009	Russian Federation
28.	LLC Rus Imperial Group	13.01.2009	Russian Federation
29.	Petro Carabobo Ganga B.V.	26.02.2010	Netherlands

13. ANNUAL GENERAL MEETINGS (AGMs):

Location, date and time, where the AGMs were held during the preceding three years:

Year	Location	Date	Time (IST)
2009-10	4th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi – 110 001.	15th September, 2010	10.00 AM
2010-11	4th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi – 110 001.	12th August, 2011	11:00 AM
2011-12	4th Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi – 110 001.	17th August, 2012	05:00 PM

No Special Resolution was passed during the last three AGMs of the Company.

14. DISCLOSURES:

14.1 Material Contracts/ Related Party Transactions:

The Company has not entered into any material financial or commercial transactions with the Directors or the Senior Management personnel 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 threshold of shareholdings. The Company has obtained declarations from all concerned in this regard, which were noted by the Board.

Transactions with related parties are disclosed in Note No. 54 to the Stand-alone Accounts of the Company in the Annual Report. Being a State enterprise, no disclosure has been made in respect of the transactions with state enterprises including subsidiary companies in line with Accounting Standard (AS) 18 on Related Party Disclosures.

X-Tree Installation - BC-10 Phase 2, Brazil

14.2. The Company has not incurred any expenditure during the year 2012-13, which was not for the purpose of the business of the Company or which was personal in nature and incurred for the members of the Board of Directors and Senior Management personnel.

14.3. Directors' Remuneration:

ONGC Videsh Limited being a Government Company, appointment and terms and conditions of remuneration of Executive Directors (whole-time functional) are determined by the Government through administrative ministry, the MoP&NG. Non-executive part-time official Director do not draw any remuneration. The part-time non-official Director received sitting fees of ₹20,000 for each Board meeting and Board Committee meeting attended during the financial year 2012-13.

Remuneration of Directors for the year ended 31st March, 2013 was as follows:

a. Executive Directors:

(₹ in Million)

Sl No.	Names	Salary Including DA	Other benefits & perks	Performance Incentives	Contribution to PF & other Funds	Grand Total
1	Mr. D. K. Sarraf	2.98	(0.01)	1.74	0.22	4.93
2	Mr. S. P. Garg	3.33	0.06	1.26	0.21	4.86
3	Mr. S. Bhattacharya	2.28	0.72	1.02	0.14	4.16
4	Mr. S. Roychaudhury	2.61	0.24	0.05	0.04	2.94
5	Mr. N. K. Verma	2.84	1.45	0.71	0.20	5.20

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

The details of sitting fees paid to Non-Executive non-official Directors during the year 2012-13 are as follows:

Name	Sitting fees (₹ in Million)
Mr. Arun Ramanathan	0.74
Mr. Shyam Saran	0.38
Prof. Sanjay G. Dhande	0.46
Prof. Shyamal Roy	0.52

14.4 Details of administrative and office expenses as a percentage of total expenses and reasons for increase:

(₹ in Million)

Particulars	2012-13	2011-12	Reasons for variation
Total expenses *	17851.45	16,241.01	The increase in administrative and office expenses is mainly due to higher number of employees, payment of mining allowance effective from 2009 and higher productivity linked incentive provision.
Administrative and office expenses	1666.57	1,048.94	
Administrative and office expenses as a percentage of total expenses	9.34%	7.93%	

*Includes Production, Transportation, Selling & Distribution Expenditure but excludes Provisions & Write Off (Net).

Floatover Technology, Mumbai High

15. COMPLIANCES:

The Company has complied with applicable rules and the requirement of regulatory authorities and no penalties or strictures were imposed on the Company on any matter related to any guidelines issued by Government during last three years. All statutory filings were within stipulated time with various authorities. No Presidential Directives have been issued during the financial year 2012-13.

16. MEANS OF COMMUNICATION:

- **Half-Yearly Results :** Pursuant to listing of the debt securities in the National Stock Exchange of India Ltd., the Company intimated half-yearly financial results/ audited annual financial results during the financial year 2012-13 to the Stock Exchange immediately after being taken on record and approved by the Board. These financial results were published in the leading English and Hindi dailies having wide circulation. The results were also sent to Debenture Trustee M/s IDBI Trusteeship Services Limited and displayed on the website of the Company www.ongcvidesh.com
- **News Release, Presentation etc.:** The official news releases are displayed on the Company's website www.ongcvidesh.com.
- **Website:** The Company's website is www.ongcvidesh.com. Annual Report and Audited financial statements are also available on the web-site.
- **Annual Report:** Annual Report containing inter-alia, Audited Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, and other important information is circulated to the members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report and Corporate Governance Report form part of the Directors' Report in the Annual Report.
- **Compliance Officer:** The Company has designated Mr. V. Sreedher, Company Secretary as Compliance Officer for servicing of debenture investors. The email id complianceofficerncd@ongcvidesh.in has been created exclusively for addressing the queries of debenture investors:

17. ANNUAL GENERAL MEETING:

Date	:	21st day of August 2013
Time	:	12:00 Hours
Venue	:	4th Floor, Kailash Building, 26, K.G. Marg, New Delhi - 110001

18. SHARE OWNERSHIP PATTERN AS ON 31ST MARCH, 2013:

Category	No. of shares held of ₹100 each	Percentage of shareholding
Oil and Natural Gas Corporation Limited and its nominees	500,000,000	100%

19. RISK MANAGEMENT:

The Enterprise Wide Risk Management (ERM) framework has been implemented in the Company and risk reporting structure has been put in place.

20. CEO/ CFO CERTIFICATION:

In terms of Department of Public Enterprises Guidelines on Corporate Governance, the certification by the CEO/ CFO on the financial statements and internal controls relating to financial reporting for the financial year 2012-13 was submitted to the Audit Committee/ Board of Directors for its review on 21st May, 2013.

21. SECRETARIAL AUDIT REPORT:

Secretarial Audit Report confirming compliance to the applicable provisions of the Companies Act, Debt Listing Agreement, SEBI guidelines etc. and Certificate on compliance of guidelines on Corporate Governance issued by DPE has been obtained M/s A. N. Kukreja & Co., practicing Company Secretaries for the financial year ended 31st March, 2013 which was noted by the Board and forms part of the Directors' Report.

22. AUDIT QUALIFICATION:

The Company is in the regime of unqualified financial statements.

23. WHISTLE BLOWER POLICY:

A Whistle Blower Policy has been implemented by our parent company ONGC and is functional from 1st December, 2009. The policy ensures that a genuine Whistle Blower is granted due protection from any victimization.

24. FEE TO STATUTORY AUDITORS:

The total fee paid/ payable to the Statutory Auditors for the financial year 2012-13 was ₹3.65 million (previous year ₹3.85 million).

25. GENERAL INVESTOR (DEBENTUREHOLDERS) INFORMATION:

- **Listing On Stock Exchange:**

(i) Company's debt securities are listed on the Wholesale Debt Market (WDM) segment of National Stock Exchange of India Limited (NSE);

(ii) Company issued Notes in May-2013 in international debt capital markets, which are listed in Singapore Exchange (SGX).

- **Debenture Issued in India:**

IDBI Trusteeship Services Limited
Asian Building, Ground Floor,
17, R. Kamani Marg, Ballard Estate,
Mumbai – 400 023;

Debt Securities Issued outside India
Citicorp International Limited
55th Floor, One Island East 18,
eastlands Road , Island East, Hong Kong

- **Payment of listing Fees:**

Annual listing fee till the financial year 2012-13 has been paid by the Company to the National Stock Exchange.

The upfront listing fee for the Notes has been paid by the Company to the Singapore Exchange.

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619 (4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS OF ONGC VIDESH LIMITED FOR THE YEAR ENDED 31ST MARCH 2013.

The preparation of financial statements of ONGC Videsh Limited for the year ended 31 March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The Statutory Auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under Section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing and assurance standards prescribed by their professional body, the Institute of Charted Accountants of India. This is stated to have been done by them vide their Revised Audit Report dated 28 May 2013.

I, on 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 ONGC Videsh Limited for the year ended 31 March 2013.This supplementary audit has been carried out independently without access to the working papers of the statutory auditors and is limited primarily to the inquiries of the Statutory Auditors and company personnel and a selective examination of some of the accounting records. 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 Auditor's report under section 619(4) of the Companies Act, 1956..

For and on behalf of the
Comptroller and Auditor General of India

Sd/-

(Naina A. Kumar)
Principal Director of Commercial Audit
& Ex–Officio Member, Audit Board –II
New Delhi.

Place : New Delhi.
Date : 27.06.2013

Crude Oil tank at Dekastri Oil Export Terminal, Sakhalin-I project

SECRETARIAL AUDIT REPORT AND CERTIFICATE ON COMPLIANCE OF DPE GUIDELINES ON CORPORATE GOVERNANCE FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2013

The Board of Directors,
ONGC Videsh Ltd.,
601 "Kailash", 26, Kasturba Gandhi Marg,
New Delhi-110001.

We have examined the registers, records and documents of ONGC Videsh Ltd. (the Company) for the financial year ended on 31.03.2013 according to the provisions of:

- The Companies Act, 1956 and Rules made under the Act;
- The Depositories Act, 1996 and Regulations framed under the Act;
- Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations 2008;
- The Listing Agreement for Debt Securities with 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, we report that the Company has, in our opinion, 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 requisite forms and returns with the Registrar of Companies, NCT of Delhi and Haryana within the time prescribed under the Act;

(c) Service of documents by the Company on its members and the Registrar of Companies, Debenture Trustees in respect of non-convertible debentures;

(d) Notice of Board Meetings and Committee Meetings of Directors;

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

(f) The 47th Annual General Meeting held on 17th August 2012;

(g) Minutes of proceedings of General Meeting and meetings of Board and its Committees;

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

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

(j) 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;

(k) Transfer of shares and issue and delivery of original and duplicate certificates of shares;

(l) Investment of Company's funds including inter corporate loans and investments, and borrowing powers;

(m) Appointment and remuneration of Auditors/Cost Auditors;

(n) The Company has not invited/accepted any deposits falling within the purview of Section 58A of the Act;

(o) The Company has not made any secured borrowings;

(p) The Company has not bought back any shares;

(q) Payment of interest on non-convertible bonds in the nature of debentures and provision for Debenture Redemption Reserve.

(r) Forms of balance sheet and statement of profit and loss account as prescribed under Part I and Part II and General Instructions for preparation of the same as prescribed in Schedule VI to the Act.

(s) The Company has deposited both the employees' and employer's contribution with the ONGC Employees Contributory Provident Fund Trust within the prescribed time pursuant to Section 418 of the Act;

(t) 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. However, a show cause notice was received from Government of National Capital Territory of Delhi in regard to payment of stamp duty on issue of shares. The Company submitted detailed reply that due stamp duty as per applicable law(s) had been paid and further based on legal advice has filed a writ petition challenging the show cause notice. The Writ Petition was listed on 10th July 2013 before the Hon'ble High Court of Delhi, which has stayed the proceedings undertaken by the Collector of Stamps.

2. **We further report that**

(a) The Company has complied with the provisions of the Depositories Act, 1956 and Regulations framed there-under with regard to dematerialization/rematerialisation and reconciliation of records of dematerialized non-convertible redeemable bonds in the nature of debentures.

(b) The Company has complied with the provisions of Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, and

(c) Conditions of Listing Agreement for Debt Securities entered into with the National Stock Exchange of India Ltd.

3. We further report that based on the information received and records maintained, there are adequate systems and processes in the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

4. In our opinion and to the best of our information and according to explanations given to us by the management, we certify that, except the composition of Audit Committee for the period 1st April 2012 to 30th July 2012, the Company has complied with DPE Guidelines on Corporate Governance.

For A. N. Kukreja & Co.
Company Secretaries

Sd/-

(A.N.Kukreja)
Proprietor
CP 2318

New Delhi
17th July, 2013

Day round of pad #2 at Snezhnoye field by workshop heads, Imperial Energy, Russia

AUDITORS' REPORT

To

THE MEMBERS

ONGC VIDESH LIMITED

This revised Audit Report is issued in supersession of our earlier Audit Report dated May 21, 2013. Revised report is issued in accordance with format prescribed in SA 700 (Revised) issued by the Institute of Chartered Accountants of India. Further, we confirm that there is no change in the opinion as expressed earlier and also none of the figures have undergone change in the financial statements of the Company as at March 31, 2013.

Report on the Financial Statements

1. We have audited the accompanying financial statements of "ONGC VIDESH LIMITED", (the company) which comprise the Balance Sheet as at 31st March 2013, the Statement of Profit & Loss , the Cash Flow Statement for the year then ended and a summary of the significant accounting policies and other explanatory information, in which are incorporated, the company's share in the total value of assets, liabilities, expenses and net profits of 3 International Joint Ventures audited by other auditors appointed by the management of the respective joint ventures/the company under respective local laws / Production Sharing Contract / Joint Operating Agreement as at 31st March 2013 and 9 International Joint Ventures audited by such other auditors as at 31st December 2012, however updated for position as at 31st March 2013 by the management and unaudited 7 international Joint Ventures. These audited joint ventures accounts (including for the period ended Dec 31, 2012) cover 100% of Income, 73 % of Fixed Assets, 60 % of Producing Properties, 93 % of CWIP and 90 % of EWIP & DWIP.

   Considering the fact that actual operations are performed outside India and operator is responsible for maintaining the original books of account on behalf of all the members as per Joint operating agreement, we have conducted our audit by relying on such information furnished by the operator based on the audited statements or where Joint Ventures are not audited, relying upon the information furnished by the management.

   We have placed reliance on technical/ commercial evaluation by the management in respect of categorization of expenditure on project in Exploratory & Development Wells in Progress, Producing Properties and Capital Work in Progress, Wells Status, allocation of cost incurred on them, depletion of producing properties on the basis of proved developed hydrocarbon reserves as estimated by REC of the parent company, provision for abandonment costs, allocation of depreciation on fixed assets (including support equipment and facilities) and liabilities against agreed minimum work program. We have also placed reliance on the management's assessment of impairment indicators and impairment results.

Management's Responsibility for the Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Company in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

At Imperial Energy, Russia

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanation given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true 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 2013
   b) In the case of the Statement of Profit and Loss, of the profit for the year ended on that date; and
   c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date

Report on Other Legal and Regulatory Requirements

6. As required by the Companies (Auditors Report) Order, 2003 ("the Order") issued by the Central Government of India in terms of Section 227 (4A) of the Act, we enclose in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
7. As required by Section 227 (3) of the Act, we report that
   a. We have obtained all the information and explanations, which to the best of our knowledge and belief were necessary for the purposes of our audit
   b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of the books
   c. The Balance Sheet and Statement of Profit and Loss and Cash Flow Statement dealt with by this report are in agreement with the books of account
   d. In our opinion and based on the information given to us, the Statement of Profit and Loss and Balance Sheet and Cash Flow Statement referred to in this report comply with the Accounting Standards referred to in sub-section (3C) of Section 211 of the Companies Act, 1956
   e. Disclosure in terms of clause (g) of sub section (1) of section 274 of the companies act, 1956 is not required as per notification no. GSR829 (E) dated 21st October, 2003 issued by the Department of Company affairs

Place : New Delhi
Date : 28th May, 2013

For S. Mann & Co.
Chartered Accountants
Firm Regn No. 000075N

Sd/–
(Subhash Mann)
Partner
M. No. 80500

For GSA & Associates
Chartered Accountants
Firm Regn No. 000257N

Sd/–
(Sunil Aggarwal)
Partner
M. No. 83899

ANNEXURE TO INDEPENDENT AUDITORS' REPORT

(Referred to in Paragraph 6 of our report of even date)

1. In respect of fixed assets:

a) The company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets in India at headquarters and in case of operated projects at branches outside India. In respect of non- operated ventures outside India fixed assets are accounted for based on the information made available by the respective operators of joint ventures and such fixed assets are in the custody of the consortium and/or operator on behalf of the partners for business operation throughout the term of the respective agreements. However, we suggest that location of fixed assets should be updated regularly.

b) As explained to us, during the year, the management has carried out physical verification of fixed assets situated at headquarters. There was no material discrepancies noticed during such physical verification.

c) We have been informed by the management that no substantial part of fixed assets has been disposed off by the company during the year.

2. In respect of its inventories:

a) The company does not have any inventory in India. However, inventories lying outside India in non-operated projects are in the custody of the consortium and/or operator on behalf of the consortium partners. During the year under audit, physical verification of majority of inventories lying in non-operated projects was conducted by the respective operator of the joint ventures in accordance with the requirements of the respective agreements. It was informed that the inventory held by the company representing company's share of participating interest in joint ventures outside India is incorporated in the books of accounts on the basis of information provided by the respective operators.

b) As informed by the management the procedures of physical verification of inventory lying outside India, followed by the management in respect of operated and non-operated Joint Ventures are reasonable and adequate in relation to the size of the company and the nature of its business.

c) There was no material discrepancies noticed during such physical verifications.

3. In respect of loans:

a) According to the information and explanations given to us, the Company has not granted or taken any loan, secured or unsecured, to / from companies, firms or other parties listed in the register maintained under Section 301 of the Companies Act, 1956. In view of this, sub clauses (b), (c) and (d) of clause (iii) are not applicable.

b) As per information and explanation given to us, the Company has not taken any loan from the parties covered under the register maintained u/s 301 of the Companies Act, 1956. In view of this sub clause (e), (f) & (g) of clause (iii) are not applicable.

4. In our opinion and according to the information and explanations given to us, in general, there is an adequate internal control procedure commensurate with the size of the Company and the nature of its business for the purchase of inventories and fixed assets acquired at headquarters in India. According to information and explanations given to us, internal control system in respect of inventory and fixed assets purchased by the company and sales for the operated ventures outside India is commensurate with the nature and size of its business. However, all purchases of fixed assets and inventory in respect of the non-operated Joint Ventures are made outside India by the respective operators. It is not practically feasible or appropriate to check the internal control system being prevalent at respective project sites for non-operated joint ventures.

5. a) According to the information and explanations given to us, during the year under audit there have been no contracts or arrangements which need to be entered in the register maintained under section 301 of the Companies Act, 1956.

b) Accordingly the provisions of the clause v (b) of paragraph 4 of the order (as amended) are not applicable to the company.

6 In our opinion and according to the information and explanations given to us, the Company has not accepted any deposit from public within the meaning of section 58A and 58AA and any other relevant provisions of the Companies Act, 1956 and the rules framed there under.

7. The company has a system of internal audit, which in our opinion, is commensurate with the size and nature of its business. However efforts be made to further strengthen the same.

8. We have broadly reviewed the books of account maintained by the Company pursuant to the rules 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, as explained to us, cost audit is yet to be conducted for the year ended 31st March 2013.

9. a) Provident fund contributions are transferred by the company to its holding company, Oil and Natural Gas Corporation Limited (ONGC). ONGC is responsible for depositing the same with appropriate authority.

b) As per information and explanations provided to us, no undisputed dues of provident funds /income tax/ sales tax/VAT/ wealth tax/ custom duty/ excise duty/ service tax/ cess were outstanding, at the year end, for a period exceeding Six month from the date they become payable. Cess payable under Section 441 A of the Companies Act 1956 has not yet been made effective by the Central Government.

c) According to the records of the Company, disputed demands / dues outstanding of Income Tax, service tax are as under

Name of Statute	Nature of Dues	Amount (in ₹millions)	Period to which amount relates	Forum where dispute is pending
Income-tax Act 1961	Disputed Income-tax demand	958.34	AY 2005-06	CIT(A)
Income-tax Act 1961	Disputed Income-tax demand	1,577.90	AY 2006-07	CIT(A)
Income-tax Act 1961	Disputed Income-tax demand	1,914.49	AY 2007-08	CIT(A)
Income-tax Act 1961	Disputed Income-tax demand	1,648.02	AY 2008-09	CIT(A)
Income-tax Act 1961	Disputed Income-tax demand	785.23	AY 2009-10	CIT(A)
Service Tax	Disputed Service Tax demand	28,163.14	06-07 to December' 2010	Commissioner-Service Tax
Service tax	Disputed Service Tax demand	3,893.70	1st Jan'2011 to 30th Sept'2011	Commissioner-Service Tax
Service tax	Disputed Service Tax demand	7,711.50	1st October'2011 to 31st March'2012	Commissioner-Service Tax
TOTAL		46,652.32		

10. The company has no accumulated losses at the end of the current financial year and has not incurred cash losses during the current and in the immediately preceding financial year.

11. As per the information and explanation given by the management, we are of the opinion that company has not defaulted in the repayment of dues to any financial institution, banks and debenture holders.

12. According to the information and explanations given to us and based on the documents and records produced 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 and accordingly paragraph 4 (xii) of the Order is not applicable.

13. In our opinion, the Company is not a chit fund or a nidhi / mutual benefit fund / society. Therefore, the provisions of this clause are not applicable to the Company.

14. The Company is not dealing in or trading in shares, securities, debentures and other investments. In view of the same, provisions of this clause are not applicable.

15. According to information and explanations given to us, the company has not given any guarantee for loan taken by others from bank and financial institutions.

16. According to information and explanation given to us, term loans were broadly applied by the company for the purpose for which loans were obtained.

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-term basis have been used for long-term investment.

18. The Company has not made any preferential allotment of shares during the period under audit to parties and companies covered in the register maintained under section 301 of the Companies Act, 1956.

19. Company has not issued any debentures during the year; hence the question of securities to be created for debentures issued does not arise. In earlier years, the company has issued non-convertible redeemable Bonds in the nature of Debentures amounting to ₹23,400 million. As explained to us, the company is maintaining 100% assets cover as required in SEBI guidelines.

20. The company has not raised any money by way of public issue during the year.

21. According to the information and explanations given by the management and to the best of our knowledge and belief, no fraud on or by the company was noticed or reported during the year.

For S. Mann & Co.
Chartered Accountants
Firm Regn No. 000075N

Sd/–
(Subhash Mann)
Partner
M. No. 80500

For GSA & Associates
Chartered Accountants
Firm Regn No. 000257N

Sd/–
(Sunil Aggarwal)
Partner
M. No. 83899

Date : 28th May, 2013
Place : New Delhi

OPF Modules Transportation at Sakhalin

BALANCE SHEET AS AT 31 MARCH, 2013

(₹ in Million)

	No.	As at 31 March, 2013	As at 31 March, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	3	50,000.00	10,000.00
Reserves and surplus	4	117,305.14	90,880.77
NON CURRENT LIABILITIES			
Long term borrowings	5	143,111.97	192,036.03
Deferred tax liabilities (Net)	6	3,649.86	3,876.60
Liability for abandonment	7	21,402.21	19,529.59
Long term provisions	8	212.71	389.45
		168,376.75	215,831.67
CURRENT LIABILITIES			
Short term borrowings	9	48,863.46	507.47
Trade payables	10	12,617.23	11,396.81
Other current liabilities	11	17,329.63	15,649.78
Short term provisions	12	72.30	29.37
		78,882.62	27,583.43
TOTAL		414,564.51	344,295.87
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible assets	13	50,557.12	28,491.89
Intangible assets	14	87.58	94.96
Producing properties	15	98,822.73	61,599.39
Development & exploratory wells in progress	16	10,563.85	16,493.15
Capital work in progress	17	68,336.24	62,231.85
		228,367.52	168,911.24
Non Current Investments	18	138,014.85	137,357.65
Long Term Loans and Advances	19	110.26	96.73
Other Non Current Assets	20	763.43	1,911.91
CURRENT ASSETS			
Inventories	21	2,263.45	1,882.46
Trade receivables	22	11,343.90	6,709.55
Cash & Cash Equivalents	23	4,098.45	5,459.50
Short term loans & advances	24	6,622.79	1,496.09
Other current assets	25	22,979.86	20,470.74
		47,308.45	36,018.34
TOTAL		414,564.51	344,295.87

See accompanying notes to the financial statements

Sd/–
(V Sreedher)
Company Secretary

Sd/–
(S P Garg)
Director (Finance)

Sd/–
(D K Sarraf)
Managing Director

Sd/–
(Sudhir Vasudeva)
Chairman

As per our report of even date attached

For S. Mann & Co.
Chartered Accountants
Firm Regn No. 000075N

Sd/–
(Subhash Mann)
Partner
M. No. 80500

For GSA & Associates
Chartered Accountants
Firm Regn No. 000257N

Sd/–
(Sunil Aggarwal)
Partner
M. No. 83899

Place : New Delhi
Date : 21st May, 2013

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2013

(₹ in Million)

	No.	2012–13	2011–12
INCOME			
Revenue from operations	26	74,584.26	74,313.77
Other Income	27	4,121.81	5,819.25
TOTAL REVENUE		78,706.07	80,133.02
EXPENSES			
Production, Transportation, Selling and Distribution Expenditure	28	17,851.45	16,241.01
Changes in inventories of finished goods	29	(0.82)	(4.40)
Financing Costs	30	1,976.76	1,974.74
Depreciation, Depletion and Amortisation	31	16,983.15	10,870.65
Other Expenses	32	735.67	510.73
Provisions & Write-Offs (Net)	33	3,340.98	20,470.75
Decrease/(increase) due to overlift/underlift quantity	34	634.62	(58.69)
TOTAL EXPENSES		41,521.81	50,004.79
PROFIT BEFORE PRIOR PERIOD, EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		37,184.26	30,128.23
Less: Adjustment relating to Prior Period	35	(690.05)	(26.62)
PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		37,874.31	30,154.85
Exceptional And Extraordinary Items		-	-
Less: Tax expense			
Current Period Tax	36	9,463.45	11,141.78
Deferred Tax	37	(226.74)	93.58
Earlier Periods' Tax	38	2,190.45	158.69
PROFIT / (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS (A)		26,447.15	18,760.80
Profit / (Loss) From Discontinuing Operations (B)		-	-
PROFIT (LOSS) FOR THE PERIOD (A+B)		26,447.15	18,760.80
EARNINGS PER EQUITY SHARE	39		
Basic (₹)		55.11	53.08*
Diluted (₹)		55.11	53.08*

See accompanying notes to the financial statements
** restated for Rights issue during the current year.*

Sd/–
(V Sreedher)
Company Secretary

Sd/–
(S P Garg)
Director (Finance)

Sd/–
(D K Sarraf)
Managing Director

Sd/–
(Sudhir Vasudeva)
Chairman

As per our report of even date attached

For S. Mann & Co.
Chartered Accountants
Firm Regn No. 000075N

Sd/–
(Subhash Mann)
Partner
M. No. 80500

For GSA & Associates
Chartered Accountants
Firm Regn No. 000257N

Sd/–
(Sunil Aggarwal)
Partner
M. No. 83899

Place : New Delhi
Date : 21st May, 2013

NOTES TO THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH, 2013

1. Corporate information:

ONGC Videsh Limited (the company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in exploration, development and production of crude oil and natural gas outside India.

2. Basis of preparation:

2.1 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 (SEM) as per the Guidance Note on Accounting for Oil and Gas Producing Activities issued by the Institute of Chartered Accountants of India and Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act, 1956. The financial statements are presented in Indian Rupees and all values are rounded to the nearest Million (₹ Million) except when otherwise indicated.

2.2 Summary of Significant Accounting Policies

a.1 Change in accounting Policies:

The financial statements for the year ended March 31, 2013 are prepared following the same accounting policies and practices as followed in the annual financial statements for the year ended March 31, 2012 except for the change in accounting policy in respect of exchange differences arising on reporting of long-term foreign currency monetary items (assets as well as liabilities) as per Note 3.1.

Pursuant to Notification no. G.S.R.(914)E dated 29th December 2011, issued by MCA, from the current financial year, the Company has opted to adjust exchange differences arising on reporting of long term foreign currency monetary items, in so far as they relate to the acquisition of depreciable assets, against the cost of such assets and depreciate the said adjustment over the balance life of the asset. Had the option not been exercised, the difference amounting to ₹1,120.37 Million on long term foreign currency monetary items relating to depreciable assets would have been charged to Statement of Profit and Loss and Producing Properties Asset would have been lesser to that extent as below-

(₹ in Million)

		March 31, 2013	March 31, 2012
a)	Exchange loss arising on reporting of long-term foreign currency monetary items relating to abandonment liability of Sakhalin-1, Russia Project capitalised in producing properties asset	1,246.83	Nil
b)	Less: Depletion charged to Statement of profit and loss for the year on a) above	126.46	Nil
c)	Net impact on Statement of profit and loss for the year/Remaining to be amortised as of 31 March, 2013	(1,120.37)	Nil

a.2 Documentation, rewording or re-alignment of Accounting Policies to properly reflect existing accounting practice:

Following accounting policy has been re-worded/re-aligned with the existing accounting practice consistently followed by the Company in financial statements. However, the change does not have any impact on recognition and measurement principles followed for preparation of financial statements.

Policy no.	Existing Policy	Accounting policy documented in FY 2012–13	Financial Impact over the financial statements
2.2.u	Acquisition costs of an oil and gas property in exploration/development stage are 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 of the property, such costs are expensed. Acquisition costs of a producing oil and gas property are capitalized as Producing Property.	"Acquisition costs cover all costs incurred to purchase, lease or otherwise acquire a property or mineral right proved or unproved. In case of acquiring participating interest in an oil and gas property, Acquisition Cost is the difference between the purchase consideration and net book value of assets minus the liabilities acquired relating to the company's share of participating interest in the oil and gas assets on the date of acquisition. Acquisition costs are treated as follows: 1.1 Exploration and Development stage: Acquisition cost relating to projects under exploration or development are initially accounted as capital work in progress and capitalized as producing property on commencement of commercial production. Acquisition costs relating to unsuccessful exploration projects are written off on relinquishment. 1.2 Production stage: Acquisition costs relating to projects under production are capitalized as Producing Properties.	Nil

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. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

c. Acquisition Cost of acquiring rights to explore, develop and produce oil & gas:

c.1.1 Acquisition costs cover all costs incurred to purchase, lease or otherwise acquire a property or mineral right proved or unproved. In case of acquiring participating interest in an oil and gas property, Acquisition Cost is the difference between the purchase consideration and net book value of assets minus the liabilities acquired relating to the company's share of participating interest in the oil and gas assets on the date of acquisition.

c.1.2 **Exploration and Development stage:** Acquisition cost relating to projects under exploration or development are initially accounted as capital work in progress and capitalized as producing property on commencement of commercial production. Acquisition costs relating to unsuccessful exploration projects are written off on relinquishment

c.1.3 **Production stage:** Acquisition costs relating to projects under production are capitalized as Producing Properties.

c.2 Survey Costs:

Cost of Surveys and prospecting activities conducted in the search of oil and gas are expensed in the year in which these are incurred.

c.3 Exploratory/Development Wells in Progress Costs:

c.3.1 Exploration costs involved in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially taken to capital work in progress as exploratory wells in progress till the time these are either capitalized to producing properties when ready to commence commercial production or expensed when determined to be dry or of no further use, as the case may be.

c.3.2 All costs relating to development wells, development type stratigraphic test wells, service wells, are initially taken to capital work in progress as development wells in progress and capitalized to producing properties when ready to commence commercial production.

c.3.3 Exploratory wells in progress which are more than two years old from the date of completion of drilling are charged to Statement of Profit and Loss except those wells which have proved reserves and the development of the fields in which the wells are located; has been planned.

c.4 Abandonment Costs:

Costs relating to dismantling, abandoning and restoring well sites and allied facilities are provided as abandonment costs based on the provisions under respective agreements governing Company's activities in the field/ projects.

c.5 Production Costs:

Production costs include pre-wellhead and post-wellhead expenses including depreciation and applicable operating costs of support equipment and facilities.

d. Producing Properties:

d.1 Producing properties are created in respect of a field/project having proved developed oil and gas reserves when any well in the field/project is ready to commence commercial production. Development wells are capitalized to producing properties when ready to commence commercial production.

d.2 All acquisition costs, cost of successful exploratory wells and all development wells, all related development costs including depreciation on support equipment and facilities and estimated future abandonment costs relating to producing properties are capitalized as Producing Properties.

e. Depletion of Producing Properties:

Producing properties are depleted using the "Unit of Production Method". The rate of depletion for all capitalized costs is computed with reference to the field/project/amortization base by considering the related proved and developed reserves excepting for acquisition costs which are depleted by considering the proved reserves. These reserves are estimated annually by the Reserve Estimates Committee formed by the parent company Oil and Natural Gas Corporation Limited (ONGC), which follows the International Reservoir Engineering Procedures.

f. Side tracking:

f.1 The cost of abandoned portion of side tracked exploratory wells is charged to Statement of Profit and Loss as dry wells.

f.2 The cost of abandoned portion of side tracked development wells is considered as part of cost of development wells.

f.3 The cost of sidetracking in respect of existing producing wells is capitalized if it increases the Proved Developed Reserve otherwise, charged to Statement of Profit and Loss as workover expenditure.

g. Impairment:

g.1 Producing Properties, Development Wells in Progress (DWIP) and Fixed Assets (Including Capital Works in Progress) of a "Cash Generating Unit" (CGU) are reviewed for impairment at each Balance Sheet date. In case, events and circumstances indicate any impairment, recoverable amount of these assets is determined, being the higher of net selling price and value in use. An impairment loss is recognized, whenever the carrying amount of such assets exceeds the recoverable amount by writing down such assets to their recoverable amount. 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.

g.2 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.

h. Joint Ventures:

h.1 The Company has entered into overseas joint ventures with others. In such joint ventures as per the contractual arrangements, the Company shares control with other venturers. The financial statements reflect the share of the Company in assets and liabilities as well as income and expenditure of Joint Venture Operations which are accounted for as per various joint venture agreements on a line by line basis along with similar items in the Company's financial statements, except in case of leases, abandonment, impairment, depletion and depreciation which are accounted based on accounting policies of the Company.

h.2 The reserves of hydrocarbons in the joint ventures are taken in proportion to the participating interest of the Company.

i. Tangible Assets:

i.1 Tangible assets (including those taken on finance lease, support equipment and facilities) are stated at historical cost.

i.2 All costs relating to acquisition of tangible assets till the time of commissioning of such assets are capitalized.

j. Intangible Assets:

j.1 Costs incurred on intangible assets, resulting in future economic benefits are capitalized as intangible assets.

k. Depreciation:

k.1 Depreciation on tangible assets (including those taken on finance lease) is provided for under the written down value method in accordance with Schedule XIV to the Companies Act, 1956. Low value items not exceeding ₹5,000/– are fully depreciated at the time of addition.

k.2 Intangible Assets are amortised over the useful life not exceeding five years from the date of capitalisation.

k.3 Leasehold land (other than perpetual lease and lease over 99 years) is amortized over the lease period.

k.4 Depreciation on adjustments to tangible assets on account of price variation is provided for prospectively over the remaining useful life of such assets.

k.5 Depreciation on tangible assets (including those taken on finance lease, support equipment and facilities) used for exploration and drilling activities and on facilities is initially capitalized as part of exploration or development costs and expensed/depleted as stated in policy c and d above.

l. Inventories:

l.1 Crude oil and condensate are valued at cost or net realizable value, whichever is lower.

l.2 Natural gas in pipeline and crude oil/condensate stock in flow lines/Gathering Stations are not valued.

l.3 Inventory of stores and spares is valued at weighted average cost or net realizable value, if available, whichever is lower. Wherever, weighted average cost or net realizable value is not available, the cost made available by the operator is considered for valuation of Stores and Spares. Provisions are made for obsolete and non–moving inventories.

m. Investments:

m.1 Long–term investments are valued at cost. Provision is made for any diminution, other than temporary, in the value of such investments.

m2 Current investments are valued at lower of cost or fair value.

n. Foreign Currency Transactions and Foreign Operations:

n.1 Foreign currency transactions on initial recognition in the reporting currency are accounted for at the exchange rates prevailing on the date of transaction.

n.2 At each Balance Sheet date, foreign currency monetary items are translated using the average of the 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.

n.3.1 Long term foreign currency monetary items: In accordance with the paragraph 46A of the Accounting Standards (AS) 11, exchange differences arising on reporting of long term foreign currency monetary items, in so far as they relate to the acquisition of depreciable assets are adjusted against the cost of such assets and depreciated over the balance life of the assets and in other cases amortized over the balance period of the long term foreign currency monetary assets or liabilities.

n.3.2 Other foreign currency monetary items: All exchange differences arising on the settlement of monetary items other than long term monetary items or on reporting of monetary items other than long term monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements are recognised as income or as expenses in the period in which they arise.

n.4. In respect of the Company's integral foreign operations:

n.4.1 The foreign currency transactions on initial recognition in the reporting currency are recorded following the policy stated in n.1. For practical reasons, the average exchange rate of the relevant month/quarter is taken for the transactions of the month/quarter in respect of joint venture operations, where actual date of transaction is not available.

n.4.2 At each Balance Sheet date, monetary and non–monetary items are translated following the policy stated in n.2.

n.4.3 All exchange differences are treated following the policy stated in n.3.1 and n.3.2.

n.5. The financial statements of the non–integral foreign operations of the company are incorporated in the financial statements using the following principles:

n.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;

n.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; and

n.5.3 All resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the non–integral foreign operation.

n.6 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.

o. Finance Leases

o.1 Assets given on Lease:

o.1.1 Assets given on finance lease are accounted for as per Accounting Standard (AS) 19 "Leases" issued by the Institute of Chartered Accountants of India. Such assets are included as a receivable at an amount equal to the net investment in the lease.

o.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.

o.2 Assets taken on Lease:

Assets taken on finance lease are capitalised and recognised at the lower of the fair value of the asset and the discounted value of the minimum lease installments. The lease payments are bifurcated into repayment and interest components, based on a fixed interest rate and installment as derived from the underlying agreement. The lease commitments are carried under liabilities exclusive of interest. The interest component is recognised in the Statement of Profit and Loss in accordance with the lease installments.

p. Revenue Recognition:

p.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 JOA / PSA is created in respect of the quantity of crude oil to be foregone in future period towards settlement of the overlift quantity of crude oil with corresponding charge to Statement of Profit and Loss.

p.2 Sales are inclusive of all statutory levies and any tax liability of the Company that may be paid by the government based on the provisions under agreements governing Company's activities in the respective field/ project.

p.3 Any payment received in respect of short lifted gas quantity for which an obligation exists to supply such gas in subsequent periods is recognized as Deferred Revenue in the year of receipt. The same is recognized as revenue in the year in which such gas is actually supplied for the quantity supplied or in the year in which the obligation to supply such gas ceases, whichever is earlier.

p.4 Revenue in respect of fixed price contracts is recognized for the quantum of work done on the basis of percentage of completion method. The quantum of work done is measured in proportion of cost incurred to date to the estimated total cost of the contract or based on reports of physical work done.

p.5 Finance income in respect of assets given on finance lease is recognized based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

p.6 Revenue in respect of interest on delayed realization is recognized when there is reasonable certainty regarding ultimate collection.

p.7 Dividend income is recognized when the Company's right to receive dividend is established by the reporting date

q. Transportation Costs:

Any payment made in respect of the quantity of gas short transported, for which the right exists to transport such gas in subsequent periods at no charge, is treated as Deferred Expenditure in the year of payment. The same is treated as cost in the year in which the gas is actually transported for the quantity transported or in the year in which the right to transport such gas ceases, whichever is earlier.

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 Contribution to Provident Fund and Composite Social Security Scheme is made as per the rules of the parent company. The same is paid to funds administered through trusts.

r.3 Provisions for gratuity, leave encashment and other employee benefits are made as per actuarial valuation at the end of the financial year except for gratuity. The same are not funded.

r.4 In respect of local staff in overseas offices of the company, employees (other than those on deputation/ secondment from the company) of joint ventures (incorporated/unincorporated)/subsidiaries, the liabilities for employee benefits are recognised in accordance with the applicable laws of their respective jurisdictions and/or the respective labor agreements with the employees.

s. Borrowing Costs:

Borrowing Costs specifically identified to the acquisition or constructions of qualifying assets are capitalized as part of such asset till such time when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. 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.

t. Insurance Claims:

The Company accounts for insurance claims as under:

t.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.

t.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 when the corresponding expenditure is incurred.

t.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.

u. Abnormal Rig days' costs:

Abnormal Rig days' costs are considered as unallocable and charged to Statement of Profit and Loss.

v. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent Liabilities, if material, are disclosed by way of notes to the accounts.

w. Taxes on Income:

Provision for current tax is made as per the provisions of the Income Tax Act, 1961/ other applicable tax laws. Deferred Tax Liability / Asset resulting from 'timing difference' between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

x. Accounting for derivatives:

As per the ICAI Announcement, Accounting for Derivatives, other than those covered under AS–11, is done on marked to market basis and the losses are charged to Statement of Profit and Loss. Unrealized gains are ignored.

y. Goodwill Amortization:

The Company amortizes Goodwill (on consolidation) based on "Unit of Production Method" considering the related Proved Reserves.

3. Share Capital:

(₹ in Million)

	As at 31 March, 2013	As at 31 March, 2012
Authorised		
500,000,000 (Previous year 100,000,000) Equity Shares of ₹100 each	**50,000.00**	10,000.00
Issued, Subscribed, Called and Paid Up	**50,000.00**	10,000.00
500,000,000 (Previous year 100,000,000) Equity Shares of ₹100 each fully paid up in cash		
(The entire share capital is held by Oil and Natural Gas Corporation Limited and its nominees)		
TOTAL	**50,000.00**	**10,000.00**

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

	31 March, 2013		31 March, 2012	
	No. million	₹million	No. million	₹million
Equity Shares				
At the beginning of the year	**100.00**	10,000.00	**100.00**	10,000.00
Issued during the year (on 21 May 2012)	**400.00**	40,000.00	-	-
Outstanding at the end of the year	**500.00**	50,000.00	**100.00**	10,000.00

The Company has increased its authorised share capital by ₹40,000 million in its Extra- Ordinary General Meeting held on 2 April 2012. The authorised share capital of the Company is ₹50,000 million consisting of 500,000,000 equity shares of ₹100 each.

During the year, the Company had a rights issue of 400,000,000 Equity Shares of ₹100 each ranking pari passu in all respects with the existing equity shares to Oil and Natural Gas Corporation Limited against consideration adjusted out of the loan given by ONGC to the Company.

b. Terms / rights attached to the equity shares:

The Company has only one class of equity shares having a par value of ₹100 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend, if any, proposed by the Board of Director is subject to the approval of the shareholders in the general meeting.

During the year ending 31 March, 2013, the amount of dividend per share declared for distribution to equity shareholders was Nil (year ended 31 March, 2012: Nil).

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..

c. Shares held by holding / ultimate holding company and/or their subsidiaries/ associates:
Out of the equity shares issued by the company, the shares held by its holding company, ultimate holding company and their subsidiaries / associates are as below:

	31 March, 2013		31 March, 2012	
	No. Million	₹Million	No. Million	₹Million
Oil and Natural Gas Corporation Limited, the holding company and its nominees	**500**	50,000.00	**100**	10,000.00

d. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: Nil

e. Details of shareholders holding more than 5% shares in the company:

	31 March, 2013		31 March, 2012	
	No. million	% holding	No. million	% holding
Oil and Natural Gas Corporation Limited, the holding company and its nominees	500	100%	100	100%

f. Shares reserved for issue under options: Nil.

4. Reserves and Surplus:

(₹ in Million)

		As at 31 March, 2013		As at 31 March,2012
Capital Reserve		174.08		174.08
Debenture Redemption Reserve				
Opening balance	9,781.27		5,461.83	
Add:Current year transfer	4,307.64	14,088.91	4,319.44	9,781.27
General Reserve				
Opening balance	9,769.72		7,893.64	
Add:Current year transfer	2,644.71	12,414.43	1,876.08	9,769.72
Foreign Currency Translation Reserve		(5,570.05)		(5,547.27)
Surplus in the statement of profit and loss				
Opening balance	76,702.97		64,137.69	

(₹ in Million)

			As at 31 March, 2013		As at 31 March,2012
	Add: Net Profit after tax for the year	26,447.15		18,760.80	
	Less: Transfer to Debenture Redemption Reserve	4,307.64		4,319.44	
	Transfer to General Reserve	2,644.71	96,197.77	1,876.08	76,702.97
	TOTAL		117,305.14		90,880.77

a. Debentures and Debentures Redemption Reserve:

During the financial year 2009–10, the Company had raised funds from the financial markets by issuance of non–convertible redeemable bonds in the nature of debentures as follows:

(₹ in Million)

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	6-Jan-10	6-Jan-20
8.40% 5 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series I	19,700	23-Dec-09	23-Dec-14

The above securities have been listed in National Stock Exchange of India Ltd. (NSE). Both the bonds are guaranteed for repayment of principal and payment of interest by Oil and Natural Gas Corporation Limited, the parent company. Further the Company is required to maintain 100% asset cover as per SEBI guidelines. There is no put/ call option.

The Debentures Redemption Reserve position for above is as under:–

(₹ in Million)

Particulars	Balance as at 31 March, 2012	Additions during the year	Balance as at 31 March, 2013
8.54% 10 Years Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series II	826.73	369.80	1,196.53
8.40% 5 Years Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series I	8,954.54	3,937.84	12,892.38
Total	9,781.27	4,307.64	14,088.91

b. Foreign Currency Translation Reserve:

The Company has followed the Accounting Standard (AS) 11 viz. Effects of Changes in Foreign Exchange Rates (revised 2003) issued by the Institute of Chartered Accountants of India. The exchange variation in respect of investment in non-integral foreign operation is taken to Foreign Currency Translation Reserve. Accordingly, the resulting exchange loss of ₹22.78 Million (Previous Year ₹1460.90 Million exchange gain) has been accounted as Foreign Currency Translation Reserve and shown in Note-4 as per details given below:

(₹ in Million)

Particulars	As at 31 March, 2013	As at 31 March, 2012
Opening Balance	(5,547.27)	(7,008.17)
Additions during the year	(22.78)	1,460.90
Closing Balance	(5,570.05)	(5,547.27)

5. Long Term Borrowings:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Non-Convertible Redeemable Debentures	23,400.00	23,400.00
	Foreign Currency Loans		
	Non-Recourse Deferred Credit - Unsecured	134.98	380.59
	(In respect of Joint venture)		
	From related parties		
	Oil and Natural Gas Corporation Limited - Unsecured	119,576.99	168,255.44
	TOTAL	143,111.97	192,036.03

a. Non-convertible redeemable debentures are unsecured: Attention is also invited to Note No. 4(a)

b. Non–recourse deferred credit: ₹944.87 Million (Previous year ₹888.06 Million) represents the non-recourse deferred credit from contractors of Sudan Pipeline construction project executed by the Company in Sudan. The non-recourse deferred credit is repayable from the instalments of pipeline lease rentals from Ministry of Energy and Mining (MEM), Sudan.The position of Non-recourse deferred credit is as under.

(₹ in Million)

Particulars	As at 31 March, 2013	As at 31 March, 2012
Current (Note 9)	809.89	507.47
Non-Current (Note 5)	134.98	380.59
Total	944.87	888.06

Attention is also invited to note no 44.

c. The Company has taken loans from ONGC for various projects. The outstanding balance of such loans as of 31 March, 2013 was ₹119,576.99 Million (Previous year ₹168,255.44 Million). The loan is normally repayable out of the cash flows of the projects for which the respective funds were lent. However, ONGC has the right to demand repayment with a notice period of minimum 15 months. The loan carried no interest during the year. Accordingly, interest expenditure on loan from parent company during the year is ₹ Nil (Previous year ₹ Nil).

d. During the year, the Company had a rights issue of 400,000,000 Equity Shares of ₹100 each ranking pari passu in all respects with the existing equity shares to Oil and Natural Gas Corporation Limited against consideration adjustable as part of the loan given by ONGC to the Company. Attention is also invited to Note No. 3(a).

6. Deferred Tax Liabilities:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Deferred tax liabilities (net)	3,649.86	3,876.60
	TOTAL	3,649.86	3,876.60

a. The Net Deferred Tax Liability of the Company as at 31 March, 2013 is ₹3,649.86 Million (Previous year ₹3,876.60 Million). An amount of ₹226.74 Million has been adjusted to the current year Statement of Profit and Loss (Previous year ₹93.58 Million)

b. The item wise details of Net Deferred Tax Liability as on 31 March, 2013 accounted for in accordance with Accounting Standard (AS) 22 viz. Accounting for Taxes on Income are as under:

(₹ in Million)

Deferred Tax Assets :	As at 31 March, 2013	As at 31 March, 2012
Carried Forward Expenditure u/s 42 of Income Tax Act, 1961	**14,410.94**	11,213.98
Other disallowables under Income Tax Act, 1961*	**1,950.83**	1043.13
Total Deferred Tax Assets	**16,361.77**	12,257.11
Deferred Tax Liability :		
Difference in Net Block of Fixed Assets for Tax	**20,011.63**	16,133.71
Total Deferred Tax Liability	**20,011.63**	16,133.71
Net Deferred Tax Liability	**3,649.86**	3,876.60

*Disallowance u/s 43B, provisions for doubtful debts and non–moving inventory.

7. Liability for Abandonment:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Liability for abandonment	**21,402.21**	19,529.59
	TOTAL	**21,402.21**	**19,529.59**

The above liability is in respect of Sakhalin-1, Russia project. Against the above liability, funding of ₹5017.98 Million (Previous year ₹2927.15 Million) has been made as per Note No. 18.

8. Long Term Provisions:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Provisions for employee benefits		
	Gratuity	-	**170.06**
	Leave Encashment	**179.30**	**147.26**
	Post retirement medical benefits/ Other terminal benefits	33.41	72.13
	TOTAL	**212.71**	**389.45**

a. Liability for the year ended 31 March, 2013 is provided based on acturial valuation report.

b. Gratuity has now been classified as current since the liability is being funded through the parent company ONGC's trust and the liabilty as of 31 March, 2013 will be paid to the ONGC trust.

c. Till previous year, the Company carried out the actuarial valuation based on the Date of joining (DOJ) of employees in ONGC. From current year, the valuation is done based on DOJ in OVL.

d. The Actuarial Gain of ₹198.17 million arising due to the change in DOJ has been accounted for as prior period revenue.

e. The provisions for employee benefits have been classified into current and non-current based on the acturial valuation.

(₹ in Million)

Particulars	As at 31 March, 2013	As at 31 March, 2012
Current (Note 12)	**72.30**	29.37
Non-Current (Note 8)	**212.71**	389.45
Total Provisons for Employee benefits	**285.01**	**418.82**

Attention is also invited to Note No.12 & 40

9. Short Term Borrowings:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Foreign Currency Loans		
	Non–Recourse Deferred Credit – Unsecured * (In respect of Joint venture)	**809.89**	507.47
	Other Short term borrowing- Unsecured**	**48,053.57**	0.00
	TOTAL	**48,863.46**	**507.47**

* Attention is invited to Note No. 5(b).

** A short term borrowing (bridge finance) amounting to USD 883.50 million was taken from the consortium of State Bank of India, Royal Bank of Scotland, Singapore and Citi Bank N.A. for financing of acquisition of participating interests in ACG, Azerbaijan Project, and BTC pipeline. The loan is repayable on 28 June 2013 and is backed by parent company (ONGC) guarantee . After the reporting date, the Company has issued 5 year (USD 300 million) and 10 year (USD 500 million) Notes in international markets aggregating USD 800 million and the net proceeds of the issue amounting to USD 798.715 million have been utilised to partly prepay the bridge finance.

10. Trade Payables:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Deferred credit on gas sales*	**296.04**	229.37
	Trade payables for supplies / works	**2,307.67**	1,843.55
	Trade payables for supplies / works	**10,013.52**	9,323.89
	(In respect of Joint Venture)		
	TOTAL	**12,617.23**	**11,396.81**

**Deferred credit on gas sales represents amounts received in advance from gas customers against "Take or Pay" obligations under relevant gas sales agreements. The amounts are to be utilised to supply gas in subsequent year(s) free of charge to such customers.*

11. Other Current Liabilities:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Interest accrued but not due on Debentures	**522.42**	526.38
	Advance from customers / Income received in advance	**327.98**	320.09
	Amount Payable to Operators	**11,529.10**	11,157.41
	Payable to Oil and Natural Gas Corporation Limited	**331.79**	646.87
	Deposits - Unsecured	**132.35**	115.35
	Other Liabilities	4,485.99	2,883.68
	TOTAL	**17,329.63**	**15,649.78**

12. Short Term Provisions:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Provisions for employee benefits		
	Gratuity	59.50	**9.84**
	Leave encashment	11.52	**19.18**
	Post retirement medical benefits/ Other terminal benefits	1.28	**0.35**
	TOTAL	**72.30**	**29.37**

Attention is invited to Note No. 8 & 40.

13. Tangible Assets:

(₹ in Million)

	PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
		As at 1 April 2012	Additions during the year	Deletions/ Adjustments during the year	As at 31 March, 2013	Up to 31 March, 2012	For the Year	Deletions / Adjustments during the year	As at 31 March, 2013	As at 31 March, 2013	As at 31 March, 2012
1.	**Land (Leasehold)**	1,732.18	3.39	(110.78)	**1,624.79**	-	-	-	-	**1,624.79**	1,732.18
2.	**Building**	5,615.16	24.33	-	**5,639.49**	1,139.06	230.82	-	**1,369.88**	**4,269.61**	4,476.10
3.	**Plant & Machinery**	76,765.45	27,789.13	(7.44)	**104,547.14**	56,421.72	5,290.84	(4.62)	**61,707.94**	**42,839.20**	20,343.73
4.	**Computers**	320.13	40.86	(1.22)	**359.77**	207.41	51.03	(1.12)	**257.32**	**102.45**	112.72
5.	**Vehicles**	356.70	74.57	(6.37)	**424.90**	251.23	32.90	(5.75)	**278.38**	**146.52**	105.47
6.	**Furniture & Fittings and Equipments**	3,706.24	98.65	(0.19)	**3,804.70**	1,984.55	245.70	(0.10)	**2,230.15**	**1,574.55**	1,721.69
	TOTAL	**88,495.86**	**28,030.93**	**(126.00)**	**116,400.79**	**60,003.97**	**5,851.29**	**(11.59)**	**65,843.67**	**50,557.12**	**28,491.89**
	Previous Year	86,620.28	2,117.11	(241.53)	88,495.86	50,019.97	10,011.43	(27.43)	60,003.97	28,491.89	36,600.31
	The above includes the company's share in Joint Venture Assets: Current Year	86,520.90	**28,013.01**	**(15.12)**	**114,518.79**	59,860.34	**5,821.03**	**(11.51)**	**65,669.86**	**48,848.93**	26,660.56
	Previous Year	**84,698.61**	**2,027.25**	**(204.96)**	**86,520.90**	**49,893.77**	**10,021.59**	**(55.01)**	**59,860.34**	**26,660.56**	**34,804.84**

a. **Title to Fixed Assets under Production Sharing Agreements:**

The Company, in consortium with other partners (Consortium) carries on its business in respect of exploration, development and production of hydrocarbons under agreements with 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 are 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.

b. Depreciation on all Trunk Pipelines and Onshore Flow Lines (assets below ground) are charged @ 100% in line with the policy of the parent company ONGC since 2007-08.

14. Intangible Assets:

(₹ in Million)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1 April 2012	Additions during the year	Deletions / Adjustments during the year	As at 31 March, 2013	Up to 31 March, 2012	For the Year	Deletions / Adjustments during the year	As at 31 March, 2013	As at 31 March, 2013	As at 31 March, 2012
Software	278.68	47.11	(1.17)	**324.62**	183.72	53.32	-	**237.04**	**87.58**	94.96
TOTAL	**278.68**	**47.11**	**(1.17)**	**324.62**	**183.72**	**53.32**	-	**237.04**	**87.58**	**94.96**
Previous Year	245.50	**26.47**	**6.72**	**278.68**	217.12	**(34.89)**	**1.49**	**183.72**	**94.96**	28.38
The above includes the company's share in Joint Venture Assets: Current Year	175.83	**35.94**	–	**211.77**	122.10	**32.73**	–	**154.83**	**56.94**	53.73
Previous Year	146.45	22.66	6.72	175.83	133.66	(13.05)	1.49	122.10	53.73	12.80

15. Producing Properties:

(₹ in Million)

	As at 31 March 2013	As at 31 March 2012
Gross Cost		
Opening Balance	98,340.55	86,482.76
Expenditure during the year	31,530.79	7,964.51
Transfer from Development & Exploratory Wells-in-Progress	13,569.20	19.91
Estimated Abandonment Costs-Addition during the year	1,872.62	3,873.37
Total Gross (A)	145,313.16	98,340.55
Less: Depletion		
Opening Balance	36,741.16	29,774.91
Depletion for the year	9,749.27	6,966.25
Total Depletion (B)	46,490.43	36,741.16
NET PRODUCING PROPERTIES (A - B)	98,822.73	61,599.39

16. Development & Exploratory Wells In Progress:

(₹ in Million)

	As at 31 March, 2013	As at 31 March, 2012
A. Development Wells-in-Progress (DWIP)		
Opening Balance	8,621.74	2,213.40
Addition during the year	10,745.95	6,393.27
Less: Transfer to Producing Properties	12,966.13	(15.07)
Closing Balance (Gross DWIP)	6,401.56	8,621.74
Less: Provision for Development wells of Block XXIV Syria		
Provided during the year	83.74	-
Development Wells-in-Progress (A)	6,317.82	8,621.74
B. Exploratory Wells-in-Progress		
Opening Balance (Gross EWIP)	9,350.55	6,642.52
Addition during the year	2,437.18	3,449.43
Less: Transfer to Producing Properties	603.07	34.97
Less: Wells written off during the year	3,528.50	706.43
Closing Balance (Gross EWIP)	7,656.16	9,350.55
Less: Provision for wells drilled under service contract		
Opening Balance	1,479.14	1,466.85
Provided during the year	16.70	12.29
Provision for Exploratory wells of Block XXIV Syria		
Provided during the year	1,914.29	-
	3,410.13	1,479.14
Exploratory Wells-in-Progress (B)	4,246.03	7,871.41
TOTAL WELLS IN PROGRESS (A + B)	10,563.85	16,493.15

a. In respect of Farsi Block, Iran, the Company in consortium with other partners entered into an Exploration Service Contract (ESC) with National Iranian Oil Company (NIOC) on 25 December 2002. After exploratory drilling, FB area of the block proved to be a gas discovery and was later rechristened as Farzad-B. NIOC announced the Date of Commerciality for Farzad-B as 18 August 2008. However, the Development Service Contract is pending. Provision has been made in respect of the Company's investment in exploration in the Farsi Block amounting to ₹1,495.84 million till 31 March, 2013 (₹1,479.14 million till 31 March, 2012).

b. The Company has 60% PI in Block XXIV, Syria where the development rights have been granted by Govt. of Syria. In view of deteriorating law and order situation in Syria the operator served 'Force Majure' notice to the Govt. of Syria which is not accepted by the Syrian Govt. The operations of the projects are temporarirly suspended since May 2012. In view of the prevailing situation, development wells lying in DWIP amounting to ₹83.74 million (Previous year Nil) and successful exploratory wells (EWIP) amounting to ₹1,914.29 million (Previous year Nil) and in respect of block XXIV, Syria has been provided during the year.

17. Capital Work In Progress:

(₹ in Million)

	As at 31 March 2013	As at 31 March 2012
Building		
Corporate Office Building, Vasant Kunj, New Delhi	1,261.90	659.56
Plant & Machinery		
Block A1, Myanmar	6,429.52	3,960.76
Block A3, Myanmar	1,201.89	840.95
Pipeco Midstream, Myanmar	2,900.66	1,966.65
Sakhalin-1 Project, Russia	51,219.29	46,764.05
Block 5A, South Sudan	27.26	27.26
Block 06.1, Vietnam	40.75	2,503.28
Acquisition cost		
Block 128, Vietnam	92.54	-
Block 25, 26, 27, 28, 29 & 36 Cuba	-	346.91
Block 1, 2, 3 & 4 (Area 43), Libya	408.90	408.90
Block Satpayev, Kazakhstan	4,753.53	4,753.53
TOTAL	68,336.24	62,231.85

18. Non– Current Investment:

(₹ in Million)

	No. of Shares/ Bonds/ Units	Face Value per Share/Bond/ Unit	As at 31 March 2013	As at 31 March 2012
Long Term Investments (Fully Paid Up) (At Cost)				
Trade Investments in Shares Unquoted				
In Wholly Owned Subsidiaries:				
ONGC Narmada Limited				
Equity Shares	20,000,000	1 (Naira)	6.94	6.94
	(20,000,000)			
ONGC Amazon Alaknanda Limited				
Equity Shares	12,000	1 (USD)	0.56	0.56
	(12,000)			

(₹ in Million)

		No. of Shares/ Bonds/ Units	Face Value per Share/Bond/ Unit	As at 31 March 2013	As at 31 March 2012
	Preference Shares	30,66,11,613	1 (USD)	**14,150.13**	16,982.98
		(36,79,95,174)			
	Imperial Energy Limited (formerly Jarpeno Limited)				
	Equity Shares	1,450	1 (USD)	**15,574.46**	15,574.46
		(1,450)			
	Preference Shares (at a premium of USD 9,999)	1,92,210	1(USD)	**86,744.37**	86,744.37
		(1,92,210)			
	Carabobo One AB				
	Equity Shares	377,678	11.19457	**2,822.02**	2,822.02
		(377,678)	(Euro)		
	In Partially Owned Subsidiaries:				
	ONGC Nile Ganga B.V.				
	Equity Shares Class A	40 (40)	453.78 (Euro)	**8,462.12**	8,462.12
	Equity Shares Class B	100 (100)	453.78 (Euro)	**21,155.29**	21,155.29
	Equity Shares Class C	880	1 (Euro)	**234.25**	234.25
	(at a premium of EUR 3,999 per share)	(880)			
	In Jointly Controlled Entity :				
	ONGC Mittal Energy Limited				
	Equity Shares	24,990,000	1 (USD)	**1,113.72**	1,113.72
		(24,990,000)			
	Investment in ONGC (BTC) Limited	8,000,001	1 (USD)	**2,519.86**	0.00
	Equity Shares	(0)			
	Investment in Sudd Petroleum Operating Company	24.125	1 (USD)	**0.01**	0.00
	Equity Shares	(0)			
	Investment with Bank for Site Restoration			**5,017.98**	2,927.15
	TOTAL			**157,801.71**	**156,023.86**
	Less : Provision for diminution in the Value of Investment			**19,786.86**	18,666.21
	Total Non- Current Investments			**138,014.85**	**137,357.65**

a. The Company holds 100% of Class A and Class B equity shares and 55% of Class C equity shares in ONGC Nile Ganga B.V., the Netherlands (ONGBV). Class C shares are entitled only and exclusively to the results of Class C business representing ONGBV's investments in Himalaya Energy Syria B.V.,the Netherlands (the joint venture company for investments in AFPC Project, Syria).

b. The investment with the bank for site restoration relates to the Sakhalin-1, Russia Project. The amounts are invested by J P Morgan Chase Bank (The Foreign Party Administrator-FPA) in accordance with the Portfolio Investment Guidelines provided under the Sakhalin-1 Abandonment Funding Agreement entered into between the FPA and the foreign parties to the Consortium in accordance with the Production Sharing Agreement (PSA). This investment will be utilised for funding the Abandonment Liability to the Russian State as per the PSA. Attention is also invited to Note 7.

c. Investment in Sudd Petroleum Operating Company: The Company has invested in 24.125% share capital of Sudd Petroleum Operating Company, Mauritius during the current financial year. Sudd Petroleum Operating Company is an operating company solely for the operations of Block 5A in South Sudan and owns no assets and liablities.

d. The Company has assessed the carrying value of its long term investments and has provided for diminution in the value of its investment in equity shares of subsidiary ONGC Narmada Limited & joint venture ONGC Mittal Energy Limited. Provision of ₹6.94 Million (Previous year ₹Nil) in respect of ONGC Narmada Limited and ₹1,113.72 Million (Previous year ₹Nil) in respect of ONGC Mittal Energy Limited has been made for the diminution in the value of the investments as on 31 March, 2013 (Previous year ₹18,666.21 Million) was provided for diminution in value of the investment in Imperial Energy Ltd (formerly Jarpeno Limited)).

19. Long Term Loans And Advances:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	Secured, considered good		
	Loans and advances to related party	**0.41**	0.38
	Other loans and advances	**98.80**	83.64
	Unsecured, considered good		
	Other loans and advances	**11.05**	12.71
	Doubtful		
	Loans and advances to related party	**1,708.02**	1,401.83
	Other loans and advances	**1,022.10**	**534.16**
	Sub-Total (A)	**2,840.38**	2,032.72
	Less : Provision for bad and doubtful loans and advances		
	Loans and advances to related party	**1,708.02**	1,401.83
	Other loans and advances	**1,022.10**	534.16
	Sub-Total (B)	**2,730.12**	**1,935.99**
	TOTAL (A)-(B)	**110.26**	**96.73**

a. Loans and advances:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	Current (Note 24)	**6,622.79**	1,496.09
	Non Current (Note 19)	**110.26**	96.73
	Total	**6,733.05**	**1,592.82**

b. Loans and advances due to related party represent due from directors:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	Current	0.07	0.05
	Non-Current	0.41	0.38
	Total	0.48	0.43

c. **Other loans and advances- Doubtful:**

Provision for doubtful loans and advances amounting to ₹1,708.02 Million (Previous year ₹1,401.83 Million) has been made in respect to loan to ONGC Narmada Limited in view of its unsuccessful exploratory efforts.

The Company has 25% participating interest (PI) in an exploration Block Satpayev Area Kazakhstan, and 75% PI is hold by KMG the national oil company of Kazakhstan. As per the carry agreement, OVL is financing KMG's share of expenditure in the project during the exploratory period (carry loan). The amount of carry loan will be refunded by KMG along with accrued interest in the event of commercial discovery and production from the project. The KMG's share of expenditure financed by OVL in the Block has been accounted for as loan to KMG.

Provision has been made towards the amount of carry loan of ₹1,022.10 Million as on 31 March, 2013 (Previous year ₹534.16 Million) to KMG in view of the block being under exploration as there is no certainty of commercial discovery and has been depicted as other loans and advances-Doubtful.

20. Other Non Current Assets:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	Secured, considered good		
	Trade receivables (sundry debtors) realisable beyond 12 months		
	Trade receivables on deferral credit terms realisable beyond 12 months from the end of reporting period		
	Investment in Lease realisable beyond 12 months from the end of reporting period*	675.83	1,846.25
	Goods in transit to be reported for each class of inventory		
	Interest Accrued on Loans to Employees	37.03	34.16
	Unsecured, considered good		
	Prepaid Expenses	17.32	-
	Other Deposits	33.25	31.49
	Doubtful		
	Trade receivables (sundry debtors) realisable beyond 12 months	2.30	2.16
	Sub-Total (A)	765.73	1,914.06
	Trade receivables (sundry debtors) realisable beyond 12 months	2.30	2.16
	Sub-Total (B)	2.30	2.16
	TOTAL (A)-(B)	763.43	1,911.91

Other Assets are classified to current and non-current and depicted as under:

	Particulars	As at 31 March, 2013	As at 31 March, 2012
	Non-Current (Note No. 20)	763.43	1,911.91
	Current (Note No. 25)	22,979.86	20,470.74
	Total	23,743.29	22,382.65

*The payment of the installments guaranteed by the Government of Sudan. Attention is invited to Note No. 44.

21. Inventories:

(As taken, valued and certified by the Management)

(₹ in Million)

		As at 31 March 2013		As at 31 March 2012	
	Finished Goods		17.60		16.78
	Stores & Spares	2,881.40		2,796.30	
	Less: Provision for Obsolete and non moving inventories (In respect of Joint Ventures)	635.55	2,245.85	930.62	1,865.68
	TOTAL		2,263.45		1,882.46

In case of joint venture arrangements where the property in crude oil produced does not pass on upto a specific delivery point, the stock of crude oil till such delivery point is not recognised by the Company.

22. Trade Receivables:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	Considered good		
	Debts outstanding for a period exceeding six months:	108.85	0.18
	Unsecured		
	Debts outstanding for a period less than six months:	11,235.05	6,709.37
	TOTAL	11,343.90	6,709.55

23. Cash & Bank equivalents:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
A.	**Balances with Banks**		
	in current account	2,342.80	3,411.52
	in deposit account	67.36	35.38
B.	**Cheques, drafts on hand**	-	-
C.	**Cash on hand**		
	a) At New Delhi	0.23	0.25
	b) At Overseas	0.12	0.17
D.	**Cash & Bank Balances** (In respect of Joint Ventures)	1,687.94	2,012.18
	TOTAL	4,098.45	5,459.50

24. Short Term Loans & Advances:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
A.	**Secured - Considered Good**		
	Loans & Advances to Employees	22.13	19.28
	Total Secured - Considered Good (A)	**22.13**	**19.28**
B.	**Unsecured - Considered Good**		
	Carry Finance to JV Partners	-	69.38
	Loans & Advances to Employees	7.42	5.86
	Loans & Advances to Directors	0.07	0.05
	Advances recoverable in cash or in kind or for value to be received	418.89	716.18
	Loans and advances to related parties		
	Receivable from ONGC Nile Ganga BV (Subsidiary Company)	305.50	294.64
	Receivable from Petro Carabobo Ganga BV (Subsidiary Company)	57.06	53.55
	Receivable from OAAL (Subsidiary Company)	9.42	2.83
	Receivable from ONGC (BTC) Limited (Subsidiary Company)	1,291.52	–
	Receivable from ONGC Mittal Energy Ltd.	223.52	183.88
	Advance to Imperial Energy Limited (Subsidiary Company)	4,126.14	1.24
	Advance to Carabobo One AB (Subsidiary Company)	161.12	149.20
	Unsecured - Considered Good (B)	**6,600.66**	**1,476.81**
C.	**Unsecured - Considered Doubtful**		
	Carry Finance to JV Partners	**58.89**	-
	Unsecured - Considered Doubtful (C)	**58.89**	-
D.	**D. Provision for Doubtful Loans & Advances**		
	Provision for Doubtful Loans & Advances (D)	**58.89**	-
	LOANS AND ADVANCES (A+B+C-D)	**6,622.79**	**1,496.09**

a. **Carry Finance to JV Partners:** The Company carried the share of investment of Sudapet, the national oil company of Sudan, for its 3.375% share in Block 5A, Sudan till the commencement of first commercial production. 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). In view of the secession of South Sudan and the transfer of PI of Sudapet of Block 5A to Nilepet the National Oil Company of South Sudan, the remaining balance of the carry loan of ₹58.89 Million (Previous year Nil) has become doubtful and provision has been created for the same.

25. Other Current Assets:

(₹ in Million)

			As at 31 March, 2013		As at 31 March, 2012
	Prepaid expenses for Underlift Quantity		**174.12**		342.01
	Interest Accrued On				
	Deposits with Banks		**0.10**		-
	Others		**88.05**		4.14
	Other Deposits		**27.45**		27.02
	Other Current Assets		**810.03**		11.69
	VAT Receivable		**1,389.90**		926.56
	Investment in Finance Lease*		**4,035.15**		2,427.35
	Advances recoverable in Cash or in kind or for value to be received (In respect of Joint Venture)		**7,825.72**		6,318.76
	Taxes (Income Tax, Wealth Tax and Fringe Benefit Tax) :				
	Advance Payment	**21,266.71**		21,841.37	
	Less: Provision	**12,637.37**	**8,629.34**	11,428.16	**10,413.21**
	TOTAL		**22,979.86**		**20,470.74**

Attention is invited to Note 20 for the Current and Non-Current classification of Other Assets.

**The payment of the instalments guaranteed by the Government of Sudan. Attention is invited to Note No. 44.*

26. Revenue from Operations:

(₹ in Million)

		2012–13	2011–12
	Sale of products		
	Crude Oil	**61,604.04**	62,889.77
	Gas	**11,393.63**	9,567.78
	Condensate	**2,954.69**	3,090.51
	TOTAL	**75,952.36**	75,548.06
	Less: VAT	**1,368.10**	**1,234.29**
	Total revenue from operations	**74,584.26**	**74,313.77**

27. Other Income:

(₹ in Million)

		2012–13	2011–12
	Dividend income from Subsidiary Company - ONGBV	-	1,049.40
	Interest income :		
	On Deposits with Banks	**43.77**	46.28
	On Loans & Advances to Subsidiaries	**88.16**	429.27
	On Loans and Advances to Employees	**6.41**	5.54
	Other interest income	**896.56**	93.63
	Profit on Redeemption/ Sale of Investments	**1,551.54**	2,726.77
	Gain on Foreign Exchange Forward Contracts / Derivatives	**704.76**	222.45
	Finance Lease Income	**164.33**	207.36
	Miscellaneous Receipts - Manpower & Others.	**666.28**	1,038.55
	TOTAL	**4,121.81**	**5,819.25**

28. Production, Transportation, Selling and Distribution Expenditure:

(₹ in Million)

	2012-13	2011-12
Production Expenditure	6,375.08	5,928.31
Transportation Expenditure	3,195.18	3,083.46
Royalty	5,100.32	5,116.27
Service Tax and Other Levies	38.63	13.08
Staff Expenditure	1,318.20	786.56
Rent	212.44	166.41
Repair & Maintenance	121.67	67.90
Insurance	14.26	28.07
Crude oil received against Carry Finance	-	231.66
Business Development & Other Expenses	1,475.67	819.29
TOTAL	17,851.45	16,241.01

The above expenses have been reclassified in accodance with part II of Revised Schedule VI to the Companies Act, 1956.

a. Details of Production, Transportation, Selling and Distribution Expenditure:

(₹ in Million)

Particulars	2012-13	2011-12
(i) **Staff Expenditure**		
(a) Salaries, Wages, Ex-gratia, etc.	1,011.99	519.64
(b) Contribution to Provident and other Funds	49.65	33.02
(c) Provision for Gratuity	28.56	17.36
(d) Provision for Leave Encashment	88.67	69.00
(e) Provision of Medical/Terminal Benefits	16.91	3.82
(f) Staff Welfare Expenses	122.42	143.72
Sub-Total	1,318.20	786.56
(ii) Rent	212.44	166.41
(iii) Electricity, Water and Power	21.28	18.22
(iv) Repairs to Plant and Machinery	-	0.03
(v) Other Repairs	121.67	67.87
(vi) Hire Charges of Vehicles	47.23	96.04
(vii) Professional Charges	94.29	71.59
(viii) Telephone and Fax	23.10	18.08
(ix) Printing and Stationary	6.82	2.43
(x) Business Meeting Expenses	10.88	3.08
(xi) Travelling Expenses	192.72	104.06
(xii) Insurance	14.26	28.07
(xiii) Advertisement and Exhibition Expenditure	14.17	10.06
(xiv) Statutory Levies *	1,406.73	1247.37
(xv) Contractual Transportation	3,195.18	3,083.46
(xvi) Miscellaneous Expenditure	21.51	19.59
(xvii) Other Operating Expenditure**	7,418.75	6,636.11
(xviii) Royalty	5,100.32	5,116.27
TOTAL	19,219.55	17,475.30

* Statutory Levies includes VAT as per Note No. 26.

** The other operating expenditure (sl.no. (xvii) above) includes the expenses in respect of Sakhalin-1 Project, Russia where the nature wise details are not made available by the Operator of the project.

b. The Company is engaged in operations overseas and carries out Corporate Social Responsibility (CSR) activities in its areas of operations. In accordance with DPE Guidelines and MOU with the holding company ONGC, any CSR expenditure in India may be incurred in part or full through ONGC. The company allocates 0.5% of previous year's Profit after Tax (PAT) towards CSR every year. The Company has incurred an amount of ₹92.92 Million during the year (Previous year ₹10.04 Million) towards CSR activities overseas directly or through its joint ventures.

c. Auditors' Remuneration:

(₹ in Million)

Particulars	2012-13	2011-12
Audit Fee	2.63	3.09
Tax Audit Fee	0.25	0.28
Certification Fee	0.77	0.48
Total	3.65	3.85

d. The expenditure incurred by parent company Oil and Natural Gas Corporation Limited or its subsidiaries on behalf of the Company are accounted for on the basis of debits raised by the concerned entity for which supporting documents are held by the respective companies.

29. "CHANGES IN INVENTORIES OF FINISHED GOODS*:
* As taken, valued and certified by the Management"

(₹ in Million)

	2012-13	2011-12
Closing Stock	17.60	16.78
Opening Stock	16.78	12.38
NET (INCREASE)/DECREASE IN STOCK	(0.82)	(4.40)

30. Financing Costs:

(₹ in Million)

	2012-13	2011–12
Interest expenses		
Interest on Bonds	1,966.82	1,974.74
Other interest expenses	9.94	-
TOTAL	1,976.76	1,974.74

31. Depreciation, Depletion and Amortisation:

(₹ in Million)

		2012-13		2011-12
Depreciation on Fixed Assets	5,851.29		10,011.43	
Add: Amortisation of Intangibles	53.32		(34.89)	
Less: Capitalised	4,207.42	1,697.19	7,982.82	1,993.72
Depletion		9,778.51		6,966.25
Survey Expenditure		1,978.95		1,204.25
Dry Wells Written Off		3,528.50		706.43
TOTAL		16,983.15		10,870.65

32. Other Expenses:

(₹ in Million)

	2012-13	2011-12
Net (gain) or loss on foreign currency transactions and translation (other than considered as finance cost)*	(871.09)	12.17
Provision for Mark-to-Market loss on Derivative Contracts	1,606.76	498.56
TOTAL	735.67	510.73

* Attention is invited to Note No. 1.2.2(a.1)

** Please refer to Note No. 49.

33. Provisions and write offs:

(₹ in Million)

	2012-13	2011-12
Provision for Diminution in the Value of Investment	1,120.65	18,666.21
Provisions for Doubtful Debts/Claims	546.83	509.41
Provision for Wells under service contract	16.70	12.29
Provision for Exploratory & Development wells of Block XXIV Syria*	1,998.02	-
Provision for Non-Moving Inventory/(Reversal)	168.88	372.38
Acquisition Cost of Exploration Project Written Off	254.37	92.54
Other Write Off (Write back)	(764.47)	817.92
TOTAL	3,340.98	20,470.75

*Attention is invited to Note 16.

a. Provision for diminution in value of investments: Attention is invited to Note No. 18.

b. Provision for doubtful debts/claims includes carry loan of ₹487.94 Million (Previous year ₹534.16 Million) to KMG in view of the block being under exploration and there is no certainty of commercial discovery and hence the recovery of the loan. Attention is invited to Note No. 19 (c).

c. Provision has been made for well under service contract in respect of Farsi Block, Iran.

d. Acquisition cost written off in respect of exploration projects during the period.

e. Other write-back includes ₹766.80 Million (Previous year Write off ₹766.80 Million) in respect of minimum exploration commitment of Block 128 - Vietnam due to extension of exploration period by the Government of Vietnam for two years.

34. Decrease/(increase) due to overlift/underlift quantity:

(₹ in Million)

	2012-13	2011-12
A. Overlift -Opening Balance	-	-
B. UnderLift -Opening Balance	342.01	283.32
C. Overlift -ClosingBalance	466.73	-
D. UnderLift -Closing Balance	174.12	342.01
Decrease/(increase) due to overlift/underlift quantity (B+C)-(A+D)	634.62	(58.69)

35. Adjustment relating to Prior Period (Net):

(₹ in Million)

	2012-13	2011-12
A. Expense		
Survey Expenses	-	(23.20)
Other Expenses	(660.82)	2.84
Depreciation/Depletion	(29.23)	(0.02)
Sub-Total	(690.05)	(20.38)
B. Income		
Other Income	-	6.24
Sub-Total	-	6.24
TOTAL (A) - (B)	(690.05)	(26.62)

36. Current Year Tax:

(₹ in Million)

	2012-13	2011-12
Corporate Tax	9,463.24	11,141.60
Wealth Tax	0.21	0.18
TOTAL	9,463.45	11,141.78

The provision for corporate income-tax has been made for ₹9,463.24 Million (Previous year ₹11,141.60 Million), including the tax payable in respect of Sakhalin-1, Russia Project as well as taking into account the tax credits under applicable double taxation avoidance agreements.

37. Deferred Tax:

(₹ in Million)

	2012-13	2011-12
Deferred Tax	226.74	93.58
TOTAL	226.74	93.58

38. Earlier Years Tax:

(₹ in Million)

	2012-13	2011-12
Corporate Tax	2,190.41	158.56
Wealth Tax	0.04	0.13
TOTAL	2,190.45	158.69

39. Earning Per Equity Share:

(₹ in Million)

		2012-13	2011-12
	Net Profit after Taxation as per Statement of Profit and Loss	**26,447.15**	18,760.80
	Weighted average number of Equity Shares outstanding	**445,205,479**	100,000,000
	Basic and Diluted Earnings Per Equity Share (₹) (Per Share of ₹100 each)	**55.11**	53.08*

* restated for Rights issue during the current year

During the year, the Company had a Rights Issue of 400,000,000 Equity Shares of ₹100 each ranking pari passu in all respects with the existing equity shares to Oil and Natural Gas Corporation Limited. EPS of previous year has been restated based on the Rights Issue in accordance with the Accounting Standard (AS) 20 viz. Earnings Per Share.

40. The required disclosure under the Accounting Standard(AS) 15 (Revised) viz. Employee Benefits is given below:

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

(i) 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.

(ii) 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.

(iii) Gratuity

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

(iv) 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.

(v) 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 gold coin as a memento on superannuation, depending upon their level and length of service.

(B) The amounts recognized in financial statements for defined contribution plans are as under:

(₹ in Million)

DEFINED CONTRIBUTION PLANS	Expense Recognized during 2012-13	Contribution for Key Management Personnel during 2012-13	Expense Recognized during 2011-12	Contribution for Key Management Personnel during 2011-12
Contributory Provident Fund	**38.74**	**0.72**	29.53	0.54
Employee Pension Scheme -95	**1.63**	**0.02**	1.40	0.01
Composite Social Security Scheme	**8.73**	**0.08**	1.53	0.02

(C) The amounts recognized in the balance sheet for post–employment benefit plans are as under:

(₹ in Million)

PARTICULARS	Gratuity	Leave	Post-Retirement Medical Benefits	Terminals Benefits
Present Value of Funded Obligation	-	-	-	-
	-	-	-	-
Fair Value of Plan Assets	-	-	-	-
	-	-	-	-
Present Value of Unfunded Obligation	**59.50**	**190.82**	**14.93**	**19.76**
	179.90	166.44	63.49	8.99
Unrecognized Past Service Cost	-	-	-	-
	-	-	-	-
Net Liability	**59.50**	**190.82**	**14.93**	**19.76**
	179.90	166.44	63.49	8.99

(D) The amount included in the fair value of plan assets of gratuity fund is as follows:

(₹ in Million)

Defined Contribution Plan	Expense Recognized during 2012-13	Expense Recognized during 2011-12
Reporting Enterprise's own financial instruments	**Nil**	Nil
Any Property occupied by, or assets used by the reporting enterprise	**Nil**	Nil

(E) Reconciliation showing the movements during the period in the net liability recognized in the balance sheet:

(₹ in Million)

PARTICULARS	Gratuity	Leave	Post–Retirement Medical Benefits	Terminals Benefits
Opening defined benefit obligation	**179.90**	**166.44**	**63.49**	**8.99**
	169.54	139.67	61.14	7.86
Current Service Cost	**12.92**	**85.27**	**3.08**	**7.67**
	7.39	6.81	2.48	0.35
Past Service Cost	-	-	-	-
	-	-	-	-
Interest Cost	**15.29**	**14.15**	**5.40**	**0.76**
	14.41	11.87	5.20	0.67
Actuarial losses/(gains) *	**(134.61)**	**(9.74)**	**(57.04)**	**3.22**
	(4.44)	50.32	(5.33)	0.45

(₹ in Million)

PARTICULARS	Gratuity	Leave	Post–Retirement Medical Benefits	Terminals Benefits
Exchange differences on foreign plans	-	-	-	-
	-	-	-	-
Less: Benefits paid	**(14.00)**	**(65.30)**	**–**	**0.89**
	(7.00)	(42.24)	–	0.34
Closing defined benefit obligation	**59.50**	**190.82**	**14.93**	**19.75**
	179.90	166.44	63.49	8.99

(F) The total expenses recognized in the statement of profit and loss are as follows:

(₹ in Million)

PARTICULARS	Gratuity	Leave	Post Retirement Medical Benefits	Terminals Benefits
Current Service Cost	**12.92**	**85.27**	**3.08**	**7.67**
	7.38	6.80	2.48	0.35
Interest on Obligation	**15.29**	**14.15**	**5.40**	**0.76**
	14.41	11.87	5.20	0.67
Expected Return on plan assets	-	-	-	-
	-	-	-	-
Net actuarial losses/(gains) recognised during the year*	**(134.61)**	**(9.74)**	**(57.04)**	**3.22**
	(4.44)	50.32	(5.33)	0.45
Past Service Cost	-	-	-	-
	-	-	-	-
Losses (Gains) on curtailments and settlement	-	-	-	-
	-	-	-	-
Total included in 'Employee Benefit Expense'	**(106.40)**	**89.68**	**(48.56)**	**11.65**
	17.35	68.99	2.35	1.47
Actual return on Plan Assets	-	-	-	-
	-	-	-	-

(G) Principal actuarial assumption at the balance sheet date (expressed as weighted averages):

(₹ in Million)

PARTICULARS	Gratuity	Leave	Post Retirement Medical Benefits	Terminals Benefits
Discount Rate	**8.50%**	**8.50%**	**8.50%**	**8.50%**
	8.50%	8.50%	8.50%	8.50%
Expected Return on Plan Assets	-	-	-	-
	-	-	-	-
Annual Increase in healthcare costs	-	-	-	-
	-	-	-	-
Annual Increase in Salary	**6.00%**	**6.00%**	**6.00%**	**6.00%**
	6.00%	6.00%	6.00%	6.00%

(H) Effect of 1.00% increase and decrease in inflation rate on Post Retirement Medical Benefits as on 31st March, 2013:

(₹ in Million)

	1.00 % (+)	1.00 % (–)
a) Effect on service and interest cost	**1.93**	**(1.39)**
	1.57	(1.13)
b) Effect on Present Benefits Obligation (Closing)	**16.31**	**(10.18)**
	14.24	(8.03)

*Note: Figures in **bold** represent **current** year's figures*

** Current Year Actuarial Losses / Gains includes correction due to change in the Date of Joining (DOJ) from the DOJ in holding company to the DOJ in the Company, the corresponding Gain is booked as prior period income.*

41.1 Tax Assessment:

i. The Company had appealed to Hon'ble Delhi High Court against the decision of Income Tax Appellate Tribunal (ITAT) for the Assessment Years 1981-82 to 1987-88 regarding disallowance of its claim for ₹94.04 Million (year ending 31 March, 2012: ₹94.04 Million) on account of depreciation, development allowance and receipt of interest on delayed payments in respect of Iran Project. However, pending decision the tax demand in this regard was paid by the Company. The matter has been remanded back by the Hon'ble Delhi High Court to the ITAT for fresh hearing vide order dated 30 March 2011 and proceedings are under progress.

ii. The Company had filed appeals with Commissioner of Income Tax (Appeals) [CIT (Appeals)] against the disallowance of depreciation on acquisition costs of the projects and other expenses as well as addition to income aggregating to ₹3,958.54 Million, ₹3,006.17 Million, ₹3,470.29 Million, ₹3,212.03 Million, ₹4,683.46 Million,₹ 5,617.51 Million, ₹4,578.92 Million and ₹4,072.49 Million for assessment years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 respectively by the assessing officer ("AO"). CIT (Appeals), while disposing off the appeals for assessment years 2002-03 and 2003-04 partially deleted the disallowances. The Company filed appeals with the Income Tax Appellate Tribunal (ITAT) against the orders of CIT (Appeals). The Company got a favourable decision from ITAT for AY 2002-03 and all disallowances (depreciation on acquisition cost and pre-acquisition expenses) made by the AO have been deleted by ITAT. While the Department has filed appeal in the High Court of Delhi (the "Delhi HC") against the said order of ITAT for 2002-03, the Company has also approached the Delhi HC against the said order with the appeal that the acquisition cost be treated as revenue expenditure. For the assessment years 2004-05 and 2005-06, CIT(Appeals) has decided the appeals in favour of the Company. However, the Department has filed appeal against the above orders in the ITAT.

iii. For the assessment year 2004-05, the AO had reassessed the income u/s 147 of the Income Tax Act, 1961 making additions to income amounting to ₹165.98 Million towards exchange gain adjustments and change in method of accounting during the relevant year. The tax demanded due to reassessment is nil. The AO has also initiated penalty proceedings. Company has filed an appeal before CIT(Appeals) against the order of the AO and requested the AO to keep the penalty proceedings in abeyance till the disposal of the appeal by CIT(Appeals).

iv. For the assessment year 2005-06, the Company had claimed tax credit of ₹111.33 Million (increased to ₹709.88 Million due to assessment by Department under regular provisions rather than under MAT, as returned) under the India-Vietnam double tax avoidance agreement with respect to tax deemed to be paid. The claim was duly supported by report of a reputed accounting and tax firm in Vietnam and accepted by the AO. The CIT had issued an order dated 29th March, 2010 holding the allowance of the credit to be erroneous and directed the AO to re-compute the tax payable and allow credit only on the basis of certificate to be obtained by the Company from Vietnam tax authorities. The Company had filed appeal with the Income Tax Appellate Tribunal (ITAT) to contest the same on the ground that the decision of the CIT is not in accordance with the law. The Company had also approached Vietnam Tax Authorities (VTA) for required certificate. However, the AO vide his order dated 21st December 2010 has withdrawn the credit allowed for ₹709.88 Million and the resulting demand for ₹958.34 Million has been adjusted by the AO against refunds due to the Company. The Company has filed appeal with CIT (A) against the order of the AO. Further, the VTA vide their notice dated 5th August 2011 have confirmed the tax amounts for the calendar years 2003 to 2006. The Company has filed the documents with CIT (A) and further proceedings before CIT(A) are pending.

v. For the assessment year 2009-10, the AO has made certain disallowances/additions (depreciation on acquisition costs of the projects, provision in respect of Farsi exploration service contract and other expenses) amounting to ₹4,072.49 Million and assessed total income as ₹34,116.82 Million against returned income of ₹30,044.33 Million. The disallowances/additions include an amount of ₹2,119.11 Million on protective basis. In consequence, the AO has raised a demand of ₹1,966.39 Million payable by the Company. The Company does not agree with the disallowances made and has filed appeal with CIT (Appeals) against such assessment order. No provision has been made for additional tax liability, if any, on this account.

vi. For the assessment year 2006-07, AO has initiated action on 18th March, 2013 u/s 147 of the Income Tax Act, 1961 for re-assessing company's assessed income. The company replied for the notice on 11th April 2013 and further proceedings are pending before the AO.

vii. ITAT vide order dated 16th November 2012 upheld CIT (A) order in the matter of deduction of withholding tax for the payment made for the online subscription of data base from a foreign party. OVL has filed Miscellaneous Application with ITAT as the ITAT omitted to apply the exclusion given in the explanation in section 9(1) (vi) of the Income-tax Act 1961 in respect of royalty paid for business carried outside India. Further OVL had filed appeal against the ITAT order in Delhi High Court. The tax involved is ₹6.33 Million which had been deposited by the Company.

viii For the amount of contingent liability in respect of disputed tax demands, attention is invited to Note 48

41.2. Disclosure pursuant to the clause 28 of the Listing Agreement:

(₹ in Million)

Particulars	Loans & Advances in the Nature of Loans			
	Outstanding as on 31.03.2013	Maximum Amount Outstanding during the Year	Outstanding as on 31.03.2012	Maximum Amount Outstanding during the Year
a) Loans and advances to Subsidiaries				
i) Advance to Imperial Energy Limited	**4,126.14**	**4,126.14**	1.24	15,329.61
ii) Advance to Carabobo One AB	**161.12**	**166.03**	149.20	2,547.42
iii) Loan to ONGC Narmada Limited	**1,708.02**	**1,719.32**	1,401.83	1,428.74
iv) Advance to ONGC Caspian E&P B.V.	**Nil**	**Nil**	Nil	Nil
v) Advance to ONGC BTC Ltd	**1,291.52**	**1,291.52**	Nil	Nil
b) Loans to Associates				
Advance to ONGC Mittal Energy Limited	**Nil**	**Nil**	Nil	Nil
c) Loans having no repayment schedule or repayment schedule of more than seven years to employees	**121.37**	**121.37**	103.35	104.34
d) Loans having no interest or interest below section 372A of Companies Act, 1956	**NA**	**NA**	NA	NA
e) Investment by the loanee (borrower) in the shares of parent company and subsidiary company	**Nil**	**Nil**	Nil	Nil
f) Loan to firms/companies in which Directors are interested	**Nil**	**Nil**	Nil	Nil

42. Details of Joint Ventures:

The details of Company's significant joint ventures as on 31 March, 2013 are as under:

Sr. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members*	Operator*	Project Status
1	Block 06.1, Vietnam, Offshore	45%	TNK Vietnam B.V.** -35% Petrovietnam - 20%	TNK Vietnam B.V.**	The project is under development and production.
2	Sakhalin -1, Russia, Offshore	20%	ENL - 30% SODECO - 30% SMNG - 11.5% R N Astra– 8.5%	ENL	The project is under development and production.
3	Block 5A, South Sudan, Onshore	24.125%	Petronas - 67.875% Nilepet – 8% ***	Joint Operatorship by all partners.	The project is under exploration, development and production. Currently under temporary shutdown as per host Government directions.
4.	Block A-1, Myanmar, Offshore	17%	Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE- 15%	Daewoo	The project is under development.
5.	Block A-3, Myanmar, Offshore	17%	Daewoo – 51% KOGAS – 8.5% GAIL - 8.5% MOGE- 15%	Daewoo	The project is under development.
6.	Farsi Block, Iran, Offshore	40%	IOC – 40% OIL - 20%	OVL	The project 's exploration period ended on 24 June 2009. Agreement on MDP and Development service contract is pending.
7.	Block XXIV, Syria, Onshore	60%	IPRMEL - 25% Triocean-15%	IPR MEL	IPRMEL the Operator declared Force Majeure effective 29 April 2012
8.	Blocks 25-29, 35 (Part) & 36, Cuba, Offshore	30%	Repsol YPF – 40% Stat Oil – 30%	Repsol YPF	The Decision to relinquish the project has been taken and relinquishment process is likely to be completed by June 2013

Sr. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members*	Operator*	Project Status
9.	Khartoum–Port Sudan Pipeline Project, Sudan Onshore	90%	OIL - 10%	OVL	The pipeline has been completed and is under lease.
10.	Block RC-8, Colombia, Offshore	40%	Ecopetrol - 40% Petrobras – 20%	OVL	The project is under exploration
11.	Block RC-9, Colombia, Offshore	50%	Ecopetrol - 50%	Ecopetrol	The project is under exploration
12.	Block RC-10, Colombia, Offshore	50%	Ecopetrol - 50%	OVL	The project is under exploration
13.	Block SSJN-7, Colombia, Onshore	50%	Pacific - 50%	Pacific	The project is under exploration
14.	Block CPO-5, Colombia, Onshore	70%	PetroDorado – 30%	OVL	The project is under exploration
15.	SHWE Offshore Pipeline, Myanmar, Offshore	17%	Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE – 15%	Daewoo	The project is under construction.
16.	Satpayev Contract Area 3575, Kazakhstan, Offshore	25%	KMG – 75%	SOLLP	The project is under exploration
17.	Azeri, Chirag, Guneshli Fields, Azerbaijan, Offshore	2.72%	"BP - 35.79% SOCAR - 11.65% Chevron - 11.27% Inpex - 10.96% Statoil - 8.56% Exxon-Mobil - 8.00% TPAO - 6.75% Itochu - 4.30%"	BP	The project is under development and production

* Abbreviations used: BPEOC – BP Exploration Operating Company Limited; Daewoo – Daewoo International Corporation; Ecopetrol – Ecopetrol S.A, Colombia; ENL – Exxon Neftegas Limited; GAIL – GAIL (India) Limited; IOC – Indian Oil Corporation Limited; IPRMEL – IPR Mediterranean Exploration Limited; KMG – Kazmunaygas; KOGAS – Korea Gas Corporation; MOGE- Myanmar Oil and Gas Enterprise; OIL – Oil India Limited; Petrobas – Petrobras Colombia Ltd; Pacific - Pacific Stratus Energy, Colombia ; Petro-Dorado - Petro-Dorado South America S.A.; Petronas – PetronasCarigali Overseas SdnBhd; Petrovietnam – Vietnam Oil and Gas Group; Repsol YPF – Repsol YPF Cuba SA; SMNG – Sakhalinmorneftegas Shelf; SODECO – Sakhalin Oil Development Company Limited; SOLLP – Satpayev Operating Company LLP (100% subsidiary of KMG); Nilepet – Nilepet Limited; Triocean: Tri-Ocean Mediterranean;SOCAR-State Oil Company of Azerbaijan Republic;STATOIL- Den Norske Stats Oljeselskap;TPAO-Turkiye Petrolleri A.O.

** BPEOC has transferred its PI and Operatorship to TNK Vietnam B.V. which is effective from 17th October 2011.

*** As per a presidential decree November 2011 by Government of South Sudan, the 8% Shares of Sudapet in Block 5A was transferred to Nilepet the national oil company of Republic of South Sudan.

43.1 Company's share in Joint Ventures:

The Company's share of assets, liabilities, income and expenses in the Joint Ventures as furnished by the Operator has been incorporated in the financial statements as given below:

(₹ in Million)

Project	Net Fixed Assets	Net Producing Property	Capital Work in Progress	Exploratory and Development Wells in Progress	Current Assets	Cash and Bank Balance	Liabilities	Income	Expenditure* (Including depreciation)
A. Audited as of 31 March, 2013									
Block 06.1 Vietnam	4,970.35	3,822.31	40.75	-	4,040.37	(0.77)	11,027.97	11,266.78	5,684.44
Farsi Block, Iran	0.24	-	-	-	-	0.32	114.07	0.20	17.56
Khartoum - Port Sudan Pipeline, Sudan	-	-	-	-	4,710.95	9.70	3,039.85	164.35	(26.62)
TOTAL (A)	**4,970.59**	**3,822.31**	**40.75**	**-**	**8,751.32**	**9.26**	**14,181.89**	**11,431.32**	**5,675.38**
B. Audited as of 31 December 2012									
Sakhalin-1, Russia	30,771.36	55,219.16	51,219.29	1,733.25	14,355.28	309.50	17,615.91	63,378.28	20,412.98
Block RC-8, Colombia	0.22	-	-	-		-	550.48	0.17	623.14
Block RC-10, Colombia	0.31	-	-	-	0.09	-	688.74	0.21	992.62
Block RC-9, Colombia	-	-	-	-	-	0.24	1.95	0.20	24.67
Blocks 25-29, 35 (Part) & 36, Cuba	4.13	-	-	-	273.42	-	-	0.39	3,322.47
Block A-1, Myanmar	82.39	-	6,429.52	3,620.39	395.46	740.89	2,196.23	-	47.55
Block A-3, Myanmar	0.99	-	1,201.89	3,034.93	17.83	251.33	454.67	-	11.43
CPO 5, Colombia	0.37	-	-	1,166.00	66.49	-	1,020.09	0.56	(2.52)
SHWE Offshore Pipeline Myanmar	4.68	-	2,900.66	-	1.06	354.16	127.03	-	6.07
TOTAL (B)	**30,864.45**	**55,219.16**	**61,751.36**	**9,554.57**	**15,109.64**	**1,656.12**	**22,655.10**	**63,379.80**	**25,438.40**
C. Unaudited									
Block XXIV, Syria	45.40	(42.38)	-	-	362.79	-	413.28	7.18	63.48
Block 5A, Sudan	2,504.19	5,974.80	27.26	1,009.28	1,027.10	21.69	-	-	792.58
"Azeri, Chirag, Guneshli Fields, Azerbaijan"	10,519.00	33,848.83	-	-	-	-	12.77	-	20.38
"Satpayev Contract Area 3575, Kazakhstan"	2.24	-	4,753.53	-	1,071.18	-	-	0.66	627.36
Block NC 188 & 189, Libya	-	-	-	-	5.24	0.67	-	-	18.64
Block 6 North Ramadan, Egypt	-	-	-	-	-	-	64.74	-	54.89
Block NEMED, Egypt.	-	-	-	-	2.00	-	-	-	(0.12)
TOTAL (C)	**13,070.83**	**39,781.25**	**4,780.79**	**1,009.28**	**2,468.31**	**22.36**	**490.80**	**7.84**	**1,577.21**
Grand Total (A+B+C)	**48,905.87**	**98,822.72**	**66,572.90**	**10,563.85**	**26,329.26**	**1,687.75**	**37,327.79**	**74,818.96**	**32,690.99**

*Represents expenditure as per joint venture statement. In the accounts of the Company, the amount is reflected after netting off as per the Accounting Standard (AS) 27 viz. Financial Reporting of interests in Joint Ventures.

The Company's share of assets, liabilities, 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.

43.2 Block 5A, Republic of South Sudan:

Block-5A is located in the Unity State of the Republic of South Sudan (RSS). Block-5A is jointly operated by the partners Petronas Carigali Nile Ltd, ONGC Videsh Limited and Nilepet, the national oil company of RSS. OVL has 24.125% participating interest in Block 5A. A company Sudd Petroleum Operating Company

(SPOC) was incorporated in Mauritius with shares held in proportion to the participating interest of each partners in Block 5A for acting as operator of the Block.

South Sudan seceded from Republic of Sudan (ROS) as an independent country effective from 9 July 2011. In view of the separation of South Sudan, the entire contract area of Block 5A is located in the territory of the RSS. The partners of Block 5A signed a Transition Agreement (TA) with Government of South Sudan (GOSS) on 13 January 2012 which allows the partners to continue their rights for oil exploration and exploitation in the contract area of Block 5A.

RSS is a landlocked country and the crude oil produced from blocks in RSS was evacuated to the export market utilising the oil processing and transportation facilities of ROS until 3rd week of January 2012. Effective from 23rd January, 2012, GOSS enforced shut down of petroleum operation in RSS since the Government of Sudan (GOS) and GOSS could not agree on the commercial terms including the Transit fees for the transportation of oil produced in RSS through ROS facilities. All the operations related to E&P activities in Block 5A were shut down on temporary basis effective from 23rd January, 2012.

Both Governments have reached an Agreement concerning Oil and related economic matters on 27th September, 2012. Subsequently in March, 2013 both Governments have directed the respective oil companies to resume production in RSS as well as to process and transport crude oil produced in RSS using the facilities of ROS. Consequently limited production from Block 5A South Sudan has been resumed effective from 6th April, 2013.

43.3 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 (Previous year ₹4,753.53 Million) are disclosed as Capital-Work-in-Progress in Note 17, as part of acquisition cost to be treated as per the final status of the project.

43.4 Azeri, Chirag & Gunashli Project, Azerbaijan (ACG) Project:

The Company acquired 2.7213% participating interest (PI) in ACG project from Hess Oil and Gas Holdings Inc (HOGHI) during the year. The transaction has been completed on 28th March, 2013 & total purchase consideration of USD 813.52 Million (₹ 44,247.55 Million).

The ACG project is under production. As per Note No. 2.2.(c.1.1) of the significant accounting policy of the company, the net assets less liabilities pertaining to OVL 2.7213% PI in ACG as on 31 March, 2013* was accounted for in the respective assets and liabilities. The difference between the purchase price and net book value of assets less liabilities has been accounted as acquisition cost and capitalized in Producing Properties as below:

(₹ in Million)

	(USD in Million)	(₹ in Million)
Purchase Price (A)	813.52	44,247.55
Less: OVL's share of asset as on closing date	325.38	17,697.58
Less: OVL's share of liabilities on the closing date	16.95	922.04
Assets less liabilities(B)	308.43	16,775.54
Acquisition cost (capitalized in Producing Properties) (A-B)	505.09	27,472.01

* Since details of assets and liabilities of ACG as on 28 March, 2013 i.e. the date of closing was not available, the details of assets and liabilities as per the billing statement of operator as on 31st March, 2013 were considered. The difference between 28 March and 31 March is not expected to be material.

As per the condition of sale and purchase agreement for acquiring PI in ACG, the purchase price is subject to adjustment for the seller's final statements of accounts which will be submitted within 120 days from the date of closing i.e. by 27th July, 2013. Adjustment to the purchase price, if any, shall be accounted on finalization of seller's final statement of accounts.

The Company has simultaneously acquired 100% shares of Hess (BTC) Limited, which holds 2.36% shares in Baku-Tbilisi-Ceyhan (BTC) Pipeline from Hess Oil and Gas Holdings Inc (HOGHI). The Purchase price of ₹2,519.86 Million (USD 46.33 Million) for acquiring Hess (BTC) Limited shares has been accounted for as investment. Post-acquisition, Hess (BTC) Ltd. was renamed as ONGC (BTC) Limited. The Company has also acquired receivables on account of a short term loan advanced to ONGC (BTC) Limited by the seller. The outstanding amount of the loan as on 31st March, 2013 was ₹1,291.52 Million (USD 23.75 Million).

43.5 The Company has assessed indicators for impairment and carried out impairment test in respect of CGUs where indicators were observed. However, no imprment in any of the Cash Generating Units was found.

43.6 The Company has assessed the carrying value of its long term investments and has provided for diminuation in the value of its investment in equity shares of subsidiary ONGC Narmada Limited & joint venture ONGC Mittal Energy Limited. Provision of ₹6.94 Million (Previous year ₹Nil) in respect of ONGC Narmada Limited and ₹1,113.72 Million (Previous year ₹Nil) in respect of ONGC Mittal Energy Limited has been made for the diminution in the value of the investments as on 31st March, 2013 (Previous year, ₹18,666.21 Million was provided for diminution in value of the investment in Imperial Energy Ltd (formerly Jarpeno Limited)).

44. Khartoum - Port Sudan Pipeline Project:

a. Disclosure pursuant to Accounting Standard (AS) 19 viz. Leases:

The Company had completed the construction of 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 with 10% share, Company's share being 90%.

The payment under the contract with GOS were scheduled to be received over a period of 10 years including a moratorium of one year from the date of the contract (30th June, 2004) in 18 equal semi-annual instalments along with lease rental. The lease period commenced from the date of handing over of the pipeline system and will continue till all payments by GOS are completed. All titles in the works and the transportation system shall vest in the Company and the title shall pass to GOS in proportion to the payments made by GOS against total payments due to Company under the contract. Further, subject to regular payments on due dates by GOS to the Company, GOS shall have the exclusive right to use and operate the pipeline system and the Company shall not assign, transfer, sub-let, sub-contract, mortgage or create any rights to any third party or encumbrances or make any disposition to any third party. Accordingly, the amount of net investment in the lease (i.e. aggregate of Minimum Lease Payments minus unearned Finance Income) is recognized and recorded as receivables under the lease. The finance income thereon has been recognized based upon the pattern reflecting the constant periodic rate of return on the outstanding net investment in the lease.

The first 11 instalments under the contract due till 30 December 2010 have been received. The 12th,13th, 14th and 15th instalment of ₹3,074.12 Million (Company's share ₹2,766.71 Million) due on 30th June, 2011, 30th December, 2011, 30th June, 2012 and 30st December, 2012 respectively have not yet been received. Company had taken a political risk insurance policy for the 12th and 13th instalments. As per the insurance policy provision, the company has filed the claim for the 12th and 13th instalments with ECGC. No insurance is available for further instalments (14th to 18th). The Company has been pursuing with the GOS for the payment of the 12th, 13th, 14th and 15th instalments. The GOS has given sovereign guarantee towards the payment of the instalments for the Sudan Pipeline Project and no provision has been made for the above four overdue instalments, amounting to ₹3,074.12 Million (Company share ₹2,766.71 Million).

b. The disclosure in accordance with the Accounting Standard (AS) 19 viz. Leases is as under:

(₹ in Million)

Particulars	31 March, 2013		31–March–2012	
	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	**4,119.95**	**4,035.15**	2,581.50	2,427.35
- Later than one year and not Later than five years	**686.65**	**675.83**	1,936.13	1,846.25
- Later than five years	-	-	-	-
Total	**4806.60**	**4710.98**	**4517.63**	**4273.60**
b) Unearned Finance Income	**95.62**		244.03	
c) Unguaranteed residual value accruing to Company's benefit	**Nil**		Nil	
d) Accumulated provision for uncollectible minimum lease payments receivable	**Nil**		Nil	
e) Contingent rents recognised in the statement of profit and loss for the period	**Nil**		Nil	
f) General description of the significant leasing arrangement	**As described in para above**		As described in para above	
g) Accounting Policy followed in respect of initial direct costs	**As per Accounting Policy O.1.2**		As per Accounting Policy O.1.2	

c. Contractual Dispute:

The EPC contractor executing the project claimed additional costs aggregating to ₹2,020.59 Million (Previous year ₹1,899.11 Million), Company's share being ₹1,818.53 Million (Previous year ₹1,709.20 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 ₹2,511.73 Million (Previous year ₹2,360.72 Million), Company's share being ₹2,260.56 Million (Previous year ₹2,124.65 Million). 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 EPC contractor has initiated arbitration with a claim for ₹1,386.40 Million (Previous year ₹1,303.05 Million) plus interest against the Company. Pending settlement with the EPC contractor, an amount of ₹1,247.76 Million (Previous year ₹1,172.69 Million), being the Company's 90% share out of total claim of ₹1,386.40 Million (Previous year ₹1,303.05 Million) has been accounted as liability in the relevant year of claim. The arbitration proceeding with the contractor is on-going as of 31 March, 2013.

45. Details of Reserves: (As determined by the Reserves Estimation Committee):

(a) Company's share of Proved Reserves in respect of different projects as on 31 March, 2013 is as under:

Project	Details	Crude Oil* (MMt)	Gas (Billion Cubic Meter)	Total Oil Equivalent** (MMToe)
Block 5A, South Sudan	Opening	**6.348**	-	**6.348**
	Addition	(0.428)	-	(0.428)
	Ded/Adj	-	-	-
	Production	-	-	-
	Closing	**5.920**	-	**5.920**
Sakhalin-1, Russia	Opening	**34.261**	71.182	**105.443**
	Addition	0.003	(0.001)	0.002
	Ded/Adj	-	-	-
	Production	1.370	0.650	2.020
	Closing	**32.894**	70.531	**103.425**
Block 06.1, Vietnam	Opening	**0.635**	8.518	**9.153**
	Addition	-	-	-
	Ded/Adj	-	-	-
	Production	0.037	2.104	2.141
	Closing	**0.598**	6.414	**7.012**
Block-XXIV, Syria	Opening	**1.804**	-	**1.804**
	Addition	-	-	-
	Ded/Adj	-	-	-
	Production	0.001	-	0.001
	Closing	**1.803**	-	**1.803**
Block-A1 & A3, Myanmar	Opening	-	10.297	**10.297**
	Addition	-	-	-
	Ded/Adj	-	-	-
	Production	-	-	-
	Closing	-	10.297	**10.297**
ACG, Azerbaijan	Opening	-	-	-
	Addition	9.656	-	9.656
	Ded/Adj	-	-	-
	Production	0.010	-	0.010
	Closing	**9.646**	-	**9.646**
Total	**Opening**	**43.048**	**89.997**	**133.045**
	Addition	**9.231**	**(0.001)**	**9.230**
	Ded/Adj	-	-	-
	Production	**1.418**	**2.754**	**4.172**
	Closing	**50.861**	**87.242**	**138.103**

* Crude Oil includes Condensate.

** For calculating "Oil Equivalent" 1,000M3 of Gas has been taken to be equal to 1 Tonne of Crude Oil.

Block 5A, South Sudan is under temporary shutdown as per the direction of Government of South Sudan.

Block 24, Syria is under temporary shutdown due to invocation of force majeure by operator and production has been suspended since May 2012.

(b) Company's share of Proved and Developed Reserves in respect of different projects as on 31st March, 2013 is as under:

Project	Details	Crude Oil* (Million Tonne)	Gas (Billion Cubic Meter)	Total Oil Equivalent** (Million Tonne)
Block 5A, South Sudan	Opening	**2.599**	-	**2.599**
	Addition	-	-	-
	Ded/Adj	-	-	-
	Production	-	-	-
	Closing	**2.599**	-	**2.599**
Sakhalin-1, Russia	Opening	**9.122**	10.794	**19.916**
	Addition	5.638	0.019	5.657
	Ded/Adj	(0.001)	-	(0.001)
	Production	1.370	0.650	2.020
	Closing	**13.391**	10.163	**23.554**
Block 06.1, Vietnam	Opening	**0.626**	4.963	**5.589**
	Addition	0.009	3.555	3.564
	Ded/Adj	-	-	-
	Production	0.037	2.104	2.141
	Closing	**0.598**	6.414	**7.012**
Block-XXIV, Syria	Opening	**0.050**	-	**0.050**
	Addition	-	-	-
	Ded/Adj	-	-	-
	Production	0.001	-	0.001
	Closing	**0.049**	-	**0.049**
ACG, Azerbaijan	Opening	-	-	-
	Addition	4.277	-	4.277
	Ded/Adj	-	-	-
	Production	0.010	-	0.010
	Closing	**4.267**	-	**4.267**
Total Reserves, OVL	Opening	**12.397**	15.757	**28.154**
	Addition	9.924	3.574	13.498
	Ded/Adj	(0.001)	-	(0.001)
	Production	1.418	2.754	4.172
	Closing	**20.904**	16.577	**37.481**

* Crude Oil includes Condensate.
** For calculating "Oil Equivalent" 1,000M3 of Gas has been taken to be equal to 1 Tonne of Crude Oil.
Block 5A, South Sudan was under temporary shutdown as per the direction of Government of South Sudan
Block 24, Syria was under temporary shutdown due to invocation of force majeure by operator. Production suspended since May 2012.

(c) The year-end reserves of the Company have been estimated by the Reserves Estimation Committee (REC) of the holding company ONGC, which follows international reservoir engineering procedures consistently.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46. Segment Information:

Particulars	Asia		FSU Countries		Latin America		Africa		Unallocated		Grand Total	
	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12	2012-13	2011-12
External sales	**11,272.35**	10,309.10	**63,311.91**	60,719.71	-	-	-	3,284.96	-	-	**74,584.26**	74,313.77
Inter Segment sales	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	**11,272.35**	**10,309.10**	**63,311.91**	**60,719.71**	-	-	-	**3,284.96**	-	-	**74,584.26**	**74,313.77**
Results	**5,520.69**	3,942.68	**33,898.68**	32,277.25	**(5,061.80)**	(690.63)	**(908.41)**	2,283.93	-	-	**33,449.16**	37,813.23
Segment results	**5,520.69**	3,942.68	**33,898.68**	32,277.25	**(5,061.80)**	(690.63)	**(908.41)**	2,283.93	-	-	**33,449.16**	37,813.23
Unallocated corporate Expenses (Net)	-	-	-	-	-	-	-	-	**2,280.11**	(11,502.88)	**2,280.11**	(11,502.88)
Operating profit or (Loss)	**5,520.69**	3,942.68	**33,898.68**	32,277.25	**(5,061.80)**	(690.63)	**(908.41)**	2,283.93	**2,280.11**	(11,502.88)	**35,729.27**	26,310.35
Interest expenses	-	-	-	-	-	-	-	-	**(1,976.76)**	(1,974.74)	**(1,976.76)**	(1,974.74)
Interest and other income	**2.46**	15.28	**66.37**	18.02	**1.76**	2.32	**164.35**	284.53	**3,886.87**	5,499.11	**4,121.81**	5,819.26
Income & other Tax	-	-	-	-	-	-	-	-	**(11,427.17)**	(11,394.05)	**(11,427.17)**	(11,394.05)
Profit / (loss) from ordinary activities	**5,523.15**	3,957.95	**33,965.04**	32,295.26	**(5,060.03)**	(688.32)	**(744.06)**	2,568.46	**(7,236.95)**	(19,372.56)	**26,447.15**	18,760.79
Net profit / (Loss)	**5,523.15**	3,957.95	**33,965.04**	32,295.26	**(5,060.03)**	(688.32)	**(744.06)**	2,568.46	**(7,236.95)**	(19,372.56)	**26,447.15**	18,760.79
Other information	-	-	-	-	-	-	-	-	-	-	-	-
Segment Assets	**90,146.79**	**39,129.49**	**182,040.55**	**161,600.88**	**1,707.13**	2,525.54	**16,977.82**	16,924.85	-	-	**290,872.29**	220,180.76
Unallocated Corporate Assets	-	-	-	-	-	-	-	-	**123,692.22**	124,115.11	**123,692.22**	124,115.11
Total Assets	**90,146.79**	**39,129.49**	**182,040.55**	**161,600.88**	**1,707.13**	**2,525.54**	**16,977.82**	**16,924.85**	**123,692.22**	**124,115.11**	**414,564.51**	**344,295.87**
Segment Liabilities	**49,220.71**	**17,727.89**	**84,349.56**	**80,642.66**	**2,214.03**	1,456.15	**4,731.19**	5,061.22	-	-	**140,515.49**	104,887.92
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	**106,743.88**	138,527.19	**106,743.88**	138,527.19
Total Liabilities	**49,220.71**	**17,727.89**	**84,349.56**	**80,642.66**	**2,214.03**	**1,456.15**	**4,731.19**	**5,061.22**	**106,743.88**	**138,527.19**	**247,259.37**	**243,415.11**
Capital Expenditure	**52,408.92**	**17,086.89**	**25,166.02**	**33,162.28**	**(1,003.26)**	1,616.75	**22.18**	1,119.82	**519.43**	432.67	**77,113.29**	53,418.41
Recouped cost	**2,709.66**	**1,821.11**	**8,826.24**	**7,561.55**	**4,759.72**	683.53	**636.85**	801.57	**50.67**	193.55	**16,983.14**	11,061.31
Non cash Exp.	–	–	–	–	–	-	-	-	-	-	-	-

Information about Secondary Business Segments (Product–wise):

(₹ in Million)

Revenue from	2012-13	2011-12
Crude Oil* and Natural Gas	**74,584.26**	74,313.77
Lease Finance Income	**164.33**	207.36

*Crude Oil includes Condensate.

Notes:

i. Segments have been identified and reported taking into account the organization and management structure for internal reporting and significantly different risk and return perception in different geographical regions. These have been re-organized into five segments viz. Asia, FSU Countries, Latin America, Africa and Unallocated.

ii. The segment revenue in the business segment (Product-wise) is revenue from sale of Crude Oil and Natural Gas and Lease Finance Income.

iii. Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amount allocated on a reasonable basis. "Unallocated" includes common expenditure incurred for all the segments and expenses incurred at corporate level.

iv. Revenue figures are shown as net of VAT.

47. Capital Commitments:

(i) The Company either on its own or in consortium with other partners carries on its business in respect of exploration, development and production of hydrocarbons under agreements with the host governments. Several of these agreements provide for certain minimum work obligations/certain minimum financial commitments over a period of time. The Company's share of such obligations/ commitments in respect of agreements where such obligations/commitments have not been completed as of the reporting date amounted to USD 408.58 Million equivalent to ₹22,222.93 Million (Previous year USD 693.26 Million equivalent to ₹35,439.39 Million). The Company is confident of meeting the obligations/commitments.

(ii) Contracts remaining to be executed on capital account amounting to ₹1,139 Million (Previous year ₹1,570 Million) towards Company's share for building at Vasant Kunj, Delhi wherein the contracts have been awarded by holding company to various agencies and the Company is to share part of the costs.

48. Contingent Liabilities:

(i) Claims against the Company/disputed demands not acknowledged as debt:

(₹ in Million)

Particulars	31 March, 2013	31 March, 2012
Income-tax (Refer (b) below)	**6,883.98**	7,145.56
Service-tax (Refer (c) below)	**39,768.30**	28,163.14
Claims of contractors in arbitration/court (Refer (d) below)	**577.66**	536.25
Total	47,229.94	35,844.95

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

(b) Disputed income-tax demands (excluding cases decided in favour of Company and addition made by the AO on protective basis) against disputed tax demands, ₹ 10,366.60 Million (Previous year ₹9,438.08 Million) has been paid by the Company or adjusted by the authorities against refunds due to the Company from time-to-time. Attention is invited to Note No. 41.

(c) The Service Tax Department had issued a demand cum show-cause notice dated 11th October 2011 requiring the Company to show cause why service tax amounting to ₹28,163.14 Million (including Education Cess and SHE cess), the interest on such amount and penalty should not be demanded and recovered from the Company. Service Tax Department has calculated these tax amounts based on foreign currency expenditure reported in the Company's financial statements covering the reporting periods from 1st April, 2006 to 31st December, 2010 and contending that these expenses represent business auxiliary services rendered by OVL's foreign branches and operator of the Joint Venture/Consortium to the Company. Subsequently, two more demand-cum-show cause notices have been issued based on similar contentions covering the period upto 31 March, 2012. The Company is of the view that the said service tax is not payable and proposes to contest the same. No provision has been made on this account.

(d) A) Claims against the Company by foreign contractor not acknowledged as debt: ₹570.55 Million (USD 10.49 million) (Previous year ₹536.25 Million (USD 10.49 Million)). (Refer Note No. 44). B) Claims against the Company by local contractor in India not acknowledged as debt: The contractor for interior furnishing and allied work for 4th floor, Kailash building has preferred a claim of ₹7.11 Million (Previous year ₹7.11 Million) . The matter is under arbitration.

(e) In addition, liability for payment to contractual workers for regularization of their services is pending with labor court under civil suit. The amount of liability is not ascertainable.

(ii) Contingent Liabilities in respect of Bank Guarantees:

(₹ in Million)

Particulars	31 March, 2013	31 March, 2012
Contingent liabilities In respect of bank guarantees/standby letters of credit obtained from banks for performance guarantee/bid bonds	**1,611.58**	4,861.23
Total	1,611.58	4,861.23

(iii) The Company has given a Performance Guarantee on behalf of Petro Carabobo Ganga B.V. to Government of Venezuela in respect of Carabobo 1 Project. The total investment commitment is estimated at USD 1,333 Million (₹ 72,501.87 Million) (Previous year USD 1,333 Million (₹ 68,142.96 Million)).The Company is confident that Petro Carabobo Ganga B.V. will be able to honour its obligations.

(iv) The Company has issued Performance Guarantee in respect of concessionary contract for Block BC-10, Brazil and Blocks BM-S-73 and BM-ES-42 on behalf of ONGC Campos Ltda (OCL). The Company is confident that OCL will be able to honour its obligations.

(v) All known contingent liabilities have been indicated. The contingent liabilities, if any, in respect of joint ventures, where the Company is the non-operator are not ascertainable except Sakhalin-1 where the Operator has intimated that the status of contingent liability is nil.

49. Derivative instruments and unhedged foreign currency exposure:

The Company has entered into cross currency swap transactions with various banks whereby it has swapped the principal and interest amounts payable towards Bonds issued in domestic markets into USD liability as follows:

(₹ in Million)

Underlying	Notional Principal Amount (₹Million)	Notional Principal Amount (USD Million)	Termination Date
8.40% 5 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series I	15,000.00	299.23	23 December 2014
8.54% 10 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series II	3,700.00	73.93	6 January 2020
Total	**18,700.00**	**373.16**	

The business of the Company is carried out entirely outside India. The revenues of the Company are received entirely in foreign currency and substantially all the expenses are incurred in foreign currency. Accordingly, the Company has swapped the Bonds issued in Indian Rupees into USD so as to align the currency of its liabilities and assets, thereby hedging the resulting exposure.

The above swap positions were outstanding on 31 March, 2013 and have been revalued on that date based on Mark-to-market positions reported by counter-party banks. During the year ended 31 March, 2013 Mark-to-market loss amounting to ₹1,606.76 Millions (Previous year ₹498.56 Millions) has been charged in the Statement of profit and loss.

50. Expenditure in foreign currency:

(₹ in Million)

Particulars	2012-13	2011-12
Import	**Nil**	Nil
Professional and Consultation Fee	**376.70**	171.50
Interest	**720.87**	367.95
Others	77,867.98	91,969.07

51. Earnings in foreign currency (accrual basis):

(₹ in Million)

Particulars	2012-13	2011-12
Export/Sales (incl. advance received/adjusted)*	**75,952.36**	75,548.06
Royalty/Technical know–how	**Nil**	Nil
Interest	**293.70**	667.64
Dividend	Nil	1,049.40
Others	2,348.06	3,764.63

* Attention Is also invited to Note–28

52. Previous period figures have been re–grouped/re–arranged and nomenclature re–named wherever necessary to make them comparable with current year classification.

53. Some balances of Debtors, Creditors and Loans & Advances are subject to confirmation/reconciliation. Adjustments, if any, will be accounted for on receipt/confirmation of the same after examination.

54. Information as per Accounting Standard (AS) 18 viz. Related Party Disclosures is given below (excluding with State Controlled Entities):

(₹ in Million)

	Subsidiaries	Joint ventures	Key Managerial personnel	Total 2012-13	Total 2011-12
Income from rendering services	**506.50**	**220.35**	-	726.85	852.65
Reimbursement of expenditure (Paid)	**16.13**	-	-	16.13	-
Reimbursement of expenditure (Received)	**7.66**	**35.10**	-	42.76	185.45
Interest Income	**88.16**	**39.26**	-	**127.42**	463.17
Dividend Income	-	-	-	-	1,049.40
Lease Income	-	**164.33**	-	**164.33**	207.36
Redemption of shares	**4,879.80**	-	-	**4,879.80**	6,134.42
Loans Given	**5,331.06**	-	-	**5,331.06**	7,890.90
Remuneration	-	-	**22.11**	**22.11**	**16.69**
Capital Contribution	**2,519.87**	-	-	**2,519.87**	**17,751.15**

Note :

Name of related parties and description of relationship (excluding State Controlled Entities):

a. Subsidiaries	ONGC Nile Ganga B.V., The Netherlands
	ONGC Nile Ganga Cyprus Limited,Cyprus
	ONGC Nile Ganga (San Cristobal) B.V.,The Netherlands
	ONGC Campos Ltda, Brazil
	ONGC Caspian E&P B.V., The Netherlands
	ONGC Satpayev E&P B.V., The Netherlands
	ONGC Narmada Limited, Nigeria
	ONGC Amazon Alakananda Limited, Bermuda
	Jarpeno Limited, Cyprus (Name changed to Imperial Energy Limited, Cyprus on 26 April 2013)
	Imperial Energy Tomsk Limited, Cyprus
	Imperial Energy (Cyprus) Limited, Cyprus
	Imperial Energy Nord Limited, Cyprus
	RK Imperial Energy (Kostanai) Limited, Cyprus
	Nefsilius Holdings Limited, Cyprus
	Imperial Frac Services (Cyprus) Limited, Cyprus
	Freshspring Investments Limited, Cyprus
	Redcliffe Holdings Limited, Cyprus
	Imperial Energy Gas Limited
	San Agio Investments Limited, Cyprus
	Biancus Holdings Limited, Cyprus
	LLC Sibinterneft, Russian Federation
	LLC Allianceneftegaz, Russian Federation
	LLC Nord Imperial, Russian Federation
	LLC Imperial Energy Tomsk Gas, Russian Federation*
	LLC Stratum, Russian Federation
	LLC Imperial Trans Service, Russian Federation
	LLC Rus Imperial Group, Russian Federation
	Carabobo One AB, Sweden
	Petro Carabobo Ganga B.V., the Netherlands
	ONGC BTC Limited

b) Joint Ventures	Block 06.1, Vietnam
	Sakhalin-1, Russia
	Block 5A, South Sudan
	Block A-1, Myanmar
	Block A-3, Myanmar
	SHWE Offshore Pipeline, Myanmar
	Farsi Block, Iran
	Block XXIV, Syria
	Blocks 25-29, 35 (Part) & 36, Cuba
	Khartoum - Port Sudan Pipeline, Sudan
	ONGC Mittal Energy Limited, Cyprus
	Block RC-8, Colombia
	Block RC-9, Colombia
	Block RC-10, Colombia
	Block SSJN-7, Colombia
	Block CPO-5, Colombia
	Satpayev Project, Kazakhstan
	Azeri, Chirag & Gunashli Fields Project, Azerbaijan (ACG)
c) Key Management personnel	Mr D K Sarraf, Managing Director
	Mr S P Garg, Director (Finance)
	Mr S. Roychoudhary, Director (Operations) (till 30 June 2012)
	Mr N K Verma, Director (Exploration) (till 31 March, 2013)
	Mr S Bhattacharya, Director (Operations) (with effect from 1 July 2012)

Sd/–
(V Sreedher)
Company Secretary

Sd/–
(S P Garg)
Director (Finance)

Sd/–
(D K Sarraf)
Managing Director

Sd/–
(Sudhir Vasudeva)
Chairman

As per our report of even date attached

For S. Mann & Co.
Chartered Accountants

Sd/–
(Subhash Mann)
Partner
M. No. 80500
Firm Regn No. 000075N

For GSA & Associates
Chartered Accountants

Sd/–
(Sunil Aggarwal)
Partner
M. No. 83899
Firm Regn No. 000257N

Place : New Delhi
Date : 21st May, 2013

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

(₹ in Million)

		Year Ended 2012-13		Year Ended 2011-12	
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**				
	Net profit before tax and prior period items		**37,184.26**		30,128.23
	Adjustments For:				
	- Foreign Exchange Translation Reserve	**(22.78)**		1,460.90	
	- Provision for Diminution in the Value of Investment	**1,120.65**		18,666.21	
	- Provisions for Doubtful Debts/Claims	**546.83**		509.41	
	- Provision for Non Moving Inventory	**168.88**		372.38	
	- Provisions Written Back	**-**		-	
	- Other Provisions and Write Offs	**1,504.59**		922.76	
	- Unrealized Foreign Exchange Loss/(Gain)	**(871.09)**		12.17	
	- Provision for Mark to Market loss on Derivative Contracts	**1,606.76**		498.56	
	- Depreciation on Tangible Assets (Net)	**1,643.86**		2,028.62	
	- Amortisation - Intangibles	**53.32**		(34.89)	
	- Depletion on Producing Properties	**9,778.51**		6,966.25	
	- Interest Expenses	**1,976.76**		1,974.74	
	- Foreign Exchange Fluctuation related to borrowing cost	**-**		-	
	- Dividend Income	**-**		(1,049.40)	
	- Interest Income	**(1,034.89)**		(574.73)	
	- Profit on Redeemption/ Sale of Investment	**(1,551.54)**		(2,726.77)	
	- Gain on Foreign Exchange Forward Contract	**(704.76)**	**14,215.12**	(222.45)	28,803.75
	Operating Profit before Working Capital Changes		**51,399.36**		58,931.98
	Adjustments for:-				
	- Decrease/(Increase) in Inventories	**(549.87)**		(675.86)	
	- Decrease/(Increase) in Trade Receivables	**(4,634.35)**		(768.60)	
	- Decrease/(Increase) in Short Term Loans and Advances	**(5,126.70)**		8,753.64	
	- Decrease/(Increase) in Long Term Loans and Advances	**(560.37)**		(521.03)	
	- Decrease/(Increase) in Other Current Assets	**(2,509.10)**		(5,846.49)	
	- Decrease/(Increase) in Other Non Current Assets	**1,148.48**		743.39	
	- Increase/(Decrease) in Short Term Borrowings	**48,355.99**		291.65	
	- Increase/(Decrease) in Trade Payables	**1,220.43**		2,471.73	
	- Increase/(Decrease) in Other current Liabilities	**1,679.85**		8,499.57	
	- Increase/(Decrease) in Other Long Term Liabilities	**(245.62)**		(174.32)	
	- Increase/(Decrease) in Short Term Provisions	**42.93**		13.42	
	- Increase/(Decrease) in Long Term Provisions	**(176.74)**		27.18	
	- Increase/(Decrease) in Liability for Abandonment	**1,872.62**		5,730.02	
	- Increase/(Decrease) in Deferred Tax Liabilities (Net)	**(226.74)**	**40,290.81**	93.57	18,637.87
	Cash generated from/(used in) Operations		**91,690.17**		77,569.85
	Direct Taxes Paid (net of refunds)		**(11,427.17)**		(11,394.05)
	Net Cash Flow before Prior period items		**80,263.00**		66,175.80
	Prior period items		**6 90.05**		26.62

		Year Ended 2012-13	Year Ended 2011-12
	Net Cash Flow from/(used in) Operating Activities (A)	**80,953.05**	**66,202.42**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	- Purchase of Tangible Assets (Net)	**(27,916.52)**	(1,903.01)
	- Purchase of Intangible Assets (Net)	**(45.94)**	(31.69)
	- Expenditure on Projects	**(45,209.78)**	(44,948.03)
	- Investment in Subsidiaries/JV's	**312.99**	(15,171.84)
	- Investment with Bank for Site Restoration	**(2,090.83)**	(2,819.74)
	- Dividend Income	**-**	1,049.40
	- Interest Income	**1,034.89**	574.73
	- Profit on Redeemption/ Sale of Investment	**1,551.54**	2,726.77
	- Gain on Foreign Exchange Forward Contract	**704.76**	222.45
	Net Cash Flow from/(used in) Investing Activities (B)	**(71,658.89)**	**(60,300.96)**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	- Proceeds from Non Convertible Redeemable Bonds	**-**	-
	- Proceeds from Issue of Share Capital (Refer Note No. 4)	**40,000.00**	-
	- Net Long Term Borrowings from ONGC	**(48,678.45)**	(4,530.72)
	- Interest Expenses	**(1,976.76)**	(1,974.74)
	- Foreign Exchange Fluctuation related to borrowing cost	**-**	-
	Net Cash Flow from/(used in) Financing Activities (C)	**(10,655.21)**	(6,505.46)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	**(1,361.05)**	(603.99)
	Cash and Cash Equivalents as at 31 March, 2012 (Opening Balance)	**5,459.50**	6,063.49
	Cash and Cash Equivalents as at 31 March, 2013 (Closing Balance)	**4,098.45**	5,459.50

Note:

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 Bracket indicates cash outflow.

3 Adjustment have not been made to purchase of fixed assets etc. (investing activities), on account of increase / decrease in Capital Creditors. The impact of the above is not readily ascertainable.

4 During the year, the Company issued 400,000,000 Rights Share of ₹100 each to the holding company Oil and Natural Gas Corporation Limited against consideration adjusted out of the loan given by ONGC to the Company.

Sd/–
(V Sreedher)
Company Secretary

Sd/–
(S P Garg)
Director (Finance)

Sd/–
(D K Sarraf)
Managing Director

Sd/–
(Sudhir Vasudeva)
Chairman

As per our report of even date attached

For S. Mann & Co.
Chartered Accountants

Sd/–
(Subhash Mann)
Partner
M. No. 80500
Firm Regn No. 000075N

For GSA & Associates
Chartered Accountants

Sd/–
(Sunil Aggarwal)
Partner
M. No. 83899
Firm Regn No. 000257N

Place : New Delhi
Date : 21st May, 2013

STATEMENT PURSUANT TO SECTION 212 OF THE COMPANIES ACT, 1956, RELATING TO COMPANY'S INTEREST IN THE SUBSIDIARIES

(₹ in million)

Sl. No.	Name of the Subsidiaries	1. The Financial Year of the Subsidiary ends on	2. Date from which it became Subsidiary	3. (a) Number of shares held by ONGC Videsh Ltd. in the Subsidiary at the end of the financial year of the Subsidiary	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, 2012 to 31st March, 2013	4. (a) (ii) For the previous period (s) of the Subsidiary since it became the Holding Company's Subsidiary	4. (b) (i) For the period 1st April, 2012 to 31st March, 2013	4. (b) (ii) For the previous period (s) of the Subsidiary since it became the Holding Company's Subsidiary
1	ONGC Nile Ganga B.V.	31st December, 2012	12th March, 2003	40 Class "A" & 100 Class "B" shares of Euro 453.78 each & 880 Class "C" Shares of Euro 1 each directly, rest 720 Class "C" shares are held by OMEL which is JV Company of OVL & Mittal Investment Sarl (MIS)	"Class A & B 100% Class C 77.491%"	8,352.96	76,203.04	-	15,966.28
2	ONGC Narmada Limited	31st March, 2013	7th December, 2005	20 Million shares of one Naira each	100%	(13.58)	(1,373.60)	-	-
3	ONGC Amazon Alaknanda Limited	31st March, 2013	8th August, 2006	12,000 Equity & 306,611,613 Preference shares of one USD each	100%	6,937.14	20,251.59	-	-
4	ONGC Campos Ltda.	31st December, 2012	16th March, 2007	353,958,050 quotas of BRL 1 each	100%	1,116.76	(1,928.88)	-	-
5	ONGC Nile Ganga (Cyprus) Ltd.	31st December, 2012	26th November, 2007	241,223 Shares of 0.01 USD each	100%	226.17	406.36	-	-
6	ONGC Nile Ganga (San Cristobal) B.V.	31st December, 2012	29th February, 2008	54,000 shares of Euro 1 each	100%	8,557.73	11,104.60	-	-
7	ONGC Satpayev E&P B.V	31st December, 2012	7th June, 2010	18,000 shares of Euro 1 each	100%	(0.28)	(0.48)	-	-
8	ONGC Caspian E&P B.V	31st December, 2012	7th June, 2010	36,000 shares of Euro 1 each	100%	194.53	(8.52)	-	-
9	Imperial Energy Limited (previously knows as Jarpeno Limited)	31st March, 2013	12th August, 2008	1,450 Equity shares of 1 USD each & 192,210 Optionally Convertible Redeemable Preference shares of USD 1 each	100%	(1,868.20)	(18,147.68)	-	-
10	Biancus Holdings Limited	31st March, 2013	13th January, 2009	1,000 shares of 1.71 EUR each	100%	(18.47)	118.60	-	-
11	San Agio Investments Limited	31st March, 2013	13th January, 2009	1,000 shares of 1.71 EUR each	100%	103.95	(85.28)	-	-
12	Redcliffe Holdings Limited	31st March, 2013	13th January, 2009	2,520 shares of 1 USD each	100%	(1.36)	(171.59)	-	-
13	Imperial Energy Nord Limited	31st March, 2013	13th January, 2009	25,920 shares of 1 USD each	100%	(1.09)	(1,324.31)	-	-
14	Imperial Energy (Cyprus) Limited	31st March, 2013	13th January, 2009	25,720 shares of 1 USD each	100%	(3.26)	(1,008.92)	-	-
15	Imperial Energy Tomsk Limited	31st March, 2013	13th January, 2009	850 shares of 1.71 EUR each	85%	(26.52)	(95.60)	-	-
16	Imperial Energy Gas Limited	31st March, 2013	13th January, 2009	2,000 shares of 1 EUR each	100%	(0.54)	(3.29)	-	-
17	Imperial Frac Services (Cyprus) Limited	31st March, 2013	13th January, 2009	1,000 shares of 1.71 EUR each	100%	(0.54)	(3.47)	-	-
18	Nefsilius Holdings Limited	31st March, 2013	13th January, 2009	2,420 shares of 1 USD each	100%	-	(8.60)	-	-

(₹ in million)

Sl. No.	Name of the Subsidiaries	1. The Financial Year of the Subsidiary ends on	2. Date from which it became Subsidiary	3. (a) Number of shares held by ONGC Videsh Ltd. in the Subsidiary at the end of the financial year of the Subsidiary	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, 2012 to 31st March, 2013	4. (a) (ii) For the previous period (s) of the Subsidiary since it became the Holding Company's Subsidiary	4. (b) (i) For the period 1st April, 2012 to 31st March, 2013	4. (b) (ii) For the previous period (s) of the Subsidiary since it became the Holding Company's Subsidiary
19	Freshspring Investments Limited	31st March, 2013	13th January, 2009	1,000 shares of 1.71 EUR each	100%	-	(2.85)	-	-
20	RK Imperial Energy Kostanai Limited	31st March, 2013	13th January, 2009	1,000 shares of 1.71 EUR each	100%	-	(2.50)	-	-
21	LLC Nord Imperial	31st December, 2012	13th January, 2009	full charter capital 100,000 RUR	100%	(1,408.62)	(16,179.34)	-	-
22	LLC Allianceneftegaz	31st December, 2012	13th January, 2009	full charter capital 50,000 RUR	100%	(1,494.91)	(4,803.21)	-	-
23	LLC Sibinterneft	31st December, 2012	13th January, 2009	charter capital 55,900 RUR	"55.9% (Net Interest 47.5%)"	(109.16)	(659.00)	-	-
24	LLC Rus Imperial Group	31st December, 2012	13th January, 2009	full charter capital 100,000 RUR	100%	(805.48)	(918.82)	-	-
25	LLC Imperial Trans Service	31st December, 2012	13th January, 2009	full charter capital 100,000 RUR	100%	(35.59)	(50.93)	-	-
26	LLC Stratum	31st December, 2012	13th January, 2009	full charter capital 100,000 RUR	100%	-	(0.19)	-	-
27	Carabobo One AB	31st March, 2013	25th February, 2010	377,678 ordinary shares of 11.19457 Euro each	100%	(1.55)	(153.64)	-	-
28	Petro Carabobo Ganga B.V.	31st December, 2012	26th February, 2010	18,000 shares of 1 Euro each	100%	(5.26)	(14.30)	-	-
29	ONGC (BTC) Limited	31st March, 2013	28th March, 2013	8,000,001 shares of 1 USD each	100%	-	-	-	-

**At the closing rate of exchange, there is a Foreign Exchange Translation Reserve of ₹14,660.26 Million, which has not been adjusted. .

Sd/–	Sd/–	Sd/–	Sd/–
(V Sreedher)	(S P Garg)	(D K Sarraf)	(Sudhir Vasudeva)
Company Secretary	Director (Finance)	Managing Director	Chairman

AUDITORS' REPORT

REVISED INDEPENDENT AUDITOR'S REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS OF THE GROUP (ONGC VIDESH LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES)

To
THE BOARD OF DIRECTORS
ONGC VIDESH LIMITED

This revised Audit Report is issued in supersession of our earlier Audit Report dated May 21, 2013. Revised report is issued in accordance with format prescribed in SA 700 (Revised) issued by the Institute of Chartered Accountants of India. Further, we confirm that there is no change in the opinion as expressed earlier and also none of the figures have undergone change in the financial statements of the group as at March 31, 2013.

Report on the Consolidated Financial Statements

1. We have audited the attached Consolidated financial statements of ONGC Videsh Limited ('the Company') and its Subsidiaries and Joint Ventures (hereinafter referred to as 'Group'), which comprises the Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

2. Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India including Accounting Standards referred to in Section 211 (3C) of the Companies Act, 1956 ("the Act"). This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the

COP-West Chirag platform construction activities in ATA yard, ACG, Azerbaijan assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

5. In our opinion and to the best of our information and according to the explanation given to us, and based on the consideration of the reports of the other auditors on the financial statements /consolidated financial statements of the subsidiaries and associates as noted below in note no 8, the consolidated financial statements 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 31st March 2013;

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.

Other Matters

6. Considering the fact that actual operations are performed outside India and operator is responsible for maintaining the original books of account on behalf of all the members as per Joint Operating Agreement, we have conducted our audit by relying on such information furnished by the operator based on the audited statement or where Joint Ventures are not audited, reliance on the information furnished by the Management.

7. We have placed reliance on technical/ commercial evaluation by the management in respect of categorization of expenditure on project in Exploratory & Development Wells in Progress, Producing Properties and Capital Work in Progress, Wells Status, allocation of cost incurred on them, depletion of producing properties on the basis of proved developed hydrocarbon reserves as estimated by REC of the parent company, provision for abandonment costs, allocation of depreciation on fixed assets (including support equipment and facilities) and liabilities against agreed minimum work program. We have also placed reliance on the management's assessment of impairment indicators and impairment results.

8. We did not audit the financial statements of the 6 Subsidiaries and 1 Joint venture company which are considered in preparation of "Consolidated Financial Statements" of the Company. Out of 6 Subsidiaries, consolidated accounts of 4 Subsidiaries were audited by the other auditors. In case of unaudited financial statements of 2 Subsidiary and 1 Joint Venture company, financial information has been derived from the financial statements certified by the Management. (Refer 'Annexure-1' attached)

Total Assets & Revenue from Subsidiary Companies and Company's shares in the Joint Venture Company for the year ended 31st March, 2013, included in the Audited Consolidated Financial Statements, reflects at ₹ 344,349.44 Million and ₹ 104,135.29 Million, respectively. Our opinion on the financial statements for the year ended 31st March, 2013 to the extent they have been derived from such financial statements is based solely on the report of such other auditors in case of 4 Subsidiaries and unaudited financial statement of 2 Subsidiaries and 1 Joint Venture Company certified by the Management.

Our opinion is not qualified in respect of other matters.

For S. Mann & Co.	**For GSA & Associates**
Chartered Accountants	**Chartered Accountants**
Firm Regn No. 000075N	**Firm Regn No. 000257N**
Sd/–	**Sd/–**
(Subhash Mann)	**(Sunil Aggarwal)**
Partner	**Partner**
M. No. 80500	**M. No. 83899**

Place : New Delhi
Date : 28th May, 2013

Annexure–1

Summary of the Financial Information (*) of Subsidiaries and Joint Venture as of the year ended 31st March 2013:

(₹ in Million)

S. No.	Name of the Subsidiaries / Joint Venture	Total Assets as of 31 March, 2013 (Consolidated)	Total Liabilities as of 31 March, 2013 (Consolidated)	Total Revenue for the year ended 31 March, 2013 (Consolidated)	Total Profit/ (Loss) after tax for the year ended 31 March, 2013 (Consolidated)	Name of the auditor and date of audit report
Subsidiaries						
1	ONGC Nile Ganga B.V. (ONGBV)	200,907.85	44,760.16	68,423.23	14,236.30	M/s Ernst & Young Accountants LLP, Amsterdam, the Netherlands Report date 9th May 2013
2	ONGC Amazon Alaknanda Limited (OAAL)	47,913.68	4,944.48	17,763.31	6,941.75	M/s Ernst & Young Audit S.A., Bogota D.C., Colombia Report date 7th May 2013
3	Imperial Energy Limited (Earlier Jarpeno Limited)	85,444.84	7,828.72	17,948.75	(5,550.91)	M/s Ernst & Young LLC, Moscow, Russia Report date 14th May 2013
4	Carabobo One AB(COAB)	8,793.64	1,003.62	-	2.08	M/s Ernst & Young Accountants LLP, Amsterdam, the Netherlands Report date 17th May 2013
5	ONGC Narmada Limited (ONL)	95.05	1,749.19	-	(13.36)	Unaudited
6	ONGC (BTC) Limited	261.28	1,444.55	-	-	Unaudited
Joint Venture (Company's share figures given below)						
1	ONGC Mittal Energy Limited (OMEL)	933.10	8,178.03	-	(286.65)	Unaudited
	Total	**344,349.44**	**69,908.75**	**104,135.29**	**15,329.21**	

Note :

(*) These financial statements include respective company's share of assets, liabilities, income and expenses in respect of international joint ventures.

CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

(₹ in Million)

	Notes	As at 31 March, 2013	As at 31 March, 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	3	50,000.00	10,000.00
Reserves and Surplus	4	241,666.00	189,411.15
		291,666.00	199,411.15
MINORITY INTEREST		908.59	1,002.53
NON CURRENT LIABILITIES			
Long term borrowings	5	145,871.05	195,161.02
Deferred tax liabilities	6	11,714.50	10,203.88
Liability for abandonment	7	30,203.72	27,504.49
Other long term liabilities	8	107.82	81.86
Long term provisions	9	422.10	551.16
		188,319.19	233,502.41
CURRENT LIABILITIES			
Short term borrowings	10	48,863.46	507.46
Liability for abandonment	11	33.95	104.37
Trade payables	12	25,864.59	25,782.33
Other current liabilities	13	38,240.95	45,507.07
Short term provisions	14	198.55	189.34
		113,201.50	72,090.57
TOTAL		594,095.28	506,006.66
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible assets	15	58,636.11	35,590.45
Intangible assets	16	103.78	126.28
Producing properties	17	180,988.33	144,236.09
Development & exploratory wells-in-progress	18	31,642.18	30,740.28
Capital work-in-progress	19	88,587.78	76,255.68
Goodwill	20	80,324.43	75,045.32
Non Current Investment	21	5,017.98	2,927.15
Deferred Tax Assets	22	6,071.65	5,220.65
Long Term Loans and Advances	23	135.07	916.92
Other Non Current Assets	24	10,619.25	17,347.71
		462,126.56	388,406.53
CURRENT ASSETS			
Inventories	25	5,875.65	5,732.91
Trade receivables	26	49,987.81	29,614.55
Cash & Cash Equivalents	27	44,585.75	51,528.33
Short term loans & advances	28	5,574.71	8,226.93
Other current assets	29	25,944.80	22,497.41
		131,968.72	117,600.13
TOTAL		594,095.28	506,006.66

The accompanying notes are integral part of the financial statements 1 to 53

Sd/–
(V Sreedher)
Company Secretary

Sd/–
(S P Garg)
Director (Finance)

Sd/–
(D K Sarraf)
Managing Director

Sd/–
(Sudhir Vasudeva)
Chairman

As per our report of even date attached

For S. Mann & Co.
Chartered Accountants
Firm Regn No. 000075N

Sd/–
(Subhash Mann)
Partner
M. No. 80500

For GSA & Associates
Chartered Accountants
Firm Regn No. 000257N

Sd/–
(Sunil Aggarwal)
Partner
M. No. 83899

Place : New Delhi
Date : 21st May, 2013

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in Million)

	Notes	2012–13	2011–12
CONTINUING OPERATIONS			
INCOME			
Revenue from Operations	30	175,578.33	223,473.12
Other Income	31	4,714.76	2,901.13
TOTAL REVENUE		180,293.09	226,374.25
EXPENSES			
Production, Transportation, Selling and Distribution Expenditure	32	71,865.81	101,608.61
Changes in inventories of finished goods	33	148.59	(631.69)
Financing Costs	34	2,414.13	2,969.80
Depreciation, Depletion and Amortisation	35	37,383.82	41,679.13
Other Expenses	36	(1,302.45)	2,141.07
Provisions & Write-Offs	37	2,912.30	27,929.11
Decrease/(increase) due to overlift/underlift quantity	38	546.00	(414.11)
TOTAL EXPENSES		113,968.20	175,281.92
PROFIT BEFORE PRIOR PERIOD, EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		66,324.89	51,092.33
Adjustments relating to Prior Period (Net)	39	(500.80)	(73.48)
PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		66,825.69	51,165.81
Exceptional and Extraordinary items		-	-
Tax expense			
Current Period Tax		25,098.10	27,385.31
Deferred Tax		376.79	(3,950.76)
Earlier Periods' Tax		2,178.21	192.78
Total Tax Expenses		27,653.10	23,627.33
Less: Share of Profit or (loss) - Minority Interest		(118.83)	326.92
Group Profit After Tax from continuing operations (A)		39,291.42	27,211.56
DISCONTINUING OPERATIONS			
PROFIT / (LOSS) FROM DISCONTINUING OPERATIONS (B)		-	-
GROUP PROFIT AFTER TAX (A + B)		39,291.42	27,211.56
EARNINGS PER EQUITY SHARE (₹)			
(Face Value ₹100/- Per Share)			
Basic	40	81.87	76.99 *
Diluted		81.87	76.99 *

The accompanying notes are integral part of the financial statements 1 to 53

* restated for Rights issue during the current year

Sd/–
(V Sreedher)
Company Secretary

Sd/–
(S P Garg)
Director (Finance)

Sd/–
(D K Sarraf)
Managing Director

Sd/–
(Sudhir Vasudeva)
Chairman

As per our report of even date attached

For S. Mann & Co.
Chartered Accountants
Firm Regn No. 000075N

Sd/–
(Subhash Mann)
Partner
M. No. 80500

For GSA & Associates
Chartered Accountants
Firm Regn No. 000257N

Sd/–
(Sunil Aggarwal)
Partner
M. No. 83899

Place : New Delhi
Date : 21st May, 2013

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2013

1. Corporate information:

ONGC Videsh Limited (the Company) is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company is engaged in exploration, development and production of crude oil and natural gas outside India.

A. Basis of preparation:

A.1 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 (ICAI) and Accounting Standards issued 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 (₹ Million) except when otherwise indicated.

A.2 Principles of Consolidation:

The Consolidated Financial Statements relate to ONGC Videsh Limited (Company), ONGC Nile Ganga B.V., The Netherlands (Subsidiary), ONGC Narmada Limited, Nigeria (Subsidiary), ONGC Amazon Alaknanda Limited, Bermuda (Subsidiary), Imperial Energy Limited, Cyprus (Subsidiary),Carabobo One AB, Sweden (Subsidiary), ONGC (BTC) Limited,Cayman Island (Subsidiary) and jointly controlled entity ONGC Mittal Energy Limited, Cyprus (Joint Venture Company). The Financial Statements of the Company, its Subsidiaries and Joint Venture Company have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses, unless indicated otherwise.

The financial statements of the foreign subsidiaries and Joint Venture Company have been incorporated in the consolidated financial statements by translating to Indian rupees following the principles for translation of the financial statements of Non-integral Foreign Operation as laid down in Accounting Standard (AS) 11 viz. Effects of changes in foreign exchange rates (revised 2003) issued by ICAI.

The consolidated accounts incorporate financial statements of the Company and its Subsidiaries and the Joint Venture Company for the year ended 31st March, 2013 as detailed below:

Sl No.	Name of the Subsidiaries / Jointly Controlled Entities	Country of Incorporation	Proportion of Ownership Interest		Status of Audit as at 31 March, 2013
			As at 31st March 2013	As at 31st March 2012	
1.1	ONGC Nile Ganga B.V. (ONGBV)	The Netherlands	Class A and Class B 100%	Class A and Class B 100%	Audited
1.1 (i)	ONGC Campos Ltda.	Brazil	100%	100%	Audited
1.1 (ii)	ONGC Nile Ganga (Cyprus) Ltd.	Cyprus	100%	100%	Audited
1.1 (iii)	ONGC Nile Ganga (San Cristobal) B.V.	The Netherlands	100%	100%	Audited
1.1 (iv)	ONGC Satpayev E&P B.V.	The Netherlands	100%	100%	Audited
1.1 (v)	ONGC Caspian E&P B.V.	The Netherlands	100%	100%	Audited
1.2	ONGC Nile Ganga B.V. (ONGBV)	The Netherlands	Class C 55% direct (balance 45% held by OMEL)	Class C 55% direct (balance 45% held by OMEL)	Audited
2	ONGC Narmada Limited (ONL)	Nigeria	100%	100%	Unaudited
3	ONGC Amazon Alaknanda Limited (OAAL)	Bermuda	100%	100%	Audited
4	Jarpeno Limited*	Cyprus	100%	100%	Audited
4 (i)	Imperial Energy Tomsk Limited	Cyprus	100%	85%	Audited
4 (ii)	Imperial Energy (Cyprus) Limited	Cyprus	100%	100%	Audited
4 (iii)	Imperial Energy Nord Limited	Cyprus	100%	100%	Audited
4 (iv)	RK Imperial Energy (Kostanai) Limited	Cyprus	–	100%	Audited
4 (v)	Freshspring Investments Limited	Cyprus	100%	100%	Audited
4 (vi)	Nefsilius Holdings Limited	Cyprus	100%	100%	Audited
4 (vii)	Biancus Holdings Limited	Cyprus	100%	100%	Audited
4 (viii)	Redcliffe Holdings Limited	Cyprus	100%	100%	Audited
4 (ix)	Imperial Energy Gas Limited	Cyprus	100%	100%	Audited
4(x)	Imperial Frac Services (Cyprus) Limited	Cyprus	100%	100%	Audited
4 (xi)	San Agio Investments Limited	Cyprus	100%	100%	Audited
4 (xii)	LLC Sibinterneft (**)	Russia	55.90%	47.52%	Audited
4 (xiii)	LLC Allianceneftegaz	Russia	100%	100%	Audited
4 (xiv)	LLC Nord Imperial	Russia	100%	100%	Audited
4 (xv)	LLC Imperial Trans service	Russia	100%	100%	Audited
4 (xvi)	LLC Rus Imperial Group	Russia	100%	100%	Audited
4(xvii)	LLC Stratum	Russia	100%	100%	Audited
4(xviii)	LLC Imperial Frac Services	Russia	50%	50%	Audited
5	Carabobo One AB	Sweden	100%	100%	Audited
5 (i)	Petro Carabobo Ganga B.V.	The Netherlands	100%	100%	Audited
6	ONGC (BTC) Limited	Cayman Islands	100%	-	Unaudited
7	ONGC Mittal Energy Limited (OMEL)	Cyprus	49.98%	49.98%	Unaudited

* Jarpeno Limited has been rechristened as Imperial Energy Limited with effect from 19 April 2013.

** Although the Company has 47.52 per cent effective ownership interest, it has 55.9 per cent 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.

A.3 In view of different set of environments in which the Subsidiaries and the Joint Venture Company operate, the accounting policies followed for treatment of depreciation on fixed assets, sales revenue and royalties and retirement benefits in respect of the below mentioned subsidiaries and the Joint Venture Company are different from the accounting policies of the Company. Such different accounting policies have been adopted in respect of the following:

A.3.1 **Depreciation on Fixed Asset:** The Subsidiary - OAAL and Joint Venture Company OMEL provide depreciation on fixed assets using the straight line method. The amount involved is ₹981.73 Million (Previous year ₹709.36 Million) shown as depreciation under Note 35.

A.3.2 **Revenue recognition:** The Subsidiary - ONGBV follows the entitlement method for revenue recognition associated with sale of crude oil and liquids for its share of petroleum production as specified in the Exploration Production Sharing Agreement (EPSA) and Crude Oil Pipeline Agreement (COPA). The amount reported using such method is ₹28,534.95 Million (Previous year ₹68,757.64 Million) shown as sales under Note 30.

A.3.3 **Royalties:** 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 interest. Royalties on production represent the entitlement of the government of Sudan to a portion of ONGBV's share of crude oil and liquid production and are recorded using the rates in effect under the terms of the contract at the time of production. Royalties / taxes in Syrian concession are accounted similarly by ONGBV. The amount of royalty reported in respect of Sudan and Syrian concession is ₹11,833.19 Million (Previous year ₹38,770.10 Million) under the head Royalty in Note 32.

A.3.4 **Retirement Benefits:** The Subsidiaries and the Joint Venture Company provide for the retirement benefits in accordance with the laws of their respective jurisdictions. The net impact on account of the difference in accounting policy is not ascertainable.

2. Significant Accounting Policies:

a.1 Change in accounting Policy:

The financial statements for the year ended 31 March 2013, are prepared following the same accounting policies and practices as followed in the annual financial statements for the year ended 31 March 2012, except for the change in accounting policy in respect of exchange differences arising on reporting of long-term foreign currency monetary items (assets as well as liabilities) as per Note n.3.1.

Pursuant to Notification no. G.S.R.(914) E dated 29 December 2011, issued by MCA, from the current financial year, the Company has opted to adjust exchange differences arising on reporting of long term foreign currency monetary items, in so far as they relate to the acquisition of depreciable assets, against the cost of such assets and depreciate the said adjustment over the balance life of the asset. Had the option not been exercised, the difference amounting to ₹1,120.37 Million on long term foreign currency monetary items relating to depreciable assets would have been charged to Statement of Profit and Loss and Producing Properties Asset would have been lesser to that extent as below:

(₹ in Million)

		31 March, 2013	31 March, 2012
a.	Exchange loss arising on reporting of long-term foreign currency monetary items relating to abandonment liability of Sakhalin-1, Russia Project capitalised in producing properties asset	1,246.83	Nil
b.	Less: Depletion charged to Statement of profit and loss for the year on a) above	126.46	Nil
c.	Net impact on Statement of profit and loss for the year / Remaining to be amortised as of 31 March 2013	(1,120.37)	Nil

a.2 Documentation, re-wording or re-alignent of Accounting Policies to properly reflect existing accounting practice:

Following accounting policy has been re-worded / re-alligned with the existing accounting practice consistently followed by the Company in financial statements. However, the change does not have any impact on recognition and measurement principles followed for preparation of financial statements.

Policy No.	Existing Policy	Accounting policy documented in FY 2013	Financial Impact over the financial statements
c	Acquisition costs of an oil and gas property in exploration/development stage are 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 of the property, such costs are expensed. Acquisition costs of a producing oil and gas property are capitalized as Producing Property.	Acquisition costs cover all costs incurred to purchase, lease or otherwise acquire a property or mineral right proved or unproved. In case of acquiring participating interest in an oil and gas property, Acquisition Cost is the difference between the purchase consideration and net book value of assets minus the liabilities acquired relating to the Company's share of participating interest in the oil and gas assets on the date of acquisition. Acquisition costs are treated as follows: 1.1 Exploration and Development stage: Acquisition cost relating to projects under exploration or development are initially accounted as capital work in progress and capitalized as producing property on commencement of commercial production. Acquisition costs relating to unsuccessful exploration projects are written off on relinquishment. 1.2 Production stage: Acquisition costs relating to projects under production are capitalized as Producing Properties.	Nil

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. Although these estimates are based on the management's best knowledge of current events and actions, uncertainity about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets and liabilities in future periods.

c. Acquisition Cost of acquiring rights to explore, develop and produce oil & gas:

c.1 Acquisition Cost:

Acquisition costs cover all costs incurred to purchase, lease or otherwise acquire a property or mineral right proved or unproved. In case of acquiring participating interest in an oil and gas property, Acquisition Cost is the difference between the purchase consideration and net book value of assets minus the liabilities acquired relating to the company's share of participating interest in the oil and gas assets on the date of acquisition.

c.1.1 **Exploration and Development stage:** Acquisition cost relating to projects under exploration or development are initially accounted as capital work in progress and capitalized as producing property on commencement of commercial production. Acquisition costs relating to unsuccessful exploration projects are written off on relinquishment.

c.1.2 **Production stage :** Acquisition costs relating to projects under production are capitalized as "Producing Properties".

c.2 Survey Costs:

Cost of Surveys and prospecting activities conducted in the search of oil and gas are expensed in the year in which these are incurred.

c.3 Exploratory/Development Wells in Progress Costs:

c.3.1 Exploration costs involved in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially taken to capital work in progress as exploratory wells in progress till the time these are either capitalized to producing properties when ready to commence commercial production or expensed when determined to be dry or of no further use, as the case may be.

c.3.2 All costs relating to development wells, development type stratigraphic test wells, service wells, are initially taken to capital work in progress as development wells in progress and capitalized to producing properties when ready to commence commercial production.

c.3.3 Exploratory wells in progress which are more than two years old from the date of completion of drilling are charged to Profit and Loss Account except those wells which have proved reserves and the development of the fields in which the wells are located; has been planned.

c.4 Abandonment Costs:

Costs relating to dismantling, abandoning and restoring well sites and allied facilities are provided as abandonment costs based on the provisions under respective agreements governing company's activities in the field/ projects.

c.5 Production Costs:

Production costs include pre-wellhead and post-wellhead expenses including depreciation and applicable operating costs of support equipment and facilities.

d. Producing Properties:

d.1 Producing properties are created in respect of a field/project having proved developed oil and gas reserves when any well in the field/project is ready to commence commercial production. Development wells are capitalized to producing properties when ready to commence commercial production.

d.2 All acquisition costs, cost of successful exploratory wells and of all development wells, all related development costs including depreciation on support equipment and facilities and estimated future abandonment costs relating to producing properties are capitalized as Producing Properties.

e. Depletion of Producing Properties:

Producing properties are depleted using the "Unit of Production Method". The rate of depletion for all capitalized costs is computed with reference to the field/project/amortization base by considering the related proved and developed reserves excepting for acquisition costs which are depleted by considering the proved reserves. These reserves are estimated annually by the Reserve Estimates Committee formed by the parent company Oil and Natural Gas Corporation Limited (ONGC), which follows the International Reservoir Engineering Procedures.

f. Side tracking:

f.1 The cost of abandoned portion of side tracked exploratory wells is charged to Profit and Loss Account as dry wells.

f.2 The cost of abandoned portion of side tracked development wells is considered as part of cost of development wells.

f.3 The cost of sidetracking in respect of existing producing wells is capitalized if it increases the Proved Developed Reserve otherwise, charged to Profit and Loss Account as workover expenditure.

g. Impairment:

g.1 Producing Properties, Development Wells in Progress (DWIP) and Fixed Assets (Including Capital Works in Progress) of a "Cash Generating Unit" (CGU) are reviewed for impairment at each Balance Sheet date. In case, events and circumstances indicate any impairment, recoverable amount of these assets is determined, being the higher of net selling price and value in use. An impairment loss is recognized, whenever the carrying amount of such assets exceeds the recoverable amount by writing down such assets to their recoverable amount. 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.

g.2 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.

h. Joint Ventures:

h.1 The Company has entered into overseas joint ventures with others. In such joint ventures as per the contractual arrangements, the Company shares control with other venturers. The financial statements reflect the share of the Company in assets and liabilities as well as income and expenditure of Joint Venture Operations which are accounted for as per various joint venture agreements on a line by line basis along with similar items in the Company's financial statements, except in case of leases, abandonment, impairment, depletion and depreciation which are accounted based on accounting policies of the Company.

h.2 The reserves of hydrocarbons in the joint ventures are taken in proportion to the participating interest of the Company.

i. Tangible Assets:

i.1 Tangible assets (including those taken on finance lease, support equipment and facilities) are stated at historical cost.

i.2 All costs relating to acquisition of tangible assets till the time of commissioning of such assets are capitalized.

j. Intangible Assets:

j.1 Costs incurred on intangible assets, resulting in future economic benefits are capitalized as intangible assets.

k. Depreciation:

k.1 Depreciation on tangible assets (including those taken on finance lease) is provided for under the written down value method in accordance with Schedule XIV to the Companies Act, 1956. Low value items not exceeding ₹5,000/- are fully depreciated at the time of addition.

k.2 Intangible Assets are amortised over the useful life not exceeding five years from the date of capitalisation.

k.3 Leasehold land (other than perpetual lease and lease over 99 years) is amortized over the lease period.

k.4 Depreciation on adjustments to tangible assets on account of price variation is provided for prospectively over the remaining useful life of such assets.

k.5 Depreciation on tangible assets (including those taken on finance lease, support equipment and facilities) used for exploration and drilling activities and on facilities is initially capitalized as part of exploration or development costs and expensed/depleted as stated in policy 3 and 4 above.

l. Inventories:

l.1 Crude oil and condensate are valued at cost or net realizable value, whichever is lower.

l.2 Natural gas in pipeline and crude oil/condensate stock in flow lines/Gathering Stations are not valued.

l.3 Inventory of stores and spares is valued at weighted average cost or net realizable value, if available, whichever is lower. Wherever, weighted average cost or net realizable value is not available, the cost made available by the operator is considered for valuation of Stores and Spares. Provisions are made for obsolete and non-moving inventories.

m. Investments:

m.1 Long-term investments are valued at cost. Provision is made for any diminution, other than temporary, in the value of such investments.

m.2 Current investments are valued at lower of cost or fair value.

n. Foreign Currency Transactions and Foreign Operations:

n.1 Foreign currency transactions on initial recognition in the reporting currency are accounted for at the exchange rates prevailing on the date of transaction.

n.2 At each Balance Sheet date, foreign currency monetary items are translated using the average of the 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.

n.3 Long term foreign currency monetary items:

n.3.1 In accordance with the paragraph 46A of the Accounting Standards (AS) 11, exchange differences arising on reporting of long term foreign currency monetary items, in so far as they relate to the acquisition of depreciable assets are adjusted against the cost of such assets and depreciated over the balance life of the assets and in other cases amortized over the balance period of the long term foreign currency monetary assets or liabilities.

n.3.2 Other foreign currency monetary items: All exchange differences arising on the settlement of monetary items other than long term monetary items or on reporting of monetary items other than long term monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements are recognised as income or as expenses in the period in which they arise.

n.4 In respect of the Company's integral foreign operations:

n.4.1 The foreign currency transactions on initial recognition in the reporting currency are recorded following the policy stated in m.1. For practical reasons, the average exchange rate of the relevant month/quarter is taken for the transactions of the month/quarter in respect of joint venture operations, where actual date of transaction is not available.

n.4.2 At each Balance Sheet date, monetary and non-monetary items are translated following the policy stated in n.2.

n.4.3 All exchange differences are treated following the policy stated in n.3.

n.5 The financial statements of the non-integral foreign operations of the Company are incorporated in the financial statements using the following principles:

n.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;

n.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; and

n.5.3 all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operation.

n.6 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.

o. Finance Leases:

o.1. Assets given on Lease:

o.1.1 Assets given on finance lease are accounted for as per Accounting Standard (AS) 19 "Leases" issued by the Institute of Chartered Accountant of India. Such assets are included as a receivable at an amount equal to the net investment in the lease.

o.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.

o.2. Assets taken on Lease:

Assets taken on finance lease are capitalised and recognised at the lower of the fair value of the asset and the discounted value of the minimum lease instalments. The lease payments are bifurcated into repayment and interest components, based on a fixed interest rate and instalment as derived from the underlying agreement. The lease commitments are carried under liabilities exclusive of interest. The interest component is recognised in the profit and loss account in accordance with the lease instalments.

p. Revenue Recognition:

p.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 JOA / PSA is created in respect of the quantity of crude oil to be foregone in future period towards settlement of the overlift quantity of crude oil with corresponding charge to Statement of profit and loss.

p.2 Sales are inclusive of all statutory levies and any tax liability of the Company that may be paid by the government based on the provisions under agreements governing Company's activities in the respective field/ project.

p.3 Any payment received in respect of short lifted gas quantity for which an obligation exists to supply such gas in subsequent periods is recognized as Deferred Revenue in the year of receipt. The same is recognized as revenue in the year in which such gas is actually supplied for the quantity supplied or in the year in which the obligation to supply such gas ceases, whichever is earlier.

p.4 Revenue in respect of fixed price contracts is recognized for the quantum of work done on the basis of percentage of completion method. The quantum of work done is measured in proportion of cost incurred to date to the estimated total cost of the contract or based on reports of physical work done.

p.5 Finance income in respect of assets given on finance lease is recognized based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.

p.6 Revenue in respect of interest on delayed realization is recognized when there is reasonable certainty regarding ultimate collection.

p.7 Dividend income is recognized when the company's right to receive to receive dividend is established by the reporting date.

q. Transportation Costs:

Any payment made in respect of the quantity of gas short transported, for which the right exists to transport such gas in subsequent periods at no charge, is treated as Deferred Expenditure in the year of payment. The same is treated as cost in the year in which the gas is actually transported for the quantity transported or in the year in which the right to transport such gas ceases, whichever is earlier.

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 Contribution to Provident Fund and Composite Social Security Scheme is made as per the rules of the parent company. The same is paid to funds administered through trusts.

r.3 Provisions for gratuity leave encashment and other employee benefits are made as per actuarial valuation at the end of the financial year. Except for gratuity,the same are not funded.

r.4 In respect of local staff in overseas offices of the company, employees (other than those on deputation/ secondment from the company) of joint ventures (incorporated/unincorporated)/ subsidiaries, the liabilities for employee benefits are recognised in accordance with the applicable laws of their respective jurisdictions and/or the respective labor agreements with the employees.

s. Borrowing Costs:

Borrowing Costs specifically identified to the acquisition or constructions of qualifying assets are capitalized as part of such asset till such time when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. 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.

t. Insurance Claims:

The Company accounts for insurance claims as under:

t.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.

t.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 when the corresponding expenditure is incurred.

t.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.

u. Abnormal Rig days’ costs:

Abnormal Rig days’ costs are considered as unallocable and charged to Statement of profit and loss.

v. Provisions, Contingent Liabilities and Contingent Assets:

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent Liabilities, if material, are disclosed by way of notes to the accounts.

w. Taxes on Income:

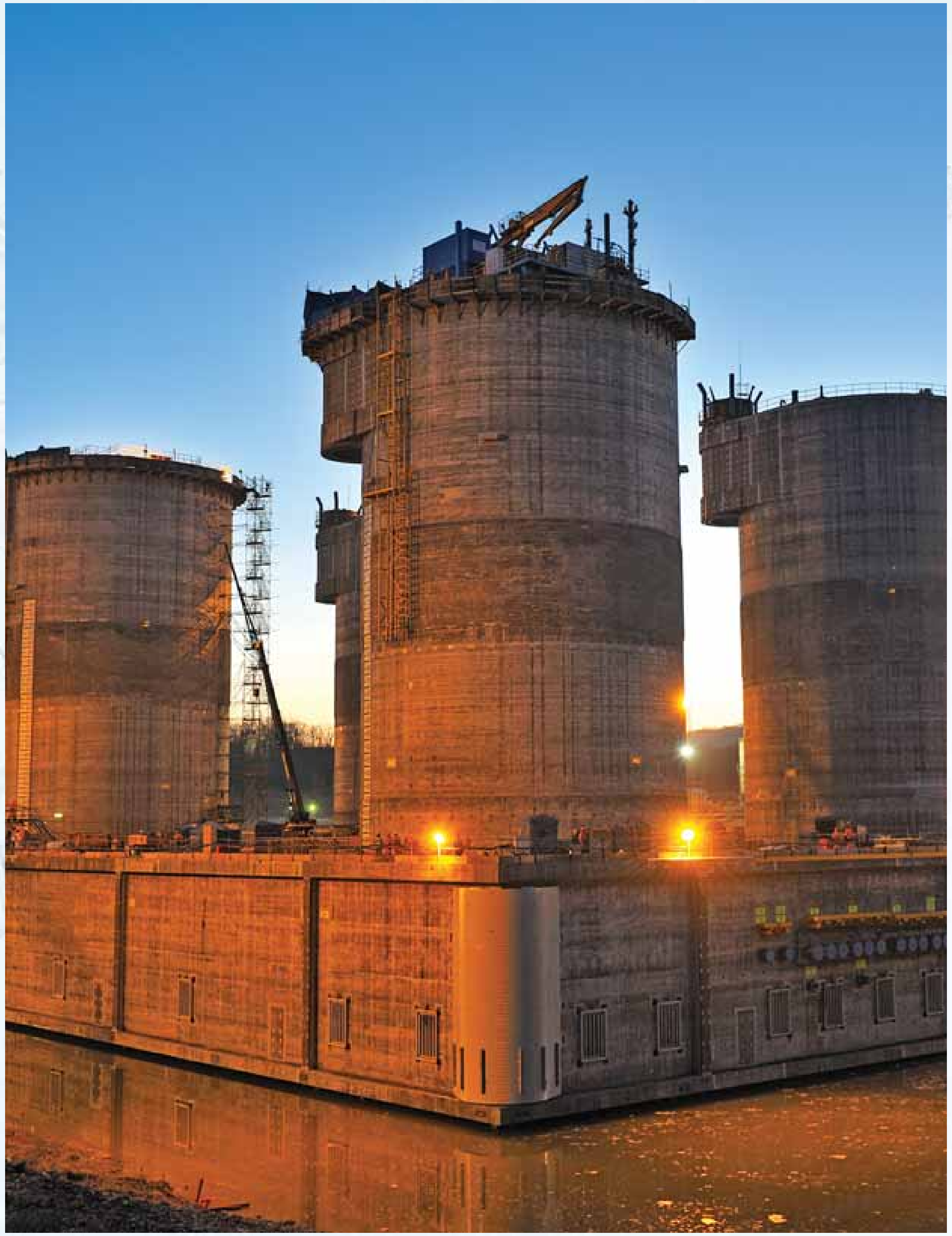
Provision for current tax is made as per the provisions of the Income Tax Act, 1961/ other applicable tax laws. Deferred Tax Liability / Asset resulting from ‘timing difference’ between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

x. Accounting for derivatives:

As per the ICAI Announcement, accounting for derivatives, other than those covered under AS-11, is done on marked to market basis and the losses are charged to Statement of profit and loss. Unrealized gains are ignored.

y. Goodwill Amortization:

The Company amortizes Goodwill (on consolidation) based on “Unit of Production Method” considering the related Proved Reserves.



Construction of Gravity Based Structure (GBS) for Sakhalin-1 venture

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

3. Share Capital:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Authorised		
	500,000,000 (Previous year 100,000,000) Equity Shares of ₹100 each	**50,000.00**	10,000.00
	Issued, Subscribed, Called and Paid Up	**50,000.00**	10,000.00
	500,000,000 (Previous year 100,000,000) Equity Shares of ₹100 each fully paid up in cash		
	(The entire share capital is held by Oil and Natural Gas Corporation Limited and its nominees)		
	TOTAL	**50,000.00**	10,000.00

a. Reconciliation of the shares outstanding at the beginning and at the end of the reporting period:

	31 March, 2013		31 March, 2012	
	No. Million	₹Million	No. Million	₹Million
Equity Shares				
At the beginning of the period	**100.00**	**10,000.00**	100.00	10,000.00
Issued during the year (On 21 May 2012)	**400.00**	**40,000.00**	-	-
Outstanding at the end of the year	**500.00**	**50,000.00**	100.00	10,000.00

The Company has increased its authorised share capital by ₹40,000 Million in its Extra- Ordinary General Meeting held on 2 April 2012. The authorised share capital of the company is ₹50,000 million consisting of 500,000,000 equity shares of ₹100 each.

During the year, the Company had a rights issue of 400,000,000 Equity Shares of 100 each ranking pari passu in all respects with the existing equity shares to Oil and Natural Gas Corporation Limited against consideration adjusted out of the loan given by ONGC to the Company.

b. Terms / rights attached to the equity shares:

The Company has only one class of equity shares having a par value of ₹100 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend, if any, proposed by the Board of Director is subject to the approval of the shareholders in the meeting.

During the year ended 31 March, 2013, the amount of dividend per share declared for distribution to equity shareholders was Nil (Previous year: Nil).

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.

c. Shares held by holding / ultimate holding company and/or their subsidiaries/ associates:

Out of the equity shares issued by the Company, the shares held by its holding company, ultimate holding company and their subsidiaries / associates are as below:

Holding Company	31 March, 2013		31 March, 2012	
	No. Million	₹Million	No. Million	₹Million
Oil and Natural Gas Corporation Limited, the holding company and its nominees	**500.00**	**50,000.00**	100.00	10,000.00

d. Aggregate number of bonus shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: Nil

e. Details of shareholders holding more than 5% shares in the company:

Share holders	31 March, 2013		31 March, 2012	
	No. millions	% Holding	No. millions	% Holding
Oil and Natural Gas Corporation Limited, the holding company and its nominees	500	100%	100	100%

f. Shares reserved for issue under options: Nil

4. Reserves and Surplus:

(₹ in Million)

				As at 31 March 2013	As at 31 March 2012
	Capital Reserve		**990.43**		941.35
	Capital Redemption Reserve		**0.09**		0.09
	Debenture Redemption Reserve				
	Balance as per last Financial statement	9,781.27		**5,461.83**	
	Add: Transfer from surplus in statement of profit and loss	4,307.64	**14,088.91**	**4,319.44**	9,781.27
	General Reserve				
	Balance as per last Financial statement	10,499.94		**8,623.86**	
	Add: Transfer from surplus in statement of profit and loss	2,644.71	**13,144.65**	**1,876.08**	10,499.94
	Foreign Currency Translation Reserve				
	Balance as per last Financial statement	24,639.98		**(1,933.82)**	
	Additions during the year	12,914.35	**37,554.33**	**26,573.80**	24,639.98
	Surplus in the statement of profit and loss				
	Balance as per last Financial statement	143,548.52		**122,532.48**	
	Add: Addition during the year	39,291.42		**27,211.56**	
	Less: Transfer to Debenture Redemption Reserve	4,307.64		**4,319.44**	
	Transfer to General Reserve	2,644.71	**175,887.59**	**1,876.08**	143,548.52
	TOTAL		**241,666.00**		189,411.15

a. Debentures and Debenture Redemption Reserve:

During the financial year 2009-10, the Company had raised funds from the financial markets by issuance of non-convertible redeemable bonds in the nature of debentures as follows:

(₹ in Million)

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 Bonds in the nature of Debentures- Series I	**19,700.00**	23-Dec-09	**23-Dec-14**

The above securities have been listed in National Stock Exchange of India Ltd. (NSE). Both the bonds are guaranteed for repayment of principal and payment of interest by Oil and Natural Gas Corporation Limited, the parent company. Further the Company is required to maintain 100% asset cover as per SEBI guidelines. There is no put / call option.

The Debenture Redemption Reserve position for above is as under:

(₹ in Million)

Particulars	Balance as at 31 March, 2012	Addition during the year	Balance as at 31 March, 2013
8.54% 10 Years Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series II	826.73	369.80	1,196.53
8.40% 5 Years Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series I	8,954.54	3,937.84	12,892.38
Total	9,781.27	4,307.64	14,088.91

b. Foreign Currency Translation Reserve:

The Company has followed the Accounting Standard (AS) 11 viz. Effects of Changes in Foreign Exchange Rates (revised 2003) issued by the Institute of Chartered Accountants of India for incorporating in the consolidated financial statements following the principles for translation of the financial statements of Non-integral Foreign Operation. Accordingly, the resulting exchange gain of ₹12,914.34 Million (Previous Year ₹26,573.80 Million) has been accounted as Foreign Currency Translation Reserve and shown above:

5. Long Term Borrowings:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	Non-Convertible Redeemable Debentures	**23,400.00**	23,400.00
	Foreign Currency Loans		
	Non-Recourse Deferred Credit (unsecured)	134.98	380.60
	(In respect of Joint venture)		
	Loans and advances		
	From related parties	-	-
	from Oil and Natural Gas Corporation Limited	119,576.99	168,255.44
	Non-current maturities of finance lease obligations (unsecured)	2,759.08	3,124.98
	TOTAL	**145,871.05**	**195,161.02**

a. Non-convertible redeemable bonds: Attention is invited to Note: 4(a). The bonds are unsecured.

b. Non-recourse deferred credit: (Non current + current) ₹944.87 million (Previous year ₹888.06 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. Attention is also invited to Note 46.

(₹ in Million)

Non–Recourse Deferred Credit (unsecured)	As at 31 March, 2013	As at 31 March, 2012
Current (Note 10)	809.89	507.46
Non-Current (Note 5)	134.98	380.60
Total	**944.87**	**888.06**

c. The Company has taken loans from ONGC for various projects. The outstanding balance of such loans as at 31 March, 2013 was ₹119,576.99 Million (as at 31 March, 2012 ₹168,255.44 Million). The loan is normally repayable out of the cash flows of the projects for which the respective funds were lent. However, ONGC has the right to demand repayment with a notice period of minimum 15 months. The loan carried no interest during the period. Accordingly, interest expenditure on loan from parent company during the period is ₹ Nil (Previous year: ₹ Nil).

d. During the year, the Company had a rights issue of 400,000,000 Equity Shares of ₹100 each ranking pari passu in all respects with the existing equity shares to Oil and Natural Gas Corporation Limited against consideration adjustable as part of the loan given by ONGC to the Company. Attention is also invited to Note: 3(a).

6. Deferred Tax Liabilities:

(₹ in Million)

6		As at 31 March 2013	As at 31 March 2012
	Deferred tax liabilities	**11,714.50**	10,203.88
	TOTAL Attention is invited to Note No 42.2	**11,714.50**	**10,203.88**

7. Liability for Abandonment:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	Liability for Abandonment	30,203.72	27,504.49
	TOTAL	**30,203.72**	**27,504.49**

(₹ in Million)

Liability for Abandonment	As at 31st March, 2013	As at 31st March, 2012
Current (Note 11)	**33.95**	104.37
Non-Current (Note 7)	**30,203.72**	27,504.49
Total	**30,237.67**	**27,608.86**

The above liability is in respect of Sakhalin-1 project. Against the above liability, funding of ₹5017.98 million (Previous year ₹2927.15 million) has been made as per Note 21.

8. Other Long Term Liabilities:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	Trade payables	107.82	**81.86**
	TOTAL	**107.82**	**81.86**

9. Long Term Provisions:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	Gratuity	-	170.06
	Leave encashment	179.30	147.26
	Post retirement medical benefits/Other terminal benefits	242.80	233.84
		422.10	**551.16**

a. Liability for the year ended 31 March, 2013 is provided based on actuarial valuation report.

b. Gratuity has now been classified as current since the liability is being funded through the parent company ONGC's trust and the liabilty as of 31 March, 2013 will be paid to the ONGC trust.

c. Till previous year, the Company carried out the actuarial valuation based on the Date of joining (DOJ) of employees in ONGC. From 31 March, 2013 i.e current year, the valuation is done based on DOJ in OVL.

d. The Actuarial Gain of ₹198.17 Million arising due to the change in DOJ has been accounted for as prior period revenue.

e. The provisions for employee benefits have been classified into current and non-current based on the acturial valuation.

(₹ in Million)

Particulars	As at 31 March, 2013	As at 31 March, 2012
Current (Note 14)	**198.55**	189.34
Non-Current (Note 9)	**422.10**	551.16
Total Provisons for Employee benefits	**620.65**	**740.50**

Attention is also invited to Note No 41

10. Short Term Borrowings:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	Foreign currency Loans		
	Non-Recourse Deferred Credit - Unsecured*	**809.89**	507.46
	Short term borrowings from banks - Unsecured**	**48,053.57**	-
	TOTAL	**48,863.46**	**507.46**

* Attention is also invited to Note No 5 (b).

** A short term borrowing (bridge finance) amounting to USD 883.50 million was taken from the consortium of State Bank of India, Royal Bank of Scotland, Singapore and Citi Bank N.A. for financing of acquisition of participating interests in ACG, Azerbaizan Project, and BTC pipeline. The loan is repayable on 28 June 2013 and backed by ONGC guarantee. After the reporting date, the Company has issued 5 year (USD 300 Million) and 10 year (USD 500 Million) Notes in international markets aggregating USD 800 Million and the net proceeds of the issue amounting to USD 798.715 Million have been utilised to partly prepay the bridge finance.

11. Current Liability for Abandonment:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Liability for Abandonment	**33.95**	104.37
	TOTAL	**33.95**	**104.37**

Attention is also invited to Note No 21 and 7

12. Trade Payables:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Deferred credit on gas sales*	**296.04**	229.37
	Trade payables for supplies / works	**4,327.63**	2,516.73
	Trade payables for supplies / works (In respect of Joint Ventures)	**21,240.92**	23,036.23
	TOTAL	**25,864.59**	**25,782.33**

* Deferred credit on gas sales represents amounts received from gas customers against "Take or Pay" obligations under relevant gas sales agreements. The amounts are to be utilised to supply gas in subsequent year(s) free of charge to such customers.

13. Other Current Liabilities:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Current maturities of Long term debts	**522.42**	5,050.16
	Current maturities of finance lease obligations*	**889.04**	975.52
	Interest accrued but not due on borrowings	**89.92**	122.33
	Interest accrued but not due on Debentures	**327.98**	526.38
	Advance from customers / Income received in advance	**239.08**	765.60
	Amount Payable to Operators	**15,152.12**	13,528.92
	Payable to ONGC	**331.79**	646.87
	Tax Payable by Subsidiaries and JV Companies in foreign Countries	**7,006.92**	6,231.39
	Deposits Unsecured	**132.35**	115.35
	Other Liabilities	**13,549.33**	17,544.55
	TOTAL	**38,240.95**	**45,507.07**

* Attention is also invited to Note No 5

14. Short Term Provisions:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Gratuity	59.50	**9.84**
	Leave Encashment	102.73	**150.99**
	Post Retirement Medical Benefits/Other Terminal Benefits	36.32	**28.51**
	TOTAL	198.55	**189.34**

Attention is invited to Note No: 9 and 41

15. Tangible Assets:

(₹ in Million)

	PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		As at 1st April 2012	Additions during the Period	Foreign Currency Translation Adjustment/ Other Adj.	Deletions / Adjustments during the Period	As at 31 March, 2013	Up to 31 March, 2012	For the Period	Foreign Currency Translation Adjustment/ Other Adj.	Deletions / Adjustments during the Period	Up to 31 March, 2013	Up to 31 March, 2013	As at 31 March, 2012
1.	**Land (Leasehold)**	2,161.27	43.73	27.46	110.78	**2,121.68**	-	-	1.30	0.65	**0.65**	**2,121.03**	2,161.27
2.	**Building**	6,750.93	137.82	49.47	(16.98)	**6,955.20**	1,359.59	297.15	72.92	40.28	**1,689.38**	**5,265.82**	5,391.34
3.	**Plant & Machinery**	88,464.20	29,708.49	717.57	65.52	**118,824.74**	63,493.87	6,234.21	605.77	92.59	**70,241.26**	**48,583.48**	24,970.33
4.	**Computers**	796.18	116.63	30.48	2.42	**940.87**	569.44	106.64	21.38	0.22	**697.24**	**243.63**	226.74
5.	**Vehicles**	1,634.67	175.82	34.88	24.13	**1,821.24**	1,091.89	240.69	18.44	3.24	**1,347.78**	**473.46**	542.78
6.	**Furniture & Fittings and Equipments**	7,968.89	133.04	248.09	20.52	**8,329.50**	5,670.91	511.47	218.98	20.55	**6,380.81**	**1,948.69**	2,297.98
	TOTAL	**107,776.14**	**30,315.53**	**1,107.95**	**206.39**	**138,993.23**	**72,185.70**	**7,390.16**	**938.79**	**157.53**	**80,357.12**	**58,636.11**	35,590.45
	Previous year	102,174.56	3,651.66	2,220.06	270.14	107,776.14	59,870.75	10,939.46	1,461.92	86.44	72,185.69	35,590.45	42,303.82
	The above includes the company's share in Joint Venture Assets: Current year	**103,915.87**	**30,244.37**	**1,087.65**	**67.68**	**135,180.22**	**71,712.26**	**7,192.03**	**168.09**	**36.89**	**79,035.48**	**56,144.73**	32,203.61
	Previous year	98,593.07	3,450.31	2,071.23	198.74	103,915.87	59,575.22	10,912.40	1,349.70	125.06	71,712.26	32,203.61	39,017.85

a. Title to Fixed Assets under Production Sharing Agreements

The Company, the Subsidiaries and Joint Venture Company, in consortium with other partners (Consortium) carries on its business in respect of exploration, development and production of hydrocarbons under agreements with the host governments. Several of these agreements, governing Company's activities in the fields / projects, provide that the title to the fixed assets and other ancillary installations shall pass to host Government or its nominated entities either upon acquisition / first use of such assets or upon 100% recovery of such costs through allocation of "Cost Oil" and "Cost Gas" or upon relinquishment of the relevant contract areas or termination of the relevant agreement. However, as per the terms of the agreements, the Consortium and/ or Operator has the custody of all such assets and is entitled to use, free of charge all such assets for Petroleum Operations throughout the term of the respective agreements. The Consortium also has the custody and maintenance of such assets and bears all risks of accidental loss and damage and all costs necessary to maintain such assets and to replace or repair such damage or loss. Under the circumstances, such assets are kept in the records of the Company during the currency of the respective agreements.

Depreciation on all Trunk Pipelines and Onshore Flow Lines (assets below ground) are charged @ 100% in line with the policy of the parent company ONGC since 2007-08.

16. Intangible Assets:

(₹ in Million)

	PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
		As at 1 April 2012	Additions during the Period	Foreign Currency Translation Adjustment/ Other Adj.	Deletions / Adjustments during the Period	As at 31 March, 2013	Up to 31 March, 2012	For the Period	Foreign Currency Translation Adjustment/ Other Adj.	Deletions / Adjustments during the Period	Up to 31 March, 2013	Up to 31 March, 2013	As at 31 March, 2012
1.	**Software**	334.07	54.60	(24.28)	(1.33)	**365.72**	**207.80**	77.90	(23.92)	(0.16)	**261.94**	**103.78**	126.28
	TOTAL	**334.07**	**54.60**	**(24.28)**	**(1.33)**	**365.72**	**207.80**	**77.90**	**(23.92)**	**(0.16)**	**261.94**	**103.78**	126.28
	Previous year	254.67	68.48	7.17	(3.75)	334.07	217.88	(12.57)	2.22	(0.27)	207.80	126.28	36.79
	The above includes the company's share in Joint Venture Assets: Current Year	**175.01**	**43.43**	**33.10**	**(1.33)**	**252.87**	**129.02**	**57.31**	**13.24**	**(0.16)**	**199.73**	**53.14**	**45.99**
	Previous Year	159.06	22.66	0.01	6.72	175.01	**143.56**	**(13.05)**	**0.00**	**1.49**	**129.02**	**45.99**	**15.50**

17. Producing Properties:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	Gross Cost		
	Opening Balance	279,482.27	240,348.24
	Expenditure during the year	32,418.91	10,493.91
	Transfer from Development & Exploratory Wells-in-Progress	20,557.37	11,723.63
	Estimated Abandonment Costs	2,301.08	1,726.67
	Foreign Currency Translation Adjustment	5,000.89	15,189.82
	Total Gross (A)	339,760.52	279,482.27
	Less: Depletion		
	Opening Balance	135,246.18	104,208.48
	Depletion for the year	19,938.23	21,607.06
	Prior period depletion	82.55	-
	Adjustment	(28.49)	-
	Foreign Currency Translation Adjustment	3,533.72	9,430.64
	Total Depletion (B)	158,772.19	135,246.18
	NET PRODUCING PROPERTIES (A - B)	180,988.33	144,236.09

18. Development & Exploratory Wells In Progress:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	A. Development Wells-in-Progress (DWIP)		
	Opening Balance	16,733.68	8,270.33
	Addition during the year	24,057.49	16,266.08
	Less: Transfer to Producing Properties	19,020.63	10,583.51
	Foreign Currency Translation Adjustment	254.14	2,780.78
	Closing Balance (Gross DWIP)	22,024.68	16,733.68
	Less: Provision for Development wells of Block XXIV Syria		
	Opening Balance	-	0.00
	Provided during the year	83.74	0.00
	Development Wells-in-Progress (A)	21,940.94	16,733.68
	B. Exploratory Wells-in-Progress(EWIP)		
	Opening Balance	15,485.75	18,103.35
	Addition during the year	6,190.37	8,916.69
	Less: Transfer to Producing Properties	1,536.74	1,140.12
	Less: Wells written off during the year	7,615.58	9,264.44
	Foreign Currency Translation Adjustment	587.58	(1,129.73)
	Closing Balance (Gross EWIP)	13,111.38	15,485.75
	Less: Provision for Wells drilled under service contract		
	Opening Balance	1,479.15	1,466.86
	Provided during the year	16.70	12.29
	Provision for Exploratory wells of Block XXIV Syria		
	Provided during the year	1,914.29	0.00
	Total Provision	3,410.14	1,479.15
	Exploratory Wells-in-Progress (B)	9,701.24	14,006.60
	TOTAL WELLS-IN-PROGRESS (A + B)	31,642.18	30,740.28

a. In respect of Farsi Block, Iran, the Company in consortium with other partners entered into an Exploration Service Contract (ESC) with National Iranian Oil Company (NIOC) on 25 December 2002. After exploratory drilling, FB area of the block proved to be a gas discovery and was later rechristened as Farzad-B. NIOC announced the Date of Commerciality for Farzad-B as 18 August 2008. However, the Development Service Contract is pending. Provision has been made in respect of the Company's investment in exploration in the Farsi Block amounting to ₹1,495.85 Million till 31 March, 2013 (₹1,479.15 Million till 31 March, 2012).

b. The Company has 60% PI in Block XXIV, Syria where the development rights have been granted by Govt. of Syria in 2012. In view of deteriorating law and order situation in Syria the operator served 'Force Majeure' notice to the Govt. of Syria which is not accepted by the Syrian Govt. The operations of the projects are temporarily suspended since May 2012. In view of the prevailing situation, the cost of successful exploratory wells lying in EWIP amounting to ₹1,914.29 Million (Previous year Nil) and development wells (DWIP) amounting to ₹83.74 Million (Previous year Nil), provision has been made during the year in respect of block XXIV, Syria.

19. Capital Work In Progress:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
a	**Buildings**	1,263.65	659.56
	Corporate Office Building, Vasant Kunj, New Delhi	1,263.65	659.56
b	**Plant & Machinery**	75,406.66	63,668.23
	Block 06.1, Vietnam	40.75	2,503.28
	Sakhalin-1, Russia	51,219.29	46,764.05
	Block 5A, South Sudan	27.26	27.26
	Tamba BV, The Netherlands	4,412.90	2,562.69
	MECL, Colombia	144.53	-
	Sancristobal Project, Venezuela	1,622.68	2,466.28
	Block A1, Myanmar	6,429.52	3,960.76
	Block A3, Myanmar	1,201.89	840.95
	Petro Carabobo, Venezuela	1,690.12	300.76
	Pipeco 1 Offshore Midstream, Myanmar	2,900.66	1,966.65
	Pipeco 2 Onshore Midstream, Myanmar	5,717.06	2,275.55
c	**Acquisition Cost**	11,917.47	11,927.89
	Block 128, Vietnam	92.54	-
	Block 25, 26, 27, 28, 29 and 36, Cuba	-	346.91

		As at 31 March, 2013	As at 31 March, 2012
	Block 1,2,3 &4 (Area 43), Libya	408.90	408.90
	Petro Carabobo, Venezuela	5,982.90	5,623.20
	Block OPL 297, Nigeria	679.60	638.74
	Block Satpayev, Kazakhstan	4,753.53	4,753.53
	Others	-	156.61
	Total (a+b+c)	88,587.78	76,255.68

20. Goodwill:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Gross Goodwill (A)	133,494.29	122,029.76
	Accumulated Amortisation (B)	33,636.17	27,450.75
	Provision for impairment (C)	19,533.69	19,533.69
	Net Goodwill (A - B - C)	80,324.43	75,045.32

The Company has carried out impairment assessment as per Accounting Standard (AS) 28 viz Impairment of Assets and no impairment provision was required to be created as the value in use of the Cash Generating Units (CGU) were higher than the carrying cost in respect of CGUs for which indication was noticed.

21. Non Current Investment:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Investment with bank for Site Restoration	5,017.98	2,927.15
	TOTAL	5,017.98	2,927.15

a. Investment with Bank for Site Restoration represents the Company's contribution to fund the estimated abandonment costs of Sakhalin-1 Project, in accordance with the provisions contained in the applicable production sharing agreement (Sakhalin PSA). The required amounts are remitted by the Company to the Bank acting as Foreign Party Administrator, appointed pursuant to the Sakhalin PSA, and are invested in accordance with the guidelines stipulated under the relevant funding agreement.

22. Deferred Tax Assets:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Deferred Tax Assets	6,071.65	5,220.65
	TOTAL	6,071.65	5,220.65

Refer Note No 42.2

23. Long Term Loans And Advances:

(₹ in Million)

		As at 31 March, 2013	As at 31 March, 2012
	Secured, considered good		
	Other loans and advances (secured)	119.96	899.65
	Unsecured, considered good		
	Other loans and advances (unsecured)	15.11	17.27
	Doubtful		
	Other loans and advances - Carry Loan	1,022.10	534.16
	Sub Total (A)	1,157.17	1,451.08
	Less : Provision for bad and doubtful loans and advances		
	Other loans and advances - Carry Loan	1,022.10	534.16
	Sub Total (B)	1,022.10	534.16
	TOTAL	135.07	916.92

(₹ in Million)

a.	Loans and advances	As at 31 March 2013	As at 31 March 2012
	Current (Note 28)	5,574.71	8,226.93
	Non-Current (Note 23)	135.07	916.92
	Total	5,709.78	9,143.85
b.	Loans and advances due by directors or other officers		
	Current	0.07	0.05
	Non-Current	0.41	0.38
	Total	0.48	0.43

c. The Company has 25% participating interest (PI) in an exploration Block Satpayev Area Kazakhstan, and 75% PI is held by KMG the national oil company of Kazakhstan. As per the carry agreement, OVL shall finance KMG's share of expenditure in the project during the exploratory period (carry loan). The amount of carry loan will be refunded by KMG along with accrued interest in the event of commercial discovery and production from the project. The KMG's share of expenditure financed by OVL in the Block has been accounted for as loan to KMG. Provision has been made towards the amount of carry loan of ₹1022.10 Million as at 31 March, 2013 (as at 31 March, 2012 ₹534.16 Million) to KMG in view of the block being under exploration as there is no certainty of commercial discovery and has been depicted as other loans and advances-Doubtful.

24. Other Non Current Assets:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	Secured, considered good		
	Investment in Finance Lease realisable beyond 12 months from the end of reporting period *	675.83	1,846.25
	Interest Accrued on Loans to Employees	37.03	34.16
	Unsecured, considered good		
	Trade receivables realisable beyond 12 months from the end of reporting period	9,621.00	15,192.42
	Prepaid Expenses	17.32	-
	Other Deposits	268.07	274.88
	Doubtful		
	Trade receivables on deferral credit terms realisable beyond 12 months from the end of reporting period	2.30	2.16
	Sub Total (A)	10,621.55	17,349.87
	Less : Allowance for bad and doubtful loans and advances		

		As at 31 March 2013	As at 31 March 2012
	Trade receivables (sundry debtors) realisable beyond 12 months from the end of reporting period	2.30	2.16
	Sub-Total (B)	**2.30**	**2.16**
	TOTAL (A -B)	**10,619.25**	**17,347.71**

* The payment of instalments is guaranteed by Government of Sudan. Attention is invited to Note No 46 a

(₹ in Million)

	Other Assets	As at 31 March 2013	As at 31 March 2012
	Non-Current (Note No 24)	10,619.25	17,347.71
	Current (Note No 29)	25,944.80	22,497.41
	Total	**36,564.05**	**39,845.12**

25. Inventories:
(As taken, valued and certified by the Management)

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	Finished Goods	858.56	1,034.71
	Stores & Spares	6,253.17	6,275.76
	Less: Provision for Non-moving Stores (In respect of Joint Venture)	1,236.08	1,577.56
	TOTAL	**5,875.65**	**5,732.91**

a. In case of joint venture arrangements where the property in crude oil produced does not pass on upto a specific delivery point, the stock of crude oil till such delivery point is not recognised by the Company.

26. Trade Receivables:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	Secured, considered good		
	Trade receivables outstanding for a period exceeding six months:	-	-
	Others	108.85	7.48
	Unsecured, considered good		
	Trade receivables outstanding for a period exceeding six months *	34,583.15	25,191.06
	Other receivables	15,295.81	4,416.01
	Doubtful		
	Trade receivables outstanding for a period exceeding six months:	-	-
	Other receivables	172.14	5.19
	Sub Total (A)	50,159.95	29,619.74
	Less : Allowance for bad and doubtful trade receivables (B)		
	Debts outstanding for a period exceeding six months:	172.14	5.19
	Other Debts:	–	–
	Sub Total (B)	**172.14**	**5.19**
	TOTAL (A-B)	**49,987.81**	**29,614.55**

* Includes ₹8,297.73 Million (US $ 152.71 Million) (Previous year Nil) being lifting of ONGBV share of oil in GNPOC by Government of Sudan. Please refer to Note No 30

27. Cash & Cash Equivalents:

(₹ in Million)

		As at 31 March 2013	As at 31 March 2012
	A) Balances with Banks		
	in current account	5,767.92	10,106.01
	in deposit account	35,046.34	36,895.37
	B) Cash on hand		
	i) At New Delhi	0.23	0.25
	ii) At Overseas	8.43	7.05
	C) Others		
	Cash & Bank Balance (In respect of Joint Ventures)	3,762.83	4,519.65
	D) Earmarked balances	-	-
	TOTAL	44,585.75	51,528.33

28. Short Term Loans & Advances:

(₹ in Million)

			As at 31 March 2013		As at 31 March 2012
	A. Secured - Considered Good				
	Loans & Advances to Employees		46.56		43.27
	Loans & Advances to Directors		-		-
	Total Secured - Considered Good (A)		46.56		43.27
	B. Unsecured - Considered Good				
	Carry Finance to JV Partners		-		69.38
	Loans & Advances to Employees		13.25		12.34
	Loans & Advances to Directors		0.07		-
	Advances recoverable in cash or in kind or for value to be received		598.51		920.05
	Advances recoverable in cash or in kind or for value to be received		4,916.32		7,181.89
	(In respect of Joint Ventures)				
	Total Unsecured - Considered Good (B)		5,528.15		8,183.66
	C. Unsecured - Considered Doubtful				
	Advances recoverable in cash or in kind or for value to be received	1,902.64		1,741.95	
	Carry Finance to JV Partners	1,574.30		1,474.04	
		3,476.94		3,215.99	
	Less:Provisions for Doubtful Advances and Claims	3,476.94		3,215.99	
	Total Unsecured - Considered Doubtful (C)		-		-
	LOANS AND ADVANCES (A+B+C)		5,574.71		8,226.93

a. **Carry Finance to Sudapet:**

The Company carried the share of investment of Sudapet, the national oil company of Sudan, for its 3.375% share in Block 5A, Sudan till the commencement of first commercial production. 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). In view of the secession of South Sudan and the transfer of PI of Sudapet of Block 5A to Nilepet the national oil company of South Sudan, the remaining balance of the carry loan of ₹58.89 Million has become doubtful and provision has been created for the same.

29. Other Current Assets:

(₹ in Million)

		As at 31 March 2013		As at 31 March 2012
Prepaid expenses for Underlift Quantity		**262.92**		745.48
Interest Accrued on:				
Deposits with Banks		**311.50**		313.91
Others		**762.08**		369.19
Other Deposits		**291.53**		74.00
Other Current Assets		**1,607.62**		31.68
VAT Receivable		**1,519.93**		1,169.94
Investment in Finance Lease *		4,035.15		2,427.35
Advances recoverable in Cash or in kind or for value to be received (In respect of Joint Ventures)		7,943.91		6,532.28
Taxes (Income Tax, Wealth Tax and Fringe Benefit Tax) :				
Advance Payment	**22,194.97**		22,420.44	
Less: Provision	12,984.81	9,210.16	11,586.86	10,833.58
TOTAL		**25,944.80**		**22,497.41**

Attention is invited to Note 24 - Other Non Current Assets

* The Payment of instalments is guaranteed by Government of Sudan (GOS). Attention is invited to Note No 46 a

30. Revenue from Operations:

(₹ in Million)

	2012–13	2011–12
(A) Sales		
Crude Oil	**162,366.48**	211,687.47
Gas	**11,393.63**	9,923.88
Condensate	**2,954.69**	3,189.04
Total Sales (A)	**176,714.80**	**224,800.39**
Less: Value Added Tax	**2,333.77**	2,567.68
(B) Net Sales	**174,381.03**	**222,232.71**
(C) Other Operating Revenue		
Other Operating income	1,197.30	1,240.41
Total Revenue from Operations (B + C)	**175,578.33**	223,473.12

Government of Sudan's (GOS) is lifting of crude oil entitlement of foreign partners including ONGBV from GNPOC. The Company's share of crude oil taken by GOS, as on as on 31 March 2013, is 1,428,983 barrels with value of ₹8,297.73 Million (USD 152.71 Million) which is considered as revenue during the period. The GOS has confirmed the lifting and the draft sale and purchase agreement is under finalization with GOS. In view of the confirmation of the GOS for treating the quantities lifted for local refinery as sales, the same has been accounted for as sales revenue during the current year. The corresponding receivables is considered in Trade receivables in Note No 26.

31. Other Income:

(₹ in Million)

	2012–13	2011–12
Interest Income on:		
Deposits with Banks	**1,097.21**	812.22
Loans and Advances to Employees	**6.41**	5.54
Others	**961.49**	93.63
Lease Income	**491.32**	346.95
Gain on Foreign Exchange Forward Contract / Derivatives	**704.76**	222.45
Miscellaneous Receipts	**1,453.57**	1,420.34
TOTAL	**4,714.76**	**2,901.13**

32. Production, Transportation, Selling and Distribution Expenditure:

(₹ in Million)

	2012–13	2011–12
Production Expenditure	**22,447.23**	22,673.78
Transportation Expenditure	**5,374.43**	5,094.13
Royalty	**29,115.32**	57,571.23
Staff Expenditure	**3,193.47**	2,187.13
Service Tax and Other Levies	**6,922.67**	8,100.89
Rent	**1,049.46**	1,032.17
Repair to Buildings	**124.12**	73.48
Repair to Machinery	**2.62**	3.96
Other Repairs and Maintenance	**71.06**	124.85
Insurance	**43.56**	69.90
Idle rig cost	**212.59**	1,746.75
Crude oil received against Carry Finance	-	231.66
Business Development & Other Expenses	**3,309.28**	2,698.68
TOTAL	**71,865.81**	**101,608.61**

a. **Royalty:** please see note A.3.3

b. **Details of Production, Transportation, Selling and Distribution Expenditure:**

(₹ in Million)

Particulars	2012–13	2011–12
(i) Staff Expenditure		
a. Salaries, Wages, Ex-gratia etc.	**2,591.19**	1,775.38
b. Contribution to Provident Fund and other Funds	**141.48**	61.50

(₹ in Million)

Particulars	2012–13	2011–12
c. Provision for Gratuity	95.67	69.97
d. Provision for Leave Encashment	172.84	130.37
e. Provision for medical / Terminal Benefits	19.87	6.19
f. Staff Welfare Expenses	172.42	143.72
Sub Total (A)	3,193.47	2,187.13
ii Rent	1,049.46	1,032.17
iii Electricity, Water and Power	354.12	429.79
iv Repairs to buildings	124.12	73.48
v Repairs to Plant and Machinery	2.62	3.96
vi Other Repairs	71.06	124.85
vii Hire Charges of Vehicles	92.88	260.33
viii Professional Charges	309.60	400.12
ix Telephone and Telex	50.79	71.25
x Printing and Stationery	7.53	13.12
xi Training and Seminar	-	4.76
xii Business Meeting Expenses	13.19	31.15
xiii Traveling Expenses	210.06	254.57
xiv Insurance	43.56	69.90
xv Advertisement and Exhibition Expenditure	21.11	36.64
xvi Contractual Transportation	5,374.43	5,094.13
xvii Miscellaneous Expenditure	1,981.50	2,733.78
xviii Other Operating Expenditure*	17,213.36	23,115.36
xix Royalty	29,115.32	57,571.23
xx Statutory Levies ** (Service Tax and Other Levies, Windfall Tax & VAT)	14,971.40	10,668.57
Sub Total (B)	71,006.11	101,989.16
Total (A+B)	74,199.58	104,176.29

** The other operating expenditure (no. xviii above) includes the expenses in respect of Sakhalin–1, Russia project, where the above details are not made available by the Operator.*

* Statutory Levies includes VAT as in Note: 30

c. The Company is engaged in operations overseas and carries out Corporate Social Responsibility (CSR) activities in its areas of operations. In accordance with DPE Guidelines and MOU with the holding company ONGC, any CSR expenditure in India may be incurred in part or full through ONGC. The Company has incurred an amount of ₹208.27 Million during the year (Previous year ₹239.41 Million) towards CSR activities overseas directly or through its joint ventures.

d. Auditors' Remuneration (excluding Subsidiaries and Joint Venture Company):

(₹ in Million)

Particulars	2012-13	2011-12
Audit Fee	2.63	3.09
Tax Audit Fee	0.25	0.28
Certification Fee	0.77	0.48
Total	3.65	3.85

e. The expenditure incurred by Oil and Natural Gas Corporation Limited or its subsidiaries on behalf of the Company are accounted for on the basis of debit raised by them for which supporting documents are held by the respective companies/subsidiaries.

33. Changes in Inventories of Finished Goods:

(₹ in Million)

			2012–13		2011–12
	*As taken, valued and certified by the Management				
	Closing Stock		858.56		1,034.71
	Opening Stock	1,034.71		564.06	
	Less: Adjustment	27.56	1,007.15	161.04	403.02
	NET (INCREASE)/DECREASE IN STOCK		148.59		(631.69)

34. Finance Costs:

(₹ in Million)

			2012–13		2011–12
	A. Interest On				
	Finance Lease		363.94		371.31
	Bonds		1,966.82		1,974.74
	Others		101.05		614.60
	B. Foreign Exchange Fluctuation related to borrowing costs		(17.68)		9.15
	TOTAL		2,414.13		2,969.80

35. Depreciation, Depletion and Amortisation:

(₹ in Million)

			2012–13		2011–12
	Depreciation	7,390.16		11,132.60	
	Amortisation -Intangibles	77.90		(12.75)	
	Less: Capitalised	4,209.78	3,258.28	7,995.20	3,124.65
	Depletion		19,938.23		21,607.06
	Survey Expenditure		2,410.01		2,537.43
	Dry Wells		7,615.58		9,264.44
	Amortisation of Goodwill		4,161.72		5,145.55
	TOTAL		37,383.82		41,679.13

Refer to Para No. A 3.1 of Note No 1.

Amortisation - Intangibles, Refer to Para 2 of Note No 2.

36. Other Expenses:

		2012–13	2011–12
	Net (gain) or loss on foreign currency transactions and translation (other than considered as finance cost)*	(2,959.89)	1,473.54
	Hedging (Gain)/Loss	-	48.52
	Other Expenses	50.68	120.45
	Provision for Mark-to-Market loss on Derivative Contracts**	1,606.76	498.56
	TOTAL	(1,302.45)	2,141.07

* Attention is invited to Note No 2.a.1.
**Please refer to Note No 51

37. Provisions & Write–Offs (Net):

(₹ in Million)

		2012–13	2011–12
	Provision for Impairment	-	19,533.69
	Provisions for Doubtful Debts/Claims	**1,206.74**	2,269.42
	Provision for Wells under Service Contract	**16.70**	12.29
	Provision for Non-Moving Inventory	**139.43**	740.62
	Provision for Exploratory & Development wells of Block XXIV Syria*	**1,998.02**	-
	Acquisition Cost Written Off	254.37	3,257.84
	Other Write Off	(702.96)	2,115.25
	TOTAL	**2,912.30**	**27,929.11**

a. Provision for Impairment - Attention is invited to Note No 20

b. Provision for doubtful debts/claims includes carry loan of ₹487.94 Million (Previous year ₹534.16 Million) to KMG in view of the block being under exploration and there is no certainty of commercial discovery and hence the recovery of the loan. Attention is invited to Note 23 (c)

c. Provision has been made for succesful exploration well under service contract in respect of Farsi Block Iran, pending finalisation of Master Development Plan.

d. Acquisition cost written off in respect of exploration projects upon relinquishment.

e. Other write-back includes ₹766.80 Million (Previous year write off : ₹766.80 Million) in respect of minimum exploration commitment of Block 128 - Vietnam due to extension of exploration period by the Government of Vietnam for two years.

*Attention is invited to Note 18.

38. Decrease/(increase) due to overlift/underlift quantity:

(₹ in Million)

		2012–13	2011–12
	UnderLift (OverLift) - Opening Balance	697.44	283.33
	Underlift (OverLift) - Closing Balance	151.44	697.44
	Decrease/(increase) in overlift/underlift	**546.00**	**(414.11)**

39. Adjustments Relating to Prior Period (Net):

(₹ in Million)

		2012–13	2011–12
	A. Expenses		
	Survey Expenses	-	(23.20)
	Amortisation of Goodwill	-	11.14
	Other Expenses	**(554.12)**	137.80
	Depreciation / Depletion	**82.55**	-
	Sub-Total	**(500.80)**	**(67.24)**
	B. Income		
	Miscellaneous Items	-	6.24
	Sub-Total	-	**6.24**
	TOTAL (A - B)	**(500.80)**	**(73.48)**

40. Earnings Per Equity Share (EPS):

(₹ in Million)

		2012–13	2011–12
	Net Profit after Taxation as per Statement of profit and loss	**39,291**	27,212
	Weighted average number of Equity Shares outstanding	**445,205,479**	100,000,000
	Basic and Diluted Earnings Per Equity Share (₹)	**81.87**	76.99*
	(Face Value of ₹100 Per Share)		

* restated for Rights issue during the current year

During the year, the Company had a Rights Issue of 400,000,000 Equity Shares of ₹100 each ranking pari passu in all respects with the existing equity shares to Oil and Natural Gas Corporation Limited. EPS of previous year has been restated based on the Rights Issue in accordance with the Accounting Standard (AS) 20 viz Earnings Per Share.

41. The required disclosure under the Accounting Standard (AS) 15 (Revised) viz. Employee Benefits is given below:

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

(i) 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.

(ii) 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.

(iii) Gratuity

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

(iv) 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.

(v) Terminal Benefits

At the time of superannuation, employees are entitled to settle at a place of their choice and they are eligible for Transfer Traveling Allowance. Employees are gifted a gold coin as a memento on superannuation, depending upon their level and length of service.

(B) The amounts recognized in financial statements for defined contribution plans are as under:

(₹ in Million)

Defined Contribution Plans	Expense Recognized during 2012-13	Contribution for Key Management Personnel during 2012-13	Expense Recognized during 2011-12	Contribution for Key Management Personnel during 2011-12
Contributory Provident Fund	**38.47**	**0.72**	29.53	0.54
Employee Pension Scheme -95	**1.63**	**0.02**	1.40	0.01
Composite Social Security Scheme	**8.73**	**0.08**	1.53	0.02

(C) The amounts recognized in the balance sheet for post-employment benefit plans are as under:

(₹ in Million)

Particulars	Gratuity	Leave	Post-Retirement Medical Benefits	Terminals Benefits
Present Value of Funded Obligation	**-**	**-**	**-**	**-**
	-	-	-	-
Fair Value of Plan Assets	**-**	**-**	**-**	**-**
	-	-	-	-
Present Value of Unfunded Obligation	**59.50**	**190.82**	**14.93**	**19.76**
	179.9	166.44	63.49	8.99
Unrecognized Past Service Cost	**-**	**-**	**-**	**-**
	-	-	-	-
Net Liability	**59.50**	**190.82**	**14.93**	**19.76**
	179.90	166.44	63.49	8.99

(D) The amount included in the fair value of plan assets of gratuity fund is as follows:

Defined Contribution Plan	Expense Recognized during 2012-13	Expense Recognized during 2011-12
Reporting Enterprise's own financial instruments	Nil	Nil
Any Property occupied by, or assets used by the reporting enterprise	Nil	Nil

(E) Reconciliation showing the movements during the period in the net liability recognized in the balance sheet:

(₹ in Million)

Particulars	Gratuity	Leave	Post Retirement Medical Benefits	Terminals Benefits
Opening defined benefit obligation	**179.90**	**166.44**	**63.49**	**8.99**
	169.54	139.67	61.14	7.86
Current Service Cost	**12.92**	**85.27**	**3.08**	**7.67**
	7.39	6.81	2.48	0.35
Past Service Cost	**-**	**-**	**-**	**-**
	-	-	-	-
Interest Cost	**15.29**	**14.15**	**5.40**	**0.76**
	14.41	11.87	5.20	0.67
Actuarial Losses (–Gains)	**(134.61)**	**(9.74)**	**(57.04)**	**3.22**
	(4.44)	50.32	(5.33)	0.45
Exchange differences on foreign plans	**-**	**-**	**-**	**-**
	-	-	-	-
Less: Benefits paid	**(14.00)**	**(65.30)**	**–**	**(0.89)**
	(7.00)	(42.24)	–	(0.34)
Closing defined benefit obligation	**59.50**	**190.82**	**14.93**	**19.75**
	179.90	166.44	63.49	8.99

(F) The total expenses recognized in the statement of profit and loss are as follows:

(₹ in Million)

Particulars	Gratuity	Leave	Post Retirement Medical Benefits	Terminals Benefits
Current Service Cost	**12.92**	**85.27**	**3.08**	**7.67**
	7.38	6.80	2.48	0.35
Interest on Obligation	**15.29**	**14.15**	**5.40**	**0.76**
	14.41	11.87	5.20	0.67
Expected Return on plan assets	**-**	**-**	**-**	**-**
	-	-	-	-
Net Acturial Losses (–Gains)*	**(134.61)**	**(9.74)**	**(57.04)**	**3.22**
	(4.44)	50.32	(5.33)	0.45
Past Service Cost	**-**	**-**	**-**	**-**
	-	-	-	-
Losses (Gains) on curtailments and settle-ment	**-**	**-**	**-**	**-**
	-	-	-	-
Total included in 'Employee Benefit Expense'	**(106.40)**	**89.68**	**(48.56)**	**11.65**
	17.35	68.99	2.35	1.47
Actual return on Plan Assets	**-**	**-**	**-**	**-**
	-	-	-	-

(G) Principal actuarial assumption at the balance sheet date (expressed as weighted averages):

Particulars	Gratuity	Leave	Post Retirement Medical Benefits	Terminals Benefits
Discount Rate	**8.50%**	**8.50%**	**8.50%**	**8.50%**
	8.50%	8.50%	8.50%	8.50%
Expected Return on Plan Assets	**-**	**-**	**-**	**-**
	-	-	-	-
Annual Increase in health care costs	**-**	**-**	**-**	**-**
	-	-	-	-
Annual Increase in Salary	**6.00%**	**6.00%**	**6.00%**	**6.00%**
	6.00%	6.00%	6.00%	6.00%

(H) Effect of 1.00 % increase and decrease in inflation rate on Post Retirement Medical Benefits as on 31 March 2013:

	1.00 % (+)	1.00 % (–)
a) Effect on service and interest cost	**1.93**	**(1.39)**
	1.57	(1.13)
b) Effect on Present Benefits Obligation (Closing)	**16.31**	**(10.18)**
	14.24	(8.03)

Note: Figures in bold represent current year's figures.

The above information pertains to the Company only and does not include Subsidiaries / Joint Venture Company.

* Current Year Actuarial Losses / Gains includes correction due to change in the Date of Joining (DOJ) from the DOJ in holding company to the DOJ in the Company, the corresponding Gain is booked as prior period income.

42 Taxation:

(i) The Company had appealed to Hon'ble Delhi High Court against the decision of Income Tax Appellate Tribunal (ITAT) for the Assessment Years 1981-82 to 1987-88 regarding disallowance of its claim for ₹94.04 Million (Previous year: ₹94.04 Million) on account of depreciation, development allowance and receipt of interest on delayed payments in respect of Iran Project. However, pending decision the tax demand in this regard was paid by the Company. The matter has been remanded back by the Hon'ble Delhi High Court to the ITAT for fresh hearing vide order dated 30 March 2011 and proceedings are under progress.

(ii) The Company had filed appeals with Commissioner of Income Tax (Appeals) [CIT (Appeals)] against the disallowance of depreciation on acquisition costs of the projects and other expenses as well as addition to income aggregating to ₹3,958.54 Million, ₹3,006.17 Million, ₹3,470.29 Million, ₹3, 212.03 Million,₹ 4,683.46 Million,₹5,617.51 Million, ₹4,578.92 Million and ₹4,072.49 Million for assessment years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 respectively by the assessing officer ("AO"). CIT (Appeals), while disposing off the appeals for assessment years 2002-03 and 2003-04 partially deleted the disallowances. The Company filed appeals with the Income Tax Appellate Tribunal (ITAT) against the orders of CIT (Appeals). The Company got a favorable decision from ITAT for AY 2002-03 and all disallowances (depreciation on acquisition cost and pre-acquisition expenses) made by the AO have been deleted by ITAT. While the Department has filed appeal in the High Court of Delhi (the "Delhi HC") against the said order of ITAT for 2002-03, the Company has also approached the Delhi HC against the said order with the appeal that the acquisition cost be treated as revenue expenditure. For the assessment years 2004-05 and 2005-06, CIT(Appeals) has decided the appeals in favor of the Company. However, the Department has filed appeal against the above orders in the ITAT.

(iii) For the assessment year 2004-05, the AO had reassessed the income under u/s 147 of the Income Tax Act, 1961 making additions to income amounting to ₹165.98 Million towards exchange gain adjustments and change in method of accounting during the relevant year. The tax demanded due to reassessment is nil. The AO has also initiated penalty proceedings. Company has filed an appeal before CIT(Appeals) against the order of the AO and requested the AO to keep the penalty proceedings in abeyance till the disposal of the appeal by CIT(Appeals).

(iv) For the assessment year 2005-06, the Company had claimed tax credit of ₹111.33 Million (increased to ₹709.88 Million due to assessment by Department under regular provisions rather than under MAT, as returned) under the India-Vietnam double tax avoidance agreement with respect to tax deemed to be paid. The claim was duly supported by report of a reputed accounting and tax firm in Vietnam and accepted by the AO. The CIT had issued an order dated 29 March 2010 holding the allowance of the credit to be erroneous and directed the AO to re-compute the tax payable and allow credit only on the basis of certificate to be obtained by the Company from Vietnam tax authorities. The Company had filed appeal with the Income Tax Appellate Tribunal (ITAT) to contest the same on the ground that the decision of the CIT is not in accordance with the law. The Company had also approached Vietnam Tax Authorities (VTA) for required certificate. However, the AO vide his order dated 21 December 2010 has withdrawn the credit allowed for ₹709.88 Million and the resulting demand for ₹958.34 Million has been adjusted by the AO against refunds due to the Company. The Company has filed appeal with CIT (A) against the order of the AO. Further, the VTA vide their notice dated 5 August 2011 have confirmed the tax amounts for the calendar years 2003 to 2006. The Company has filed the documents with CIT (A) and further proceedings before CIT(A) are pending.

(v) For the assessment year 2009-10, the AO has made certain disallowances/additions (depreciation on acquisition costs of the projects, provision in respect of Farsi exploration service contract and other expenses) amounting to ₹4,072.49 Million and assessed total income as ₹34,116.82 Million against returned income of ₹30,044.33 Million. The disallowances/additions include an amount of ₹2,119.11 Million on protective basis. In consequence, the AO has raised a demand of ₹1,966.39 Million payable by the Company. The Company does not agree with the disallowances made and has filed appeal with CIT (Appeals) against such assessment order. No provision has been made for additional tax liability, if any, on this account.

(vi) For the assessment year 2006-07, AO has initiated action on 18th March, 2013 u/s 147 of the Income Tax Act, 1961 for re-assessing company's assessed income. The Company replied to the notice on 11th April, 2013 and further proceedings are pending before the AO.

(vii) ITAT vide order dated 16 November 2012 upheld CIT (A) order in the matter of deduction of withholding tax for the payment made for the online subscription of data base from a foreign party. The company has filed Miscellaneous Application with ITAT as the ITAT omitted to apply the exclusion given in the explanation in section 9(1) (vi) of the Income-tax Act 1961 in respect of royalty paid for business carried outside India. Further the Company had filed appeal against the ITAT order in Delhi High Court. The tax involved is ₹6.33 Million which had been deposited by the Company.

42.2. Deferred Tax Provision:

Net consolidated deferred tax liability as at 31st March, 2013 aggregated to ₹11,714.50 Million (Previous year: ₹10,203.88 Million) and Net consolidated deferred tax asset as at 31st March, 2013 aggregated to ₹6,071.65 Million (Previous year: ₹5,220.65 Million).

The item wise details of Net Deferred Tax Liability/Asset as on 31st March, 2013 accounted for in accordance with Accounting Standard (AS) 22 viz. accounting for Taxes on Income are as under:

(₹ in Million)

Particulars	As at 31 March, 2013	As at 31 March, 2012
Deferred Tax Liability of OVL		
Deferred Tax Assets :		
Carried Forward Expenditure U/S 42 of Income Tax Act, 1961*	14,410.94	11,213.98
Other disallowances under Income Tax Act, 1961	1,950.83	1,043.13
Total Deferred Tax Assets	16,361.77	12,257.11
Deferred Tax Liability :		
Difference in Net Block of Fixed Assets for Tax	20,011.63	16,133.71
Total Deferred Tax Liability	20,011.63	16,133.71
Net Deferred Tax Liability of the Company (OVL)	3,649.86	3,876.60
Net Deferred Tax Liability of ONGBV	7,733.56	6,178.54
Net Deferred Tax Liability of OAAL	261.47	148.74
Net Deferred Tax Liability of Carabobo One AB	69.61	-
Consolidated Net Deferred Tax Liability	11,714.50	10,203.88
Net Deferred Tax Asset of ONGBV	5,840.86	5,049.90
Net Deferred Tax Asset of OAAL	230.79	170.75
Net Deferred Tax Asset of Carabobo One AB	-	-
Consolidated Net Deferred Tax Asset	6,071.65	5,220.65

*Disallowance u/s 43B, provisions for doubtful debts and non-moving inventory.

An amount of ₹376.79 Million (Previous year: ₹3,950.76 Million credited) has been debited to the Statement of Profit and Loss and ₹282.83 Million (Previous year: ₹581.34 Million) has been adjusted to foreign currency translation reserve.

43. Details of Joint Ventures:

The details of Company's and its Subsidiaries' significant joint ventures as on 31 March, 2013 are as under:

Sr. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members	Operator	Status
1	Block 06.1 Vietnam, Offshore	45%	TNK Vietnam B.V. -35% Petrovietnam - 20%	TNK Vietnam B.V.	The project is under development and production
2	Block 2a, 2b & 4, GNPOC. Sudan, Onshore (Through ONGC Nile Ganga B.V.) Onshore	25%	CNPC - 40% Petronas - 30% Sudapet - 5%	Joint Operatorship (GNPOC)	The project is under production.
3	Block 1a, 1b, & 4, GPOC South Sudan, Onshore (Through ONGC Nile Ganga B.V.) Onshore	25%	CNPC - 40% Petronas - 30% Nilepet - 5%	Joint Operatorship (GPOC)	The project is under temporary shut down as per Government of South Sudan directive.
4	Block 5A South Sudan, Onshore	24.125%	Petronas - 67.875% Nilepet - 8%	Joint Operatorship (SPOC)	The project is under temporary shut down as per Government of South Sudan directive.
5	Sakhalin -1 Project, Russia, Offshore	20%	ENL - 30% SODECO - 30% SMNG - 11.5% R N Astra – 8.5%	ENL	The project is under development and production
6	AFPC Project Syria, Onshore (Through ONGC Nile Ganga B.V.) *	38.75%	Fulin – 50% Mittals – 11.25%	SSPD *	The project is under production.
7	MECL Colombia, Onshore (Through ONGC Amazon Alaknanda Limited)	50%	Sinopec – 50%	Joint Operatorship	The project is under exploration, development and production
8	Block BC-10 Brazil, Offshore (Through ONGC Nile Ganga B.V.)	15%	Shell – 50% Petrobras – 35%	Shell	The project is under development and production
9	OOO Imperial Frac Service (Through Imperial Energy Ltd)	50%	Mr. Vladimir Aleksandrovich Borisov – 50%	OVL	The company provides Fraccing Services
10	San Cristobal Project Venezuela, Onshore (Through ONGC Nile Ganga B.V.)	40%	CVP- 60%	Joint Operatorship	The project is under development and production
11	Block A-1 Myanmar, Offshore	17%	MOGE- 15% KOGAS – 8.5% GAIL – 8.5%	Daewoo	The project is under development.
12	Block A-3 Myanmar, Offshore	17%	Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE- 15%	Daewoo	The project is under development.

Sr. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members	Operator	Status
13	Farsi Block Project Iran, Offshore	40%	IOC – 40% OIL – 20%	OVL	The project 's exploration period ended on 24 June 2009. Agreement on MDP and Development service contract is pending.
14	Block XXIV Syria, Onshore	60%	IPRMEL - 25% Triocean-15%	IPR MEL	The project is under exploration, development and production.
15	Blocks 25-29, & 36 Cuba, Offshore	30%	Repsol YPF – 40% Stat Oil – 30%	Repsol YPF	The project is under exploration.
16	Khartoum–Port Sudan Pipeline Project Sudan, Onshore	90%	OIL – 10%	OVL	The pipeline has been completed and is under lease.
17	Block RC-8 Colombia, Offshore	40%	Ecopetrol - 40% Petrobras – 20%	OVL	The project is under exploration
18	Block RC-9 Colombia, Offshore	50%	Ecopetrol - 50%	Ecopetrol	The project is under exploration
19	Block RC-10 Colombia, Offshore	50%	Ecopetrol - 50%	OVL	The project is under exploration
20	Block BM-SEAL-4, Brazil, Offshore (Through ONGC Nile Ganga B.V)	25%	Petrobras- 75%	Petrobras	The project is under exploration
21	Block BM-BAR-1 Brazil, Offshore (Through ONGC Nile Ganga B.V)	25%	Petrobras- 75%	Petrobras	The project is under exploration
22	Block SSJN-7 Colombia, Onshore	50%	Pacific - 50%	Pacific	The project is under exploration
23	Block CPO-5 Colombia, Onshore	70%	Petro Dorado – 30%	OVL	The project is under exploration
24	SHWE Offshore Pipeline Project, Myanmar, Offshore	17%	Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE – 15%	Daewoo	The project is under construction.
25	Onshore Gas Pipeline Project (SEAGPCL), Myanmar, Onshore (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
26	Carabobo Project, Venezuela Onshore (Through Carabobo One AB)	11%	CVP - 60% Petronas Ve-11% Repsol Exp-11% INDOIL-7%	Joint operatorship	The project is under development
27	Satpayev Contract Area 3575, Kazakhstan, Offshore	25%	KMG – 75%	SOLLP	The project is under Exploration

Sr. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members	Operator	Status
28	Azeri, Chirag, Gunashli fields Azerbaijan, Offshore	2.7213%	BP - 35.79% SOCAR - 11.65% Chevron - 11.27% Inpex - 10.96% Statoil - 8.56% Exxon-Mobil - 8.00% TPAO - 6.75% Itochu - 4.30%	BP	The project is under development and production
29	BTC Pipeline Azerbaijan, Onshore (Through ONGC (BTC) Ltd.)	2.36%	BP - 30.1% SOCAR - 25% Chevron - 8.9% Statoil - 8.71% TPAO - 6.53% Eni - 5% Total - 5% Itochu - 3.40% Inpex - 2.5% Conoco Philips - 2.5%	BP	The project is under operation

Abbreviations used: 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; ENL – Exxon Neftegas Limited; Fulin – Fulin Investments Sarl; GAIL – GAIL (India) Limited; GNPOC - Greater Nile Petroleum operating Company; GPOC - Greater Pioneer Operating Company; SPOC - Sudd Petroleum Operating Company;IOC – Indian Oil Corporation Limited; INDOIL- Indoil Netherlands B.V.; IPRMEL – IPR Mediterranean Exploration Limited; KMG KazMunayGas; KOGAS – Korea Gas Corporation; B.V; Mittals – Mittal Investments Sarl; MOGE- Myanmar Oil and Gas Enterprise; Nilepet - Nilepet Limited, South Sudan; OCL – ONGC Campos Ltda.. OIL – Oil India Limited; Pacific - Pacific Stratus Energy, Colombia; Petrobras – Petroleo Brasileiro S.A.; Petro-Dorado - Petro-Dorado South America S.A.; Petronas – Petronas Carigali Overseas Sdn Bhd; Petronas Ve: PC Venezuela Ltd; Petrovietnam – Vietnam Oil and Gas Group; Repsol – Repsol YPF Cuba SA; Repsol Exp- Repsol Exploracion S.A.; SEAGPCL – South East Asia Gas Pipeline Company Ltd.; Shell – Shell Brazil Ltda; Sinopec – Sinopec Overseas Oil and Gas Limited; SMNG – Sakhalinmorneftegas Shelf; SODECO – Sakhalin Oil Development Company Limited; SOLLP – Satpayev Operating Company LLP (100% subsidiary of KMG); SSPD: Syria Shell Petroleum Development B.V.; Sudapet – Sudapet Limited; Triocean: Tri-Ocean Mediterranean; SOCAR: State Oil Company of Azerbaijan Republic; TPAO - Turkish Petroleum Corporation

* 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.

44. Company's share in Joint Ventures:

The Company, its Subsidiaries' and the Joint Venture Company's share of assets, liabilities, income and expenses in the Joint Ventures as furnished by the Operator has been incorporated in the financial statements as given below:

(₹ in Million)

Project	Net Fixed Assets	Net Producing Property	Capital Work in Progress	Exploratory and Development Wells in Progress	Current Assets	Cash and Bank Balance	Liabilities	Income	Expenditure* (Including depreciation)
A. Audited as of 31 March, 2013									
Block 06.1 Vietnam	4,970.35	3,822.31	40.75	-	4,040.37	-	11,027.97	11,266.78	5,684.44
Farsi Block, Iran	0.24	-	-	–	-	0.32	114.07	0.20	17.56
Sudan Pipeline, OVL's Share (90%)	-	-	-	-	4,710.95	9.70	3,039.85	164.35	(26.62)
LLC Imperial Frac Service-Jarpeno	103.99	-	-	-	67.99	67.55	16.86	372.79	295.26
Block 1a, 1b, 2a, 2b & 4, Sudan	290.92	24,782.70	-	3,377.44	12,244.02	124.56	5,037.71	28,998.79	18,077.08
Block BC-10 & Exploratory Blocks, Brazil	-	17,860.55	-	8,643.30	1,903.35	436.69	485.93	12,139.00	7,282.08
PIVSA (San Cristobal), Venezuela	955.73	2,354.45	1,622.68	1,997.77	27,669.32	157.85	15,862.35	25,594.57	12,274.28
Pipeco 1 onshore Project, Myanmar (SEAGP)	15.55	-	5,717.06	-	113.25	176.60	411.21	-	-
Tamba	-	-	4,412.90	-	7,921.36	824.13	4,228.90	1,425.34	1.79
AFPC, Syria	0.74	2,000.82	-	68.06	2,157.48	16.46	730.50	-	321.15
MECL, Colombia	5,925.07	8,789.85	144.53	4,872.22	7,272.45	122.57	3,621.68	17,763.31	7,443.55
Petro Carabobo, Venezuela**	-	-	7,673.02	-	171.79	148.35	934.01	-	-
Total (A)	**12,262.59**	**59,610.68**	**19,610.94**	**18,958.79**	**68,272.33**	**2,084.78**	**45,511.03**	**97,725.12**	**51,370.57**
B. Audited as of 31 December 2012									
Sakhalin 1 Russia	30,771.36	55,219.16	51,219.29	1,733.25	14,355.28	308.88	17,615.91	63,378.28	20,412.98
Block RC-8, Colombia	0.22	-	-	-	-	-	550.48	0.17	623.14
Block RC-10, Colombia	0.31	-	-	-	0.09	-	688.74	0.21	992.62
Block RC-9, Colombia	-	-	-	-	-	0.23	1.95	0.20	24.67
Blocks 25-29, & 36, Cuba	4.13	-	-	-	273.42	-	-	0.39	3,322.47
Block A-1, Myanmar	82.39	-	6,429.52	3,620.39	395.46	740.89	2,196.23	-	47.55
Block A-3, Myanmar	0.99	-	1,201.89	3,034.93	17.83	251.33	454.67	-	11.43
CPO 5 Block, Colombia	0.37	-	-	1,166.00	66.49	-	1,020.09	0.56	(2.52)
SHWE Offshore Pipeline Myanmar	4.68	-	2,900.66	-	1.06	354.16	127.03	-	6.07
Total (B)	**30,864.45**	**55,219.16**	**61,751.36**	**9,554.57**	**15,109.64**	**1,655.49**	**22,655.10**	**63,379.80**	**25,438.40**
C. Unaudited									
Block XXIV, Syria	45.40	(42.38)	-	-	362.79	-	413.28	7.18	63.48
Block 6 North Ramadan, Egypt	-	-	-	-	-	-	64.74	-	54.89
Block 5A, Sudan	2,504.19	5,974.80	27.26	1,009.28	1,027.10	21.69	-	-	792.58
Block NC-188, Libya	-	-	-	-	5.24	0.67	-	-	18.64
Block NEMED, Egypt	-	-	-	-	2.00	-	-	-	(0.12)
Satpayev Block, Kazakhstan	2.24	-	4,753.53	-	1,071.18	0.19	-	0.66	627.36
ACG, Azerbaizan	10,519.00	33,848.83	-	-	-	-	12.77	-	20.38
Total (C)	**13,070.83**	**39,781.25**	**4,780.79**	**1,009.28**	**2,468.31**	**22.55**	**490.80**	**7.84**	**1,577.21**
Grand Total	**56,197.87**	**154,611.08**	**86,143.09**	**29,522.64**	**85,850.28**	**3,762.83**	**68,656.94**	**161,112.76**	**78,386.18**

*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
The Company's share of assets, liabilities, income and expenses has been converted into the reporting currency at the average exchange rate over the period for which the details are provided by the Operators. Generally the details are provided by the operators on monthly basis except in respect of Sakhalin-1, Russia, where the details are provided by the Operator on quarterly basis.

The Company's share of assets, liabilities, income and expenses incorporated in the financial statements in respect of Joint Venture Company - OMEL is given below:

(₹ in Million)

Particulars	Amount
a) Net Fixed Assets	24.00
b) Net Producing Property	-
c) Capital Work in Progress	679.60
d) Exploratory & Development Wells-in-Progress	-
e) Current Assets	78.01
f) Cash and Bank	29.08
g) Liabilities	298.77
h) Income	-
i) Expenditure	286.65

45.1 Block 5A, Blocks 1,2 &4 in Republic of South Sudan:

Block-5A is located in the Unity State of the Republic of South Sudan (RSS). Block-5A is jointly operated by the partners Petronas Carigali Nile Ltd, ONGC Videsh Limited and Nilepet, the national oil company of RSS. OVL has 24.125% participating interest in Block 5A. A company Sudd petroleum Operating Company (SPOC) was incorporated in Mauritius with shares held in proportion to the participating interest of each partners in Block 5A for acting as operator of the Block.

South Sudan seceded from Republic of Sudan (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 located in the territory of the RSS. The partners of Block 5A signed a Transition Agreement (TA) with Government of South Sudan (GOSS) on 13th January, 2012 which allows the partners to continue their rights for oil exploration and exploitation in the contract area of Block 5A.

RSS is a landlocked country and the crude oil produced from blocks in RSS was evacuated to the export market utilising the oil processing and transportation facilities of ROS until 3rd week of January 2012. Effective from 23rd January, 2012, GOSS enforced shut down of petroleum operation in RSS since the Government of Sudan (GOS) and GOSS could not agree on the commercial terms including the Transit fees for the transportation of oil produced in RSS through ROS facilities. All the operations related to E&P activities in Block 5A were shut down on temporary basis effective from 23rd January, 2012.

Both Governments have reached an Agreement concerning Oil and related economic matters on 27th September, 2012. Subsequently in March, 2013 both Governments have directed the respective oil companies to resume production in RSS as well as to process and transport crude oil produced in RSS using the facilities of ROS. Consequently limited production from Block 5A in South Sudan has been resumed effective from 6th April 2013 and 13th April 2013 in respect of Blocks 1,2,& 4.

45.2 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 (Previous year ₹4,753.53 Million) are disclosed as Capital-Work-in-Progress in Note 19, as part of acquisition cost to be treated as per the final status of the project.

45.3 AFPC, Syria:

ONGC Nile Ganga BV (ONGBV) and Fulin Investments Sarl, a subsidiary of China National Petroleum Company International (CNPCI), hold 50% shareholding each in the Dutch joint venture company, named Himalaya Energy Syria B.V. (HESBV). HESBV in turn through three German entities i.e. HES Sham, HES Dez and HES Gas Syria holds 33.33% to 37.5% Participating Interest (PI) in four Production Sharing Contracts (PSCs) in Syria. The Syria business for the above PSC of ONGBV is structured as separate class of business (Class C).

Effective 1st December, 2011 Al-Furat Petroleum Company (AFPC) an Operating Company jointly held by the Syria Shell Petroleum Development B.V. (SSPD) a company acting as an operator for the Contractor and HESBV (collectively the Contractor) and General Petroleum Company (GPC), Syria, which represents government of Syria in the Operating Company, were included in the list of sanctioned enterprises by the European Union (EU) as part of the strengthening of the sanctions on Syria. Due to the sanctions, HESBV, as an EU company, has been forbidden to directly or indirectly make funds or resources available to or for the benefit of AFPC and GPC.

On the 16th May, 2012 the Syrian court (the 1st degree court) ruled in favour of "single management", provided that Contractor will be kept informed of all transactions. In addition the court considered that Contractor's share of profits should be set aside in a separate bank account . AFPC Chairman appealed for three motives (i) to challenge the above two court-determined measures that allows Contractor to monitor the Chairman powers; (ii) to exercise all powers required for running AFPC and solely operate the bank accounts; and to (iii) challenge the requirement to set aside profits. On 28th November, 2012, the Court of appeal in Syrian Court rejected the appeal of the Chairman. As a result, the first degree court judgement became final.

As per the financials prepared by HESBV for the year ended 31st March, 2013, ONGBV's share of net fixed assets in HESBV is ₹2069.54 Million (USD 38.05 Million) ((Previous year ₹2248.26 Million (USD 43.98 Million)) and net trade receivables is ₹1646.93 Million (USD 30.28 Million) ((Previous year ₹3,853.94 Million (USD 75.39 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, 2013. No impairment provision was required in view of the recoverable value being higher than the carrying value.

45.4 Azeri, Chirag & Gunashli Project, Azerbaijan (ACG) Project:

The Company acquired 2.7213% participating interest (PI) in ACG project from Hess Oil and Gas Holdings Inc (HOGHI) during the year. The transaction has been completed on 28th March, 2013 and total purchase consideration was USD 813.52 Million (₹ 44,247.55 Million). The ACG project is under production. As per Note No. 2 (c.1.1) of the significant accounting policy of the company, the net assets less liabilities pertaining to OVL 2.7213% PI in ACG as on 31st March, 2013* was accounted for in the respective assets and liabilities. The difference between the purchase price and net book value of assets less liabilities has been accounted as acquisition cost and capitalized in Producing Properties as below:

	USD Million	₹ Million
Purchase Price (A)	813.52	44,247.55
Less: OVL share of asset as on closing date	325.38	17,697.58
Less: OVL's share of liabilities on the closing date	16.95	922.04
Assets less liabilities(B)	308.43	16,775.54
Acquisition cost (capitalized in Producing Properties) (A-B)	505.09	27,472.01

*Since details of assets and liabilities of ACG were not available as on 28th March, 2013 i.e. the date of closing, the details of assets and liabilities as per the billing statement of operator as on 31st March, 2013 were considered. The difference between 28th March and 31st March is not expected to be material. As per the condition of sale and purchase agreement for acquiring PI in ACG, the purchase price is subject to adjustment for the seller's final statements of accounts which will be submitted within 120 days from the date of closing i.e. by 27th July, 2013. Adjustment to the purchase price, if any, shall be accounted on finalization of seller's final statement of accounts. The Company has simultaneously acquired 100% shares of Hess (BTC) Limited, which holds 2.36% shares in Baku-Tbilisi-Ceyhan (BTC) Pipeline from Hess Oil and Gas Holdings Inc (HOGHI). The Purchase price of ₹2,519.86 Million (USD 46.33 Million) for acquiring Hess (BTC) Limited shares has been accounted for as investment. Post-acquisition, Hess (BTC) Ltd. was renamed as ONGC (BTC) Limited. The Company has also acquired receivables on account of a short term loan advanced to ONGC (BTC) Limited by the seller. The outstanding amount of the loan as on 31 March, 2013 was ₹1,291.52 Million (equivalent USD 23.75 Million).

46. Disclosure pursuant to Accounting Standard (AS) 19 – Leases:

a. 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 payment under the contract with GOS is scheduled to 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 biannual instalments along with lease rental. The lease period commenced from the date of handing over of the pipeline system and will continue till all payments by GOS are completed. All titles in the works and the transportation system shall vest in the Company and the title shall pass to GOS in proportion to the payments made by GOS against total payments due to Company under the contract. Further, subject to regular payments on due dates by GOS to the Company, GOS shall have the exclusive right to use and operate the pipeline system and the Company shall not assign, transfer, sub-let, sub-contract, mortgage or create any rights to any third party or encumbrances or make any disposition to any third party. Accordingly, the amount of net investment in the lease (i.e. aggregate of Minimum Lease Payments minus Unearned Finance Income) is recognized and recorded as receivables under the lease. The finance income thereon has been recognized based upon the pattern reflecting the constant periodic rate of return on the outstanding net investment in the lease.

The first 11 instalments under the contract due till 30th December, 2010 have been received. The 12th,13th,14th and 15th instalment of ₹3,074.12 Million (Company's share ₹2,766.71 Million) due on 30th June, 2011, 30th December, 2011, 30th June, 2012 and 31st December, 2012 respectively have not yet been received. Company had taken a political risk insurance policy for the 12th and 13th instalments. As per the insurance policy provision, the company has filed the claim for the 12th and 13th instalments with ECGC. No insurance is available for further instalments (14th to 18th). The Company has been pursuing with the GOS for the payment of the 12th, 13th, 14th and 15th instalments. The GOS has given sovereign guarantee towards the payment of the instalments for the Sudan Pipeline Project and no provision has been made for the above four overdue instalments, amounting to ₹3,074.12 Million (Company share ₹2,766.71 Million).

The disclosure in accordance with the Accounting Standard (AS) 19 viz. Leases is as under:

(₹ in Million)

Particulars	31 March, 2013		31 March, 2012	
	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	**2,746.63**	**2,661.83**	2,581.50	2,427.35
– Later than one year and not later than five years	**2,059.97**	**2,049.15**	1,936.13	1,846.25
– Later than five years	-	-	-	-
Total	**4,806.60**	**4,710.98**	4,517.63	4,273.60
b) Unearned Finance Income	**95.62**		244.03	
c) Unguaranteed residual value accruing to Company's benefit	**Nil**		Nil	
d) Accumulated provision for uncollectible minimum lease	**Nil**		Nil	
e) Contingent rents recognised in the statement of profit and loss for the period	**Nil**		Nil	
f) General description of the significant leasing arrangement	**As described in para above**		As described in para above	
g) Accounting Policy followed in respect of initial direct costs	**As per Accounting Policy O.1.2**		As per Accounting Policy O.1.2	

The EPC contractor executing the project claimed additional costs aggregating to ₹2,020.59 Million (as on 31st March, 2012 ₹1,899.11 Million), Company's share being ₹1,818.53 Million (as on 31st March, 2012 ₹1,709.20 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 ₹2,511.73 Million (as on 31st March, 2012 ₹2,360.72 Million), Company's share being ₹2,260.56 Million (as on 31st March, 2012 ₹2,124.65 Million). 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 EPC contractor has initiated arbitration with a claim for ₹1,386.40 Million (as on 31 March, 2012 ₹1,303.05 Million) plus interest against the Company. Pending settlement with the EPC contractor, an amount of ₹1,247.76 Million (as on 31st March, 2012 ₹1,172.69 Million), being the Company's 90% share out of total claim of ₹1,386.40 Million (as on 31 March, 2012 ₹1,303.05 Million) has been accounted as liability in the relevant year of claim. The arbitration proceeding with the contractor is ongoing as of 31st March, 2013.

b. Financial Lease for BC–10 Project:

ONGBV owns 15% equity shares in Tamba B.V. The Netherlands; with the balance held by Shell E & P Offshore Services B.V., The Netherlands ("SEPBV"), and Petrobras Netherlands B.V., the Netherlands ("PNBV"). Tamba B.V. has been established to facilitate the development and production of hydrocarbons in the BC-10 concession, Campos Basin area in Brazil. Tamba B.V. has a third party lease for a major oil field equipment (FPSO) and constructed other sub-sea assets for onwards lease to BC-10 Project. Both financial leases commenced on 31 December 2008.

Tamba B.V. leases part of its assets from a third party, Brazilian Deepwater and re-leased these to BC-10 joint venture operated by Shell Brasil Ltda. The risks and rewards incidental to ownership are largely transferred to the lessee. These assets are capitalised and 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 instalments as derived from the underlying agreement. The lease commitments are carried under long-term liabilities exclusive of interest. The interest component is recognised in the profit and loss account in accordance with the lease instalments.

Revenue of finance lease contracts represents the transfer of economic ownership from Tamba B.V. (lessor) to the lessee of the asset, being an affiliate. Cost of sales represents the costs associated with the finance lease contracts. The Company's share of the lease liability (at USD 1= ₹54.39) are tabulated below:

Lease liability	(₹ in Million)
Opening balance as at 1 April 2012	4,038.66
Interest	363.94
Lease Payments	(1,012.18)
Foreign Currency Translation Adjustment	257.70
Closing balance as at 31 March, 2013	**3,648.12**

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)

	< 1Year	1–5 Years	>5Years	Total
Future minimum lease payments:	**919.50**	**2,532.96**	1,532.49	4,984.96
Present value of minimum lease payments	**889.04**	**1,955.86**	803.22	3,648.12

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 durign the term of the lease. The interest rate implicit in the lease is 9.5% (Previous year 9.5%).

47. Details of Reserves: (As determined by the Reserves Estimation Committee):

(a) Company's share of Proved Reserves in respect of different projects as on 31 March, 2013 is as under:

Project	Details	Crude Oil (Million Tonne)	Gas (Billion Cubic Meter)	Total (MMTOE)
GNOP, Sudan	Opening	**16.971**	-	**16.971**
	Addition	0.176	-	0.176
	Deduction/Adjustment	6.595	-	6.595
	Production	0.596	-	0.596
	Closing	**9.956**	-	**9.956**
GPOC, South Sudan	Opening	-	-	-
	Addition	-	-	-
	Deduction/Adjustment	(6.595)	-	(6.595)
	Production	-	-	-
	Closing	**6.595**	-	**6.595**
Block 5A, Sudan	Opening	**6.348**	-	**6.348**
	Addition	(0.428)	-	(0.428)
	Deduction/Adjustment	(0.001)	-	(0.001)
	Production	-	-	0.000
	Closing	**5.921**	-	**5.921**
Sakhalin-1, Russia	Opening	**34.261**	71.182	**105.443**
	Addition	0.003	(0.001)	0.002
	Deduction/Adjustment	-	-	-
	Production	1.370	0.650	2.020
	Closing	**32.894**	**70.531**	**103.425**
Block 06.1, Vietnam	Opening	**0.635**	8.518	**9.153**
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	0.037	2.104	2.141
	Closing	**0.598**	6.414	**7.012**
AFPC, Syria*	Opening	**2.707**	-	**2.707**
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	0.126	-	0.126
	Closing	**2.581**	-	**2.581**
BC-10, Brazil	Opening	**4.778**	0.399	**5.177**
	Addition	0.230	(0.053)	0.177
	Deduction/Adjustment	-	-	-
	Production	0.291	0.012	0.303
	Closing	**4.717**	0.334	**5.051**
MECL, Colombia	Opening	**3.504**	-	**3.504**
	Addition	0.501	-	0.501
	Deduction/Adjustment	-	-	-
	Production	0.552	-	0.552
	Closing	**3.453**	-	**3.453**

Project	Details	Crude Oil (Million Tonne)	Gas (Billion Cubic Meter)	Total (MMTOE)
IEC, Russia	Opening	**15.530**	4.683	**20.213**
	Addition	-	0.109	0.109
	Deduction/Adjustment	-	-	-
	Production	0.560	0.071	0.631
	Closing	**14.970**	4.721	**19.691**
PIVSA, Venezuela	Opening	**11.766**	-	**11.766**
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	0.800	-	0.800
	Closing	**10.966**	-	**10.966**
Carabobo - 1, Venezuela	Opening	-	-	-
	Addition	0.023	-	0.023
	Deduction/Adjustment	-	-	-
	Production	0.001	-	0.001
	Closing	**0.022**	-	**0.022**
BLOCK-XXIV, Syria	Opening	**1.804**	-	**1.804**
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	0.001	-	0.001
	Closing	**1.803**	-	**1.803**
BLOCK-A1 & A3, Myanmar	Opening	-	10.297	**10.297**
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	-	-	-
	Closing	-	10.297	**10.297**
ACG, Azerbaijan	Opening	-	-	-
	Addition	9.656	-	9.656
	Deduction/Adjustment	-	-	-
	Production	0.010	-	0.010
	Closing	**9.646**	-	**9.646**
Total Reserves	Opening	**98.304**	**95.079**	**193.383**
	Addition	10.161	0.055	10.216
	Deduction/Adjustment	0.003	0.001	0.004
	Production	4.343	2.837	7.180
	Closing	**104.119**	**92.296**	**196.415**

* In AFPC, Minor gas is historically added to Oil production stream to derive balance oil reserves

** For calculating "Oil Equivalent" 1,000M^3 of Gas has been taken to be equal to 1 Tonne of Crude Oil.

(b) Company's share of Proved and Developed Reserves in respect of different projects as on 31 March, 2013 is as under:

Project	Details	Crude Oil (MMt)	Gas (Bcm)	Total MMToe
GNOP, Sudan	Opening	**6.707**	-	**6.707**
	Addition	1.203	-	1.203
	Deduction/Adjustment	4.530	-	4.530
	Production	0.596	-	0.596
	Closing	**2.784**	-	**2.784**
GPOC, South Sudan	Opening	-	-	-
	Addition	-	-	-
	Deduction/Adjustment	(4.530)	-	(4.530)
	Production	-	-	-
	Closing	**4.530**	-	**4.530**
Block 5A, Sudan	Opening	**2.599**	-	**2.599**
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	-	-	-
	Closing	**2.599**	-	**2.599**
Sakhalin-1, Russia	Opening	**9.122**	**10.794**	**19.916**
	Addition	5.638	0.019	5.657
	Deduction/Adjustment	(0.001)	-	(0.001)
	Production	1.370	0.650	2.020
	Closing	**13.391**	**10.163**	**23.554**
Block 06.1, Vietnam	Opening	**0.626**	**4.963**	**5.589**
	Addition	0.009	3.555	3.564
	Deduction/Adjustment	-	-	-
	Production	0.037	2.104	2.141
	Closing	**0.598**	**6.414**	**7.012**
AFPC, Syria*	Opening	**2.332**	-	**2.332**
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	0.126	-	0.126
	Closing	**2.206**	-	**2.206**

Project	Details	Crude Oil (MMt)	Gas (Bcm)	Total MMToe
BC-10, Brazil	Opening	1.437	0.155	1.592
	Addition	0.480	(0.006)	0.474
	Deduction/Adjustment	-	(0.001)	(0.001)
	Production	0.291	0.012	0.303
	Closing	1.626	0.138	1.764
MECL, Colombia	Opening	3.371	-	3.371
	Addition	0.181	-	0.181
	Deduction/Adjustment	-	-	-
	Production	0.552	-	0.552
	Closing	3.000	-	3.000
IEC, Russia	Opening	5.391	-	5.391
	Addition	-	1.202	1.202
	Deduction/Adjustment	-	-	-
	Production	0.560	0.071	0.631
	Closing	4.831	1.131	5.962
PIVSA, Venezuela	Opening	1.019	-	1.019
	Addition	1.440	-	1.440
	Deduction/Adjustment	(0.001)	-	(0.001)
	Production	0.800	-	0.800
	Closing	1.660	-	1.660
Carabobo - 1, Venezuela	Opening	-	-	-
	Addition	0.023	-	0.023
	Deduction/Adjustment	-	-	-
	Production	0.001	-	0.001
	Closing	0.022	-	0.022
BLOCK-XXIV, Syria	Opening	0.050	-	0.050
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	0.001	-	0.001
	Closing	0.049	-	0.049

Project	Details	Crude Oil (MMt)	Gas (Bcm)	Total MMToe
ACG, Azerbaijan	Opening	-	-	-
	Addition	4.277	-	4.277
	Deduction/Adjustment	-	-	-
	Production	0.010	-	0.010
	Closing	4.267	-	4.267
Total Reserves	Opening	32.654	15.912	48.566
	Addition	13.251	4.770	18.021
	Deduction/Adjustment	-	(0.001)	(0.001)
	Production	4.343	2.837	7.180
	Closing	41.562	17.846	59.408

* In AFPC, Minor gas is historically added to Oil production stream to derive balance oil reserves

** For calculating "Oil Equivalent" 1,000M^3 of Gas has been taken to be equal to 1 Tonne of Crude Oil.

a. The year-end reserves of the company have been estimated by the Reserves Estimation Committee (REC) of the holding company ONGC, which follows international reservior engineering procedures consistently.

b. In view of secession of South Sudan from Sudan, the contract area of GNPOC straddles Republic of Sudan and Republic of South Sudan. Accordingly in respect of contract area in South Sudan a separate operating company Greater Pioneer Operating Company (GPOC) has been formed, the reserves have been adjusted to reflect the reserves relating to GPOC seperately.

48. Segment Information:

(₹ in Million)

Particulars	Asia		FSU Countries		Latin America		Africa		Unallocated		Grand Total	
	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12
External sales	**11,272.35**	28,928.64	**81,070.17**	80,591.95	**54,274.33**	59,506.41	**28,961.48**	54,446.12	**-**	-	**175,578.33**	223,473.12
Inter Segment sales	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	**11,272.35**	28,928.64	**81,070.17**	80,591.95	**54,274.33**	59,506.41	**28,961.48**	54,446.12	**-**	-	**175,578.33**	223,473.12
Results	**5,841.96**	7,058.76	**12,188.17**	7,278.30	**14,973.59**	16,056.41	**17,069.27**	19,220.09	**-**	-	**50,072.99**	49,613.55
Segment results	**5,841.96**	7,058.76	**12,188.17**	7,278.30	**14,973.59**	16,056.41	**17,069.27**	19,220.09	**-**	-	**50,072.99**	49,613.55
Unallocated corporate Expenses (Net)	**642.54**	-	-	-	**2,344.48**	-	**6,993.87**	-	**2,280.11**	1,294.00	**12,260.99**	1,294.00
Operating profit or (Loss)	**5,199.42**	7,058.76	**12,188.17**	7,278.30	**12,629.11**	16,056.41	**10,075.40**	19,220.09	**(2,280.11)**	1,294.00	**37,811.99**	50,907.55
Interest expenses	-	-	**30.45**	858.18	**423.19**	1,308.18	-	-	**1,205.76**	803.44	**2,067.88**	2,969.80
Interest and other income	**2.46**	15.28	**285.07**	176.37	**141.02**	24.73	**332.92**	429.38	**5,423.38**	2,255.37	**6,184.85**	2,901.13
Income & other Tax	**0.00**	-	**(10.52)**	93.42	**3,474.20**	3,257.72	-	-	**24,189.42**	20,276.19	**27,556.90**	23,627.33
Profit / (loss) from ordinary activities	**5,201.88**	7,074.04	**28,365.98**	6,503.07	**20,003.99**	11,515.24	**10,408.32**	19,649.47	**(8,406.54)**	(17,530.26)	**55,573.63**	27,211.55
		0.00		0.00		0.00		0.00		0.00	**0.00**	0.00
Net profit / (Loss)	**5,201.88**	7,074.04	**28,365.98**	6,503.07	**19,105.81**	11,515.24	**10,408.32**	19,649.47	**(23,620.79)**	(17,530.26)	**39,557.40**	27,211.55
Other information	-	-	-	-	-	-	-	-	-	-	-	-
Segment Assets	**100,388.66**	48,886.65	**267,485.39**	250,372.50	**85,009.93**	74,558.94	**97,898.96**	89,106.75	**-**	-	**550,782.93**	462,924.83
Unallocated Corporate Assets	-	-	-	-	-	-	-	-	**50,936.09**	43,081.82	**50,936.09**	43,081.82
Total Assets	**100,388.66**	48,886.65	**267,485.39**	250,372.50	**85,009.93**	74,558.94	**97,898.96**	89,106.75	**50,936.09**	43,081.82	**594,265.04**	506,006.65
Segment Liabilities	**50,362.42**	19,355.89	**92,178.40**	**101,065.82**	**27,354.27**	**55,919.73**	**10,993.39**	**10,710.02**	**-**	-	**180,888.48**	**187,051.45**
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	**120,631.88**	118,541.53	**120,631.88**	118,541.53
Total Liabilities	**50,362.42**	19,355.89	**92,178.40**	101,065.82	**27,354.27**	55,919.73	**10,993.39**	10,710.02	**120,631.88**	118,541.53	**301,520.36**	305,592.98
Capital Expenditure	**55,700.93**	19,341.14	**25,706.87**	**36,649.69**	**11,640.27**	**11,656.41**	**3,564.26**	**6,180.83**	**519.43**	**12,978.75**	**97,131.76**	**86,806.82**
Recouped cost	**3,008.55**	2,516.27	**15,097.43**	15,772.85	**11,345.59**	14,159.60	**3,689.17**	7,890.68	**50.67**	1,530.38	**33,191.41**	41,869.78
Non cash Exp.	-	-	-	-	-	-	-	-	-	-	-	-

49. Capital Commitments:

(₹ in Million)

	Particulars	March 31, 2013	March 31, 2012
a.	The Company either on its own or in consortium with other partners carries on its business in respect of exploration, development and production of hydrocarbons under agreements with the host governments. Several of these agreements provide for certain minimum work obligations/ certain minimum financial commitments over a period of time. The Company's share of such obligations/ commitments in respect of agreements where such obligations / commitments have not been completed as of the reporting date amounted to USD 408.58 Million (Previous year USD 693.26 Million). The Company is confident of meeting the obligations/ commitments.	**22,222.93**	35,439.39
b.	Contracts remaining to be executed on capital account towards Company's share for building at Vasant Kunj, Delhi wherein the contracts have been awarded by holding company to various agencies and the Company is to share part of the costs.	**1,139.00**	1,570.00
c.	Capital Commitments in respect of Subsidiaries is USD 165.78 million (Previous year USD 225.69 Million).	**9,016.85**	11,537.44
	Total	**32,378.78**	**48,546.83**

50. Contingent Liability:

(i) Claims against the Company/disputed demands not acknowledged as debt:

(₹ in Million)

	Particulars	March 31, 2013	March 31, 2012
a.	Income-tax (Refer (i) below)	**6,883.98**	7,145.56
b.	Service-tax (Refer (ii) below)	**39,768.30**	28,163.14
c.	Claims of contractors in arbitration/court (Refer (iii) below	**577.66**	**536.25**
d.	Other contingent liability in respect of subsidiaries is USD 156.06 Million (Previous year USD 84.03 million).	**8,487.87**	**4,295.12**
	Total	**55,717.81**	**40,140.07**

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

(i) Disputed income-tax demands (excluding cases decided in favour of Company and addition made by the AO on protective basis) Against disputed tax demands,₹ 10,366.60 Million (As on 31st March, 2012: ₹9,438.08 Million) has been paid by the Company or adjusted by the authorities against refunds due to the Company from time-to-time. Attention is invited to Note 46.

(ii) The Service Tax Department had issued a demand cum show-cause notice dated 11th October, 2011 requiring the Company to show cause why service tax amounting to ₹28,163.14 Million (including Education Cess and SHE cess), the interest on such amount and penalty should not be demanded and recovered from the Company. Service Tax Department has calculated these tax amounts based on foreign currency expenditure reported in the Company's financial statements covering the reporting periods from 1st April, 2006 to 31st December, 2010 and contending that these expenses represent business auxiliary services rendered by Company's foreign branches and operator of the Joint Venture/ Consortium to the Company. Subsequently, two more demand-cum-show cause notices have been issued based on similar contentions covering the period upto 31st March, 2012. The Company is of the view that the said service tax is not payable and proposes to contest the same. No provision has been made on this account.

(iii) A) Claims against the Company by foreign contractor not acknowledged as debt (USD 10.49 Million) (Previous year USD 10.49 Million). (Refer Note No 46).

B) Claims agaist the Company by local contractor in India not acknowledged as debt ₹7.11 Million (Previous year ₹7.11 Million).

e. In addition, liability for payment to contractual workers for regularization of their services is pending with Labor Court under civil suit. The amount of liability is not ascertainable.

(ii) Contingent Liabilities in respect of Bank Guarantee:

(₹ in Million)

	Particulars	March 31, 2013	March 31, 2012
a.	In respect of bank guarantees/standby letters of credit obtained from banks for performance guarantee/bid bonds	1,611.58	4,861.23
	Total	1,611.58	4,861.23

(iii) Contingent Liabilities in respect of Performance Guarantee:

(₹ in Million)

	Particulars	March 31, 2013	March 31, 2012
a.	The Company has given a Performance Guarantee on behalf of Petro Carabobo Ganga B.V. to Government of Venezuela in respect of Carabobo 1 Project. The total investment commitment is estimated at USD 1,333 Million.The Company is confident that Petro Carabobo Ganga B.V. will be able to honor its obligations.	72,501.87	68,142.96
b.	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 USD 76.50 million (Previous year USD 76.50 million).	72,501.87	3,910.68
	Total	145,003.74	72,053.64

c. The Company has issued Performance Guarantee in respect of concessionary contract for Block BC-10, Brazil and Blocks BM-S-73 and BM-ES-42 on behalf of ONGC Campos Ltda (OCL). The Company is confident that OCL will be able to honor its obligations.

d. ONGBV has given performance guarantee to ANP, the regulatory authority in Brazil, favoring ONGC Campos Ltda (OCL) for BC-10 Project where OCL has a 15% participating interest and Shell Brazil is the operator.

All known contingent liabilities have been indicated. The contingent liabilities, if any, in respect of joint ventures, where the Company is the non-operator are not ascertainable except Sakhalin-1 where the Operator has intimated that the status of contingent liability is Nil.

51. Derivative instruments and unhedged foreign currency exposure:

During the year, OVL has entered into cross currency swap transactions with various banks whereby it has swapped the principal and interest amounts payable towards Bonds issued in domestic markets into USD liability as follows:

(₹ in Million)

Underlying	Notional Principal Amount (₹in Million)	Notional Principal Amount (USD in Million)	Termination Date
8.40% 5 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series I	15,000	299.23	23rd Dec 2014
8.54% 10 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series II	3,700	73.93	6th Jan 2020
Total	18,700	373.16	

The business of the Company is carried out entirely outside India. The revenues of the Company are received entirely in foreign currency and substantially all the expenses are incurred in foreign currency. Accordingly, the Company has swapped the Bonds issued in Indian Rupees into USD so as to align the currency of its liabilities and assets, thereby hedging the resulting exposure.

The above swap positions were outstanding on 31st March, 2013 and have been revalued on that date based on Mark-to-market positions reported by counter-party banks. During the year ended 31 March, 2013 Mark-to-market loss amounting to ₹1606.76 Million (Previous year ₹498.56 Million) has been charged to foreign exchange gain/loss in the Statement of profit and loss.

52. The figures in respect of Subsidiaries / Joint Venture Company have been regrouped / re-arranged based upon the details obtained from their managements, wherever their audited accounts did not provide the break up details required for the consolidated financial statements.

53. Information as per Accounting Standard (AS) 18 viz. Related Party Disclosures is given below (excluding with State Controlled Entities):

(₹ in Million)

Underlying	Joint ventures	Key Managerial personnel	Total 2012-13	Total 2011-12
Income from rendering services	220.35	-	220.35	167.29
Interest Income	39.26	-	39.26	34.43
Remuneration	-	29.98	29.98	22.68

Note: Name of related parties and description of relationship (excluding State Controlled Entities):

Joint Ventures	Block 06.1, Vietnam
	Sakhalin-1, Russia
	Block 2a, 2b & 4, Sudan
	Block 1a, 1b, & 4, South Sudan
	Block 5A, South Sudan
	MECL, Colombia
	AFPC, Syria
	Block BC-10, Brazil
	Block BM-SEAL-4, Brazil
	Block BM-BAR-1, Brazil
	Block BM-S-73, Brazil
	Block BM-S-74, Brazil
	Block A-1, Myanmar
	Block A-3, Myanmar
	Block Farsi, Iran
	Block XXIV, Syria
	Block 25-29, 36, Cuba
	Khartoum – Port Sudan Pipeline Project, Sudan
	ONGC Mittal Energy Limited, Cyprus
	Block RC-8, Colombia
	Block RC-9, Colombia
	Block RC-10, Colombia
	Block SSJN-7, Colombia
	Block CPO-5, Colombia
	San Cristobal Project, Venezuela
	Carabobo Project, Venezuela
	ONGC Nile Ganga B.V.,The Netherlands
	OOO Imperial Frac Service, Russian Federation
	Satpayev Project, Kazakhstan
	ACG, Azerbaijan
	ONGC (BTC) Ltd, Cayman Island

Key Management personnel (excludes Joint Venture Company)	Mr D K Sarraf, Managing Director
	Mr S P Garg, Director (Finance)
	Mr S. Roychoudhary, Director (Operations) (till 30 June 2012)
	Mr N K Verma, Director (Exploration)
	Mr S Bhattacharya, Director (Operations) (with effect from 1July 2012)
	Ir. A R Baron Mackay Holding B.V., Director, ONGC Nile Ganga B.V.
	Mr Costas Christoforou, Director, Imperial Energy Limited
	Ms Arlene Nahikian, Director, Imperial Energy Limited
	Ms. K. Antoniadou, Director, Imperial Energy Limited
	Ms. E. Chrysanthou, Director, Imperial Energy Limited
	Mr A. Loizou, Director, Imperial Energy Limited
	Mr. Roland Göransson, Director, Carabobo One AB
	Mr. Richard Chindt, Director, Carabobo One AB

Sd/–
(V Sreedher)
Company Secretary

Sd/–
(S P Garg)
Director (Finance)

Sd/–
(D K Sarraf)
Managing Director

Sd/–
(Sudhir Vasudeva)
Chairman

As per our report of even date attached

For S. Mann & Co.
Chartered Accountants
Firm Regn No. 000075N

Sd/–
(Subhash Mann)
Partner
M. No. 80500

For GSA & Associates
Chartered Accountants
Firm Regn No. 000257N

Sd/–
(Sunil Aggarwal)
Partner
M. No. 83899

Place : New Delhi
Date : 21st May, 2013

Operations in progress at Sakhalin

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2013

(₹ in Million)

		Year Ended 31 March, 2013		Year Ended 31 March, 2012	
A.	CASH FLOW FROM OPERATING ACTIVITIES:				
	Net profit before tax and prior period items		66,324.89		51,092.33
	Adjustments For:				
	- Foreign Currency Translation Reserve	12,914.35		26,573.80	
	- Provision for Impairment	-		19,533.69	
	- Provisions for Doubtful Debts/Claims	1,206.74		2,269.42	
	- Provision for Non Moving Inventory / (Reversal of provision)	139.43		740.62	
	- Other Provisions and Write Offs / (Reversal of provision)	1,566.13		5,385.38	
	- Unrealized Foreign Exchange Loss/(Gain)	(2,959.91)		1,473.54	
	- Hedging (Gain)/Loss	-		48.52	
	- Provision for Mark to Market loss on Derivative Contracts	1,606.76		498.56	
	- Depreciation on Tangible Assets (Net)	3,180.62		3,137.40	
	- Amortisation - Intangibles	77.67		(12.75)	
	- Amortisation of Goodwill	4,161.72		5,145.55	
	- Depletion on Producing Properties	19,938.23		21,607.06	
	- Interest Expenses	2,431.82		2,960.65	
	- Foreign Exchange Fluctuation related to borrowing cost	(17.68)		9.15	
	- Interest Income	(2,065.11)		(911.39)	
	- Profit on Redeemption/ Sale of Investment	-		0.00	
	- Gain on Foreign Exchange Forward Contract	(704.76)	41,476.01	(222.45)	88,236.74
	Operating Profit before Working Capital Changes		107,800.90		139,329.07
	Adjustments for:-				
	- Decrease/(Increase) in Inventories	(282.17)		(1,774.48)	
	- Decrease/(Increase) in Trade Receivables	(20,373.27)		10,428.96	
	- Decrease/(Increase) in Short Term Loans and Advances	2,652.22		(3,741.85)	
	- Decrease/(Increase) in Long Term Loans and Advances	781.85		(636.32)	
	- Decrease/(Increase) in Other Current Assets	(3,447.40)		(6,236.97)	
	- Decrease/(Increase) in Other Non Current Assets	5,521.72		(16,961.83)	
	- Decrease/(Increase) in Deferred Tax Assets (Net)	(850.99)		(4,018.47)	
	- Decrease/(Increase) in Goodwill	(9,440.84)		(12,726.40)	
	- Increase/(Decrease) in Short Term Borrowings	48,356.03		291.64	
	- Increase/(Decrease) in Trade Payables	82.27		6,054.22	
	- Increase/(Decrease) in Other current Liabilities	(7,266.13)		12,027.81	
	- Increase/(Decrease) in Other Long Term Liabilities	193.89		(148.97)	
	- Increase/(Decrease) in Short Term Provisions	9.21		173.39	
	- Increase/(Decrease) in Long Term Provisions	(129.06)		37.88	
	- Increase/(Decrease) in Liability for Abandonment	2,628.81		4,747.64	
	- Increase/(Decrease) in Deferred Tax Liabilities (Net)	1,510.62	19,946.76	649.04	(11,834.71)
	Cash generated from/(used in) Operations		127,747.66		127,494.36
	Direct Taxes Paid (net of refunds)		(27,653.11)		(23,627.32)
	Net Cash Flow before Prior period items		100,094.55		103,867.04

		Year Ended 31 March, 2013	Year Ended 31 March, 2012
	Prior period items (Expenditure) / Income	500.80	73.48
	Net Cash Flow from/(used in) Operating Activities (A)	100,595.35	103,940.52
B.	CASH FLOW FROM INVESTING ACTIVITIES:		
	- Purchase of Tangible Assets (Net)	(30,436.06)	(4,419.22)
	- Purchase of Intangible Assets (Net)	(55.18)	(76.74)
	- Expenditure on Projects	(65,927.68)	(71,136.90)
	- Investment with Bank for Site Restoration	(2,090.83)	(2,819.74)
	- Interest Income	2,065.11	911.39
	- Hedging Gain/(Loss)	-	(48.52)
	- Gain on Foreign Exchange Forward Contract	704.76	222.45
	Net Cash Flow from/(used in) Investing Activities (B)	(95,739.88)	(77,367.28)
C.	CASH FLOW FROM FINANCING ACTIVITIES:		
	- Proceeds from Issue of Share Capital	40,000.00	-
	- Change in Minority Interest	(93.94)	320.54
	- Net Long Term Borrowings from ONGC / (Repayments)	(48,678.45)	(4,530.72)
	- Change in Finance Lease Obligations (Unsecured)	(365.90)	(216.90)
	- Change in Foreign Currency Loans	(245.62)	(4,646.31)
	- Interest Expenses	(2,431.82)	(2,960.65)
	- Foreign Exchange Fluctuation related to borrowing cost	17.68	(9.15)
	Net Cash Flow from/(used in) Financing Activities (C)	(11,798.05)	(12,043.19)
	Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(6,942.58)	14,530.05
	Cash and Cash Equivalents as at 31 March, 2012 (Opening Balance)	51,528.33	36,998.27
	Cash and Cash Equivalents as at 31 March, 2013 (Closing Balance)	44,585.75	51,528.33

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 Bracket indicates cash outflow.

3 Previous year figures have been regrouped wherever necessary to confirm the current year's classification.

4 Adjustment have not been made to purchase of fixed assets etc. (investing activities), on account of increase / decrease in Capital Creditors. The impact of the above is not readily ascertainable.

Sd/–
(V Sreedher)
Company Secretary

Sd/–
(S P Garg)
Director (Finance)

Sd/–
(D K Sarraf)
Managing Director

Sd/–
(Sudhir Vasudeva)
Chairman

As per our report of even date attached

For S. Mann & Co.
Chartered Accountants
Firm Regn No. 000075N

Sd/–
(Subhash Mann)
Partner
M. No. 80500

For GSA & Associates
Chartered Accountants
Firm Regn No. 000257N

Sd/–
(Sunil Aggarwal)
Partner
M. No. 83899

Place : New Delhi
Date : 21st May, 2013

DETAILS OF SUBSIDIARIES OF ONGC VIDESH LIMITED

(US$ in Million)

		As on 31.03.2013					For the year 2012–13				
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Sr. No.	Name of Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (except in case of investment in the subsidi–aries)	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1	ONGC Nile Ganga B.V.	0.08	2,273.36	2,932.06	658.62	1,437.19	533.00	225.68	71.95	153.73	-
2	ONGC Narmada Limited	0.16	(30.56)	1.76	32.16	-	-	(0.25)	-	(0.25)	-
3	ONGC Amazon Alaknanda Limited	306.62	483.40	880.93	90.91	-	326.91	189.84	62.17	127.67	-
4	ONGC Campos Ltda.	175.77	12.57	608.08	419.74	-	223.12	31.18	10.63	20.55	-
5	ONGC Nile Ganga (Cyprus) Ltd.	0.00	145.59	145.59	0.01	-	-	4.59	0.43	4.16	-
6	ONGC Nile Ganga (San Cristobal) B.V.	0.07	392.17	395.87	3.63	191.29	1.27	157.50	-	157.50	15.25
7	ONGC Satpayev E&P B.V	0.02	(0.01)	0.01	-	-	-	(0.01)	-	(0.01)	-
8	ONGC Caspian E&P B.V	0.05	106.75	106.80	-	0.04	-	3.58	-	3.58	-
9	Imperial Energy Limited (previously knows as Jarpeno Limited)	0.22	2,508.63	2,586.36	77.51	-	-	(34.66)	(0.28)	(34.38)	-
10	Biancus Holdings Limited	-	17.47	104.26	86.79	-	-	(0.33)	0.01	(0.34)	-
11	San Agio Investments Limited	-	1.79	19.78	17.99	-	-	1.93	0.02	1.91	-
12	Redcliffe Holdings Limited	-	60.38	60.43	0.05	-	-	(0.03)	-	(0.03)	-
13	Imperial Energy Nord Limited	0.03	1,020.26	1,020.50	0.21	-	-	(0.02)	-	(0.02)	-
14	Imperial Energy (Cyprus) Limited	0.03	245.79	245.96	0.14	-	-	(0.06)	-	(0.06)	-
15	Imperial Energy Tomsk Limited	-	10.99	11.16	0.17	-	-	(0.49)	-	(0.49)	-
16	Imperial Energy Gas Limited	-	(0.22)	0.26	0.48	-	-	(0.01)	-	(0.01)	-
17	Imperial Frac Services (Cyprus) Limited	-	(0.19)	-	0.19	-	-	(0.01)	-	(0.01)	-
18	Nefsilius Holdings Limited	-	-	-	-	-	-	-	-	-	-
19	Freshspring Investments Limited	-	-	-	-	-	-	-	-	-	-
20	RK Imperial Energy Kostanai Limited	-	-	-	-	-	-	-	-	-	-
21	LLC Nord Imperial	-	421.31	506.35	85.04	-	48.41	(25.92)	-	(25.92)	-
22	LLC Allianceneftegaz	-	(2.31)	293.59	295.90	-	270.53	(27.51)	-	(27.51)	-
23	LLC Sibinterneft	-	(21.95)	0.08	22.03	-	-	(2.01)	-	(2.01)	-
24	LLC Rus Imperial Group	-	21.93	46.42	24.49	-	-	(14.82)	-	(14.82)	-
25	LLC Imperial Trans Service	-	(0.95)	4.14	5.09	-	-	(0.66)	-	(0.66)	-
26	LLC Stratum	-	(0.02)	-	0.02	-	-	-	-	-	-
27	Carabobo One AB	5.71	48.20	56.91	3.01		-	(0.03)	-	(0.03)	-
28	Petro Carabobo Ganga B.V.	0.03	146.08	146.14	0.04	0.03		(0.10)		(0.10)	-
29	ONGC (BTC) Limited	8.00	(29.76)	4.80	26.56		-	-	-	-	-

(₹ in Million)

		As on 31.03.2013					For the year 2012–13				
		(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
Sr. No.	Name of Subsidiary Company	Capital	Reserves	Total Assets	Total Liabilities	Details of Investment (except in case of investment in the subsidiaries)	Turnover	Profit before Taxation	Provision for Taxation	Profit after Taxation	Proposed Dividend
1	ONGC Nile Ganga B.V.	4.54	123,648.11	159,474.81	35,822.16	78,168.58	28,961.48	12,262.46	3,909.51	8,352.96	-
2	ONGC Narmada Limited	8.70	(1,662.16)	95.73	1,749.18	-	-	(13.58)	-	(13.58)	-
3	ONGC Amazon Alaknanda Limited	16,677.06	26,292.13	47,913.78	4,944.59	-	17,763.15	10,315.24	3,378.10	6,937.14	-
4	ONGC Campos Ltda.	9,559.93	683.80	33,073.27	22,829.54	-	12,123.38	1,694.41	577.65	1,116.76	-
5	ONGC Nile Ganga (Cyprus) Ltd.	0.13	7,918.43	7,918.91	0.35	-	-	249.59	23.42	226.17	-
6	ONGC Nile Ganga (San Cristobal) B.V.	3.76	21,329.94	21,531.33	197.63	10,404.05	68.80	8,557.73	-	8,557.73	828.63
7	ONGC Satpayev E&P B.V	1.25	(0.80)	0.45	-	-	-	(0.28)	-	(0.28)	-
8	ONGC Caspian E&P B.V	2.51	5,806.27	5,808.78	-	2.16	-	194.53	-	194.53	-
9	Imperial Energy Limited (previously knows as Jarpeno Limited)	11.97	136,444.39	140,672.12	4,215.77	-	-	(1,883.14)	(14.94)	(1,868.20)	-
10	Biancus Holdings Limited	-	950.19	5,670.70	4,720.51	-	-	(17.93)	0.54	(18.47)	-
11	San Agio Investments Limited	-	97.36	1,075.83	978.48	-	-	105.03	1.09	103.95	-
12	Redcliffe Holdings Limited	-	3,284.07	3,286.79	2.72	-	-	(1.36)	-	(1.36)	-
13	Imperial Energy Nord Limited	1.63	55,491.94	55,505.00	11.42	-	-	(1.09)	-	(1.09)	-
14	Imperial Energy (Cyprus) Limited	1.63	13,368.52	13,377.76	7.61	-	-	(3.26)	-	(3.26)	-
15	Imperial Energy Tomsk Limited	-	597.75	606.99	9.25	-	-	(26.52)	-	(26.52)	-
16	Imperial Energy Gas Limited	-	(11.97)	14.14	26.11	-	-	(0.54)	-	(0.54)	-
17	Imperial Frac Services (Cyprus) Limited	-	(10.06)	-	10.06	-	-	(0.54)	-	(0.54)	-
18	Nefsilius Holdings Limited	-	-	-	-	-	-	-	-	-	-
19	Freshspring Investments Limited	-	-	-	-	-	-	-	-	-	-
20	RK Imperial Energy Kostanai Limited	-	-	-	-	-	-	-	-	-	-
21	LLC Nord Imperial	-	22,915.05	27,540.38	4,625.33	-	2,630.59	(1,408.62)	-	(1,408.62)	-
22	LLC Allianceneftegaz	-	(125.64)	15,968.36	16,094.00	-	14,699.54	(1,494.91)	-	(1,494.91)	-
23	LLC Sibinterneft	-	(1,193.86)	4.35	1,198.21	-	-	(109.16)	-	(109.16)	-
24	LLC Rus Imperial Group	-	1,192.77	2,524.78	1,332.01	-	-	(805.48)	-	(805.48)	-
25	LLC Imperial Trans Service	-	(51.67)	225.17	276.85	-	-	(35.59)	-	(35.59)	-
26	LLC Stratum	-	(1.09)	-	1.09	-	-	-	-	-	-
27	Carabobo One AB	310.38	2,621.36	3,095.30	163.56	-	-	(1.55)	-	(1.55)	-
28	Petro Carabobo Ganga B.V.	1.39	7,945.41	7,948.71	1.90	1.39	-	(5.26)	-	(5.26)	-
29	ONGC (BTC) Limited	435.12	(1,618.65)	261.07	1,444.60			-		-	-

Exchange Rate

As on 31.03.2013 1 US$ = ₹54.3900
Average Rate for 2012–13 1 US$ = ₹54.3365

Note : –

In view of consent given by the Board pursuant to guidelines of Ministry of Corporate Affairs vide General Circular No. 2/2011 dated 08th February 2011, copies of the Balance Sheet, Statement of Profit and Loss, 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.