

# ONGC VIDESH



Spread across 16 countries in 35 projects, with an overseas investment of over US\$ 22 billion, ONGC Videsh has a vast international presence. With 2.871 BCM of gas and 5.486 MMT of oil, ONGC Videsh runs a massive infrastructure that generates immense value. In 2014, ONGC Videsh grew even stronger by expanding its operations, producing and registering a Net Worth of ₹ 415,489 million and a profit after tax of ₹ 44,454 million, the highest ever in the history of the company.



# 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 49<sup>th</sup> Annual General Meeting of ONGC Videsh Ltd.

I am sure you share my sense of satisfaction at yet another successful year. During FY'14, the Company has earned the highest-ever profit of ₹44,453 million, an increase of 13.1% as compared to the previous 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 2013-14 and the business plans, I would like to outline the global industry environment during the year:

### Global Economic Environment:

There were a total of 1,009 transactions in the upstream sector in 2013, down 20% from 2012, with the announced transaction

value of USD 237 billion, down 17% from the USD 286 billion seen in 2012. While much of the decrease can be attributed to a lower number of high profile, high value, megadeals, the drop off in M&A spend was widespread and 2013 saw 22% fewer deals over USD 100 million in value than in the previous year. Asset transactions continue to dominate the deal mix accounting for 86% of deals despite a decline of 18% on 2012 levels. Corporate transactions were down both by volume and value, indicative of the challenges in agreeing corporate values in the current market and more so, the conservative approach taken by many of the would-be buyers as they focus instead on their existing asset base.

Unconventional resources continue to be a major transaction driver accounting for 294 transactions with announced deal value of USD 40 billion. However, the resource base hasn't been immune to the wider decline in M&A spent, with total announced deal value down 39%.

Oil focused projects drove the lion's share of transactions with shale gas appetite still challenged by depressed regional gas pricing. The oil-rich Bakken and Eagle Ford shales again featured heavily in M&A activity, together the subject of over USD 16 billion

of transaction activity across 70 transactions; over 40% of the total 2013 announced deal spend in the unconventional space. In contrast, the gas prone Marcellus and Utica shales accounted for USD 4.7 billion of M&A activity, some way down from the USD 23 billion witnessed in 2011, further emphasizing the cooling appetite for US shale gas as challenges abound around the justification of the historic premiums paid for acreage, and sustainability of production levels.

The unconventional sector continues to attract investment from Chinese NOCs. 2013 saw Sinopec acquiring a 50% interest in Chesapeake's assets in the Mississippi Lime play for USD 1 billion and Sinochem paid USD 1.7 billion (including future drilling costs) for 40% of Pioneer Natural Resources' interest in 207,000 net acres in the Wolfcamp Shale play.

### Performance:

The Significant performance highlights during the year are the following:

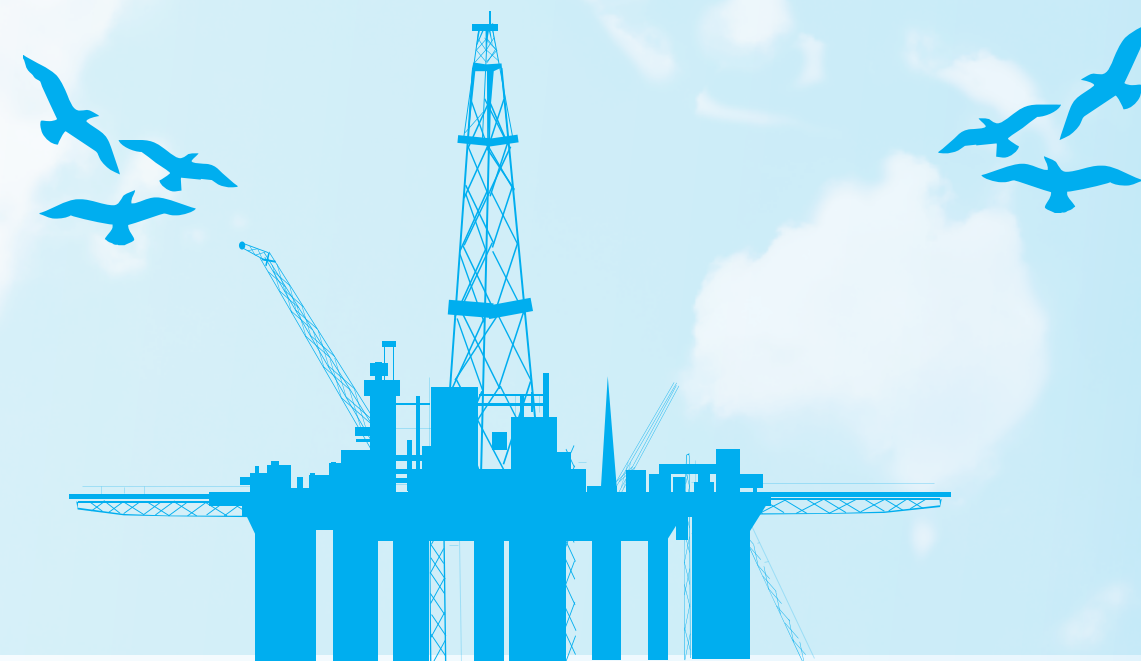
- Your Company's consolidated production of Oil plus Oil-Equivalent Gas (O+OEG) was 8.357 MMTOE during FY'14 as compared to 7.260 MMTOE during FY'13, registering an incremental gain of 1.097 MMTOE during FY'14. This incremental gain was due to additional production from ACG, Azerbaijan (0.883 MMTOE); oil production from GPOC and SPOC, South Sudan assets (0.252 MMT) and acquisition of additional 12% stake in Block BC-10, Brazil in December 2013 (0.068 MMTOE). Oil production increased by 26.29% and gas production decreased by 1.58%; with overall increase of 15.11% during FY'14. The production from South Sudan assets is closed since December 2013 after internal conflict between two rival groups. AFPC, Syria asset could not produce during the year due to continued internal conflict

and civil strife.

- Your Company's consolidated net worth has increased by 42.45% to ₹ 415,488 million as on 31<sup>st</sup> March, 2014 as compared to ₹ 291,666 million as on 31<sup>st</sup> March, 2013. Your Company has issued additional equity shares of ₹ 50,000 million to its parent company ONGC.
- Your Company's share of proved reserves as on 1st April 2014 stood at 207.133 MMTOE (O+OEG). Your Company has emerged as India's Number 1 Internationalised Company based on the Transnationality Index 2014, a survey conducted by the Indian School of Business (ISB). The methodology is based on the framework and the Transnationality Index developed by the United Nations Conference on Trade and Development.
- Revenue from Operations of the Company for FY'14 stood at ₹217,771 million, increase of 24.04%.
- During production testing, Well Loto-1 in Exploration Block CPO-5, Colombia, flowed Oil (21.9 deg. API) from zone L4 on 1st May, 2014 @ 350-400 bopd with total fluid @ 1000-1200 bpd with 60-65 % water cut.
- Overseas offices in Myanmar and Bangladesh of your Company have started functioning during the year.
- Your Company has successfully issued Bonds at spread of 160 bps, 180 bps and 207.5 bps over benchmarks for 5 years USD, 7 years Euro and 10 years USD Notes of amounts USD 750 million, EURO 525 million and USD 750 million respectively totaling to USD 2,225 million in July 2014.

### New Acquisitions:

- Your Company through its subsidiaries, has acquired an additional 12% Participating Interest (PI) in Block BC-10, a deep-water offshore block in Campos Basin, Brazil at purchase consideration of USD 560 million, taking its total PI







Mr. D K Sarraf, CMD, ONGC  
inspecting operations at PDVSA

in the block to 27%. The transaction for acquisition of 12% PI in the block was completed on 30<sup>th</sup> December, 2013.

- Your Company alongwith with Oil India Limited (OIL) has acquired 10% PI from Videocon in the Rovuma Area 1 Offshore Block in Mozambique (Area 1) at purchase consideration of USD 2,519 million on 7<sup>th</sup> January, 2014. Your Company has 6% PI in the Block with a purchase consideration of USD 1,511 million.

Your Company has also directly acquired 10% PI in the same area from Anadarko Moçambique Area 1 Limitada at purchase consideration of USD 2,640 Million on 28<sup>th</sup> February, 2014.

Area 1 covers approximately 2.6 million acres in the deep-water Rovuma Basin offshore Mozambique and represents the largest gas discovery in offshore East Africa with estimated recoverable reserves of 50 to 70 trillion cubic feet.

- Your Company has acquired two exploratory Blocks SS09 and SS04 in Bangladesh Offshore Bidding Round 2012. Your Company has 45% PI in each of the Blocks with operatorship, 45% PI is held by Oil India Ltd and remaining 10% PI is held by Bangladesh Petroleum and Exploration Company Limited. The PSCs were signed on 17<sup>th</sup> February 2014.

- Your Company also acquired two onshore exploratory blocks namely B2 and EP-3 in the Myanmar Onshore Bidding Round 2013. The PSCs were signed on 8<sup>th</sup> August 2014.

#### International Alliances:

Your Company has entered into MoUs with Petrovietnam, PTTEP, Co-ordinating Ministry for Strategic Sectors of Ecuador, PDVSA, ROSNEFT & TPAO and shall continue to engage more and more in such alliances through agreements and joint ventures.

#### Perspective Plan:

Your Company has registered presence in various hydrocarbon 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' 2018 and 60 MMTOE by FY' 2030 i.e. 46% of group production. As the production targets are quite steep involving a CAGR of more than 24% from FY'14 to FY'18 and more than 9% from FY'18 to FY'30. This is planned to be achieved by new acquisitions to yield additional 50 MMTOE by FY'30 by building positions of scale in 3-5 focus plays.

This will involve substantial fund requirement. ONGC Videsh needs to work together with its Parent Company ONGC to plan raising of finances in the most optimal manner. 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 under consideration of 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,

(D. K. Sarraf)  
Chairman





# Inside This Report

|   |    |
|---|----|
| Company Information .....                     | 10 |
| Board of Directors.....                       | 12 |
| Consolidated Performance at a Glance .....    | 14 |
| Directors' Report.....                        | 28 |
| Management Discussion & Analysis Report ..... | 48 |
| Corporate Governance Report.....              | 62 |
| Secretarial Audit Report .....                | 76 |
| Independent Auditors' Report.....             | 78 |

|  |     |
|--|-----|
| Balance Sheet, Statement of Profit & Loss<br>and Schedules Accounting Policies<br>& Notes to the Accounts-ONGC Videsh Standalone.....              | 82  |
| Cash Flow Statement-ONGC Videsh Standalone.....  | 124 |
| Statement Pursuant to Section 212<br>of the Companies Act, 1956.....   | 126 |
| Independent Auditors' Report .....   | 128 |
| Summary of the Financial Information .....   | 130 |
| Balance Sheet, Statement of Profit & Loss<br>and Schedules including Accounting Policies &<br>Notes to the Accounts-ONGC Videsh Consolidated ..... | 132 |
| Cash Flow Statement-ONGC Videsh Consolidated.....  | 178 |
| Details of Subsidiaries.....   | 180 |

Company Information

**ONGC Videsh Limited**  
CIN: U74899DL1965GOI004343  
Registered Office  
6<sup>th</sup> Floor, ‘Kailash’ 26, Kasturba Gandhi Marg, New Delhi 110001, India  
**Website:** www.ongcvidesh.com  
**Phone:** +91-11-23730368, 41291100  
**Fax:** +91-11-23730369, 23721755  
**Email:** secretariat@ongcvidesh.in

Statutory Auditors

|  |   |
|--|---|
| <b>S. Mann &amp; Co.</b><br>Chartered Accountants<br>FRN No. 000075N | <b>GSA &amp; Associates</b><br>Chartered Accountants<br>FRN No. 000257N |
|--|---|

Cost Auditors

M/s Gurdeep Singh & Associates,

Company Secretary

S. B. Singh

Bankers

State Bank of India

Major Project’s Locations

- |   |   |
|---|---|
| Block 06.1, Vietnam<br>Block 1, 2 & 4, Sudan<br>Block 1, 2 & 4, South Sudan<br>Block 5A, South Sudan<br>Sakhalin -1 Project, Russia<br>MECL, Colombia<br>AFPC Project, Syria<br>Block BC-10, Brazil<br>Imperial Energy, Russia<br>San Cristobal Project, Venezuela<br>Azeri, Chirag, Guneshli fields, Azerbaijan<br>Block A-1, Myanmar<br>Block A-3, Myanmar<br>Farsi Block Project, Iran<br>Block XXIV, Syria<br>Block Area 1, Mozambique<br>Carabobo Project, Venezuela<br>Block 43, Libya<br>Block 8, Iraq | Block 128, Vietnam<br>Block RC-8, Colombia<br>Block RC-9, Colombia<br>Block RC-10, Colombia<br>Block SSJN-7, Colombia<br>Block CPO-5, Colombia<br>Block GUA-OFF-2, Colombia<br>Block LLA - 69, Colombia<br>Satpayev Contract Area 3575, Kazakhstan<br>Block BM-SEAL-4,Brazil<br>Block SS 04, Bangladesh<br>Block SS 09, Bangladesh<br>Block B2, Myanmar<br>Block EP-3, Myanmar<br>SHWE Offshore Pipeline Project, Myanmar<br>Onshore Gas Pipeline Project (SEAGPCL), Myanmar<br>BTC Pipeline, Azerbaijan<br>Khartoum–Port Sudan Pipeline Project, Sudan |
|---|---|



Orlan Platform, Sakhalin, Russia





BOARD OF DIRECTORS AS ON 4<sup>th</sup> AUGUST 2014



T. K. Sengupta  
Special Invitee  
Director (Offshore), ONGC

Shyamal Roy  
Independent Director

Shyamal Bhattacharya  
Director (Operations)

D. K. Sarraf  
Chairman

P. K. Singh  
Govt.Nominee Director

Sanjay G Dhande  
Independent Director

D.D. Misra  
Director (HR)  
Special Invitee

Ashok Varma  
Director (Onshore), ONGC  
Special Invitee

A. K. Banerjee  
Director (Finance), ONGC  
Special Invitee

Anil Bhandari  
Director (Exploration)

S. P. Garg  
Managing Director  
& Director (Finance)

Narendra K. Verma  
Director (Exploration) ONGC  
Special Invitee

Shyam Saran  
Independent Director

Shashi Shanker  
Director (T&FS) ONGC  
Special Invitee

Sharmila Chavaly  
Govt. Nominee Director

CONSOLIDATED PERFORMANCE AT A GLANCE

|   | 2013-14        | 2012-13        | 2011-12        | 2010-11        |
|---|----------------|----------------|----------------|----------------|
| <b>PHYSICAL</b>   |                |                |                |                |
| Crude oil (MMT) (Including condensate)                        | 5.486          | 4.343          | 6.214          | 6.756          |
| Gas (BCM)   | 2.871          | 2.917          | 2.539          | 2.692          |
| <b>FINANCIAL</b>  |                |                |                |                |
| Income form Operations (Net)                                  | 217,772        | 175,578        | 223,473        | 184,111        |
| Other Non-operating Income                                    | 3,509          | 2,650          | 1,990          | 2,111          |
| <b>Total Revenue</b>  | <b>221,280</b> | <b>178,228</b> | <b>225,463</b> | <b>186,223</b> |
| Statutory Levies  | 42,037         | 36,038         | 65,672         | 56,947         |
| Operating Expenses  | 54,167         | 40,591         | 63,223         | 34,948         |
| Exchange Loss/(Gain)  | (3,120)        | (2,960)        | 1,474          | (815)          |
| <b>Profit Before Interest, Depreciation &amp; Tax (PBIDT)</b> | <b>128,195</b> | <b>104,559</b> | <b>95,094</b>  | <b>95,143</b>  |
| Depreciation, Depletion, Amortisation and Impairment          | 55,204         | 37,384         | 41,870         | 42,683         |
| <b>Profit Before Interest &amp; Tax (PBIT)</b>                | <b>72,992</b>  | <b>67,175</b>  | <b>53,224</b>  | <b>52,461</b>  |
| Financial Costs   |                |                |                |                |
| <b>Interest</b>   |                |                |                |                |
| Payments  | 4,065          | 2,414          | 2,970          | 3,531          |
| Receipts  | 962            | 2,065          | 911            | 488            |
| Net Interest  | 3,103          | 349            | 2,058          | 3,043          |
| <b>Profit before Tax and Exceptional Items</b>                | <b>69,888</b>  | <b>66,826</b>  | <b>51,166</b>  | <b>49,418</b>  |
| Exceptional item  | -              | -              | -              | -              |
| <b>Profit before Tax</b>                                      | <b>69,888</b>  | <b>66,826</b>  | <b>51,166</b>  | <b>49,418</b>  |
| Corporate Tax   | 25,571         | 27,653         | 23,627         | 22,048         |
| <b>Profit After Tax</b>                                       | <b>44,317</b>  | <b>39,172</b>  | <b>27,538</b>  | <b>27,369</b>  |
| Profit relating to minority                                   | (136)          | (119)          | 327            | 464            |
| <b>GROUP PROFIT AFTER TAX</b>                                 | <b>44,453</b>  | <b>39,291</b>  | <b>27,212</b>  | <b>26,905</b>  |
| Dividend  | -              | -              | -              | -              |
| Tax on Dividend   | -              | -              | -              | -              |
| Share Capital   | 100,000        | 50,000         | 10,000         | 10,000         |
| Net Worth (Equity)  | 415,488        | 291,666        | 199,411        | 145,530        |
| Long-term Borrowings  | 216,081        | 145,871        | 195,161        | 204,554        |
| Working Capital   | (144,599)      | 18,801         | 45,614         | 49,047         |
| Capital Employed  | 369,200        | 323,859        | 293,562        | 294,194        |
| Internal Resources Generation                                 | 129,416        | 68,848         | 89,307         | 57,578         |
| Plan Expenditure  | 353,573        | 108,914        | 79,995         | 56,502         |
| Expenditure on Employees                                      | 3,682          | 3,193          | 2,187          | 2,209          |
| Number of employees   | 313            | 279            | 246            | 233            |
| <b>FINANCIAL PERFORMANCE RATIOS</b>                           |                |                |                |                |
| PBIDT to Turnover (%)   | 58.87          | 59.55          | 42.55          | 51.68          |
| PBDT to Turnover (%)  | 57.44          | 59.35          | 41.63          | 50.02          |
| Profit Margin (%) - incl. exceptional items                   | 14.94          | 15.89          | 7.74           | 14.61          |
| ROCE(PBIDT to Capital Employed) (%)                           | 34.72          | 32.29          | 32.39          | 32.34          |
| Net Profit to Equity (%) - incl. exceptional items            | 10.70          | 13.47          | 13.65          | 18.49          |
| <b>BALANCE SHEET RATIOS</b>                                   |                |                |                |                |
| Current Ratio   | 0.40           | 1.17           | 1.63           | 1.92           |
| Debt Equity Ratio   | 0.52           | 0.50           | 0.98           | 1.41           |
| Debtors Turnover Ratio (Days)                                 | 64.70          | 103.92         | 48.37          | 79.39          |
| <b>PER SHARE DATA</b>   |                | -              |                |                |
| Earning Per Share (₹)   | 49.49          | 47.06          | 76.99          | 269.0          |
| Dividend (%)  | -              | -              | -              | -              |
| Book Value Per Share of ₹100 each                             | 4,15.49        | 583.33         | 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 1<sup>st</sup> 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 year 2013-14 & 2012-13

CONSOLIDATED PERFORMANCE AT A GLANCE

(₹ in Millions, Unless otherwise stated)

|  | 2009-10       | 2008-09       | 2007-08       | 2006-07       | 2005-06      | 2004-05      |
|--|---------------|---------------|---------------|---------------|--------------|--------------|
| <b>PHYSICAL</b>                                  |               |               |               |               |              |              |
| Crude oil (MMT) (Including Condensate)           | 6.513         | 6.556         | 6.840         | 5.804         | 4.584        | 3.714        |
| Gas (BCM)  | 2.357         | 2.220         | 1.962         | 2.148         | 1.755        | 1.349        |
| <b>FINANCIAL</b>                                 |               |               |               |               |              |              |
| Income from Operations (Turnover)                | 153,828       | 184,235       | 168,657       | 117,947       | 80,780       | 59,848       |
| Statutory Levies                                 | 49,387        | 68,857        | 60,374        | 51,446        | 39,070       | 27,781       |
| Operating expenses                               | 26,186        | 22,157        | 20,070        | 18,107        | 14,534       | 9,709        |
| Profit before Interest Depreciation &Tax (PBIDT) | 78,254        | 93,221        | 88,213        | 48,394        | 27,176       | 22,358       |
| Depreciation, Depletion & Amortisation           | 36,513        | 30,620        | 36,650        | 21,335        | 11,204       | 7,670        |
| Operating Income (PBIT)                          | 41,741        | 62,601        | 51,563        | 27,059        | 15,972       | 14,688       |
| Exchange loss /(Gain)                            | (2,651)       | 1,904         | 3,243         | (2,527)       | (1,005)      | 264          |
| Interest Payment                                 | 4,370         | 7,289         | 7,373         | 318           | 40           | 13           |
| Hedging Cost                                     | (19)          | (154)         | 217           | -             | -            | -            |
| Profit Before Tax                                | 40,041        | 53,562        | 40,730        | 29,268        | 16,937       | 14,411       |
| Corporate Tax                                    | 18,889        | 25,032        | 16,759        | 12,635        | 8,234        | 6,797        |
| Net Profit                                       | 21,152        | 28,530        | 23,971        | 16,633        | 8,703        | 7,614        |
| Less: Share of Profit/loss - Minority Interest   | 256           | 463           | -             | -             | 309          | -            |
| <b>GROUP PROFIT AFTER TAX (PAT)</b>              | <b>20,896</b> | <b>28,067</b> | <b>23,971</b> | <b>16,633</b> | <b>9,012</b> | <b>7,614</b> |
| Dividend   | -             | -             | -             | -             | -            | 1,050        |
| Tax on Dividend                                  | -             | -             | -             | -             | -            | 147          |
| Share Capital                                    | 10,000        | 10,000        | 10,000        | 10,000        | 3,000        | 3,000        |
| Net Worth (Equity)                               | 116,449       | 115,156       | 63,059        | 43,736        | 21,977       | 12,227       |
| Borrowings                                       | 206,983       | 206,790       | 113,738       | 132,347       | 159,242      | 116,610      |
| Working Capital                                  | 30,676        | 33,339        | 29,592        | 29,438        | 74,399       | 42,371       |
| Capital Employed                                 | 269,047       | 264,819       | 153,556       | 159,451       | 140,105      | 81,084       |
| Internal Resources Generation                    | 49,726        | 67,996        | 36,733        | 41,774        | 21,158       | 6,275        |
| Plan Expenditure                                 | 49,919        | 161,049       | 45,293        | 71,519        | 63,306       | 43,101       |
| Expenditure on Employees                         | 1,992         | 1,573         | 628           | 666           | 602          | 346          |
| Number of employees                              | 231           | 196           | 190           | 110           | 90           | 85           |
| <b>FINANCIAL PERFORMANCE RATIOS</b>              |               |               |               |               |              |              |
| PBIDT to Turnover (%)                            | 50.87         | 50.60         | 52.30         | 41.03         | 33.64        | 37.36        |
| PBDT to Turnover (%)                             | 49.77         | 45.69         | 45.88         | 42.90         | 34.84        | 36.89        |
| Profit Margin (%)                                | 13.58         | 15.23         | 14.21         | 14.10         | 11.16        | 12.72        |
| ROCE (PBIDT to Capital employed) (%)             | 29.09         | 35.20         | 57.45         | 30.35         | 19.40        | 27.57        |
| Net Profit to Equity (%)                         | 17.94         | 24.37         | 38.01         | 38.03         | 41.01        | 62.27        |
| <b>BALANCE SHEET RATIOS</b>                      |               |               |               |               |              |              |
| Current ratio                                    | 1.68:1        | 1.69:1        | 2.23:1        | 2.56:1        | 7.27:1       | 5.30:1       |
| Debt Equity Ratio                                | 1.78:1        | 1.80:1        | 1.80:1        | 3.03:1        | 7.25:1       | 9.54:1       |
| Debtors Turnover Ratio (Days)                    | 69.72         | 48.94         | 32.94         | 34.67         | 17.82        | 46.14        |
| <b>PER SHARE DATA</b>                            |               |               |               |               |              |              |
| Earnings per share (₹)                           | 208.96        | 280.67        | 239.71        | 224.44        | 300.40       | 253.79       |
| Dividend (%)                                     | -             | -             | -             | -             | -            | 35.00        |
| Book Value per share(₹)                          | 1,164.49      | 1,151.56      | 630.59        | 437.36        | 732.57       | 407.57       |



## STATEMENT OF CONSOLIDATED INCOME & RETAINED EARNINGS

(₹ in Millions)

|  | 2013-14           | 2012-13        | 2011-12        | 2010-11        |
|--|-------------------|----------------|----------------|----------------|
| <b>REVENUES</b>  |                   |                |                |                |
| <b>Sales</b>   |                   |                |                |                |
| Crude Oil  | 202,689.82        | 162,366        | 211,687        | 174,081        |
| Natural Gas  | 11,915.57         | 11,394         | 9,924          | 8,280          |
| Condensate   | 1,987.72          | 2,955          | 3,189          | 2,233          |
| <b>Sub-Total</b>   | <b>216,593.11</b> | <b>176,715</b> | <b>224,800</b> | <b>184,594</b> |
| <b>Traded Products</b>   | -                 |                |                |                |
| Other Operating Revenue  | 3,194.98          | 1,197          | 1,240          | 434            |
| <b>Total Revenue from Operations (Gross)</b>                     | <b>219,788.09</b> | <b>177,912</b> | <b>226,041</b> | <b>185,027</b> |
| <b>Less: VAT</b>   | <b>2,016.57</b>   | <b>2,334</b>   | <b>2,568</b>   | <b>916</b>     |
| <b>Total Revenue from Operations (Net)</b>                       | <b>217,771.52</b> | <b>175,578</b> | <b>223,473</b> | <b>184,111</b> |
| Other Non-operating Income                                       | 3,508.72          | 2,650          | 1,990          | 2,111          |
| <b>Total Revenues</b>  | <b>221,280.24</b> | <b>178,228</b> | <b>225,463</b> | <b>186,223</b> |
| <b>COST &amp; EXPENSES</b>                                       |                   |                |                |                |
| <b>Operating, Selling &amp; General</b>                          |                   |                |                |                |
| <b>Statutory Levies</b>  |                   |                |                |                |
| (a) Royalties  | 35,212.04         | 29,115         | 57,571         | 55,156         |
| (b) Other Taxes  | 6,825.38          | 6,923          | 8,101          | 1,791          |
| <b>Sub-total (a to b)</b>  | <b>42,037.42</b>  | <b>36,038</b>  | <b>65,672</b>  | <b>56,947</b>  |
| Accretion / (Decretion) in stock                                 | (1,468.25)        | 149            | (632)          | (121)          |
| Production, Transportation, Selling and Distribution Expenditure | 45,091.68         | 35,828         | 35,866         | 32,213         |
| Provisions and Write-offs  | 8,210.01          | 2,912          | 27,929         | 3,448          |
| Adjustments for overlift/(underlift)                             | 503.46            | 546            | 414            | 283            |
| Adjustments relating to Prior Period (Net)                       | (420.94)          | (501)          | (73)           | (351)          |
| <b>Profit Before Depreciation, Interest &amp; Tax</b>            | <b>127,326.86</b> | <b>103,256</b> | <b>97,115</b>  | <b>94,370</b>  |
| <b>Depreciation, Depletion, Amortisation and Impairment</b>      | <b>55,203.79</b>  | <b>37,384</b>  | <b>41,870</b>  | <b>42,683</b>  |
| <b>Total Cost &amp; Expenses</b>                                 | <b>149,157.17</b> | <b>112,356</b> | <b>170,218</b> | <b>134,535</b> |
| <b>Operating Income Before Interest &amp; Tax</b>                | <b>72,123.07</b>  | <b>65,872</b>  | <b>55,245</b>  | <b>51,688</b>  |
| <b>Financial Costs</b>   |                   |                |                |                |
| Exchange Loss / (Gain)   | (3,119.52)        | (2,960)        | 1,474          | (815)          |
| Interest   |                   |                |                |                |
| Payments   | 4,065.25          | 2,414          | 2,970          | 3,531          |
| Receipts   | 961.76            | 2,065          | 911            | 488            |
| Hedging Cost   | 2,250.93          | 1,657          | 547            | 42             |
| Net  | 2,234.90          | 953            | 4,079          | 2,270          |
| <b>Profit before Tax and Extraordinary Items</b>                 | <b>69,888.17</b>  | <b>66,826</b>  | <b>51,166</b>  | <b>49,418</b>  |
| Exceptional item   | -                 | -              | -              | -              |
| <b>Profit before Tax</b>   | <b>69,888.17</b>  | <b>66,826</b>  | <b>51,166</b>  | <b>49,418</b>  |
| Corporate Tax (Net)  | 25,570.90         | 27,653         | 23,627         | 22,048         |
| <b>Profit after Tax</b>  | <b>44,317.27</b>  | <b>39,172</b>  | <b>27,538</b>  | <b>27,369</b>  |
| Profit relating to minority                                      | (135.91)          | (119)          | 327            | 464            |
| <b>Group Profit after Tax</b>                                    | <b>44,453.18</b>  | <b>39,291</b>  | <b>27,212</b>  | <b>26,905</b>  |
| 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                                      | 3,836.60          | 2,645          | 1,876          | 2,142          |
| Transfer to Debenture Redemption Reserve                         | 10,381.20         | 4,308          | 4,319          | 4,308          |
| <b>Retained Earnings For The Year</b>                            | <b>30,235.38</b>  | <b>32,339</b>  | <b>143,549</b> | <b>122,532</b> |

In view of the Notification no. S.O 447(E) dated 28.02.2011, issued by Ministry of Corporate Affairs, the Balance Sheet of the Company is mandatorily required to be prepared in Revised Schedule VI w.e.f 1<sup>st</sup> April 2011 onwards. Accordingly, the figures 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 Millions)

|   | 2009-10        | 2008-09        | 2007-08        | 2006-07        | 2005-06       | 2004-05       |
|---|----------------|----------------|----------------|----------------|---------------|---------------|
| <b>REVENUES</b>   |                |                |                |                |               |               |
| <b>Sales</b>  |                |                |                |                |               |               |
| Crude oil   | 140,444        | 169,088        | 155,430        | 102,426        | 64,415        | 47,696        |
| Gas   | 7,608          | 7,307          | 6,780          | 8,004          | 6,668         | 4,552         |
| Condensate  | 1,706          | 2,109          | 2,081          | 1,841          | 1,466         | 833           |
| Construction Contract Revenue                             | -              | -              | -              | -              | 2,174         | 5,430         |
| Transportation and other Services                         | 2,048          | 2,938          | 3,122          | 3,269          | 3,199         | -             |
| Less: VAT   | 816            | 800            | 685            | 1,063          | 927           | -410          |
| <b>Sub Total</b>  | <b>150,989</b> | <b>180,642</b> | <b>166,728</b> | <b>114,477</b> | <b>76,995</b> | <b>58,101</b> |
| <b>Other Income</b>                                       |                |                |                |                |               |               |
| Interest Income   | 104            | 1,570          | 1,442          | 2,273          | 3,127         | 1,418         |
| Lease Income  | 317            | 377            | 352            | 435            | 271           | -             |
| Other Income  | 1,302          | 801            | 333            | 365            | 373           | 332           |
| Increase/(Decrease) in Stock                              | 1,116          | 845            | 198            | 397            | 14            | -3            |
| <b>Total Income from Operations</b>                       | <b>153,828</b> | <b>184,235</b> | <b>168,657</b> | <b>117,947</b> | <b>80,780</b> | <b>59,848</b> |
| <b>COST &amp; EXPENSES</b>                                |                |                |                |                |               |               |
| <b>Operating, Selling &amp; General</b>                   |                |                |                |                |               |               |
| (a) Production, Transportation & Other operating expenses | 23,949         | 18,891         | 13,554         | 12,531         | 7,256         | 5,060         |
| (b) Royalties   | 48,693         | 66,640         | 60,350         | 51,130         | 39,061        | 27,781        |
| (c) Other Taxes   | 694            | 2,217          | 24             | 316            | 9             | -             |
| (d) Construction Contract Expenditure                     | -              | -              | -              | -              | 2,699         | 4,253         |
| (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          | 4,185         | 383           |
| <b>Sub Total (a to f)</b>                                 | <b>75,574</b>  | <b>91,014</b>  | <b>80,444</b>  | <b>69,553</b>  | <b>53,604</b> | <b>37,490</b> |
| <b>Depletion, Depreciation &amp; Amortisation</b>         |                |                |                |                |               |               |
| (a) Depletion   | 16,941         | 13,735         | 11,777         | 12,590         | 4,615         | 2,952         |
| (b) Depreciation  | 4,230          | 3,159          | 9,894          | 2,678          | 1,170         | 883           |
| (c) Amortisation  | 15,100         | 12,999         | 13,654         | 5,275          | 4,272         | 3,769         |
| (d) Others  | 244            | 727            | 1,325          | 792            | 1,147         | 66            |
| <b>Sub Total (a to d)</b>                                 | <b>36,513</b>  | <b>30,620</b>  | <b>36,650</b>  | <b>21,335</b>  | <b>11,204</b> | <b>7,670</b>  |
| <b>TOTAL COST AND EXPENSES</b>                            | <b>112,087</b> | <b>121,634</b> | <b>117,094</b> | <b>90,888</b>  | <b>64,808</b> | <b>45,160</b> |
| <b>Operating Income before Financial Cost &amp; Tax</b>   | <b>41,741</b>  | <b>62,601</b>  | <b>51,563</b>  | <b>27,059</b>  | <b>15,972</b> | <b>14,688</b> |
| <b>Financial Costs</b>                                    |                |                |                |                |               |               |
| Exchange Loss / (Gain)                                    | (2,651)        | 1,904          | 3,243          | (2,527)        | (1,005)       | 264           |
| Interest Payments   | 4,370          | 7,289          | 7,373          | 318            | 40            | 13            |
| Hedging Cost  | (19)           | (154)          | 217            | -              | -             | -             |
| <b>Sub Total</b>  | <b>1,700</b>   | <b>9,039</b>   | <b>10,833</b>  | <b>(2,209)</b> | <b>(965)</b>  | <b>277</b>    |
| <b>Profit Before Tax</b>                                  | <b>40,041</b>  | <b>53,562</b>  | <b>40,730</b>  | <b>29,268</b>  | <b>16,937</b> | <b>14,411</b> |
| Corporate Tax (Net)                                       | 18,889         | 25,032         | 16,759         | 12,635         | 8,234         | 6,797         |
| Net Profit  | 21,152         | 28,530         | 23,971         | 16,633         | 8,703         | 7,614         |
| Less: Share of Profit/Loss - Minority Interest            | 256            | 463            | -              | -              | (309)         | -             |
| <b>Group Profit after Tax</b>                             | <b>20,896</b>  | <b>28,067</b>  | <b>23,971</b>  | <b>16,633</b>  | <b>9,012</b>  | <b>7,614</b>  |
| Dividend  | -              | -              | -              | -              | -             | 1,050         |
| Tax on Dividend   | -              | -              | -              | -              | -             | 147           |
| Retained earnings for the year                            | 20,896         | 28,067         | 23,971         | 16,633         | 9,012         | 6,417         |

## STATEMENT OF CONSOLIDATED FINANCIAL POSITION

|   | 2013-14             | 2012-13        | 2011-12        | 2010-11        |
|---|---------------------|----------------|----------------|----------------|
| <b>RESOURCES</b>  |                     |                |                |                |
| <b>A. Own</b>   |                     |                |                |                |
| 1. Net Worth  |                     |                |                |                |
| (a) Equity  |                     |                |                |                |
| i) Share Capital  | 100,000             | 50,000         | 10,000         | 10,000         |
| ii) Reserves & Surplus  | 315,488             | 241,666        | 189,411        | 135,530        |
| <b>Sub-Total</b>  | <b>415,488</b>      | <b>291,666</b> | <b>199,411</b> | <b>145,530</b> |
| (b) Less Miscellaneous Expenditure                              | -                   | -              |                |                |
| <b>Net Worth</b>  | <b>415,488</b>      | <b>291,666</b> | <b>199,411</b> | <b>145,530</b> |
| <b>B. Long-term Borrowings</b>                                  | <b>216,081</b>      | <b>145,871</b> | <b>195,161</b> | <b>204,554</b> |
| <b>C. Deferred Tax Liability (Net)</b>                          | <b>7,506</b>        | <b>5,643</b>   | <b>4,983</b>   | <b>8,353</b>   |
| <b>D. Minority Interest</b>                                     | <b>8,864</b>        | <b>909</b>     | <b>1,003</b>   | <b>682</b>     |
| <b>TOTAL RESOURCES ( A+B+C+D )</b>                              | <b>647,939</b>      | <b>444,088</b> | <b>400,558</b> | <b>359,119</b> |
| <b>DISPOSITION OF RESOURCES</b>                                 |                     |                |                |                |
| <b>A. Non-current assets</b>                                    |                     |                |                |                |
| 1. Fixed Assets( Net)   |                     |                |                |                |
| i) Tangible assets  | 69,993              | 58,636         | 35,590         | 42,304         |
| ii) Producing Properties  | 254,849             | 180,988        | 144,236        | 136,140        |
| iii) Intangible assets  | 94                  | 104            | 126            | 37             |
| <b>Total Block Capital</b>                                      | <b>324,936</b>      | <b>239,728</b> | <b>179,953</b> | <b>178,480</b> |
| 2. Goodwill on consolidation                                    | 180,614             | 80,324         | 75,045         | 86,998         |
| 3. Long-term Loans and Advances(Excluding Capital Advance)      | 133                 | 135            | 917            | 281            |
| 4. Deposit with Bank Under Site Restoration Fund Scheme         | 7,728               | 5,018          | 2,927          | 107            |
| 5. Other non-current Assets (Excluding DRE)                     | 46,814              | 10,619         | 17,348         | 2,655          |
| Subtotal (6)= (1+2+3+4+5)                                       | 560,226             | 335,825        | 276,190        | 268,522        |
| 7. Less Non-current Liabilities                                 |                     |                |                |                |
| a. Other Long Term Liabilities                                  | 4                   | 108            | 82             | -              |
| b. Liability for Abandonment Cost                               | 46,251              | 30,238         | 27,609         | 22,861         |
| c. Long Term Provisions   | 172                 | 422            | 551            | 513            |
| Sub total (7)   | 46,427              | 30,768         | 28,242         | 23,374         |
| <b>Net Non Current Asset (A)=(6)-(7)</b>                        | <b>513,799</b>      | <b>305,057</b> | <b>247,948</b> | <b>245,147</b> |
| <b>B. Net Working Capital</b>                                   |                     |                |                |                |
| 1. Current Assets   |                     |                |                |                |
| ii) Inventories   | 8,716               | 5,876          | 5,733          | 4,699          |
| iii) Trade Receivables  | 38,604              | 49,988         | 29,615         | 40,044         |
| iv) Cash & Cash equivalents                                     | 22,353              | 44,586         | 51,528         | 36,998         |
| v) Short-term Loans & Advances                                  | 4,307               | 5,575          | 8,227          | 4,485          |
| vi) Others Current Assets (Excluding DRE)                       | 23,278              | 25,945         | 22,497         | 16,261         |
| <b>Sub-Total</b>  | <b>97,258</b>       | <b>131,969</b> | <b>117,600</b> | <b>102,486</b> |
| Less  |                     |                |                |                |
| 2. Current Liabilities  |                     |                |                |                |
| i) Short-term borrowings  | 134,393             | 48,863         | 623            | 331            |
| ii) Trade payables  | 37,881              | 25,865         | 25,782         | 19,728         |
| iii) Other current liabilities                                  | 69,456              | 38,241         | 45,392         | 33,365         |
| iv) Short-term provisions                                       | 127                 | 199            | 189            | 16             |
| <b>Sub-Total</b>  | <b>241,857</b>      | <b>113,168</b> | <b>71,986</b>  | <b>53,440</b>  |
| <b>C. Net Working Capital (1-2)</b>                             | <b>(144,599.36)</b> | <b>18,801</b>  | <b>45,614</b>  | <b>49,047</b>  |
| <b>D. Capital Employed (A+B)</b>                                | <b>369,200</b>      | <b>323,859</b> | <b>293,562</b> | <b>294,194</b> |
| <b>E. Capital Works in Progress (Including Capital Advance)</b> | <b>235,799</b>      | <b>88,588</b>  | <b>76,256</b>  | <b>40,018</b>  |
| <b>F. Exploratory/Development Wells in Progress</b>             | <b>42,939</b>       | <b>31,642</b>  | <b>30,740</b>  | <b>24,907</b>  |
| <b>TOTAL DISPOSITION (C+D+E+F)</b>                              | <b>647,939</b>      | <b>444,088</b> | <b>400,558</b> | <b>359,119</b> |

In view of the Notification no. S.O 447(E) dated 28.02.2011, issued by Ministry of Corporate Affairs, the Balance sheet of the Company is mandatory required to be prepared in Revised Schedule VI w.e.f 1<sup>st</sup> 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.

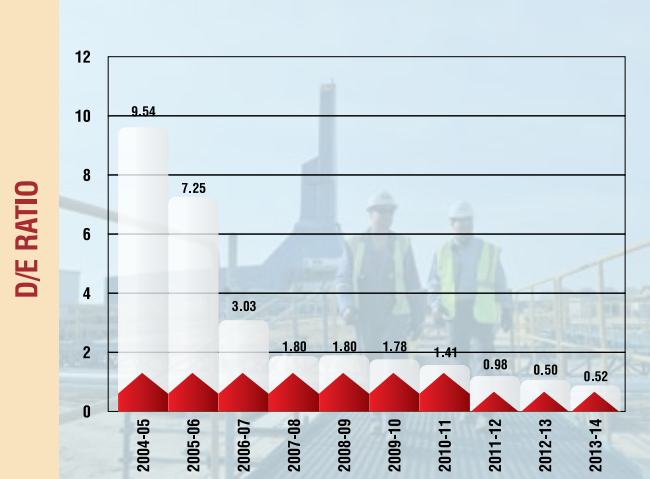
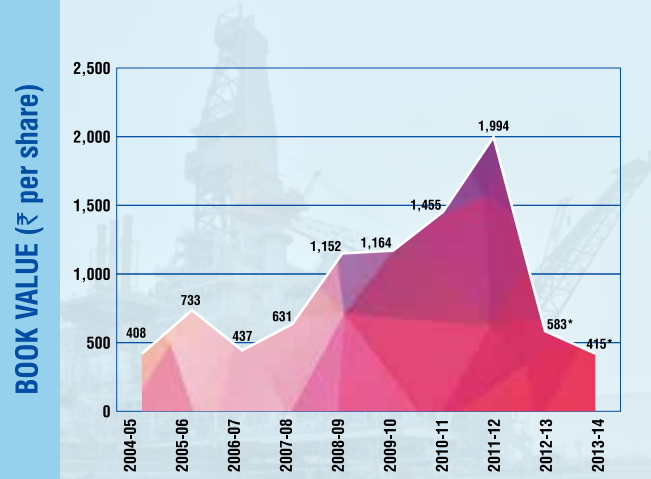
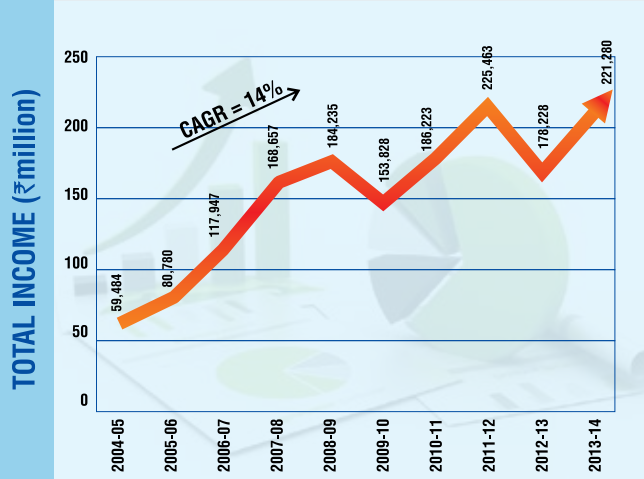
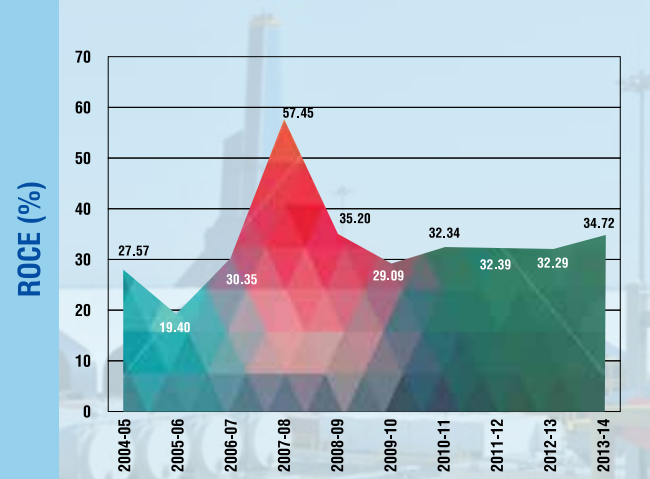
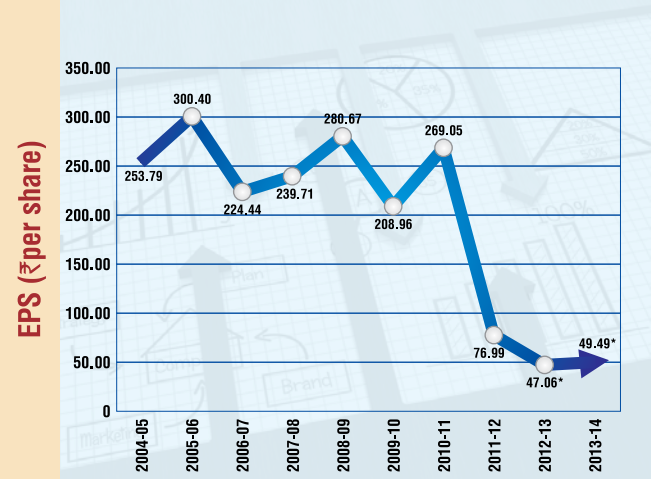
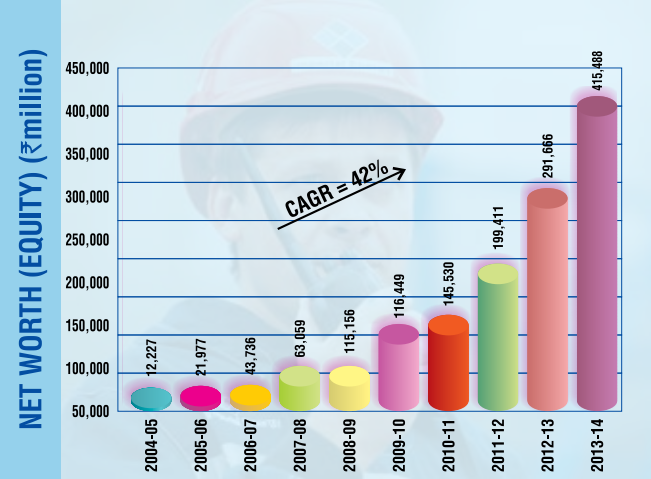
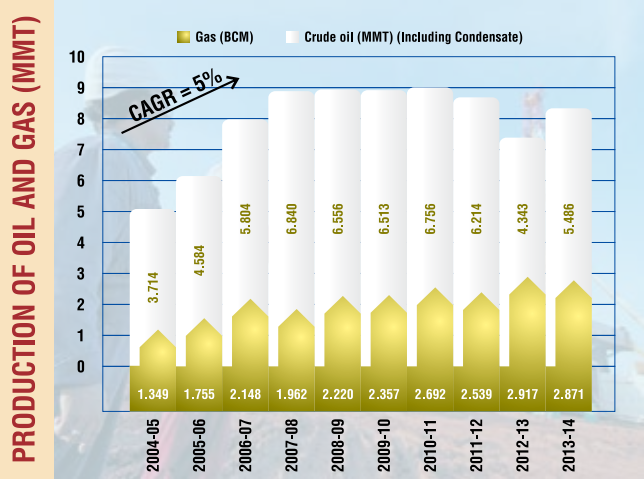
## STATEMENT OF CONSOLIDATED FINANCIAL POSITION

(₹ in Millions)

|  | 2009-10        | 2008-09        | 2007-08        | 2006-07        | 2005-06        | 2004-05        |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| <b>RESOURCES</b>   |                |                |                |                |                |                |
| <b>A. Own</b>  |                |                |                |                |                |                |
| 1. Net Worth   |                |                |                |                |                |                |
| (a) Equity   |                |                |                |                |                |                |
| i) Share Capital   | 10,000         | 10,000         | 10,000         | 10,000         | 3,000          | 3,000          |
| ii) Reserves and Surplus   | 106,449        | 105,156        | 53,059         | 33,736         | 18,977         | 9,227          |
| <b>Sub Total</b>   | <b>116,449</b> | <b>115,156</b> | <b>63,059</b>  | <b>43,736</b>  | <b>21,977</b>  | <b>12,227</b>  |
| (b) Less: Intangible Assets  | -              | -              | -              | -              | -              | -              |
| <b>Net Worth</b>   | <b>116,449</b> | <b>115,156</b> | <b>63,059</b>  | <b>43,736</b>  | <b>21,977</b>  | <b>12,227</b>  |
| 2. Minority Interest   | (220)          | (45)           | -              | -              | 6,708          | -              |
| 3. Long Term Liability- Deferred Tax Liability (Net)                 | 6,884          | 8,369          | 8,211          | 9,759          | 6,635          | 4,253          |
| <b>Total Own Funds (1+2+3)</b>                                       | <b>123,113</b> | <b>123,480</b> | <b>71,270</b>  | <b>53,495</b>  | <b>35,320</b>  | <b>16,480</b>  |
| <b>B. Outside</b>  |                |                |                |                |                |                |
| Loans  |                |                |                |                |                |                |
| Oil Industry Development Board                                       | -              | -              | -              | -              | 61             | 157            |
| Oil and Natural Gas Corporation Ltd                                  | 162,723        | 153,065        | 112,649        | 130,941        | 157,618        | 115,469        |
| 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             | -              |
| Commercial Paper/ Non Convertible Redeemable Bonds                   | 34,300         | 52,500         | -              | -              | -              | -              |
| <b>Total Outside Resources</b>                                       | <b>206,983</b> | <b>206,790</b> | <b>113,738</b> | <b>132,347</b> | <b>159,242</b> | <b>116,610</b> |
| <b>TOTAL RESOURCES (A+ B)</b>  | <b>330,096</b> | <b>330,270</b> | <b>185,008</b> | <b>185,842</b> | <b>194,562</b> | <b>133,090</b> |
| <b>DISPOSITION RESOURCES</b>   |                |                |                |                |                |                |
| <b>A. Block Capital</b>  |                |                |                |                |                |                |
| 1. Fixed Assets  | 47,657         | 40,331         | 45,144         | 50,774         | 17,247         | 12,013         |
| 2. Producing Properties (Net of depletion)                           | 108,843        | 91,401         | 60,840         | 56,056         | 36,806         | 15,947         |
| 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         |
| 3. Goodwill  | 92,455         | 111,109        | 22,847         | 27,686         | 14,172         | 10,753         |
| <b>Total Block Capital (1+2+3)</b>                                   | <b>238,371</b> | <b>231,480</b> | <b>123,964</b> | <b>130,013</b> | <b>65,706</b>  | <b>38,713</b>  |
| <b>B. Working Capital</b>  |                |                |                |                |                |                |
| (a) Current Assets   |                |                |                |                |                |                |
| i) Inventories   | 6,201          | 5,941          | 3,200          | 3,649          | 2,163          | 1,175          |
| ii) Debtors (Net of Provision)                                       | 29,384         | 24,701         | 15,222         | 11,203         | 3,944          | 7,566          |
| iii) Cash and Bank Balances  | 16,598         | 15,997         | 21,564         | 12,125         | 2,563          | 7,083          |
| iv) Loans and Advances and others                                    | 23,729         | 34,853         | 13,669         | 21,306         | 77,599         | 36,402         |
| <b>Sub Total</b>   | <b>75,912</b>  | <b>81,492</b>  | <b>53,655</b>  | <b>48,283</b>  | <b>86,269</b>  | <b>52,226</b>  |
| Less:  |                |                |                |                |                |                |
| (b) Current Liabilities and Provisions                               | 45,236         | 48,153         | 24,063         | 18,845         | 11,870         | 9,855          |
| <b>Working Capital (a - b)</b>                                       | <b>30,676</b>  | <b>33,339</b>  | <b>29,592</b>  | <b>29,438</b>  | <b>74,399</b>  | <b>42,371</b>  |
| <b>C. Capital Employed (A+B)</b>                                     | <b>269,047</b> | <b>264,819</b> | <b>153,556</b> | <b>159,451</b> | <b>140,105</b> | <b>81,084</b>  |
| <b>D. Capital Works in Progress</b>                                  | <b>36,421</b>  | <b>33,780</b>  | <b>12,503</b>  | <b>14,149</b>  | <b>43,746</b>  | <b>45,476</b>  |
| <b>E. Exploratory/Development Wells In Progress</b>                  | <b>24,628</b>  | <b>31,671</b>  | <b>18,949</b>  | <b>12,242</b>  | <b>10,711</b>  | <b>6,530</b>   |
| <b>TOTAL DISPOSITION (C TO E)</b>                                    | <b>330,096</b> | <b>330,270</b> | <b>185,008</b> | <b>185,842</b> | <b>194,562</b> | <b>133,090</b> |



OPERATIONAL & FINANCIAL HIGHLIGHTS



\* For the year - 2012-13 & 2013-14, Restated for right issue during the current year.



## NOTICE

**NOTICE** is hereby given that the 49<sup>th</sup> Annual General Meeting of ONGC Videsh Limited will be held on **Thursday, the 28<sup>th</sup> day of August 2014 at 14:00 hours** in the Board Room, 4<sup>th</sup> Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi – 110001 to transact the following business:

## ORDINARY BUSINESS

1. To receive, consider and adopt the audited financial statement of the Company for the financial year ended March 31, 2014 and the Reports of the Directors and Statutory Auditors thereon alongwith comments of Comptroller & Auditor General of India.
2. To appoint a Director in place of Mr. Shyamal Bhattacharya (DIN: 05323234), who retires by rotation and being eligible, offers himself for reappointment.
3. To authorise Board of Directors of the Company to fix the remuneration of the Joint Statutory Auditors of the Company for the Financial Year 2014-15 on recommendation of Audit Committee, in terms of the provisions of section 139(5) read with section 142 of the Companies Act, 2013 and to pass the following resolution as Ordinary Resolution, with or without modification(s),:

**“RESOLVED THAT the Board of Directors of the Company be and is hereby authorised to decide and fix the remuneration of the Joint Statutory Auditors of the Company for the Financial Year 2014-15, as may be deemed fit by the Board.”**

## SPECIAL BUSINESS

## ITEM No. 4

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

**“RESOLVED THAT Mr. Dinesh Kumar Sarraf (DIN: 00147870), who was appointed as an Additional Director and designated as Chairman under section 161 of the Companies Act, 2013, effective 1<sup>st</sup> March, 2014 and holds office upto the date of 49<sup>th</sup> Annual General Meeting and the Company having received a notice in writing, under Section 160 of the Companies Act, 2013, from Oil and Natural Gas Corporation Limited, proposing his candidature for the office of director, be and is hereby appointed as a Director and designated as Chairman of the Company liable to retire by rotation.”**

## ITEM No. 5

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

**“RESOLVED THAT Dr. Anil Bhandari (DIN: 06679826), who was appointed as an Additional Director and designated as Director (Exploration) under section 161 of the Companies Act, 2013, effective 6<sup>th</sup> March, 2014 (AN) and holds office upto the date of 49<sup>th</sup> Annual General Meeting and the Company having received a notice in writing, under Section 160 of the Companies Act, 2013, from Dr. Anil Bhandari, proposing himself for the office of director, be and is hereby appointed as a Director and designated as Director (Exploration) of the Company liable to retire by rotation.”**

## ITEM No. 6

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

**“RESOLVED THAT pursuant to the provisions of Section 233-B (2) of the Companies Act, 1956 and Section 148 and other applicable provisions of the Companies Act, 2013 and Rule 14(a) (ii) of the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof, for the time being in force), the aggregate remuneration of ₹ 1,50,000 (which includes audit fee and fee for filing cost audit report in XBRL mode with Ministry of Corporate Affairs) plus applicable taxes payable to M/s. Gurdeep Singh & Associates, practicing Cost Accountant, appointed by the Board of Directors of the Company, to conduct the audit of the cost records of the Company for the financial year ending March 31, 2015, be and is hereby ratified, subject to approval of the Central Government.”**

By Order of the Board of Directors  
For ONGC Videsh Limited

Sd/-  
(S. B. Singh)  
Company Secretary

Date: 04.08.2014  
Place: New Delhi

Tanker loader Dekastri, Sakhalin



## NOTES

1. A Member entitled to attend and vote at the Meeting is Entitled to appoint a proxy to attend and vote on his behalf and such proxy need not be a Member of the Company. A blank proxy form is enclosed. The proxy form, duly Completed, is required to be deposited at the registered office of the company not later than forty eight (48) hours before the time of Commencement of the Meeting.  
In terms of section 105 of the Companies act, 2013, and rules thereunder, a person can act as a proxy on Members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company. A Member holding more than
2. The Explanatory statement as required under the provisions of Section 102 of the Companies Act, 2013 is annexed herewith and forms part of the NOTICE.
3. The Company has designated an exclusive e-mail ID at secretariat@ongcvidesh.in for redressal of investors' complaints/ grievances. In case you have any queries/complaints or grievances, then please write to us at the above email address.



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

The following statement sets out all material facts relating to the Special Business mentioned in the accompanying NOTICE:

### ITEM NO. 4: APPOINTMENT OF MR. DINESH KUMAR SARRAF

In terms of Article 12-A(a) of the Articles of Association of ONGC Videsh Limited (ONGC Videsh), ONGC shall have power to appoint one of its Director as the Chairman of the Company. Accordingly, the Board of ONGC has approved nomination of Mr. Dinesh Kumar Sarraf, CMD, ONGC as Director and Chairman on the Board of ONGC Videsh w.e.f. 1<sup>st</sup> March, 2014.

Mr. Dinesh Kumar Sarraf was appointed as an Additional Director and designated as Chairman on the Board of ONGC Videsh effective 1<sup>st</sup> March, 2014. In terms of section 161 of the Companies Act, 2013, he holds office upto the date of 49<sup>th</sup> Annual General Meeting of the Company and he is liable to retire by rotation.

Mr. Dinesh Kumar Sarraf was born on 3<sup>rd</sup> September, 1957 and he is an Associate Member of Institute of Cost Accountants of India and Institute of Company Secretaries of India. He has experience of over three decades in the oil and gas industry, having started his oil and gas career in India's second largest upstream oil company – Oil India Limited and worked there till 1991 where he inculcated the experience in various facets of E&P at oil field level. He joined ONGC in 1991 and handled various key assignments at corporate offices. These included, restructuring ONGC from a statutory commission into a commercial corporation, including its financial restructuring and valuation. Mr Sarraf assumed the charge of Managing Director and CEO of ONGC Videsh Limited in September 2011. As Managing Director & CEO, ONGC Videsh, he institutionalized systems and processes to ensure attainment of the committed targets. He has introduced 'zero-based risk review' mechanism for risk assessment in major acquisitions and mitigations of the risks. He laid emphasis on capability building and creating systems-based approach to activities of ONGC Videsh in general and business development in particular. To accomplish this daunting task, he actively participated in the financial due diligence and price negotiations for company's major acquisitions, like Block BC-10 Brazil, NEMED Block Egypt, AFPC Project Syria, MECL Project Colombia, Rovuma Area I Block in Mozambique offshore etc.; and guided the negotiating team for other acquisitions, resulting in substantial savings. He was awarded the CEPMA-PMA fellowship on December 2, 2013 by the Project Management Associates – India (PMA – India). Mr. Sarraf earlier worked in ONGC Videsh Limited as Director (Finance) during February 2005 to December 2007. During this period, ONGC Videsh made significant acquisitions in Syria, Brazil, Colombia, Venezuela, Cuba, Egypt and Myanmar. Mr Sarraf played key roles in negotiation and conclusion of these transactions. During this period, the Company saw significant increase in its activities, production, revenue and profits. In December 2007, he joined ONGC as Director (Finance). In recognition of his achievements; he was given the Best CFO Award in Oil & Gas sector in India by CNBC in 2009 and 2011.

Mr. Dinesh Kumar Sarraf holds Directorship on the Board of (1) ONGC Videsh Limited (2) Mangalore Refinery and Petrochemicals Limited (3) ONGC Petro-additions Limited (4) ONGC Mangalore Petrochemicals Limited (5) Mangalore SEZ Limited (6) ONGC Tripura Power Company

Limited (7) ONGC Mittal Energy Limited (Foreign Company) and (8) Petronet LNG Limited.

Mr. Dinesh Kumar Sarraf is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director.

Mr. Dinesh Kumar Sarraf holds one equity share of ₹ 100/- in the Company. However, the beneficial ownership of the equity share is with ONGC.

Except Mr. Dinesh Kumar Sarraf, none of the Directors, Key Managerial Personnel of the Company or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 4 of the Notice.

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

### ITEM NO. 5: APPOINTMENT OF DR. ANIL BHANDARI

Dr. Anil Bhandari was appointed as an additional Director and designated as Director (Exploration) on the Board of ONGC Videsh effective 6<sup>th</sup> March, 2014. In terms of Section 161 of the Companies Act, 2013, he holds office upto the date of 49<sup>th</sup> Annual General of the Company and is liable to retire by rotation.

The Government of India appointed Dr. Anil Bhandari to the post of Director (Exploration) of ONGC Videsh in the scale of pay of ₹75,000-1,00,000/- for a period of five years from the date of his assumption of charge of the office till the date of his superannuation or until further orders, whichever is the earliest.

Dr. Anil Bhandari was born on 27<sup>th</sup> July, 1955 and he has done M.Tech. in Applied Geology and PhD from Department of Geology, Rajasthan University. He joined ONGC in 1979 and served in various capacities as Head Geoscience Group, Head Basin Research group, KDMIPE, Head Functional training Group of ONGC Academy and in management of exploration activities in Cambay Basin, Assam Arakan Basin, Mumbai Offshore and other exploration projects of ONGC. Prior to joining the Board of ONGC Videsh, he was posted in Sudan as Executive Director and Country Manager, ONGC Nile Ganga BV, Khartoum, with responsibility for total chain of operations from upstream, midstream and downstream. Dr. Bhandari has been a recipient of number of awards and recognitions. Among them is Young Executive Award by ONGC in 1988, followed by most prestigious NATIONAL MINERAL AWARD 2001 conferred on him by Government of India in recognition to the contributions in Geology and Stratigraphy. Recently he has been awarded Prof. S.N Bhalla Gold medal in 2009 by the Paleontological Society of India.

Dr. Anil Bhandari is not disqualified from being appointed as a Director in terms of Section 164 of the Companies Act, 2013 and has given his consent to act as a Director.

Except Dr. Anil Bhandari, none of the Directors, Key Managerial Personnel of the Company and/or their relatives are in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 5 of the Notice.



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

#### ITEM NO. 6: RATIFICATION OF REMUNERATION OF COST AUDITORS FOR THE FINANCIAL YEAR 2014-15

The Board of Directors vide Resolution by Circulation No. 3/ 2014 dated 23<sup>rd</sup> June, 2014 on the recommendation of the Audit Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company for the financial year ending 31<sup>st</sup> March, 2015, subject to the approval of Central Government.

In accordance with the provisions of Section 148 of the Companies Act, 2013 read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors has to be ratified by the shareholders of the Company.

Accordingly, consent of the members is sought for passing an Ordinary Resolution as set out at Item No. 6 of the Notice for ratification of the remuneration payable to the Cost Auditors for the financial year ending 31<sup>st</sup> March, 2015.

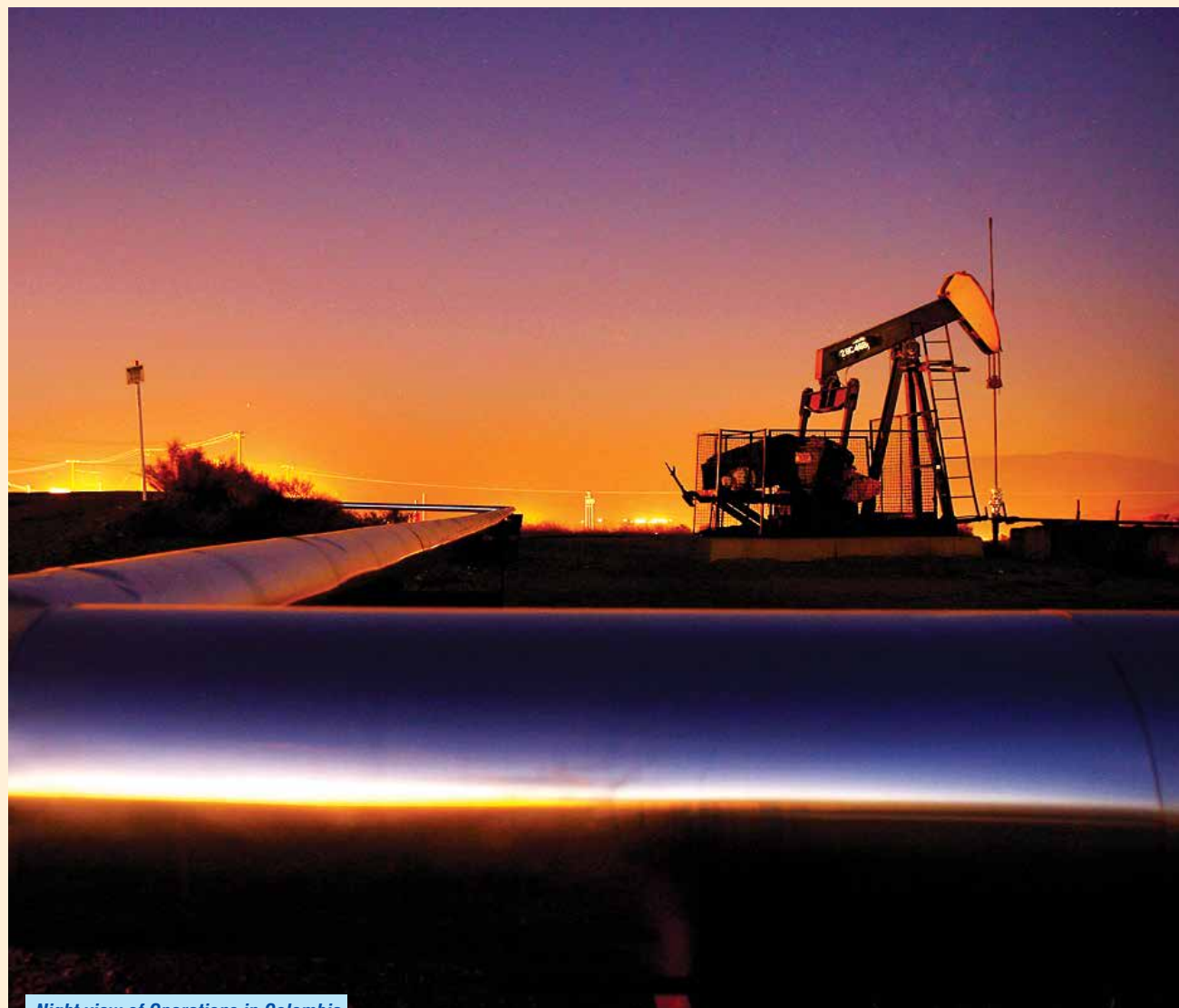
None of the Directors, Key Managerial Personnel of the Company and/ or their relatives are, in any way, concerned or interested, financially or otherwise, in the resolution set out at Item No. 6 of the Notice.

The Board commends the Ordinary Resolution set out at Item No. 6 of the Notice for approval by the shareholders.

By Order of the Board of Directors

Date: 04.08.2014  
Place: New Delhi

Sd/-  
(S. B. Singh)  
Company Secretary



Night view of Operations in Colombia

## Form No. MGT-11 FORM OF PROXY

[Pursuant to section 105(6) of the Companies Act, 2013 and rule 19(3) of the Companies (Management and Administration) Rules, 2014]

CIN: U74899DL1965GOI004343

Name of the company: ONGC VIDESH LIMITED

Registered office: 601, KAILASH, 26, KASTURBA GANDHI MARG, NEW DELHI - 110001

Name of the member (s):

Registered address:

E-mail Id:

Folio No/ Client Id:

DP ID:

I/We, being the member (s) of ..... shares of the above named company, hereby appoint

- Name: .....  
Address: .....  
E-mail Id: .....  
Signature:....., or failing him
- Name: .....  
Address: .....  
E-mail Id: .....  
Signature:....., or failing him
- Name: .....  
Address: .....  
E-mail Id: .....  
Signature:.....,

as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf at the 49<sup>th</sup> Annual general meeting of the Company, to be held on Thursday, the 28<sup>th</sup> day of August 2014 at 14:00 hours at Board Room, 4<sup>th</sup> Floor, Kailash Building, 26, K. G. Marg, New Delhi – 110 001 and at any adjournment thereof in respect of such resolutions as are indicated below:

| Resolutions   | For | Against |
|---|-----|---------|
| 1. Adoption of Annual Accounts, Reports of the Board of Directors, Statutory Auditors and C&AG. |     |         |
| 2. Re-appointment of Mr. Shyamal Bhattacharya as Director who retires by rotation.              |     |         |
| 3. Fix remuneration of the Auditors.  |     |         |
| 4. Appointment of Mr. D. K. Sarraf as Director  |     |         |
| 5. Appointment of Dr. Anil Bhandari as Director   |     |         |
| 6. Ratification of remuneration of Cost Auditor for the financial year 2014-15                  |     |         |

Signed this..... day of..... 20.....

Signature of shareholder .....

Signature of Proxy holder(s) .....

Affix  
Revenue  
Stamp

**Note:** This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.



## DIRECTORS' REPORT

Dear Members,

It gives me immense pleasure in presenting before you, on behalf of the Board of Directors of your Company, the 49<sup>th</sup> Annual Report on the business and operations of ONGC Videsh Ltd. (ONGC Videsh) for the financial year ended 31<sup>st</sup> March, 2014, together with the Annual Financial statements, the Auditors' Report thereon and the comments on the Accounts by the Comptroller and Auditor General of India (C&AG).

### 1. PERFORMANCE HIGHLIGHTS

The financial year 2013-14 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 8.357 MMTOE during FY'14 as compared to 7.260 MMTOE during FY'13, registering an incremental gain of 1.097 MMTOE during FY'14. This incremental gain was due to additional production from producing assets - ACG, Azerbaijan (0.883 MMTOE); oil production from South Sudan assets (0.252 MMT) and acquisition of additional 12% stake in Block BC-10, Brazil in December 2013 (0.068 MMTOE). Oil production increased by 26.29% and gas production decreased by 1.58%; with overall increase of 15.11% during FY'14 in comparison to FY'13. The production from South Sudan assets is closed since December 2013 after internal conflict between two groups. Production from AFPC, Syria in FY'14 was NIL due to continued internal conflict and civil strife.
- Your Company's consolidated net worth has increased by 42.45% to ₹ 415,488 million as on 31<sup>st</sup> March, 2014 as compared to ₹ 291,666 million as on 31<sup>st</sup> March, 2013. Your Company has

issued additional equity shares of ₹ 50,000 million to its parent company ONGC.

- Your Company's share of proved reserves as on 1<sup>st</sup> April 2014 stood at 207.133 MMTOE (O+OEG).
- Revenue from Operations of the Company for FY'14 stood at ₹217,771 million, increase of 24.04%.
- Your Company's consolidated net profit was up 13.14 %, from ₹ 39,291 million for FY'13 to ₹ 44,453 million for FY'14, the highest ever.
- Your Company achieved an overall rating of "Very Good" in performance on MOU parameters for FY'13. MoU performance is expected to be "Excellent" for FY'14 based on internal assessment.

### 2. FINANCIAL RESULTS

#### a) Consolidated Financial statements:

The Consolidated Financial statements including those of subsidiaries - ONGC Nile Ganga BV, ONGC Narmada Limited, ONGC Amazon Alaknanda Limited, Imperial Energy Limited, Beas Rovuma Energy Mozambique Ltd., Carabobo One AB, ONGC (BTC) Limited, ONGC Hydrocarbons Limited, Krishna Rovuma Energy Mozambique Limited and Jointly Controlled Entity ONGC Mittal Energy Limited, form part of the Annual Report and Accounts.



Orlean Platform, Sakhalin, Russia

#### Highlights:-

| (₹ in Million)  |               |               |
|---|---------------|---------------|
| Particulars   | 2013-14       | 2012-13       |
| Total Income  | 2,22,242      | 180,293       |
| Expenditure   | 1,52,354      | 113,468       |
| Profit Before Tax   | 69,888        | 66,825        |
| Provision for Tax (including deferred and earlier period tax) | 25,571        | 27,653        |
| Share of Profit – Minority Interest                           | (136)         | (118)         |
| <b>Profit After Tax</b>                                       | <b>44,453</b> | <b>39,291</b> |
| Paid-up Equity Share Capital                                  | 1,00,000      | 50,000        |
| Net Worth   | 4,15,488      | 291,666       |
| Earnings Per Share of ₹ 100 each (figures in ₹)*              | 49.49         | 47.06         |

\* Restated for rights issue of equity shares amounting to ₹ 50,000 million issued to the parent company ONGC during the year.

#### b) Stand-alone Accounts:

| (₹ in Million)  |         |         |
|---|---------|---------|
| Particulars   | 2013-14 | 2012-13 |
| Total Income  | 103,967 | 78,706  |
| Expenditure   | 52,639  | 40,832  |
| Profit Before Tax   | 51,328  | 37,874  |
| Provision for Tax (including deferred and earlier period tax) | 15,806  | 11,427  |
| Profit After Tax  | 35,522  | 26,447  |
| Transfer to General Reserve                                   | 3,552   | 2,645   |
| Transfer to Debenture Redemption Reserve                      | 10,381  | 4,308   |

| Particulars                                      | 2013-14 | 2012-13 |
|--|---------|---------|
| Paid-up Equity Share Capital                     | 100,000 | 50,000  |
| Net Worth  | 249,305 | 167,305 |
| Earnings Per Share of ₹ 100 each (figures in ₹)* | 41.37   | 34.32   |

\* Restated for rights issue of equity shares during the year amounting to ₹ 50,000 million to the parent company ONGC during the year.

#### c) Dividend:

No dividend has been proposed for the FY'14, to conserve resources for further growth.

#### d) Market Borrowings:

During the current year, the Company has raised significant borrowings from the international markets as below:

| Description                       | Amount (USD/ million) | Drawdown date | Term (Year) | Purpose  |
|-----------------------------------|-----------------------|---------------|-------------|--|
| 2.50% USD Bonds                   | 300                   | 7- May-13     | 5           | To refinance bridge loan taken in FY'13 for acquisition in Azerbaijan.                               |
| 3.75% USD Bonds                   | 500                   | 7-May-13      | 10          | To refinance bridge loan taken in FY'13 for acquisition in Azerbaijan.                               |
| USD syndicated bank loan facility | 1,500                 | 6-Jan-14      | 1           | Bridge loan for acquisition of 6% participating interest Rovuma Area 1, in Mozambique from Videocon. |



Subsea-7 Nets Contract for BC-10 Phase-3 Project Offshore, Brazil



| Description                       | Amount (USD/ million) | Drawdown date | Term (Year) | Purpose   |
|-----------------------------------|-----------------------|---------------|-------------|---|
| USD syndicated bank loan facility | 1,775                 | 28-Feb-14     | 5           | Term loan to part finance acquisition of 10% participating interest in Rovuma Area 1, Mozambique from Anadarko.   |
| USD syndicated bank loan facility | 725                   | 28-Feb-14     | 1           | Bridge loan to part finance acquisition of 10% participating interest in Rovuma Area 1, Mozambique from Anadarko. |

The bridge loans are proposed to be replaced by long-term external commercial borrowings compliant with extant ECB Guidelines issued by RBI. The borrowings were raised at the most attractive rates and received excellent response from the debt capital market investors/ banks.

### 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 the consolidated financial statements. In brief, your Company's reserves under different categories are as under:

|    |   | As on 31 <sup>st</sup> March, 2014 | As on 31 <sup>st</sup> March, 2013 |
|----|---|------------------------------------|------------------------------------|
| a. | <b>1P Reserves (Proved)</b>                       |                                    |                                    |
|    | Oil (including Condensate) (In MMT)               | 112.185                            | 104.119                            |
|    | Gas (In BCM)                                      | 94.948                             | 92.296                             |
|    | <b>Total 1P Reserves (In MMTOE)</b>               | <b>207.133</b>                     | <b>196.415</b>                     |
| b. | <b>2P Reserves (Proved + Probable)</b>            |                                    |                                    |
|    | Oil (including Condensate) (In MMT)               | 261.400                            | 256.210                            |
|    | Gas (In BCM)                                      | 339.291                            | 139.403                            |
|    | <b>Total 2P Reserves (In MMTOE)</b>               | <b>600.691</b>                     | <b>395.613</b>                     |
| c. | <b>3P Reserves (Proved + Probable + Possible)</b> |                                    |                                    |
|    | Oil (including Condensate) (In MMT)               | 279.686                            | 274.007                            |
|    | Gas (In BCM)                                      | 357.658                            | 158.913                            |
|    | <b>Total 3P Reserves (In MMTOE)</b>               | <b>637.344</b>                     | <b>432.920</b>                     |

Accretion of 197.083 MMTOE is added on account of Mozambique resources, which are subject to approval of FID, expected in 2014.

### 4. NEW ACQUISITIONS:

#### 4.1 Rovuma Area 1 offshore Block, Mozambique:

Your Company completed the acquisition of 10% participating interest (PI) in the Rovuma Area 1 offshore Block (Area- 1), Mozambique from Anadarko Mozambique Area 1 Limitada (**Anadarko**) on 28<sup>th</sup> February, 2014.

Earlier, ONGC Videsh jointly with Oil India Limited acquired 100% shares of Videocon Mozambique Rovuma 1 Limited, since renamed Beas Rovuma Energy Mozambique Limited (**BREML**) from Videocon Mauritius Energy



Work in progress in Mozambique

Limited on 7<sup>th</sup> January, 2014. BREML holds 10% PI in Area-1 and ONGC Videsh's indirect PI in Area-1 through its 60% shareholding of BREML amounts to 6%.

Area 1 covers approximately 2.6 million acres in the deep-water Rovuma Basin, offshore Mozambique and represents the largest natural gas discoveries in offshore East Africa with estimated recoverable resources of 50 to 70 trillion cubic feet. The other partners in Area- 1 include Anadarko (operator), ENH (the National Oil Company of Mozambique), Mitsui, BPRL, BREML (joint venture company of ONGC Videsh and Oil India) and PTTEP.

The acquisition marks ONGC Videsh's entry into this emerging world-class offshore natural gas basin with significant future upside potential. Area- 1 has the potential to become one of the world's largest LNG producing hubs and is strategically located to supply LNG to the growing Indian gas market.

#### 4.2 Acquisition of additional PI in Block BC-10, Brazil :

ONGC Videsh, through its affiliates acquired an additional 12% PI in Block BC-10, a deep water offshore block in Campos Basin, Brazil taking its PI in the block to 27%. The operator, Shell holds the balance 50% PI in the block and the remaining 23% PI was held by BC-10 Petroleo Ltda, a subsidiary of Shell. Subsequently, shell has transferred 23% to Qatar Petroleum International.



Mozambique gas field, natural gas flow test

ONGC Videsh had earlier acquired 15 % PI in Block BC-10 in 2006. The other partners in the block were Shell, Operator with 50% PI and Petrobras with 35% PI. In August 2013, Petrobras entered into an agreement with Sinochem for sale of its 35% PI. This agreement was subject to pre-emption rights of the partners. Shell and ONGC Videsh exercised their pre-emption rights for acquisition of 23% PI and 12% PI respectively. On approval of the Brazilian regulatory authorities for acquisition, the transaction was completed on 30<sup>th</sup> December, 2013. ONGC Videsh has paid a purchase consideration of USD 560 million for 12% stake in the block.

#### 4.3 Bangladesh Bid Round:

Bangladesh Government launched the "Bangladesh Offshore Bidding Round 2012" during December 2012 offering 12 blocks for competitive bidding including 9 shallow water and 3 deep water blocks.

A consortium of ONGC Videsh and OIL India was awarded two blocks SS-09 and SS-04. Production Sharing Contracts (PSC) were signed on 17<sup>th</sup> February, 2014 and the Joint Operating Agreements are under finalisation.

Currently Blocks are in Initial Exploration Period. The current areas of the blocks SS-04 and SS-09 are 7,269 Sq. km. and 7,026 Sq. km respectively with water depths of 20 to 200 meters in offshore Bangladesh. In both the Blocks SS-04 and SS-09, your Company as Operator holds 45% PI with Oil India Limited and Bangladesh Petroleum Exploration and Production Company Limited (BAPEX) holding 45% PI and 10% PI respectively. Your Company along with Oil India carries BAPEX for its 10% share in proportion to the respective PI and will therefore bear half of the BAPEX expenditure during the exploration phase of the Project till Commercial Discovery.

Your Company has opened an office in Dhaka, Bangladesh to carry out the exploratory activities.

#### 4.4 Myanmar Bid Round:

Ministry of Energy, Myanmar, announced the "Myanmar Onshore Blocks Second Bidding Round 2013" on 17<sup>th</sup> January 2013 offering 18 blocks for competitive bidding including 15 on PSC basis and 3 on Improved Petroleum Recovery (IPR) Contract terms. ONGC Videsh submitted bids for three blocks PSC-B2, EP-3 and EP-4 and was awarded two onshore blocks namely PSC-B2 and EP-3 on 10<sup>th</sup> October 2013. These PSCs have been finalised and signed on 8<sup>th</sup> Aug. 2014.



ONGC Videsh is already present in Myanmar with 17% PI in two producing blocks A1 and A3.

## 5. PRODUCING ASSETS

### 5.1 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 Partners 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 production in January, 2003. Development of Lan Do field in the Block was completed during FY'13 with commencement of first gas production from 2 wells on 7<sup>th</sup> October 2012. Your Company's share of production from the block was 1.851 BCM of gas and 0.032 MMT of condensate during FY'14 as compared

Russian National Oil Company. The project includes three offshore fields - Chayvo, Odoptu and Arkutun Dagi. The first phase of Sakhalin-1 Chayvo field was 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 FY'14. Your Company's share of production from the project was 1.488 MMT of oil and 0.576 BCM of gas during FY'14 as compared to 1.370 MMT of oil and 0.650 BCM of gas during FY'13. Your Company's share of investment in the project was ₹ 266,295.40 million (USD 5641.59 million) till 31<sup>st</sup> March, 2014.

### 5.3 Greater Nile Oil Project (GNOP), Sudan

Your Company holds 25% PI in the GNOP, Sudan through its wholly owned subsidiary ONGC Nile Ganga BV (ONGBV) acquired on 12<sup>th</sup> 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

GNOP in Sudan is jointly operated by all partners through a Joint Operating Company 'Greater Nile Petroleum Operating Company (GNPOC) 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 including 6 Pumps stations and export terminal at Port Sudan are situated in Sudan.

Post secession, as the Government of Sudan's share of total production from Sudan was not sufficient to meet requirements of local refineries; the Government of Sudan requested foreign partners to sell their share of crude oil to it. However, the payment of dues for crude oil taken by Government of Sudan have not been received fully, and your Company's share of outstanding dues were about USD 123 million as on 31<sup>st</sup> March, 2014. Your Company along with other foreign partners are continuously taking up the matter with the Government of Sudan.

Your Company's share in oil production from GNOP, Sudan was 0.741 MMT during FY'14 as compared to 0.596 MMT during FY'13.

### 5.4 Greater Pioneer Operating Company (GPOC), South Sudan

Upon secession of South Sudan from the Republic of Sudan (ROS) effective from 9<sup>th</sup> 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 comprising Blocks 1, 2 & 4 in South Sudan is jointly operated by all partners through a Joint Operating Company GPOC registered in Mauritius. Your Company holds 25% PI 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 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 23<sup>rd</sup> January 2012 which continued during the entire FY'13.

Following settlement of the remaining geo-political issues between the two countries, a time based frame work termed as "Implementation Matrix for Agreements" was signed between the two Governments on 12<sup>th</sup> March, 2013 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 1, 2 & 4 resumed oil production in April, 2013.

However due to internal conflict and the deteriorating security situation in South Sudan, the Production activities in Blocks 1, 2 & 4, GPOC have again been shut down since 21<sup>st</sup> December, 2013.

The production is expected to resume gradually subject to the normalisation of security situation.

Your Company's share in oil production from GPOC, South Sudan was 0.218 MMT during FY'14 as compared to nil during FY'13.

The cumulative investments in the GPOC after bifurcation from GNPOC, Sudan was ₹ 812 million (USD 13.43 million) till 31<sup>st</sup> March, 2014.



ONGC Videsh Officials, in discussion during Performance Contract signing ceremony FY 2013-14

to 2.104 BCM of gas and 0.037 MMT of condensate during FY'13. Your Company's share of cumulative investment in the block was ₹ 19,293.05 million (USD 416.25 million) till 31<sup>st</sup> March, 2014.

### 5.2 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. ONGC Videsh 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 holds 30% and remaining 20% PI is held by Rosneft, the

Blocks 1, 2 & 4 spread over 49,500 sq km in the Muglad Basin, located about 780 km South-West of the capital city of Khartoum in 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 (FPs) entered in December 2010, part ownership in the pipeline system got transferred to the Government of Sudan effective from 1<sup>st</sup> October 2006, reducing your Company's PI in the pipeline system from 25% to 11.25%.



Algerian delegation with Director (Finance) and Senior officials of ONGC Videsh





View of an Oil rig in Venezuela

The cumulative investments in projects of GNOP, Sudan and GPOC, South Sudan was ₹ 99,003.65 million (USD 2,113.52 million) till 31<sup>st</sup> March, 2014.

#### 5.5 Block 5A, South Sudan

Your Company holds 24.125% PI in Block 5A in South Sudan which was acquired from OMV Aktiengesellschaft of Austria on 12<sup>th</sup> 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 Nilepet of South Sudan (8% PI).

Block 5A is jointly operated by all partners through a Joint Operating Company, SUDD Petroleum Operating Company (SPOC).

Post-secession, the Governments of Sudan and the Govt. of South Sudan had been engaged in negotiations to resolve their outstanding geopolitical and commercial issues. However, due to slow progress on these issues, Government of South Sudan enforced shut down of crude production and other oil field operations effective from 23<sup>rd</sup> January 2012, which continued during FY'13. After continuous persuasion by the leaders of African Unions, agreement on the outstanding geopolitical issues Implementation Matrix was signed by Sudan and South Sudan on 12<sup>th</sup> March 2013. Thereafter on getting clearance from the Govt. of South Sudan, SPOC resumed oil production from Block 5A in April 2013.

However, due to internal conflicts and deteriorating security situations in South Sudan the production activities in Block 5A have again been shut down since 19<sup>th</sup> December 2013.

The production is expected to resume gradually subject to normalisation of the security situation

Your Company's share in oil production from Block 5A, South Sudan was 0.034 MMT during FY'14 as compared to Nil during FY'13 and share of cumulative investment in the project was about ₹ 20,386.20 million (USD 459.84 million) till 31<sup>st</sup> March, 2014.

#### 5.6 San Cristobal Project, Venezuela

Your Company signed an agreement with Corporación Venezolana de Petróleo S.A. (CVP), a subsidiary of Petróleos de Venezuela S.A. (PDVSA) on 8<sup>th</sup> 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 prolific Orinoco Heavy Oil belt in Venezuela. The project is operated jointly by your Company and the PDVSA through a Joint Venture Company (JVC) named as "Petrólera 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, dividends for 2009 to 2012 totalling to USD 421.51 million remained unpaid due to cash flow difficulties being faced by PDVSA/CVP. The matter is being followed-up with concerned authorities at different levels.

During FY'14, your Company's share crude oil production was 0.767 MMT as compared to 0.800 MMT during FY'13.

Your Company's share of investment in the project was ₹ 17,179.40 million (USD 348.86 million) till 31<sup>st</sup> March, 2014.

#### 5.7 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 13<sup>th</sup> January 2009 at a total cost of USD 2.1 billion. Imperial's interests currently comprise eight blocks in the Tomsk region i.e. Block 69, 70-1, 70-2, 70-3, 77, 80, 85-1 and 86 with a total licensed area of approximately 12,700 square



Executive Committee and senior officials viewing the Environment day presentation

kilometres with 14 E&P licenses. The Production licenses were granted to the Company during 2005 to 2013 and are valid till 2027 to 2033. As on 1<sup>st</sup> April 2014, the 3P reserves in the project are 109.068 MMTOE. The post-acquisition development activities of Imperial Energy included drilling of 76 development wells, a new field development and construction of facilities. On the exploratory front also, sanctioned exploratory/ appraisal wells were drilled from 2009 to March-2014 and discovered 3 new fields were discovered. 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 parts of Imperial's reserves are in tight formations that require advanced technology to exploit the reserves economically. Additionally, high oil potential productive shale - Bazhenov shale is present in all acreages of Imperial Energy. To identify suitable technology and an experienced technology partner to exploit these reserves, Imperial Energy has signed a Technology Partnership Agreement with global leaders in hydro- fracturing technology and completion in tight reservoirs for testing the technology in one of the oilfields. It is estimated that the Bazhenov shale has the potential to produce substantial volumes of oil and can be exploited with similar technology that was adopted in the Bakken shale formations of USA.

Subsequent to the engagement, a team of experts from the technology partner and Imperial Energy initiated the process of reviewing existing G&G data, identifying the suitable technology and to initiate pilot studies

based on technology identified after feasibility completion studies.

Successful pilot results would enable development of other tight sandstone fields and also exploitation of oil from vast acreage of Bazhenov shale. During the FY'14, production of Imperial Energy was 0.423 MMTOE as compared to 0.631 MMTOE during FY'13. The production during FY'14 was lower as Imperial Energy focussed on identifying suitable technology for economic exploitation of its tight reservoirs.

The cumulative investment in the project was ₹ 125,361.80 million (USD 2,715.71 million) till 31<sup>st</sup> March, 2014.

#### 5.8 Mansarovar Energy Project, Colombia

Mansarovar Energy Colombia Limited (MECL), Colombia is a 50:50 joint venture company of ONGC Videsh and Sinopec of China. Effective 1<sup>st</sup> 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. In FY'13, MECL acquired another exploration Onshore Block Llanos-69 (LLA-69) in the prolific llanos basin of Colombia. The company has taken initiatives like steam flooding and foam injection to improve oil recovery from producing fields. Pilot steam flooding project at Jazmin and Water flooding pilot project at Velasquez are under evaluation. Your Company's share of oil and oil





Offshore rig in Vietnam

equivalent gas production from MECL was 0.604 of MMTOE during FY'14 as compared to 0.559 MMTOE during FY'13.

Your Company's share of cumulative investment in the project was ₹ 47,991.90 million (USD 1,020.67 million) till 31<sup>st</sup> March, 2014.

#### 5.9 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 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. European Union further imposed enhanced sanctions on Syria on 1<sup>st</sup> December, 2011 and also included AFPC and General Petroleum Company in the list of sanctioned Syrian entities. Since then due to Force Majeure situation, operations were stopped by foreign partners. During FY'14, the project continued under Force Majeure situation. It is understood that there is no information of production from AFPC Oilfields due to continued political and security problem in the Country and oilfield areas. Due to Force Majeure situation, the accounting of revenue and expenditure has not been carried out during FY'13 and FY'14. Resumption of Operations by your company in the project is expected on normalization of political and security situation in Syria.

Your Company's share of investment in the project was ₹ 12,447.80 million (USD 278.51 million) till 31<sup>st</sup> March, 2014.

#### 5.10 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 recently acquired 12% additional PI and presently holds total 27% PI (15% + 12%) in the project. Other partners in the Block are Shell with 50% PI as operator and Qatar Petroleum International (QPI) who acquired 23% PI from BC-10 Petroleo Ltda (subsidiary of Shell). 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). A total of 11 wells (10 producers and 1 gas injector) were drilled in phase-I to develop 3 fields in the block and oil production commenced on 12<sup>th</sup> July 2009. The Phase II development, being implemented in the field, involves drilling of 7 producers and 4 water injector wells and was completed in January 2014. First Production from Phase II wells commenced on 1<sup>st</sup> October 2013. Phase 3 development is being executed and the plan is to drill to 5 producers and 2 water injectors. Batch drilling of Phase 3 wells commenced in January 2014 and first oil from Phase 3 is expected in April 2016. Your Company's share of oil and gas production was 0.318 MMT and 0.013 BCM respectively during FY'14 as compared to 0.291 MMT and 0.012 BCM respectively during FY'13.

Your Company's share of investment in the project was ₹ 83,184.90 million (USD 1,548.18 million) till 31<sup>st</sup> March, 2014.



AK Field Temp. production facility in Syria

#### 5.11 Pipeline Project, Sudan

Your Company along with Oil India Limited in the ratio of 9:1 had constructed and financed 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 in October, 2005. The lump sum price, together with lease rent is payable to your Company in 18 equal half yearly instalments effective from December 2005. While payment of eleven half-yearly instalments due till December, 2010 has been received from the Government of Sudan, remaining seven instalments due from 30<sup>th</sup> June 2011 to 30<sup>th</sup> June 2014, are yet to be released by the GOS. Your Company has been following up for realization of the amount from GOS at various levels. Dodsai, the EPC contractor for the project had 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 Tribunal passed the arbitral award on 7<sup>th</sup> January 2014, then corrected on 7<sup>th</sup> April 2014 after incorporating some factual corrections. The Tribunal by way of Majority Award has awarded an amount of USD 3.31 million plus interest to the claimants Dodsai. On the other hand, one of the Arbitrators gave a dissenting award allowing the entire claim of Dodsai along with Interest. Dodsai did not accept the Majority Award and has now filed a petition in the Delhi High Court challenging the Majority Award with the prayer for setting the said Majority Award aside and to uphold the Award made by the dissenting Arbitrator. Your company is defending the petition filed by the Claimants and to contest the major part of the Majority Award, while agreeing to a minor part of the Majority Award pertaining to change order claims.

Total outstanding dues from the GOS for pending 7 instalments was USD 98.94 million as on 30<sup>th</sup> June 2014.

Your Company's share of investment in the project was ₹ 6,952.50 million (USD 158.01 million) till 31<sup>st</sup> March, 2014.

#### 5.12 ACG Project, Azerbaijan

On 28<sup>th</sup> March 2013, your Company acquired the 2.72% PI owned by Hess Corporation 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 (2.72%).

Your Company also acquired 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 Deep Water Guneshli portion was developed under Phase 3. Phase 4 of the development of ACG field known as the Chirag Oil Project (COP) has been completed in January 2014 and first oil from COP was received on 28<sup>th</sup> January 2014.

Oil from the fields 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 the 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 the pipeline in the Turkish sector.

Your company's share of oil and gas production from ACG field was 0.883 MMT and 0.099 BCM respectively for FY'14.

Your Company's share of investment in the project was ₹ 53,072.10 million (USD 966.48 million) till 31<sup>st</sup> March, 2014.

### 5.13 Block A-1 and A-3, Myanmar

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

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 ShwePhyu. The Shwe and ShwePhyu field appraisals have been completed by the consortium. 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.

A combined Field Development Plan for Blocks A-1 and A-3 comprising Shwe, ShwePhyu and Mya gas fields approved by Consortium Partners has been commissioned in June 2013. First gas ceremony was held on 28<sup>th</sup> July 2013. Drilling of 2 Shwe development wells were completed during 2013-14.

Your company's share of gas production combined from Blocks A1 and A3 fields was 0.201 BCM during FY'14 and peak production of about 500 MMSCFD is expected from fields in December 2014.

Your Company's share of investment in the project till 31<sup>st</sup> March, 2014 was ₹ 15,309.20 million (USD 299.07 million) and ₹ 6,058.60 million (USD 127.90 million) for Blocks A-1 and A-3 respectively.

### 5.14 Shwe Offshore Mid-Stream Project

The mid-stream project is a part of the combined development of A-1 and A-3 blocks. As a part of this project, 110 Km X 32" gas trunk



Aerial view of project in Venezuela

transportation pipeline of capacity 960 MMSCMD from Shwe Offshore Platform to land fall point at Ramree Island, onshore gas terminal, supply base and jetty has been constructed through an EPCIC contract.

Your Company's share of investment in the project was ₹ 3,638.50 million (USD 71.31 million) till 31<sup>st</sup> March, 2014.

### 5.15 Onshore Gas Transportation Pipeline, Myanmar

Your Company has 8.347% PI in the Onshore Gas Pipeline Transportation project through a joint venture company South-East Asia Gas Pipeline Company Limited (SEAGP) registered in Hong Kong. The shareholdings 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 pipeline has been commissioned on 15<sup>th</sup> July 2013 and gas transportation has started. The capacity of the gas trunk pipeline is 1200 MMSCMD.

Your Company's share of investment in the project was ₹ 7,605.20 million (USD 142.37 million) till 31<sup>st</sup> March, 2014.

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 ₹ 32,611.50 million (USD 640.65 million) till 31<sup>st</sup> March 2014.

## 6. DISCOVERED ASSETS/ ASSETS UNDER DEVELOPMENT

### 6.1 Carabobo Project, Venezuela

Your Company along with Indian Oil Corporation Limited (IOCL), Oil India Limited (OIL), Repsol YPF (Repsol) and Petrolia Nacional 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 holds 11% PI, IOCL and OIL holds 3.5% PI each in the project. One of the original partner Petronas having 11% PI has withdrawn from the project in August 2013. The Corporación Venezolana del Petróleo (CVP), a subsidiary of Petróleos de Venezuela S.A. (PDVSA),

Venezuela's state oil company, holds the remaining equity interest. The Mixed Company was incorporated as Petro Carabobo S.A. (PCB).

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 years with a potential further 15 years extension.

One Service Company, Carabobo Ingenieria Y Construcciones S.A (CICSA), for executing the jobs under Development plan was incorporated on 21<sup>st</sup> January 2011. So far twelve stratigraphic wells have been drilled for gathering petrophysical data for updation of reservoir model and drilling of development wells. Presently, basic engineering & FEED for upgrader have been completed and 3D-Seismic survey is under progress.

First oil from the field as per Accelerated Early Production (AEP) Plan has been received on 27<sup>th</sup> December 2012 and currently the field is producing around 7500 BOPD with 12 development wells in production. Your Company's share of crude oil production was 0.021 MMT during FY'14.

Your Company's share of investment in the project was ₹ 9,854.50 million (USD 195.15 million) till 31<sup>st</sup> March, 2014.

### 6.2 Block XXIV, Syria

The Contract for Exploration, Development and Production of Petroleum for the Block XXIV, Syria was signed on 15<sup>th</sup> January, 2004 with effective date from 29<sup>th</sup> 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 expired on 28<sup>th</sup> September, 2011. The consortium over achieved the physical Work Commitment by drilling a total of 14 wells in the Block in this phase. During 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 determine 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. Plan of Development (PoD) for the area is being prepared by the Operator. Further, the consortium's request for granting of development right for Romman Area was under active considerations of the Syrian Authorities. The Operator has invoked 'Force Majeure' in the Block w.e.f. 30<sup>th</sup> April, 2012 citing effects of US sanctions and deteriorating law and order situation in the operational areas resulting in all activities being put on hold.

Your Company did not produce any oil from the project during FY'14.

Your Company's share of investment in the project was ₹ 3,234.40 million (USD 70.09 million) till 31<sup>st</sup> March, 2014.

## 7 EXPLORATORY ASSETS

### 7.1 Blocks SSJN-7 and CPO-5, Colombia

Your Company participated in the Bidding Round 2008 in Colombia and was awarded two onshore exploration blocks i.e. SSJN-7 with 50% PI and CPO-5 with 100% PI. 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 24<sup>th</sup> December, 2008 and 26<sup>th</sup> December,



Fire mockdrill ONGC Videsh office



2008 respectively. Two exploratory locations have been drilled in Block CPO - 5 in Phase-1 and Hydrocarbon discovery was declared in both the wells. Currently, the well Loto-1 is under long-term testing in order to establish its commerciality as per the requirement of Regulator.

Your Company has successfully entered in Exploration Phase-II on 11<sup>th</sup> April, 2014. 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 relevant authorities, extension of phase I for SSJN 7 was granted up to 25<sup>th</sup> May 2014. The plans of your company to carry out seismic survey in the remaining part of the block were delayed due to community issues. The Operator has proposed to reduce size of the area for Environmental Impact Assessment for seismic survey and consultation with ethnic communities is in progress in identified areas.

Your Company's share of investment was ₹ 392.20 million (USD 7.69 million) for Block SSJN-7 and ₹ 2,480.90 million (USD 48.63 million) for the Block CPO-5 till 31<sup>st</sup> March, 2014 excluding carry of USD 6 million.



Mr. D K Sarraf, CMD, ONGC welcoming CVO at Vigilance Awareness Week

## 7.2 Blocks RC-8, RC-9, RC-10 and Gua Off-2, Colombia

Your Company acquired exploration blocks RC-8, RC-9, RC-10 and Gua Off-2 in offshore Colombia. Effective dates of concession contracts of RC blocks and Gua Off-2 block are 30<sup>th</sup> November, 2007 and 3<sup>rd</sup> December, 2012 respectively. In Blocks RC-9 and RC-10, your Company and Ecopetrol hold 50% PI each. Your Company is Operator in Blocks RC-

10 and Gua Off-2 (100% PI) while Ecopetrol is Operator in RC-9 Block. Exploration Phase-I of three years was successfully completed on 29<sup>th</sup> November, 2010 in all the three RC Blocks with fulfilment of minimum work commitment. Your company is identifying/ evaluating the prospect for a possible probing through exploratory drilling in RC Blocks. The Regulator has granted extension of Phase-II for the Blocks RC-9 and RC-10 for three years w.e.f 29<sup>th</sup> November, 2013 with commitment to drill one well in each block.

However, for the Block RC-8, where your Company is operator with 40% PI (Ecopetrol – 40% PI and Petrobras – 20% PI being Partners), extension of Phase-II has been denied by the Regulator and the process of surrendering the block has been initiated.

The Block area of Gua Off-2 is 1171.3 Sq. Km. Your company has successfully completed Phase-0 in this block and is now in Phase-I.

Your Company's share of investment was ₹ 333 million (USD 7.24 million) in Block RC-8, ₹ 421 million (USD 7.69 million) in Block RC-9, ₹ 624.20 million (USD 13.01 million) in Block RC-10 and ₹ 52.70 million (USD 0.87 million) in Block GUA-OFF-2.

## 7.3 Block Llanos-69 (LLA-69), Colombia

MECL won the exploration block Llanos-69 (LLA-69) in the Colombia Bid Round 2012. The PSC for the block was signed on 29<sup>th</sup> 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 3 years. The minimum work commitment for Phase-I includes 2D seismic of 46 LKM, 3D seismic of 46 Sq.km and drilling of 1 well. The Phase-II which is optional and has duration of further 3 years entails 22.7 sq. km of 3D seismic and drilling of 2 exploratory wells. Currently phase 1 is in operation and is likely to continue for one year. Activities for preparation for seismic data acquisition are in progress.

Your Company's share of investment was about ₹ 37.70 million (USD 0.62) million in the block till 31<sup>st</sup> March, 2014.

## 7.4 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 16<sup>th</sup> 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 will 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 has already been completed and locations for drilling of two wells has been identified. The Operator signed Memorandum of Co-operation with drilling rig company "Teniz Burgylau" (TB), a Subsidiary of partner KMG, and has a new drilling rig "Satti" under construction to drill two wells starting in April, 2015.

Your Company's share of investment in the project was about ₹ 6,894.40 million (USD 138.87 million) till 31<sup>st</sup> March, 2014.

## 7.5 Block BM-SEAL-4, Brazil

Your Company through its indirect wholly owned subsidiary ONGC Campos Ltda (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 1<sup>st</sup> well drilled in the Block BM-SEAL-4 showed indications of hydrocarbons and the 2<sup>nd</sup> well was found

dry and abandoned. The Board of ONGC has approved the appraisal of Moita Bonita PAD within block BM-SEAL-4. Existing 3D seismic data is being re-processed and preparation for acquiring of new 3D seismic data is under process. As a part of Moita Bonita appraisal plan, one well has been drilled by Petrobras in BM-SEAL-10 part.

Your Company's share of investment in the project was ₹ 3,075.60 million (USD 56.62 million) till 31<sup>st</sup> March, 2014.

## 7.6 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 17<sup>th</sup> 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

up to 21<sup>st</sup> January 2016, for carrying out further exploratory activities. However, one year extension was granted by NOC Libya w.e.f 22<sup>nd</sup> July 2013. Results of G&G data evaluation, including that by third party as well as 3D PSM studies have been presented to the Project Technical Committee and with a view to carry-out some more G&G analysis, NOC Libya has been requested for extension of the exploration period by another six months.

Your Company's share of investment in the project was ₹ 1,939 million (USD 41.95 million) as on 31<sup>st</sup> March, 2014.

## 7.7 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 10,600 sq km. The Exploration & Development Contract (EDC) for the Block was signed on 28<sup>th</sup>



Polvo southwestern Campos Basin in Brazil

2200 meters. Your Company holds 100% PI in Contract Area 43 with operatorship. The acquisition, processing and interpretation of 1011 LKM 2D and 4000 Sq. Km. 3D seismic data has been completed. Due to civil unrest in Libya, the Contract area remained under Force Majeure from 26<sup>th</sup> February 2011 to 1<sup>st</sup> June, 2012. The exploration phase of Contract Area 43 as per EPSA expired on 16<sup>th</sup> April 2012. However the period of exploration was extended by 461 days (corresponding to Force Majeure period) i.e. up to 21<sup>st</sup> July 2013. NOC, Libya was requested on 13<sup>th</sup> June 2013 for extension of exploration period of the Block for 2.5 years i.e.

November, 2000. The contract was ratified by the Government of Iraq on 2<sup>nd</sup> April, 2001 and was effective from 15<sup>th</sup> 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's share of investment in the project was ₹ 48.70 million (USD 1.03 million) till 31<sup>st</sup> March, 2014.

#### 7.8 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 24<sup>th</sup> May, 2006 and the extended exploration Phase-I for the Block 128 was valid till 15<sup>th</sup> 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 16<sup>th</sup> 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 upto 15<sup>th</sup> June 2014. Your Company has been granted further extension of Phase I of exploration period from 16<sup>th</sup> June 2014 to 15<sup>th</sup> June 2015. Work Program and Budget for the extended period is under preparation.

Your Company's share of cumulative investment in the project was about ₹ 2,220.50 million (USD 50.88 million) as on 31<sup>st</sup> March, 2014.

### 8. PROJECTS RELINQUISHED/ UNDER RELINQUISHMENT DURING The FINANCIAL YEAR 2013-14

#### 8.1 Blocks N 34, 35 and part 24, Cuba

Blocks N 34, 35 and part of N-24 were deep water offshore exploration Blocks located in Cuba's Exclusive Economic Zone (EEZ) for which the

PSC was signed on 10<sup>th</sup> September, 2006. Your Company held 100% PI in the Blocks as the Operator. Acquisition, processing and interpretation of 2D and 3D seismic data were completed. The area of blocks 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 granted extension of Exploration period by 3 years. Having evaluated various options with regard to these blocks, your Company desired to first farm out 40-50% of PI & then enter into exploration sub period-II or relinquish the block, if farm out is not successful. After extensive study and no response to farm-out offer from various companies, your Company relinquished the blocks.

Your Company's share of investment in the project was about ₹ 2,185.60 million (USD 47.45 million) till relinquishment.

#### 8.2 Block OPL 285, Nigeria

OPL 285 is a deep water offshore exploration Block in Nigeria with an area of 1,167 sq km. The effective date of the PSC was 23<sup>rd</sup> February, 2007. OMEL through its wholly owned subsidiary company OMEL Energy Nigeria Ltd (OENL) was holding 64.33% PI in the Block. Other partners in the Block were EMO, a local Nigerian company with 10% PI and TOTAL with 25.67% PI. The Block was operated by OMEL. 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 was 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 were encountered in the well.

As waiver of the downstream project attached to the PSC was not agreed by NNPC, OENL signed Deed of Assignment (DOA) with Partners and submitted to NNPC for approval on 20<sup>th</sup> February 2012. NNPC approval for executed DOA for transfer of OMEL's PI to non-withdrawing partners TOTAL and EMO was received on 24<sup>th</sup> September 2013. The handing over of OPL – 285 assets on withdrawal at the end of Phase – I exploration period i.e. 22<sup>nd</sup> February 2012 to the next Operator EMO was completed by end of December 2013.

### 9. DIRECT SUBSIDIARIES OF ONGC VIDESH LIMITED

#### 9.1 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:

- 9.1.1 25% PI in Greater Nile Oil Project (GNOP), Sudan and Greater Pioneer Operating Company (GNPOC), South Sudan;
- 9.1.2 16.66% to 18.75% PI in four Production Sharing Contracts in Al Furat Petroleum Company (AFPC);
- 9.1.3 40% PI in San Cristobal Project in Venezuela;
- 9.1.4 27% PI in BC-10 Project in Brazil;
- 9.1.5 25% PI in exploratory Block BM-SEAL-4 located in Deepwater Offshore, Brazil;
- 9.1.6 8.347% PI in South East Asia Gas Pipeline Co. Ltd., (SEAGP) for Pipeline project, Myanmar.

#### 9.2 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.



MECL board meeting in progress

#### 9.3 Imperial Energy Limited (Erstwhile Jarpeno Limited) – Wholly Owned Subsidiary

Imperial Energy Limited is 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.

#### 9.4 Carabobo One AB – Wholly Owned Subsidiary

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

#### 9.5 ONGC BTC Limited – Wholly Owned Subsidiary

ONGC (BTC) Limited is registered in Cayman Island and your Company holds 2.36% PI of the BTC Company with effect from 28<sup>th</sup> 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.

#### 9.6 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.

#### 9.7 Beas Rovuma Energy Mozambique Limited - Subsidiary

Beas Rovuma Energy Mozambique Limited (Previously Videocon Mozambique Rovuma 1 Limited) is registered in British Virgin Islands. Incorporated on 23<sup>rd</sup> January, 2008 by its erstwhile shareholders, it holds 10% PI in Area-1 and its current shareholders are ONGC Videsh and Oil India in the ratio of 60:40.

### 10. EXEMPTION IN RESPECT OF ANNUAL REPORT OF SUBSIDIARIES AND CONSOLIDATED FINANCIAL STATEMENTS

Ministry of Corporate Affairs (MCA) vide its circular dated 8<sup>th</sup> February 2011 and clarification dated 21<sup>st</sup> 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 Account prepared for the financial year ending on or after 31<sup>st</sup> 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 31<sup>st</sup> March 2014. All other conditions mentioned in the circular are complied with by your Company.

### 11. 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.

### 12. 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), Caracas (Venezuela), Astana & Atyrau (Kazakhstan), Bogota (Colombia), Damascus (Syria), Calgary (Canada), Baku (Azerbaijan),



Mr. SP Garg, Director-Finance, ONGC Videsh welcoming Dr. Abdelbari A Arousi, Minister of Oil and Gas, Libya



Dhaka (Bangladesh) and Yangon (Myanmar). 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.

### 13. INFORMATION TECHNOLOGY

Your Company keeps itself abreast of the latest advancements in the field of information technology so as to adopt them to the extent required in its pursuit of achieving operational excellence.

During the current year, your Company has rolled out revised I T Security Policy based on ISO 27001 Standards and implemented email archival system.

### 14. 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 calibrates its manpower levels and quality with its expanding requirements and challenges in various parts of the world. The total manpower of your Company as on 31<sup>st</sup> March, 2014 was 312 including 87 executives posted to various overseas projects/ offices as compared to total manpower of 279 as on 31<sup>st</sup> March 2013. In addition, global manpower of your company employed by overseas projects abroad was 2,169 as on 31<sup>st</sup> March 2014 (calculated based on proportionate PI of your Company in overseas projects).

### 15. IMPLEMENTATION OF OFFICIAL LANGUAGE POLICY

Your Company continues to make concerted efforts to spread and promote Official Language. During the year, First Sub-committee of Parliament on Official Language visited the office of your Company. During inspection,

your Company also organised Official Language Exhibition. Hindi Fortnight was organised from 14<sup>th</sup> to 28<sup>th</sup> September, 2013. In the Hindi fortnight, 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. Official Language Implementation Committee meetings are held regularly. Statutory advertisements were also released in Hindi. Quarterly Hindi Progress Reports of the Company are sent regularly and Hindi workshops are organised. Your company was awarded "Karyalaya Deep Smriti Chinha" for achieving contribution towards implementing official language in day to day official work and also awarded "Karyalaya Jyoti Smriti Chinha" for providing maximum reference literature. Our office represents Town Official Language Implementation Committee Meetings.

### 16. BOARD OF DIRECTORS

- Mr. D. K. Sarraf, Managing Director upon his elevation as Chairman and Managing Director, ONGC w.e.f. 1<sup>st</sup> March 2014, joined the Board as Directors and was designated as Chairman of the Company with effect from 1<sup>st</sup> March, 2014.
- Mr. S. P. Garg, Director (Finance) has also been holding the position of Managing Director in the Board of Directors of ONGC Videsh with effect from 6<sup>th</sup> March, 2014.
- Dr. Anil Bhandari joined your Company as Director (Exploration) on 6<sup>th</sup> March, 2014 in place of Mr. N. K. Verma, who ceased from Directorship upon appointment of new incumbent.
- Mr. Sudhir Vasudeva, Chairman submitted his resignation from the Board of Directors of ONGC Videsh with effect from 1<sup>st</sup> March, 2014 pursuant to his superannuation from the service of ONGC on 28<sup>th</sup> February, 2014.
- Mr. N. K. Verma Director (Exploration), ONGC took additional charge of Director (Exploration) of your Company on 1<sup>st</sup> July 2013 for the period of three months with effect from 1<sup>st</sup> July 2013. Tenure of Mr. N. K. Verma was extended for further period of 3 months w.e.f. 1<sup>st</sup> October 2013 as Director (Exploration) of ONGC Videsh and his tenure ended on 31<sup>st</sup> December 2013. Further, the next extension of tenure of Mr. N. K. Verma as Director (Exploration), ONGC Videsh was granted for 3 months and accordingly Mr. N. K. Verma took additional charge of Director (Exploration), of your Company for a period from 6<sup>th</sup> February 2014 upto 31<sup>st</sup> March 2014 or till a regular incumbent was appointed or until further orders, whichever was the earliest. Mr. N. K. Verma ceased from directorship w.e.f. 6<sup>th</sup> March 2014 upon appointment of new incumbent Dr. Anil Bhandari.
- Mr. Arun Ramanathan, Independent Director has completed his tenure as Independent Director on 19<sup>th</sup> June 2014.

Your Directors place on record their sincere appreciation for the excellent contributions made by Mr. Sudhir Vasudeva, Mr. N. K. Verma and Mr. Arun Ramanathan, Directors and extend a warm welcome to Dr. Anil Bhandari, Director (Exploration).

As required under Section 255 and 256 of the Companies Act, 1956, Mr. Shyamal Bhattacharya retire by rotation at the ensuing Annual General Meeting and being eligible, offered himself for re-appointment at the said meeting.

### 17. 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 2013-14.

You would be pleased to know that your Company has received 'Nil' comments from C&AG and Statutory Auditors for the year 2013-14. This is the fourth consecutive year that the Company has received NIL comments from the C&AG.

### 18. 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 26<sup>th</sup> May,

throughout the financial year or, ₹ 5 lakhs per month, if employed for part of the financial year. As your company is a Government company, the information has not been included as a part of the Directors' Report.

- (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,



Moriche MTB 1, Colombia

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 2<sup>nd</sup> 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 1<sup>st</sup> 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 as Cost Auditors for the year 2013-14.

### 19. STATUTORY DISCLOSURES

- (i) As per Notification No. GSR 289(E) dated 31<sup>st</sup> March 2011 issued by the Ministry of Corporate Affairs, amending the provisions of the Companies (Particulars of Employees) Rules, 1975 issued in terms of Section 217(2A) of the Companies Act, 1956, it is not necessary for Government companies to include the particulars of employees drawing remuneration ₹ 60 lakhs or more per annum, employed

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 2013-14 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 2013-14 are as follows:

|                         | (₹ in Million) |
|-------------------------|----------------|
| Foreign Exchange earned | 1,04,766.57    |
| Foreign Exchange outgo  | 2,30,276.74    |

### 20. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

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



ONGC Videsh Chairman, Mr D K Sarraf at Rajbhasha Samiti meet



## 21. CORPORATE GOVERNANCE REPORT

The Company strives to attain high standards of corporate governance. A separate section on Corporate Governance is annexed and forms part of the Directors' Report.

## 22. ENTERPRISE RISK MANAGEMENT AND HEALTH, SAFETY AND ENVIRONMENT

### 22.1 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.

ERM system was aligned in line with ISO 31000:2009, Standard on Risk Management - Principles and Guidelines. Internationally reputed agency was engaged for carrying out initial gap assessment, conducting ERM workshop and imparting training.

Exercise for reviewing and revising ERM Manual and Risk Register was undertaken and implemented. Based on two rounds of exhaustive audits, your company has been issued statement of Compliance to ISO 31000:2009 by M/s BSI (British Standards Institution) with the scope 'Business Development activities for Acquisition of overseas oil and gas fields and management of Exploratory, Developing and Producing Assets at ONGC Videsh Headquarters.'

The risk reporting structure is in place. The Board through Project Appraisal, HSE and Risk Management Committee (PAC) is appraised on a periodical basis.

### 22.2 Health, Safety and Environment (HSE)

Your company attaches highest priority to occupational health, safety and protection of environment in and around its operational areas. 'Integrated

policy on QHSE & Risk Management' was adopted, which comprehensively deals with all related domains.

During the year, your Company worked on developing and establishing QHSE Management System at its HQ in line with the requirements of international standards ISO 9001:2008 (Quality), ISO 14001:2004 (Environment) and OHSAS 18001:2007 (Occupational Health & Safety).

Your Company is now certified for ISO 9001:2008, ISO 14001:2004 & OHSAS 18001:2007 with the scope 'The Business Development activities for Acquisition of overseas oil and gas fields and management of Exploratory, Developing and Producing Assets at ONGC Videsh Headquarters.' The certificates are valid till 28<sup>th</sup> December, 2016 with yearly surveillance audit.

HSE audit of three overseas projects were taken up along with Partners during the year. Various activities were carried out for enhancing HSE knowledge and culture, which included imparting trainings, awareness sessions, awareness presentations, celebration of World Environment Day, National Safety Day amongst others.

## 23. DIRECTORS' 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 31<sup>st</sup> March, 2014 are made:

- in the preparation of the annual accounts for the financial year 2013-14, 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;
- the Directors have selected such accounting policies as described in the Notes to the Accounts of the Financial statements for the financial year ended 31<sup>st</sup> March, 2014 and applied them consistently as stated in the annual accounts and made



Indo-Russian G&G team at work

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 31<sup>st</sup> March, 2014 and of the profits of the Company for the year ended on that date;

- 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
- the Directors have prepared the annual accounts on a "going concern" basis.

## 24. COMMITTEE (S)

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

## 25. ACKNOWLEDGEMENT

Your Directors 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 Comptroller & 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

*(Signature)*

(D. K. Sarraf)  
Chairman

Place: New Delhi  
Date: 4<sup>th</sup> August 2014



Mr. S P Garg, Managing Director & Director (Finance) administering oath on National Safety Day



## 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/CPSEU**) 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 5<sup>th</sup> March 1965 with registered office in New Delhi to perform international exploration and production business. The Company was rechristened as ONGC Videsh Limited on 15<sup>th</sup> June 1989. With widening of the energy demand/ supply gap from domestic production, participation in overseas oil and gas assets for equity oil was considered as an option towards energy security of the country.

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 31<sup>st</sup> March, 2014, ONGC Videsh has participation either directly or through wholly owned subsidiaries/ joint venture companies in 33 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), Brazil (2 projects), Colombia (8 projects), Venezuela (2 projects), Kazakhstan (1 project), Azerbaijan (2 projects), Bangladesh (2 projects) and Mozambique (1 project). Out of 33 projects, ONGC Videsh is Operator in 11 projects, Joint

Operator in 7 projects and remaining 15 are non-operated projects. The Company adopts a balanced portfolio and maintains a combination of 13 producing, 4 discovered, 14 exploration projects and 2 pipeline projects. Your Company has successfully completed acquisition of additional 12% PI in the producing project BC-10, Brazil taking its PI to 27%, 16% PI in discovered project Rovuma Area 1, Mozambique and 2 exploration projects in Bangladesh. The Company is actively pursuing acquisition of more oil and gas properties across the globe.

### 2. INDUSTRY STRUCTURE AND DEVELOPMENTS

Although, widespread improvement in the global economic environment was experienced during 2013, the upstream oil and gas M&A activity has been at its lowest level in volume terms since 2003, in contrast to the resilient transactions market and resurgent spend levels of last year. While this trend continues, companies are generally adopting a more cautious approach to M&A. Larger independents have looked to focus on their existing portfolio and mid-cap companies with sizeable capital commitments have had to entertain varied strategic options as access to capital remains challenging. NOCs remain key driver for transaction activity. While publically listed International Oil Companies (**IOCs**) are adopting a more cautious approach towards M&A opportunities under pressure from their shareholders, NOCs, driven by the domestic energy security concerns are being mandated to pursue acquisition strategies, hence are seen to be more active players in the M&A space.

2013 began with great expectations for the upstream sector in the Caspian region and the year delivered on much of this promise. First production was achieved from Kashagan (Kazakhstan) and Galkynysh (South



Night view of rig in South Sudan

Iolotan, Turkmenistan). These fields will respectively underpin future oil and gas production and export growth from the two countries. However, uncertainties persist, with Kashagan currently shut-in after a pipeline gas leak in October, 2013<sup>1</sup>.

Progress was also made on Europe's Southern Gas Corridor, with a Final Investment Decision (**FID**) for Shah Deniz Phase Two (Azerbaijan) taken in December 2013. FID was announced alongside the decision by Statoil to farm-out a 10% interest to SOCAR and BP. In addition, the Production Sharing Agreement is to be extended to 2048. This followed the selection of the Trans Adriatic Pipeline (TAP) as the future export route to Europe and the signature of Gas Sale Agreements with European offtakers. Over USD2 billion was invested in Phase Two during 2013.

In Azerbaijan, ACG production stabilised and record output was achieved from the first phase of Shah Deniz. In Kazakhstan, Tengizchevroil production hit new highs. The consortium has also taken further steps towards its Future Growth Project (**FGP**), which will underpin increased future output. Following an MoU with the Kazakh State in 2013, FGP FID is expected in 2014.

M&A activity was dominated by the completion of ConocoPhillips' sale of its stake in Kashagan for USD 5.4 billion. The Kazakh State exercised its pre-emption rights on the original November 2012 deal with ONGC Videsh, selling on most of the 8.4% interest to CNPC in July 2013. The region has also seen an active market for smaller operators, with several prominent acquisitions and farm-ins. Tethys Petroleum has been most active, completing a farm-out to Total and CNPC on its frontier exploration acreage in Tajikistan, alongside a deal to enter Georgia and the pending sale of a 50% interest in its core Kazakh assets.

Regional exploration has largely been quiet. The most prominent well drilled, Zhambyl-1, in the Kazakh sector of the Caspian Sea, failed to find commercial volumes. Nevertheless, progress continues to be made on improving the tight rig market in the Caspian<sup>2</sup>.

About 2.1 billion barrels of reserves were discovered across Latin America in 2013, as exploration drilling fell to its lowest levels since 2004. While the drop in drilling may paint a picture of slowing exploration in Latin America, it is somewhat misleading as 2011-2013 has seen resurgence in licensing activity. Three of Latin America's most important hydrocarbon-producing countries, Colombia, Brazil, and Trinidad and Tobago, licensed significant acreages over the relevant period, thereby shifting companies' focus in 2013 to acquiring seismic and evaluating exploration plans.

As with previous years, total reserves discovered and individual discovery sizes from pre-salt Brazil led the way in Latin America. Still, it should be noted that the size of the discoveries in Brazil continues to fall as Petrobras drilled its most promising prospects in previous years. Aside from Petrobras' 585 mmbbl Entorno, no other discovery would have ranked in the top five discoveries of 2012. Offshore frontier exploration was largely disappointing, with wells in Nicaragua, French Guiana, and Cuba coming up dry<sup>3</sup>.

2013 proved a tumultuous year for Northern Africa. A terrorist attack on a gas plant in Algeria was followed by the ousting of the Muslim Brotherhood in Egypt and deterioration of the operating environment in Libya. The effects of these events on the upstream industry were felt in all countries, but most keenly in Libya where production fell from 1.4 million b/d to less than 500,000 b/d, reversing gains made in the first half of 2013<sup>4</sup>.

<sup>1</sup> Source Woodmac research

<sup>2</sup> Source Woodmac research

<sup>3</sup> Source Woodmac research

<sup>4</sup> Source Woodmac research



Lan Tay Platform in Vietnam





Delegation from South Sudan in discussion with senior Officials of ONGC Videsh

Northern African gas production also declined by around 5% and Egypt failed to meet burgeoning domestic demand. Mindful of shortfalls, Egypt sought a short-term solution, launching a tender for LNG imports. Algeria also took action by revising its fiscal terms to renew interest in the upcoming exploration round. Unsurprisingly, investment in the region was down 15% on 2012 levels. The decline was most pronounced in Libya, where there was little incentive to invest due to shut-ins for extended periods during the year. Delays to the construction of a key pipeline in Algeria postponed much investment planned for the year. In Egypt, the uncertain political environment and delays to payments kept capital expenditure flat.

Sinopec's acquisition of a 33% stake in Apache Egypt for USD 3.1 billion was the biggest deal in the region for many years. The deal is indicative of IOCs reducing exposure to the region, with less risk-averse Asian NOCs replacing them. Another notable deal included BP farming-in to Kosmos' blocks in deepwater Morocco. Insulated from political and security concerns elsewhere in North Africa, Morocco has been successful in attracting new investors. Drilling has begun with results from Cairn's first well expected in early 2014<sup>5</sup>.

M&A activity in **Europe** increased in 2013, albeit from a subdued level in 2012. Of the sixteen deals completed during the year, five were in Ukraine and four were in the Netherlands. The highest value deal was in Italy, where Mitsui purchased a 25% stake in Total's Tempa Rossa field<sup>6</sup>.

## 2.1 International Industry Environment

There were a total of 1,009 transactions in the upstream sector in 2013, down 20% from 2012, with the announced transaction value of USD 237 billion, down 17% from the USD 286 billion seen in 2012. While much of the decrease can be attributed to a lower number of high profile, high value, megadeals, the drop off in M&A spend was widespread and 2013

saw 22% fewer deals over USD 100 million in value than in the previous year. Asset transactions continue to dominate the deal mix accounting for 86% of deals despite a decline of 18% on 2012 levels. Corporate transactions were down both by volume and value, indicative of the challenges in agreeing corporate values in the current market and, more so, the conservative approach taken by many of the would-be buyers as they focus instead on their existing asset base<sup>7</sup>.

Unconventional resources continue to be a major transaction driver accounting for 294 transactions with announced deal value of USD 40 billion. However, the resource base hasn't been immune to the wider decline in M&A spend, with total announced deal value down 39%.

Unsurprisingly, the North American story remains the dominant center of unconventional deal activity, accounting for 83% of all unconventional focused transactions by number, and 95% of reported deal value. US M&A activity for unconventional resources accounted for about 35% of all upstream deals and about 33% of all reported upstream deal value in 2013. While both the number of deals and the reported value were down compared to 2012, the unconventional share of both was up from 2012 (29% and 24%, respectively).

Oil focused projects drove the lion's share of transactions with shale gas appetite still challenged by depressed regional gas pricing. The oil-rich Bakken and Eagle Ford shales again featured heavily in M&A activity, together the subject of over USD 16 billion of transaction activity across 70 transactions; over 40% of the total 2013 announced deal spend in the unconventional space. In contrast, the gas prone Marcellus and Utica shales accounted for USD 4.7 billion of M&A activity, some way down from the USD 23 billion witnessed in 2011, further emphasizing the cooling appetite for US shale gas as challenges abound around the justification of the historic premiums paid for acreage, and sustainability of production levels<sup>8</sup>.

<sup>5</sup> Source Woodmac research

<sup>6</sup> Source Woodmac research

<sup>7</sup> E&Y, Global Oil & Gas transaction review 2013.

<sup>8</sup> E&Y, Global Oil & Gas transaction review 2013.



A lab specialist preparing mineral composition at Imperial Energy





Mr. D K Sarraf, CMD, ONGC welcoming HE Ambassador of Venezuela

The unconventional sector continues to attract investment from Chinese NOCs. 2013 saw Sinopec acquire a 50% interest in Chesapeake's assets in the Mississippi Lime play for USD 1 billion and Sinochem paid USD 1.7 billion (including future drilling costs) for 40% of Pioneer Natural Resources' interest in 207,000 net acres in the Wolfcamp Shale play.

On the other side of the Atlantic, European shale development is still some way behind the US and there remain a number of challenges to overcome. 2013 saw continuation of the growing joint venture trend between NOCs and IOCs for international exploration. In addition to Rosneft's partnering with PDVSA, Sinopec and Apache agreed to jointly target international upstream projects, Chevron and YPF ventured for joint development of Argentine shale acreage, Shell and Abu Dhabi National Oil Company signed a 30-year JV to co-develop the major Bab sour gas reserves, ConocoPhillips and Petrochina linked up to study unconventional resource potential in Sichuan Basin in China and CNPC partnered with ENI in East Africa<sup>9</sup>.

NOCs were buyers for a modest 8% of transactions by number, but a telling 22% of total announced transaction value. NOCs were on the buy-side for half of the top 10 transactions by value and were buyers in 19 asset transactions of more than USD 1 billion. Backed by strong cash reserves, NOCs have looked to increase production levels through large acquisitions in favor of international exploration, buying not only access to required resources but also skilled personnel and opportunities for knowledge transfer.

Chinese NOCs investment appetite continued unabated, and alongside the aforementioned unconventional investments. CNPC's massive USD 60 billion long-term supply deal with Rosneft, PetroChina's acquisition of Petrobras' Peruvian interests in 3 blocks for USD 2.6 billion, CNPC's acquisition of a 20% stake in the Russian Arctic Yamal LNG project from Novatek, CNOOC and CNPC together had acquired 20% stake in 1<sup>st</sup> pre-salt licensing round in Brazil and CNOOC's planned JV with Shell to explore in

the deep water between New Zealand and New Caledonia are all indicative of the diverse range of projects being pursued by Chinese NOCs.

Rosneft's sizeable USD 64 billion M&A spend in 2012 was unlikely to be repeated, but the Russian NOC continued to follow its acquisition mandate. First, securing further asset interests in Venezuela and a partnership agreement with PDVSA at the start of the year, and later increasing its asset holding in the major gas producing Yamal-Nenets region by acquiring selected assets from Alrosa<sup>10</sup>.

### 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 with oil and gas production from 13 projects in 10 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 achieved by partnering with some of the leading IOCs like Exxon, Shell, Chevron, TNK, BP, Rosneft, TOTAL, ENI, Repsol, SOCAR, 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 many of the oil producing provinces. Your Company has adopted an aggressive acquisition strategy and aims to sustain the exploration efforts 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 joint ventures 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 shortage of manpower. 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 Vietnam, Brazil, Iraq, Afghanistan, Australia, Indonesia, Bangladesh, Myanmar and Colombia have offered acreages through bidding rounds. Your Company has acquired 10% PI in the Rovuma Area 1 offshore Block, Mozambique from Anadarko Moçambique Area 1 Limitada on 28<sup>th</sup> February, 2014 and along with Oil India Limited jointly acquired 10% Interest in Area 1 from Videocon Mauritius Energy Limited on 7<sup>th</sup> January, 2014. Through its affiliates, ONGC Videsh exercised its pre-emption right and acquired an additional 12% PI in Block BC-10, Brazil taking its total PI in the block to 27%.

ONGC Videsh initialed the Sale and Purchase Agreement with ConocoPhillips on 26<sup>th</sup> November 2012 to acquire its 8.40% interest in the North Caspian Sea Production Sharing Agreement. However, Government of Kazakhstan has exercised their priority rights and pre-empted the deal on 2<sup>nd</sup> July, 2013.

On the exploration front, ONGC Videsh jointly with OIL India Limited was awarded the shallow blocks SS-09 and SS-04 under Production Sharing Contracts (PSCs) and the PSCs were signed on 17<sup>th</sup> February, 2014.

The performance of the Company hinges on oil prices on the revenue side and factors 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 PSC regime, 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 MMTOE of oil and gas from its overseas assets by 2020. Perspective Plan 2030 has set an ambitious target of production of 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 by FY'30 and to build positions of scale in 3-5 focus plays. As the production targets are quite steep involving a CAGR of more than 24% from FY'14 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 venture capitalist type of exploration opportunities.

This will involve substantial fund requirement to the extent of USD 20-30 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:

- Producing, discovered and exploration assets;
- Conventional and non-conventional assets; and
- Risky 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 for Business Growth

- MoU with Petrovietnam** was executed on 20<sup>th</sup> November 2013, in furtherance to earlier MoU of October 2011 to enhance mutual cooperation in hydrocarbon sector.
- MoU with PTT Exploration and Production Public Company Limited (PTTEP)**, was executed on 26<sup>th</sup> November, 2013, to strengthen the relationship between these two companies and pave the way for further cooperation in mutually interesting acquisition of exploration and production assets in India, Thailand and other countries.
- MoU with Coordinating Ministry for Strategic Sectors of Ecuador** was executed on 9<sup>th</sup> December 2013 to develop activities aimed



An onshore rig, Sudan

<sup>9</sup> E&Y, Global Oil & Gas transaction review 2013.

<sup>10</sup> E&Y, Global Oil & Gas transaction review 2013.





In quest for oil. Official at data centre

at reciprocal cooperation and exchange of information which can lead to identification of suitable opportunities for exploration and exploitation of hydrocarbons in Ecuador.

- d. **MoU with PDVSA** was executed on 9<sup>th</sup> October 2013 for strategic cooperation and participation in the exploration and production of hydrocarbon resources in the oil-rich Faja area of Venezuela and in other areas as well in joint collaboration thereby enhancing ONGC Videsh's interest in Venezuela.
- e. **MoU with ROSNEFT** was executed on 24<sup>th</sup> May 2014 for joint exploration, development and production projects on the continental shelf of the Russian Federation.
- f. **MoU with TPAO (the Turkish Petroleum Company)** was executed on 18<sup>th</sup> June 2014 for working together for E&P activities in Turkey, joint participation in bidding for opportunities including exploration bid rounds in third countries and pursuit of hydrocarbon area related research and development activities.

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 11 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.

#### 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 own interest would not like to de-stabilize 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 Comptroller and Auditor General of India (C&AG). During the year 2013-14, internal audit was carried out by 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 Reserves

ONGC Videsh's share of total reserves (3P) of oil and oil equivalent gas as on 1<sup>st</sup> April, 2014 was 637.344 MMT0E and the Reserves-to-Production (R/P) Ratio considering proved reserves was 25.37.



Safety presentation by an expert for benefit of ONGC Videsh officials



## 8.2 Production

The Crude Oil Production (including condensate) was 5.486 MMT during 2013-14 as compared to 4.343 MMT during 2012-13. Production of natural gas was 2.871 BCM during 2013-14 as compared to 2.917 BCM during 2012-13. The details of production during the last ten years are given below:

| Particulars                 | YE Mar'14    | YE Mar'13    | YE Mar'12    | YE Mar'11    | YE Mar'10    | YE Mar'09    | YE Mar'08    | YE Mar'07    | YE Mar'06    | YE Mar'05    |
|-----------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Crude Oil (MMT)*            | 5.486        | 4.343        | 6.214        | 6.756        | 6.513        | 6.556        | 6.840        | 5.804        | 4.584        | 3.714        |
| Gas (BCM)                   | 2.871        | 2.917        | 2.539        | 2.692        | 2.357        | 2.220        | 1.962        | 2.148        | 1.755        | 1.349        |
| <b>Total (O+OEG) (MTOE)</b> | <b>8.357</b> | <b>7.260</b> | <b>8.753</b> | <b>9.448</b> | <b>8.870</b> | <b>8.776</b> | <b>8.802</b> | <b>7.952</b> | <b>6.339</b> | <b>5.063</b> |

\* Including Condensate

## 9. FINANCIAL PERFORMANCE

Your Company achieved the highest-ever profit after tax (**PAT**) of ₹ 44,453 million during FY'14, as compared to the PAT of ₹ 39,291 million during FY'13, an increase of 13.14 %. The consolidated gross revenue increased by 23.27%, from ₹ 180,293 million during FY'13 to ₹ 222,242 million during FY'14.

The Consolidated financial results of ONGC Videsh, including wholly owned subsidiary companies viz. ONGC Nile Ganga B.V, ONGC Narmada Limited, ONGC Amazon Alaknanda Limited, Imperial Energy Limited, Beas Rovuma Energy Mozambique Limited, Carabobo One AB, ONGC (BTC) Limited, ONGC Hydrocarbons Ltd., Krishna Rovuma Energy Mozambique Ltd. and Jointly Controlled entity ONGC Mittal Energy Ltd. for the year 2013-14 as compared to 2012-13 are as follows:



Ocean Rig Drillship to Drill for Offshore Sakhalin



Russian Delegation at ONGC Videsh Office

(₹ in Million)

| Particulars   | Audited for the Year ended |                | % Variation  |
|---|----------------------------|----------------|--------------|
|   | 31 March, 2014             | 31 March, 2013 |              |
| <b>A INCOME</b>   |                            |                |              |
| i Revenue from Operations   | 217,772                    | 175,578        | 24.03        |
| ii Interest Income  | 962                        | 2,065          | (53.41)      |
| iii Other Income  | 3,508                      | 2,650          | 32.38        |
| <b>TOTAL REVENUE (A)</b>  | <b>222,242</b>             | <b>180,293</b> | <b>23.27</b> |
| <b>B EXPENSES</b>   |                            |                |              |
| i Production, Transportation, Selling and Distribution Expenditure                      | 87,129                     | 71,865         | 21.24        |
| ii Change in inventories of finished goods  | (1,468)                    | 149            | (1,085.23)   |
| iii Other Expenses  | (869)                      | (1,302)        | (33.26)      |
| iv Decrease/(increase) due to overlift/underlift quantity                               | 503                        | 546            | (7.88)       |
| v Provisions & Write-Offs   | 8,210                      | 2,912          | 181.94       |
| <b>TOTAL EXPENSES (B)</b>   | <b>93,505</b>              | <b>74,170</b>  | <b>26.07</b> |
| <b>C Earning Before Interest, Tax, Depreciation &amp; Amortisation (EBITDA) (A - B)</b> | <b>128,737</b>             | <b>106,123</b> | <b>21.31</b> |
| i Financing Costs   | 4,065                      | 2,414          | 68.39        |
| ii Depreciation, Depletion and Amortisation   | 55,204                     | 37,384         | 47.67        |
| <b>D Profit Before Prior Period, Exceptional And Extraordinary Items And Tax</b>        | <b>69,468</b>              | <b>66,325</b>  | <b>4.74</b>  |
| i Adjustments relating to Prior Period (Net)  | (421)                      | (500)          | (15.80)      |
| <b>E Profit Before Exceptional And Extraordinary Items And Tax</b>                      | <b>69,888</b>              | <b>66,825</b>  | <b>4.58</b>  |
| i Exceptional and Extraordinary items   | 0                          | 0              |              |



|          | Particulars  | Audited for the Year ended |                | % Variation  |
|----------|--|----------------------------|----------------|--------------|
|          |  | 31 March, 2014             | 31 March, 2013 |              |
| <b>F</b> | <b>Tax expense</b>   |                            |                |              |
| i        | Current Year Tax   | 23,857                     | 25,098         | (4.94)       |
| ii       | Deferred Tax   | 1,397                      | 377            | 270.56       |
| iii      | Earlier Years Tax  | 317                        | 2,178          | (85.45)      |
|          | Total Tax Expenses (F)                                     | 25,571                     | 27,653         | (7.53)       |
| <b>G</b> | <b>Less: Share of Profit or (loss) - Minority Interest</b> | <b>(136)</b>               | <b>(119)</b>   | <b>14.29</b> |
| <b>H</b> | <b>Group Profit After Tax (E-F-G)</b>                      | <b>44,453</b>              | <b>39,291</b>  | <b>13.14</b> |



The position of major items in the Consolidated Balance Sheet as at 31<sup>st</sup> March, 2014 and 31<sup>st</sup> March, 2013 is given below:

(₹ in Million)

| Sl. No.  | Particulars                      | As at 31 March, 2014 | As at 31 March, 2013 | % Variation   |
|----------|----------------------------------|----------------------|----------------------|---------------|
| <b>A</b> | <b>EQUITY AND LIABILITIES</b>    |                      |                      |               |
| <b>1</b> | <b>SHAREHOLDERS' FUNDS</b>       |                      |                      |               |
| i        | Share Capital                    | 100,000              | 50,000               | 100.00        |
| ii       | Reserves and Surplus             | 315,488              | 241,666              | 30.55         |
|          | <b>TOTAL SHAREHOLDERS' FUNDS</b> | <b>415,488</b>       | <b>291,666</b>       | <b>42.45</b>  |
| <b>2</b> | <b>MINORITY INTEREST</b>         | <b>8,864</b>         | <b>909</b>           | <b>875.14</b> |
| <b>3</b> | <b>NON-CURRENT LIABILITIES</b>   |                      |                      |               |
| i        | Long-term borrowings             | 216,081              | 145,871              | 48.13         |
| ii       | Deferred tax liabilities         | 14,270               | 11,714               | 21.82         |
| iii      | Liability for abandonment        | 46,243               | 30,204               | 53.10         |
| iv       | Other Long term liabilities      | 4                    | 108                  | (96.30)       |

| Sl. No.  | Particulars                                 | As at 31 March, 2014 | As at 31 March, 2013 | % Variation    |
|----------|---|----------------------|----------------------|----------------|
| v        | Long-term provisions                        | 172                  | 422                  | (59.24)        |
|          | <b>TOTAL NON-CURRENT LIABILITIES</b>        | <b>276,770</b>       | <b>188,319</b>       | <b>46.97</b>   |
| <b>4</b> | <b>CURRENT LIABILITIES</b>                  |                      |                      |                |
| i        | Short-term borrowings                       | 134,393              | 48,053               | 179.68         |
| ii       | Liability for abandonment                   | 7                    | 34                   | (79.41)        |
| iii      | Trade payables                              | 37,881               | 25,865               | 46.46          |
| iv       | Other current liabilities                   | 69,456               | 39,051               | 77.86          |
| v        | Short-term provisions                       | 127                  | 199                  | (36.18)        |
|          | <b>TOTAL CURRENT LIABILITIES</b>            | <b>241,864</b>       | <b>113,202</b>       | <b>113.66</b>  |
|          | <b>TOTAL EQUITY AND LIABILITIES</b>         | <b>942,986</b>       | <b>594,096</b>       | <b>58.73</b>   |
| <b>B</b> | <b>ASSETS</b>                               |                      |                      |                |
| <b>1</b> | <b>NON-CURRENT ASSETS</b>                   |                      |                      |                |
| i        | Fixed Assets                                |                      |                      |                |
| a        | Tangible assets                             | 69,993               | 58,636               | 19.37          |
| b        | Intangible assets                           | 94                   | 104                  | (9.62)         |
| c        | Producing properties                        | 254,849              | 1,80,988             | 40.81          |
| d        | Development & exploratory wells in progress | 42,939               | 31,642               | 35.70          |
| e        | Capital work in progress                    | 235,799              | 88,588               | 166.17         |
| ii       | Goodwill                                    | 180,614              | 80,324               | 124.86         |
| iii      | Non-Current Investment                      | 7,728                | 5,018                | 54.01          |
| iv       | Deferred Tax Assets                         | 6,764                | 6,072                | 11.40          |
| v        | Long Term Loans and Advances                | 133                  | 135                  | (1.48)         |
| vi       | Other Non-Current Assets                    | 46,815               | 14,654               | 219.47         |
|          | <b>TOTAL NON CURRENT ASSETS</b>             | <b>845,728</b>       | <b>466,161</b>       | <b>81.42</b>   |
| <b>2</b> | <b>CURRENT ASSETS</b>                       |                      |                      |                |
| i        | Inventories                                 | 8,716                | 5,876                | 48.33          |
| ii       | Trade receivables                           | 38,604               | 49,988               | (22.77)        |
| iii      | Cash & Bank balances                        | 22,353               | 44,586               | (49.87)        |
| iv       | Short term loans & advances                 | 4,307                | 5,575                | (22.74)        |
| v        | Other current assets                        | 23,278               | 21,910               | 6.24           |
|          | <b>TOTAL CURRENT ASSETS</b>                 | <b>97,258</b>        | <b>127,935</b>       | <b>(23.98)</b> |
|          | <b>TOTAL ASSETS</b>                         | <b>942,986</b>       | <b>594,096</b>       | <b>58.73</b>   |

#### 10. HUMAN RESOURCES / INDUSTRIAL RELATIONS

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. Your Company calibrates its manpower levels and quality with its expanding requirements and challenges in various parts of the world. The total manpower of your Company as on 31<sup>st</sup> March 2014 was 312 including 87 executives posted to various overseas projects/ offices as compared

to 279 as on 31<sup>st</sup> March, 2013. In addition, global manpower of your company employed by overseas projects abroad was 2,169 as on 31<sup>st</sup> March 2014 (calculated based on proportionate PI of your Company in overseas projects).

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 issue.



## 11. ENVIRONMENT

As per HSE policy, the Company 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 companies maintain the highest standards of Occupational Health, Safety and Environment protection and ensure compliance with all applicable statutory and regulatory requirements.

## 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 it operates. The Company makes valuable contribution in many ways such as 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.

The Companies Act, 2013 became effective from 29<sup>th</sup> August 2013. The Companies Act, 2013 introduced provisions with respect to CSR which provides that companies having net worth of rupees five hundred crore or more, or turnover of rupees one thousand crore or more or a net profit of rupees five crore or more during any financial year shall constitute a CSR Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. It further provides that CSR Committee shall formulate and recommend to the Board, a CSR Policy containing activities to be undertaken by the company under CSR projects, recommend the amount of CSR expenditure and monitor

the CSR project. In compliance of above provisions, your Company constituted a Corporate Social Responsibility & Sustainability Committee and the chairman of the Committee is an Independent Director.

The Ministry of Corporate Affairs has issued the Companies (Corporate Social Responsibility Policy) Rules 2014, which defines the expression "Net profit" for the purpose of CSR. Accordingly, "Net profit" shall not include any profit arising from any overseas branch or branches of the company, whether operated as a separate company or otherwise; and any dividend received from other companies in India. In view of the above definition, net profit of your Company for the purpose of CSR under the Companies Act, 2013, shall be NIL. However, as per DPE guidelines, CSR budget for a Company with net profit of above ₹ 500 Crore should be 1% to 2% of Profit After Tax (PAT) of previous year. Your Company spent ₹ 21.71 Crore (against minimum 1% of PAT of ₹ 3,929 Crore during FY'14). The shortage in expenditure was mainly attributable to increase in minimum CSR expenditure from 0.5% to 1% by the DPE from April 2013 onwards and limited role of your Company in CSR activities of non-operated projects.

## 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 2013-14 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)  | 34 (Thirty Four)   | 6 (Six)  |
| 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.



School bags being distributed to deaf students in Sudan



Mr D K Sarraf, Chairman, ONGC Videsh with Sudanese students



## CORPORATE GOVERNANCE REPORT

ONGC Videsh Limited continues to make efforts towards achieving highest standards of corporate governance and responsible management practices to serve 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 three Functional Directors [additional charge of Managing Director is entrusted with the Director (Finance)] and six Non-executive Directors (one Non-Executive Chairman, two part-time official nominee Directors

and three Independent Directors). The Department of Public Enterprises vide its Office Memorandum dated 27<sup>th</sup> March 2014 conveyed that a post of Director (Business Development) has been created in ONGC Videsh.

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. S. P. Garg, Director (Finance), has been entrusted with additional charge of Managing Director, ONGC Videsh Limited vide MoP&NG letter No. 31012/1/2014-CA:FTS:30892 dated 6<sup>th</sup> March 2014 and 12<sup>th</sup> June 2014.

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.

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

| Non-Executive Chairman: |                            |
|-------------------------|----------------------------|
| Mr. D. K. Sarraf        | Chairman w.e.f. 01.03.2014 |
| Mr. Sudhir Vasudeva     | Chairman upto 28.02.2014   |



DeKastri Oil Export Terminal at Sakhalin-1

| Whole-time Directors:                                  |  |
|--|--|
| Mr. S. P. Garg   | Director (Finance) and entrusted with additional charge of Managing Director w.e.f. 06.03.2014 |
| Mr. D. K. Sarraf                                       | Managing Director upto 28.02.2014  |
| Mr. S. Bhattacharya                                    | Director (Operations)  |
| Dr. Anil Bhandari                                      | Director (Exploration) w.e.f. 06.03.2014   |
| Mr. N. K. Verma  | Director (Exploration) from 01.07.2013 to 31.12.2013 and from 06.02.2014 to 06.03.2014 (AN)    |
| Part-time Official Nominee Directors:                  |  |
| Mr. P. K. Singh, Joint Secretary (IC), MoP&NG          | Director   |
| Ms. Sharmila Chavaly, Joint Secretary, DEA, MoF        | Director   |
| Part-time Non-Official Directors:                      |  |
| Mr. Shyam Saran  | Independent Director   |
| Prof. Sanjay Govind Dhande                             | Independent Director   |
| Prof. Shyamal Roy                                      | Independent Director   |
| Mr. Arun Ramanathan                                    | Independent Director upto 19 <sup>th</sup> June 2014   |
| Permanent Invitees:                                    |  |
| Mr. A. Giridhar, Joint Secretary (Exploration), MoP&NG | Special Invitee  |

| Permanent Invitees:                            |  |
|--|--|
| Mr. A. K. Banerjee, Director (Finance), ONGC   | Special Invitee                                      |
| Mr. Shashi Shanker, Director (T&FS), ONGC      | Special Invitee                                      |
| Mr. N. K. Verma, Director (Exploration), ONGC  | Special Invitee w.e.f. 6 <sup>th</sup> March, 2014   |
| Mr. T. K. Sengupta, Director (Offshore), ONGC  | Special Invitee w.e.f. 1 <sup>st</sup> February 2014 |
| Mr. Ashok Varma, Director (Onshore), ONGC      | Special Invitee w.e.f. 19 <sup>th</sup> June 2014    |
| Mr. D. D. Misra, Director (HR), ONGC           | Special Invitee w.e.f. 1 <sup>st</sup> August 2014   |
| Mr. P. K. Borthakur, Director (Offshore), ONGC | Special Invitee upto 31 <sup>st</sup> January 2014   |
| Mr. K. S. Jamestin, Director (HR), ONGC        | Special Invitee upto 31 <sup>st</sup> July 2014      |

### 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.



Meeting in progress



### 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/ Committees is submitted to the Board/ Committees regularly.

### 2.4 Compliance

Functional Directors are responsible to ensure adherence to all the applicable provisions of law, rules, guidelines etc. A quarterly compliance report (collected from all projects) of ONGC Videsh reporting compliance of all applicable laws, rules, guidelines etc. on exceptional basis is reviewed by the Audit Committee and the Board.

### 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 Directors 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. Their presence on the Board has been advantageous and fruitful in taking business decisions.

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. is made for acquainting the new Director with the operations of ONGC Videsh.

### 2.6 Board Meetings

Ten Board Meetings were held during the financial year 2013-14 on the following dates:

|                                      |                                       |
|--------------------------------------|---------------------------------------|
| <b>21<sup>st</sup> May, 2013</b>     | <b>3<sup>rd</sup> June, 2013</b>      |
| <b>17<sup>th</sup> July, 2013</b>    | <b>21<sup>st</sup> August, 2013</b>   |
| <b>31<sup>st</sup> August, 2013</b>  | <b>12<sup>th</sup> November, 2013</b> |
| <b>27<sup>th</sup> November 2013</b> | <b>23<sup>rd</sup> December, 2013</b> |
| <b>28<sup>th</sup> January, 2014</b> | <b>24<sup>th</sup> February, 2014</b> |

The minimum and maximum interval between any two Board meetings was 9 days (21<sup>st</sup> August, 2013 - 31<sup>st</sup> August, 2013) and 72 days (31<sup>st</sup> August, 2013 - 12<sup>th</sup> November, 2013) respectively.

### 2.7 Board Attendance

The details of attendance, directorship held in other companies etc. during the financial year 2013-14 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 (21-Aug-2013) | Details of Directorships held in other Companies* | Memberships held in Committees, including ONGC Videsh** |
|---|--|--------------------------------|--|---|---|
| Mr. Sudhir Vasudeva<br>Chairman (upto 28.02.2014)           | 10   | 10                             | Yes                                      | 8   | -   |
| Mr. D. K. Sarraf<br>Managing Director (upto 28.02.2014)     | 10   | 10                             | Yes                                      | -   | -   |
| Mr. S. P. Garg<br>Director (Finance)                        | 10   | 10                             | Yes                                      | -   | -   |
| Mr. S. Bhattacharya<br>Director (Operations)                | 10   | 10                             | Yes                                      | -   | -   |
| Mr. N. K. Verma<br>Director (Exploration) (upto 06.03.2014) | 7  | 7                              | Yes                                      | -   | -   |
| Mr. P. K. Singh<br>Director                                 | 10   | 9                              | Yes                                      | 1   | -   |
| Ms. Sharmila Chavaly<br>Director                            | 10   | 2                              | No                                       | 2   | 2   |
| Mr. Arun Ramanathan<br>Independent Director                 | 10   | 6                              | No                                       | 8   | 5   |
| Mr. Shyam Saran<br>Independent Director                     | 10   | 8                              | No                                       | 2   | -   |
| Prof. Sanjay G. Dhande<br>Independent Director              | 10   | 10                             | Yes                                      | 1   | -   |
| Prof. Shyamal Roy<br>Independent Director                   | 10   | 9                              | 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:

- Directors are not related to each other;
- Directors do not have any pecuniary relationships or transactions with the Company;
- The Directorships/ Committee memberships are based on the latest disclosure received from Directors;
- 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.



ONGC Videsh Chairman, Mr D K Sarraf and Mr. Jorge Glas , H.E. Vice President of Ecuador at a MoU Signing Ceremony



## 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

The details of attendance, directorship held in other companies etc. during the financial year 2013-14 are as under:

| Name   | Mr. D. K. Sarraf   | Dr. Anil Bhandari   |
|--|--|---|
| Date of Birth & Age  | September 3, 1957<br>56 years  | July 27, 1955<br>58 years   |
| Date of Appointment  | March 1, 2014 (Appointed as Chairman)  | March 6, 2014   |
| Qualification  | - B. Com (Hons.)<br>- M. Com<br>- AICWA<br>- ACS   | - M. Tech (Applied Geology)<br>- Ph.D from Department of Geology Rajasthan University   |
| No. of Shares held   | One (as Nominee of ONGC)   | Nil   |
| Experience in specific Functional Areas                        | Mr. D. K. Sarraf carries a very rich and varied experience of three decades in oil industry. In the past, he held the position of Managing Director, ONGC Videsh and Director (Finance) of ONGC and ONGC Videsh.   | Dr. Anil Bhandari joined ONGC in 1979. He served as Head Geoscience Group, Head Basin Research group, KDMIPE, Head Functional training Group of ONGC Academy and in management of exploration activities in Cambay Basin, Assam Arakan Basin, Mumbai Offshore and other exploration projects of ONGC. Prior to joining the Board of ONGC Videsh, he was in Sudan as Executive Director, and country manager, ONGC Nile Ganga BV, Khartoum, with responsibility for upstream, midstream and downstream operations. |
| Directorship held in other Companies*                          | 1. Oil and Natural Gas Corporation Limited;<br>2. Mangalore Refinery and Petrochemicals Limited;<br>3. ONGC Petro-additions Limited;<br>4. ONGC Mangalore Petrochemicals Limited;<br>5. Mangalore SEZ Limited;<br>6. ONGC Tripura Power Company Limited; and<br>7. Petronet LNG Limited. | Nil   |
| Membership/Chairmanship of Committees, including ONGC Videsh** | Nil  | Nil   |

### 2.8.2 Directors to be reappointed

| Name  | Mr. Shyamal Bhattacharya   |
|---|--|
| Date of Birth & Age   | October 18, 1954, 59 Years   |
| Date of Appointment   | July 1, 2012   |
| Qualification   | B. Tech (Petroleum)  |
| No. of Shares held  | Nil  |
| Experience in specific Functional Areas                                 | Mr. Shyamal Bhattacharya has rich experience of more than three decades in various fields majority being in reservoir studies. During his stint as Executive Director of ONGC Videsh, he was looking after all aspects of overseas operations of development and producing assets. |
| Directorship held in other Companies*                                   | Nil  |
| Membership/ Chairmanship of Committees, including ONGC Videsh Limited** | Nil  |

\* 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

Your Company has constituted the following committees of the Board:

### 3.1 AUDIT COMMITTEE

#### 3.1.1 Composition of the Audit Committee

The composition of the Audit Committee during the financial year 2013-14 was as follows:

- Mr. Arun Ramanathan, Independent Director – Chairman;
- Prof. Shyamal Roy, Independent Director – Member;
- Prof. Sanjay Govind Dhande, Independent Director – Member;
- Mr. Shyam Saran, Independent Director – Permanent Special Invitee;

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.

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.



ONGC Videsh Chairman, Mr D K Sarraf interacting with foreign delegates

### 3.1.2 Role of the Audit Committee

The role of the Audit Committee includes the following:

- 3.1.2.1 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.
- 3.1.2.2 Recommending the fixation of audit fees to the Board.
- 3.1.2.3 Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- 3.1.2.4 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 judgment 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.
- 3.1.2.5 Reviewing, with the management, the quarterly/half yearly financial statements as may be required before submission to the Board for approval.
- 3.1.2.6 Reviewing, with the management, performance of internal auditors and adequacy of the internal control systems.
- 3.1.2.7 Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- 3.1.2.8 Discussion with internal auditors and/ or auditors any significant findings and follow up there on.
- 3.1.2.9 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.
- 3.1.2.10 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.
- 3.1.2.11 To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders and creditors, if any.
- 3.1.2.12 To review the functioning of the Whistle Blower Mechanism.
- 3.1.2.13 To review the follow up action on the audit observations of the C&AG.
- 3.1.2.14 Review/ check the contracts on nomination basis as per CVC guidelines.
- 3.1.2.15 To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of Parliament.
- 3.1.2.16 Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.
- 3.1.2.17 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.
- 3.1.2.18 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.
- 3.1.2.19 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.

### 3.1.3 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.

### 3.1.4 Meetings

Seven meetings of the Audit Committee were held during the financial year 2013-14 on the following dates:

|                                 |                                 |
|---------------------------------|---------------------------------|
| 21 <sup>st</sup> May, 2013      | 13 <sup>th</sup> August, 2013   |
| 20 <sup>th</sup> August, 2013   | 11 <sup>th</sup> November, 2013 |
| 23 <sup>rd</sup> December, 2013 | 28 <sup>th</sup> January, 2014  |
| 24 <sup>th</sup> February, 2014 |                                 |

### 3.1.5 Attendance:

| Members                        | Meetings held during the tenure | Meetings attended |
|--------------------------------|---------------------------------|-------------------|
| Mr. Arun Ramanathan (Chairman) | 7                               | 7                 |
| Prof. Shyamal Roy              | 7                               | 7                 |
| Prof. Sanjay G. Dhande         | 7                               | 6                 |

## 4. PROJECT APPRAISAL, HSE AND RISK MANAGEMENT COMMITTEE

### 4.1 Composition of the Project Appraisal, HSE and Risk Management Committee (PAC)

The Composition of PAC 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;
- Mr. S. P. Garg, Director (Finance) – Member;
- Mr. Shyamal Bhattacharya, Director (Operations) – Member;
- Mr. D. K. Sarraf, Managing Director – Member; (upto 28<sup>th</sup> February, 2014)
- Mr. N. K. Verma, Director (Exploration) – Member; (w.e.f. 1<sup>st</sup> July to 31<sup>st</sup> December 2013 and 6<sup>th</sup> February to 6<sup>th</sup> March, 2014)
- Prof. Shyamal Roy, Independent Director – Permanent Special Invitee.

Company Secretary acts as the Secretary to the Committee.

### 4.2 Role of the Project Appraisal, HSE and Risk Management Committee

The role of the PAC includes the following:

- 4.2.1 Review and finalise all the bid parameters for Business Development Projects;
- 4.2.2 Review/Appraisal of projects before being considered by the Board of Directors;
- 4.2.3 Review and recommend for additional investments approval of existing project(s);
- 4.2.4 Review the activities and operating performance of subsidiaries of ONGC Videsh;
- 4.2.5 Review of policy, processes and systems on Safety, Health, Environment and Ecology aspects; and
- 4.2.6 Review of Risk Management framework of the Company

### 4.3 Minutes of the Project Appraisal, HSE and Risk Management Committee

Minutes of the meetings of the PAC are approved by the Chairman of the



Mr Shyamal Bhattacharya,  
Director-Operations at Azerbaijan

Committee, confirmed in the next meeting of the Committee and are noted by the Board of Directors in the subsequent meeting.

### 4.4 Meetings

Nine meetings of the PAC were held during the financial year 2013-14 on the following dates:

|                                 |                                |
|---------------------------------|--------------------------------|
| 20 <sup>st</sup> May, 2013      | 3 <sup>rd</sup> June, 2013     |
| 17 <sup>th</sup> July, 2013     | 20 <sup>th</sup> August, 2013  |
| 12 <sup>th</sup> November, 2013 | 27 <sup>th</sup> November 2013 |
| 23 <sup>rd</sup> December, 2013 | 28 <sup>th</sup> January, 2014 |
| 24 <sup>th</sup> February, 2014 |                                |

### 4.5 Attendance

| Members                           | Meetings held during the tenure | Meetings attended |
|-----------------------------------|---------------------------------|-------------------|
| Prof. Sanjay G. Dhande (Chairman) | 9                               | 9                 |
| Mr. D. K. Sarraf                  | 9                               | 9                 |
| Mr. S. P. Garg                    | 9                               | 9                 |
| Mr. N. K. Verma                   | 7                               | 6                 |
| Mr. S. Bhattacharya               | 9                               | 9                 |
| Mr. P. K. Singh                   | 9                               | 2                 |
| Mr. Arun Ramanathan               | 9                               | 7                 |
| Prof. Shyam Saran                 | 9                               | 6                 |

## 5. FINANCIAL MANAGEMENT COMMITTEE

### 5.1 Composition of the Financial Management Committee (FMC)

The Composition of FMC is as follows:

- Prof. Shyamal Roy, Independent Director – Chairman;
- Mr. Shyam Saran, Independent Director – Member;
- Mr. Arun Ramanathan, Independent Director – Member;
- Mr. S. P. Garg, Director (Finance) – Member;
- Mr. N. K. Verma, Director (Exploration) – Invitee/ Member (w.e.f. 1<sup>st</sup> July to 31<sup>st</sup> December 2013 and 6<sup>th</sup> February to 6<sup>th</sup> March, 2014);
- Mr. Shyamal Bhattacharya, Director (Operations) – Invitee/ Member;
- Mr. D. K. Sarraf, Managing Director – Special Invitee; (upto 28<sup>th</sup> February, 2014)
- Prof. Sanjay Govind Dhande, Independent Director – Permanent Special Invitee;

Company Secretary acts as the Secretary to the Committee.

### 5.2 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.

### 5.3 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.



Workforce in Venezuela



#### 5.4 Meetings

Five meetings of the FMC were held during the financial year 2013-14 on the following dates:

|                                |                               |
|--------------------------------|-------------------------------|
| 21 <sup>st</sup> May 2013      | 20 <sup>th</sup> August 2013  |
| 10 <sup>th</sup> November 2013 | 28 <sup>th</sup> January 2014 |
| 24 <sup>th</sup> February 2014 |                               |

#### 5.5 Attendance

| Members                      | Meetings held during the tenure | Meetings attended |
|------------------------------|---------------------------------|-------------------|
| Prof. Shyamal Roy (Chairman) | 5                               | 5                 |
| Mr. S. P. Garg               | 5                               | 5                 |
| Mr. Arun Ramanathan          | 5                               | 5                 |
| Mr. Shyam Saran              | 5                               | 3                 |

### 6. HUMAN RESOURCE MANAGEMENT AND REMUNERATION COMMITTEE

#### 6.1 Composition of the Human Resource Management and Remuneration (HRM&R) Committee

The composition of HRM&R 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; (upto 28<sup>th</sup> February, 2014)
- Mr. S. P. Garg, Director (Finance) – Member;
- Mr. Shyamal Bhattacharya, Director (Operations) – Member; and
- Mr. N. K. Verma, Director (Exploration) – Member (w.e.f. 1<sup>st</sup> July to 31<sup>st</sup> December 2013 and 6<sup>th</sup> February to 6<sup>th</sup> March, 2014).

Company Secretary acts as the Secretary to the Committee.

#### 6.2 Role of the Human Resource Management and Remuneration Committee

The role of the HRM&R Committee includes the following:

- 6.2.1 Consideration of all issues/areas concerning Human Resource Planning and Management, HR policies and Initiatives and promotions for direct recruits, if any, at the level of GGM and ED;
- 6.2.2 To decide the annual bonus/variable pay pool and policy for its distribution across the executives and non-unionized supervisors, within the prescribed ceilings;
- 6.2.3 Consideration of various aspects of remuneration payable to Executive and non-Executive Directors and recommendation thereon to the Board of Directors;
- 6.2.4 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.
- 6.2.5 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.

#### 6.3 Minutes of the Human Resource Management and Remuneration Committee

Minutes of the meetings of the HRM&R 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.

#### 6.4 Meetings

Two meetings of the HRM&R Committee were held during the financial year 2013-14 on the following dates:



Interactions at Lakshya project meet

|                            |                               |
|----------------------------|-------------------------------|
| 19 <sup>th</sup> June 2013 | 28 <sup>th</sup> January 2014 |
|----------------------------|-------------------------------|

#### 6.5 Attendance

| Members                     | Meetings held during the tenure | Meetings attended |
|-----------------------------|---------------------------------|-------------------|
| Mr. Shyam Saran, (Chairman) | 2                               | 2                 |
| Mr. D. K. Sarraf            | 2                               | 2                 |
| Mr. S. P. Garg              | 2                               | 2                 |
| Mr. S. Bhattacharya         | 2                               | 2                 |
| Mr. Arun Ramanathan         | 2                               | 1                 |
| Prof. Sanjay G. Dhande      | 2                               | 2                 |
| Prof. Shyamal Roy           | 2                               | 2                 |

### 7. CORPORATE SOCIAL RESPONSIBILITY & SUSTAINABILITY COMMITTEE

#### 7.1 Composition of the Corporate Social Responsibility & Sustainability (CSR&S) Committee

ONGC Videsh constituted Corporate Social Responsibility & Sustainability (CSR&S) Committee in 381<sup>st</sup> meeting of the Board of Directors held on 21<sup>st</sup> August 2013.



Night view of West Chirag platform, Azerbaijan

The composition of CSR & S Committee is as follows:

- Prof. Shyamal Roy, Chairman;
- Mr. D. K. Sarraf, Managing Director – Member; (upto 28<sup>th</sup> February, 2014)
- Mr. S. P. Garg, Director (Finance) – Member;
- Mr. Shyamal Bhattacharya, Director (Operations) – Member;
- Mr. N. K. Verma, Director (Exploration) – Special Invitee; (w.e.f. 21<sup>st</sup> August to 31<sup>st</sup> December 2013 and 6<sup>th</sup> February to 6<sup>th</sup> March, 2014)
- Mr. Shyam Saran, Independent Director – Special Invitee;
- Mr. Arun Ramanathan, Independent Director – Special Invitee;
- Prof. Sanjay Govind Dhande, Independent Director – Special Invitee;

Company Secretary acts as the Secretary to the Committee.

#### 7.2 Role of the Corporate Social Responsibility & Sustainability Committee

The terms of reference of the Corporate Social Responsibility & Sustainability Committee are to oversee the implementation of the CSR & Sustainability activities.

#### 7.3 Minutes of the Corporate Social Responsibility & Sustainability Committee

Minutes of the meeting of the CSR&S 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

The CSR&S Committee met on 12<sup>th</sup> November 2013 are apprised about CSR activities undertaken by the Company.

#### 7.5 Attendance

| Members | Meetings held during the tenure | Meetings attended |
|---------|---------------------------------|-------------------|
|---------|---------------------------------|-------------------|

|                               |   |   |
|-------------------------------|---|---|
| Prof. Shyamal Roy, (Chairman) | 1 | 1 |
| Mr. D. K. Sarraf              | 1 | 1 |
| Mr. S. P. Garg                | 1 | 1 |
| Mr. S. Bhattacharya           | 1 | 1 |
| Mr. N. K. Verma               | 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.

### 9. MEETING OF INDEPENDENT DIRECTORS

The Department of Public Enterprises (DPE) vide Office Memorandum dated 28<sup>th</sup> 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 second and third meetings of Independent Directors were held on 12<sup>th</sup> November 2013 and 9<sup>th</sup> March, 2014 respectively. 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 31<sup>st</sup> MARCH, 2014)

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.





An Onshore Rig at Azerbaijan

## 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](http://www.ongcvidesh.com).

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 2013-14."

Sd/-  
(D. K. Sarraf)  
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-six subsidiaries (comprising nine direct subsidiaries and seventeen indirect subsidiaries) as on 31<sup>st</sup> March 2014. Details of Subsidiaries are as under:

| Sl. No.  | Name of the Subsidiary  | Date of Incorporation / Acquisition | Country in which Incorporated |
|--|---|-------------------------------------|-------------------------------|
| <b>Direct Subsidiaries of ONGC Videsh Limited</b>                  |   |                                     |                               |
| 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 19 <sup>th</sup> April, 2013) | 12.08.2008                          | Cyprus                        |
| 5.   | Carabobo-1 AB   | 05.02.2010                          | Sweden                        |
| 6.   | ONGC (BTC) Limited  | 25.09.2000                          | Cayman Islands                |
| 7.   | ONGC Hydrocarbons Limited   | 16.07.2013                          | Mauritius                     |
| 8.   | Krishna Rovuma Energy Mozambique Limited  | 16.07.2013                          | Mauritius                     |
| 9.   | Beas Rovuma Energy Mozambique Limited   | 07.01.2014                          | British Virgin Islands (BVI)  |
| <b>Indirect Subsidiaries (Subsidiaries of ONGC Nile Ganga B.V)</b> |   |                                     |                               |
| 10.  | ONGC Campos Ltd.  | 16.03.2007                          | Brazil                        |
| 11.  | ONGC Nile Ganga (Cyprus) Ltd.   | 26.11.2007                          | Cyprus                        |
| 12.  | ONGC Nile Ganga (San Cristobal) B.V.  | 29.02.2008                          | Netherlands                   |
| 13.  | ONGC Satpayev E&P B.V   | 07.06.2010                          | Netherlands                   |
| 14.  | ONGC Caspian E&P B.V  | 07.06.2010                          | Netherlands                   |

| Sl. No.  | Name of the Subsidiary                  | Date of Incorporation / Acquisition | Country in which Incorporated |
|--|---|-------------------------------------|-------------------------------|
| <b>Indirect Subsidiaries (Subsidiaries of Imperial Energy Limited)</b> |   |                                     |                               |
| 15.  | Biancus Holdings Limited                | 13.01.2009                          | Cyprus                        |
| 16.  | Imperial Energy Tomsk Limited           | 13.01.2009                          | Cyprus                        |
| 17.  | Imperial Energy (Cyprus) Limited        | 13.01.2009                          | Cyprus                        |
| 18.  | Imperial Energy Nord Limited            | 13.01.2009                          | Cyprus                        |
| 19.  | Imperial Frac Services (Cyprus) Limited | 13.01.2009                          | Cyprus                        |
| 20.  | Redcliffe Holdings Limited              | 13.01.2009                          | Cyprus                        |
| 21.  | San Agio Investments Limited            | 13.01.2009                          | Cyprus                        |
| 22.  | LLC Sibinterneft                        | 13.01.2009                          | Russian Federation            |
| 23.  | LLC Allianceneftgaz                     | 13.01.2009                          | Russian Federation            |
| 24.  | LLC Nord Imperial*                      | 13.01.2009                          | Russian Federation            |
| 25.  | LLC Rus Imperial Group                  | 13.01.2009                          | Russian Federation            |
| <b>Indirect Subsidiaries (through Carabobo One AB)</b>                 |   |                                     |                               |
| 26.  | Petro Carabobo Ganga B.V.               | 26.02.2010                          | Netherlands                   |

\* LLC Stratum and LLC Imperial Trans Service were merged with LLC Nord Imperial w.e.f. 29<sup>th</sup> November, 2013

## 13. ANNUAL GENERAL MEETINGS (AGMs)

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

| Year    | Location  | Date                          | Time (IST) |
|---------|---|-------------------------------|------------|
| 2010-11 | 4 <sup>th</sup> Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi – 110 001. | 12 <sup>th</sup> August, 2011 | 11:00 AM   |
| 2011-12 | 4 <sup>th</sup> Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi – 110 001. | 17 <sup>th</sup> August, 2012 | 05:00 PM   |
| 2012-13 | 4 <sup>th</sup> Floor, Kailash Building, 26, Kasturba Gandhi Marg, New Delhi – 110 001. | 21 <sup>st</sup> August, 2013 | 12:00 NOON |

### a. Executive Directors

| SI No. | Names               | Salary Including DA | Other benefits & perks | Performance Incentives | Contribution to PF & other Funds | Grand Total |
|--------|---------------------|---------------------|------------------------|------------------------|----------------------------------|-------------|
| 1      | Mr. D. K. Sarraf    | 2.75                | 0.15                   | 1.20                   | 0.48                             | 4.58        |
| 2      | Mr. S. P. Garg      | 2.46                | 0.13                   | 0.81                   | 0.47                             | 3.87        |
| 3      | Mr. S. Bhattacharya | 2.33                | 1.54                   | 0.70                   | 0.47                             | 5.04        |
| 4      | Dr. Anil Bhandari   | 0.19                | 0.06                   | 0                      | 0.04                             | 0.29        |
| 5      | Mr. N. K. Verma     | NIL                 | NIL                    | NIL                    | NIL                              | NIL         |

(₹ in Million)

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

The details of sitting fees paid to Non-Executive non-official Directors during the year 2013-14 are as follows:

| Name                | Sitting fees (₹ in Million) | Name                   | Sitting fees (₹ in Million) |
|---------------------|-----------------------------|------------------------|-----------------------------|
| Mr. Arun Ramanathan | 0.76                        | Prof. Sanjay G. Dhande | 0.78                        |
| Mr. Shyam Saran     | 0.50                        | Prof. Shyamal Roy      | 0.62                        |

## Special Resolutions passed during last 3 AGMs

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.

**14.2** The Company has not incurred any expenditure during the year 2013-14, 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.

### 15.3 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 2013-14.

Remuneration of Directors for the year ended 31<sup>st</sup> March, 2014 was as follows:



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

(₹ in Million)

| Particulars  | 2013-14   | 2012-13   | Reasons for variation   |
|--|-----------|-----------|---|
| Total expenses *   | 23,017.04 | 17,851.45 |   |
| Administrative and office expenses                                   | 1,936.85  | 1,666.57  | The increase in administrative and office expenses is mainly due to higher number of employees, and annual increment. |
| Administrative and office expenses as a percentage of total expenses | 8.41%     | 9.34%     |   |

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

#### 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. No Presidential Directives have been issued during the financial year 2013-14.

#### 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 2013-14 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](http://www.ongcvidesh.com).
- **News Release, Presentation etc.:** The official news releases are displayed on the Company's website [www.ongcvidesh.com](http://www.ongcvidesh.com).
- **Website:** The Company's website is [www.ongcvidesh.com](http://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. S. B. Singh, Company Secretary as Compliance Officer for servicing of debenture investors. The email id [secretariat@ongcvidesh.in](mailto:secretariat@ongcvidesh.in) has been created exclusively for addressing the queries of debenture investors.

#### 17. ANNUAL GENERAL MEETING

**Date :** 28<sup>th</sup> August 2014

**Time:** 14:00 Hours

**Venue :** 4<sup>th</sup> Floor, Kailash Building, 26, K.G. Marg, New Delhi - 110001

#### 18. SHARE OWNERSHIP PATTERN AS ON 31<sup>st</sup> MARCH, 2014

| Category   | No. of shares held of ₹ 100 each | Percentage of shareholding |
|--|----------------------------------|----------------------------|
| Oil and Natural Gas Corporation Limited and its nominees | 1,000,000,000                    | 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 2013-14 was submitted to the Audit Committee/ Board of Directors on 21<sup>st</sup> May, 2014.

#### 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 DPE Guidelines on Corporate Governance is issued by M/s A. N. Kukreja & Co., practicing Company Secretaries for the financial year ended 31<sup>st</sup> March, 2014 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 1<sup>st</sup> 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 2013-14 was ₹ 3.94 million (previous year ₹ 3.65 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 and in July 2014 in international debt capital markets. USD denominated Notes (issued in May 2013 and July 2014) are listed on the Official List of the Singapore Exchange Securities Trading Limited. Further, Euro bonds issued in July 2014 are listed on open market (Freiverkehr) segment of Frankfurt Stock Exchange (Frankfurter Wertpapierbörse).
- **Debenture Issued in India**  
IDBI Trusteeship Services Limited  
Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate,  
Mumbai – 400 023;



ONGC Videsh Chairman, Mr D K Sarraf with Mr. S P Garg, Managing Director & (Finance) at MoU Signing Ceremony

#### Debt Securities Issued outside India

Citicorp International Limited  
39<sup>th</sup> Floor, Citibank Tower  
Citibank Plaza, 3 Garden Road  
Central, Hong Kong

#### • Payment of listing Fees:

Annual listing fee till the financial year 2013-14 has been paid by the Company to the National Stock Exchange.

The applicable upfront listing fee for the Notes has been paid to the Singapore Exchange Securities Trading Limited as well as to the Frankfurt Stock Exchange.



## SECRETARIAL AUDIT REPORT

**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 31.03.2014 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 14<sup>th</sup> 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 48<sup>th</sup> Annual General Meeting held on 21<sup>st</sup> August 2013;
- (g) Minutes of proceedings of General Meetings 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) The Company has made rights issue of equity shares amounting to ₹ 50,000 million to the parent company – Oil and Natural Gas Corporation Ltd during the year under report and complied with the provisions of the Act.

- (u) The Company has substantially observed the Secretarial Standards issued by the Institute of Company Secretaries of India, although recommendatory in nature.
- (v) There was no prosecution initiated against or show cause notice received by the Company and no fines or any other punishment was imposed on the Company, its Directors and officers during the period under report for any offences under the Act. The writ petition filed by the Company in the High Court of Delhi, against show cause notice issued by Government of National Capital Territory of Delhi in regard to payment of stamp duty on issue of shares during 2012-13, has not yet been decided. Proceedings in the matter are in progress.

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 the Company has complied with DPE Guidelines on Corporate Governance.

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

**Sd/-**  
**(A.N.Kukreja)**  
Proprietor  
CP 2318

Place: New Delhi  
Date: 18<sup>th</sup> July 2014



Mozambique project



## INDEPENDENT AUDITORS' REPORT

To  
**THE MEMBERS**  
**ONGC VIDESH LIMITED**

### 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 31<sup>st</sup> March 2014, 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.

### Management's Responsibility for the Financial statements

2. Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with 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 financial statements 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 financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.
4. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal

control relevant to the Company's preparation and presentation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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 and fair view in conformity with the accounting principles generally accepted in India :
  - a) In the case of the Balance Sheet, of the state of affairs of the Company as at 31<sup>st</sup> March 2014;
  - 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

### 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 statements or where Joint Ventures are not audited, relying upon the information furnished by the management. The financial statement include the Company's share in total value of assets, liabilities, expenses and net profits in the overseas joint ventures 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 31<sup>st</sup> March 2014 and 5 International Joint Ventures audited by such other auditors as at 31<sup>st</sup> December 2013, however these were updated for position as at 31<sup>st</sup> March 2014 by the management

and unaudited 12 international Joint Ventures. These audited joint ventures accounts (including for the period ended Dec 31, 2013) cover 78% of Income, 56 % of Fixed Assets, 58 % of Producing Properties, 30 % of CWIP and 21 % of EWIP & DWIP.

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.

Our opinion is not qualified in respect of other matters.

### Report on Other Legal and Regulatory Requirements

7. 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.
8. 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 21<sup>st</sup> October, 2003 issued by the Department of Company affairs.

**For S. Mann & Co.**  
Chartered Accountants  
FRN No. 000075N

Sd/-  
**(Subhash Mann)**  
Partner  
M No. 80500

**For GSA & Associates**  
Chartered Accountants  
FRN No. 000257N

Sd/-  
**(Sunil Aggarwal)**  
Partner  
M No. 83899

Place : New Delhi  
Dated: May 20, 2014



**Mr. D K Saraff, CMD, ONGC Group of Companies administering the oath to the officials on Vigilance Awareness Week**



ANNEXURE TO INDEPENDENT  
AUDITORS' REPORT

(Referred to in Paragraph 7 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 The Company has taken an interest free loan from Oil and Natural Gas Corporation Limited, its parent Company and the amount outstanding as on 31.03.2014 is ₹ 52,914.93 million (₹ 119,576.99 million as on 31.03.2013).

The Company has provided loans to its subsidiaries and the amount outstanding as on 31.03.2014 is ₹ 8,050.11 million (₹ 7,286.80 as on 31.03.2013).

The rate of interest charged from its subsidiaries is not prejudicial to the Company.

- 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 31<sup>st</sup> March 2014.

- 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<br>(in ₹ millions) | Period to which amount<br>relates                           | Forum where dispute is<br>pending |
|---------------------|-----------------------------|---------------------------|---|-----------------------------------|
| Income-tax Act 1961 | Disputed Income-tax demand  | 1.17                      | AY 2006-07  | 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 | 3,893.68                  | 1 <sup>st</sup> Jan'2011 to 30 <sup>th</sup> Sept'2011      | Commissioner-Service Tax          |
| Service tax         | Disputed Service Tax demand | 7,711.47                  | 1 <sup>st</sup> October'2011 to 31 <sup>st</sup> March'2012 | Commissioner-Service Tax          |
| Service tax         | Disputed Service Tax demand | 9,718.72                  | 1 <sup>st</sup> April 2012 to 31 <sup>st</sup> March '2013  | Commissioner-Service Tax          |
| <b>TOTAL</b>        |                             | <b>50,273.41</b>          |   |                                   |

- 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.

The Company had a right issue of 500,000,000 Equity Shares of ₹ 100 each to parent company Oil and Natural Gas Corporation Limited (ONGC). The share price of ₹ 100 each is pari passu in all respects with the existing equity shares to ONGC and is not prejudicial to the interest of the company.

- 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  
FRN No. 000075N

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

Place : New Delhi  
Dated: May 20, 2014

For GSA & Associates  
Chartered Accountants  
FRN No. 000257N

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



## BALANCE SHEET AS AT 31 MARCH 2014

(₹ in Million)

|   | Note No. | As at<br>31 March 2014 | As at<br>31 March 2013 |
|---|----------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b>                             |          |                        |                        |
| <b>SHAREHOLDERS' FUNDS</b>                                |          |                        |                        |
| Share capital   | 3        | 100,000.00             | 50,000.00              |
| Reserves and surplus                                      | 4        | 149,305.16             | 117,305.14             |
| <b>NON CURRENT LIABILITIES</b>                            |          |                        |                        |
| Long term borrowings                                      | 5        | 211,269.43             | 143,111.97             |
| Deferred tax liabilities (Net)                            | 6        | 6,921.94               | 3,649.86               |
| Liability for abandonment                                 | 7        | 30,567.56              | 21,402.21              |
| Long term provisions                                      | 8        | –                      | 212.71                 |
|   |          | 248,758.93             | 168,376.75             |
| <b>CURRENT LIABILITIES</b>                                |          |                        |                        |
| Short term borrowings                                     | 9        | 133,633.50             | 48,053.57              |
| Trade payables  | 10       | 14,806.42              | 12,617.23              |
| Other current liabilities                                 | 11       | 43,287.57              | 18,139.52              |
| Short term provisions                                     | 12       | –                      | 72.30                  |
|   |          | 191,727.49             | 78,882.62              |
| <b>TOTAL</b>  |          | 689,791.58             | 414,564.51             |
| <b>ASSETS</b>   |          |                        |                        |
| <b>NON CURRENT ASSETS</b>                                 |          |                        |                        |
| <b>Fixed Assets</b>                                       |          |                        |                        |
| Tangible assets   | 13       | 55,107.76              | 50,557.12              |
| Intangible assets   | 14       | 82.73                  | 87.58                  |
| Producing properties                                      | 15       | 111,846.40             | 98,822.73              |
| Development & exploratory wells in progress               | 16       | 20,756.68              | 10,563.85              |
| Capital work in progress                                  | 17       | 219,769.73             | 68,336.24              |
|   |          | 407,563.30             | 228,367.52             |
| <b>Non Current Investment</b>                             | 18       | 231,360.47             | 138,014.85             |
| <b>Long Term Loans and Advances</b>                       | 19       | 6,293.60               | 5,689.04               |
| <b>Other Non Current Assets</b>                           | 20       | 3,540.55               | 4,798.58               |
| <b>CURRENT ASSETS</b>                                     |          |                        |                        |
| Inventories   | 21       | 3,236.04               | 2,263.45               |
| Trade receivables   | 22       | 10,962.96              | 11,343.90              |
| Cash & Bank balances                                      | 23       | 6,206.32               | 4,098.45               |
| Short term loans & advances                               | 24       | 1,306.50               | 1,044.01               |
| Other current assets                                      | 25       | 19,321.84              | 18,944.71              |
|   |          | 41,033.66              | 37,694.52              |
| <b>TOTAL</b>  |          | 689,791.58             | 414,564.51             |
| <b>See accompanying notes to the financial statements</b> | 1-51     |                        |                        |

Sd/-  
(S B Singh)  
Company Secretary

Sd/-  
(S P Garg)  
Managing Director & Director (Finance)

Sd/-  
(D K Sarraf)  
Chairman

As per our report of even date attached  
For **S. Mann & Co.**  
Chartered Accountants

For **GSA & Associates**  
Chartered Accountants

Place : New Delhi  
Date : May 20, 2014

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

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

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

(₹ in Million)

|  | Note No. | 2013-2014  | 2012-13   |
|--|----------|------------|-----------|
| <b>INCOME</b>  |          |            |           |
| Revenue from operations  | 26       | 98,564.25  | 74,584.26 |
| Other Income   | 27       | 5,402.53   | 4,121.81  |
| <b>TOTAL REVENUE</b>   |          | 103,966.78 | 78,706.07 |
| <b>EXPENSES</b>  |          |            |           |
| Production, Transportation, Selling and<br>Distribution Expenditure                | 28       | 23,017.04  | 17,851.45 |
| Decrease/(Increase) In Stock (Finished Goods)                                      | 29       | 2.82       | (0.82)    |
| Financing Costs  | 30       | 3,824.73   | 1,976.76  |
| Depreciation, Depletion and Amortisation   | 31       | 22,055.59  | 11,475.70 |
| Survey Expenditure   |          | 724.49     | 1,978.95  |
| Wells Written off  |          | 647.05     | 3,528.50  |
| Other Expenses (Foreign exchange variation & MTM)                                  | 32       | (2,157.73) | 735.67    |
| Provisions & Write-Offs (Net)  | 33       | 5,572.28   | 3,340.98  |
| Decrease/(increase) due to overlift/underlift quantity                             | 34       | (721.48)   | 634.62    |
| <b>TOTAL EXPENSES</b>  |          | 52,964.79  | 41,521.81 |
| <b>PROFIT BEFORE PRIOR PERIOD, EXCEPTIONAL AND<br/>EXTRAORDINARY ITEMS AND TAX</b> |          | 51,001.99  | 37,184.26 |
| Adjustment relating to Prior Period (Net)  | 35       | (325.54)   | (690.05)  |
| <b>PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY<br/>ITEMS AND TAX</b>               |          | 51,327.53  | 37,874.31 |
| <b>Exceptional And Extraordinary Items</b>   |          | -          | -         |
| <b>Less: Tax expense</b>   |          |            |           |
| Current Period Tax   |          | 12,533.53  | 9,463.45  |
| Deferred Tax   |          | 3,272.08   | (226.74)  |
| Earlier Periods' Tax   |          | 0.23       | 2,190.45  |
| <b>TOTAL Tax Expense</b>   |          | 15,805.84  | 11,427.16 |
| <b>PROFIT / (LOSS) FOR THE PERIOD FROM<br/>CONTINUING OPERATIONS</b>               |          | 35,521.69  | 26,447.15 |
| <b>Profit / (Loss) From Discontinuing Operations</b>                               |          | -          | -         |
| <b>PROFIT (LOSS) FOR THE PERIOD</b>  |          | 35,521.69  | 26,447.15 |
| <b>EARNINGS PER EQUITY SHARE</b>   |          |            |           |
| <b>Basic (₹)</b>   | 36       | 41.37*     | 34.32*    |
| <b>Diluted (₹)</b>   |          | 41.37*     | 34.32*    |
| <b>See accompanying notes to the financial statements</b>                          | 1-51     |            |           |
| <b>* restated for Rights issues during 2012-13 &amp; 2013-14</b>                   |          |            |           |

Sd/-  
(S B Singh)  
Company Secretary

Sd/-  
(S P Garg)  
Managing Director & Director (Finance)

Sd/-  
(D K Sarraf)  
Chairman

As per our report of even date attached  
For **S. Mann & Co.**  
Chartered Accountants

For **GSA & Associates**  
Chartered Accountants

Place : New Delhi  
Date : May 20, 2014

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

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







## Notes to the financial statements for the year ended 31 March 2014

### 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 (Revised 2013) 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. Since the Operating cycle cannot be identified in normal course due to

the special nature of industry, the same has been assumed to have duration of 12 months as per revised schedule VI to the Companies Act, 1956.

### 2.2 Summary of Significant Accounting Policies

#### a.1 Change in accounting Policies

The financial statements for the year ended 31<sup>st</sup> March 2014 are prepared following the same accounting policies and practices as followed in the annual financial statements for the year ended 31<sup>st</sup> March 2013.

#### 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 in line with the revised Guidance Note on Accounting for Oil and Gas Producing Activities (2013) notified by the Institute of Chartered Accountants of India. However, the change does not have any impact on recognition and measurement principles followed for preparation of financial statements. The leave encashment benefit has been funded effective from this year, hence the accounting policy relating to employee's benefits at r.3 has been modified.

| Policy no. | Existing Policy   | Accounting policy documented in FY 2013-14   | Financial Impact over the financial statements |
|------------|---|--|--|
| 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. | Exploration costs incurred in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalised as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per Note no d.1 or expensed as exploration cost (including allocated depreciation) as and when determined to be dry or no further use for any purpose, as the case may be. | Nil  |
| 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.   | All costs relating to development wells are initially capitalized as 'Development Wells in Progress' and transferred to 'Producing Properties' on completion as per Note no. d.1.  | Nil  |
| 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.   | Costs of exploratory wells are not carried unless there are indications of sufficient quantity of reserves and sufficient progress is made in assessing the reserves and the economic & operating viability of the project. All such carried costs are subject to review for impairment.   | Nil  |
| 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.  | 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 on completion.  | Nil  |
| 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.   | 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 and leave encashment the same are not funded.  | Nil  |
| z          | Nil   | Expenditure incurred before the right(s) to explore, develop and produce oil and gas is obtained, are expensed as incurred.  | 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 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.1.2 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 incurred in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalised as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per Note no d.1 or expensed as exploration cost (including allocated depreciation) as and when determined to be dry or no further use for any purpose, as the case may be.

c.3.2 All costs relating to development wells are initially capitalized as 'Development Wells in Progress' and transferred to 'Producing Properties' on completion as per Note no. d.1.

c.3.3 Costs of exploratory wells are not carried unless there are indications of sufficient quantity of reserves and sufficient progress is made in assessing the reserves and the economic & operating viability of the project. All such carried costs are subject to review for impairment.

#### 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 on completion.

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 statements 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 statements 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, event and circumstances indicates 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.



|   |  |   |   |
|---|--|---|---|
| <p>i. <b>Tangible Assets</b></p> <p>i.1 Tangible assets (including those taken on finance lease, support equipment and facilities) are stated at historical cost.</p> <p>i.2 All costs relating to acquisition of tangible assets till the time of commissioning of such assets are capitalized.</p>  | <p>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.</p>   | <p>p. <b>Revenue Recognition</b></p> <p>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>  | <p>benefits are recognised in accordance with the applicable laws of their respective jurisdictions and/or the respective labor agreements with the employees.</p>  |
| <p>j. <b>Intangible Assets</b></p> <p>j.1 Costs incurred on intangible assets, resulting in future economic benefits are capitalized as intangible assets.</p>  | <p>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.</p>  | <p>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> <p>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>   | <p>s. <b>Borrowing Costs</b></p> <p>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.</p>  |
| <p>k. <b>Depreciation</b></p> <p>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.</p> <p>k.2 Intangible Assets are amortised over the useful life not exceeding five years from the date of capitalisation.</p> <p>k.3 Leasehold land (other than perpetual lease and lease over 99 years) is amortized over the lease period.</p> <p>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.</p> <p>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.</p> | <p>n.4 <b>In respect of the Company's integral foreign operations:</b></p> <p>n.4.1 The foreign currency transactions on initial recognition in the reporting currency are recorded following the policy stated in 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.</p> <p>n.4.2 At each Balance Sheet date, monetary and non-monetary items are translated following the policy stated in n.2.</p> <p>n.4.3 All exchange differences are treated following the policy stated in n.3.1 and n.3.2.</p> <p>n.5 The financial statements of the non-integral foreign operations of the company are incorporated in the financial statements using the following principles:</p> <p>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;</p> <p>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</p> <p>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.</p> <p>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.</p> | <p>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> <p>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> <p>p.6 Revenue in respect of interest on delayed realization is recognized when there is reasonable certainty regarding ultimate collection.</p> <p>p.7 Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.</p>  | <p>t. <b>Insurance Claims</b></p> <p>The Company accounts for insurance claims as under:-</p> <p>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.</p> <p>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.</p> <p>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.</p>  |
| <p>l. <b>Inventories</b></p> <p>l.1 Crude oil and condensate are valued at cost or net realizable value, whichever is lower.</p> <p>l.2 Natural gas in pipeline and crude oil/condensate stock in flow lines/Gathering Stations are not valued.</p> <p>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.</p>  | <p>o. <b>Finance Leases</b></p> <p>o.1 <b>Assets given on Lease</b></p> <p>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.</p> <p>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.</p> <p>o.2 <b>Assets taken on Lease</b></p> <p>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>  | <p>q. <b>Transportation Costs</b></p> <p>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.</p> <p>r. <b>Employee Benefits</b></p> <p>r.1 All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.</p> <p>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.</p> <p>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 and leave encashment the same are not funded.</p> <p>r.4 In respect of local staff in foreign offices of the company, employees (other than those on deputation/secondment from the company) of joint ventures (incorporated/unincorporated)/ subsidiaries, the liabilities for employee</p> | <p>u. <b>Abnormal Rig days' costs</b></p> <p>Abnormal Rig days' costs are considered as unallocable and charged to statement of Profit and Loss.</p> <p>v. <b>Provisions, Contingent Liabilities and Contingent Assets</b></p> <p>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.</p> <p>w. <b>Taxes on Income</b></p> <p>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.</p> <p>x. <b>Accounting for derivatives</b></p> <p>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.</p> <p>y. <b>Goodwill Amortization</b></p> <p>The Company amortizes Goodwill (on consolidation) based on "Unit of Production Method" considering the related Proved Reserves.</p> <p>z. <b>Pre- acquisition cost</b></p> <p>Expenditure incurred before the right(s) to explore, develop and produce oil and gas is obtained, are expensed as incurred.</p> |
| <p>m. <b>Investments</b></p> <p>m.1 Long-term investments are valued at cost. Provision is made for any diminution, other than temporary, in the value of such investments.</p> <p>m.2 Current investments are valued at lower of cost or fair value.</p>   |  |   |   |
| <p>n. <b>Foreign Currency Transactions and Foreign Operations</b></p> <p>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.</p> <p>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.</p> <p>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</p>   |  |   |   |



3. SHARE CAPITAL

(₹ in Million)

| Particulars  | As at<br>31 March 2014 | As at<br>31 March 2013 |
|--|------------------------|------------------------|
| <b>Authorised</b>  |                        |                        |
| 1,000,000,000 (Previous year 500,000,000) Equity Shares of ₹ 100 each  | <b>100,000.00</b>      | 50,000.00              |
| <b>Issued, Subscribed, Called and Paid Up</b>  | <b>100,000.00</b>      | 50,000.00              |
| 1,000,000,000 (Previous year 500,000,000) 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) |                        |                        |
| <b>TOTAL</b>   | <b>100,000.00</b>      | 50,000.00              |

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

| Particulars                               | 31 March 2014   |                   | 31 March 2013 |            |
|---|-----------------|-------------------|---------------|------------|
|   | No. Millions    | ₹ Millions        | No. Millions  | ₹ Millions |
| <b>Equity Shares</b>                      |                 |                   |               |            |
| <b>At the beginning of the year</b>       | <b>500.00</b>   | <b>50,000.00</b>  | 100.00        | 10,000.00  |
| <b>Issued during the year</b>             | <b>500.00</b>   | <b>50,000.00</b>  | 400.00        | 40,000.00  |
| <b>Outstanding at the end of the year</b> | <b>1,000.00</b> | <b>100,000.00</b> | 500.00        | 50,000.00  |

The Company has increased its authorised share capital by ₹ 50,000 million in its EGM held on 12 November 2013 & consequently the authorised share capital of the Company is ₹ 100,000 million consisting of 1,000,000,000 equity shares of ₹ 100 each.

During the year, the Company had a rights issue of 500,000,000 (Previous year - 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 (ONGC) 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.

c During the year ending 31 March 2014, 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.

d 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:

| Particulars   | 31 March 2014 |                   | 31 March 2013 |            |
|---|---------------|-------------------|---------------|------------|
|   | No. Millions  | ₹ Millions        | No. Millions  | ₹ Millions |
| Oil and Natural Gas Corporation Limited, the holding company and its nominees | <b>1000</b>   | <b>100,000.00</b> | 500           | 50,000.00  |

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:

| Particulars   | 31 March 2014 |             | 31 March 2013 |            |
|---|---------------|-------------|---------------|------------|
|   | No. Millions  | ₹ Millions  | No. Millions  | ₹ Millions |
| Oil and Natural Gas Corporation Limited, the holding company and its nominees | <b>1000</b>   | <b>100%</b> | 500           | 100%       |

f Shares reserved for issue under options: Nil.

4. RESERVES AND SURPLUS

(₹ in Million)

| Particulars  | As at 31 March<br>2014 |                   | As at 31 March<br>2013 |            |
|--|------------------------|-------------------|------------------------|------------|
| <b>Capital Reserve ( As per last balance sheet)</b>                |                        | <b>174.08</b>     |                        | 174.08     |
| <b>Debenture Redemption Reserve (Note 4a)</b>                      |                        |                   |                        |            |
| Opening balance  | <b>14,088.91</b>       |                   | 9,781.27               |            |
| Add:Current year transfer  | <b>10,381.20</b>       | <b>24,470.11</b>  | 4,307.64               | 14,088.91  |
| <b>General Reserve</b>   |                        |                   |                        |            |
| Opening balance  | <b>12,414.43</b>       |                   | 9,769.72               |            |
| Add:Current year transfer  | <b>3,552.17</b>        | <b>15,966.60</b>  | 2,644.71               | 12,414.43  |
| <b>Foreign Exchange Translation Reserve (Note 4b)</b>              |                        | <b>(5,166.16)</b> |                        | (5,570.05) |
| <b>Foreign Currency Monetary Item Difference Account (Note 4c)</b> |                        | <b>(3,925.56)</b> |                        |            |
|  |                        |                   |                        | -          |
| <b>Statement of Profit and Loss</b>                                |                        |                   |                        |            |
| Opening balance  | <b>96,197.77</b>       |                   | 76,702.97              |            |
| Add: Net profit/(Net loss) for the year                            | <b>35,521.69</b>       |                   | 26,447.15              |            |
| Less: Transfer to Debenture Redemption Reserve                     | <b>10,381.20</b>       |                   | 4,307.64               |            |
| Less: Transfer to General Reserve                                  | <b>3,552.17</b>        | <b>117,786.09</b> | 2,644.71               | 96,197.77  |
|  |                        |                   |                        |            |
| <b>TOTAL</b>   |                        | <b>149,305.16</b> |                        | 117,305.14 |

a The Debentures Redemption Reserve position for above is as under:-

(₹ in Million)

| Particulars   | Balance as on 31 March<br>2013 | Addition during the year | Balance as on 31 March<br>2014 |
|---|--------------------------------|--------------------------|--------------------------------|
| 8.40 % 5 Years Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series I   | 12,892.38                      | 3,937.84                 | <b>16,830.22</b>               |
| 8.54 % 10 Years Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series II | 1,196.53                       | 369.80                   | <b>1,566.33</b>                |
| <b>Total (A)</b>  | <b>14,088.91</b>               | <b>4,307.64</b>          | <b>18,396.55</b>               |
| Unsecured 3.75% 10 years USD Bonds - USD 500 Millions   | -                              | 3,312.85                 | <b>3,312.85</b>                |
| Unsecured 2.50% 5 years USD Bonds - USD 300 Millions  | -                              | 2,760.71                 | <b>2,760.71</b>                |
| <b>Total (B)</b>  | -                              | <b>6,073.56</b>          | <b>6,073.56</b>                |
| <b>Total (A + B)</b>  | <b>14,088.91</b>               | <b>10,381.20</b>         | <b>24,470.11</b>               |

b. Foreign Currency Translation Reserve

The Company has been following 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. The movement is as under:

(₹ in Million)

| Particulars                 | As at 31 March<br>2014 | As at 31 March<br>2013 |
|-----------------------------|------------------------|------------------------|
| Opening Balance             | <b>(5,570.05)</b>      | <b>(5,547.27)</b>      |
| Additions during the period | <b>403.89</b>          | <b>(22.78)</b>         |
| Closing Balance             | <b>(5,166.16)</b>      | <b>(5,570.05)</b>      |



c. Foreign currency Monetary Item Difference Account:

As per significant policy n.3.1, the details of the exchange differences on long term monetary items are as under:

| (₹ in Million)            |                     |                     |
|---------------------------|---------------------|---------------------|
| Particulars               | As at 31 March 2014 | As at 31 March 2013 |
| Opening Balance           | -                   | -                   |
| Addition during the year  | (4,616.00)          | -                   |
| Amortised during the year | (690.44)            | -                   |
| Closing Balance           | (3,925.56)          | -                   |

5. LONG TERM BORROWINGS

| (₹ in Million)   |                     |                     |
|--|---------------------|---------------------|
| Particulars  | As at 31 March 2014 | As at 31 March 2013 |
| <b>Unsecured</b>                                       |                     |                     |
| <b>Non Convertible Redeemable Debenture (Note 5.a)</b> | <b>3,700.00</b>     | 23,400.00           |
| <b>Term Loans</b>                                      |                     |                     |
| from banks   | <b>106,606.50</b>   | -                   |
| from other parties                                     | -                   | -                   |
| <b>Foreign Currency Bonds (USD) (Note 5.b)</b>         | <b>48,048.00</b>    | -                   |
| <b>Foreign Currency Loans (Note 5.c)</b>               |                     |                     |
| Non-Recourse Deferred Credit                           | -                   | 134.98              |
| (In respect of Joint venture)                          |                     |                     |
| <b>From related parties (Note 5.d)</b>                 |                     |                     |
| Oil and Natural Gas Corporation Limited                | <b>52,914.93</b>    | 119,576.99          |
| <b>TOTAL</b>   | <b>211,269.43</b>   | 143,111.97          |

a Non Convertible Redeemable Debenture (Rupee Bonds)

| (₹ in Million)   |               |               |                        |                                    |
|--|---------------|---------------|------------------------|------------------------------------|
| Particulars  | Amount        | Date of issue | Due date of redemption | Coupon                             |
| Unsecured non-convertible redeemable Bonds in the nature of Debentures- Series II of face value ₹ 1 million each (Non Current) | 3,700         | 6 Jan, 2010   | 6 Jan, 2020            | 8.54%, payable annually in arrears |
| Unsecured non-convertible redeemable Bonds in the nature of Debentures- Series I of face value ₹ 1 million each (Current)      | 19,700        | 23 Dec, 2009  | 23 Dec, 2014           | 8.40%, payable annually in arrears |
| <b>Total</b>   | <b>23,400</b> |               |                        |                                    |

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 periodical put/ call option. The bonds are repayable in full ( bullet repayment) on maturity date. The non-convertible bonds amounting to ₹ 19,700 million is due for redemption on 23 Dec, 2014 and hence, depicted as other current liability in Note No. 11.

b Foreign Currency Bonds (USD)

| (₹ in Million)  |                  |               |                        |   |
|---|------------------|---------------|------------------------|---|
| Particulars   | Amount           | Date of issue | Due date of redemption | Coupon                                  |
| USD 500 million unsecured non-convertible Reg S Bonds | 27,145.00        | 7 May, 2013   | 7 May, 2023            | 3.75%, payable semi-annually in arrears |
| USD 300 million unsecured non-convertible Reg S Bonds | 16,287.00        | 7 May, 2013   | 7 May, 2018            | 2.50%, payable semi-annually in arrears |
| Foreign Exchange Difference                           | 4,616.00         |               |                        |   |
| <b>Total</b>  | <b>48,048.00</b> |               |                        |   |

- b.1** The above securities have been listed in Singapore Exchange (SGX). Both the bonds are guaranteed for repayment of principal and payment of interest by Oil and Natural Gas Corporation Limited, the parent company. The USD 300 million Reg S bonds were issued at price of 99.655% and USD 500 million Reg S bonds were issued at price of 99.950% . The bonds have been issued in denomination of USD 200,000 and integral multiples of USD 1,000 in excess thereof. There is no periodical put/call option. The bonds are repayable in full (bullet repayment) on maturity date.
- b.2** The foreign exchange difference on the foreign currency bonds till 31.03.2014 amounting to ₹ 4,616.00 million has been amortised over the outstanding tenure of the loan as per the provision of 46A of AS 11, refer to Note no. 4c.
- c** Non-recourse deferred credit: ₹ Nil (Previous year ₹ 134.98 Million) represents the non-recourse deferred credit from contractors of pipeline 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 2014 | As at 31 March 2013 |
| Current (Note 11)    | <b>1,043.37</b>     | 809.89              |
| Non Current (Note 5) | -                   | 134.98              |
| Total                | <b>1,043.37</b>     | 944.87              |

- d** The Company has taken loans from ONGC for various projects. The outstanding balance of such loans as at 31 March 2014 was ₹ 52,914.93 Million (previous year ₹ 119,576.99 Million). The loan is normally repayable out of the cash flows of the projects for which the respective funds were lent. However, ONGC have 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).

6. DEFERRED TAX LIABILITIES

| (₹ in Million)                 |                     |                     |
|--------------------------------|---------------------|---------------------|
| Particulars                    | As at 31 March 2014 | As at 31 March 2013 |
| Deferred tax liabilities (net) |                     |                     |
| Opening Balance                | <b>3,649.86</b>     | 3,876.60            |
| Addition during the year       | <b>3,272.08</b>     | (226.74)            |
| Closing Balance                | <b>6,921.94</b>     | 3,649.86            |

- a.** The Net Deferred Tax Liability of the Company as at 31 March 2014 is ₹ 6,921.94 Million (previous year: ₹ 3,649.86 Million). An amount of ₹ 3,272.08 Million (previous year : ₹(226.74) Million) has been adjusted to the current period’s statement of Profit and Loss.
- b.** The item wise details of Net Deferred Tax Liability as on 31 March 2014 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 2014 | As at 31 March 2013 |
|---|---------------------|---------------------|
| <b>Deferred Tax Assets :</b>                                      |                     |                     |
| Carried Forward Expenditure u/s 42 of Income Tax Act, 1961        | -                   | 14,410.94           |
| Other disallowables under Income Tax Act, 1961*                   | <b>4,554.76</b>     | 1,950.83            |
| Total Deferred Tax Assets   | <b>4,554.76</b>     | 16,361.77           |
| <b>Deferred Tax Liability :</b>                                   |                     |                     |
| Difference in claim of Expenditure u/s 42 of Income Tax Act, 1961 | <b>1,714.39</b>     | -                   |
| Difference in Net Block of Fixed Assets for Tax                   | <b>9,762.30</b>     | 20,011.63           |
| <b>Total Deferred Tax Liability</b>                               | <b>11,476.69</b>    | 20,011.63           |
| <b>Net Deferred Tax Liability</b>                                 | <b>6,921.94</b>     | 3,649.86            |

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

## 7. LIABILITY FOR ABANDONMENT

(₹ in Million)

| Particulars              | As at 31 March 2014 | As at 31 March 2013 |
|--------------------------|---------------------|---------------------|
| Opening Balance          | <b>21,402.21</b>    | 19,529.59           |
| Addition during the year | <b>9,165.35</b>     | 1,872.62            |
| Closing Balance          | <b>30,567.56</b>    | 21,402.21           |

Abandonment liability relates to Sakhalin1- Russia, Block 06.1 - Vietnam & ACG, Azerbaijan. In respect of liability of Sakhalin 1 Russia funding of ₹ 7727.97 million (previous year: ₹ 5,017.98 Million) has been made. Refer to note no. 18.

## 8. LONG TERM PROVISIONS

(₹ in Million)

| Provisions for employee benefits                         | As at 31 March 2014 | As at 31 March 2013 |
|--|---------------------|---------------------|
| Gratuity   | -                   | -                   |
| Leave Encashment   | -                   | 179.30              |
| Post Retirement Medical Benefits/Other Terminal Benefits | -                   | 33.41               |
| <b>TOTAL</b>   | -                   | 212.71              |

- (a) The provision for employee benefits are accounted based on the actuarial valuation for the year ending 31 March 2014.
- (b) The employees of the company are deputed from the parent company (ONGC) and governed as per the parent company policy for employee benefit. All the scheme relating to employee benefits are adminstered by the parent company and accordingly the year end provision of employee benefits from the current year are settled by the transfer to the parent company.

(₹ in Million)

| Particulars          | As at 31 March 2014 | As at 31 March 2013 |
|----------------------|---------------------|---------------------|
| Current (Note 12)    | -                   | 72.30               |
| Non Current (Note 8) | -                   | 212.71              |
| <b>Total</b>         | -                   | <b>285.01</b>       |

## 9. SHORT TERM BORROWINGS

(₹ in Million)

| Particulars                        | As at 31 March 2014 | As at 31 March 2013 |
|------------------------------------|---------------------|---------------------|
| Short-term borrowings from banks * | <b>133,633.50</b>   | 48,053.57           |
| <b>TOTAL</b>                       | <b>133,633.50</b>   | <b>48,053.57</b>    |

\* Represents bridge/short-term loans taken in current year for the purpose of acquisition of participating interest in Area-1 offshore, Mozambique. Borrowings in previous year were taken for acquisition of participating interest in ACG Fields and BTC pipeline, Azerbaijan.

## 10. TRADE PAYABLES

(₹ in Million)

| Particulars   | As at 31 March 2014 | As at 31 March 2013 |
|---|---------------------|---------------------|
| Deferred Credit on Gas Sales *                                    | 261.88              | 296.04              |
| Trade payables for Supplies / Works                               | 2,468.86            | 2,307.67            |
| Trade payables for Supplies / Works (In respect of Joint Venture) | 12,075.68           | 10,013.52           |
| <b>TOTAL</b>  | <b>14,806.42</b>    | <b>12,617.23</b>    |

\* 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 the gas in subsequent year(s) free of charge to such customers.

## 11. OTHER CURRENT LIABILITIES

(₹ in Million)

| Current Maturities of Long term borrowings                                | As at 31 March 2014 | As at 31 March 2013 |
|---|---------------------|---------------------|
| <b>Non Convertible Redeemable Debenture*</b>                              | <b>19,700.00</b>    | -                   |
| <b>Foreign Currency Loans</b>   |                     |                     |
| Non-Recourse Deferred Credit - Unsecured ** (In respect of Joint venture) | <b>1,043.37</b>     | 809.89              |
| <b>less: Set-off against provision for non-receipt of installment</b>     | <b>698.95</b>       | <b>344.42</b>       |
| Interest accrued but not due on Debentures, Bonds & Others                | <b>1,232.37</b>     | 522.42              |
| Advance from customers / Income received in advance                       | <b>353.81</b>       | 327.98              |
| Amount Payable to Operators   | <b>15,278.01</b>    | 11,529.10           |
| Payable to Oil and Natural Gas Corporation Limited                        | <b>361.17</b>       | 331.79              |
| Deposits - Unsecured  | <b>1.28</b>         | 132.35              |
| Other Liabilities   | <b>6,016.51</b>     | 4,485.99            |
| <b>TOTAL</b>  | <b>43,287.57</b>    | 18,139.52           |

\* Attention is invited to Note No. 5 (a). The Non convertible Redeemable debenture are due for redemption on 23 December 2014 and accordingly classified as current liability.

\*\* Attention is invited to Note 5(c)

## 12. SHORT TERM PROVISIONS

(₹ in Million)

| Provisions for employee benefits                         | As at 31 March 2014 | As at 31 March 2013 |
|--|---------------------|---------------------|
| Gratuity   | -                   | 59.50               |
| Leave Encashment   | -                   | 11.52               |
| Post Retirement Medical Benefits/Other Terminal Benefits | -                   | 1.28                |
| <b>TOTAL</b>   | -                   | <b>72.30</b>        |

Attention is invited to Note: 8 (a)



### 13. TANGIBLE ASSETS

| PARTICULARS  | GROSS BLOCK              |                                |  |                           |
|--|--------------------------|--------------------------------|--|---------------------------|
|  | As at<br>1 April<br>2013 | Additions during<br>the period | Deletions/<br>Adjustments<br>during the Year | As at<br>31 March<br>2014 |
| 1. Land (Leasehold)  | 1,621.40                 | -                              | -  | <b>1,621.40</b>           |
| Land (Freehold)  | 3.39                     | -                              | -  | <b>3.39</b>               |
| 2. Building  | 5,639.49                 | 427.68                         | -  | <b>6,067.17</b>           |
| 3. Plant & Machinery   | 104,547.14               | 17,712.12                      | 3.50   | <b>122,255.76</b>         |
| 4. Computers   | 359.77                   | 86.76                          | 0.14   | <b>446.39</b>             |
| 5. Vehicles  | 424.90                   | 80.40                          | 17.43  | <b>487.87</b>             |
| 6. Furniture & Fittings and Equipments                                       | 3,804.70                 | 204.79                         | 14.65  | <b>3,994.84</b>           |
| <b>TOTAL</b>   | <b>116,400.79</b>        | <b>18,511.75</b>               | <b>35.72</b>                                 | <b>134,876.82</b>         |
| Previous Year  | 88,495.86                | 28,030.93                      | 126.00                                       | <b>116,400.79</b>         |
| The above includes the company's share in Joint Venture Assets: Current Year | <b>114,518.79</b>        | <b>18,478.44</b>               | <b>35.71</b>                                 | <b>132,961.52</b>         |
| Previous Year  | 86,520.90                | 28,013.01                      | 15.12  | <b>114,518.79</b>         |

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

The Company and Joint Venture Company, in consortium with other partners (Consortium) carries on its business in respect of exploration, activities in the fields / projects, provide that the title to the fixed assets and other ancillary installations shall pass to host Government or “Cost Gas” or upon relinquishment of the relevant contract areas or termination of the relevant agreement. However, as per the terms of the operations throughout the term of the respective agreements. The Consortium also has the custody and maintenance of such assets and the circumstances, such assets are kept in the records of the Company during the currency of the respective agreements

### 14. INTANGIBLE ASSETS

| PARTICULARS  | GROSS BLOCK              |                              |  |                           |
|--|--------------------------|------------------------------|--|---------------------------|
|  | As at<br>1 April<br>2013 | Additions during<br>the Year | Deletions/<br>Adjustments<br>during the Year | As at<br>31 March<br>2014 |
| Software   | 324.62                   | 41.55                        | 1.04   | 365.13                    |
| <b>TOTAL</b>   | <b>324.62</b>            | <b>41.55</b>                 | <b>1.04</b>                                  | <b>365.13</b>             |
| Previous Year  | 278.68                   | 47.11                        | 1.17   | 324.62                    |
| The above includes the company's share in Joint Venture Assets: Current Year | <b>211.77</b>            | <b>41.55</b>                 | <b>1.04</b>                                  | <b>252.28</b>             |
| Previous Year  | 175.83                   | 35.94                        | -  | 211.77                    |

(₹ in Million)

| DEPRECIATION           |                  |  |                           | NET BLOCK                 |                           |
|------------------------|------------------|--|---------------------------|---------------------------|---------------------------|
| Up to 31 March<br>2013 | For the Year     | Deletions/<br>Adjustments during<br>the Year | As at<br>31 March<br>2014 | As at<br>31 March<br>2014 | As at<br>31 March<br>2014 |
| -                      | -                | -  | -                         | <b>1,621.40</b>           | 1,621.40                  |
| -                      | -                | -  | -                         | <b>3.39</b>               | 3.39                      |
| 1,369.88               | 224.69           | -  | <b>1,594.57</b>           | <b>4,472.60</b>           | 4,269.61                  |
| 61,707.94              | 13,382.71        | 1.54   | <b>75,089.11</b>          | <b>47,166.65</b>          | 42,839.20                 |
| 257.32                 | 54.53            | 0.07   | <b>311.78</b>             | <b>134.61</b>             | 102.45                    |
| 278.38                 | 41.38            | 4.07   | <b>315.69</b>             | <b>172.18</b>             | 146.52                    |
| 2,230.15               | 228.58           | 0.82   | <b>2,457.91</b>           | <b>1,536.93</b>           | 1,574.55                  |
| <b>65,843.67</b>       | <b>13,931.89</b> | <b>6.50</b>                                  | <b>79,769.06</b>          | <b>55,107.76</b>          | <b>50,557.12</b>          |
| 60,003.97              | 5,851.28         | 11.59  | <b>65,843.67</b>          | <b>50,557.12</b>          | 28,491.89                 |
| <b>65,669.86</b>       | <b>13,900.76</b> | <b>6.50</b>                                  | <b>79,564.12</b>          | <b>53,397.40</b>          | <b>48,848.93</b>          |
| 59,860.34              | 5,821.03         | 11.51  | <b>65,669.86</b>          | <b>48,848.93</b>          | 26,660.56                 |

development and production of hydrocarbons under agreements with host governments. Several of these agreements, governing Company's its nominated entities either upon acquisition / first use of such assets or upon 100% recovery of such costs through allocation of “Cost Oil” and 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 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

(₹ in Million)

| DEPRECIATION           |              |  |                           | NET BLOCK                 |                           |
|------------------------|--------------|--|---------------------------|---------------------------|---------------------------|
| Up to 31 March<br>2013 | For the Year | Deletions/<br>Adjustments during<br>the Year | As at<br>31 March<br>2014 | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
| 237.04                 | 45.36        | -  | <b>282.40</b>             | <b>82.73</b>              | 87.58                     |
| <b>237.04</b>          | <b>45.36</b> | -  | <b>282.40</b>             | <b>82.73</b>              | <b>87.58</b>              |
| 183.72                 | 53.32        | -  | <b>237.04</b>             | <b>87.58</b>              | 94.96                     |
| <b>154.83</b>          | <b>23.87</b> | -  | <b>178.70</b>             | <b>73.58</b>              | <b>56.94</b>              |
| 122.10                 | 32.73        | -  | <b>154.83</b>             | <b>56.94</b>              | 53.73                     |



## 15. PRODUCING PROPERTIES

(₹ in Million)

| Gross Cost  | As at 31 March 2014 | As at 31 March 2013 |
|---|---------------------|---------------------|
| Opening Balance   | 145,313.16          | 98,340.55           |
| Expenditure during the year                               | 9,354.93            | 31,530.79           |
| Transfer from Development & Exploratory Wells-in-Progress | 12,215.51           | 13,569.20           |
| Estimated Abandonment Costs*                              | 9,212.29            | 1,872.62            |
| <b>Total Gross (A)</b>                                    | <b>176,095.89</b>   | <b>145,313.16</b>   |
| <b>Less: Depletion</b>                                    |                     |                     |
| Opening Balance   | 46,490.43           | 36,741.16           |
| Depletion for the period                                  | 17,759.06           | 9,749.27            |
| <b>Total Depletion (B)</b>                                | <b>64,249.49</b>    | <b>46,490.43</b>    |
| <b>NET PRODUCING PROPERTIES (A - B)</b>                   | <b>111,846.40</b>   | <b>98,822.73</b>    |

\* The above includes Foreign currency translation differences on the abandonment liability in pursuance to Para 46A of the Accounting Standard-11 (Changes in Foreign Exchange Rates) as follows:

| Particulars  | As at 31 March 2014 | As at 31 March 2013 |
|--|---------------------|---------------------|
| <b>Exchange loss arising on reporting of long-term foreign currency monetary items relating to depreciable assets:</b> |                     |                     |
| Amount remaining to be amortised at the beginning of the year  | 1,120.37            | -                   |
| Exchange loss/(gain) arising during the year   | 2,231.12            | 1,246.83            |
| Less: Depletion on the above charged to statement of profit and loss for the year                                      | 285.36              | 126.46              |
| Amount remaining to be amortised at the end of the year  | 3,066.13            | 1,120.37            |

## 16. DEVELOPMENT & EXPLORATORY WELLS IN PROGRESS

(₹ in Million)

|   | As at 31 March 2014 | As at 31 March 2013 |
|---|---------------------|---------------------|
| <b>A. Development Wells in Progress</b>                     |                     |                     |
| Opening Balance   | 6,401.56            | 8,621.74            |
| Addition during the year                                    | 10,977.91           | 10,745.95           |
| Less: Transfer to Producing Properties                      | 10,404.45           | 12,966.13           |
| <b>Development Wells in Progress</b>                        | <b>6,975.02</b>     | <b>6,401.56</b>     |
| Less: Provision for impairment (Note 16.a)                  |                     |                     |
| Opening Balance   | 83.74               | -                   |
| Provided during the year                                    | -                   | 83.74               |
|   | 83.74               | 83.74               |
| <b>Development Wells-in-Progress (A)</b>                    | <b>6,891.28</b>     | <b>6,317.82</b>     |
| <b>B. Exploratory Wells in Progress (INTANGIBLE ASSETS)</b> |                     |                     |
| Opening Balance   | 7,656.16            | 9,350.56            |
| Addition during the year                                    | 12,084.20           | 2,437.17            |
| Less: Transfer to Producing Properties                      | 1,811.06            | 603.07              |
| Less: Wells written off during the period                   | 647.05              | 3,528.50            |
| <b>Closing Balance</b>                                      | <b>17,282.25</b>    | <b>7,656.16</b>     |
| Less: Provision for impairment (Note 16.a & 16.b)           |                     |                     |
| Opening Balance   | 3,410.13            | 3,393.43            |
| Add: Provided during the year                               | 6.72                | 16.70               |
|   | 3,416.85            | 3,410.13            |
| <b>Exploratory Wells in Progress (B)</b>                    | <b>13,865.40</b>    | <b>4,246.03</b>     |
| <b>TOTAL WELLS IN PROGRESS (A + B)</b>                      | <b>20,756.68</b>    | <b>10,563.85</b>    |

- a The Company has 60% PI in Block XXIV, Syria where the development is currently suspended. In view of deteriorating law and order situation in Syria, operations of the project are temporarily suspended since May 2012. In view of the same provision has been made in respect of cost of development wells in progress amounting to ₹ 83.74 million (Previous year: ₹ 83.74 Million) successful exploratory wells amounting to ₹ 1,914.29 million (Previous year: ₹ 1,914.29 Million) in respect of the project.
- b 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 ₹ 1,502.56 million till 31 March 2014 ( ₹ 1,495.84 million till 31 March 2013).

## 17. CAPITAL WORK IN PROGRESS

(₹ in Million)

|   | As at 31 March 2014 | As at 31 March 2013 |
|---|---------------------|---------------------|
| <b>Building</b>                                   |                     |                     |
| Corporate Office Building, Vasant Kunj, New Delhi | 1,717.71            | 1,261.90            |
| <b>Plant &amp; Machinery</b>                      |                     |                     |
| Block A1, Myanmar                                 | -                   | 6,429.52            |
| Block A3, Myanmar                                 | -                   | 1,201.89            |
| Pipeco Midstream, Myanmar                         | -                   | 2,900.66            |
| Sakhalin-1 Project, Russia                        | 64,248.80           | 51,219.29           |
| Block 5A, South Sudan                             | 27.26               | 27.26               |
| Block 06.1, Vietnam                               | 115.42              | 40.75               |
| ACG, Azerbaijan                                   | 358.90              | -                   |
| Mozambique Offshore Area 1                        | 5,075.68            | -                   |
| <b>Acquisition cost*</b>                          |                     |                     |
| Block 128, Vietnam                                | 92.54               | 92.54               |
| Mozambique Offshore Area 1 (Note-39.5.a)          | 142,970.99          | -                   |
| Block 1, 2, 3 & 4 (Area 43), Libya                | 408.90              | 408.90              |
| Block Satpayev, Kazakhstan                        | 4,753.53            | 4,753.53            |
| <b>Total</b>                                      | <b>219,769.73</b>   | <b>68,336.24</b>    |

\* Acquisition cost relates to the cost for acquiring property or mineral rights of proved or unproved oil and gas properties which are currently under Exploration/Development stage, such cost which will be transferred to producing property on commercial production from the project or written off in case of relinquishment of exploration project.

## 18. NON- CURRENT INVESTMENT

(₹ in Million)

|  | No. of Shares/<br>Bonds/<br>Units | Face Value per<br>Share/Bond/<br>Unit | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|--|-----------------------------------|---------------------------------------|---------------------------|---------------------------|
| <b>Long Term Investments (Fully Paid Up) (At Cost)</b> |                                   |                                       |                           |                           |
| <b>Trade Investments in Shares Unquoted</b>            |                                   |                                       |                           |                           |
| <i>In Wholly Owned Subsidiaries:</i>                   |                                   |                                       |                           |                           |
| ONGC Narmada Limited                                   |                                   |                                       |                           |                           |
| Equity Shares  | 20,000,000<br>(20,000,000)        | 1 (Naira)                             | 6.94                      | 6.94                      |
| ONGC Amazon Alaknanda Limited                          |                                   |                                       |                           |                           |
| Equity Shares  | 12,000<br>(12,000)                | 1 (USD)                               | 0.56                      | 0.56                      |
| Preference Shares                                      | 227,216,319<br>(306,611,613)      | 1 (USD)                               | 10,486.04                 | 14,150.13                 |
| Imperial Energy  |                                   |                                       |                           |                           |
| Equity Shares  | 1,450<br>(1,450)                  | 1 (USD)                               | 15,574.46                 | 15,574.46                 |
| Preference Shares                                      | 192,210                           | 1(USD)                                | 86,744.37                 | 86,744.37                 |



|   | No. of Shares/<br>Bonds/<br>Units | Face Value per<br>Share/Bond/<br>Unit | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|---|-----------------------------------|---------------------------------------|---------------------------|---------------------------|
| (at a premium of USD 9,999)   | (192,210)                         |                                       |                           |                           |
| Carabobo One AB   | 377,678                           | 11.19457                              | <b>2,822.02</b>           | 2,822.02                  |
| Equity Shares   | (377,678)                         | (EURO)                                |                           |                           |
| ONGC (BTC) Limited  | 8,000,001                         | 1 (USD)                               | <b>2,529.66</b>           | 2,519.86                  |
| Equity Shares   | (8,000,001)                       |                                       |                           |                           |
| In Partially Owned Subsidiaries:  |                                   |                                       |                           |                           |
| ONGC Nile Ganga B.V.  |                                   |                                       |                           |                           |
| Equity Shares Class A   | 40<br>(40)                        | 453.78 (Euro)                         | <b>8,462.12</b>           | 8,462.12                  |
| Equity Shares Class B   | 100<br>(100)                      | 453.78 (Euro)                         | <b>21,155.29</b>          | 21,155.29                 |
| Equity Shares Class C   | 880<br>(880)                      | 1 (Euro)                              | <b>234.25</b>             | 234.25                    |
| Beas Rovuma Energy Mozambique Limited   | 7,680                             | No Par Value                          | <b>94,289.92</b>          | -                         |
| Equity Shares (Note-39.5.d)   |                                   |                                       |                           |                           |
| In Jointly Controlled Entity :  |                                   |                                       |                           |                           |
| ONGC Mittal Energy Limited  |                                   |                                       |                           |                           |
| Equity Shares   | 24,990,000<br>(24,990,000)        | 1 (USD)                               | <b>1,113.72</b>           | 1,113.72                  |
| Sudd Petroleum Operating Company  | 24                                | 1 (USD)                               | <b>0.01</b>               | 0.01                      |
| Equity Shares (Block 5A, South Sudan)   | (24)                              |                                       |                           |                           |
| <b>Investment with Bank for Site Restoration (Note 18.a)</b>                  |                                   |                                       | <b>7,727.97</b>           | 5,017.98                  |
| <b>TOTAL</b>  |                                   |                                       | <b>251,147.33</b>         | 157,801.71                |
| <b>Less : Provision for diminution in the value of investment (Note 18.b)</b> |                                   |                                       |                           |                           |
| <b>Opening Balance</b>  |                                   |                                       | <b>19,786.86</b>          | 18,666.21                 |
| <b>During the year</b>  |                                   |                                       | -                         | 1,120.65                  |
| <b>Closing Balance</b>  |                                   |                                       | <b>19,786.86</b>          | 19,786.86                 |
| <b>Total Non- Current Investment (Net of provision)</b>                       |                                   |                                       | <b>231,360.47</b>         | 138,014.85                |

- a The investments in the bank for site restoration relates to the Sakhalin 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 Sakhalin1 Abandonment Funding agreement entered into by 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 invited to Note No.7.
- b Provision for dimunition in the value of investment is in respect of Imperial, ONL and OMEL.

#### 19. LONG TERM LOANS AND ADVANCES

| (₹ in Million)                               |                        |                        |
|--|------------------------|------------------------|
| Gross Cost                                   | As at 31 March<br>2014 | As at 31 March<br>2013 |
| <b>Secured, considered good</b>              |                        |                        |
| Loans and advances to related party          | <b>0.66</b>            | 0.41                   |
| Other loans and advances                     | <b>119.17</b>          | 98.80                  |
| <b>Unsecured, considered good</b>            |                        |                        |
| Other loans and advances                     | <b>9.53</b>            | 11.05                  |
| <b>Loans and advances to related parties</b> |                        |                        |

| Gross Cost  | As at 31 March<br>2014 | As at 31 March<br>2013 |
|---|------------------------|------------------------|
| <b>Subsidiary Companies</b>   |                        |                        |
| Advance to ONGC (BTC) Limited                                       | <b>292.07</b>          | 1,291.52               |
| Advance to Imperial Energy  | <b>4,556.28</b>        | 4,126.14               |
| Advance to Carabobo One AB Limited                                  | <b>178.24</b>          | 161.12                 |
| Advance to Beas Rovuma Energy Mozambique Limited                    | <b>1,137.65</b>        | -                      |
| <b>Doubtful</b>   |                        |                        |
| Loans and advances to related party (ONL)                           | <b>1,886.07</b>        | 1,708.02               |
| Other loans and advances (Note 19.c)                                | <b>1,687.30</b>        | 1,022.10               |
| <b>Sub Total (A)</b>  | <b>9,866.97</b>        | 8,419.16               |
| <b>Less : Provision for bad and doubtful loans and advances (B)</b> | <b>3,573.37</b>        | 2,730.12               |
| <b>TOTAL (A)-(B)</b>  | <b>6,293.60</b>        | 5,689.04               |

- a Loans and advances

| Particulars              | As at 31 March<br>2014 | As at 31 March<br>2013 |
|--------------------------|------------------------|------------------------|
| Current (Note No.24)     | <b>1,306.50</b>        | 1,044.01               |
| Non Current (Note No.19) | <b>6,293.60</b>        | 5,689.04               |
| <b>Total</b>             | <b>7,600.10</b>        | 6,733.05               |

- b Loans and advances to related party represent due from directors as employee

|  | Non-current            |                        | Current                |                        |
|--|------------------------|------------------------|------------------------|------------------------|
|  | As at 31 March<br>2014 | As at 31 March<br>2013 | As at 31 March<br>2014 | As at 31 March<br>2013 |
| <b>Loans and advances due from directors</b> | 0.66                   | 0.41                   | 0.59                   | 0.07                   |

- c **Doubtful - Other Loans & Advances**

The Company has 25% participating interest (PI) in the exploration Block Satpayev Area Kazakhstan, and 75% PI is held by KMG the national oil company of Kazakhstan. As per the carry agreement, ONGC Videsh is financing KMG’s share of expenditure in the exploration block during the exploratory period (carry loan). The amount of carry loan will be refunded by KMG along with accrued interest in the event of commercial discovery and production from the project. The KMG’s share of expenditure financed by ONGC Videsh in the Block has been accounted for as loan to KMG. The interest on the carry loan has not been accounted for in view of uncertainty of recovery.

Provision has been made towards the amount of carry loan of ₹ 1,687.30 Million as on 31 March 2014 (Previous year: ₹ 1022.10 Million) to KMG in view of the block being under exploration as there is no certainty of commercial discovery and has been depicted as other loans and advances-Doubtful.

#### 20. OTHER NON CURRENT ASSETS

| (₹ in Million)   |                        |                        |
|--|------------------------|------------------------|
| Gross Cost   | As at 31 March<br>2014 | As at 31 March<br>2013 |
| <b>Secured, considered good</b>  |                        |                        |
| Investment in Lease realisable beyond 12 months from the end of reporting period | -                      | 675.83                 |
| Interest Accrued on Loans to Employees   | <b>45.06</b>           | 37.03                  |
| <b>Unsecured, considered good</b>  |                        |                        |
| Prepaid Expenses   | <b>17.46</b>           | 17.32                  |
| Carry Cost   | <b>3,400.38</b>        | -                      |
| Other Deposits   | <b>33.25</b>           | 33.25                  |
| Discount on Issue of Debenture   | <b>44.40</b>           | -                      |
| <b>Doubtful</b>  |                        |                        |
| Trade receivables (sundry debtors) realisable beyond 12 months                   | <b>123.71</b>          | 2.30                   |



| Gross Cost  | As at 31 March 2014 | As at 31 March 2013 |
|---|---------------------|---------------------|
| Investment in Lease                                       | 4,410.98            | 4,035.15            |
| <b>Sub Total (A)</b>                                      | <b>8,075.24</b>     | <b>4,800.88</b>     |
| Provision for doubtful Trade receivables (sundry debtors) | 123.71              | 2.30                |
| Provision for Investment in lease                         | 4,410.98            | -                   |
| <b>Sub Total (B)</b>                                      | <b>4,534.69</b>     | <b>2.30</b>         |
| <b>TOTAL (A-B)</b>  | <b>3,540.55</b>     | <b>4,798.58</b>     |

#### Other Assets

(₹ in Million)

| Particulars              | As at 31 March 2014 | As at 31 March 2013 |
|--------------------------|---------------------|---------------------|
| Non Current (Note No.20) | 3,540.55            | 4,798.58            |
| Current (Note No.25)     | 19,321.82           | 18,944.71           |
| <b>Total</b>             | <b>22,862.37</b>    | <b>23,743.29</b>    |

#### 21. INVENTORIES

(₹ in Million)

| (As taken, valued and certified by the Management)      | As at 31 March 2014 | As at 31 March 2013 |
|---|---------------------|---------------------|
| Finished Goods  | 14.78               | 17.60               |
| Stores & Spares   | 4,435.09            | 2,881.40            |
| Less: Provision for obsolete and non moving inventories | 1,213.83            | 635.55              |
| (In respect of Joint Ventures)                          |                     |                     |
| <b>TOTAL</b>  | <b>3,236.04</b>     | <b>2,263.45</b>     |

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

#### 22. TRADE RECEIVABLES

(₹ in Million)

| Unsecured, Considered good                          | As at 31 March 2014 | As at 31 March 2013 |
|---|---------------------|---------------------|
| Debts outstanding for a period exceeding six months | 3.21                | 108.85              |
| Debts outstanding for a period less than six months | 10,959.75           | 11,235.05           |
| <b>TOTAL</b>  | <b>10,962.96</b>    | <b>11,343.90</b>    |

#### 23. CASH AND BANK BALANCES

(₹ in Million)

|   | As at 31 March 2014 | As at 31 March 2013 |
|---|---------------------|---------------------|
| <b>A. Balances with Banks</b>                                       |                     |                     |
| in current account  | 4,115.27            | 2,342.80            |
| in deposits   | 175.60              | 67.36               |
| <b>B. Cash on hand</b>  |                     |                     |
| a) At India   | 0.24                | 0.23                |
| b) At Overseas  | 0.10                | 0.12                |
| <b>C. Cash &amp; Bank Balance</b><br>(In respect of Joint Ventures) | <b>1,915.11</b>     | <b>1,687.94</b>     |
| <b>D. Earmarked Balances</b>  |                     |                     |
|   | -                   | -                   |
| <b>TOTAL</b>  | <b>6,206.32</b>     | <b>4,098.45</b>     |

#### 24. SHORT TERM LOANS AND ADVANCES

(₹ in Million)

|   | As at 31 March 2014 | As at 31 March 2013 |
|---|---------------------|---------------------|
| <b>A. Secured - Considered Good</b>                                 |                     |                     |
| Loans & Advances to Employees                                       | 24.97               | 22.13               |
| <b>Unsecured - Considered Good (A)</b>                              | <b>24.97</b>        | <b>22.13</b>        |
| <b>B. Unsecured - Considered Good</b>                               |                     |                     |
| Loans & Advances to Employees                                       | 5.93                | 7.42                |
| Loans & Advances to Directors                                       | 0.59                | 0.07                |
| Advances recoverable in cash or in kind or for value to be received | 311.18              | 418.89              |
| <b>Loans and advances to related parties</b>                        |                     |                     |
| Receivable from ONGC Nile Ganga BV (Subsidiary Company)             | 520.12              | 305.50              |
| Receivable from Petro Carabobo Ganga BV (Subsidiary Company)        | 183.55              | 57.06               |
| Receivable from OAAI (Subsidiary Company)                           | 12.49               | 9.42                |
| Receivable from ONGC Mittal Energy Ltd. (Joint Venture)             | 247.67              | 223.52              |
| <b>Unsecured - Considered Good (B)</b>                              | <b>1,281.53</b>     | <b>1,021.88</b>     |
| <b>C. Unsecured - Considered Doubtful</b>                           |                     |                     |
| Carry Finance to JV Partners  | 65.03               | 58.89               |
| <b>Unsecured - Considered Doubtful (C)</b>                          | <b>65.03</b>        | <b>58.89</b>        |
| <b>D. Provision for Doubtful Loans &amp; Advances</b>               |                     |                     |
| <b>Provision for Doubtful Loans &amp; Advances (D)</b>              | <b>65.03</b>        | <b>58.89</b>        |
| <b>LOANS AND ADVANCES (A + B + C - D)</b>                           | <b>1,306.50</b>     | <b>1,044.01</b>     |

#### 25. OTHER CURRENT ASSETS

(₹ in Million)

|  | As at 31 March 2014 | As at 31 March 2013 |
|--|---------------------|---------------------|
| Prepaid expenses for Underlift Quantity  | 428.87              | 174.12              |
| Interest Accrued On:   |                     |                     |
| Deposits with Banks  | 0.06                | 0.10                |
| Others   | 282.37              | 88.05               |
| Other Deposits   | 30.81               | 27.45               |
| Other Current Assets   | 94.24               | 810.03              |
| Discount on Issue of Debenture   | 13.93               | -                   |
| VAT Receivable   | 644.73              | 1,389.90            |
| Advances recoverable in Cash or in kind or for value to be received<br>(In respect of Joint Venture) | 10,605.84           | 7,825.72            |
| Taxes (Income Tax, Wealth Tax and Fringe Benefit Tax) :  |                     |                     |
| Advance Payment  | 20,019.61           | 21,266.71           |
| Less: Provision  | 12,798.66           | 12,637.37           |
| <b>TOTAL</b>   | <b>19,321.84</b>    | <b>18,944.71</b>    |

a. Attention is invited to Note No. 20(a) for the Current and Non-Current classification of Other Assets.



## 26. REVENUE FROM OPERATIONS

|                                      | (₹ in Million)   |                  |
|--------------------------------------|------------------|------------------|
|                                      | 2013-14          | 2012-13          |
| <b>(A) Sale of products</b>          |                  |                  |
| Crude Oil                            | 85,897.86        | 61,604.04        |
| Gas                                  | 11,915.57        | 11,393.63        |
| Condensate                           | 1,987.72         | 2,954.69         |
| <b>TOTAL</b>                         | <b>99,801.15</b> | <b>75,952.36</b> |
| <b>Less: Value Added Tax (VAT)</b>   | <b>1,236.90</b>  | <b>1,368.10</b>  |
| <b>Total revenue from operations</b> | <b>98,564.25</b> | <b>74,584.26</b> |

## 27. OTHER INCOME

|   | (₹ in Million)  |                 |
|---|-----------------|-----------------|
|   | 2013-14         | 2012-13         |
| <b>Interest income :</b>                                    |                 |                 |
| On Deposits with Banks                                      | 100.23          | 43.77           |
| On Loans & Advances to Subsidiaries                         | 241.54          | 88.16           |
| On Loans and Advances to Employees                          | 6.96            | 6.41            |
| Other interest income - Income Tax refund                   | 18.55           | 896.56          |
| <b>Profit on Redemption/ Sale of Investment (Note 27.a)</b> | <b>2,636.33</b> | <b>1,551.54</b> |
| <b>Gain on Foreign Exchange Forward Contract</b>            | <b>797.15</b>   | <b>704.76</b>   |
| <b>Finance Lease Income</b>                                 | <b>93.21</b>    | <b>164.33</b>   |
| <b>Miscellaneous Receipts - Manpower &amp; Others.</b>      | <b>1,508.56</b> | <b>666.28</b>   |
| <b>TOTAL</b>  | <b>5,402.53</b> | <b>4,121.81</b> |

- a During the year 79,395,294 shares (previous year 61,383,561 shares) of US\$ 1 each amounting to ₹ 3,664.09 million (previous year ₹ 2832.85 million) of the wholly owned subsidiary company ONGC Amazon Alaknanda Ltd. was redeemed for ₹ 7488.13 million (previous year ₹ 4879.80 million) with a profit of ₹ 2,636.33 million (previous year ₹ 1551.54 million)

## 28. PRODUCTION, TRANSPORTATION, SELLING AND DISTRIBUTION EXPENDITURE

|                                      | (₹ in Million)   |                  |
|--------------------------------------|------------------|------------------|
|                                      | 2013-14          | 2012-13          |
| Production Expenditure               | 9,524.41         | 6,375.08         |
| Transportation Expenditure           | 3,086.11         | 3,195.18         |
| Royalty                              | 6,553.62         | 5,100.32         |
| Service Tax and Other Levies         | 26.78            | 38.63            |
| Staff Expenditure                    | 1,352.93         | 1,318.20         |
| Rent                                 | 273.82           | 212.44           |
| Repair & Maintenance                 | 133.56           | 121.67           |
| Insurance                            | 176.54           | 14.26            |
| Business development & Misc Expenses | 1,889.27         | 1,475.67         |
| <b>TOTAL</b>                         | <b>23,017.04</b> | <b>17,851.45</b> |

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

### 28. (a) Details of Production, Transportation, Selling and Distribution Expenditure

|   | (₹ in Million) |          |
|---|----------------|----------|
| Particulars                                   | 2013-14        | 2012-13  |
| (i) (a) Salaries, Wages, Ex-gratia, etc.      | 1,024.01       | 1,011.99 |
| (b) Contribution to Provident and other Funds | 52.22          | 49.65    |
| (c) Provision for Gratuity                    | 15.20          | 28.56    |

| Particulars                                   | 2013-14          | 2012-13          |
|---|------------------|------------------|
| (d) Provision for Leave Encashment            | 137.42           | 88.67            |
| (e) Provision of Medical/Terminal Benefits    | 3.51             | 16.91            |
| (f) Staff Welfare Expenses                    | 120.57           | 122.42           |
| <b>Sub-Total</b>                              | <b>1,352.93</b>  | <b>1,318.20</b>  |
| (ii) Rent                                     | 273.82           | 212.44           |
| (iii) Electricity, Water and Power            | 20.87            | 21.28            |
| (iv) Repairs to Building                      | -                | -                |
| (v) Repairs to Plant and Machinery            | -                | -                |
| (vi) Other Repairs                            | 133.56           | 121.67           |
| (vii) Hire Charges of Vehicles                | 51.93            | 47.23            |
| (viii) Professional Charges                   | 198.86           | 94.29            |
| (ix) Telephone and Telex                      | 23.81            | 23.10            |
| (x) Printing and Stationary                   | 8.41             | 6.82             |
| (xii) Business Meeting Expenses               | 3.24             | 10.88            |
| (xiii) Traveling Expenses                     | 212.37           | 192.72           |
| (xiv) Insurance                               | 176.54           | 14.26            |
| (xv) Advertisement and Exhibition Expenditure | 15.52            | 14.17            |
| (xvi) Statutory Levies                        | 26.78            | 38.63            |
| (xvii) Contractual Transportation             | 3,086.11         | 3,195.18         |
| (xviii) Miscellaneous Expenditure             | 105.03           | 21.51            |
| (xix) Other Operating Expenditure**           | 10,773.64        | 7,418.75         |
| (xxv) Royalty                                 | 6,553.62         | 5,100.32         |
| <b>Total</b>                                  | <b>23,017.04</b> | <b>17,851.45</b> |

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

- (b) The corporate social responsibility expenditure has been approved at a minimum of 1% of the net profit of the company during the previous year or target as per the MOU with ONGC whichever is higher will be allocated towards CSR every year. The budget allocation will be non-lapsable. In the current year the company has made a total expenditure of ₹ 68.25 Million (previous year : ₹ 92.92 million) during the year towards CSR activities overseas directly or through its joint ventures. The above expenditure is lower than the stipulated limit of 1% amounting to ₹ 264.47 million (1% of ₹ 2,6447.15 million). No provision has been made for the difference between actual expenditure & the budget allocation amount in view of the entire activities undertaken outside India.

### (c) Auditors' Remuneration ( Included in 28a (viii) above)

|                   | (₹ in Million) |             |
|-------------------|----------------|-------------|
|                   | 2013-14        | 2012-13     |
| Audit Fee         | 3.37           | 2.63        |
| Tax Audit Fee     | 0.34           | 0.25        |
| Certification Fee | 0.23           | 0.77        |
| <b>Total</b>      | <b>3.94</b>    | <b>3.65</b> |

- (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 debit raised by them for which supporting documents are held by the parent company/subsidiaries.

## 29. INCREASE/(DECREASE) IN STOCK (FINISHED GOODS)\*

\* As taken, Valued and Certified by the Management"

|  | (₹ in Million) |               |
|--|----------------|---------------|
|  | 2013-14        | 2012-13       |
| Closing Stock (A)                              | 14.78          | 17.60         |
| Opening Stock(B)                               | 17.60          | 16.78         |
| <b>NET (INCREASE)/DECREASE IN STOCK ( B-A)</b> | <b>2.82</b>    | <b>(0.82)</b> |



### 30. FINANCING COSTS

(₹ in Million)

|                                   | 2013-14         | 2012-13         |
|-----------------------------------|-----------------|-----------------|
| <b>Interest expenses</b>          |                 |                 |
| Interest on Bonds & Debentures    | 3,781.25        | 1,966.82        |
| Other interest expenses           | 31.73           | 9.94            |
| <b>Sub-Total</b>                  | <b>3,812.98</b> | 1,976.76        |
| <b>Discount on issue on Bonds</b> | <b>11.75</b>    | -               |
| <b>TOTAL</b>                      | <b>3,824.73</b> | <b>1,976.76</b> |

### 31. DEPRECIATION, DEPLETION AND AMORTISATION

(₹ in Million)

|                                 | 2013-14          | 2012-13   |
|---------------------------------|------------------|-----------|
| Depreciation on Fixed Assets    | 13,931.89        | 5,851.29  |
| Add: Amortisation - Intangibles | 45.36            | 53.32     |
| Less: Capitalised               | 9,680.72         | 4,296.53  |
| Depletion                       | 17,759.06        | 9,778.51  |
| <b>TOTAL</b>                    | <b>22,055.59</b> | 11,475.70 |

### 32. OTHER EXPENSES

(₹ in Million)

|   | 2013-14           | 2012-13  |
|---|-------------------|----------|
| Net (gain) or loss on foreign currency transactions and translation (other than considered as finance cost) | (4,402.58)        | (871.09) |
| Provision for Mark to Market loss on Derivative Contracts (Note 46)   | 2,244.85          | 1,606.76 |
| <b>TOTAL</b>  | <b>(2,157.73)</b> | 735.67   |

### 33. PROVISIONS AND WRITE OFFS

(₹ in Million)

|   | 2013-14         | 2012-13  |
|---|-----------------|----------|
| Provision for Diminution in the Value of Investment                   | -               | 1,120.65 |
| Provision for Investment in lease in Sudan Pipeline (net off set off) | 3,712.03        | -        |
| Provisions for Doubtful Debts/Claims                                  | 964.80          | 546.83   |
| Provision for Wells under service contract                            | 6.72            | 16.70    |
| Provision for Exploratory & Development wells of Block XXIV Syria     | -               | 1,998.02 |
| Provision for Non-Moving Inventory/(Reversal)                         | 578.33          | 168.88   |
| Acquisition Cost of Exploration Project written off                   | -               | 254.37   |
| Other write off (write back)  | 310.40          | (764.47) |
| <b>TOTAL</b>  | <b>5,572.28</b> | 3,340.98 |

Provision for doubtful debts/claims includes carry loan of ₹ 665.20 Million (Previous year: ₹ 487.94 Million) to KMG, in view of the block being under exploration and there is no certainty of commercial discovery. Attention is invited to Note No. 19 (c).

### 34. DECREASE/(INCREASE) DUE TO OVERLIFT/UNDERLIFT QUANTITY

(₹ in Million)

|                            | 2013-14 | 2012-13 |
|----------------------------|---------|---------|
| A. Overlift previous year  | 466.73  | -       |
| B. UnderLift Previous year | 174.12  | 342.01  |
| C. Overlift current year   | -       | 466.73  |

|   | 2013-14         | 2012-13 |
|---|-----------------|---------|
| D. UnderLift current year   | 428.86          | 174.12  |
| <b>Decrease/(increase) due to overlift/underlift quantity (B + C - A - D)</b> | <b>(721.48)</b> | 634.62  |

### 35. ADJUSTMENT RELATING TO PRIOR PERIOD (NET)

(₹ in Million)

|                        | 2013-14         | 2012-13  |
|------------------------|-----------------|----------|
| <b>A. Expense</b>      |                 |          |
| Survey Expenses        | -               | -        |
| Other Expenses         | -               | (660.82) |
| Depreciation/Depletion | -               | (29.23)  |
| <b>Sub-Total</b>       | <b>-</b>        | (690.05) |
| <b>B. Income</b>       |                 |          |
| Other Income           | 325.54          | -        |
| <b>Sub-Total</b>       | <b>325.54</b>   | -        |
| <b>TOTAL (A) - (B)</b> | <b>(325.54)</b> | (690.05) |

### 36. EARNING PER EQUITY SHARE

|  | 2013-14           | 2012-13           |
|--|-------------------|-------------------|
| Net Profit   | 35,521,689,859.80 | 26,447,118,349.55 |
| No of Shares   | 858,641,578       | 770,685,227       |
| <b>Basic and Diluted Earnings Per Equity Share of ₹ 100 each</b> | <b>41.37</b>      | 34.32             |

\* restated for Rights issue during the current year

During the year, the Company had a Rights Issue of 500,000,000 (previous year 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.

#### 37.1 TAX ASSESSMENT

- 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 (As on 31 March 2013: ₹ 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 the proceedings are under progress.
- 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 favorable decisions from ITAT for AY 2002-03 and AY 2003-04 and the disallowances made by the AO has 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 CIT (A) orders for AY 2004-05 and 2005-06 in the ITAT which is pending for disposal. For the assessment years 2006-07, 2007-08 and 2008-09, CIT (A) has decided the appeals in favour of the Company on most of the grounds except the claim of additional expenditure raised by the EPC Contractor for completion of Sudan Pipeline project for AY 2006-07 and addition made on account of undervaluation of Closing Stock pertaining to Block 5A, Sudan for AY 2007-08 and AY 2008-09.



- 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). CIT (A) has passed the order dt. 24.02.2014 in favour of the Company by deleting all the disallowances.
- 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. CIT (A) vide its order dt. 08.07.2013 has allowed the appeal in favour of ONGC Videsh and directed AO to allow the credit of notional Vietnam taxes deemed to have been paid in Vietnam after verification of details with reference to certificates issued by Vietnamese Tax Authorities (VTA).
- 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. The appeal is pending for disposal before CIT (A).
- vi. For the assessment year 2006-07, AO had initiated action on 18 March 2013 u/s 147 of the Income Tax Act, 1961 for re-assessing

company's assessed income and ONGC Videsh replied to the notice on 11.04.2013. However, AO had issued a correction notice to considered the earlier notice issued u/s 148 as 115WH AY for 2006-07, whereby the case was reopened for reassessment of Fringe Benefits. The assessment proceedings were completed and the AO issued the re-assessment order dt. 26.02.2014 u/s 115 WF/ WG of the Act. As per the re-assessment order, AO made additions to the return of Fringe Benefits on account of payment with respect to Casual Labour for ₹ 0.28 Million and Lease rent on behalf of employees for ₹ 1.30 Million. Subsequently, AO also issued a notice of demand u/s 156 for ₹ 1.173 Million and a show cause notice for initiating penalty proceeding u/s 274 read with section 271 of the Act. The Company has filed an appeal before CIT (A) against the additions made by AO. Applications have been filed before AO for stay of demand and to keep penalty proceedings in abeyance till the disposal of appeal before CIT (A).

- vii. ITAT vide order dated 16.11.2012 upheld CIT (A) order in the matter of deduction of withholding tax for the payment made to M/s Wood Mackenzie (WM) for the online subscription of data base. ONGC Videsh has filed Miscellaneous Application with ITAT because the ITAT failed to consider the material fact that ONGC Videsh earned income by using information provided by WM for its oil and gas exploration, production and development projects carried out outside India, and the source of its income was such foreign projects based outside India and is eligible for exemption given in the explanation in section 9(1) (vi) of the Income-tax Act 1961. Further ONGC Videsh had filed appeal against the ITAT order in Delhi High Court. The amount involved is ₹ 6.33 Million. ONGC Videsh already deposited the tax amount as per the order received from the ITO.
- viii. For the assessment year 2010-11, the assessment proceedings have been completed and AO had issued a draft assessment order dt. 21.03.2014 u/s 144C read with section 143(3) of the Act. As per the draft assessment order, AO had made additions/disallowance (depreciation on acquisition cost of PI, pre-acquistion expenses, expenditure on Farsi Block, Iran, expenditure on Site Restoration Fund pertaining to Sakhalin Project, transfer pricing adjustment and other expenses) amounting to ₹ 3907.64 Million. The disallowances also include an amount of ₹ 1875.56 Million on protective basis. However, the company has not accepted the disallowances and proposed to contest before CIT (A) by filing an appeal with in 30 days from the receipt of final order. The final order has been issued by AO dt. 22.04.2014 where demand u/s 156 of the Act has been raised for ₹ 818.89 and a notice u/s 274 read with Section 271 of the Act has been issued for initiating penalty proceedings. The Company is in the process of Filing an appeal before CIT (A) against the disallowances made by AO.
- ix. For the amount of contingent liability in respect of disputed tax demand attention is invited to Note no.45.1

### 37.2 DISCLOSURE PURSUANT TO CLAUSE 28 OF THE LISTING AGREEMENT

| Particulars   | Loans & Advances in the Nature of Loans (₹ In Million) |  |                              |  |
|---|--|--|------------------------------|--|
|   | Outstanding as on 31.03.2014                           | Maximum Amount Outstanding during the period | Outstanding as on 31.03.2013 | Maximum Amount Outstanding during the period |
| a) Loans and advances to Subsidiaries   |  |  |                              |  |
| i) Advance to Imperial Energy   | <b>4,556.28</b>  | 4,765.66                                     | 4,126.14                     | 4,126.14                                     |
| ii) Advance to Carabobo One AB  | <b>178.24</b>  | 186.09                                       | 161.12                       | 166.03                                       |
| iii) Loan to ONGC Narmada Limited   | <b>1,886.07</b>  | 1,972.75                                     | 1,708.02                     | 1,719.32                                     |
| iv) Advance to ONGC Caspian E&P B.V.  | Nil  | Nil  | Nil                          | Nil  |
| v) Advance to ONGC BTC  | <b>292.07</b>  |  | 1291.52                      | 1291.52                                      |
| 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 | <b>159.44</b>  | 148.88                                       | 121.37                       | 121.37                                       |
| 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  |

### 38. DETAILS OF JOINT VENTURES:

The details of Company's joint ventures as on 31 March 2014 are as under

| S. 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%<br>Petro Vietnam - 20%                 | TNK Vietnam B.V.                    | The project is under development and production.  |
| 2      | Sakhalin -1, Russia, Offshore                | 20%                               | ENL - 30%<br>SODECO - 30%<br>SMNG - 11.5%<br>R N Astra– 8.5% | ENL                                 | The project is under development and production.  |
| 3      | Block 5A, South Sudan, Onshore               | 24.125%                           | Petronas - 67.875%<br>Nilepet – 8%                           | Joint Operatorship by all partners. | The project is under exploration, development and production. Currently under temporary shutdown due to security situation. |
| 4      | Block A-1, Myanmar, Offshore                 | 17%                               | Daewoo – 51%<br>KOGAS – 8.5%<br>GAIL – 8.5%<br>MOGE- 15%     | Daewoo                              | The project is under Production.  |
| 5      | Block A-3, Myanmar, Offshore                 | 17%                               | Daewoo – 51%<br>KOGAS – 8.5%<br>GAIL - 8.5%<br>MOGE- 15%     | Daewoo                              | The project is under production   |
| 6      | Farsi Block, Iran, Offshore                  | 40%                               | IOC – 40% OIL - 20%  | ONGC Videsh                         | The project's exploration period ended on 24 June 2009. Agreement on MDP and Development service contract is pending.       |



| S. No. | Name of the Project and Country of Operation               | Company's participating share (%) | Other Consortium Members*  | Operator*   | Project status  |
|--------|--|-----------------------------------|--|-------------|---|
| 7      | Block XXIV, Syria, Onshore                                 | 60%                               | IPRMEL - 25% Triocean-15%  | IPR MEL     | IPRMEL the Operator declared Force Majeure effective 29 April 2012  |
| 8      | Khartoum–Port Sudan Pipeline Project, Sudan Onshore        | 90%                               | OIL - 10%  | ONGC Videsh | The pipeline has been completed and is under lease.                 |
| 9      | Block RC-8, Colombia, Offshore                             | 40%                               | Ecopetrol - 40% Petrobras – 20%  | ONGC Videsh | The project is under exploration                                    |
| 10     | Block RC-9, Colombia, Offshore                             | 50%                               | Ecopetrol - 50%  | Ecopetrol   | The project is under exploration                                    |
| 11     | Block RC-10, Colombia, Offshore                            | 50%                               | Ecopetrol - 50%  | ONGC Videsh | The project is under exploration                                    |
| 12     | Block SSJN-7, Colombia, Onshore                            | 50%                               | Pacific - 50%  | Pacific     | The project is under exploration                                    |
| 13     | Block CPO-5, Colombia, Onshore                             | 70%                               | PetroDorado – 30%  | ONGC Videsh | The project is under exploration                                    |
| 14     | SHWE Offshore Pipeline, Myanmar, Offshore                  | 17%                               | Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE – 15%   | Daewoo      | Pipeline is completed and transportation of Block Myanmar A1/A3 Gas |
| 15     | Satpayev Contract Area 3575, Kazakhstan, Offshore          | 25%                               | KMG – 75%  | SOLLP       | The project is under exploration                                    |
| 16     | Azeri, Chirag, Guneshli Fields (ACG), 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                     |
| 17     | Block SS 04, Bangladesh Offshore                           | 45.00%                            | OIL-45% BAPEX-10%  | ONGC Videsh | The project is under exploration                                    |
| 18     | Block SS 09, Bangladesh Offshore                           | 45.00%                            | OIL-45% BAPEX-10%  | ONGC Videsh | The project is under exploration                                    |
| 19     | Blocks 25-29, 35 (Part) & 36, Cuba, Offshore               | 30.00%                            | Repsol YPF – 40% Stat Oil – 30%  | Repsol YPF  | Blocks are relinquished   |
| 20     | Block Area 1, Mozambique Offshore                          | 10.00%                            | Anadarko- 26.5% Mitsui-20% PTTEP-8.5% BPRL-10% BREML-10% # ENH-15%   | Anadarko    | The project is under development                                    |

\*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, BREML - Beas Rovuma Energy Mozambique Limited, ENH - Empresa Nacional De Hidrocarbonates, E.P, BPRL - Bharat PetroResources Ltd., BAPEX - Bangladesh Petroleum Exploration & Production Company Limited, BP - British Petroleum, Nilepet - Nile Petroleum Corporation, Triocean - Tri-Ocean Energy # ONGC Videsh holds 60% shares in BREML

### 39.1 COMPANY’S SHARE IN JOINT VENTURES

The Company’s share of assets, liabilities, income and expenses in the Joint Ventures till 31<sup>st</sup> march 2014 as furnished by the operator has been incorporated in the financial statements as given below:

| (₹ in Million)                            |                  |                        |                          |   |                |                       |             |            |                                       |
|---|------------------|------------------------|--------------------------|---|----------------|-----------------------|-------------|------------|---------------------------------------|
| JV Name                                   | 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) |
| <b>A. Audited as of 31 March, 2014</b>    |                  |                        |                          |   |                |                       |             |            |                                       |
| Block 06.1, Vietnam                       | 3,593.41         | 4,134.47               | 115.42                   | -   | 2,340.90       | 10.77                 | 1,571.18    | 8,951.34   | 5,698.91                              |
| Port Sudan Product Pipeline, Sudan        | -                | -                      | -                        | -   | 679.24         | 10.72                 | 4,618.35    | 93.21      | 3,372.35                              |
| Block Farsi, Iran                         | 0.21             | -                      | -                        | -   | (1.30)         | 0.79                  | 62.23       | 0.24       | 12.59                                 |
| <b>Total (A)</b>                          | 3,593.62         | 4,134.47               | 115.42                   | -   | 3,018.84       | 22.28                 | 6,251.76    | 9,044.79   | 9,083.85                              |
| <b>B. Audited as of 31 December, 2013</b> |                  |                        |                          |   |                |                       |             |            |                                       |
| Block Sakhalin 1, Russia                  | 26,110.86        | 61,232.95              | 64,248.80                | 3,395.98                                      | 12,933.57      | 1,325.49              | 46,714.49   | 69,417.10  | 32,601.99                             |
| Block RC-8, Colombia                      | 0.21             | -                      | -                        | -   | (0.69)         | -                     | 583.08      | -          | 124.29                                |
| Block RC-9, Colombia                      | -                | -                      | -                        | -   | 40.25          | 0.24                  | 6.26        | 0.34       | 122.76                                |
| Block RC-10, Colombia                     | 0.30             | -                      | -                        | -   | 0.11           | 0.57                  | 789.72      | -          | 183.31                                |
| Block CPO 5, Colombia                     | 0.35             | -                      | -                        | 936.90  | 66.77          | -                     | 386.55      | 0.37       | 718.44                                |
| <b>Total (B)</b>                          | 26,111.72        | 61,232.95              | 64,248.80                | 4,332.88                                      | 13,040.01      | 1,326.30              | 48,480.10   | 69,417.81  | 33,750.79                             |
| <b>C. Unaudited</b>                       |                  |                        |                          |   |                |                       |             |            |                                       |
| Block ACG, Azerbaijan                     | 10,730.34        | 34,389.50              | 358.90                   | 738.46  | 4,057.50       | 0.02                  | 715.72      | 18,480.13  | 12,387.31                             |
| Block SSJN-7, Colombia                    | -                | -                      | -                        | -   | -              | -                     | 7.58        | 0.35       | 56.46                                 |
| Blocks 25-29 & 34-36, Cuba                | 2.39             | -                      | -                        | -   | -              | -                     | (470.59)    | 0.02       | (70.23)                               |
| Block A-1, Myanmar                        | 7,437.92         | 2,526.53               | -                        | 3,316.13                                      | 395.17         | 274.26                | 3,212.85    | 331.53     | 1,097.98                              |
| Block A-3, Myanmar                        | 1,295.46         | 3,117.96               | -                        | -   | 302.04         | 109.05                | 745.03      | 2,091.78   | 1,270.92                              |
| SHWE Offshore Pipeline, Myanmar           | 1,845.84         | -                      | -                        | -   | 92.63          | 67.92                 | (35.31)     | 453.92     | 1,967.31                              |
| Block Area 1, Mozambique                  | 209.18           | -                      | 148,046.67               | 11,356.82                                     | 3,761.18       | -                     | 453.82      | -          | 3.91                                  |
| Block 5A, South Sudan                     | 2,204.16         | 6,481.46               | 27.26                    | 1,012.39                                      | 595.41         | 105.98                | 805.80      | 744.99     | 1,464.73                              |
| Block Satpayev, Kazakhstan                | 1.84             | -                      | 4,753.53                 | -   | 81.60          | 1.82                  | 6.83        | -          | 740.61                                |
| Block 24, Syria                           | 38.58            | (36.48)                | -                        | -   | 26.58          | -                     | 498.93      | -          | 403.21                                |
| <b>Total ( C)</b>                         | 23,765.71        | 46,478.97              | 153,186.36               | 16,423.80                                     | 9,312.11       | 559.05                | 5,940.66    | 22,102.72  | 19,322.21                             |
| <b>Grand Total (A + B + C)</b>            | 53,471.05        | 111,846.39             | 217,550.58               | 20,756.68                                     | 25,370.96      | 1,907.63              | 60,672.52   | 100,565.32 | 62,156.85                             |

\*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.

### 39.2 BLOCK 5A, SOUTH SUDAN

ONGC Videsh has 24.125% participating interest in Block 5A, South Sudan. The project is jointly operated by the partners Petronas Carigali Nile Ltd, ONGC Videsh Limited and Nilepet, the national oil company of South Sudan.

In view of security situation due to internal conflict in the country all petroleum operation in Block 5A is temporarily shut down from 22<sup>nd</sup> December 2013. However recently ceasefire agreement has been signed by the warring parties & the negotiations is under progress under the mediation of African union countries and inter government authorities on development (IGAD). All actions are taken by the partners to resume production swiftly on security clearance by the host government. In view of above there is an indication of impairment in the project & impairment test was conducted considering 2 years deferment of production. Based on the impairment evaluation as per the procedure of the company in accordance with the requirement of Accounting Standard-28 (AS-28), no impairment provision is required.

### 39.3 SATPAYEV BLOCK, KAZAKHSTAN

Effective 12 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 15 June, 2010 between Ministry of Oil and Gas (MOG), Kazakhstan and KMG. KMG now holds subsoil use rights of 75% in the Block. The amounts paid toward initial payment and signature bonus amounting to ₹ 4,753.53 Million (Previous year: ₹ 4,753.53 Million) are disclosed as Capital-Work-in-Progress in Note 17, as part of acquisition cost to be treated as per the final status of the project.

### 39.4 BLOCKS SS-04 & SS-09, BANGLADESH

ONGC Videsh in consortium with Oil India Ltd. (OIL) was awarded two shallow water Blocks SS-04 and SS-09 located in the offshore area in People’s Republic of Bangladesh on 20 August 2013 and the Production Sharing Contracts (PSCs) of the Blocks were signed



by Government of People's Republic of Bangladesh represented by Ministry of Power, Energy and Mineral Resources, Bangladesh Oil and Gas & Mineral Corporation (PETROBANGLA), consortium of ONGC Videsh & OIL and Bangladesh Petroleum Exploration and Production Company Limited (BAPEX) on 17 February, 2014. PSCs envisage the exploration, appraisal, development and production of petroleum in contract area of the Blocks SS-04 and SS-09 measuring 7,269 square kilometers and 7,026 square kilometers respectively. The exploration term consists of 8 (eight) consecutive contract years comprising 5 (five) years as Initial exploration term and 3 (three) years as Subsequent exploration term. ONGC Videsh is the operator of the Blocks and has PI of 45%, OIL holds 45% PI and BAPEX 10% PI. BAPEX's 10% PI shall be carried by ONGC Videsh and OIL in proportion to their respective interests in respect of all expenditure up to the date of first commercial discovery and shall be re-paid from the first available cost recovery petroleum and profit petroleum.

### 39.5 MOZAMBIQUE OFFSHORE AREA 1

- a The company has acquired 10% participating interest (PI) in the Rovuma Area 1 offshore Block, Mozambique from Anadarko Moçambique Area 1 Limitada ("Anadarko") during the year. The transaction has been completed on 28<sup>th</sup> February, 2014 and total purchase consideration was USD 2,640 Million (₹163,944.00 Million).

The Rovuma Area 1 offshore Block is in development stage. As per Note No 2.2.(c.1.1) of the significant accounting policies of the company, the net assets less liabilities pertaining to Company's 10% PI in Area 1 offshore block as on 28<sup>th</sup> February, 2014 was accounted for in the respective assets and liabilities. The difference between the purchase consideration and net book value of assets less liabilities has been accounted as acquisition cost as per the accounting significant policy c.1.1 and c.1.2.

| Details   | (USD in Million) | (₹ in Million) |
|---|------------------|----------------|
| Purchase Consideration  | 2,640.00         | 163,944.00     |
| Less: Net share of assets as on closing date (28 February 14) | 316.75           | 19,670.22      |
| Acquisition Cost (Capitalised in CWIP)                        | 2,323.25         | 144,273.78     |

- b Capitalisation of borrowing cost:  
The consideration amount of USD 2,640 million was financed by way of USD 725 million one year term bridge loan, USD 1,775 Million five year term Loan and balance through the Company's internal resources. The total borrowing cost upto to 31 March 2014 with respect to the loans, amounts to ₹ 2,140.58 Million. As per Note No. 2.2.s of the accounting policy of the company, borrowing cost of ₹ 2,092.85 Million directly related to the assets under construction has been capitalised to the related assets.
- c Foreign exchange variation on long term foreign currency monetary items:  
As per Note No. 2.2.n(3.1) of the accounting policies of the company, the exchange difference amounting to ₹ 3543.16 million arising on the USD 1,775 Million five year term loan has been capitalised to the related assets.

- d The Company in joint venture with Oil India Limited (OIL) acquired 6% PI in the Rovuma Area 1 offshore Block, Mozambique from Videocon Mauritius Energy Limited (Videocon) by acquiring 60% shares and OIL acquiring 40% shares of Videocon Mozambique Rovuma 1 Limited (renamed as Beas Rovuma Energy Mozambique Limited (BREML) with effect from 30<sup>th</sup> January, 2014). BREML holds 10% PI in the Rovuma Area 1 offshore Block, Mozambique. The transaction was completed on 7<sup>th</sup> January, 2014. The company's share of consideration for acquiring the shares has been accounted as investment in subsidiary company depicted in note no 18 as per financial statements.

- e As per the condition of sale and purchase agreement with Videocon for acquiring the shares of BREML, the consideration is subject to adjustment for the seller's final statements of accounts which will be submitted within 120 days from the date of closing i.e. by 7<sup>th</sup> May, 2014. Closing statement has been received from Videocon on 2<sup>nd</sup> May, 2014. The adjustment to the purchase price of USD 31.457 million (₹ 1,889.31 Million) payable to seller was received from seller on 2<sup>nd</sup> May, 2014. The same is under review and the response has to be submitted within 30 days from the date of receipt of statements. Adjustment to the consideration, if any, shall be accounted on finalization of seller's final statement of accounts.

### 40. THE REQUIRED DISCLOSURE UNDER THE ACCOUNTING STANDARD 15 (REVISED) 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 2013-14 | Contribution for Key Management Personnel during 2013-14 | Expense Recognized during 2012-13 | Contribution for Key Management Personnel during 2012-13 |
|----------------------------------|-----------------------------------|--|-----------------------------------|--|
| Contributory Provident Fund      | 43.37                             | 0.61   | 38.74                             | 0.72   |
| Employee Pension Scheme -95      | 6.34                              | 0.01   | 1.63                              | 0.02   |
| Composite Social Security Scheme | 1.64                              | 0.07   | 8.73                              | 0.08   |

- (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              |
| Unrecognized Past Service Cost       | -        | -      | -                                | -                  |
| Net Liability                        | 59.50    | 190.82 | 14.93                            | 19.76              |

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

- (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    | 59.50    | 190.82 | 14.93                            | 19.76              |
| Current Service Cost                  | 179.90   | 166.44 | 63.49                            | 8.99               |
| Past Service Cost                     | 15.29    | 121.50 | 3.29                             | 8.54               |
| Interest Cost                         | 12.92    | 85.27  | 3.08                             | 7.67               |
| Actuarial Losses (-Gains)             | -        | -      | -                                | -                  |
| Exchange differences on foreign plans | -        | -      | -                                | -                  |
| Less: Benefits paid                   | -        | -      | -                                | -                  |
| Closing defined benefit obligation    | -6.02    | -39.41 | -                                | -                  |
|                                       | -14.00   | -65.30 | 0.00                             | -0.89              |
|                                       | 68.69    | 293.30 | 14.59                            | 23.61              |
|                                       | 59.50    | 190.82 | 14.93                            | 19.75              |



(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                             | 15.29    | 121.50 | 3.29                             | 8.54               |
|  | 12.92    | 85.27  | 3.08                             | 7.67               |
| Interest on Obligation                           | 5.06     | 16.70  | 1.27                             | 1.68               |
|  | 15.29    | 14.15  | 5.40                             | 0.76               |
| Expected Return on plan assets                   | -        | -      | -                                | -                  |
|  | -        | -      | -                                | -                  |
| Net Actuarial Losses (-Gains) recognized in year | -5.14    | 3.69   | -4.90                            | -6.37              |
|  | -134.61  | -9.74  | -57.04                           | 3.22               |
| Past Service Cost                                | -        | -      | -                                | -                  |
|  | -        | -      | -                                | -                  |
| Losses (Gains) on curtailments and settlement    | -        | -      | -                                | -                  |
|  | -        | -      | -                                | -                  |
| Total included in 'Employee Benefit Expense'     | 15.21    | 141.89 | -0.34                            | 3.85               |
|  | -106.40  | 89.68  | -48.56                           | 11.65              |
| 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                       | 8.75%    | 8.75% | 8.75%                            | 8.75%              |
|                                     | 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 31 March 2014:

(₹ in Million)

|  | 1.00 % (+) | 1.00 % (-) |
|--|------------|------------|
| a) Effect on service and interest cost             | 1.05       | -0.52      |
|  | 1.93       | -1.39      |
| b) Effect on Present Benefits Obligation (Closing) | 3.52       | -2.01      |
|  | 16.31      | -10.18     |

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

The employees of the company are deputed from the parent company (ONGC) and governed as per the parent company policy for employee benefit. All the scheme relating to employee benefits are administered by the parent company and accordingly the year end provision of employee benefits from the current year are settled by the transfer to the parent company.

41. KHARTOUM - PORT SUDAN PIPELINE PROJECT

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

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 were scheduled to be received over a period of 10 years including a moratorium of one year from the date of the contract (30 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 12<sup>th</sup>, 13<sup>th</sup>, 14<sup>th</sup>, 15<sup>th</sup>, 16<sup>th</sup> and 17<sup>th</sup> instalment of ₹ 5,091.89 Million (Company's share ₹ 4,582.70 Million ) due on 30 June 2011, 30 December 2011, 30 June 2012, 30 December 2012, 30 June 2013, 30 December 2013 respectively have not yet been received.

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

(₹ in Million)

| Particulars  | 31 March 2014                  |          | 31 March 2013                  |          |
|--|--------------------------------|----------|--------------------------------|----------|
|  | Gross                          | Net      | Gross                          | Net      |
| a) Reconciliation between the total gross investment in the lease and the present value of minimum lease payments as at year end |                                |          |                                |          |
| - Not later than one year  | 1,516.48                       | 1,504.53 | 4,119.95                       | 4,035.15 |
| - Later than one year and not Later than five years  |                                |          | 686.65                         | 675.83   |
| - Later than five years  |                                |          |                                |          |
| <b>Total</b>   | 1516.48                        | 1504.53  | 4806.60                        | 4710.98  |
| b) Unearned Finance Income   | 11.95                          |          | 95.62                          |          |
| 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 year  | 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 0.1.2 |          | As per Accounting Policy 0.1.2 |          |

c Contractual Dispute

The EPC contractor executing the project claimed additional costs aggregating to ₹ 2,231.23 Million (Previous year ₹ 2,020.59 Million), Company's 90% share being ₹ 2,008.11 Million (Previous year ₹ 1,818.53 Million), which have not been accepted by the Company. The Company, in turn has filed a claim as per the contract with GOS for their approval of an aggregate amount of ₹ 2,773.57 Million (Previous year ₹ 2,511.73 Million), Company's share being ₹ 2,496.21 Million (Previous year ₹ 2,260.56 Million). No revenue in respect of the claim on GOS has been recognized since the claim has not been accepted by GOS. ONGC Videsh has served a pre-arbital notice on GOS which is a requirement prior to initiating any legal proceedings in Sudan. The EPC contractor has initiated arbitration with a claim for ₹ 1,530.93 Million Previous year ₹ 1386.40 Million (25.49 US\$ Million) plus interest against the Company. Pending settlement with the EPC contractor, an amount of ₹ 1,377.84 Million (Previous year ₹ 1,247.76 Million) (22.94 US\$ Million) being the Company's 90% share out of total claim of ₹ 1,530.93 Million (Previous year ₹ 1,386.40 Million) (25.49 US\$ Million) has been accounted as liability in the relevant year of claim. The arbitration award has been pronounced on 27 March, 2014. The award provides for the payment of ₹ 198.98 Million (3.31 US\$ Million) and interest ₹ 15.33 Million (0.26 US\$ Million). The parties have option to go to court within 90 days of the arbitration award. Since the company has already accounted for the claim amount as expenditure for 1377.84 US\$ Million (Previous year ₹ 1,247.76 Million) (22.94 US\$ Million). The differential of the amount accounted for and award will be adjusted subject to further action on the expiry of 90 days period. The estimated reversal of expenditure is ₹ 1198.75 Million (19.96 US\$ Million). The interest amount would be treated on clarity of further action by either parties within 90 days of the arbitration award.

#### 42. DETAILS OF RESERVES: (AS DETERMINED BY THE RESERVES ESTIMATION COMMITTEE)

The reserves are calculated by considering the reserves as determined by the Reserve Estimates Committee (REC).

(a) Company's share of Proved Reserves in respect of different projects as on 31<sup>st</sup> march, 2014 is as under.

| Project                | Details    | Crude Oil* (MMT)    |                     | Gas (BCM)           |                     | Total Oil Equivalent** (MMToe) |                     |
|------------------------|------------|---------------------|---------------------|---------------------|---------------------|--------------------------------|---------------------|
|                        |            | As at<br>31.03.2014 | As at<br>31.03.2013 | As at<br>31.03.2014 | As at<br>31.03.2013 | As at<br>31.03.2014            | As at<br>31.03.2013 |
| Block 5A, South Sudan  | Opening    | 5.920               | 6.348               | -                   | -                   | 5.920                          | 6.348               |
|                        | Addition   | -                   | (0.428)             | -                   | -                   | -                              | -0.428              |
|                        | Ded/Adj    | -                   | -                   | -                   | -                   | -                              | -                   |
|                        | Production | 0.034               | -                   | -                   | -                   | 0.034                          | -                   |
|                        | Closing    | 5.886               | 5.920               | -                   | -                   | 5.886                          | 5.920               |
| Sakhalin-1, Russia     | Opening    | 32.894              | 34.261              | 70.531              | 71.182              | 103.425                        | 105.443             |
|                        | Addition   | 5.499               | 0.003               | 3.399               | (0.001)             | 8.898                          | 0.002               |
|                        | Ded/Adj    | -                   | -                   | -                   | -                   | -                              | -                   |
|                        | Production | 1.488               | 1.370               | 0.576               | 0.650               | 2.064                          | 2.020               |
|                        | Closing    | 36.905              | 32.894              | 73.354              | 70.531              | 110.259                        | 103.425             |
| Block 06.1, Vietnam    | Opening    | 0.598               | 0.635               | 6.414               | 8.518               | 7.012                          | 9.153               |
|                        | Addition   | -                   | -                   | -                   | -                   | -                              | -                   |
|                        | Ded/Adj    | -                   | -                   | 0.001               | -                   | 0.001                          | -                   |
|                        | Production | 0.032               | 0.037               | 1.851               | 2.104               | 1.883                          | 2.141               |
|                        | Closing    | 0.566               | 0.598               | 4.562               | 6.414               | 5.128                          | 7.012               |
| BLOCK-24, Syria        | Opening    | 1.803               | 1.804               | -                   | -                   | 1.803                          | 1.804               |
|                        | Addition   | -                   | -                   | -                   | -                   | -                              | -                   |
|                        | Ded/Adj    | -                   | -                   | -                   | -                   | -                              | -                   |
|                        | Production | -                   | 0.001               | -                   | -                   | -                              | 0.001               |
|                        | Closing    | 1.803               | 1.803               | -                   | -                   | 1.803                          | 1.803               |
| BLOCK-A1 & A3, Myanmar | Opening    | -                   | -                   | 10.297              | 10.297              | 10.297                         | 10.297              |
|                        | Addition   | -                   | -                   | 1.595               | -                   | 1.595                          | -                   |
|                        | Ded/Adj    | -                   | -                   | -                   | -                   | -                              | -                   |
|                        | Production | -                   | -                   | 0.201               | -                   | 0.201                          | -                   |
|                        | Closing    | -                   | -                   | 11.691              | 10.297              | 11.691                         | 10.297              |
| ACG, Azerbaijan        | Opening    | 9.646               | -                   | -                   | -                   | 9.646                          | -                   |
|                        | Addition   | -                   | 9.656               | -                   | -                   | -                              | 9.656               |
|                        | Ded/Adj    | -                   | -                   | -                   | -                   | -                              | -                   |
|                        | Production | 0.883               | 0.010               | -                   | -                   | 0.883                          | 0.010               |
|                        | Closing    | 8.763               | 9.646               | -                   | -                   | 8.763                          | 9.646               |
| Total                  | Opening    | 50.861              | 43.048              | 87.242              | 89.997              | 138.103                        | 133.045             |
|                        | Addition   | 5.499               | 9.231               | 4.994               | -0.001              | 10.493                         | 9.230               |
|                        | Ded/Adj    | -                   | -                   | 0.001               | -                   | 0.001                          | -                   |
|                        | Production | 2.437               | 1.418               | 2.628               | 2.754               | 5.065                          | 4.172               |
|                        | Closing    | 53.923              | 50.861              | 89.607              | 87.242              | 143.530                        | 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.

Variations in totals, if any, are due to internal summation and rounding off.

(b) Company's share of Proved and Developed Reserves in respect of different projects as on 31<sup>st</sup> March, 2014 is as under:

| Project                     | Details    | Crude Oil* (MMT)    |                     | Gas (BCM)           |                     | Total Oil Equivalent** (MMToe) |                     |
|-----------------------------|------------|---------------------|---------------------|---------------------|---------------------|--------------------------------|---------------------|
|                             |            | As at<br>31.03.2014 | As at<br>31.03.2013 | As at<br>31.03.2014 | As at<br>31.03.2013 | As at<br>31.03.2014            | As at<br>31.03.2013 |
| Block 5A, South Sudan***    | Opening    | 2.599               | 2.599               | -                   | -                   | 2.599                          | 2.599               |
|                             | Addition   | -                   | -                   | -                   | -                   | -                              | -                   |
|                             | Ded/Adj    | -                   | -                   | -                   | -                   | -                              | -                   |
|                             | Production | 0.034               | -                   | -                   | -                   | 0.034                          | -                   |
|                             | Closing    | 2.565               | 2.599               | -                   | -                   | 2.565                          | 2.599               |
| Sakhalin-1, Russia          | Opening    | 13.391              | 9.122               | 10.163              | 10.794              | 23.554                         | 19.916              |
|                             | Addition   | -                   | 5.638               | 0.689               | 0.019               | 0.689                          | 5.657               |
|                             | Ded/Adj    | -                   | (0.001)             | -                   | -                   | -                              | (0.001)             |
|                             | Production | 1.488               | 1.370               | 0.576               | 0.650               | 2.064                          | 2.020               |
|                             | Closing    | 11.903              | 13.391              | 10.276              | 10.163              | 22.179                         | 23.554              |
| Block 06.1, Vietnam         | Opening    | 0.598               | 0.626               | 6.414               | 4.963               | 7.012                          | 5.589               |
|                             | Addition   | -                   | 0.009               | -                   | 3.555               | -                              | 3.564               |
|                             | Ded/Adj    | -                   | -                   | -                   | -                   | -                              | -                   |
|                             | Production | 0.032               | 0.037               | 1.851               | 2.104               | 1.883                          | 2.141               |
|                             | Closing    | 0.566               | 0.598               | 4.563               | 6.414               | 5.129                          | 7.012               |
| BLOCK-24, Syria             | Opening    | 0.049               | 0.050               | -                   | -                   | 0.049                          | 0.050               |
|                             | Addition   | -                   | -                   | -                   | -                   | -                              | -                   |
|                             | Ded/Adj    | -                   | -                   | -                   | -                   | -                              | -                   |
|                             | Production | -                   | 0.001               | -                   | -                   | -                              | 0.001               |
|                             | Closing    | 0.049               | 0.049               | -                   | -                   | 0.049                          | 0.049               |
| BLOCK-A1 & A3, Myanmar      | Opening    | -                   | -                   | -                   | -                   | -                              | -                   |
|                             | Addition   | -                   | -                   | 2.815               | -                   | 2.815                          | -                   |
|                             | Ded/Adj    | -                   | -                   | -                   | -                   | -                              | -                   |
|                             | Production | -                   | -                   | 0.201               | -                   | 0.201                          | -                   |
|                             | Closing    | -                   | -                   | 2.614               | -                   | 2.614                          | -                   |
| ACG, Azerbaijan             | Opening    | 4.267               | -                   | -                   | -                   | 4.267                          | -                   |
|                             | Addition   | -                   | 4.277               | -                   | -                   | -                              | 4.277               |
|                             | Ded/Adj    | -                   | -                   | -                   | -                   | -                              | -                   |
|                             | Production | 0.883               | 0.010               | -                   | -                   | 0.883                          | 0.010               |
|                             | Closing    | 3.384               | 4.267               | -                   | -                   | 3.384                          | 4.267               |
| Total Reserves, ONGC Videsh | Opening    | 20.904              | 12.397              | 16.577              | 15.757              | 37.481                         | 28.154              |
|                             | Addition   | -                   | 9.924               | 3.504               | 3.574               | 3.504                          | 13.498              |
|                             | Ded/Adj    | -                   | -0.001              | -                   | -                   | -                              | (0.001)             |
|                             | Production | 2.437               | 1.418               | 2.628               | 2.754               | 5.065                          | 4.172               |
|                             | Closing    | 18.467              | 20.904              | 17.453              | 16.577              | 35.920                         | 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 is under shut down. Please refer note 39.2



- (c) The year-end reserves of the company are estimated by the Reserves Estimation Committee (REC) of the holding company ONGC, which follows international reservoir engineering procedures consistently. ONGC Videsh estimates its reserves annually and the reserves are disclosed at the end of the financial year i.e. as on 1<sup>st</sup> of April. ONGC Videsh is having partnership with global majors in various producing and discovered assets across the world having participating interest as non-operator, joint operator and operator. The Operator/Joint Operating Company of each asset evaluate reserves of the respective asset on an annual basis, and ONGC Videsh representatives interact dynamically through Technical/Operating committee meetings, wherein estimates of reserves are discussed and finalized. On receipt of the approved reserves for each asset, ONGC Videsh discusses the same with reserves estimate experts from E&D Directorate, ONGC and put up the same for deliberation and approval by Reserves Estimate Committee (REC) under the Chairmanship of Director (Exploration) of Group Company ONGC.
- (d) Volumetric estimation is the main process of estimation which uses reservoir rock and fluid properties to calculate hydrocarbons in-place and then estimate that portion which will be recovered from it from a given date forward, under existing economic conditions, by established operating practices and under existing government regulations. As the field gets matured with reasonably good production history, performance methods such as material balance, simulation, decline curve analysis are applied to get more accurate assessments of reserves. For many of the producing and discovered assets in which ONGC Videsh has stake, the concerned Operators and Joint Operating Companies uses the services of third party agencies for due diligence and audit. Additionally, ONGC Videsh gets the reserves of its assets audited by third party periodically by internationally reputed consultants who adopt latest industry practices for their evaluation. The last auditing was carried out for the estimates as on 01.10.2013 in which about 98% of the reserves of ONGC Videsh were audited.
- (e) The annual revision of estimates is based on the yearly exploratory and development activities and results thereof. New Inplace Volume and Ultimate Reserves are estimated for new

field discoveries or new pool discoveries in already discovered fields. Also, appraisal activities lead to revision in estimates due to new subsurface data. Similarly, reinterpretation exercise is also carried out for old fields due to necessity of revision in petrophysical parameters, updating of static & dynamic models and performance analysis leading to change in reserves. Intervention of new technology, change in classifications and contractual provisions also necessitates revision in estimation of reserves.

- (f) During the year, Reserves of the company as on 1<sup>st</sup> October, 2013 were certified by Third Party Certifying (TPC) agencies. The certified 1P reserves were lower by 45.538 MMT with the estimates of Reserve Estimates Committee (REC) of the parent company i.e. Oil and Natural Gas Corporation Limited (ONGC) in respect of certain projects. However, the management of the Company did not agree with the assumptions of the TPC in this regard and adopted the reserves figures as approved by the REC.

(g) **Impairment**

The Company has assessed indicators for impairment and carried out impairment test in respect of Cash Generating Units (CGUs) based on value in use method as on 31<sup>st</sup> March, 2014 where indicators were observed. However, no impairment in any of the CGU was required since the value in use of the CGU's is higher than their respective carrying value. In respect of the project Block 5A, South Sudan operations are carried out with common production and transportation facilities, catering the various fields in the project which are sufficiently economically interdependent and hence constitute a single cash generating unit for the purposes of Accounting Standard 28 (AS-28) -Impairment of Assets and impairment test is performed in aggregate for all the fields in the respective project are considered as single cash generating unit.

The following 2P reserves for the respective CGU were considered as a basis for the impairment

| CGU                    | Proved and Probable Reserves (MMT) |
|------------------------|------------------------------------|
| Block 5 A, South Sudan | 4.774                              |



Meeting of Officials at BP's Hyatt office

43. SEGMENT INFORMATION

| Project                                  | Asia             |                  | FSU Countries     |                   | Latin America   |                   | Africa            |                  | Unallocated        |                    | Grand Total       |                   |
|--|------------------|------------------|-------------------|-------------------|-----------------|-------------------|-------------------|------------------|--------------------|--------------------|-------------------|-------------------|
|  | 2013-14          | 2012-13          | 2013-14           | 2012-13           | 2013-14         | 2012-13           | 2013-14           | 2012-13          | 2013-14            | 2012-13            | 2013-14           | 2012-13           |
| External Sales                           | 10,549.07        | 11,272.35        | 87,270.19         | 63,311.91         | -               | -                 | 744.99            | -                | -                  | -                  | 98,564.25         | 74,584.26         |
| Inter Segment Sales                      | -                | -                | -                 | -                 | -               | -                 | -                 | -                | -                  | -                  | -                 | -                 |
| <b>Total Revenue</b>                     | <b>10,549.07</b> | <b>11,272.35</b> | <b>87,270.19</b>  | <b>63,311.91</b>  | -               | -                 | <b>744.99</b>     | -                | -                  | -                  | <b>98,564.25</b>  | <b>74,584.26</b>  |
| <b>Results</b>                           | <b>4,187.07</b>  | <b>5,520.69</b>  | <b>68,049.92</b>  | <b>33,898.68</b>  | <b>(63.33)</b>  | <b>(5,061.80)</b> | <b>(3,302.22)</b> | <b>(908.41)</b>  | <b>(36,960.84)</b> | <b>(36,960.84)</b> | <b>31,910.60</b>  | <b>33,449.16</b>  |
| Segment Results                          | 4,187.07         | 5,520.69         | 68,049.92         | 33,898.68         | (63.33)         | (5,061.80)        | (3,302.22)        | (908.41)         | (36,960.84)        | (36,960.84)        | 31,910.60         | 33,449.16         |
| Unallocated corporate, Expenses (Net)    | -                | -                | -                 | -                 | -               | -                 | -                 | -                | 13,296.03          | 2,280.11           | 13,296.03         | 2,280.11          |
| Operating profit or (Loss)               | 4,187.07         | 5,520.69         | 68,049.92         | 33,898.68         | (63.33)         | (5,061.80)        | (3,302.22)        | (908.41)         | (50,256.87)        | 2,280.11           | 18,614.57         | 35,729.27         |
| Interest Expenses                        | -                | -                | -                 | -                 | -               | -                 | -                 | -                | (3,824.73)         | (1,976.76)         | (3,824.73)        | (1,976.76)        |
| Interest and other income                | 455.58           | 2.46             | 214.29            | 66.37             | 1.08            | 1.76              | 93.21             | 164.35           | 4,638.37           | 3,886.87           | 5,402.53          | 4,121.81          |
| Income & other Tax                       | -                | -                | (12,533.53)       | -                 | -               | -                 | -                 | -                | (3,272.31)         | (11,427.17)        | (15,805.84)       | (11,427.17)       |
| Profit / (loss) from ordinary activities | 4,642.65         | 5,523.15         | 68,264.21         | 33,965.04         | (62.25)         | (5,060.03)        | (1,116.16)        | (744.06)         | (36,206.76)        | (7,236.95)         | 35,521.69         | 26,447.15         |
| <b>Net profit / (Loss)</b>               | <b>4,642.65</b>  | <b>5,523.15</b>  | <b>68,264.21</b>  | <b>33,965.04</b>  | <b>(62.25)</b>  | <b>(5,060.03)</b> | <b>(1,116.16)</b> | <b>(744.06)</b>  | <b>(36,206.76)</b> | <b>(7,236.95)</b>  | <b>35,521.69</b>  | <b>26,447.15</b>  |
| Other Information                        | -                | -                | -                 | -                 | -               | -                 | -                 | -                | -                  | -                  | -                 | -                 |
| Segment Assets                           | 37,247.04        | 90,146.79        | 483,904.78        | 182,040.55        | 765.15          | 1,707.13          | 25,361.06         | 16,977.82        | -                  | -                  | 547,278.03        | 290,872.29        |
| Unallocated Corporate Assets             | -                | -                | -                 | -                 | -               | -                 | -                 | -                | 142,513.55         | 123,692.22         | 142,513.55        | 123,692.22        |
| <b>Total Assets</b>                      | <b>37,247.04</b> | <b>90,146.79</b> | <b>483,904.78</b> | <b>182,040.55</b> | <b>765.15</b>   | <b>1,707.13</b>   | <b>25,361.06</b>  | <b>16,977.82</b> | <b>142,513.55</b>  | <b>123,692.22</b>  | <b>689,791.58</b> | <b>414,564.51</b> |
| Segment Liabilities                      | 17,019.70        | 49,220.71        | 352,224.98        | 84,349.56         | 2,823.87        | 2,214.03          | 54,510.36         | 4,731.19         | 13,907.51          | 106,743.88         | 426,578.91        | 140,515.49        |
| Unallocated Corporate Liabilities        | -                | -                | -                 | -                 | -               | -                 | -                 | -                | -                  | -                  | -                 | -                 |
| <b>Total Liabilities</b>                 | <b>17,019.70</b> | <b>49,220.71</b> | <b>352,224.98</b> | <b>84,349.56</b>  | <b>2,823.87</b> | <b>2,214.03</b>   | <b>54,510.36</b>  | <b>4,731.19</b>  | <b>13,907.51</b>   | <b>106,743.88</b>  | <b>13,907.51</b>  | <b>106,743.88</b> |
| Capital Expenditure                      | 1,281.22         | 52,408.92        | 17,894.50         | 25,166.02         | (230.91)        | (1,003.26)        | 159,822.38        | 22.18            | 435.31             | 519.43             | 179,202.50        | 77,113.29         |
| Recouped cost                            | 5,613.63         | 2,709.66         | 16,482.04         | 8,826.24          | 1,003.42        | 4,759.72          | 275.50            | 636.85           | 52.54              | 50.67              | 23,427.13         | 16,983.14         |
| Non cash Exp.                            | -                | -                | -                 | -                 | -               | -                 | -                 | -                | -                  | -                  | -                 | -                 |

\* Information about Secondary Business Segments (Product-wise):

| Revenue from               | 2013-14   | 2012-13   |
|----------------------------|-----------|-----------|
| Crude Oil* and Natural Gas | 98,564.25 | 74,584.26 |
| Lease Finance Income       | 93.21     | 164.33    |

\*Crude Oil includes Condensate.

Notes:

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. The segment revenue in the business segment (Product-wise) is revenue from sale of Crude Oil and Natural Gas and Lease Finance Income. 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. Revenue figures are shown as net of VAT.

#### 44. CAPITAL COMMITMENTS TOWARDS

Capital Commitments based upon the details provided by the operators: ₹ 148,122.73 Million (previous year: ₹ 22,222.93 Million). Contracts remaining to be executed on capital account amounting to ₹ 1,050 Million (previous year: ₹ 1,139.00 Million ) towards ONGC Videsh share for office building at Vasant Kunj, Delhi wherein the contracts have been awarded by parent company to various agencies and ONGC Videsh is to share the costs.

#### 45. CONTINGENT LIABILITIES

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

| (₹ in Million)                             |                  |                  |
|--|------------------|------------------|
| Particulars                                | 2013-14          | 2012-13          |
| Income-tax (Refer (b) below)               | 6,017.62         | 6,883.98         |
| Service-tax (Refer (c) below)              | 49,487.02        | 39,768.30        |
| Claims of contractors in arbitration/court | 4,694.48         | 577.66           |
| <b>Total</b>                               | <b>60,199.12</b> | <b>47,229.94</b> |

- (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): ₹ 6,017.62 Million (As on 31<sup>st</sup> March 2013: ₹ 6,883.98 million). Against disputed tax demands, ₹ 8,918.63 Million (As on 31 March 2013: ₹ 10,366.60 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 37.1 above.
- (c) The Service Tax Department had issued a demand cum show-cause notice dated 11<sup>th</sup> 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 1 April 2006 to 31 December 2010 and contending that these expenses represent business auxiliary services rendered by ONGC Videsh's foreign branches and operator of the Joint Venture/ Consortium to the Company. Subsequently, three more demand-cum-show cause notices have been issued based on similar contentions covering the period upto 31 March 2013. The Company is of the view that the said service tax is not payable and contesting the same. No provision has been made on this account.
- (d) 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.

##### 45.2 Contingent Liabilities in respect of Bank Guarantees

| (₹ in Million)   |                 |                 |
|--|-----------------|-----------------|
| Particulars  | 2013-14         | 2012-13         |
| Contingent liabilities In respect of bank guarantees/standby letters of credit obtained from banks for performance guarantee/bid bonds | 6,924.75        | 1,611.58        |
| <b>Total</b>   | <b>6,924.75</b> | <b>1,611.58</b> |

##### 45.3 Performance Guarantee

| (₹ in Million)  |                  |                  |
|---|------------------|------------------|
| Particulars   | 2013-14          | 2012-13          |
| Performance Guarantee towards Carabobo 1 Project, on behalf of Petro Carabobo Ganga B.V. to Government of Venezuela (US\$ 1,333.00 Million) | 80,059.98        | 72,501.87        |
| <b>Total</b>  | <b>80,059.98</b> | <b>72,501.87</b> |

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

45.5 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.

#### 46. DERIVATIVE INSTRUMENTS AND UNHEDGED FOREIGN CURRENCY EXPOSURE

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

| Underlying  | Notional Principal Amount ( ₹ 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   |
| <b>Total</b>  | <b>18,700.00</b>                       | <b>373.16</b>                           |                  |

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 2014 and have been revalued on that date based on Mark-to-market positions reported by counter-party banks. During the year ended 31 March 2014 Mark-to-market loss amounting to ₹ 2,244.85 Million (Previous period ₹ 1606.76 Millions) has been charged in the statement of Profit and Loss.

#### 47. EXPENDITURE IN FOREIGN CURRENCY

| (₹ in Million)                    |            |           |
|-----------------------------------|------------|-----------|
| Particulars                       | 2013-14    | 2012-13   |
| Import                            | Nil        | Nil       |
| Professional and Consultation Fee | 640.46     | 376.70    |
| Interest                          | 3922.80    | 720.87    |
| Others                            | 225,713.48 | 77,867.98 |

#### 48. EARNINGS IN FOREIGN CURRENCY (ACCRUAL BASIS)

| (₹ in Million)                                    |           |           |
|---|-----------|-----------|
| Particulars                                       | 2013-14   | 2012-13   |
| Export/ Sales (incl. advance received/ adjusted)* | 99,801.16 | 75,952.36 |
| Interest  | 431.70    | 293.70    |
| Dividend  | Nil       | Nil       |
| Others  | 4,533.71  | 2,348.06  |

\* Attention Is also invited to Note-26

#### 49. 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     | Total    |
|   |              |                |                          | 2013-14   | 2012-13  |
| Income from rendering services          | 793.57       | 180.96         |                          | 974.53    | 726.85   |
| Expenses on receiving services          |              |                |                          | -         |          |
| Reimbursement of expenditure (Paid)     | 21.00        | -              |                          | 21.00     | 16.13    |
| Reimbursement of expenditure (Received) | 5.73         | 32.89          |                          | 38.62     | 42.76    |
| Interest Income                         | 241.54       | 90.91          |                          | 332.45    | 127.42   |
| Dividend Income                         | -            | -              |                          | -         | -        |
| Lease Income                            | -            | 93.20          |                          | 93.20     | 164.33   |
| Redemption of shares                    | 7,488.13     | -              |                          | 7,488.13  | 4,879.80 |
| Loans Given                             | 6,602.28     | -              |                          | 6,602.28  | 5,331.06 |
| Loan repayment received                 | 6,579.12     | -              |                          | 6,579.12  | -        |
| Remuneration                            |              |                | 13.78                    | 13.78     | 22.11    |
| Capital Contribution                    | 94,299.72    | -              |                          | 94,299.72 | 2,519.87 |



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                    |
|                   | Imperial Energy Limited, Cyprus (formerly Jarpeno Limited) |
|                   | 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 Allianceneftgaz, Russian Federation                    |
|                   | LLC Nord Imperial, 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   |
|                   | Beas Rovuma Energy Mozambique Limited                      |
|                   | ONGC Hydrocarbons Limited***                               |
|                   | Krishna Rovuma Energy Mozambique 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)            |
|                             | Block SS-04, Bangladesh  |
|                             | Block SS-09, Bangladesh  |
|                             | Block Area 1, Mozambique   |
| c) Key Management personnel | Mr D K Sarraf, Managing Director till 28 <sup>th</sup> February 2014 |
|                             | Mr S P Garg, Managing Director & Director (Finance)                  |
|                             | Mr S Bhattacharya, Director (Operations)                             |
|                             | Mr Anil Bhandari, Director (Exploration)                             |

\* Both the subsidiaries are merged with LLC Nord Imperial w.e.f from 28.11.2013

\*\* Companies have been liquidated w.e.f 23.03.2014.

\*\*\* Companies under winding up process

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

**51.** Previous year figures have been re-grouped/re-arranged and nomenclature re-named wherever necessary to make them comparable with current year classification.

Sd/-  
**(S B Singh)**  
Company Secretary

Sd/-  
**(S P Garg)**  
Managing Director & Director (Finance)

Sd/-  
**(D K Sarraf)**  
Chairman

As per our report of even date attached  
For **S. Mann & Co.**  
Chartered Accountants

For **GSA & Associates**  
Chartered Accountants

Place : New Delhi  
Date : May 20, 2014

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

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

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(₹ in Million)

|   | 2013-14           | 2012-13            |            |             |
|---|-------------------|--------------------|------------|-------------|
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>              |                   |                    |            |             |
| <b>Net profit before tax and prior period items</b>         | <b>51,001.99</b>  |                    |            | 37,184.26   |
| Adjustments For:  |                   |                    |            |             |
| - Foreign Exchange Translation Reserve                      | <b>403.89</b>     |                    | (22.78)    |             |
| - Foreign Currency Monetary Item Difference Account         | <b>(3,925.56)</b> |                    | -          |             |
| - Reserve for discount on bonds                             | -                 |                    | -          |             |
| - Provision for Diminution in the Value of Investment       | -                 |                    | 1,120.65   |             |
| -Provision for Investment in lease in Sudan Pipeline        | <b>3,712.03</b>   |                    | -          |             |
| - Provisions for Doubtful Debts/Claims                      | <b>964.80</b>     |                    | 546.83     |             |
| - Provision for Non Moving Inventory                        | <b>578.33</b>     |                    | 168.88     |             |
| - Provisions Written Back                                   | -                 |                    | -          |             |
| - Other Provisions and Write Offs                           | <b>317.12</b>     |                    | 1,504.59   |             |
| - Unrealized Foreign Exchange Loss/(Gain)                   | <b>(4,402.58)</b> |                    | (871.09)   |             |
| - Provision for Mark to Market loss on Derivative Contracts | <b>2,244.85</b>   |                    | 1,606.76   |             |
| - Depreciation on Tangible Assets (Net)                     | <b>4,251.17</b>   |                    | 1,643.86   |             |
| - Amortisation - Intangibles                                | <b>45.36</b>      |                    | 53.32      |             |
| - Depletion on Producing Properties                         | <b>17,759.06</b>  |                    | 9,778.51   |             |
| - Interest Expenses   | <b>3,812.98</b>   |                    | 1,976.76   |             |
| - Foreign Exchange Fluctuation related to borrowing cost    | -                 |                    | -          |             |
| - Dividend Income   | -                 |                    | -          |             |
| - Interest Income   | <b>(367.28)</b>   |                    | (1,034.89) |             |
| - Profit on Redemption/ Sale of Investment                  | <b>(2,636.33)</b> |                    | (1,551.54) |             |
| - Gain on Foreign Exchange Forward Contract                 | <b>(797.15)</b>   | <b>21,960.69</b>   | (704.76)   | 14,215.10   |
| <b>Operating Profit before Working Capital Changes</b>      |                   | <b>72,962.68</b>   |            | 51,399.36   |
| Adjustments for:-   |                   |                    |            |             |
| - Decrease/(Increase) in Inventories                        | <b>(1,550.93)</b> |                    | (549.87)   |             |
| - Decrease/(Increase) in Trade Receivables                  | <b>380.94</b>     |                    | (4,634.35) |             |
| - Decrease/(Increase) in Short Term Loans and Advances      | <b>(262.49)</b>   |                    | (5,126.70) |             |
| - Decrease/(Increase) in Long Term Loans and Advances       | <b>(1,569.36)</b> |                    | (560.37)   |             |
| - Decrease/(Increase) in Other Current Assets               | <b>(4,788.10)</b> |                    | (2,509.10) |             |
| - Decrease/(Increase) in Other Non Current Assets           | <b>1,258.03</b>   |                    | 1,148.48   |             |
| - Increase/(Decrease) in Short Term Borrowings              | <b>86,278.88</b>  |                    | 48,355.99  |             |
| - Increase/(Decrease) in Trade Payables                     | <b>2,189.19</b>   |                    | 1,220.43   |             |
| - Increase/(Decrease) in Other current Liabilities          | <b>25,148.05</b>  |                    | 1,679.85   |             |
| - Increase/(Decrease) in Other Long Term Liabilities        | <b>(134.98)</b>   |                    | (245.62)   |             |
| - Increase/(Decrease) in Short Term Provisions              | <b>(72.30)</b>    |                    | 42.93      |             |
| - Increase/(Decrease) in Long Term Provisions               | <b>(212.71)</b>   |                    | (176.74)   |             |
| - Increase/(Decrease) in Liability for Abandonment          | <b>9,165.35</b>   |                    | 1,872.62   |             |
| - Increase/(Decrease) in Deferred Tax Liabilities (Net)     | <b>3,272.08</b>   | <b>119,101.65</b>  | (226.74)   | 40,290.81   |
| <b>Cash generated from/(used in) Operations</b>             |                   | <b>192,064.33</b>  |            | 91,690.17   |
| Direct Taxes Paid (net of refunds)                          |                   | <b>(15,805.84)</b> |            | (11,427.17) |

|   | 2013-14 | 2012-13             |  |             |
|---|---------|---------------------|--|-------------|
| <b>Net Cash Flow before Prior period items</b>                    |         | <b>176,258.49</b>   |  | 80,263.00   |
| Prior period items  |         | <b>325.54</b>       |  | 690.05      |
| <b>Net Cash Flow from/(used in) Operating Activities (A)</b>      |         | <b>176,584.03</b>   |  | 80,953.05   |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                    |         |                     |  |             |
| - Purchase of Tangible Assets (Net)                               |         | <b>(18,482.53)</b>  |  | (27,916.52) |
| - Purchase of Intangible Assets (Net)                             |         | <b>(40.51)</b>      |  | (45.94)     |
| - Expenditure on Projects   |         | <b>(180,887.72)</b> |  | (45,209.78) |
| - Investment in Subsidiaries/JV's                                 |         | <b>(90,635.63)</b>  |  | 312.99      |
| - Investment with Bank for Site Restoration                       |         | <b>(2,709.99)</b>   |  | (2,090.83)  |
| - Dividend Income   |         | -                   |  | -           |
| - Interest Income   |         | <b>367.28</b>       |  | 1,034.89    |
| - Profit on Redemption/ Sale of Investment                        |         | <b>2,636.33</b>     |  | 1,551.54    |
| - Gain on Foreign Exchange Forward Contract                       |         | <b>797.15</b>       |  | 704.76      |
| <b>Net Cash Flow from/(used in) Investing Activities (B)</b>      |         | <b>(288,955.62)</b> |  | (71,658.89) |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                    |         |                     |  |             |
| - Proceeds from Non Convertible Redeemable Bonds                  |         | <b>28,348.00</b>    |  | -           |
| - Proceeds from Issue of Share Capital (note no. 3a) <sup>5</sup> |         | <b>50,000.00</b>    |  | 40,000.00   |
| - Net Long Term Borrowings (Term Loans) from Banks                |         | <b>106,606.50</b>   |  |             |
| - Net Long Term Borrowings from ONGC (note no. 5d) <sup>5</sup>   |         | <b>(66,662.06)</b>  |  | (48,678.45) |
| - Interest Expenses   |         | <b>(3,812.98)</b>   |  | (1,976.76)  |
| - Foreign Exchange Fluctuation related to borrowing cost          |         | -                   |  | -           |
| <b>Net Cash Flow from/(used in) Financing Activities (C)</b>      |         | <b>114,479.46</b>   |  | (10,655.21) |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)      |         | <b>2,107.87</b>     |  | (1,361.05)  |
| Cash and Cash Equivalents as at start of the period               |         | <b>4,098.45</b>     |  | 5,459.50    |
| (Opening Balance)   |         |                     |  |             |
| Cash and Cash Equivalents as at end of the period                 |         | <b>6,206.32</b>     |  | 4,098.45    |
| (Closing Balance)   |         |                     |  |             |

Note

- 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.
- Bracket indicates cash outflow.
- Previous year figures have been regrouped wherever necessary to confirm the current year classification.
- 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.
- During the year, the Company had a rights issue of 500,000,000 (Previous year - 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 (ONGC) against consideration adjusted out of the loan given by ONGC to the Company.

Sd/-  
**(S B Singh)**  
Company Secretary

Sd/-  
**(S P Garg)**  
Managing Director & Director (Finance)

Sd/-  
**(D K Sarraf)**  
Chairman

As per our report of even date attached  
For **S. Mann & Co.**  
Chartered Accountants

For **GSA & Associates**  
Chartered Accountants

Sd/-  
**(Subhash Mann)**  
Partner (M No. 80500)  
Firm Regn No. 0000757N

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

Place : New Delhi  
Date : May 20, 2014



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

| Sl. No. | Name of the Subsidiaries                                      | 1. The Financial Year of the Subsidiary ends on | 2. Date from which it became Subsidiary | 3. (a) Number of shares held by 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 1 April, 2013 to 31 March, 2014 (₹ in Million)   | 4. (a) (ii) For the previous period (s) of the Subsidiary since it became the Holding Company's Subsidiary (₹ in Million): | 4. (b) (i) For the period 1 April, 2013 to 31 March, 2014 (₹ in Million) | 4. (b) (ii) For the previous period (s) of the Subsidiary since it became the Holding Company's Subsidiary (₹ in Million): |
| 1       | ONGC Nile Ganga B.V.  | 31 <sup>st</sup> March, 2014                    | 12 <sup>th</sup> March, 2003            | 40 Class "A" & 100 Class "B" shares of Euro 453.78 each & 880 Class "C" Shares of Euro 1 each directly, rest 720 Class "C" shares are held by OMEL which is JV Company of ONGC Videsh & Mittal Investment Sari (MIS) | "Class A & B 100% Class C 77.491%"  | 32,253.37  | 84,556.00  | -  | 15,966.28  |
| 2       | ONGC Narmada Limited  | 31 <sup>st</sup> March, 2014                    | 7 <sup>th</sup> December, 2005          | 20 Million shares of one Naira each  | 100%  | (1.81)   | (1,387.19)   | -  | -  |
| 3       | ONGC Amazon Alaknanda Limited                                 | 31 <sup>st</sup> March, 2014                    | 8 <sup>th</sup> August, 2006            | 12,000 Equity & 227,216,319 Preference shares of one USD each  | 100%  | 7,273.93   | 27,188.73  | -  | -  |
| 4       | ONGC Campos Ltda.   | 31 <sup>st</sup> December, 2013                 | 16 <sup>th</sup> March, 2007            | 667,644,626 quotas of BRL 1 each   | 100%  | (1,547.83)   | (812.12)   | -  | -  |
| 5       | ONGC Nile Ganga (Cyprus) Ltd.                                 | 31 <sup>st</sup> December, 2013                 | 26 <sup>th</sup> November, 2007         | 242,191 Shares of 0.01 USD each  | 100%  | 239.24   | 632.53   | -  | -  |
| 6       | ONGC Nile Ganga (San Cristobal) B.V.                          | 31 <sup>st</sup> March, 2014                    | 29 <sup>th</sup> February, 2008         | 54,000 shares of Euro 1 each   | 100%  | 7,576.13   | 19,662.32  | -  | -  |
| 7       | ONGC Satpayev E&P B.V.  | 31 <sup>st</sup> December, 2013                 | 7 <sup>th</sup> June, 2010              | 18,000 shares of Euro 1 each   | 100%  | (0.25)   | (0.76)   | -  | -  |
| 8       | ONGC Caspian E&P B.V.   | 31 <sup>st</sup> March, 2014                    | 7 <sup>th</sup> June, 2010              | 36,000 shares of Euro 1 each   | 100%  | 281.25   | 186.01   | -  | -  |
| 9       | Imperial Energy Limited (previously knows as Jarpeno Limited) | 31 <sup>st</sup> March, 2014                    | 12 <sup>th</sup> August, 2008           | 1,450 Equity shares of 1 USD each & 192,210 Optionally Convertible Redeemable Preference shares of USD 1 each  | 100%  | (209.26)   | (20,015.88)  | -  | -  |
| 10      | Biancus Holdings Limited                                      | 31 <sup>st</sup> March, 2014                    | 13 <sup>th</sup> January, 2009          | 1,000 shares of 1.71 EUR each  | 100%  | (27.22)  | 100.13   | -  | -  |

| 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 1 April, 2013 to 31 March, 2014 (₹ in Million)   | 4. (a) (ii) For the previous period (s) of the Subsidiary since it became the Holding Company's Subsidiary (₹ in Million): | 4. (b) (i) For the period 1 April, 2013 to 31 March, 2014 (₹ in Million) | 4. (b) (ii) For the previous period (s) of the Subsidiary since it became the Holding Company's Subsidiary (₹ in Million): |
| 11      | San Agio Investments Limited            | 31 <sup>st</sup> March, 2014                    | 13 <sup>th</sup> January, 2009          | 1,000 shares of 1.71 EUR each   | 100%  | (15.72)  | 18.67  | -  | -  |
| 12      | Redcliffe Holdings Limited              | 31 <sup>st</sup> March, 2014                    | 13 <sup>th</sup> January, 2009          | 2,620 shares of 1 USD each  | 100%  | (1.81)   | (172.95)   | -  | -  |
| 13      | Imperial Energy Nord Limited            | 31 <sup>st</sup> March, 2014                    | 13 <sup>th</sup> January, 2009          | 25,920 shares of 1 USD each   | 100%  | 1.21   | (1,325.40)   | -  | -  |
| 14      | Imperial Energy (Cyprus) Limited        | 31 <sup>st</sup> March, 2014                    | 13 <sup>th</sup> January, 2009          | 25,720 shares of 1 USD each   | 100%  | (1.81)   | (1,012.18)   | -  | -  |
| 15      | Imperial Energy Tomsk Limited           | 31 <sup>st</sup> March, 2014                    | 13 <sup>th</sup> January, 2009          | 2,411 shares of 1 USD each  | 100%  | (1.81)   | (122.12)   | -  | -  |
| 16      | Imperial Frac Services (Cyprus) Limited | 31 <sup>st</sup> March, 2014                    | 13 <sup>th</sup> January, 2009          | 1,000 shares of 1.71 EUR each   | 100%  | 22.98  | (4.01)   | -  | -  |
| 17      | LLC Nord Imperial                       | 31 <sup>st</sup> December, 2013                 | 13 <sup>th</sup> January, 2009          | full charter capital 300,000 RUR  | 100%  | (648.95)   | (17,587.96)  | -  | -  |
| 18      | LLC Alianceneftgaz                      | 31 <sup>st</sup> December, 2013                 | 13 <sup>th</sup> January, 2009          | full charter capital 50,000 RUR   | 100%  | (2,717.97)   | (6,298.12)   | -  | -  |
| 19      | LLC Sibinterneft                        | 31 <sup>st</sup> December, 2013                 | 13 <sup>th</sup> January, 2009          | charter capital 55,900 RUR  | 55.9%   | (221.36)   | (768.16)   | -  | -  |
| 20      | LLC Rus Imperial Group                  | 31 <sup>st</sup> December, 2013                 | 13 <sup>th</sup> January, 2009          | full charter capital 100,000 RUR  | 100%  | (663.47)   | (1,724.30)   | -  | -  |
| 21      | Carabobo One AB                         | 31 <sup>st</sup> March, 2014                    | 25 <sup>th</sup> February, 2010         | 377,678 ordinary shares of SEK 100 each   | 100%  | (4.72)   | (155.19)   | -  | -  |
| 22      | Petro Carabobo Ganga B.V.               | 31 <sup>st</sup> March, 2014                    | 26 <sup>th</sup> February, 2010         | "18,000 shares of 1 Euro each 2000 Cumulative Preference Shares (5.25%) of Euro 1 each"                               | 100%  | (36.17)  | (19.56)  | -  | -  |
| 23      | ONGC (BTC) Limited                      | 31 <sup>st</sup> March, 2014                    | 28 <sup>th</sup> March, 2013            | 8,000,001 shares of 1 USD each  | 100%  | 918.69   | -  | -  | -  |
| 24      | BREML                                   | 31 <sup>st</sup> March, 2014                    | 7 <sup>th</sup> January, 2014           | 7,680 shares of No Par value  | 60%   | 29.03  | -  | -  | -  |

\* At the closing rate of exchange, there is a Foreign Exchange Translation Reserve of ₹ 22,232.44 Million, which has not been adjusted.

Sd/-  
(S B Singh)  
Company Secretary

Sd/-  
(S P Garg)  
Managing Director & Director (Finance)

Sd/-  
(D K Sarraf)  
Chairman

## INDEPENDENT AUDITORS' 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

### 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 31<sup>st</sup> March, 2014, 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 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, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### 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 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 31<sup>st</sup> March 2014;
  - 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 7 Subsidiaries and 1 Joint venture company which are considered in preparation of "Consolidated Financial statements" of the Company. Out of 7 Subsidiaries, consolidated accounts of 5 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 31<sup>st</sup> March, 2014, included in the Audited Consolidated Financial statements, reflects at ₹ 4,22,336.87 Million and ₹ 1,22,099.57 Million, respectively. Our opinion on the financial statements for the year ended 31<sup>st</sup> March, 2014 to the extent they have been derived from such financial statements is based solely on the report of such other auditors in case of 5 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.

Sd/-  
**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 : May 20, 2014



Mr Shyamal Bhattacharya, Director-Operations with the team promoting CSR activities at Imperial Energy



ANNEXURE-I

SUMMARY OF THE FINANCIAL INFORMATION (\*) OF SUBSIDIARIES AND JOINT VENTURE AS OF THE YEAR ENDED 31<sup>st</sup> MARCH 2014:

| Sl. No.   | Name of the Subsidiaries / Joint Venture          | Total Assets as of 31 <sup>st</sup> March, 2014 (Consolidated) | Total Liabilities as of 31 <sup>st</sup> March, 2014 (Consolidated) | Total Revenue for the year ended 31 <sup>st</sup> March, 2014 (Consolidated) | Total Profit/(Loss) after tax for the year ended 31 <sup>st</sup> March, 2014 (Consolidated) | Name of the auditor and date of audit report   |
|---|---|--|---|--|--|--|
| Subsidiaries  |   |  |   |  |  |  |
| 1   | ONGC Nile Ganga B.V. (ONGBV)                      | 2,49,853.29  | 66,575.02   | 84,904.51  | 10,794.29  | M/s Ernst & Young Accountants LLP, Amsterdam, the Netherlands<br>Report date 15 <sup>th</sup> May 2014 |
| 2   | ONGC Amazon Alaknanda Limited (OAAL)              | 52,231.18  | 4,916.66  | 21,244.42  | 7,290.88   | M/s Ernst & Young Audit S.A.S, Bogota D.C., Colombia<br>Report date 14 <sup>th</sup> May 2014          |
| 3   | Imperial Energy Limited (Earlier Jarpeno Limited) | 85,271.95  | 8,236.18  | 14,131.10  | (4,447.86)   | M/s Ernst & Young LLC, Moscow, Russia<br>Report date 15 <sup>th</sup> May 2014                         |
| 4   | Carabobo One AB (COAB)                            | 11,644.94  | 2,078.81  | 810.24   | (4.72)   | M/s Ernst & Young Accountants LLP, Amsterdam, the Netherlands<br>Report date 15 <sup>th</sup> May 2014 |
| 5   | ONGC Narmada Limited (ONL)                        | 104.96   | 1,933.12  | -  | (1.59)   | Unaudited  |
| 6   | ONGC (BTC) Limited                                | 0.94   | 395.28  | 1,009.30   | 918.67   | Unaudited  |
| 7   | Beas Rovuma Energy Mozambique Limited             | 22,225.73  | 2,666.60  | -  | (29.00)  | M/s Agiwal & Associates, Chartered Accountants, New Delhi<br>Report date 13 <sup>th</sup> May 2014     |
| Joint Venture (Company's share figures given below) |   |  |   |  |  |  |
| 1   | ONGC Mittal Energy Limited (OMEL)                 | 1,003.88   | 9,164.73  | -  | (161.78)   | Unaudited  |
|   | Total   | 4,22,336.87  | 95,966.40   | 1,22,099.57  | 14,358.89  |  |

Note :-  
(\*) These financial statements include respective company's share of assets, liabilities, income and expenses in respect of international joint ventures.



ONGC Videsh Chairman, Mr D K Sarraf with officials at Venezuela

## CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014

(₹ in Million)

|   | Note No. | As at<br>31 March 2014 | As at<br>31 March 2013 |
|---|----------|------------------------|------------------------|
| <b>EQUITY AND LIABILITIES</b>               |          |                        |                        |
| <b>SHAREHOLDERS' FUNDS</b>                  |          |                        |                        |
| Share Capital                               | 3        | 100,000.00             | 50,000.00              |
| Reserves and Surplus                        | 4        | 315,488.20             | 241,666.00             |
|   |          | 415,488.20             | 291,666.00             |
| <b>MINORITY INTEREST</b>                    |          | 8,864.04               | 908.59                 |
| <b>NON CURRENT LIABILITIES</b>              |          |                        |                        |
| Long term borrowings                        | 5        | 216,080.55             | 145,871.05             |
| Deferred tax liabilities                    | 6        | 14,269.50              | 11,714.50              |
| Liability for abandonment                   | 7        | 46,243.95              | 30,203.72              |
| Other long term liabilities                 | 8        | 4.08                   | 107.82                 |
| Long term provisions                        | 9        | 171.86                 | 422.10                 |
|   |          | 276,769.94             | 188,319.19             |
| <b>CURRENT LIABILITIES</b>                  |          |                        |                        |
| Short term borrowings                       | 10       | 134,393.22             | 48,053.57              |
| Liability for abandonment                   | 11       | 7.28                   | 33.95                  |
| Trade payables                              | 12       | 37,881.19              | 25,864.59              |
| Other current liabilities                   | 13       | 69,455.83              | 39,050.84              |
| Short term provisions                       | 14       | 127.22                 | 198.55                 |
|   |          | 241,864.74             | 113,201.50             |
| <b>TOTAL</b>                                |          | 942,986.92             | 594,095.28             |
| <b>ASSETS</b>                               |          |                        |                        |
| <b>NON CURRENT ASSETS</b>                   |          |                        |                        |
| <b>Fixed Assets</b>                         |          |                        |                        |
| Tangible assets                             | 15       | 69,993.30              | 58,636.11              |
| Intangible assets                           | 16       | 94.28                  | 103.78                 |
| Producing properties                        | 17       | 254,848.83             | 180,988.33             |
| Development & exploratory wells-in-progress | 18       | 42,939.39              | 31,642.18              |
| Capital work-in-progress                    | 19       | 235,799.28             | 88,587.78              |
| <b>Goodwill</b>                             | 20       | 180,614.45             | 80,324.43              |
| <b>Non Current Investment</b>               | 21       | 7,727.97               | 5,017.98               |
| <b>Deferred Tax Assets</b>                  | 22       | 6,763.69               | 6,071.65               |
| <b>Long Term Loans and Advances</b>         | 23       | 133.21                 | 135.07                 |
| <b>Other Non Current Assets</b>             | 24       | 46,814.42              | 14,654.40              |
|   |          | 845,728.82             | 466,161.71             |
| <b>CURRENT ASSETS</b>                       |          |                        |                        |
| Inventories                                 | 25       | 8,715.72               | 5,875.65               |
| Trade receivables                           | 26       | 38,604.20              | 49,987.81              |
| Cash & Cash Equivalents                     | 27       | 22,352.86              | 44,585.75              |
| Short term loans & advances                 | 28       | 4,307.16               | 5,574.71               |
| Other current assets                        | 29       | 23,278.16              | 21,909.65              |
|   |          | 97,258.10              | 127,933.57             |
| <b>TOTAL</b>                                |          | 942,986.92             | 594,095.28             |

See accompanying notes to the financial statements 1 to 53

Sd/-  
(S B Singh)  
Company Secretary

Sd/-  
(S P Garg)  
Managing Director & Director (Finance)

Sd/-  
(D K Sarraf)  
Chairman

As per our report of even date attached  
For **S. Mann & Co.**  
Chartered Accountants

For **GSA & Associates**  
Chartered Accountants

Place : New Delhi  
Date : May 20, 2014

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

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

## STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2014

(₹ in Million)

|  | Note No. | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|--|----------|-----------------------------|-----------------------------|
| <b>CONTINUING OPERATIONS</b>   |          |                             |                             |
| <b>INCOME</b>  |          |                             |                             |
| Revenue from Operations  | 30       | 217,771.52                  | 175,578.33                  |
| Other Income   | 31       | 4,470.48                    | 4,714.76                    |
| <b>TOTAL REVENUE</b>   |          | 222,242.00                  | 180,293.09                  |
| <b>EXPENSES</b>  |          |                             |                             |
| Production, Transportation, Selling and Distribution Expenditure               | 32       | 87,129.10                   | 71,865.81                   |
| Changes in inventories of finished goods                                       | 33       | (1,468.25)                  | 148.59                      |
| Financing Costs  | 34       | 4,065.25                    | 2,414.13                    |
| Depreciation, Depletion and Amortisation                                       | 35       | 48,679.24                   | 27,358.23                   |
| Survey Expenditure   |          | 1,559.85                    | 2,410.01                    |
| Dry Wells Written off  |          | 4,964.70                    | 7,615.58                    |
| Other Expenses   | 36       | (868.59)                    | (1,302.45)                  |
| Provisions & Write-Offs  | 37       | 8,210.01                    | 2,912.30                    |
| Decrease/(increase) due to overlift/underlift quantity                         | 38       | 503.46                      | 546.00                      |
| <b>TOTAL EXPENSES</b>  |          | 152,774.77                  | 113,968.20                  |
| <b>PROFIT BEFORE PRIOR PERIOD, EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX</b> |          | 69,467.23                   | 66,324.89                   |
| Adjustments relating to Prior Period (Net)                                     | 39       | (420.94)                    | (500.80)                    |
| <b>PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX</b>               |          | 69,888.17                   | 66,825.69                   |
| <b>Exceptional and Extraordinary items</b>                                     |          | -                           | -                           |
| <b>Tax expense</b>   |          |                             |                             |
| Current Period Tax   |          | 23,857.10                   | 25,098.10                   |
| Deferred Tax   |          | 1,397.13                    | 376.79                      |
| Earlier Periods' Tax   |          | 316.67                      | 2,178.21                    |
| <b>Total Tax Expenses</b>  |          | 25,570.90                   | 27,653.10                   |
| <b>Less: Share of Profit or (loss) - Minority Interest</b>                     |          | (135.91)                    | (118.83)                    |
| <b>Group Profit After Tax from continuing operations (A)</b>                   |          | 44,453.18                   | 39,291.42                   |
| <b>DISCONTINUING OPERATIONS</b>  |          |                             |                             |
| <b>PROFIT / (LOSS) FROM DISCONTINUING OPERATIONS (B)</b>                       |          | -                           | -                           |
| <b>GROUP PROFIT AFTER TAX (A + B)</b>  |          | 44,453.18                   | 39,291.42                   |
| <b>EARNINGS PER EQUITY SHARE (₹)</b>   |          |                             |                             |
| <b>(Face Value ₹ 100/- Per Share)</b>  |          |                             |                             |
| <b>Basic</b>   | 40       | 49.49*                      | 47.06*                      |
| <b>Diluted</b>   |          | 49.49*                      | 47.06*                      |

See accompanying notes to the financial statements 1 to 53

\*restated for the rights issue in 2013-14 & 2012-13

Sd/-  
(S B Singh)  
Company Secretary

Sd/-  
(S P Garg)  
Managing Director & Director (Finance)

Sd/-  
(D K Sarraf)  
Chairman

As per our report of even date attached  
For **S. Mann & Co.**  
Chartered Accountants

For **GSA & Associates**  
Chartered Accountants

Place : New Delhi  
Date : May 20, 2014

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

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



## 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 (SEM) as per the Guidance Note on Accounting for Oil and Gas Producing Activities (Revised 2013) 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. Since the Operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months as per revised schedule VI to the Companies Act, 1956.

**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), ImperialEnergy Limited, Cyprus (Subsidiary) , Carabobo One AB, Sweden (Subsidiary), ONGC (BTC) Limited, Cayman Island (Subsidiary), Beas Rovuma Energy Mozambique Ltd. (BREML) (Subsidiary), ONGC Hydrocarbons Limited (OHL) (Subsidiary), Krishna Rovuma Energy Mozambique Limited (KREML) (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 31 March, 2014 are as detailed below:

| SI No.    | Name of the Subsidiaries / Jointly Controlled Entities | Country of Incorporation | Proportion of ownership interest                     |   | Status of Audit as at 31 March 2014 |
|-----------|--|--------------------------|--|---|-------------------------------------|
|           |  |                          | As at 31 <sup>st</sup> March 2014                    | As at 31 <sup>st</sup> March 2013             |                                     |
| 1.1       | ONGC Nile Ganga B.V. (ONGBV)                           | The Netherlands          | <b>Class A and Class B 100%</b>                      | Class A and Class B 100%                      | Audited                             |
| 1.1 (i)   | ONGC Campos Ltda.                                      | Brazil                   | <b>100%</b>  | 100%  | Audited                             |
| 1.1 (ii)  | ONGC Nile Ganga (Cyprus) Ltd.                          | Cyprus                   | <b>100%</b>  | 100%  | Audited                             |
| 1.1 (iii) | ONGC Nile Ganga (San Cristobal) B.V.                   | The Netherlands          | <b>100%</b>  | 100%  | Audited                             |
| 1.1 (iv)  | ONGC Satpayev E&P B.V.                                 | The Netherlands          | <b>100%</b>  | 100%  | Audited                             |
| 1.1 (v)   | ONGC Caspian E&P B.V.                                  | The Netherlands          | <b>100%</b>  | 100%  | Audited                             |
| 1.2       | ONGC Nile Ganga B.V. (ONGBV)                           | The Netherlands          | <b>Class C 55% direct (balance 45% held by OMEL)</b> | Class C 55% direct (balance 45% held by OMEL) | Audited                             |
| 2         | ONGC Narmada Limited (ONL)                             | Nigeria                  | <b>100%</b>  | 100%  | Unaudited                           |
| 3         | ONGC Amazon Alaknanda Limited (OAAL)                   | Bermuda                  | <b>100%</b>  | 100%  | Audited                             |
| 4         | Imperial Energy Limited <sup>1</sup>                   | Cyprus                   | <b>100%</b>  | 100%  | Audited                             |
| 4 (i)     | Imperial Energy Tomsk Limited                          | Cyprus                   | <b>100%</b>  | 100%  | Audited                             |
| 4 (ii)    | Imperial Energy (Cyprus) Limited                       | Cyprus                   | <b>100%</b>  | 100%  | Audited                             |
| 4 (iii)   | Imperial Energy Nord Limited                           | Cyprus                   | <b>100%</b>  | 100%  | Audited                             |
| 4 (iv)    | RK Imperial Energy (Kostanai) Limited <sup>4</sup>     | Cyprus                   | <b>100%</b>  | 100%  | Unaudited                           |
| 4 (v)     | Freshspring Investments Limited <sup>4</sup>           | Cyprus                   | <b>100%</b>  | 100%  | Unaudited                           |
| 4 (vi)    | Nefsilius Holdings Limited <sup>4</sup>                | Cyprus                   | <b>100%</b>  | 100%  | Unaudited                           |
| 4 (vii)   | Biancus Holdings Limited                               | Cyprus                   | <b>100%</b>  | 100%  | Audited                             |
| 4 (viii)  | Redcliffe Holdings Limited                             | Cyprus                   | <b>100%</b>  | 100%  | Audited                             |
| 4 (ix)    | Imperial Energy Gas Limited <sup>4</sup>               | Cyprus                   | <b>100%</b>  | 100%  | Unaudited                           |
| 4(x)      | Imperial Frac Services (Cyprus) Limited                | Cyprus                   | <b>100%</b>  | 100%  | Audited                             |
| 4 (xi)    | San Agio Investments Limited                           | Cyprus                   | <b>100%</b>  | 100%  | Audited                             |

| SI No.   | Name of the Subsidiaries / Jointly Controlled Entities | Country of Incorporation | Proportion of ownership interest  |                                   | Status of Audit as at 31 March 2014 |
|----------|--|--------------------------|-----------------------------------|-----------------------------------|-------------------------------------|
|          |  |                          | As at 31 <sup>st</sup> March 2014 | As at 31 <sup>st</sup> March 2013 |                                     |
| 4 (xii)  | LLC Sibinterneft <sup>2</sup>                          | Russia                   | <b>55.90%</b>                     | 55.90%                            | Audited upto 31.12.2013             |
| 4 (xiii) | LLC Allianceneftgaz                                    | Russia                   | <b>100%</b>                       | 100%                              | Audited upto 31.12.2013             |
| 4 (xiv)  | LLC Nord Imperial                                      | Russia                   | <b>100%</b>                       | 100%                              | Audited upto 31.12.2013             |
| 4 (xv)   | LLC Imperial Trans service <sup>3</sup>                | Russia                   | <b>100%</b>                       | 100%                              | Audited upto 31.12.2013             |
| 4 (xvi)  | LLC Rus Imperial Group                                 | Russia                   | <b>100%</b>                       | 100%                              | Audited upto 31.12.2013             |
| 4(xvii)  | LLC Stratum <sup>3</sup>                               | Russia                   | <b>100%</b>                       | 100%                              | Audited upto 31.12.2013             |
| 4(xviii) | LLC Imperial Frac Services                             | Russia                   | <b>50%</b>                        | 50%                               | Audited upto 31.12.2013             |
| 5        | Carabobo One AB  | Sweden                   | <b>100%</b>                       | 100%                              | Audited                             |
| 5 (i)    | Petro Carabobo Ganga B.V.                              | The Netherlands          | <b>100%</b>                       | 100%                              | Audited                             |
| 6        | ONGC (BTC) Limited                                     | Cayman Islands           | <b>100%</b>                       | 100%                              | Unaudited                           |
| 7        | Beas Rovuma Energy Mozambique Ltd.                     | British Virgin Islands   | <b>60%</b>                        | -                                 | Audited                             |
| 8        | ONGC Hydrocarbons Ltd. <sup>5</sup>                    | Mauritius                | <b>100%</b>                       | -                                 | Unaudited                           |
| 9        | Krishna Rovuma Energy Mozambique Ltd. <sup>5</sup>     | Mauritius                | <b>100%</b>                       | -                                 | Unaudited                           |
| 10       | ONGC Mittal Energy Limited (OMEL)                      | Cyprus                   | <b>49.98%</b>                     | 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.
- These two companies have now been merged with LLC Nord Imperial w.e.f. 29<sup>th</sup> November 2013
- These companies have been liquidated w.e.f. 23<sup>rd</sup> March 2014.
- These companies are under liquidation.

**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 provide depreciation on fixed assets using the straight line method. The amount involved is ₹ 1,132.80 Million (Year ended 31 March 2013 ₹ 981.73 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 ₹ 39,747.98 Million (Year ended 31 March 2013 ₹ 28,534.95 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 ₹ 15,863.65 Million (Year ended 31 March 2013 ₹ 11,833.19 Million) under the head Royalty in Note 32.

#### A.3.4 Retirement Benefits

The overseas subsidiaries and the Joint Venture Companies 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 2014 are prepared following the same accounting policies and practices as followed in the annual financial statements for the year ended 31 March 2013.

**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 in line with the revised Guidance Note on Accounting for Oil and Gas Producing Activities (2013) notified by the Institute of Chartered Accountants of India. However, the change does not have any impact on recognition and measurement principles followed for preparation of financial statements. The leave encashment benefit has been funded effective from this year, hence the accounting policy relating to employee's benefits at r.3 has been modified accordingly and there is no impact on recognition and measurement principle due to this modification.

| Policy no. | Existing Policy   | Accounting policy documented in FY'14  | Financial Impact over the financial statements |
|------------|---|--|--|
| 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. | Exploration costs incurred in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalised as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per Note no d.1 or expensed as exploration cost (including allocated depreciation) as and when determined to be dry or no further use for any purpose, as the case may be. | Nil  |
| 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.   | All costs relating to development wells are initially capitalized as 'Development Wells in Progress' and transferred to 'Producing Properties' on completion as per Note no. d.1.  | Nil  |
| 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.  | 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 on completion.  | Nil  |
| 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  | Costs of exploratory wells are not carried unless there are indications of sufficient quantity of reserves and sufficient progress is made in assessing the reserves and the economic & operating viability of the project. All such carried costs are subject to review for impairment.   | Nil  |
| 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.   | 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 and leave encashment, the same are not funded.   | Nil  |
| z          | Nil   | Expenditure incurred before the right(s) to explore, develop and produce oil and gas is obtained, are expensed as incurred.  | 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 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 incurred in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalised as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per Note no d.1 or expensed as exploration cost (including allocated depreciation) as and when determined to be dry or no further use for any purpose, as the case may be.

**c.3.2** All costs relating to development wells are initially capitalized as 'Development Wells in Progress' and transferred to 'Producing Properties' on completion as per Note no. d.1.

**c.3.3** Costs of exploratory wells are not carried unless there are indications of sufficient quantity of reserves and sufficient progress is made in assessing the reserves and the economic & operating viability of the project. All such carried costs are subject to review for impairment.

#### 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 on completion.

**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 side-tracking in respect of existing producing wells is capitalized if it increases the Proved Developed Reserve otherwise, charged to Profit and Loss Account as work over 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 d and e 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.3.1** 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 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.3.1 & 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 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 the 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 and leave encashment, 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 labour 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.
- z. Pre-Acquisition cost:**
- Expenditure incurred before the right(s) to explore, develop and produce oil and gas is obtained, are expensed as incurred.

### 3. SHARE CAPITAL

(₹ in Million)

|  | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|--|---------------------------|---------------------------|
| <b>Authorised</b>  |                           |                           |
| 1,000,000,000 (Previous year 500,000,000) Equity Shares of ₹ 100 each  | 100,000.00                | 50,000.00                 |
| <b>Issued, Subscribed, Called and Paid Up</b>  | 100,000.00                | 50,000.00                 |
| 1,000,000,000 (Previous year 500,000,000) 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) |                           |                           |
| <b>TOTAL</b>   | 100,000.00                | 50,000.00                 |

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

|                                    | 31 March 2014 |            | 31 March 2013 |           |
|------------------------------------|---------------|------------|---------------|-----------|
|                                    | No. Million   | ₹ Million  | No. Million   | ₹ Million |
| Equity Shares                      |               |            |               |           |
| At the beginning of the year       | 500.00        | 50,000.00  | 100.00        | 10,000.00 |
| Issued during the year             | 500.00        | 50,000.00  | 400.00        | 40,000.00 |
| Outstanding at the end of the year | 1,000.00      | 100,000.00 | 500.00        | 50,000.00 |

The Company has increased its authorised share capital by ₹ 50,000 million in its EGM held on 12 November 2013 & consequently the authorised share capital of the Company is ₹ 100,000 million consisting of 1,000,000,000 equity shares of ₹ 100 each.

During the year, the Company had a rights issue of 500,000,000 (Previous year - 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 (ONGC) 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 2014, the amount of dividend per share declared for distribution to equity shareholders is 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:

|   | 31 March 2014 |              | 31 March 2013 |              |
|---|---------------|--------------|---------------|--------------|
|   | No. Million   | ₹ in Million | No. Million   | ₹ in Million |
| Oil and Natural Gas Corporation Limited, the holding company and its nominees | 1000          | 100,000.00   | 500           | 50,000.00    |

#### 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:

|   | 31 March 2014 |           | 31 March 2013 |           |
|---|---------------|-----------|---------------|-----------|
|   | No. Million   | % holding | No. Million   | % holding |
| Oil and Natural Gas Corporation Limited, the holding company and its nominees | 1,000         | 100%      | 500           | 100%      |

#### f Shares reserved for issue under options: Nil

### 4. RESERVES AND SURPLUS

(₹ in Million)

|   | As at 31 March 2014 |            | As at 31 March 2013 |            |
|---|---------------------|------------|---------------------|------------|
| <b>Capital Reserve</b>  |                     | 1,075.53   |                     | 990.43     |
| <b>Capital Redemption Reserve</b>                                   |                     | 0.11       |                     | 0.09       |
| <b>Debenture Redemption Reserve (Note 4.a)</b>                      |                     |            |                     |            |
| Balance as per last Financial statement                             | 14,088.91           |            | 9,781.27            |            |
| Add: Transfer from surplus in statement of profit and loss          | 10,381.20           | 24,470.11  | 4,307.64            | 14,088.91  |
| <b>General Reserve</b>  |                     |            |                     |            |
| Balance as per last Financial statement                             | 13,144.65           |            | 10,499.94           |            |
| Add: Transfer from surplus in statement of profit and loss          | 3,836.60            | 16,981.25  | 2,644.71            | 13,144.65  |
| <b>Foreign Currency Translation Reserve (Note 4.b)</b>              |                     |            |                     |            |
| Balance as per last Financial statement                             | 37,554.33           |            | 24,639.98           |            |
| Additions during the year   | 33,209.46           | 70,763.79  | 12,914.35           | 37,554.33  |
| <b>Foreign Currency Monetary Item Difference Account (Note 4.c)</b> |                     | (3,925.56) |                     | -          |
| <b>Surplus in the statement of profit and loss</b>                  |                     |            |                     |            |
| Balance as per last Financial statement                             | 175,887.59          |            | 143,548.52          |            |
| Add: Addition during the year                                       | 44,453.18           |            | 39,291.42           |            |
| Less: Transfer to Debenture Redemption Reserve                      | 10,381.20           |            | 4,307.64            |            |
| Transfer to General Reserve   | 3,836.60            | 206,122.97 | 2,644.71            | 175,887.59 |
| <b>TOTAL</b>  |                     | 315,488.20 |                     | 241,666.00 |

#### a. The Debentures Redemption Reserve position for above is as under:-

(₹ in Million)

| Particulars   | Balance as on 31<br>March 2013 | Addition during the<br>year | Balance as on 31<br>March 2014 |
|---|--------------------------------|-----------------------------|--------------------------------|
| 8.40 % 5 Years Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series I   | 12,892.38                      | 3,937.84                    | 16,830.22                      |
| 8.54 % 10 Years Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series II | 1,196.53                       | 369.80                      | 1,566.33                       |
| <b>Total (A)</b>  | 14,088.91                      | 4,307.64                    | 18,396.55                      |
| Unsecured 3.75% 10 years USD Bonds - USD 500 Millions   | -                              | 3,312.85                    | 3,312.85                       |
| Unsecured 2.50% 5 years USD Bonds - USD 300 Millions  | -                              | 2,760.71                    | 2,760.71                       |
| <b>Total (B)</b>  | -                              | 6,073.56                    | 6,073.56                       |
| <b>Total (A + B)</b>  | 14,088.91                      | 10,381.20                   | 24,470.11                      |

#### 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 ₹ 33,209.46 million (Previous Year ₹ 12,914.34 million) has been accounted as Foreign Currency Translation Reserve and shown above.



c. Foreign currency Monetary Item Difference Account:

The foreign exchange difference on the foreign currency bonds till 31.03.2014 amounting to ₹ 4,616.00 million (refer note no. 5(d)) has been amortised over the outstanding tenure of the loan as per the provision of paragraph 46A of AS 11.

(₹ in Million)

| Particulars               | As at<br>31 March 2014 | As at<br>31 March 2013 |
|---------------------------|------------------------|------------------------|
| Opening Balance           | -                      | -                      |
| Additions during the year | (4,616.00)             | -                      |
| Amortised during the year | (690.44)               | -                      |
| Closing Balance           | (3,925.56)             | -                      |

5. LONG TERM BORROWINGS

(₹ in Million)

|   | As at 31 March 2014 | As at 31 March 2014 |
|---|---------------------|---------------------|
| <b>Non-Convertible Redeemable Debentures (Note - 5.c)</b>                           | <b>3,700.00</b>     | 23,400.00           |
| <b>Term Loans</b>   |                     |                     |
| from banks (Note - 5.e)   | <b>106,606.50</b>   | -                   |
| <b>Foreign Currency Loans</b>   |                     |                     |
| Foreign Currency Bonds (USD) (Note - 5.d)   | <b>48,048.00</b>    | -                   |
| Non-Recourse Deferred Credit (unsecured) (In respect of Joint venture) (Note - 5.a) | -                   | 134.98              |
| <b>Loans and advances</b>   |                     |                     |
| From Oil and Natural Gas Corporation Limited (Note - 5.b)                           | <b>52,914.93</b>    | 119,576.99          |
| Non-current maturities of finance lease obligations (unsecured)                     | <b>4,811.12</b>     | 2,759.08            |
| <b>TOTAL</b>  | <b>216,080.55</b>   | 145,871.05          |

- a Non-recourse deferred credit: Nil (Year ended 31 March 2013 ₹ 134.98 Million) represents the non-recourse deferred credit from contractors of pipeline 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.

| Non-Recourse Deferred Credit (unsecured) | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|--|-----------------------------|-----------------------------|
| Current (Note 13)                        | <b>1,043.37</b>             | -                           |
| Non-Current (Note 5)                     | -                           | 134.98                      |
| <b>Total</b>                             | <b>1,043.37</b>             | <b>134.98</b>               |

- b The Company has taken loans from ONGC (parent company) for various projects. The outstanding balance of such loans as at 31 March 2014 was ₹ 52,914.93 Million (previous year ₹ 119,576.99 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).

- c Non Convertible Redeemable Debenture (Rupee Bonds)

| Particulars   | Amount<br>(₹ million) | Date of issue | Due date of<br>redemption | Coupon                             |
|---|-----------------------|---------------|---------------------------|------------------------------------|
| Unsecured non-convertible redeemable Bonds in the nature of Debentures- Series II of face value ₹ 1 million each              | 3,700.00              | 6-Jan-10      | 6-Jan-20                  | 8.54%, payable annually in arrears |
| Unsecured non-convertible redeemable Bonds in the nature of Debentures- Series I of face value ₹ 1 million each (Note no. 13) | 19,700.00             | 23-Dec-09     | 23-Dec-14                 | 8.40%, payable annually in arrears |
| <b>Total</b>  | 23,400.00             |               |                           |                                    |

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 periodical put/ call option.The bonds are repayable in full ( bullet repayment) on maturity date.The Non convertible Redeemable debenture amounting to ₹ 19,700 million are due for redemption on 23 December 2014 & classified as other current liability in note no. 13.

d Foreign Currency Bonds (USD)

| Particulars   | Amount<br>(₹ million) | Date of issue | Due date of<br>redemption | Coupon                                  |
|---|-----------------------|---------------|---------------------------|---|
| USD 500 million unsecured non-convertible Reg S Bonds | 27,145.00             | 7-May-13      | 7-May-23                  | 3.75%, payable semi-annually in arrears |
| USD 300 million unsecured non-convertible Reg S Bonds | 16,287.00             | 7-May-13      | 7-May-18                  | 2.50%, payable semi-annually in arrears |
| Foreign Exchange difference (refer note no. 4.c)      | 4,616.00              |               |                           |   |
| <b>Total</b>  | 48,048.00             |               |                           |   |

- d.1 The above securities have been listed in Singapore Exchange (SGX). Both the bonds are guaranteed for repayment of principal and payment of interest by Oil and Natural Gas Corporation Limited, the parent company. The USD 300 million Reg S bonds were issued at price of 99.655% and USD 500 million Reg S bonds were issued at price of 99.950%. The bonds have been issued in denomination of USD 200,000 and integral multiples of USD 1,000 in excess thereof. There is no periodical put/call option. The bonds are repayable in full (bullet repayment) on maturity date.

- e. Pertains to 5 year term loan taken for the purpose of acquisition in Mozambique amounting to ₹ 106,606.50 million (USD 1,775 million)

6. DEFERRED TAX LIABILITIES

(₹ in Million)

|                          | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|--------------------------|---------------------------|---------------------------|
| Deferred tax liabilities | <b>14,269.50</b>          | 11,714.50                 |
| <b>TOTAL</b>             | <b>14,269.50</b>          | 11,714.50                 |

Attention is invited to Note No 42.2

7. LIABILITY FOR ABANDONMENT

(₹ in Million)

|                           | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|---------------------------|---------------------------|---------------------------|
| Liability for abandonment | <b>46,243.95</b>          | 30,203.72                 |
| <b>TOTAL</b>              | <b>46,243.95</b>          | 30,203.72                 |

| Liability for Abandonment | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|---------------------------|-----------------------------|-----------------------------|
| Current (Note 11)         | 7.28                        | 33.95                       |
| Non-Current (Note 7)      | 46,243.95                   | 30,203.72                   |
| <b>Total</b>              | 46,251.23                   | 30,237.67                   |

Abandonment liability relates to Sakhalin1- Russia, Block 06.1 - Vietnam, ACG- Azerbaijan, MECL- Colombia, BC-10-Brazil & PIVSA - Venezuela . In respect of liability of Sakhalin 1 Russia funding of ₹ 7,727.97 million (previous year: ₹ 5,017.98 Million) has been made. (refer note no. 21).

## 8. OTHER-LONG TERM LIABILITIES

(₹ in Million)

|                | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|----------------|---------------------------|---------------------------|
| Trade payables | -                         | 107.82                    |
| Others         | 4.08                      | -                         |
| <b>TOTAL</b>   | <b>4.08</b>               | <b>107.82</b>             |

## 9. LONG-TERM PROVISIONS

(₹ in Million)

|  | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|--|---------------------------|---------------------------|
| Leave encashment   | -                         | 179.30                    |
| Post retirement medical benefits/Other terminal benefits | 148.34                    | 242.80                    |
| Others   | 23.52                     | -                         |
|  | <b>171.86</b>             | <b>422.10</b>             |

- a. The provision for employee benefits are accounted based on the actuarial valuation for the year ending 31 March 2014.
- b. The employees of the company are deputed from the parent company (ONGC) and governed as per the parent company policy for employee benefit. All the scheme relating to employee benefits are administered by the parent company and accordingly the year end provision of employee benefits from the current year are settled by transfer to the parent company.

| Particulars                                   | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|---|-----------------------------|-----------------------------|
| Current (Note 14)                             | 127.22                      | 198.55                      |
| Non-Current (Note 9)                          | 171.86                      | 422.10                      |
| <b>Total Provisions for Employee benefits</b> | <b>299.08</b>               | <b>620.65</b>               |

## 10. SHORT TERM BORROWINGS

(₹ in Million)

|                                   | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|-----------------------------------|---------------------------|---------------------------|
| Short-term borrowings from banks* | 133,633.50                | 48,053.57                 |
| Other Short term borrowings       | 759.72                    | -                         |
| <b>TOTAL</b>                      | <b>134,393.22</b>         | <b>48,053.57</b>          |

\* Represents bridge/short-term loans taken in current year for the purpose of acquisition of participating interest in Area 1 Offshore, Mozambique. Borrowings in previous year were taken for acquisition of participating interest in ACG fields and BTC pipeline, Azerbaijan.

## 11. CURRENT LIABILITY FOR ABANDONMENT

(₹ in Million)

|                           | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|---------------------------|---------------------------|---------------------------|
| Liability for Abandonment | 7.28                      | 33.95                     |
| <b>TOTAL</b>              | <b>7.28</b>               | <b>33.95</b>              |

Attention is also invited to Note No 21 and 7.

## 12. TRADE PAYABLES

(₹ in Million)

|   | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|---|---------------------------|---------------------------|
| Deferred credit on gas sales*   | 14,806.41                 | 296.04                    |
| Trade payables for supplies / works                                   | 2,230.37                  | 4,327.63                  |
| Trade payables for supplies / works<br>(In respect of Joint Ventures) | 20,844.41                 | 21,240.92                 |
| <b>TOTAL</b>  |                           |                           |
|   | <b>37,881.19</b>          | <b>25,864.59</b>          |

\*Deferred credit on gas sales represents amounts received from gas customers against "Take or Pay" obligation 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<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|---|---------------------------|---------------------------|
| <b>Current maturities of Long term debts</b>                      |                           |                           |
| Non Convertible Redeemable Debenture*                             | 19,700.00                 | -                         |
| Non-Recourse Deferred Credit (Unsecured)**                        | 1,043.37                  | 809.89                    |
| Less: Set-off against provision for non-receipt of instalments    | 698.95                    | 344.42                    |
| Current maturities of finance lease obligations***                | 1,217.72                  | 889.04                    |
| Interest accrued but not due on borrowings                        | 281.49                    | 89.92                     |
| Interest accrued but not due on debentures                        | 1,232.37                  | 522.42                    |
| Advance from customers / Income received in advance               | 512.55                    | 567.06                    |
| Amount Payable to Operators                                       | 21,371.80                 | 15,152.12                 |
| Payable to ONGC   | 361.17                    | 331.79                    |
| Tax Payable by Subsidiaries and JV Companies in foreign Countries | 11,375.83                 | 7,006.92                  |
| Deposits Unsecured  | 1.28                      | 132.35                    |
| Other Liabilities   | 13,057.20                 | 13,549.33                 |
| <b>TOTAL</b>  | <b>69,455.83</b>          | <b>39,050.84</b>          |

\* Attention is invited to Note No. 5 (c)

\*\* Attention is invited to Note No 5(a)

\*\*\* Attention is also to Note No 5

## 14. SHORT TERM PROVISIONS

(₹ in Million)

|  | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|--|---------------------------|---------------------------|
| Gratuity   | -                         | 59.50                     |
| Leave encashment   | 85.27                     | 102.73                    |
| Post retirement medical benefits/Other terminal benefits | 41.95                     | 36.32                     |
|  | <b>127.22</b>             | <b>198.55</b>             |

Attention is invited to Note No: 9.b



## 15. TANGIBLE ASSETS

| PARTICULARS   | GROSS BLOCK              |                                |   |  |                           |
|---|--------------------------|--------------------------------|---|--|---------------------------|
|   | As at<br>1 April<br>2013 | Additions during<br>the period | Foreign<br>Currency<br>Translation<br>Adjustment/<br>Other<br>Adjustments | Deletions /<br>Adjustments<br>during the<br>period | As at<br>31 March<br>2014 |
| 1. Land (Leasehold)   | 2,118.29                 | 95.58                          | 50.93   | 0.03   | <b>2,264.77</b>           |
| Land (Freehold)   | 3.39                     | -                              | -   | -  | <b>3.39</b>               |
| 2. Building   | 6,955.20                 | 1,099.22                       | 69.04   | 29.68  | <b>8,093.78</b>           |
| 3. Plant & Machinery  | 118,824.74               | 25,997.52                      | 1,381.08  | 1,490.65   | <b>144,712.69</b>         |
| 4. Computers  | 940.87                   | 579.83                         | 72.48   | 33.08  | <b>1,560.10</b>           |
| 5. Vehicles   | 1,821.24                 | 305.00                         | 57.69   | 36.28  | <b>2,147.65</b>           |
| 6. Furniture & Fittings and Equipments  | 8,329.50                 | 275.56                         | 564.26  | 55.02  | <b>9,114.30</b>           |
| <b>TOTAL</b>  | <b>138,993.23</b>        | <b>28,352.71</b>               | <b>2,195.48</b>   | <b>1,644.74</b>                                    | <b>167,896.68</b>         |
| Previous Year   | 107,776.14               | 30,315.53                      | 1,107.95  | 206.39   | <b>138,993.23</b>         |
| The above includes the company's share in<br>Joint Venture Assets: Current Year | 135,180.22               | 28,208.83                      | 1,986.70  | 1,441.68   | <b>1,63,934.09</b>        |
| Previous Year   | 103,915.87               | 30,244.37                      | 1,087.65  | 67.68  | <b>135,180.22</b>         |

### 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 governing Company's activities in the fields / projects, provide that the title to the fixed assets and other ancillary installations shall pass to of "Cost Oil" and "Cost Gas" or upon relinquishment of the relevant contract areas or termination of the relevant agreement. However, as per assets for Petroleum Operations throughout the term of the respective agreements. The Consortium also has the custody and maintenance damage or loss. Under the circumstances, such assets are kept in the records of the Company during the currency of the respective Depreciation on all Trunk Pipelines and Onshore Flow Lines (assets below ground) are charged @ 100% in line with the policy of the parent

## 16. INTANGIBLE ASSETS

(₹ in Million)

| PARTICULARS  | GROSS BLOCK              |                                |   |  |                           |
|--|--------------------------|--------------------------------|---|--|---------------------------|
|  | As at<br>1 April<br>2013 | Additions during<br>the period | Foreign<br>Currency<br>Translation<br>Adjustment/<br>Other<br>Adjustments | Deletions /<br>Adjustments<br>during the<br>period | As at<br>31 March<br>2014 |
| 1. Software  | 365.72                   | 70.75                          | (24.89)   | 2.04   | <b>409.54</b>             |
| <b>TOTAL</b>   | <b>365.72</b>            | <b>70.75</b>                   | <b>(24.89)</b>  | <b>2.04</b>  | <b>409.54</b>             |
| Previous year  | 334.07                   | 54.60                          | (24.28)   | (1.33)   | <b>365.72</b>             |
| "The above includes the company's share in<br>Joint Venture Assets:<br>Current Year" | 252.87                   | 70.75                          | 87.90   | 2.04   | <b>409.48</b>             |
| Previous Year  | 175.01                   | 43.43                          | 33.10   | (1.33)   | <b>252.87</b>             |

(₹ in Million)

| DEPRECIATION              |                  |  |   |                           | NET BLOCK                 |                           |
|---------------------------|------------------|--|---|---------------------------|---------------------------|---------------------------|
| Up to<br>31 March<br>2013 | For the period   | Foreign Currency<br>Translation<br>Adjustment/<br>Other Adjustment | Deletions /<br>Adjustments<br>during the period | Up to<br>31 March<br>2014 | As at<br>31 March<br>2013 | As at<br>31 March<br>2013 |
| 0.65                      | -                | 85.11  | 42.67   | <b>43.09</b>              | <b>2,221.68</b>           | 2,117.64                  |
| -                         | -                | -  | -   | -                         | <b>3.39</b>               | 3.39                      |
| 1,689.38                  | 316.86           | (47.27)  | (28.13)   | <b>1,987.10</b>           | <b>6,106.68</b>           | 5,265.82                  |
| 70,241.26                 | 16,650.87        | (1,341.79)   | (1,043.17)                                      | <b>86,593.51</b>          | <b>58,119.18</b>          | 48,583.48                 |
| 697.24                    | 124.86           | 29.56  | (6.65)  | <b>858.31</b>             | <b>701.79</b>             | 243.63                    |
| 1,347.78                  | 211.75           | 11.24  | 44.40   | <b>1,526.37</b>           | <b>621.28</b>             | 473.46                    |
| 6,380.81                  | 338.41           | 146.84   | (28.94)   | <b>6,895.00</b>           | <b>2,219.30</b>           | 1,948.69                  |
| <b>80,357.12</b>          | <b>17,642.75</b> | <b>(1,116.31)</b>  | <b>(1,019.82)</b>                               | <b>97,903.38</b>          | <b>69,993.30</b>          | <b>58,636.11</b>          |
| 72,185.70                 | 7,390.16         | 938.79   | 157.53  | <b>80,357.12</b>          | <b>58,636.11</b>          | 35,590.45                 |
| 79,035.48                 | 17,517.76        | (943.32)   | (954.28)  | <b>96,564.20</b>          | <b>67,369.89</b>          | 56,144.73                 |
| 71,712.26                 | 7,192.03         | 168.09   | 36.89   | <b>79,035.48</b>          | <b>56,144.73</b>          | 32,203.61                 |

respect of exploration, development and production of hydrocarbons under agreements with the host governments. Several of these agreements, host Government or its nominated entities either upon acquisition / first use of such assets or upon 100% recovery of such costs through allocation 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 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 agreements.

company ONGC since 2007-08.

| DEPRECIATION              |                |   |   |                           | NET BLOCK                 |                           |
|---------------------------|----------------|---|---|---------------------------|---------------------------|---------------------------|
| Up to<br>31 March<br>2013 | For the period | Foreign Currency<br>Translation<br>Adjustment/<br>Other<br>Adjustment | Deletions /<br>Adjustments<br>during the period | Up to<br>31 March<br>2014 | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
| 261.94                    | 77.90          | (24.54)   | 0.04  | <b>315.26</b>             | <b>94.28</b>              | 103.78                    |
| <b>261.94</b>             | <b>77.90</b>   | <b>(24.54)</b>  | <b>0.04</b>                                     | <b>315.26</b>             | <b>94.28</b>              | <b>103.78</b>             |
| 207.80                    | 77.90          | (23.92)   | (0.16)  | <b>261.94</b>             | <b>103.78</b>             | 126.28                    |
| 199.73                    | 77.90          | 37.61   | 0.04  | <b>315.20</b>             | <b>94.28</b>              | 53.14                     |
| 129.02                    | 57.31          | 13.24   | (0.16)  | <b>199.73</b>             | <b>53.14</b>              | 45.99                     |

## 17. PRODUCING PROPERTIES

|   | (₹ in Million)            |                           |
|---|---------------------------|---------------------------|
|   | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
| <b>Gross Cost</b>   |                           |                           |
| Opening Balance   | 339,760.52                | 279,482.27                |
| Expenditure during the year                               | 56,865.77                 | 32,418.91                 |
| Transfer from Development & Exploratory Wells-in-Progress | 35,082.91                 | 20,557.37                 |
| Estimated Abandonment Costs*                              | 15,500.29                 | 2,301.08                  |
| Foreign Currency Translation Adjustment                   | 10,825.86                 | 5,000.89                  |
| <b>Total Gross (A)</b>                                    | <b>458,035.35</b>         | <b>339,760.52</b>         |
|   |                           |                           |
| <b>Less: Depletion</b>                                    |                           |                           |
| Opening Balance   | 158,772.19                | 135,246.18                |
| Depletion for the year                                    | 36,053.81                 | 19,938.23                 |
| Prior period depletion                                    | -                         | 82.55                     |
| Adjustment**  | 241.72                    | (28.49)                   |
| Foreign Currency Translation Adjustment                   | 8,118.80                  | 3,533.72                  |
| <b>Total Depletion (B)</b>                                | <b>203,186.52</b>         | <b>158,772.19</b>         |
| <b>NET PRODUCING PROPERTIES (A - B)</b>                   | <b>254,848.83</b>         | <b>180,988.33</b>         |

\* The above includes Foreign currency translation differences in respect of Sakhlain - 1, in pursuance to Para 46A of the Accounting Standard-11 (Changes in Foreign Exchange Rates) as follows:

| Particulars   | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|---|-----------------------------|-----------------------------|
| Exchange loss arising on reporting of long-term foreign currency monetary items relating to depreciable assets: |                             |                             |
| Amount remaining to be amortised at the beginning of the year   | 1,120.37                    | -                           |
| Exchange loss/(gain) arising during the year  | 2,231.12                    | 1,246.83                    |
| Less: Depletion charged to statement of profit and loss for the year  | 285.36                      | 126.46                      |
| Amount remaining to be amortised at the end of the year   | 3,066.13                    | 1,120.37                    |

\*\* Adjustment relates to AFPC, Syria. Refer Note no. 45.

## 18. DEVELOPMENT & EXPLORATORY WELLS-IN-PROGRESS

|  | (₹ in Million)            |                           |
|--|---------------------------|---------------------------|
|  | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
| <b>A. Development Wells-in-Progress (DWIP)</b> |                           |                           |
| Opening Balance                                | 22,024.68                 | 16,733.68                 |
| Addition during the year                       | 24,465.68                 | 24,057.49                 |
| Less: Transfer to Producing Properties         | 31,873.77                 | 19,020.63                 |
| Foreign Currency Translation Adjustment        | 1,269.70                  | 254.14                    |
| <b>Closing Balance (Gross DWIP)</b>            | <b>15,886.29</b>          | <b>22,024.68</b>          |
| Less: Provision for Development wells          |                           |                           |
| Opening Balance                                | 83.74                     | -                         |
| Provided during the year                       | -                         | 83.74                     |
| <b>Development Wells-in-Progress (A)</b>       | <b>15,802.55</b>          | <b>21,940.94</b>          |

|  | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|--|---------------------------|---------------------------|
| <b>B. Exploratory Wells-in-Progress(EWIP) (Intangible)</b> |                           |                           |
| Opening Balance  | 13,111.38                 | 15,485.75                 |
| Addition during the year                                   | 14,788.05                 | 6,190.37                  |
| Less: Transfer to Producing Properties                     | 3,209.14                  | 1,536.74                  |
| Less: Wells written off during the year                    | 4,964.70                  | 7,615.58                  |
| Foreign Currency Translation Adjustment                    | 10,828.10                 | 587.58                    |
| <b>Closing Balance (Gross EWIP)</b>                        | <b>30,553.69</b>          | <b>13,111.38</b>          |
| Less: Provision for Impairment                             |                           |                           |
| Opening Balance  | 3,410.13                  | 1,479.15                  |
| Add: Provided during the year                              | 6.72                      | 1,930.99                  |
| <b>Total Provision</b>                                     | <b>3,416.85</b>           | <b>3,410.14</b>           |
| <b>Exploratory Wells-in-Progress (B)</b>                   | <b>27,136.84</b>          | <b>9,701.24</b>           |
| <b>TOTAL WELLS-IN-PROGRESS (A + B)</b>                     | <b>42,939.39</b>          | <b>31,642.18</b>          |

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 ₹ 1,502.56 million till 31 March 2014 (₹1,495.84 million till 31 March 2013).

b The Company has 60% PI in Block XXIV, Syria where the development is currently suspended. In view of deteriorating law and order situation in Syria, operations of the project are temporarily suspended since May 2012. In view of the same provision has been made in respect of cost of development wells in progress amounting to ₹ 83.74 million (Previous year: ₹ 83.74 Million) and successful exploratory wells amounting to ₹1,914.29 million (Previous year: ₹1,914.29 Million) in respect of the project.

## 19. CAPITAL WORK-IN-PROGRESS

|                   | (₹ in Million)            |                           |
|-------------------|---------------------------|---------------------------|
|                   | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
| Buildings         | 1,717.71                  | 1,263.65                  |
| Plant & Machinery | 85,105.16                 | 75,406.66                 |
| Acquisition Cost* | 148,976.41                | 11,917.47                 |
| <b>Total</b>      | <b>235,799.28</b>         | <b>88,587.78</b>          |

\*Acquisition cost relates to the cost for acquiring property or mineral rights of proved or unproved oil and gas properties which are currently under Exploration/Development stage, such cost which will be transferred to producing property on commercial production from the project or written off in case of relinquishment of exploration project.

## 20. GOODWILL

|                              | (₹ in Million)            |                           |
|------------------------------|---------------------------|---------------------------|
|                              | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
| Gross Goodwill (a)           | 242,051.91                | 133,494.29                |
| Accumulated Amortisation (b) | 41,903.77                 | 33,636.17                 |
| Provision for impairment (c) | 19,533.69                 | 19,533.69                 |
| <b>Net Goodwill (a-b-c)</b>  | <b>180,614.45</b>         | <b>80,324.43</b>          |

The Company carried out impairment assessment as on 31 March 2014 as per Accounting Standard (AS) 28 viz Impairment of Assets and no impairment provision was required to be created as the value in use of the Cash Generating Units (CGU) were higher than the carrying cost in respect of CGUs for which indication was noticed.



## 21. NON CURRENT INVESTMENT

(₹ in Million)

|   | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|---|---------------------------|---------------------------|
| Investment with bank for Site Restoration | 7,727.97                  | 5,017.98                  |
| <b>TOTAL</b>                              | <b>7,727.97</b>           | <b>5,017.98</b>           |

The investments in the bank for site restoration relates to the Sakhalin 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 Sakhalin1 Abandonment Funding agreement entered into by 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.

## 22. DEFERRED TAX ASSETS

(₹ in Million)

|                     | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|---------------------|---------------------------|---------------------------|
| Deferred Tax Assets | 6,763.69                  | 6,071.65                  |
| <b>TOTAL</b>        | <b>6,763.69</b>           | <b>6,071.65</b>           |

Refer Note No 42.2

## 23. LONG TERM LOANS AND ADVANCES

(₹ in Million)

|   | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|---|---------------------------|---------------------------|
| <b>Secured, considered good</b>                                 |                           |                           |
| Loans and advances to related party                             | 0.66                      | 0.41                      |
| Other loans and advances  | 119.17                    | 119.55                    |
| <b>Unsecured, considered good</b>                               |                           |                           |
| Other loans and advances - Carry Loan                           | 13.38                     | 15.11                     |
| <b>Doubtful</b>   |                           |                           |
| Other loans and advances - Carry Loan (note c)                  | 1,687.30                  | 1,022.10                  |
| <b>Sub Total (A)</b>  | <b>1,820.51</b>           | <b>1,157.17</b>           |
| <b>Less : Provision for bad and doubtful loans and advances</b> |                           |                           |
| Other loans and advances - Carry Loan (note c)                  | 1,687.30                  | 1,022.10                  |
| <b>Sub Total (B)</b>  | <b>1,687.30</b>           | <b>1,022.10</b>           |
| <b>TOTAL (A-B)</b>  | <b>133.21</b>             | <b>135.07</b>             |

### a. Loans and advances

(₹ in Million)

| Particulars           | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|-----------------------|-----------------------------|-----------------------------|
| Current (Note 28)     | 4,307.16                    | 5,574.71                    |
| Non-Current (Note 23) | 133.21                      | 135.07                      |
| Total                 | 4,440.37                    | 5,709.78                    |

### b. Loans and advances to related party represent due from directors as employee

(₹ in Million)

| Particulars           | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|-----------------------|-----------------------------|-----------------------------|
| Current (Note 28)     | 0.59                        | 0.07                        |
| Non-Current (Note 23) | 0.66                        | 0.41                        |
| Total                 | 1.25                        | 0.48                        |

The Company has 25% participating interest (PI) in the exploration Block Satpayev Area Kazakhstan, and 75% PI is held by KMG the national oil company of Kazakhstan. As per the carry agreement, ONGC Videsh is financing KMG's share of expenditure in the exploration block during the exploratory period (carry loan). The amount of carry loan will be refunded by KMG along with accrued interest in the event of commercial discovery and production from the project. The KMG's share of expenditure financed in the Block has been accounted for as loan to KMG. The interest on the carry loan has not been accounted for in view of uncertainty of recovery. Provision has been made towards the amount of carry loan of ₹ 1,687.30 Million as on 31 March 2014 (Previous year: ₹ 1,022.10 Million) to KMG in view of the block being under exploration as there is no certainty of commercial discovery and has been depicted as other loans and advances-Doubtful.

## 24. OTHER NON-CURRENT ASSETS

(₹ in Million)

|  | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|--|---------------------------|---------------------------|
| <b>Secured, considered good</b>  |                           |                           |
| Investment in Finance Lease realisable beyond 12 months from the end of reporting period | -                         | 675.83                    |
| Interest Accrued on Loans to Employees   | 45.06                     | 37.03                     |
| <b>Unsecured, considered good</b>  |                           |                           |
| Trade receivables realisable beyond 12 months from the end of reporting period           | 40,055.97                 | 9,621.00                  |
| Prepaid Expenses   | 17.46                     | 17.32                     |
| Carry Cost   | 8,848.04                  | -                         |
| Other Deposits   | 444.19                    | 268.07                    |
| Discount on Issue of Debenture   | 44.40                     | -                         |
| <b>Doubtful</b>  |                           |                           |
| Trade receivables realisable beyond 12 months from the end of reporting period           | 123.71                    | 2.30                      |
| Investment in lease  | 4,410.98                  | 4,035.15                  |
| <b>Sub Total (A)</b>   | <b>53,989.81</b>          | <b>14,656.70</b>          |
| <b>Less : Allowance for bad and doubtful loans and advances</b>                          |                           |                           |
| Trade receivables realisable beyond 12 months from the end of reporting period           | 2,764.41                  | 2.30                      |
| Investment in lease  | 4,410.98                  | -                         |
| <b>Sub-Total (B)</b>   | <b>7,175.39</b>           | <b>2.30</b>               |
| <b>TOTAL (A -B)</b>  | <b>46,814.42</b>          | <b>14,654.40</b>          |

(₹ in Million)

| a. Other Assets          | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|--------------------------|-----------------------------|-----------------------------|
| Non-Current (Note No 24) | 46,814.42                   | 14,654.40                   |
| Current (Note No 29)     | 23,278.16                   | 21,909.65                   |
| Total                    | 70,092.58                   | 36,564.05                   |

## 25. INVENTORIES

(₹ in Million)

|  | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|--|---------------------------|---------------------------|
| (As taken, valued and certified by the Management) |                           |                           |
| Finished Goods                                     | 2,301.33                  | 858.56                    |
| Stores & Spares                                    | 8,408.09                  | 6,253.17                  |
| Less: Provision for Non-moving Stores              | 1,993.70                  | 1,236.08                  |
| (In respect of Joint Venture)                      |                           |                           |
| <b>TOTAL</b>                                       | <b>8,715.72</b>           | <b>5,875.65</b>           |

In case of joint venture arrangements where the property in crude oil produced does not pass on unto 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<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|---|---------------------------|---------------------------|
| <b>Unsecured, considered good</b>                               |                           |                           |
| Trade receivables outstanding for a period exceeding six months | 6,854.10                  | 15,295.81                 |
| Other receivables   | 31,750.10                 | 34,692.00                 |
| <b>Doubtful</b>   |                           |                           |
| Other receivables   | 6.33                      | 172.14                    |
| <b>Sub Total (A)</b>  | <b>38,610.53</b>          | <b>50,159.95</b>          |
| <b>Less : Allowance for bad and doubtful trade receivables</b>  |                           |                           |
| Debts outstanding for a period exceeding six months:            | 6.33                      | 172.14                    |
| <b>Sub Total (B)</b>  | <b>6.33</b>               | <b>172.14</b>             |
| <b>TOTAL (A-B)</b>  | <b>38,604.20</b>          | <b>49,987.81</b>          |

## 27. CASH & CASH EQUIVALENTS

(₹ in Million)

|  | As at<br>31 March<br>2014 | As at<br>31 March<br>2013 |
|--|---------------------------|---------------------------|
| <b>Balances with Banks</b>                             |                           |                           |
| in current account                                     | 6,858.21                  | 5,767.92                  |
| in deposit account                                     | 10,972.00                 | 35,046.34                 |
| <b>Cash on hand</b>                                    |                           |                           |
| At Corporate Office -New Delhi                         | 0.24                      | 0.23                      |
| At Overseas  | 4.03                      | 8.43                      |
| <b>Others</b>  |                           |                           |
| Cash & Bank Balances<br>(In respect of Joint Ventures) | 4,518.38                  | 3,762.83                  |
| <b>TOTAL</b>   | <b>22,352.86</b>          | <b>44,585.75</b>          |

## 28. SHORT TERM LOANS & ADVANCES

(₹ in Million)

|   | As at 31 March<br>2014 | As at 31 March<br>2013 |
|---|------------------------|------------------------|
| <b>A. Secured - Considered Good</b>                                 |                        |                        |
| Loans & Advances to Employees                                       | 54.87                  | 46.56                  |
| <b>Total Secured - Considered Good (A)</b>                          | <b>54.87</b>           | <b>46.56</b>           |
| <b>B. Unsecured - Considered Good</b>                               |                        |                        |
| Loans & Advances to Employees                                       | 9.53                   | 13.25                  |
| Loans & Advances to Directors                                       | 0.59                   | 0.07                   |
| Advances recoverable in cash or in kind or for value to be received | 781.87                 | 598.51                 |

|   | As at 31 March<br>2014 | As at 31 March<br>2013 |
|---|------------------------|------------------------|
| Advances recoverable in cash or in kind or for value to be received<br>(In respect of Joint Ventures) | 3,460.30               | 4,916.32               |
| <b>Total Unsecured - Considered Good (B)</b>  | <b>4,252.29</b>        | <b>5,528.15</b>        |
| <b>C. Unsecured - Considered Doubtful</b>   |                        |                        |
| Advances recoverable in cash or in kind or for value to be received                                   | 1,227.39               | 1,902.64               |
| Carry Finance to JV Partners  | 1,803.45               | 1,574.30               |
|   | 3,030.84               | 3,476.94               |
| Less:Provisions for Doubtful Advances and Claims  | 3,030.84               | 3,476.94               |
| <b>Total Unsecured - Considered Doubtful (C)</b>  | <b>-</b>               | <b>-</b>               |
| <b>LOANS AND ADVANCES (A+B+C)</b>   | <b>4,307.16</b>        | <b>5,574.71</b>        |

## 29. OTHER CURRENT ASSETS

(₹ in Million)

|   | As at 31 March<br>2014 | As at 31 March<br>2013 |
|---|------------------------|------------------------|
| Prepaid expenses for Underlift Quantity   | 1,667.21               | 262.92                 |
| <b>Interest Accrued on:</b>   |                        |                        |
| Deposits with Banks   | 26.51                  | 311.50                 |
| Others  | 767.15                 | 762.08                 |
| Other Deposits  | 34.84                  | 291.53                 |
| Other Current Assets  | 1,022.29               | 1,607.62               |
| Discount on Issue of Debenture  | 13.93                  | -                      |
| VAT Receivable  | 708.08                 | 1,519.93               |
| Advances recoverable in Cash or in kind or for value to be received<br>(In respect of Joint Ventures) | 11,459.29              | 7,943.91               |
| <b>Taxes (Income Tax, Wealth Tax and Fringe Benefit Tax) :</b>  |                        |                        |
| Advance Payment   | 20,379.65              | 22,194.97              |
| Less: Provision   | 12,800.79              | 12,984.81              |
| <b>TOTAL</b>  | <b>23,278.16</b>       | <b>21,909.65</b>       |

Attention is invited to Note 24.a

## 30. REVENUE FROM OPERATIONS

(₹ in Million)

|                       | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|-----------------------|-----------------------------|-----------------------------|
| <b>Sales</b>          |                             |                             |
| Crude Oil             | 202,689.82                  | 162,366.48                  |
| Gas                   | 11,915.57                   | 11,393.63                   |
| Condensate            | 1,987.72                    | 2,954.69                    |
| <b>Total Sales</b>    | <b>216,593.11</b>           | <b>176,714.80</b>           |
| Less: Value Added Tax | 2,016.57                    | 2,333.77                    |



|  | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|--|-----------------------------|-----------------------------|
| <b>Net Sales (A)</b>                         | <b>214,576.54</b>           | 174,381.03                  |
| <b>Other Operating Revenue (B)</b>           |                             |                             |
| Other Operating income                       | <b>3,194.98</b>             | 1,197.30                    |
| <b>Total Revenue from Operations (A + B)</b> | <b>217,771.52</b>           | 175,578.33                  |

### 31. OTHER INCOME

(₹ in Million)

|   | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|---|-----------------------------|-----------------------------|
| <b>Interest Income on:</b>                              |                             |                             |
| Deposits with Banks                                     | <b>922.46</b>               | 1,097.21                    |
| Loans and Advances to Employees                         | <b>6.96</b>                 | 6.41                        |
| Others  | <b>32.34</b>                | 961.49                      |
| Lease Income  | <b>431.17</b>               | 491.32                      |
| Gain on Foreign Exchange Forward Contract / Derivatives | <b>797.15</b>               | 704.76                      |
| Miscellaneous Receipts                                  | <b>2,280.40</b>             | 1,453.57                    |
| <b>TOTAL</b>  | <b>4,470.48</b>             | 4,714.76                    |

### 32. PRODUCTION, TRANSPORTATION, SELLING AND DISTRIBUTION EXPENDITURE

(₹ in Million)

|                               | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|-------------------------------|-----------------------------|-----------------------------|
| Production Expenditure        | <b>31,057.67</b>            | 22,447.23                   |
| Transportation Expenditure    | <b>5,446.81</b>             | 5,374.43                    |
| Royalty                       | <b>35,212.04</b>            | 29,115.32                   |
| Staff Expenditure             | <b>3,681.78</b>             | 3,193.47                    |
| Other Levies                  | <b>6,825.38</b>             | 6,922.67                    |
| Rent                          | <b>520.91</b>               | 1,049.46                    |
| Repair to Buildings           | <b>135.94</b>               | 124.12                      |
| Repair to Machinery           | <b>4.00</b>                 | 2.62                        |
| Other Repairs and Maintenance | <b>249.26</b>               | 71.06                       |
| Insurance                     | <b>200.43</b>               | 43.56                       |
| Idle rig cost                 | -                           | 212.59                      |
| Other Expenses                | <b>3,794.88</b>             | 3,309.28                    |
| <b>TOTAL</b>                  | <b>87,129.10</b>            | 71,865.81                   |

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

a. Royalty : refer para A.3.3 of note no. 1

### b. Details of Production, Transportation, Selling and Distribution Expenditure

(₹ in Million)

| Particulars   | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|---|-----------------------------|-----------------------------|
| (i) Staff Expenditure   |                             |                             |
| a. Salaries, Wages, Ex-gratia etc.                                | 2,995.03                    | 2,591.19                    |
| b. Contribution to Provident Fund and other Funds                 | 187.73                      | 141.48                      |
| c. Provision for Gratuity   | 69.04                       | 95.67                       |
| d. Provision for Leave Encashment                                 | 244.78                      | 172.84                      |
| e. Provision for medical / Terminal Benefits                      | 5.08                        | 19.87                       |
| f. Staff Welfare Expenses   | 180.12                      | 172.42                      |
| <b>Sub Total (A)</b>  | <b>3,681.78</b>             | <b>3,193.47</b>             |
| ii Rent   | 520.91                      | 1,049.46                    |
| iii Electricity, Water and Power                                  | 186.27                      | 354.12                      |
| iv Repairs to buildings   | 135.94                      | 124.12                      |
| v Repairs to Plant and Machinery                                  | 4.00                        | 2.62                        |
| vi Other Repairs  | 249.26                      | 71.06                       |
| vii Hire Charges of Vehicles                                      | 99.51                       | 92.88                       |
| viii Professional Charges   | 344.28                      | 309.60                      |
| ix Telephone and Telex  | 50.67                       | 50.79                       |
| x Printing and Stationery   | 8.87                        | 7.53                        |
| xi Training and Seminar   | -                           | -                           |
| xii Business Meeting Expenses                                     | 6.47                        | 13.19                       |
| xiii Traveling Expenses   | 232.00                      | 210.06                      |
| xiv Insurance   | 200.43                      | 43.56                       |
| xv Advertisement and Exhibition Expenditure                       | 37.44                       | 21.11                       |
| xvi Contractual Transportation                                    | 5,446.81                    | 5,374.43                    |
| xvii Miscellaneous Expenditure                                    | 1,318.86                    | 1,981.50                    |
| xviii Other Operating Expenditure*                                | 32,568.18                   | 22,928.32                   |
| xix Royalty   | 35,212.04                   | 29,115.32                   |
| xx Statutory Levies (Service Tax and Other Levies & Windfall Tax) | 6,825.38                    | 6,922.67                    |
| <b>Sub Total (B)</b>  | <b>83,447.32</b>            | <b>68,672.34</b>            |
| <b>Total (A + B)</b>  | <b>87,129.10</b>            | <b>71,865.81</b>            |

\* 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.

### c. Auditors' Remuneration (excluding Subsidiaries and Joint Venture Company):

(₹ in Million)

| Particulars       | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|-------------------|-----------------------------|-----------------------------|
| Audit Fee         | 3.37                        | 2.63                        |
| Tax Audit Fee     | 0.34                        | 0.25                        |
| Certification Fee | 0.23                        | 0.77                        |
| <b>Total</b>      | <b>3.94</b>                 | <b>3.65</b>                 |

d. 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.

e. 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 Board has approved allocation of cost for corporate social responsibility expenditure at a minimum of 1% of the net profit of the company during the previous year or target as per the MOU with ONGC whichever is higher will be allocated towards CSR every year. The budget allocation will be non-lapsable. In the current year the company has made a total expenditure of ₹ 217.10 million (₹ 208.27 million in FY'13) by its various overseas projects including through the joint ventures. The above expenditure is lower than the stipulated limit of 1% amounting to ₹ 392.91 million (1% of ₹ 3,9291.42 million). No provision has been made for the difference between actual expenditure & the budget allocation amount.

33. CHANGES IN INVENTORIES OF FINISHED GOODS

|   | (₹ in Million)              |                   |                             |          |
|---|-----------------------------|-------------------|-----------------------------|----------|
|   | Year ended<br>31 March 2014 |                   | Year ended<br>31 March 2013 |          |
| *As taken, valued and certified by the Management |                             |                   |                             |          |
| Closing Stock                                     |                             | 2,290.36          |                             | 858.56   |
| Opening Stock                                     | 858.56                      |                   | 1,034.71                    |          |
| Less: Adjustment                                  | 36.45                       | 822.11            | 27.56                       | 1,007.15 |
| <b>NET (INCREASE)/DECREASE IN STOCK</b>           |                             | <b>(1,468.25)</b> |                             | 148.59   |

34. FINANCE COSTS

|  | (₹ in Million)              |                             |
|--|-----------------------------|-----------------------------|
|  | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
| <b>Interest On</b>   |                             |                             |
| Finance Lease  | 399.19                      | 363.94                      |
| Bonds  | 3,781.25                    | 1,966.82                    |
| Others   | 34.82                       | 101.05                      |
| <b>Foreign Exchange Fluctuation related to borrowing costs</b> | <b>(161.76)</b>             | <b>(17.68)</b>              |
| <b>Discount on Bonds</b>                                       | <b>11.75</b>                | -                           |
| <b>TOTAL</b>   | <b>4,065.25</b>             | 2,414.13                    |

35. DEPRECIATION, DEPLETION AND AMORTISATION

|                              | (₹ in Million)              |                  |                             |           |
|------------------------------|-----------------------------|------------------|-----------------------------|-----------|
|                              | Year ended<br>31 March 2014 |                  | Year ended<br>31 March 2013 |           |
| Depreciation *               | 17,685.44                   |                  | 7,390.16                    |           |
| Amortisation -Intangibles ** | 77.90                       |                  | 77.90                       |           |
| Less: Capitalised            | 9,682.90                    | 8,080.44         | 4,209.78                    | 3,258.28  |
| Depletion                    |                             | 36,053.81        |                             | 19,938.23 |
| Amortisation of Goodwill     |                             | 4,544.99         |                             | 4,161.72  |
| <b>TOTAL</b>                 |                             | <b>48,679.24</b> |                             | 27,358.23 |

\* Refer to Para No. A 3.1 of Note No 1.

\*\* Amortisation - Intangibles, Refer to Note No 2.k.2

36. OTHER EXPENSES

|   | (₹ in Million)              |                             |
|---|-----------------------------|-----------------------------|
|   | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
| "Net (gain) or loss on foreign currency transactions and translation (other than considered as finance cost)" | <b>(3,119.52)</b>           | (2,959.89)                  |
| Other Expenses  | 6.08                        | 50.68                       |
| Provision for Mark-to-Market loss on Derivative Contracts (Note no. 51)                                       | <b>2,244.85</b>             | 1,606.76                    |
| <b>TOTAL</b>  | <b>(868.59)</b>             | (1,302.45)                  |

37. PROVISIONS & WRITE-OFFS (NET)

|   | (₹ in Million)              |                             |
|---|-----------------------------|-----------------------------|
|   | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
| Provision for Investment in lease (net off set off) | <b>3,712.03</b>             | -                           |
| Provisions for Doubtful Debts/Claims                | <b>3,010.04</b>             | 1,206.74                    |
| Provision for Wells under Service Contract          | <b>6.72</b>                 | 16.70                       |
| Provision for Non-Moving Inventory                  | <b>804.46</b>               | 139.43                      |
| Provision for Exploratory & Development wells       | -                           | 1,998.02                    |
| Acquisition Cost Written Off                        | -                           | 254.37                      |
| Other Write Off                                     | <b>676.76</b>               | (702.96)                    |
| <b>TOTAL</b>  | <b>8,210.01</b>             | 2,912.30                    |

a Provision for doubtful debts/claims includes carry loan of ₹ 665.20 Million (Previous year ₹ 487.94 Million) to KMG in view of the block being under exploration and there is no certainty of commercial discovery and hence the recovery of the loan. Attention is invited to Note No. 23 (c).

38. DECREASE/(INCREASE) IN OVERLIFT/UNDERLIFT

|   | (₹ in Million)              |                             |
|---|-----------------------------|-----------------------------|
|   | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
| UnderLift (OverLift) - Opening Balance    | <b>151.44</b>               | 697.44                      |
| Underlift (OverLift) - Closing Balance    | <b>(352.02)</b>             | 151.44                      |
| Decrease/(increase) in overlift/underlift | <b>503.46</b>               | 546.00                      |

39. ADJUSTMENTS RELATING TO PRIOR PERIOD (NET)

|                          | (₹ in Million)              |                             |
|--------------------------|-----------------------------|-----------------------------|
|                          | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
| <b>Expenses</b>          |                             |                             |
| Other Expenses           | <b>0.47</b>                 | (554.12)                    |
| Depreciation             | <b>(131.33)</b>             | (29.23)                     |
| Depreciation / Depletion | <b>194.49</b>               | 82.55                       |
| <b>Sub-Total (A)</b>     | <b>63.63</b>                | (500.80)                    |
| <b>Income</b>            |                             |                             |
| Miscellaneous Items      | <b>484.57</b>               | -                           |
| <b>Sub-Total (B)</b>     | <b>484.57</b>               | -                           |
| <b>TOTAL (A - B)</b>     | <b>(420.94)</b>             | (500.80)                    |



40. EARNINGS PER EQUITY SHARE (EPS)

|  | Year ended<br>31 March 2014 | Year ended<br>31 March 2013 |
|--|-----------------------------|-----------------------------|
| Net Profit after Taxation as per statement of profit and loss (₹ in million) | 44,453                      | 39,291                      |
| Weighted average number of Equity Shares outstanding (nos.)                  | 898,276,381                 | 834,981,685                 |
| <b>Basic and Diluted Earnings Per Equity Share (₹)</b>                       | <b>49.49</b>                | <b>47.06*</b>               |
| (Face Value of ₹ 100 Per Share)  |                             |                             |

\* restated for Rights issue during the current year

During the year, the Company had a Rights Issue of 500,000,000 (previous year 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 RE QUIRED DISCLOSURE UNDER THE ACCOUNTING STANDARD 15 (REVISED) 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<br>during 2013-14 | Contribution for Key<br>Management Personnel<br>during 2013-14 | Expense Recognized<br>during 2012-13 | Contribution for Key<br>Management Personnel<br>during 2012-13 |
|----------------------------------|--------------------------------------|--|--------------------------------------|--|
| Contributory Provident Fund      | 43.37                                | 0.61   | 38.74                                | 0.72   |
| Employee Pension Scheme -95      | 6.34                                 | 0.01   | 1.63                                 | 0.02   |
| Composite Social Security Scheme | 1.64                                 | 0.07   | 8.73                                 | 0.08   |

c. The amounts recognized in the balance sheet for post-employment benefit plans are as under:

(₹ in Million)

| Particulars                        | Gratuity | Leave | Post-Retirement<br>Medical Benefits | Terminals Benefits |
|------------------------------------|----------|-------|-------------------------------------|--------------------|
| Present Value of Funded Obligation | -        | -     | -                                   | -                  |
|                                    | -        | -     | -                                   | -                  |
| Fair Value of Plan Assets          | -        | -     | -                                   | -                  |
|                                    | -        | -     | -                                   | -                  |

| Particulars                          | Gratuity | Leave  | Post-Retirement<br>Medical Benefits | Terminals Benefits |
|--------------------------------------|----------|--------|-------------------------------------|--------------------|
| Present Value of Unfunded Obligation | -        | -      | -                                   | -                  |
|                                      | 59.50    | 190.82 | 14.93                               | 19.76              |
| Unrecognized Past Service Cost       | -        | -      | -                                   | -                  |
|                                      | -        | -      | -                                   | -                  |
| Net Liability                        | -        | -      | -                                   | -                  |
|                                      | 59.50    | 190.82 | 14.93                               | 19.76              |

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

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

(₹ in Million)

| Particulars                           | Gratuity | Leave   | Post-Retirement<br>Medical Benefits | Terminals Benefits |
|---------------------------------------|----------|---------|-------------------------------------|--------------------|
| Opening defined benefit obligation    | 59.50    | 190.82  | 14.93                               | 19.76              |
|                                       | 179.90   | 166.44  | 63.49                               | 8.99               |
| Current Service Cost                  | 15.29    | 121.50  | 3.29                                | 8.54               |
|                                       | 12.92    | 85.27   | 3.08                                | 7.67               |
| Past Service Cost                     | -        | -       | -                                   | -                  |
|                                       | -        | -       | -                                   | -                  |
| Interest Cost                         | 5.06     | 16.70   | 1.27                                | 1.68               |
|                                       | 15.29    | 14.15   | 5.40                                | 0.76               |
| Actuarial Losses (-Gains)             | (5.14)   | 3.69    | (4.90)                              | (6.37)             |
|                                       | (134.61) | (9.74)  | (57.04)                             | 3.22               |
| Exchange differences on foreign plans | -        | -       | -                                   | -                  |
|                                       | -        | -       | -                                   | -                  |
| Less: Benefits paid                   | (6.02)   | (39.41) | -                                   | -                  |
|                                       | (14.00)  | (65.30) | -                                   | (0.89)             |
| Closing defined benefit obligation    | 68.69    | 293.30  | 14.59                               | 23.61              |
|                                       | 59.50    | 190.82  | 14.93                               | 19.75              |

f. The total expenses recognized in the statement of profit and loss are as follows:

(₹ in Million)

| Particulars   | Gratuity | Leave  | Post-Retirement<br>Medical Benefits | Terminals Benefits |
|---|----------|--------|-------------------------------------|--------------------|
| Current Service Cost                                | 15.29    | 121.50 | 3.29                                | 8.54               |
|   | 12.92    | 85.27  | 3.08                                | 7.67               |
| Interest on Obligation                              | 5.06     | 16.70  | 1.27                                | 1.68               |
|   | 15.29    | 14.15  | 5.40                                | 0.76               |
| Expected Return on plan assets                      | -        | -      | -                                   | -                  |
|   | -        | -      | -                                   | -                  |
| Net Actuarial Losses (-Gains)<br>recognised in year | (5.14)   | 3.69   | (4.90)                              | (6.37)             |
|   | (134.61) | (9.74) | (57.04)                             | 3.22               |
| Past Service Cost                                   | -        | -      | -                                   | -                  |
|   | -        | -      | -                                   | -                  |

| Particulars                                   | Gratuity | Leave  | Post-Retirement Medical Benefits | Terminals Benefits |
|---|----------|--------|----------------------------------|--------------------|
| Losses (Gains) on curtailments and settlement | -        | -      | -                                | -                  |
|   | -        | -      | -                                | -                  |
| Total included in 'Employee Benefit Expense'  | 15.21    | 141.89 | (0.34)                           | 3.85               |
|   | (106.40) | 89.68  | (48.56)                          | 11.65              |
| 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                       | 8.75%    | 8.75% | 8.75%                            | 8.75%              |
|                                     | 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 31 March 2014:

(₹ in Million)

| Particulars  | Post-Retirement Medical Benefits | Terminals Benefits |
|--|----------------------------------|--------------------|
| a) Effect on service and interest cost             | 1.05                             | (0.52)             |
|  | 1.93                             | (1.39)             |
| b) Effect on Present Benefits Obligation (Closing) | 3.52                             | (2.01)             |
|  | 16.31                            | (10.18)            |

Note: Figures in bold represent current year's figures

The employees of the company are deputed from the parent company (ONGC) and governed as per the parent company policy for employee benefit. All the scheme relating to employee benefits are adminstered by the parent company and accordingly the year end provision of employee benefits from the current year are settled by the transfer to the parent company.

42.1 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 (As on 31 March 2013: ₹ 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 the 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 favorable decisions from ITAT for AY 2002-03 and AY 2003-04 and the disallowances made by the AO has 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 CIT (A) orders for AY 2004-05 and 2005-06 in the ITAT which is pending for disposal. For the assessment years 2006-07, 2007-08 and 2008-09, CIT (A) has decided the appeals in favour of the Company on most of the grounds except the claim of

additional expenditure raised by the EPC Contractor for completion of Sudan Pipeline project for AY 2006-07 and addition made on account of undervaluation of Closing Stock pertaining to Block 5A, South Sudan for AY 2007-08 and AY 2008-09.

- 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). CIT (A) has passed the order dt. 24.02.2014 in favour of the Company by deleting all the disallowances.
- 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. CIT (A) vide its order dt. 08.07.2013 has allowed the appeal in favour of ONGC Videsh and directed AO to allow the credit of notional Vietnam taxes deemed to have been paid in Vietnam after verification of details with reference to certificates issued by Vietnamese Tax Authorities (VTA).
- 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. The appeal is pending for disposal before CIT (A).
- vi. For the assessment year 2006-07, AO had initiated action on 18 March 2013 u/s 147 of the Income Tax Act, 1961 for re-assessing company's assessed income and ONGC Videsh replied to the notice on 11.04.2013. However, AO had issued a correction notice to considered the earlier notice issued u/s 148 as 115WH AY for

2006-07, whereby the case was reopened for reassessment of Fringe Benefits. The assessment proceedings were completed and the AO issued the re-assessment order dt. 26.02.2014 u/s 115 WF/ WG of the Act. As per the re-assessment order, AO made additions to the return of Fringe Benefits on account of payment with respect to Casual Labour for ₹ 0.28 Million and Lease rent on behalf of employees for ₹ 1.30 Million. Subsequently, AO also issued a notice of demand u/s 156 for ₹ 1.173 Million and a show cause notice for initiating penalty proceeding u/s 274 read with section 271 of the Act. The Company has filed an appeal before CIT (A) against the additions made by AO. Applications have been filed before AO for stay of demand and to keep penalty proceedings in abeyance till the disposal of appeal before CIT (A).

- vii. ITAT vide order dated 16.11.2012 upheld CIT (A) order in the matter of deduction of withholding tax for the payment made to M/s Wood Mackenzie (WM) for the online subscription of data base. ONGC Videsh has filed Miscellaneous Application with ITAT because the ITAT failed to consider the material fact that ONGC Videsh earned income by using information provided by WM for its oil and gas exploration, production and development projects carried out outside India, and the source of its income was such foreign projects based outside India and is eligible for exemption given in the explanation in section 9(1) (vi) of the Income-tax Act 1961. Further ONGC Videsh had filed appeal against the ITAT order in Delhi High Court. The amount involved is ₹ 6.33 Million. ONGC Videsh already deposited the tax amount as per the order received from the ITO.
- viii. For the assessment year 2010-11, the assessment proceedings have been completed and AO had issued a draft assessment order dt. 21.03.2014 u/s 144C read with section 143(3) of the Act. As per the draft assessment order, AO had made additions/disallowance (depreciation on acquisition cost of PI, pre-acquisition expenses, expenditure on Farsi Block, Iran, expenditure on Site Restoration Fund pertaining to Sakhalin Project, transfer pricing adjustment and other expenses) amounting to ₹ 3907.64 Million. The disallowances also include an amount of ₹ 1875.56 Million on protective basis. However, the company has not accepted the disallowances and proposed to contest before CIT (A) by filing an appeal with in 30 days from the receipt of final order. The final order has been issued by AO dt. 22.04.2014 where demand u/s 156 of the Act has been raised for ₹ 818.89 and a notice u/s 274 read with Section 271 of the Act has been issued for initiating penalty proceedings. The Company is in the process of Filing an appeal before CIT (A) against the disallowances made by AO.
- ix. For the amount of contingent liability in respect of disputed tax demand attention is invited to Note no.50.

42.2 DEFERRED TAX PROVISION

Net consolidated deferred tax liability as at 31<sup>st</sup> March, 2014 aggregated to ₹ 14,269.50 Million (Previous year: ₹ 11,714.50 Million) and Net consolidated deferred tax asset as at 31 March, 2014 aggregated to ₹ 6,763.69 Million (Previous year: ₹ 6,071.65 Million).

The item wise details of Net Deferred Tax Liability/Asset as on 31 March, 2014 accounted for in accordance with Accounting Standard (AS) 22 viz. accounting for Taxes on Income are as under:



(₹ in Million)

| Particulars  | As at 31.03.2014 | As at 31.03.2013 |
|--|------------------|------------------|
| Deferred Tax Liability of ONGC Videsh                          |                  |                  |
| Deferred Tax Assets :  |                  |                  |
| Carried Forward Expenditure U/S 42 of Income Tax Act, 1961*    | (1,714.39)       | 14,410.94        |
| Other disallowances under Income Tax Act, 1961                 | 4,554.76         | 1,950.83         |
| Total Deferred Tax Assets                                      | 2,840.36         | 16,361.77        |
| Deferred Tax Liability :                                       |                  |                  |
| Difference in Net Block of Fixed Assets for Tax                | 9,762.30         | 20,011.63        |
| Total Deferred Tax Liability                                   | 9,762.30         | 20,011.63        |
| <b>Net Deferred Tax Liability of the Company (ONGC Videsh)</b> | <b>6,921.94</b>  | 3,649.86         |
| Net Deferred Tax Liability of ONGBV                            | 6,965.31         | 7,733.56         |
| Net Deferred Tax Liability of OAAL                             | 328.23           | 261.47           |
| Net Deferred Tax Liability of Carabobo One AB                  | 54.02            | 69.61            |
| <b>Consolidated Net Deferred Tax Liability</b>                 | <b>14,269.50</b> | 11,714.50        |
| Net Deferred Tax Asset of ONGBV                                | 6,763.69         | 5,840.86         |
| Net Deferred Tax Asset of OAAL                                 | -                | 230.79           |
| Net Deferred Tax Asset of Carabobo One AB                      | -                | -                |
| <b>Consolidated Net Deferred Tax Asset</b>                     | <b>6,763.69</b>  | 6,071.65         |

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

An amount of ₹ 1,397.13 Million (Previous year: ₹ 376.79 Million debited) has been debited to the statement of Profit and Loss and ₹ 465.83 Million (Previous year: ₹ 282.83 Million) has been adjusted to foreign currency translation reserve.

### 43. DETAILS OF JOINT VENTURES

The details of Company's joint ventures as on 31 March 2014 are as under:

| S. 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      | Block 2a, 2b & 4, GNPOC. Sudan, (Through ONGC Nile Ganga B.V.)      | 25%                               | CNPC - 40% Petronas - 30% Sudapet - 5%               | Joint Operatorship (GNPOC) | The project is under production.  |
| 3      | Block 1a, 1b, & 4, GPOC South Sudan, (Through ONGC Nile Ganga B.V.) | 25%                               | CNPC - 40% Petronas - 30% Nilepet - 5%               | Joint Operatorship (GPOC)  | The project is under production. Currently under temporary shutdown due to security situation.                              |
| 4      | Block 5A South Sudan, Onshore                                       | 24.125%                           | Petronas - 67.875% Nilepet - 8%                      | Joint Operatorship (SPOC)  | The project is under exploration, development and production. Currently under temporary shutdown due to security situation. |
| 5      | Sakhalin -1 Project, Russia, Offshore                               | 20%                               | ENL - 30% SODECO - 30% SMNG - 11.5% R N Astra – 8.5% | ENL                        | The project is under development and production   |
| 6      | AFPC Project Syria, Onshore (Through ONGC Nile Ganga B.V.)1         | 38.75%                            | Fulin – 50% Mittals – 11.25%                         | SSPD                       | The project is under production.  |

| S. No. | Name of the Project and Country of Operation                            | Company's participating share (%) | Other Consortium Members*                        | Operator*          | Project status   |
|--------|---|-----------------------------------|--|--------------------|--|
| 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.)2            | 27%                               | Shell – 73%                                      | Shell              | The project is under development and production  |
| 9      | OOO Imperial Frac Service (Through Imperial Energy Ltd)                 | 50%                               | Mr. Vladimir Aleksandrovich Borisov – 50%        | ONGC Videsh        | The company provides Fracking Services   |
| 10     | San Cristobal Project Venezuela, Onshore (Through ONGC Nile Ganga B.V.) | 40%                               | CVP- 60%   | Joint Operatorship | The project is under development and production  |
| 11     | Block A-1 Myanmar, Offshore   | 17%                               | Daewoo – 51% MOGE- 15% KOGAS – 8.5% GAIL – 8.5%  | Daewoo             | The project is under production.   |
| 12     | Block A-3 Myanmar, Offshore   | 17%                               | Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE- 15%  | Daewoo             | The project is under production.   |
| 13     | Farsi Block Project Iran, Offshore                                      | 40%                               | IOC – 40% OIL – 20%                              | ONGC Videsh        | The project 's exploration period ended on 24 June 2009. Agreement on MDP and Development service contract is pending. |
| 14     | Block XXIV Syria, Onshore   | 60%                               | IPRMEL - 25% Triocean-15%                        | IPR MEL            | IPRMEL the Operator declared Force Majeure effective 29 April 2012   |
| 15     | Khartoum–Port Sudan Pipeline Project Sudan, Onshore                     | 90%                               | OIL – 10%  | ONGC Videsh        | The pipeline has been completed and is under lease.  |
| 16     | Block RC-8 Colombia, Offshore   | 40%                               | Ecopetrol - 40% Petrobras – 20%                  | ONGC Videsh        | The project is under exploration   |
| 17     | Block RC-9 Colombia, Offshore   | 50%                               | Ecopetrol - 50%                                  | Ecopetrol          | The project is under exploration   |
| 18     | Block RC-10 Colombia, Offshore  | 50%                               | Ecopetrol - 50%                                  | ONGC Videsh        | The project is under exploration   |
| 19     | Block BM-SEAL-4, Brazil, Offshore (Through ONGC Nile Ganga B.V)         | 25%                               | Petrobras- 75%                                   | Petrobras          | The project is under exploration   |
| 20     | Block LLA - 69, Colombia, Onshore (Through MECL)                        | 50%                               | Sinopec – 50%                                    | Joint Operatorship | The project is under exploration   |
| 21     | Block SSJN-7 Colombia, Onshore  | 50%                               | Pacific - 50%                                    | Pacific            | The project is under exploration   |
| 22     | Block CPO-5 Colombia, Onshore   | 70%                               | Petro Dorado – 30%                               | ONGC Videsh        | The project is under exploration   |
| 23     | SHWE Offshore Pipeline Project, Myanmar, Offshore                       | 17%                               | Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE – 15% | Daewoo             | Pipeline is completed and transportatoin of Block Myanmar A1/A3 Gas  |

| S. No. | Name of the Project and Country of Operation  | Company's participating share (%) | Other Consortium Members*   | Operator*          | Project status                                   |
|--------|---|-----------------------------------|---|--------------------|--|
| 24     | Onshore Gas Pipeline Project (SEAGPCL), Myanmar, Onshore (Through ONGC Nile Ganga B.V.) | 8.35%                             | CNPC-SEAP– 50.90%<br>Daewoo – 25.04%<br>KOGAS– 4.17%<br>GAIL – 4.17%<br>MOGE – 7.37%  | CNPC-SEAP          | The project is under operation.                  |
| 25     | Carabobo Project, Venezuela Onshore (Through Carabobo One AB)                           | 11%                               | CVP - 60%<br>Petronas Ve-11%<br>Repsol Exp-11%<br>INDOIL-7%   | Joint operatorship | The project is under development and production. |
| 26     | Satpayev Contract Area 3575, Kazakhstan, Offshore                                       | 25%                               | KMG – 75%   | SOLLP              | The project is under Exploration                 |
| 27     | Azeri, Chirag, Guneshli fields Azerbaijan, Offshore                                     | 2.72%                             | BP - 35.79%<br>SOCAR - 11.65%<br>Chevron - 11.27%<br>Inpex - 10.96%<br>Statoil - 8.56%<br>Exxon-Mobil - 8.00%<br>TPAO - 6.75%<br>Itochu - 4.30%                     | BP                 | The project is under development and production  |
| 28     | BTC Pipeline Azerbaijan, Onshore (Through ONGC (BTC))                                   | 2.36%                             | BP - 30.1%<br>SOCAR - 25%<br>Chevron - 8.9%<br>Statoil - 8.71%<br>TPAO - 6.53%<br>Eni - 5%<br>Total - 5%<br>Itochu - 3.40%<br>Inpex - 2.5%<br>Conoco Philips - 2.5% | BP                 | The project is under operation                   |
| 29     | Block Area 1, Mozambique Offshore <sup>3</sup>  | 16.00%                            | Anadarko- 26.5%<br>Mitsui-20%<br>PTTEP-8.5%<br>BPRL-10%<br>OIL-4%<br>ENH-15%  | Anadarko           | The project is a discovered exploration          |
| 30     | Block SS 04, Bangladesh, Offshore   | 45.00%                            | OIL-45%<br>BAPEX-10%  | ONGC Videsh        | The project is under exploration                 |
| 31     | Block SS 09, Bangladesh, Offshore   | 45.00%                            | OIL-45%<br>BAPEX-10%  | ONGC Videsh        | The project is under exploration                 |

**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 Sari; 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 Sari; 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; SOGAR: State Oil Company of Azerbaijan Republic; TPAO - Turkish Petroleum Corporation; BREML - Beas Rovuma Energy Mozambique Ltd; ENH - Empresa Nacional De Hidrocarbonates, E.P; BAPEX - Bangladesh Petroleum Exploration & Production Company Limited

- 1 ONGC Videsh 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.
- 2 In case of Block BC-10 Brazil, Offshore additional 12% stake was acquired on 30<sup>th</sup> December 2013.
- 3 In case of Area 1 offshore Block, Mozambique, 10% is directly held by ONGC Videsh Ltd. and 6% through subsidiary BREML.

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)

| JV Name                                   | 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) |
|---|------------------|------------------------|--------------------------|---|------------------|-----------------------|-------------------|-------------------|---------------------------------------|
| <b>A. Audited as of 31 March 2014</b>     |                  |                        |                          |   |                  |                       |                   |                   |                                       |
| Block 06.1, Vietnam                       | 3,593.41         | 4,134.47               | 115.42                   | -   | 2,340.90         | 10.77                 | 1,571.18          | 8,951.34          | 5,698.91                              |
| Farsi Block, Iran                         | 0.21             | -                      | -                        | -   | (1.30)           | 0.79                  | 62.23             | 0.24              | 12.59                                 |
| Sudan Pipeline, ONGC Videsh's Share (90%) | -                | -                      | -                        | -   | 679.24           | 10.72                 | 4,618.35          | 93.21             | 3,372.35                              |
| LLC Imperial Frac Service-Jarpeno         | 130.52           | -                      | -                        | -   | 102.81           | 77.63                 | 11.22             | 465.95            | 332.51                                |
| Block 2a, 2b & 4, Sudan                   | 418.58           | 21,030.00              | -                        | 1,892.97                                      | 796.03           | 598.51                | 5,967.80          | 31,872.39         | 25,491.99                             |
| Block 1a, 1b, & 4, South Sudan            | 131.89           | 6,322.08               | -                        | -   | 115.27           | 216.75                | 1,032.52          | 8,752.55          | 6,395.05                              |
| Block BC-10 & Exploratory Blocks, Brazil  | 0.02             | 66,333.37              | -                        | 3,799.52                                      | 3,496.77         | 304.80                | 37,064.75         | 14,853.02         | 12,764.99                             |
| PIVSA (San Cristobal), Venezuela          | 1,334.79         | 4,464.34               | 1,177.62                 | 1,593.07                                      | 13,832.42        | 168.56                | 38,054.57         | 27,615.66         | 17,070.72                             |
| Pipeco 1 onshore Project, Myanmar (SEAGP) | 5,305.68         | -                      | 73.71                    | -   | 168.83           | 374.89                | 681.28            | 403.30            | 413.40                                |
| Tamba B.V.                                | -                | -                      | 3,734.01                 | -   | 22,390.57        | 561.05                | 7,653.40          | 7,373.96          | 5,363.00                              |
| AFPC, Syria                               | 0.75             | 2,379.02               | -                        | 80.92   | 2,636.12         | 69.39                 | 742.90            | -                 | 202.82                                |
| MECL, Colombia                            | 6,661.82         | 11,506.33              | 2,874.71                 | 1,568.66                                      | 4,611.91         | 120.60                | 4,916.66          | 20,104.51         | 10,143.26                             |
| Petro Carabobo, Venezuela**               | 5.64             | 6,850.05               | 1,918.75                 | 1,770.53                                      | 985.87           | 111.09                | 2,078.81          | 699.71            | 851.77                                |
| BREML, Mozambique                         | 215.51           | -                      | 4,865.06                 | 11,046.42                                     | 649.08           | -                     | 2,666.60          | -                 | 29.00                                 |
| <b>Total (A)</b>                          | <b>17,798.82</b> | <b>123,019.67</b>      | <b>14,759.27</b>         | <b>21,752.09</b>                              | <b>52,804.52</b> | <b>2,625.55</b>       | <b>107,122.28</b> | <b>121,185.84</b> | <b>88,142.36</b>                      |
| <b>B. Audited as of 31 December 2013</b>  |                  |                        |                          |   |                  |                       |                   |                   |                                       |
| Sakhalin 1 Russia                         | 26,110.86        | 61,232.95              | 64,248.80                | 3,395.98                                      | 12,933.57        | 1,325.51              | 46,714.49         | 69,417.10         | 32,601.99                             |
| Block RC-8, Colombia                      | 0.21             | -                      | -                        | -   | (0.69)           | -                     | 583.08            | -                 | 124.29                                |
| Block RC-10, Colombia                     | 0.30             | -                      | -                        | -   | 0.11             | 0.57                  | 789.72            | -                 | 183.31                                |
| Block RC-9, Colombia                      | -                | -                      | -                        | -   | 40.25            | 0.24                  | 6.26              | 0.34              | 122.76                                |
| Blocks 25-29, & 36, Cuba                  | 2.39             | -                      | -                        | -   | -                | -                     | (470.59)          | 0.02              | (70.23)                               |
| Block A-1, Myanmar                        | 7,437.92         | 2,526.53               | -                        | 3,316.13                                      | 395.17           | 274.26                | 3,212.85          | 331.53            | 1,097.98                              |
| Block A-3, Myanmar                        | 1,295.46         | 3,117.96               | -                        | -   | 302.04           | 109.05                | 745.03            | 2,091.78          | 1,270.92                              |
| CPO 5 Block, Colombia                     | 0.35             | -                      | -                        | 936.90  | 66.77            | -                     | 386.55            | 0.37              | 718.44                                |
| SHWE Offshore Pipeline Myanmar            | 1,845.84         | -                      | -                        | -   | 92.63            | 67.92                 | (35.31)           | 453.92            | 1,967.31                              |
| <b>Total (B)</b>                          | <b>36,693.33</b> | <b>66,877.44</b>       | <b>64,248.80</b>         | <b>7,649.01</b>                               | <b>13,829.85</b> | <b>1,777.55</b>       | <b>51,932.08</b>  | <b>72,295.06</b>  | <b>38,016.77</b>                      |
| <b>C. Unaudited</b>                       |                  |                        |                          |   |                  |                       |                   |                   |                                       |
| Block XXIV, Syria                         | 38.58            | (36.48)                | -                        | -   | 26.58            | -                     | 498.93            | -                 | 403.21                                |
| Block GUA offshore, Colombia              | -                | -                      | -                        | -   | -                | 6.71                  | 59.81             | -                 | 51.60                                 |
| Block SSJN-7, Colombia                    | -                | -                      | -                        | -   | -                | -                     | 7.58              | 0.35              | 56.46                                 |
| Block 81 (1), Libya                       | 0.03             | -                      | -                        | -   | -                | -                     | 125.96            | -                 | 0.02                                  |
| Block Area 1, Mozambique                  | 209.18           | -                      | 148,046.67               | 11,356.82                                     | 3,761.18         | -                     | 453.82            | -                 | 3.91                                  |
| Block 128, Vietnam                        | 0.04             | -                      | 92.54                    | -   | 72.83            | -                     | 286.34            | -                 | 36.66                                 |
| Block 6 North Ramadan, Egypt              | -                | -                      | -                        | -   | -                | -                     | 71.49             | -                 | (2.12)                                |
| Block 5A, South Sudan                     | 2,204.16         | 6,481.46               | 27.26                    | 1,012.39                                      | 595.41           | 105.98                | 805.80            | 744.99            | 1,464.73                              |



| JV Name                    | Net Fixed Assets | Net Producing Property | Capital Work in Progress | Exploratory and Development Wells in Progress | Current Assets   | Cash and Bank Balance | Liabilities       | Income            | Expenditure* (Including depreciation) |
|----------------------------|------------------|------------------------|--------------------------|---|------------------|-----------------------|-------------------|-------------------|---------------------------------------|
| Block NC-188, Libya        | -                | -                      | -                        | -   | 1.14             | 0.75                  | (0.81)            | -                 | 3.55                                  |
| Block NEMED, Egypt         | -                | -                      | -                        | -   | -                | -                     | (2.21)            | -                 | 0.07                                  |
| Satpayev Block, Kazakhstan | 1.84             | -                      | 4,753.53                 | -   | 81.60            | 1.82                  | 6.83              | -                 | 740.61                                |
| ACG, Azerbaijan            | 10,730.34        | 34,389.50              | 358.90                   | 738.46  | 4,057.50         | 0.02                  | 262,308.30        | 18,480.13         | 5,539.22                              |
| <b>Total (C)</b>           | <b>13,184.17</b> | <b>40,834.48</b>       | <b>153,278.90</b>        | <b>13,107.67</b>                              | <b>8,596.24</b>  | <b>115.28</b>         | <b>264,621.84</b> | <b>19,225.47</b>  | <b>8,297.92</b>                       |
| <b>Grand Total</b>         | <b>67,676.32</b> | <b>230,731.59</b>      | <b>232,286.97</b>        | <b>42,508.77</b>                              | <b>75,230.61</b> | <b>4,518.38</b>       | <b>423,676.20</b> | <b>212,706.37</b> | <b>134,457.05</b>                     |

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

\*\* Excludes signature bonus paid by Subsidiary and classified under capital work-in-progress

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                            | -      |
| b) Net Producing Property                      | -      |
| c) Capital Work in Progress                    | 750.45 |
| d) Exploratory & Development Wells-in-Progress | -      |
| e) Current Assets                              | 86.14  |
| f) Cash and Bank                               | 32.12  |
| g) Liabilities                                 | 329.92 |
| h) Income                                      | -      |
| i) Expenditure                                 | 161.78 |

#### 45.1 BLOCK 5A, BLOCKS 1,2 & 4 IN REPUBLIC OF SOUTH SUDAN

ONGC Videsh has 24.125% participating interest in Block 5A, South Sudan. The project is jointly operated by the partners Petronas Carigali Nile Ltd, ONGC Videsh Limited and Nilepet, the national oil company of South Sudan.

In view of security situation due to internal conflict in the country all petroleum operation in Block 5A is temporarily shut down from 22<sup>nd</sup> December 2013. However recently ceasefire agreement has been signed by the warring parties & the negotiations are in progress under the mediation of African union countries and inter government authorities on development (IGAD). All actions are taken by the partners to resume production swiftly on security clearance by the host government. In view of above there is an indication of impairment in the project and impairment test was conducted considering two years deferment of production. Based on the impairment evaluation as per the procedure of the company in accordance with the requirement of Accounting Standard-28 (AS-28), no impairment provision is required.

#### 45.2 SATPAYEV BLOCK, KAZAKHSTAN

Effective 12 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 15 June, 2010 between Ministry of Oil and Gas (MOG), Kazakhstan and KMG. KMG now holds subsoil use rights of 75% in the Block. The amounts paid toward initial payment and signature bonus amounting to ₹ 4,753.53 Million (Previous year: ₹ 4,753.53 Million) are disclosed

as Capital-Work-in-Progress in Note 19, as part of acquisition cost to be treated as per the final status of the project.

#### 45.3 BLOCKS SS-04 & SS-09, BANGLADESH

ONGC Videsh in consortium with Oil India Ltd. (OIL) was awarded two shallow water Blocks SS-04 and SS-09 located in the offshore area in People’s Republic of Bangladesh on 20 August 2013 and the Production Sharing Contracts (PSCs) of the Blocks were signed by Government of People’s Republic of Bangladesh represented by Ministry of Power, Energy and Mineral Resources, Bangladesh Oil and Gas & Mineral Corporation (PETROBANGLA), consortium of ONGC Videsh & OIL and Bangladesh Petroleum Exploration and Production Company Limited (BAPEX) on 17 February, 2014. PSCs envisage the exploration, appraisal, development and production of petroleum in contract area of the Blocks SS-04 and SS-09 measuring 7,269 square kilometers and 7,026 square kilometers respectively. The exploration term consists of 8 (eight) consecutive contract years comprising 5 (five) years as Initial exploration term and 3 (three) years as subsequent exploration term. ONGC Videsh will act as the Operator of the Blocks and has PI of 45%, OIL holds 45% PI and BAPEX 10% PI. BAPEX’s 10% PI shall be carried by ONGC Videsh and OIL in proportion to their respective interests in respect of all expenditure up to the date of first commercial discovery and shall be re-paid from the first available cost recovery petroleum and profit petroleum.

#### 45.4 AFPC, SYRIA

ONGC Nile Ganga BV (ONGBV) and Fulin Investments Sarl, a subsidiary of China National Petroleum Company International (CNPCI), hold 50% shareholding each in the Dutch joint venture

company, Himalaya Energy Syria B.V. (HESBV). HES B.V. in turn through three German entities viz. HES Sham, HES Dez and HES Gas Syria holds 33.33% to 37.5% Participating Interest (PI) in four Production Sharing Contracts (PSCs) in Syria. The Syria business for the above PSC of ONGBV is structured as separate class of business (Class C).

Effective 1<sup>st</sup> December 2011, Al Furat Petroleum Company (AFPC) an Operating Company jointly held by the Syria Shell Petroleum Development B.V. (SSPD) a company acting as an operator for the Contractor and HESBV (collectively the Contractor) and General Petroleum Company (GPC), Syria, which represents Government of Syria in the Operating Company, were included in the list of sanctioned enterprises by the European Union (EU) as part of the strengthening of the sanctions on Syria. Due to the sanctions, HESBV, as an EU company, has been forbidden to directly or indirectly make funds or resources available to or for the benefit of AFPC and GPC.

On the 16<sup>th</sup> May 2012, the Syrian court (the 1<sup>st</sup> degree court) ruled in favour of “single management”, provided that Contractor will be kept informed of all transactions. In addition the court considered that Contractor’s share of profits should be set aside in a separate bank account. AFPC Chairman appealed for three motives (i) to challenge the above two court-determined measures that allows Contractor to monitor the Chairman’s powers; (ii) to exercise all powers required for running AFPC and solely operate the bank accounts; and (iii) to challenge the requirement to set aside profits. On 28<sup>th</sup> of November 2012, the Court of appeal in Syrian Court rejected the appeal of the Chairman. As a result, the first degree court judgment became final.

As per the financials prepared by HESBV for the year ended 31<sup>st</sup> March 2014, ONGBV’s share of net fixed assets in HESBV is USD 40.97 million (Previous year USD 38.05 million) and net trade receivables of USD 31.01 million (Previous year USD 30.28 million). Due to the prevailing political situation in Syria and the EU sanction, this Cash Generating Unit (CGU), including the above mentioned assets and receivables was tested for impairment by comparing the carrying value with the recoverable value as on 31<sup>st</sup> March 2014. No impairment provision was required in view of the recoverable value being higher than the carrying value. Although there is no production due to Force Majeure, a provision towards depletion amounting to USD 3.99 million (₹ 241.72 million) has been made based on the estimated % of depletion for previous year.

#### 45.5 ACG ABANDONMENT COST

Abandonment Provisions have been made for ACG project as on 31.03.2014 based on the total Capital Cost incurred on the project since inception till 31.03.2014. The Total Capital Cost till 31.03.2014 is USD 28,397.70 million for the AIOC joint venture. ONGC Videsh’s share of the cost (@ 2.7213 %) is USD 772.78 million. Accordingly, maximum provision of 10 % i.e. USD 77.28 million towards Abandonment Fund as per PSA provisions has been made on 31.03.2014.

#### 45.6 MOZAMBIQUE OFFSHORE AREA 1

- a. The company has acquired 10% participating interest (PI) in the Rovuma Area 1 offshore Block, Mozambique from Anadarko Moçambique Area 1 Limitada (Anadarko) during the year. The transaction has been completed on 28<sup>th</sup> February, 2014 and total purchase consideration was USD 2,640 Million (₹ 163,944.00 Million).

The Rovuma Area 1 offshore Block is a discovered exploration. As per Note No 2.2.(c.1.1) of the significant accounting policies of the

company, the net assets less liabilities pertaining to Company’s 10% PI in Area 1 offshore block as on 28<sup>th</sup> February, 2014 was accounted for in the respective assets and liabilities. The difference between the purchase consideration and net book value of assets less liabilities has been accounted as acquisition cost as per the accounting significant policy c.1.1 and c.1.2.

| Details   | (USD\$ in Million) | (₹ in Million) |
|---|--------------------|----------------|
| Purchase Price  | 2,640.00           | 163,944.00     |
| Less: Net share of assets as on closing date (28 February 14) | 316.75             | 19,670.22      |
| Acquisition Cost  | 2,323.25           | 144,273.78     |

- b. Capitalisation of borrowing cost:

The consideration amount of USD 2,640 million was financed by way of USD 725 million one year term bridge loan, USD 1,775 million five year term Loan and balance through the Company’s internal resources. The total borrowing cost upto to 31 March 2014 with respect to the loans, amounts to ₹ 2,140.58 million. As per Note No. 2.2.s of the accounting policy of the company, borrowing cost of ₹ 2,092.85 million directly related to the assets under construction has been capitalised to the related assets.

- c. Foreign exchange variation on long term foreign currency monetary items:

As per Note No. 2.2.n(3.1) of the accounting policies of the company, the exchange difference amounting to ₹ 3543.16 million arising on the USD 1,775 million five year term loan has been capitalised to the related assets.

- d. The Company in joint venture with Oil India Limited (OIL) acquired 6% PI in the Rovuma Area 1 offshore Block, Mozambique from Videocon Mauritius Energy Limited (Videocon) by acquiring 60% shares and OIL acquiring 40% shares of Videocon Mozambique Rovuma 1 Limited (renamed as Beas Rovuma Energy Mozambique Limited (BREML) with effect from 30<sup>th</sup> January, 2014). BREML holds 10% PI in the Rovuma Area 1 offshore Block, Mozambique. The transaction was completed on 7<sup>th</sup> January, 2014.

- e. As per the condition of sale and purchase agreement with Videocon for acquiring the shares of BREML, the consideration is subject to adjustment for the seller’s final statements of accounts which will be submitted within 120 days from the date of closing i.e. by 7<sup>th</sup> May, 2014. Closing statement has been received from Videocon on 2<sup>nd</sup> May, 2014. The adjustment to the purchase price of USD 31.457 million payable to seller was received from seller on 2<sup>nd</sup> May, 2014. The same is under review and the response has to be submitted within 30 days from the date of receipt of statements. Adjustment to the consideration, if any, shall be accounted on finalization of seller’s final statement of accounts.

#### 46. DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (AS) 19 VIZ 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 were scheduled to be received over a period of 10 years including a moratorium of one year from the date of the contract (30 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 12<sup>th</sup>,13<sup>th</sup>, 14<sup>th</sup>, 15<sup>th</sup>, 16<sup>th</sup> and 17<sup>th</sup> instalment of ₹ 5,091.89 Million (Company’s share ₹ 4,582.70 Million ) due on 30 June 2011, 30 December 2011, 30 June 2012, 30 December 2012, 30 June 2013, 30 December 2013 respectively have not yet been received. As per an insurance policy, the company has received the claim for the 12<sup>th</sup> and 13<sup>th</sup> instalments from ECGC. No insurance is available for further instalments (14<sup>th</sup> to 18<sup>th</sup>).

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

(₹ in Million)

| Particulars  | 31 March 2014                  |          | 31 March 2013                  |          |
|--|--------------------------------|----------|--------------------------------|----------|
|  | Gross                          | Net      | Gross                          | Net      |
| a) Reconciliation between the total gross investment in the lease and the present value of minimum lease payments as at year end |                                |          |                                |          |
| - Not later than one year  | 1,516.48                       | 1,504.53 | 4,119.95                       | 4,035.15 |
| - Later than one year and not later than five years  |                                |          | 686.65                         | 675.83   |
| - Later than five years  |                                |          |                                |          |
| Total  | 1516.48                        | 1504.53  | 4806.60                        | 4710.98  |
| b) Unearned Finance Income   | 11.95                          |          | 95.62                          |          |
| 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 0.1.2 |          | As per Accounting Policy 0.1.2 |          |

The EPC contractor executing the project claimed additional costs aggregating to ₹ 2,231.23 Million (Previous year ₹ 2,020.59 Million), Company’s 90% share being ₹ 2,008.11 Million (Previous year ₹ 1,818.53 Million), which have not been accepted by the Company. The Company, in turn has filed a claim as per the contract with GOS for their approval of an aggregate amount of ₹ 2,773.57 Million (Previous year ₹ 2,511.73 Million), Company’s share being ₹ 2,496.21 Million (Previous year ₹ 2,260.56 Million). No revenue in respect of the claim on GOS has been recognized since the claim has not been accepted by GOS. ONGC Videsh has served a pre-arbitral notice on GOS which is a requirement prior to initiating any legal proceedings in Sudan. The EPC contractor has initiated arbitration with a claim for ₹ 1,530.93 Million (Previous year ₹ 1,386.40 Million) (25.49 US\$ Million) plus interest against the Company. Pending settlement with the EPC contractor, an amount of ₹ 1,377.84 Million (Previous year ₹ 1,247.76 Million) (22.94 US\$ Million) being the Company’s 90% share out of total claim of ₹ 1,530.93 Million (Previous year ₹ 1,386.40 Million) (25.49 US\$ Million) has been accounted as liability in the relevant year of claim. The arbitration award has been pronounced on 27 March, 2014. The award provides for the payment of ₹ 198.98 Million (US\$ 3.31 Million) and interest ₹ 15.33 Million (US\$ 0.26 Million). The parties have option to go to court within 90 days of the arbitration award. Since the company has already accounted for the claim amount as expenditure for ₹ 1,377.84 Million (Previous year

₹ 1,247.76 Million) (22.94 US\$ Million). The differential of the amount accounted for and award will be adjusted subject to further action on the expiry of 90 days period. The estimated reversal of expenditure is ₹ 1,198.75 Million (19.96 US\$ Million). The interest amount would be treated on clarity of further action by either parties within 90 days of the arbitration award.

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= ₹ 60.48) are tabulated below:

(₹ in Million)

| Lease liability  |          |
|--|----------|
| Opening balance as at 01.04.2013                               | 3,648.12 |
| Interest   | 399.19   |
| Lease Payments   | 1,161.14 |
| Addition of Lease Liabilities due to increase of Shares by 12% | 2,776.34 |

47. DETAILS OF RESERVES: (AS DETERMINED BY THE RESERVES ESTIMATION COMMITTEE)

The Company’s share of proved reserves in respect of different project as on 31<sup>st</sup> March 2014 is as under. The period and reseres of has been estimated by reducing the production during the period from the opening reserves estimated by the Reserves Estimation Committee (REC) of the parent Company ONGC, Which follows international reservior engineering procedures consistently.

| Project               | Details    | Crude Oil* (MMT) |                  | Gas (BCM)        |                  | Total MMToe**    |                  |
|-----------------------|------------|------------------|------------------|------------------|------------------|------------------|------------------|
|                       |            | As at 31.03.2014 | As at 31.03.2013 | As at 31.03.2014 | As at 31.03.2013 | As at 31.03.2014 | As at 31.03.2013 |
| GNOP, Sudan           | Opening    | 9.956            | 16.971           | -                |                  | 9.956            | 16.971           |
|                       | Addition   | 0.286            | 0.176            | -                |                  | 0.286            | 0.176            |
|                       | Deduction/ |                  |                  |                  |                  |                  |                  |
|                       | Adjustment | -                | 6.595            | -                |                  | -                | 6.595            |
|                       | Production | 0.741            | 0.596            | -                |                  | 0.741            | 0.596            |
| GPOC, South Sudan     | Closing    | 9.501            | 9.956            | -                | -                | 9.501            | 9.956            |
|                       | Opening    | 6.595            | -                | -                | -                | 6.595            | -                |
|                       | Addition   | -                | -                | -                | -                | -                | -                |
|                       | Deduction/ |                  |                  |                  |                  |                  |                  |
|                       | Adjustment | -                | (6.595)          | -                | -                | -                | (6.595)          |
| Block 5A, South Sudan | Production | 0.218            | -                | -                | -                | 0.218            | -                |
|                       | Closing    | 6.377            | 6.595            | -                | -                | 6.377            | 6.595            |
|                       | Opening    | 5.921            | 6.348            | -                |                  | 5.921            | 6.348            |
|                       | Addition   | -                | (0.428)          | -                |                  | -                | (0.428)          |
|                       | Deduction/ |                  |                  |                  |                  |                  |                  |
| Sakhalin-1, Russia    | Adjustment | -                | (0.001)          | -                |                  | -                | (0.001)          |
|                       | Production | 0.034            | -                | -                |                  | 0.034            | -                |
|                       | Closing    | 5.887            | 5.921            | -                | -                | 5.887            | 5.921            |
|                       | Opening    | 32.894           | 34.261           | 70.531           | 71.182           | 103.425          | 105.443          |
|                       | Addition   | 5.499            | 0.003            | 3.399            | (0.001)          | 8.898            | 0.002            |
|                       | Deduction/ |                  |                  |                  |                  |                  |                  |
|                       | Adjustment | -                | -                | -                | -                | -                | -                |
|                       | Production | 1.488            | 1.370            | 0.576            | 0.650            | 2.064            | 2.020            |
|                       | Closing    | 36.905           | 32.894           | 73.354           | 70.531           | 110.259          | 103.425          |



| Project                    | Details        | Crude Oil* (MMT)    |                     | Gas (BCM)           |                     | Total MMTon**       |                     |
|----------------------------|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                            |                | As at<br>31.03.2014 | As at<br>31.03.2013 | As at<br>31.03.2014 | As at<br>31.03.2013 | As at<br>31.03.2014 | As at<br>31.03.2013 |
| Block 06.1,<br>Vietnam     | Opening        | 0.598               | 0.635               | 6.414               | 8.518               | 7.012               | 9.153               |
|                            | Addition       | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Deduction/     | -                   | -                   | 0.001               | -                   | 0.001               | -                   |
|                            | Adjustment     |                     |                     |                     |                     |                     |                     |
|                            | Production     | 0.032               | 0.037               | 1.851               | 2.104               | 1.883               | 2.141               |
|                            | <b>Closing</b> | <b>0.566</b>        | <b>0.598</b>        | <b>4.562</b>        | <b>6.414</b>        | <b>5.128</b>        | <b>7.012</b>        |
| AFPC, Syria                | Opening        | 2.581               | 2.707               | -                   | -                   | 2.581               | 2.707               |
|                            | Addition       | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Deduction/     | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Adjustment     |                     |                     |                     |                     |                     |                     |
|                            | Production     | -                   | 0.126               | -                   | -                   | -                   | 0.126               |
|                            | <b>Closing</b> | <b>2.581</b>        | <b>2.581</b>        | <b>-</b>            | <b>-</b>            | <b>2.581</b>        | <b>2.581</b>        |
| BC-10, Brazil              | Opening        | 4.717               | 4.778               | 0.334               | 0.399               | 5.051               | 5.177               |
|                            | Addition       | 3.342               | 0.230               | 0.335               | (0.053)             | 3.677               | 0.177               |
|                            | Deduction/     | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Adjustment     |                     |                     |                     |                     |                     |                     |
|                            | Production     | 0.318               | 0.291               | 0.013               | 0.012               | 0.331               | 0.303               |
|                            | <b>Closing</b> | <b>7.741</b>        | <b>4.717</b>        | <b>0.656</b>        | <b>0.334</b>        | <b>8.397</b>        | <b>5.051</b>        |
| MECL,<br>Colombia          | Opening        | 3.453               | 3.504               | -                   | -                   | 3.453               | 3.504               |
|                            | Addition       | 0.626               | 0.501               | -                   | -                   | 0.626               | 0.501               |
|                            | Deduction/     | (0.001)             | -                   | -                   | -                   | (0.001)             | -                   |
|                            | Adjustment     |                     |                     |                     |                     |                     |                     |
|                            | Production     | 0.597               | 0.552               | -                   | -                   | 0.597               | 0.552               |
|                            | <b>Closing</b> | <b>3.483</b>        | <b>3.453</b>        | <b>-</b>            | <b>-</b>            | <b>3.483</b>        | <b>3.453</b>        |
| IEC, Russia                | Opening        | 14.970              | 15.530              | 4.721               | 4.683               | 19.691              | 20.213              |
|                            | Addition       | -                   | -                   | -                   | 0.109               | -                   | 0.109               |
|                            | Deduction/     | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Adjustment     |                     |                     |                     |                     |                     |                     |
|                            | Production     | 0.387               | 0.560               | 0.036               | 0.071               | 0.423               | 0.631               |
|                            | <b>Closing</b> | <b>14.583</b>       | <b>14.970</b>       | <b>4.685</b>        | <b>4.721</b>        | <b>19.268</b>       | <b>19.691</b>       |
| PIVSA,<br>Venezuela        | Opening        | 10.966              | 11.766              | -                   | -                   | 10.966              | 11.766              |
|                            | Addition       | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Deduction/     | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Adjustment     |                     |                     |                     |                     |                     |                     |
|                            | Production     | 0.767               | 0.800               | -                   | -                   | 0.767               | 0.800               |
|                            | <b>Closing</b> | <b>10.199</b>       | <b>10.966</b>       | <b>-</b>            | <b>-</b>            | <b>10.199</b>       | <b>10.966</b>       |
| Carabobo - 1,<br>Venezuela | Opening        | 0.022               | -                   | -                   | -                   | 0.022               | -                   |
|                            | Addition       | 3.795               | 0.023               | -                   | -                   | 3.795               | 0.023               |
|                            | Deduction/     | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Adjustment     |                     |                     |                     |                     |                     |                     |
|                            | Production     | 0.021               | 0.001               | -                   | -                   | 0.021               | 0.001               |
|                            | <b>Closing</b> | <b>3.796</b>        | <b>0.022</b>        | <b>-</b>            | <b>-</b>            | <b>3.796</b>        | <b>0.022</b>        |
| BLOCK-XXIV,<br>Syria       | Opening        | 1.803               | 1.804               | -                   | -                   | 1.803               | 1.804               |
|                            | Addition       | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Deduction/     | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Adjustment     |                     |                     |                     |                     |                     |                     |
|                            | Production     | -                   | 0.001               | -                   | -                   | -                   | 0.001               |
|                            | <b>Closing</b> | <b>1.803</b>        | <b>1.803</b>        | <b>-</b>            | <b>-</b>            | <b>1.803</b>        | <b>1.803</b>        |

| Project                   | Details        | Crude Oil* (MMT)    |                     | Gas (BCM)           |                     | Total MMTon**       |                     |
|---------------------------|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                           |                | As at<br>31.03.2014 | As at<br>31.03.2013 | As at<br>31.03.2014 | As at<br>31.03.2013 | As at<br>31.03.2014 | As at<br>31.03.2013 |
| BLOCK-A1 &<br>A3, Myanmar | Opening        | -                   | -                   | 10.297              | 10.297              | 10.297              | 10.297              |
|                           | Addition       | -                   | -                   | 1.595               | -                   | 1.595               | -                   |
|                           | Deduction/     | -                   | -                   | -                   | -                   | -                   | -                   |
|                           | Adjustment     |                     |                     |                     |                     |                     |                     |
|                           | Production     | -                   | -                   | 0.201               | -                   | 0.201               | -                   |
|                           | <b>Closing</b> | <b>-</b>            | <b>-</b>            | <b>11.691</b>       | <b>10.297</b>       | <b>11.691</b>       | <b>10.297</b>       |
| ACG, Azerbaijan           | Opening        | 9.646               | -                   | -                   | -                   | 9.646               | -                   |
|                           | Addition       | -                   | 9.656               | -                   | -                   | -                   | 9.656               |
|                           | Deduction/     | -                   | -                   | -                   | -                   | -                   | -                   |
|                           | Adjustment     |                     |                     |                     |                     |                     |                     |
|                           | Production     | 0.883               | 0.010               | -                   | -                   | 0.883               | 0.010               |
|                           | <b>Closing</b> | <b>8.763</b>        | <b>9.646</b>        | <b>-</b>            | <b>-</b>            | <b>8.763</b>        | <b>9.646</b>        |
| Total Reserves            | Opening        | 104.122             | 98.304              | 92.297              | 95.079              | 196.419             | 193.383             |
|                           | Addition       | 13.548              | 10.161              | 5.329               | 0.055               | 18.877              | 10.216              |
|                           | Deduction/     | (0.001)             | 0.003               | 0.001               | 0.001               | -                   | 0.004               |
|                           | Adjustment     |                     |                     |                     |                     |                     |                     |
|                           | Production     | 5.486               | 4.343               | 2.677               | 2.837               | 8.163               | 7.180               |
|                           | <b>Closing</b> | <b>112.185</b>      | <b>104.119</b>      | <b>94.948</b>       | <b>92.296</b>       | <b>207.133</b>      | <b>196.415</b>      |

\* Crude Oil includes Condensate.

\*\*For calculating "Oil Equivalent" 1,000M3 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 2014 is as under:

The period end reserves of the company has been estimated by reducing the production during the period from the opening reserves estimated by the Reserves Estimation Committee (REC) of the parent company ONGC, which follows international reservoir engineering procedures consistently.

| Project                 | Details        | Crude Oil* (MMT)    |                     | Gas (BCM)           |                     | Total MMTon**       |                     |
|-------------------------|----------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                         |                | As at<br>31.03.2014 | As at<br>31.03.2013 | As at<br>31.03.2014 | As at<br>31.03.2013 | As at<br>31.03.2014 | As at<br>31.03.2013 |
| GNOP, Sudan             | Opening        | 2.784               | 6.707               | -                   | -                   | 2.784               | 6.707               |
|                         | Addition       | 0.413               | 1.203               | -                   | -                   | 0.413               | 1.203               |
|                         | Deduction/     | -                   | 4.530               | -                   | -                   | -                   | 4.530               |
|                         | Adjustment     |                     |                     |                     |                     |                     |                     |
|                         | Production     | 0.741               | 0.596               | -                   | -                   | 0.741               | 0.596               |
| GPOC, South<br>Sudan    | <b>Closing</b> | <b>2.456</b>        | <b>2.784</b>        | <b>-</b>            | <b>-</b>            | <b>2.456</b>        | <b>2.784</b>        |
|                         | Opening        | 4.530               | -                   | -                   | -                   | 4.530               | -                   |
|                         | Addition       | -                   | -                   | -                   | -                   | -                   | -                   |
|                         | Deduction/     | -                   | (4.530)             | -                   | -                   | -                   | (4.530)             |
|                         | Adjustment     |                     |                     |                     |                     |                     |                     |
| Block 5A,<br>SouthSudan | Production     | 0.218               | -                   | -                   | -                   | 0.218               | -                   |
|                         | <b>Closing</b> | <b>4.312</b>        | <b>4.530</b>        | <b>-</b>            | <b>-</b>            | <b>4.312</b>        | <b>4.530</b>        |
|                         | Opening        | 2.599               | 2.599               | -                   | -                   | 2.599               | 2.599               |
|                         | Addition       | -                   | -                   | -                   | -                   | -                   | -                   |
|                         | Deduction/     | -                   | -                   | -                   | -                   | -                   | -                   |
| Sakhalin-1,<br>Russia   | Adjustment     |                     |                     |                     |                     |                     |                     |
|                         | Production     | 0.034               | -                   | -                   | -                   | 0.034               | -                   |
|                         | <b>Closing</b> | <b>2.565</b>        | <b>2.599</b>        | <b>-</b>            | <b>-</b>            | <b>2.565</b>        | <b>2.599</b>        |
|                         | Opening        | 13.391              | 9.122               | 10.163              | 10.794              | 23.554              | 19.916              |
|                         | Addition       | -                   | 5.638               | 0.689               | 0.019               | 0.689               | 5.657               |
| BLOCK-XXIV,<br>Syria    | Deduction/     | -                   | (0.001)             | -                   | -                   | -                   | (0.001)             |
|                         | Adjustment     |                     |                     |                     |                     |                     |                     |
|                         | Production     | 1.488               | 1.370               | 0.576               | 0.650               | 2.064               | 2.020               |
|                         | <b>Closing</b> | <b>11.903</b>       | <b>13.391</b>       | <b>10.276</b>       | <b>10.163</b>       | <b>22.179</b>       | <b>23.554</b>       |

| Project                    | Details                  | Crude Oil* (MMT)    |                     | Gas (BCM)           |                     | Total MMTon**       |                     |
|----------------------------|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                            |                          | As at<br>31.03.2014 | As at<br>31.03.2013 | As at<br>31.03.2014 | As at<br>31.03.2013 | As at<br>31.03.2014 | As at<br>31.03.2013 |
| Block 06.1,<br>Vietnam     | Opening                  | 0.598               | 0.626               | 6.414               | 4.963               | 7.012               | 5.589               |
|                            | Addition                 | -                   | 0.009               | -                   | 3.555               | -                   | 3.564               |
|                            | Deduction/<br>Adjustment | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Production               | 0.032               | 0.037               | 1.851               | 2.104               | 1.883               | 2.141               |
|                            | <b>Closing</b>           | <b>0.566</b>        | <b>0.598</b>        | <b>4.563</b>        | <b>6.414</b>        | <b>5.129</b>        | <b>7.012</b>        |
| AFPC, Syria                | Opening                  | 2.206               | 2.332               | -                   | -                   | 2.206               | 2.332               |
|                            | Addition                 | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Deduction/<br>Adjustment | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Production               | -                   | 0.126               | -                   | -                   | -                   | 0.126               |
|                            | <b>Closing</b>           | <b>2.206</b>        | <b>2.206</b>        | -                   | -                   | <b>2.206</b>        | <b>2.206</b>        |
| BC-10, Brazil              | Opening                  | 1.626               | 1.437               | 0.137               | 0.155               | 1.763               | 1.592               |
|                            | Addition                 | 2.016               | 0.480               | 0.120               | (0.006)             | 2.136               | 0.474               |
|                            | Deduction/<br>Adjustment | -                   | -                   | -                   | (0.001)             | -                   | (0.001)             |
|                            | Production               | 0.318               | 0.291               | 0.013               | 0.012               | 0.331               | 0.303               |
|                            | <b>Closing</b>           | <b>3.324</b>        | <b>1.626</b>        | <b>0.244</b>        | <b>0.138</b>        | <b>3.568</b>        | <b>1.764</b>        |
| MECL,<br>Colombia          | Opening                  | 3.000               | 3.371               | -                   | -                   | 3.000               | 3.371               |
|                            | Addition                 | 0.787               | 0.181               | -                   | -                   | 0.787               | 0.181               |
|                            | Deduction/<br>Adjustment | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Production               | 0.597               | 0.552               | -                   | -                   | 0.597               | 0.552               |
|                            | <b>Closing</b>           | <b>3.190</b>        | <b>3.000</b>        | -                   | -                   | <b>3.190</b>        | <b>3.000</b>        |
| IEC, Russia                | Opening                  | 4.831               | 5.391               | 1.131               | -                   | 5.962               | 5.391               |
|                            | Addition                 | -                   | -                   | -                   | 1.202               | -                   | 1.202               |
|                            | Deduction/<br>Adjustment | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Production               | 0.387               | 0.560               | 0.036               | 0.071               | 0.423               | 0.631               |
|                            | <b>Closing</b>           | <b>4.444</b>        | <b>4.831</b>        | <b>1.095</b>        | <b>1.131</b>        | <b>5.539</b>        | <b>5.962</b>        |
| PIVSA,<br>Venezuela        | Opening                  | 1.660               | 1.019               | -                   | -                   | 1.660               | 1.019               |
|                            | Addition                 | 1.154               | 1.440               | -                   | -                   | 1.154               | 1.440               |
|                            | Deduction/<br>Adjustment | -                   | (0.001)             | -                   | -                   | -                   | (0.001)             |
|                            | Production               | 0.767               | 0.800               | -                   | -                   | 0.767               | 0.800               |
|                            | <b>Closing</b>           | <b>2.047</b>        | <b>1.660</b>        | -                   | -                   | <b>2.047</b>        | <b>1.660</b>        |
| Carabobo - 1,<br>Venezuela | Opening                  | 0.022               | -                   | -                   | -                   | 0.022               | -                   |
|                            | Addition                 | 0.534               | 0.023               | -                   | -                   | 0.534               | 0.023               |
|                            | Deduction/<br>Adjustment | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Production               | 0.021               | 0.001               | -                   | -                   | 0.021               | 0.001               |
|                            | <b>Closing</b>           | <b>0.535</b>        | <b>0.022</b>        | -                   | -                   | <b>0.535</b>        | <b>0.022</b>        |
| BLOCK-XXIV,<br>Syria       | Opening                  | 0.049               | 0.050               | -                   | -                   | 0.049               | 0.050               |
|                            | Addition                 | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Deduction/<br>Adjustment | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Production               | -                   | 0.001               | -                   | -                   | -                   | 0.001               |
|                            | <b>Closing</b>           | <b>0.049</b>        | <b>0.049</b>        | -                   | -                   | <b>0.049</b>        | <b>0.049</b>        |
| BLOCK-A1 &<br>A3, Myanmar  | Opening                  | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Addition                 | -                   | -                   | 2.815               | -                   | 2.815               | -                   |
|                            | Deduction/<br>Adjustment | -                   | -                   | -                   | -                   | -                   | -                   |
|                            | Production               | -                   | -                   | 0.201               | -                   | 0.201               | -                   |
|                            | <b>Closing</b>           | -                   | -                   | <b>2.614</b>        | -                   | <b>2.614</b>        | -                   |

| Project         | Details                  | Crude Oil* (MMT)    |                     | Gas (BCM)           |                     | Total MMTon**       |                     |
|-----------------|--------------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|                 |                          | As at<br>31.03.2014 | As at<br>31.03.2013 | As at<br>31.03.2014 | As at<br>31.03.2013 | As at<br>31.03.2014 | As at<br>31.03.2013 |
| ACG, Azerbaijan | Opening                  | 4.267               | -                   | -                   | -                   | 4.267               | -                   |
|                 | Addition                 | -                   | 4.277               | -                   | -                   | -                   | 4.277               |
|                 | Deduction/<br>Adjustment | -                   | -                   | -                   | -                   | -                   | -                   |
|                 | Production               | 0.883               | 0.010               | -                   | -                   | 0.883               | 0.010               |
|                 | <b>Closing</b>           | <b>3.384</b>        | <b>4.267</b>        | -                   | -                   | <b>3.384</b>        | <b>4.267</b>        |
| Total Reserves  | Opening                  | 41.563              | 32.654              | 17.845              | 15.912              | 59.408              | 48.566              |
|                 | Addition                 | 4.904               | 13.251              | 3.624               | 4.770               | 8.528               | 18.021              |
|                 | Deduction/<br>Adjustment | -                   | -                   | -                   | (0.001)             | -                   | (0.001)             |
|                 | Production               | 5.486               | 4.343               | 2.677               | 2.837               | 8.163               | 7.180               |
|                 | <b>Closing</b>           | <b>40.981</b>       | <b>41.562</b>       | <b>18.792</b>       | <b>17.846</b>       | <b>59.773</b>       | <b>59.408</b>       |

\* Crude Oil includes Condensate.

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

- 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.  
"The company estimates its reserves annually and the reserves are disclosed at the end of the financial year. The company is having partnership with global majors in various producing and discovered assets across the world having participating interest as non-operator, joint operator and operator. The Operator/Joint Operating Company of each asset evaluate reserves of the respective asset on an annual basis, and the company representatives interact dynamically through Technical/Operating committee meetings, wherein estimates of reserves are discussed and finalized. On receipt of the approved reserves for each asset, the company discusses the same with Reserves Estimate Experts from E&D Directorate, ONGC and put up the same for deliberation and approval by Reserves Estimate Committee (REC).
- "Volumetric estimation is the main process of estimation which uses reservoir rock and fluid properties to calculate hydrocarbons in-place and then estimate that portion which will be recovered from it from a given date forward, under existing economic conditions, by established operating practices and under existing government regulations. As the field gets matured with reasonably good production history, performance methods such as material balance, simulation, decline curve analysis are applied to get more accurate assessments of reserves. For many of the producing and discovered assets in which the company has stake, the concerned Operators and Joint Operating Companies uses the services of third party agencies for due diligence and audit. Additionally, the company gets the reserves of its assets audited by internationally reputed third party consultants periodically who adopt latest industry practices for their evaluation. The last auditing was carried out for the estimates as on 01.10.2013 in which about 98% of the reserves of the company were subjected to audit.
- "The annual revision of estimates is based on the yearly exploratory and development activities and results thereof. New Inplace Volume and Ultimate Reserves are estimated for new field discoveries or new pool discoveries in already discovered fields. Also, appraisal activities lead to revision in estimates due to new subsurface data. Similarly, reinterpretation exercise is also carried out for old fields due to necessity of revision in petro physical parameters, updating of static & dynamic models and performance analysis leading to change in reserves. Intervention of new technology, change in classifications and contractual provisions also necessitates revision in estimation of reserves.
- During the year, Reserves of the company as on 1<sup>st</sup> October, 2013 were certified by Third Party Certifying (TPC) agencies. The certified 1P reserves were lower by 54.236 MMT with the estimates of Reserve Estimates Committee (REC) of the parent company i.e. Oil and Natural Gas Corporation Limited (ONGC) in respect of certain projects. However, the management of the Company did not agree with the assumptions of the TPC in this regard and adopted the reserves figures as approved by the REC.
- Impairment  
The Company has assessed indicators for impairment and carried out impairment test in respect of Cash Generating Units (CGUs) based on value in use method as on 31<sup>st</sup> March, 2014 where indicators were observed. However, no impairment in any of the CGU was required since the value in use of the CGU's is higher than their respective carrying value.
  - In respect of the projects Imperial Energy, Russia, AFPC, Syria, GPOC and Block 5A, South Sudan operations are carried out with common production and transportation facilities, catering the various fields in the project which are sufficiently economically interdependent and hence constitute a single cash generating unit for the purposes of Accounting Standard 28 (AS-28) -Impairment of Assets and impairment test is performed in aggregate for all the fields in the respective project are considered as single cash generating unit.
  - The following 2P reserves for the respective CGU were considered as a basis for the impairment assessment:-

| Projects (CGU)           | Proved and Probable Reserves (MMT) |
|--------------------------|------------------------------------|
| Imperial Energy , Russia | 90.063                             |
| AFPC, Syria              | 3.108                              |
| Block 5A, South Sudan    | 4.774                              |
| GPOC, South Sudan        | 5.705                              |



48. SEGMENT INFORMATION

| Project                                  | Asia           |                | FSU Countries  |                | Latin America  |                | Africa         |                | Unallocated    |                | Grand Total    |                |
|--|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
|  | 2013-14        | 2012-13        | 2013-14        | 2012-13        | 2013-14        | 2012-13        | 2013-14        | 2012-13        | 2013-14        | 2012-13        | 2013-14        | 2012-13        |
|  | (₹ in Million) | (₹ in Million) | (₹ in Million) | (₹ in Million) | (₹ in Million) | (₹ in Million) | (₹ in Million) | (₹ in Million) | (₹ in Million) | (₹ in Million) | (₹ in Million) | (₹ in Million) |
| External sales                           | 10,952.37      | 11,272.35      | 102,137.69     | 81,070.17      | 63,311.61      | 54,274.33      | 41,369.85      | 28,961.48      | -              | -              | 217,771.51     | 175,578.33     |
| Inter Segment sales                      | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Total Revenue                            | 10,952.37      | 11,272.35      | 102,137.69     | 81,070.17      | 63,311.61      | 54,274.33      | 41,369.85      | 28,961.48      | -              | -              | 217,771.51     | 175,578.33     |
| Results                                  | 4,187.07       | 5,841.96       | 64,835.88      | 12,188.17      | 4,685.99       | 14,973.59      | (3,492.99)     | 17,069.27      | -36,960.84     | -              | 33,255.10      | 50,072.99      |
| Segment results                          | 4,187.07       | 5,841.96       | 64,835.88      | 12,188.17      | 4,685.99       | 14,973.59      | (3,492.99)     | 17,069.27      | -36,960.84     | -              | 33,255.10      | 50,072.99      |
| Unallocated corporate Expenses (Net)     | -              | 642.54         | -              | -              | -              | 2,344.48       | -              | 6,993.87       | (12,541.96)    | 2,280.11       | (12,541.96)    | 12,260.99      |
| Operating profit or (Loss)               | 4,187.07       | 5,199.42       | 64,835.88      | 12,188.17      | 4,685.99       | 12,629.11      | (3,492.99)     | 10,075.40      | (24,418.88)    | (2,280.11)     | 45,797.06      | 37,811.99      |
| Interest expenses                        | -              | -              | 223.59         | 30.45          | 635.92         | 423.19         | 2,227.95       | -              | 3,812.19       | 1,205.76       | 6,899.65       | 2,067.88       |
| Interest and other income                | 455.58         | 2.46           | 487.19         | 285.07         | 1,317.38       | 141.02         | 480.45         | 332.92         | 5,554.24       | 5,423.38       | 8,294.84       | 6,184.85       |
| Income & other Tax                       | -              | 0.00           | 12,589.24      | -10.52         | 3,787.28       | 3,474.20       | -              | -              | 9,464.87       | 24,189.42      | 25,841.39      | 27,556.90      |
| Profit / (loss) from ordinary activities | 2,423.53       | 5,201.88       | 64,832.98      | 28,365.98      | 18,792.40      | 20,003.99      | 5,372.13       | 10,408.32      | (47,238.47)    | (8,406.54)     | 44,182.57      | 55,573.63      |
| Net profit / (Loss)                      | 2,423.53       | 5,201.88       | 64,832.98      | 28,365.98      | 18,792.40      | 19,105.81      | 5,372.13       | 10,408.32      | (47,238.47)    | (23,620.79)    | 44,182.57      | 39,557.40      |
| Other information                        | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Segment Assets                           | 48,304.40      | 100,388.66     | 402,360.54     | 267,485.39     | 193,717.38     | 85,009.93      | 125,152.83     | 97,898.96      | -              | -              | 769,535.15     | 550,782.93     |
| Unallocated Corporate Assets             | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              |
| Total Assets                             | 48,304.40      | 100,388.66     | 402,360.54     | 267,485.39     | 193,717.38     | 85,009.93      | 125,152.83     | 97,898.96      | 173,392.78     | 50,936.09      | 773,392.78     | 550,936.09     |
| Segment Liabilities                      | 18,444.02      | 50,362.42      | 360,856.43     | 92,178.40      | 48,626.74      | 27,354.27      | 76,114.27      | 10,993.39      | 173,392.78     | 50,936.09      | 942,927.93     | 594,265.04     |
| Unallocated Corporate Liabilities        | -              | -              | -              | -              | -              | -              | -              | -              | -              | -              | 504,041.46     | 180,888.48     |
| Total Liabilities                        | 18,444.02      | 50,362.42      | 360,856.43     | 92,178.40      | 48,626.74      | 27,354.27      | 76,114.27      | 10,993.39      | 14,863.33      | 120,631.88     | 14,863.33      | 120,631.88     |
| Capital Expenditure                      | 9,938.03       | 55,700.93      | 18,617.28      | 25,706.87      | 57,828.25      | 11,640.27      | 166,140.27     | 3,564.26       | 14,863.33      | 120,631.88     | 518,904.80     | 301,520.36     |
| Recouped cost                            | 7,800.23       | 3,008.55       | 21,226.24      | 15,097.43      | 14,451.25      | 11,345.59      | 8,988.57       | 3,689.17       | 435.31         | 519.43         | 252,959.14     | 97,131.76      |

\* Information about Secondary Business Segments (Product-wise):

| Revenue from                            | FY 2013-14 | FY 2012-13 |
|---|------------|------------|
| Crude Oil* and Natural Gas (Net of VAT) | 214,576.54 | 174,381.03 |
| Transportation Income                   | 3,194.98   | 1,197.30   |
| Lease Finance Income                    | 431.17     | 491.32     |

\*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 are 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, Crude Oil Transportation Income 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 Value Added Tax.

49. CAPITAL COMMITMENTS

| (₹ in Million)  |                  |                  |
|---|------------------|------------------|
| Particulars   | As at 31.03.2014 | As at 31.03.2013 |
| a. Other Capital Commitments based upon the details provided by the operators   | 148,122.73       | 22,222.93        |
| 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. | 1,050.00         | 1,139.00         |
| c. Capital Commitments in respect of Subsidiaries is USD 251.03 million (Year ended 31 March 2013 USD 165.78 Million).  | 15,076.87        | 9,016.85         |
| Total   | 164,249.60       | 32,378.78        |

50. CONTINGENT LIABILITY

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

| (₹ in Million)  |                  |                  |
|---|------------------|------------------|
| Particulars   | As at 31.03.2014 | As at 31.03.2013 |
| a. Income-tax (Refer (i) below)   | 6,017.62         | 6,883.98         |
| b. Service-tax (Refer (ii) below)   | 49,487.02        | 39,768.30        |
| c. Claims of contractors in arbitration/court   | 4,694.48         | 577.66           |
| d. Other contingent liability in respect of subsidiaries is USD 143.79 Million (Year ended 31 March 2013 USD 156.06 million). | 8,636.45         | 8,487.87         |
| Total   | 68,835.57        | 55,717.81        |

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): ₹ 6,017.62 Million (As on 31<sup>st</sup> March 2013: ₹ 6,883.98 million). Against disputed tax demands, ₹ 8,918.63 Million (As on 31 March 2013: ₹ 10,366.60 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 49 above.
- (ii) The Service Tax Department had issued a demand cum show-cause notice dated 11<sup>th</sup> 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 1 April 2006 to 31 December 2010 and contending that these expenses represent business auxiliary services rendered by ONGC Videsh's foreign branches and operator of the Joint Venture/ Consortium to the Company. Subsequently, three 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 contesting the same. No provision has been made on this account.
- 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  | As at 31.03.2014 | As at 31.03.2013 |
| a. In respect of bank guarantees/standby letters of credit obtained from banks for performance guarantee/bid bonds | 6,924.75         | 1,611.58         |
| Total  | 6,924.75         | 1,611.58         |

(iii) Contingent Liabilities in respect of Performance Guarantee

| (₹ in Million)  |                  |                  |
|---|------------------|------------------|
| Particulars   | As at 31.03.2014 | As at 31.03.2013 |
| 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.   | 80,059.98        | 72,501.87        |
| 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). | 4,594.59         | 4,160.84         |
| Total   | 84,654.57        | 76,662.71        |

- 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. The Company has given performance guarantee to ANP, the regulatory authority in Brazil, favoring ONGC Campos Ltda (OCL) for BC-10 Project where OCL has a 27% participating interest (previous year 15% PI) and Shell Brazil is the operator.
- e. 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

ONGC Videsh 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:

| Particulars  | Notional Principal Amount ( ₹ in Million) | Notional Principal Amount ( USD in Million) | Termination Date          |
|--|---|---|---------------------------|
| 8.40% 5 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series I   | 15,000.00                                 | 299.23                                      | 23 <sup>rd</sup> Dec 2014 |
| 8.54% 10 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series II | 3,700.00                                  | 73.93                                       | 6 <sup>th</sup> Jan 2020  |
| <b>Total</b>   | <b>18,700.00</b>                          | <b>373.16</b>                               |                           |

The business of the 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 2014 and have been revalued on that date based on Mark-to-market positions reported by counter-party banks. During the year year ended 31 March 2014 Mark-to-market loss amounting to ₹ 2,244.85 Million (Previous period ₹ 1606.76 Millions) has been charged in the statement of Profit and Loss.

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)                 |                |                          |               |            |
|--------------------------------|----------------|--------------------------|---------------|------------|
|                                | Joint ventures | Key Managerial personnel | FY 2013-14    | FY 2012-13 |
| Income from rendering services | <b>180.96</b>  | -                        | <b>180.96</b> | 220.35     |
| Interest Income                | <b>90.91</b>   | -                        | <b>90.91</b>  | 39.26      |
| Remuneration                   | -              | <b>13.78</b>             | <b>13.78</b>  | 29.98      |

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 A-1, Myanmar                            |
|                | Block A-3, Myanmar                            |
|                | Block Farsi, Iran                             |
|                | Block XXIV, Syria                             |
|                | 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  |
|  | LLA - 69, Colombia   |
|  | San Cristobal Project, Venezuela   |
|  | Carabobo Project, Venezuela  |
|  | ONGC Nile Ganga B.V. , The Netherlands                                   |
|  | 000 Imperial Frac Service, Russian Federation                            |
|  | Satpayev Project, Kazakhstan   |
|  | ACG, Azerbaijan  |
|  | ONGC (BTC) Ltd, Cayman Island  |
|  | Block SS-04, Bangladesh  |
|  | Block SS-09, Bangladesh  |
|  | Block Area 1, Mozambique   |
|  | Mr D K Sarraf, Managing Director till 28 <sup>th</sup> February 2014     |
|  | Mr S P Garg, Managing Director & Director (Finance)                      |
|  | Mr Anil Bhandari, Director (Exploration) from 6 <sup>th</sup> March 2014 |
|  | Mr S Bhattacharya, Director (Operations)                                 |

|  |   |
|--|---|
| Key Management personnel<br>(excludes Joint Venture Company) | 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/-  
**(S B Singh)**  
Company Secretary

Sd/-  
**(S P Garg)**  
Managing Director & Director (Finance)

Sd/-  
**(D K Sarraf)**  
Chairman

Place : New Delhi  
Date : May 20, 2014

As per our report of even date attached  
For **S. Mann & Co.**  
Chartered Accountants

For **GSA & Associates**  
Chartered Accountants

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

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



# ONGC VIDESH LIMITED

## CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

| (₹ in Million)  |                             |                   |                             |            |
|---|-----------------------------|-------------------|-----------------------------|------------|
| Particulars   | Year ended<br>31 March 2014 |                   | Year ended<br>31 March 2013 |            |
| <b>A. CASH FLOW FROM OPERATING ACTIVITIES:</b>                  |                             |                   |                             |            |
| Net profit before tax and prior period items                    |                             | 69,467.23         |                             | 66,324.89  |
| Adjustments For:  |                             |                   |                             |            |
| - Foreign Currency Translation Reserve                          | 33,209.46                   |                   | 12,914.35                   |            |
| - Foreign Currency Monetary Item Translation Difference Account | (3,925.56)                  |                   | -                           |            |
| - Provisions for Doubtful Debts/Claims                          | 3,010.04                    |                   | 1,206.74                    |            |
| - Provision for Non Moving Inventory / (Reversal of provision)  | 804.46                      |                   | 139.43                      |            |
| - Other Provisions and Write Offs / (Reversal of provision)     | 4,395.52                    |                   | 1,566.13                    |            |
| - Unrealized Foreign Exchange Loss/(Gain)                       | (3,119.52)                  |                   | (2,959.91)                  |            |
| - Provision for Mark to Market loss on Derivative Contracts     | 2,244.85                    |                   | 1,606.76                    |            |
| - Depreciation on Tangible Assets (Net)                         | 8,002.54                    |                   | 3,180.62                    |            |
| - Amortisation - Intangibles                                    | 77.90                       |                   | 77.67                       |            |
| - Amortisation of Goodwill                                      | 4,544.99                    |                   | 4,161.72                    |            |
| - Depletion on Producing Properties                             | 36,053.81                   |                   | 19,938.23                   |            |
| - Interest Expenses   | 4,227.01                    |                   | 2,431.82                    |            |
| - Foreign Exchange Fluctuation related to borrowing cost        | (161.76)                    |                   | (17.68)                     |            |
| - Interest Income   | (961.76)                    |                   | (2,065.11)                  |            |
| - Gain on Foreign Exchange Forward Contract                     | (797.15)                    | 87,604.83         | (704.76)                    | 41,476.01  |
| <b>Operating Profit before Working Capital Changes</b>          |                             | <b>157,072.06</b> |                             | 107,800.90 |
| Adjustments for:-   |                             |                   |                             |            |
| - Decrease/(Increase) in Inventories                            | (3,644.54)                  |                   | (282.17)                    |            |
| - Decrease/(Increase) in Trade Receivables                      | 11,383.62                   |                   | (20,373.27)                 |            |
| - Decrease/(Increase) in Short Term Loans and Advances          | 1,267.55                    |                   | 2,652.22                    |            |
| - Decrease/(Increase) in Long Term Loans and Advances           | 1.86                        |                   | 781.85                      |            |
| - Decrease/(Increase) in Other Current Assets                   | (1,368.49)                  |                   | (3,447.40)                  |            |
| - Decrease/(Increase) in Other Non Current Assets               | (44,793.35)                 |                   | 5,521.72                    |            |
| - Decrease/(Increase) in Deferred Tax Assets (Net)              | (692.04)                    |                   | (850.99)                    |            |
| - Decrease/(Increase) in Goodwill                               | (104,835.04)                |                   | (9,440.84)                  |            |
| - Increase/(Decrease) in Short Term Borrowings                  | 86,339.65                   |                   | 48,356.03                   |            |
| - Increase/(Decrease) in Trade Payables                         | 12,016.60                   |                   | 82.27                       |            |
| - Increase/(Decrease) in Other current Liabilities              | 40,028.31                   |                   | (7,266.13)                  |            |
| - Increase/(Decrease) in Other Long Term Liabilities            | 117.27                      |                   | 193.89                      |            |
| - Increase/(Decrease) in Short Term Provisions                  | (71.33)                     |                   | 9.21                        |            |
| - Increase/(Decrease) in Long Term Provisions                   | (250.24)                    |                   | (129.06)                    |            |
| - Increase/(Decrease) in Liability for Abandonment              | 16,013.56                   |                   | 2,628.81                    |            |
| - Increase/(Decrease) in Deferred Tax Liabilities (Net)         | 2,555.00                    | 14,068.39         | 1,510.62                    | 19,946.76  |
| <b>Cash generated from/(used in) Operations</b>                 |                             | <b>171,140.45</b> |                             | 127,747.66 |

| Particulars   | Year ended<br>31 March 2014 |                     | Year ended<br>31 March 2013 |             |
|---|-----------------------------|---------------------|-----------------------------|-------------|
| Direct Taxes Paid (net of refunds)                                  |                             | (25,570.90)         |                             | (27,653.11) |
| <b>Net Cash Flow before Prior period items</b>                      |                             | <b>145,569.55</b>   |                             | 100,094.55  |
| Prior period items (Expenditure) / Income                           |                             | 420.93              |                             | 500.80      |
| <b>Net Cash Flow from/(used in) Operating Activities (A)</b>        |                             | <b>145,990.48</b>   |                             | 100,595.35  |
| <b>B. CASH FLOW FROM INVESTING ACTIVITIES:</b>                      |                             |                     |                             |             |
| - Purchase of Tangible Assets (Net)                                 |                             | (29,046.02)         |                             | (30,436.06) |
| - Purchase of Intangible Assets (Net)                               |                             | (68.39)             |                             | (55.18)     |
| - Expenditure on Projects   |                             | (262,257.58)        |                             | (65,927.68) |
| - Investment with Bank for Site Restoration                         |                             | (2,709.99)          |                             | (2,090.83)  |
| - Interest Income   |                             | 961.76              |                             | 2,065.11    |
| - Gain on Foreign Exchange Forward Contract                         |                             | 797.15              |                             | 704.76      |
| <b>Net Cash Flow from/(used in) Investing Activities (B)</b>        |                             | <b>(292,323.07)</b> |                             | (95,739.88) |
| <b>C. CASH FLOW FROM FINANCING ACTIVITIES:</b>                      |                             |                     |                             |             |
| - Proceeds from Non Convertible Redeemable Bonds                    |                             | (19,700.00)         |                             | -           |
| - Proceeds from Term Loans from Banks                               |                             | 106,606.50          |                             | -           |
| - Proceeds from Issue of Share Capital <sup>5</sup>                 |                             | 50,000.00           |                             | 40,000.00   |
| - Change in Minority Interest                                       |                             | 7,955.45            |                             | (93.94)     |
| - Net Long Term Borrowings from ONGC / (Repayments) <sup>5</sup>    |                             | (66,662.06)         |                             | (48,678.45) |
| - Change in Finance Lease Obligations (Unsecured)                   |                             | 2,052.04            |                             | (365.90)    |
| - Change in Foreign Currency Loans                                  |                             | 47,913.02           |                             | (245.62)    |
| - Interest Expenses   |                             | (4,227.01)          |                             | (2,431.82)  |
| - Foreign Exchange Fluctuation related to borrowing cost            |                             | 161.76              |                             | 17.68       |
| Net Cash Flow from/(used in) Financing Activities (C)               |                             | 124,099.70          |                             | (11,798.05) |
| Net Increase/(Decrease) in Cash and Cash Equivalents (A + B + C)    |                             | (22,232.89)         |                             | (6,942.58)  |
| Cash and Cash Equivalents as at start of the year (Opening Balance) |                             | 44,585.75           |                             | 51,528.33   |
| Cash and Cash Equivalents as at end of the year (Closing Balance)   |                             | 22,352.86           |                             | 44,585.75   |

**Note**

- 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.
- Bracket indicates cash outflow.
- Previous year figures have been regrouped wherever necessary to confirm the current year classification.
- 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.
- During the year, the Company had a rights issue of 500,000,000 (Previous year - 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 (ONGC) against consideration adjusted out of the loan given by ONGC to the Company.

Sd/-  
**(S B Singh)**  
Company Secretary

Sd/-  
**(S P Garg)**  
Managing Director & Director (Finance)

Sd/-  
**(D K Sarraf)**  
Chairman

As per our report of even date attached  
For **S. Mann & Co.**  
Chartered Accountants

For **GSA & Associates**  
Chartered Accountants

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

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

Place : New Delhi  
Date : May 20, 2014

## DETAILS OF SUBSIDIARIES OF ONGC VIDESH LIMITED

| S. Name of<br>No. Subsidiary<br>Company | (US\$ in Million)  |          |              |                   |  |          | For the year 2013-14   |                        |                       |                   |                  |           | (₹ in Million)   |                   |  |           |                        |                        |                       |                   |          |  |  |  |
|---|--|----------|--------------|-------------------|--|----------|------------------------|------------------------|-----------------------|-------------------|------------------|-----------|------------------|-------------------|--|-----------|------------------------|------------------------|-----------------------|-------------------|----------|--|--|--|
|   | As on 31.03.2014   |          |              |                   |  |          | For the year 2013-14   |                        |                       |                   |                  |           | As on 31.03.2014 |                   |  |           |                        |                        | For the year 2013-14  |                   |          |  |  |  |
|   | (a)  | (b)      | (c)          | (d)               | (e)  | (f)      | (g)                    | (h)                    | (i)                   | (j)               | (a)              | (b)       | (c)              | (d)               | (e)  | (f)       | (g)                    | (h)                    | (i)                   | (j)               |          |  |  |  |
|   | Capital Reserves   | 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 | Capital Reserves | 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.   | 0.09     | 2,808.48     | 3,097.51          | 288.94   | 972.27   | 671.71                 | 592.78                 | 59.49                 | 533.29            | -                | 5.39      | 168,677.50       | 186,036.48        | 17,353.58  | 58,394.47 | 40,624.86              | 35,851.04              | 3,597.67              | 32,253.37         | -        |  |  |  |
| 2                                       | ONGC Namada Limited  | 0.16     | (30.60)      | 1.75              | 32.19  | -        | -                      | (0.03)                 | -                     | (0.03)            | -                | 9.61      | (1,837.84)       | 105.11            | 1,933.33   | -         | -                      | (1.81)                 | -                     | (1.81)            | -        |  |  |  |
| 3                                       | ONGC Amazon Alaknanda Limited                                | 227.23   | 560.56       | 869.65            | 81.86  | -        | 351.26                 | 183.27                 | 63.00                 | 120.27            | -                | 13,647.43 | 33,667.23        | 52,231.18         | 4,916.51   | -         | 21,244.20              | 11,084.17              | 3,810.24              | 7,273.93          | -        |  |  |  |
| 4                                       | ONGC Campos Ltd.   | 295.03   | (114.19)     | 1,330.25          | 1,149.42   | -        | 245.59                 | (27.26)                | (1.67)                | (25.59)           | -                | 17,719.28 | (6,858.40)       | 79,894.87         | 69,033.98  | -         | 14,853.02              | (1,648.56)             | (100.72)              | (1,547.83)        | -        |  |  |  |
| 5                                       | ONGC Nile Ganga (Cyprus) Ltd.                                | 0.00     | 149.54       | 150.19            | 0.65   | -        | -                      | 4.41                   | 0.45                  | 3.96              | -                | 0.15      | 8,981.48         | 9,020.62          | 38.99  | -         | -                      | 266.42                 | 27.18                 | 239.24            | -        |  |  |  |
| 6                                       | ONGC Nile Ganga (San Cristobal) B.V.                         | 0.07     | 487.19       | 492.46            | 5.19   | 191.29   | 1.66                   | 125.27                 | -                     | 125.27            | 30.25            | 4.47      | 29,260.71        | 29,577.07         | 311.89   | 11,488.64 | 100.20                 | 7,576.13               | -                     | 7,576.13          | 1,829.52 |  |  |  |
| 7                                       | ONGC Satpayev E&P B.V.                                       | 0.02     | (0.02)       | 0.00              | -  | -        | -                      | (0.00)                 | -                     | (0.00)            | -                | 1.49      | (1.24)           | 0.25              | -  | -         | -                      | (0.25)                 | -                     | (0.25)            | -        |  |  |  |
| 8                                       | ONGC Caspian E&P B.V.  | 0.05     | 126.80       | 126.85            | -  | 0.04     | -                      | 7.33                   | 2.68                  | 4.65              | -                | 2.98      | 7,615.85         | 7,618.84          | -  | 2.45      | -                      | 443.14                 | 161.89                | 281.25            | -        |  |  |  |
| 9                                       | Imperial Energy Limited (previously known as Japeno Limited) | 0.22     | 2,507.79     | 3,484.75          | 976.74   | -        | -                      | (3.46)                 | -                     | (3.46)            | -                | 13.21     | 150,617.87       | 209,294.09        | 58,663.00  | -         | -                      | (209.26)               | -                     | (209.26)          | -        |  |  |  |
| 10                                      | Bancrus Holdings Limited                                     | -        | 17.02        | 107.04            | 90.02  | -        | -                      | (0.45)                 | -                     | (0.45)            | -                | -         | 1,022.22         | 6,428.82          | 5,406.60   | -         | -                      | (27.22)                | -                     | (27.22)           | -        |  |  |  |
| 11                                      | San Agio Investments Limited                                 | -        | 1.54         | 20.70             | 19.16  | -        | -                      | (0.26)                 | -                     | (0.26)            | -                | -         | 92.49            | 1,243.24          | 1,150.75   | -         | -                      | (15.72)                | -                     | (15.72)           | -        |  |  |  |
| 12                                      | Redcliffe Holdings Limited                                   | -        | 60.35        | 60.44             | 0.09   | -        | -                      | (0.03)                 | -                     | (0.03)            | -                | -         | 3,624.62         | 3,630.03          | 5.41   | -         | -                      | (1.81)                 | -                     | (1.81)            | -        |  |  |  |
| 13                                      | Imperial Energy Nord Limited                                 | 0.03     | 1,020.28     | 1,021.50          | 1.19   | -        | -                      | 0.02                   | -                     | 0.02              | -                | 1.80      | 61,278.02        | 61,351.29         | 71.47  | -         | -                      | 1.21                   | -                     | 1.21              | -        |  |  |  |
| 14                                      | Imperial Energy (Cyprus) Limited                             | 0.03     | 245.76       | 245.95            | 0.16   | -        | -                      | (0.03)                 | -                     | (0.03)            | -                | 1.80      | 14,760.35        | 14,771.76         | 9.61   | -         | -                      | (1.81)                 | -                     | (1.81)            | -        |  |  |  |
| 15                                      | Imperial Energy Tomsk Limited                                | -        | 10.95        | 11.16             | 0.21   | -        | -                      | (0.03)                 | -                     | (0.03)            | -                | -         | 657.66           | 670.27            | 12.61  | -         | -                      | (1.81)                 | -                     | (1.81)            | -        |  |  |  |
| 16                                      | Imperial Frac Services (Cyprus) Limited                      | -        | 0.19         | 0.30              | 0.11   | -        | -                      | 0.38                   | -                     | 0.38              | -                | -         | 11.41            | 18.02             | 6.61   | -         | -                      | 22.98                  | -                     | 22.98             | -        |  |  |  |
| 17                                      | LLC Nord Imperial  | 0.01     | 354.76       | 414.20            | 59.43  | -        | 32.36                  | (10.73)                | -                     | (10.73)           | -                | 0.60      | 21,306.89        | 24,876.85         | 3,569.37   | -         | 1,957.13               | (648.95)               | -                     | (648.95)          | -        |  |  |  |
| 18                                      | LLC Allanceneftegaz  | -        | (48.08)      | 220.18            | 268.26   | -        | 189.07                 | (44.94)                | -                     | (44.94)           | -                | -         | (2,887.68)       | 13,224.01         | 16,111.70  | -         | 11,434.95              | (2,717.97)             | -                     | (2,717.97)        | -        |  |  |  |
| 19                                      | LLC Sibirnet   | -        | (22.51)      | -                 | 22.51  | -        | -                      | (3.66)                 | -                     | (3.66)            | -                | -         | (1,351.95)       | -                 | 1,351.95   | -         | -                      | (221.36)               | -                     | (221.36)          | -        |  |  |  |
| 20                                      | LLC Rus Imperial Group                                       | -        | 7.88         | 32.41             | 24.53  | -        | -                      | (10.97)                | -                     | (10.97)           | -                | -         | 473.27           | 1,946.54          | 1,473.27   | -         | -                      | (663.47)               | -                     | (663.47)          | -        |  |  |  |
| 21                                      | Carabobo One AB  | 5.71     | 153.56       | 193.88            | 34.61  | -        | -                      | (0.08)                 | -                     | (0.08)            | -                | 342.94    | 9,222.81         | 11,644.43         | 2,078.68   | -         | -                      | (4.72)                 | -                     | (4.72)            | -        |  |  |  |
| 22                                      | Petro Carabobo Ganga B.V.                                    | 0.03     | 161.61       | 164.74            | 3.10   | 0.03     | -                      | (0.60)                 | -                     | (0.60)            | -                | 1.66      | 9,706.36         | 9,894.34          | 186.33   | 1.54      | -                      | (36.17)                | -                     | (36.17)           | -        |  |  |  |
| 23                                      | ONGC (BTC) Limited   | 8.00     | (14.56)      | 0.02              | 6.58   | -        | 16.69                  | 15.19                  | -                     | 15.19             | -                | 480.48    | (874.47)         | 1.20              | 395.19   | -         | 1,009.41               | 918.69                 | -                     | 918.69            | -        |  |  |  |
| 24                                      | BREML  | 528.37   | (202.71)     | 370.06            | 44.40  | -        | -                      | 0.48                   | -                     | 0.48              | -                | 31,733.90 | (12,174.76)      | 22,225.80         | 2,666.66   | -         | -                      | 29.03                  | -                     | 29.03             | -        |  |  |  |

## Exchange Rate

|                          |                    |
|--------------------------|--------------------|
| As on 31.03.2014         | 1 US\$ = ₹ 60.0600 |
| Average Rate for 2013-14 | 1 US\$ = ₹ 60.4800 |

**Notes:** In view of consent given by the Board pursuant to guidelines of Ministry of Corporate Affairs vide General Circular No. 2/2011 dated 08 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.