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ONGC VIDESH LIMITED

(incorporated with limited liability in India)

US\$750,000,000 3.250 per cent. Guaranteed Notes due 2019 (the “2019 Dollar Notes”)
US\$750,000,000 4.625 per cent. Guaranteed Notes due 2024 (the “2024 Dollar Notes”)
€525,000,000 2.750 per cent. Guaranteed Notes due 2021 (the “Euro Notes”)

Unconditionally and irrevocably guaranteed by

OIL AND NATURAL GAS CORPORATION LIMITED

(incorporated with limited liability in India)

The US\$750,000,000 3.250 per cent. Guaranteed Notes due 2019 (the “**2019 Dollar Notes**”), the US\$750,000,000 4.625 per cent. Guaranteed Notes due 2024 (the “**2024 Dollar Notes**”) and, together with the 2019 Dollar Notes, the “**Dollar Notes**”) and the €525,000,000 2.750 per cent. Guaranteed Notes due 2021 (the “**Euro Notes**”), and together with the 2019 Dollar Notes, the “**Notes**”) are issued by ONGC Videsh Limited (the “**Issuer**”), and will be unconditionally and irrevocably guaranteed (in respect of each of the 2019 Dollar Notes, the 2024 Dollar Notes or the Euro Notes, the “**Guarantee**”) by Oil and Natural Gas Corporation Limited (the “**Guarantor**”). The Notes will be direct, unconditional and unsecured obligations of the Issuer and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future.

The 2019 Dollar Notes will bear interest from and including 15 July 2014 at the rate of 3.250 per cent. per annum, payable semi-annually in arrear on 15 January and 15 July of each year. The first payment of interest will be made on 15 January 2015. Unless previously repurchased, cancelled or redeemed, the 2019 Dollar Notes will mature on 15 July 2019. The 2024 Dollar Notes will bear interest from and including 15 July 2014 at the rate of 4.625 per cent. per annum, payable semi-annually in arrear on 15 January and 15 July of each year. The first payment of interest will be made on 15 January 2015. Unless previously repurchased, cancelled or redeemed, the 2024 Dollar Notes will mature on 15 July 2024. The Euro Notes will bear interest from and including 15 July 2014 at the rate of 2.750 per cent. per annum, payable annually in arrear on 15 July of each year. The first payment of interest will be made on 15 July 2015. Unless previously repurchased, cancelled or redeemed, the Euro Notes will mature on 15 July 2021.

The Issuer may, at its option, redeem all, but not some only, of the Notes at any time at par plus accrued interest, in the event of certain tax changes as described in “*Terms and Conditions of the 2019 Dollar Notes*”, “*Terms and Conditions of the 2024 Dollar Notes*” and “*Terms and Conditions of the Euro Notes*”. Upon the occurrence of a Change of Control (as defined in “*Terms and Conditions of the 2019 Dollar Notes*”, “*Terms and Conditions of the 2024 Dollar Notes*” and “*Terms and Conditions of the Euro Notes*”), any Noteholder (as defined in “*Terms and Conditions of the 2019 Dollar Notes*”, “*Terms and Conditions of the 2024 Dollar Notes*” and “*Terms and Conditions of the Euro Notes*”), may require the Issuer to redeem all, or some only, of that Noteholder’s Notes at their principal amount together with any accrued but unpaid interest up to but excluding the Change of Control redemption date, which shall be 14 days after the expiry of 30 days after the Change of Control or the date upon which notice of a Change of Control is given to Noteholders. The Dollar Notes will be issued in registered form in amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. The Euro Notes will be issued in registered form in amounts of €100,000 and integral multiples of €1,000 in excess thereof. The 2019 Dollar Notes, the 2024 Dollar Notes and Euro Notes offerings, respectively, contemplated hereby will not be cross conditioned with one another.

Offering Price for the 2019 Dollar Notes: 99.598 per cent.

Offering Price for the 2024 Dollar Notes: 99.454 per cent.

Offering Price for the Euro Notes: 99.623 per cent.

Investing in the Notes involves certain risks. You should read “Risk Factors” beginning on page 23 before investing in the Notes.

Application will be made for the listing and quotation of the Dollar Notes on the Official List of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”). Such approval will be granted when the Dollar Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle for the listing and quotation of the Dollar Notes on the SGX-ST is not to be taken as an indication of the merits of the Dollar Notes or the Guarantee, or of the Issuer, the Guarantor or their respective subsidiaries or associated companies (if any). The Dollar Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 or its equivalent for so long as the Dollar Notes are listed on the SGX-ST.

Application will be made for the trading of the Euro Notes on the Freiverkehr (Open Market) of the Frankfurter Wertpapierbörse (Frankfurt Stock Exchange) (the “**FWB**”). The Open Market is not a regulated market for purposes of EU Directive 2004/39/EC (MiFID). The FWB assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Offering Circular.

Currently there is no public market for the Notes.

The Notes are expected to be assigned on issue a rating of Baa2 by Moody’s Investors Service, Inc. (“**Moody’s**”) and BBB- by Standard & Poor’s (“**S&P**”). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the “**Securities Act**”), or any other jurisdiction. Accordingly, the Notes are being offered and sold outside of the United States in compliance with Regulation S under the Securities Act (“**Regulation S**”). See “*Subscription and Sale*”.

This offering circular (the “**Offering Circular**”) has not been and will not be registered as a prospectus or a statement in lieu of a prospectus with the Registrar of Companies in India in accordance with the Companies Act, 1956, as amended and replaced from time to time, the Companies Act, 2013, as amended and other applicable Indian laws for the time being in force. This Offering Circular has not been and will not be reviewed or approved by any regulatory authority in India, including, but not limited to, the Securities and Exchange Board of India, any Registrar of Companies or any stock exchange in India. This Offering Circular, the Notes and the Guarantee are not and should not be construed as an advertisement, invitation, offer or sale of any securities whether to the public or by way of private placement to any person resident in India. The Notes have not been and will not be, offered or sold to any person resident in India. If you purchase any of the Notes, you will be deemed to have acknowledged, represented and agreed that you are eligible to purchase the Notes under applicable laws and regulations and that you are not prohibited under any applicable law or regulation from acquiring, owning or selling the Notes.

The 2019 Dollar Notes, the 2024 Dollar Notes and the Euro Notes will each initially be represented by a global certificate (the “**Global Certificate**”) which will be registered in the name of a nominee of, and deposited with a common depository for, Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”) and Euroclear Bank SA/NV (“**Euroclear**”) on or about 15 July 2014. Except as described herein, definitive certificates (“**Definitive Certificates**”) evidencing holdings of Notes will not be issued in exchange for interests in the Global Certificate. See “*The Global Certificate*”.

Joint Lead Managers and Joint Bookrunners

BNP PARIBAS Citigroup Deutsche Bank The Royal Bank of Scotland Standard Chartered Bank

The date of this Offering Circular is 7 July 2014.

CONTENTS

	Page
Summary	10
Summary of the Offer	18
Risk Factors	23
Terms and Conditions of the 2019 Dollar Notes	64
Terms and Conditions of the 2024 Dollar Notes	80
Terms and Conditions of the Euro Notes	81
The Global Certificate	98
Use of Proceeds	100
Exchange Rate Information	101
Capitalisation and Indebtedness of the Issuer	102
Capitalisation and Indebtedness of the Guarantor	103
Selected Financial Information and Other Data	104
The Issuer	107
Business	112
Description of Other Indebtedness	164
Overview of the Oil Industry of India	172
Management of the Guarantor	193
Principal Shareholders' and Directors' Interests in the Guarantor	202
Relationship with the Government of India and Certain Related Party Transactions	203
Summary of Relevant Indian Laws and Regulations	206
Taxation	222
Clearing and Settlement Arrangements	226
Subscription and Sale	228
Legal Matters	231
Independent Auditors	231
Experts	231
Summary of Certain Differences Between Indian GAAP and IFRS	232
General Information	245
Glossary of General and Technical Terms	247
Index to the Financial Statements	F-1
Annex A DeGolyer and MacNaughton Independent Estimates Report on Certain Assets Located in Various Counties Outside India	A-1
Annex B DeGolyer and MacNaughton Independent Estimates Report on Certain Fields with Interests Owned by Nord Imperial Ltd. in the Tomsk Region of Western Siberia, Russia	B-1
Annex C Sproule International Limited's Independent Audit Report on Certain GNPOC, GPOC and SPOC Fields in Sudan and South Sudan	C-1
Annex D DeGolyer and MacNaughton's Independent Estimates Report on the Reserves in 68 Selected Fields in India Operated by ONGC	D-1

NOTICE TO INVESTORS

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Offering Circular. To the best of the knowledge of the Issuer and the Guarantor (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Circular is in accordance with the facts and does not omit anything likely to affect the import of such information.

Each of the Issuer and the Guarantor, having made all reasonable enquiries, confirms that this Offering Circular contains all material information with respect to the Issuer, the Guarantor, the Notes and the Guarantee (including all information which, according to the particular nature of the Issuer, the Guarantor, the Notes and the Guarantee, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer or the Guarantor and of the rights attaching to the Notes and the Guarantee), that the information contained or incorporated in this Offering Circular is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Offering Circular are honestly held and that there are no other facts the omission of which would make this Offering Circular or any of such information or the expression of any such opinions or intentions misleading. Each of the Issuer and the Guarantor accepts responsibility accordingly.

None of the Joint Lead Managers (as defined in “*Subscription and Sale*”) nor Citicorp International Limited (the “**Trustee**”) has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Joint Lead Managers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Offering Circular or any other information provided by the Issuer and the Guarantor in connection with the offering of the Notes (the “**Offering**”).

No person is or has been authorised by the Issuer, the Guarantor, any of the Joint Lead Managers or the Trustee to give any information or to make any representation not contained in or not consistent with this Offering Circular or any other information supplied in connection with the offering of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, any of the Joint Lead Managers or the Trustee.

Neither this Offering Circular nor any other information supplied in connection with the offering of the Notes (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor, any of the Joint Lead Managers or the Trustee that any recipient of this Offering Circular or any other information supplied in connection with the offering of the Notes should purchase the Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and the Guarantor. Neither this Offering Circular nor any other information supplied in connection with the offering of the Notes constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor, any of the Joint Lead Managers or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Offering Circular nor the offer, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer and the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the offering of the Notes is correct as of any time subsequent to the date indicated in the document containing the same. The Joint Lead Managers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Notes or to advise any investor in the Notes of any information coming to their attention.

This Offering Circular does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Offering Circular and the offer or sale of Notes may be restricted by law in certain jurisdictions. The Issuer, the Guarantor, the Joint Lead Managers and the Trustee do not represent that this Offering Circular may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption

available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Joint Lead Managers or the Trustee which is intended to permit a public offering of the Notes or the distribution of this Offering Circular in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Offering Circular nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Offering Circular or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Offering Circular and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Offering Circular and the offer or sale of Notes in the United States, the United Kingdom, India, Hong Kong and Singapore, see “*Subscription and Sale*”.

Neither the U.S. Securities and Exchange Commission nor any state securities commission has approved or disapproved of these Notes or the Guarantees or determined if this Offering Circular is truthful or complete. Any representation to the contrary is a criminal offense.

IN CONNECTION WITH THE ISSUE OF THE NOTES, STANDARD CHARTERED BANK AS STABILISING MANAGER (THE “STABILISING MANAGER”) (OR PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER) MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE MARKET PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILISING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILISING MANAGER) WILL UNDERTAKE STABILISATION ACTION. ANY STABILISATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILISATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILISING MANAGER (OR PERSON(S) ACTING ON BEHALF OF THE STABILISING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

Each purchaser or holder of interests in the Notes will be deemed, by its acceptance or purchase of any such Notes, to have made certain representations and agreements as set out in “*Subscription and Sale*”.

CERTAIN DEFINITIONS AND CONVENTIONS

In this Offering Circular, the terms the “**Issuer**” or “**OVL**” refer to ONGC Videsh Limited and its consolidated subsidiaries. In this Offering Circular, the terms the “**Guarantor**”, “**ONGC**”, “**the Group**”, “**we**”, “**our**” and “**us**”, unless otherwise specified or the context otherwise implies, refer to Oil and Natural Gas Corporation Limited and its consolidated subsidiaries. All of the Guarantor’s international exploration and production activities outside India are carried out through the Issuer, and all references to the Guarantor in such context are to be construed accordingly. In this Offering Circular, references to “**Holders**” or “**Noteholders**” are to holders of the Notes from time to time. In this Offering Circular, unless otherwise specified or the context otherwise requires, references to “**India**” are to the Republic of India and its territories and possessions, references to the “**U.S.**” and the “**United States**” are references to the United States of America and its territories and possessions, references to the “**Indian Government**” or the “**Government**” are to the Government of India, references to the “**Companies Act**” are to the Companies Act, 1956, as amended and replaced from time to time and references to the “**Companies Act, 2013**” are to the Companies Act, 2013, as amended.

PRESENTATION OF OIL AND GAS RESERVES DATA

We have provided certain estimates regarding crude oil and natural gas reserves in this Offering Circular. These estimates are based solely on volumetric analysis of our various license areas. In calculating our domestic reserves, we use internally-developed definitions that are based in large part on the Society of Petroleum Engineers/World Petroleum Congress 1997 Standards (“**SPE/WPC 1997 Standards**”). Our internally-developed definitions do not strictly comply with currently accepted international standards and therefore our reserves estimates may not be comparable with other publicly listed companies. See “*Business—Exploration and Production Business—Presentation of Reserves Estimates*” and “*Business—Reserves Classification Standards*” for more information. Moreover, our international reserves have been calculated based on standards that vary according to the jurisdiction in which the operator and reserves are located. Our domestic and international management estimates of the reserves are approved by the Reserve Estimate Committee (the “**REC**”). Our domestic reserves (other than domestic reserves held through joint ventures) have historically been audited independently every five years but there is no assurance that we will conduct such audits every five years in the future. Investors should not place undue reliance on the Guarantor’s management estimates of its reserves. See “*Risk Factors—Risks Relating to the Guarantor’s Business—The Guarantor’s crude oil and natural gas reserves estimates involve a degree of uncertainty and may not prove to be correct over time. Moreover, these estimates may be unaudited or may not be fully audited and may not accurately reflect actual reserves, or even if accurate, technical limitations may prevent the Guarantor from producing crude oil or natural gas from these reserves.*”

In this Offering Circular, we report 1P, 2P and 3P reserves. “Proved reserves”, or 1P, refers to the estimated quantities of crude oil and natural gas that geological and engineering data demonstrate have reasonable certainty of being recovered in future years from known reservoirs under existing economic and operating conditions (that is, prices and costs at the date the estimate is made). “Proved and probable reserves”, or 2P, refers to 1P plus the estimated quantities of crude oil and natural gas that geological and engineering data demonstrate have a fair to good probability of being recovered in future years from known reservoirs under existing economic and operating conditions. “Proved, probable and possible reserves”, or 3P, refers to 2P plus the estimated quantities of crude oil and natural gas that geological and engineering data demonstrate have a low degree of certainty of being recoverable in future years from known reservoirs under existing economic and operating conditions.

Unless stated otherwise, all our 1P, 2P and 3P reserves consist of our participating interest in total global reserves, which in turn consists of our 100 per cent. interest in our independent oil and gas properties and our participating interest in joint venture and production-sharing contracts, without reflecting (i) our share of cash royalties payable to the Indian central government, Indian state governments and governmental bodies outside of India, (ii) other contractual payments such as profit petroleum, production-linked payments and bonuses, and (iii) reimbursement for exploration expenses attributable to our participating interest. Royalties and taxes payable to Indian government entities are payable in cash and are not payable in kind. Our 1P, 2P and 3P reserves also do not include an adjustment for taxes or other amounts payable by it.

Although we generally report our reserves of crude oil and natural gas in metric tons and cubic meters, respectively, for purposes of presentation in this Offering Circular, we have converted quantities of domestic crude oil from metric tons to barrels at a rate of one metric ton to 7.5 barrels. The conversion ratio of one metric ton to 7.5 barrels is based on the weighted average specific gravity of all crude oil produced from our domestic fields, including fields operated through joint ventures. We have used crude oil conversion ratios for our international producing fields based on the respective specific gravities of crude oil/condensate produced from those fields areas as follows: Greater Nile Petroleum Operating Company (“**GNPOC**”) (Sudan) and Greater Pioneering Operating Company (“**GPOC**”) (South Sudan): one metric ton to 7.3 barrels; Block 5A (South Sudan): one metric ton to 6.81 barrels; Vietnam condensate: one metric ton to 8.38 barrels; Sakhalin (Russia): one metric ton to 7.40 barrels; ACG (Azerbaijan): one metric ton to 7.39 barrels; Imperial (Russia): one metric ton to 7.66 barrels (1P), 7.72 barrels (2P) and 7.72 barrels (3P); Al Furat (Syria): one metric ton to 7.3 barrels; Block-24 (Syria): one metric ton to 7.41 barrels; Mansarovar Energy Colombia Ltd. (“**MECL**”) (Colombia): one metric ton to 6.51 barrels; Carabobo-1 (Venezuela): one metric ton to 6.29

barrels; PIVSA (Venezuela): one metric ton to 6.57 barrels; BC-10 (Brazil): one metric ton to 6.66 barrels; and CPO-5 (Colombia): one metric ton to 6.65 barrels. The conversion rate of metric ton to barrels for MRPL for refined products was at the rate of 7.415 barrels. Where natural gas volumes have been converted into oil equivalent numbers, this has been done using a factor of 1,000 standard cubic meters of natural gas equalling one metric ton of oil equivalent.

The estimates of our 44 international fields as of 1 October 2013 presented in this Offering Circular have been audited at our request by DeGolyer & MacNaughton (“**D&M**”), an international oil and gas consultant in a report dated 3 January 2014 (25 fields) and a report dated 3 January 2014 (19 fields of Imperial energy were certified by D&M as of 31 December 2012 and Imperial reserves as of 1 October 2013 were computed after adjusting production for the interim period) (the “**D&M OVL Report**”), which is included as Annexes A and B to this Offering Circular, respectively. The estimates of the Guarantor’s 68 fields in India as of 1 October 2013 presented in this Offering Circular have also been audited at our request by D&M (the “**D&M ONGC Report**”, and together with the D&M OVL Report, (the “**D&M Reports**”), which is included as Annex D to this Offering Circular. The reserves estimates presented in the D&M Reports have been prepared based in large part on the SPE-PRMS 2007 Standards. The estimates of our 52 fields in Sudan and South Sudan as of 1 October 2013 presented in this Offering Circular have been audited at our request by Sproule International Limited (“**Sproule**”), an international oil and gas consultant in a report dated 1 October 2013 (the “**Sproule Report**”, and together with the D&M Reports, the “**Reserves Reports**”) included as Annex C to this Offering Circular. The reserves estimates presented in the Sproule Report have been prepared based in large part on the SPE-PRMS 2007 Standards. The audited reserves of the Issuer as of 1 October 2013 constituted 97 per cent., 98 per cent. and 97 per cent. of 1P, 2P and 3P reserves, respectively. The unaudited reserves belong to two assets in Syria and certain small fields in Sudan and South Sudan. The audited reserves of the Guarantor in India as of 1 October 2013 constituted 100 per cent. of 1P, 2P and 3P reserves.

The Guarantor’s reporting policy is not, and is not required to be, derived from, or consistent with oil and gas reserves reporting requirements for filings with the U.S. Securities and Exchange Commission (“**SEC**”) and differs from such requirements in certain material respects. The Guarantor’s reserves would differ from those described herein if determined in accordance with oil and gas reserves reporting requirements for filings with the SEC. There are currently no clear regulations governing public disclosure of potential reserves by oil and gas companies operating in India or their use in securities offering documents.

Information in this Offering Circular that is derived or reproduced from each of the D&M Report and the Sproule Report is qualified in its entirety by reference to the report. Prospective investors should read “*Business—Overview*” and each of the D&M Report and the Sproule Report for more information on our reserves and resources, the assumptions, methods and procedures used in the preparation of the reserve estimates and the underlying assumptions thereof and the reserves and resources definitions that we use.

PRESENTATION OF FINANCIAL INFORMATION

References to a fiscal year are to the twelve month period ending or ended on 31 March of the corresponding fiscal year. For example:

- “**Fiscal 2014**” is to the twelve-month period ended on 31 March 2014;
- “**Fiscal 2013**” is to the twelve-month period ended on 31 March 2013; and
- “**Fiscal 2012**” is to the twelve-month period ended on 31 March 2012.

The financial information included in this Offering Circular relating to the Issuer have been derived from its consolidated financial statements, the financial information relating to the Guarantor and its subsidiaries have

been derived from its consolidated financial statements and the financial information relating to the Guarantor on a stand-alone basis have been derived from its non-consolidated financial statements. Unless expressly stated otherwise, all financial data in this Offering Circular are presented on a consolidated basis in accordance with accounting principles generally accepted in India (“**Indian GAAP**”).

For a summary of certain differences between Indian GAAP (including the requirements for the presentation of financial statements are set out in Revised Schedule VI to the Companies Act and the Accounting Standards, notified under the Companies (Accounting Standards) Rules, 2006 (as amended) and IFRS, see “*Summary of Certain Differences Between Indian GAAP and IFRS*”. Each of the Issuer and the Guarantor prepares its financial statements in accordance with Indian GAAP and the requirements of the Companies Act and the financial statements of each of the Issuer and the Guarantor included in this Offering Circular comprise its respective audited consolidated financial statements as of and for the years ended 31 March 2012, 2013 and 2014.

Each of the Issuer and the Guarantor publishes its financial statements in Indian Rupees. All references herein to “**INR**”, “**Indian Rupees**”, “**Rupees**”, “**Rupee**” and “**Rs.**” are to Indian Rupees, all references herein to “**U.S. dollars**”, “**United States dollars**”, “**USD**” and “**US\$**” are to United States dollars and all references herein to “**€**”, “**Euros**” and “**euros**” are to the official currency of certain member states of the European Union. Unless otherwise stated, all translations from Indian Rupees to United States dollars have been made on the basis of the RBI Reference Rate as of 28 March 2014 of Rs. 60.10 = US\$1.00. All amounts translated into United States dollars as described above are provided solely for the convenience of the reader, and no representation is made that the Indian Rupees or United States dollar amounts referred to herein could have been or could be converted into any other currency, at any particular rate, at the above rates or at all.

References to “**crores**” and “**lakhs**” in this Offering Circular and in the Issuer’s and the Guarantor’s consolidated and unconsolidated financial statements are to the following:

One lakh.	100,000 (one hundred thousand)
One crore	10,000,000 (ten million)
Ten crores.	100,000,000 (one hundred million)
One hundred crores	1,000,000,000 (one billion)

INDUSTRY AND OTHER MARKET DATA

Information contained in this Offering Circular regarding markets, market size, market share, growth rates and other industry data pertaining to the Issuer and the Guarantor’s business consist of estimates and data taken or derived from various public sources, including market research, publicly available information and industry publications. While the Issuer and the Guarantor have compiled, extracted, reproduced market or other industry data from external sources, including third parties, analysts or industry or general publications, the Issuer, the Guarantor and the Joint Lead Managers have not independently verified that data or ascertained the underlying economic assumptions relied upon therein. Reasonable actions have been taken by us to ensure that the information in this Offering Circular that is based on third party sources have been accurately reproduced and, as far as the Issuer, the Guarantor and the Joint Lead Managers are aware and are able to ascertain from information published by third parties, no facts have been omitted that would render the reproduced information inaccurate or misleading. Subject to the foregoing, none of the Issuer, the Guarantor or the Joint Lead Managers can assure investors of the accuracy and completeness of, or take any responsibility for, such data. The source of such third party information is cited whenever such information is used in this Offering Circular.

FORWARD LOOKING STATEMENTS

This Offering Circular contains certain “forward-looking statements”. These forward-looking statements generally can be identified by words or phrases such as “aim”, “anticipate”, “believe”, “expect”, “estimate”, “intend”, “objective”, “plan”, “project”, “will”, “will continue”, “will pursue” or other words or phrases of

similar import. Similarly, statements that describe our objectives, strategies, plans or goals are also forward-looking statements. All forward looking statements are subject to risks, uncertainties and assumptions about us that could cause actual results to differ materially from those contemplated by the relevant forward-looking statement.

Important factors that could cause actual results to differ materially from our expectations include, but are not limited to, the following:

- the project completion dates, estimated project costs and total value of contracts awarded;
- variation in reserves data and estimates relating to contingent and prospective resources, and our actual production, revenues and expenditure;
- production volumes;
- the outcome of exploration and development activity;
- our ability to find, develop or acquire additional reserves;
- fluctuations or a substantial or extended decline in international prices for oil and gas;
- regulatory changes pertaining to the industries in India or other countries in which we have our businesses and our ability to respond to them;
- claims against us due to an environmental disaster, exploration accidents or any other uninsured event;
- our ability to successfully implement our strategy, our growth and expansion;
- regulatory changes in the oil and gas sector;
- general economic and business conditions in the markets in which we operate and in the local, regional and national economies;
- technological changes in the future;
- our exposure to market risks;
- general economic and political conditions in India and which have an impact on our business activities or investments;
- terrorist attacks, civil disturbances, regional conflicts, accidents and natural disasters;
- the monetary and fiscal policies of India, inflation, deflation, unanticipated turbulence in interest rates, foreign exchange rates, equity prices or other rates or prices;
- the performance of the financial markets in India and globally;
- changes in domestic laws, regulations and taxes; and
- increasing competition in or other factors affecting the industry segments in which we operate.

For further discussion of factors that could cause our actual results to differ, see “*Risk Factors*”. By their nature, certain market risk disclosures are only estimates and could be materially different from what actually occurs in the future. As a result, actual future gains or losses could materially differ from those that have been estimated. None of the Issuer, the Guarantor, the Joint Lead Managers nor any of their respective affiliates have any obligation to update or otherwise revise any statements reflecting circumstances arising after the date hereof or to reflect the occurrence of underlying events, even if the underlying assumptions do not come to fruition.

ENFORCEMENT OF FOREIGN JUDGMENTS IN INDIA

Each of the Issuer and the Guarantor is a limited liability public company incorporated under the laws of India. All of the Issuer's and the Guarantor's directors and executive officers are residents of India and a substantial portion of the assets of the Issuer and the Guarantor and such persons are located in India. As a result, it may not be possible for investors to effect service of process on the Issuer or the Guarantor or such persons in jurisdictions outside of India, or to enforce against them judgments obtained in courts outside of India predicated upon civil liabilities of the Issuer or the Guarantor or such directors and executive officers under laws other than Indian law, including any judgment predicated upon United States federal securities laws. There is doubt as to the enforceability in India in original actions or in actions for enforcement of judgments of United States courts of civil liabilities predicated solely upon the federal securities laws of the United States.

In addition, India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgments. Recognition and enforcement of foreign judgments is provided for under section 13 and section 44A of the Indian Code of Civil Procedure, 1908 (the "**Civil Code**"). Section 44A of the Civil Code provides that where a foreign judgment has been rendered by a superior court in any country or territory outside India which the Indian Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgment had been rendered by the relevant court in India. However, section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes or other charges of a like nature or in respect of a fine or other penalty and is not applicable to arbitration awards even if such awards are enforceable as a decree or judgment.

The United States has not been declared by the Indian Government to be a reciprocating territory for the purposes of section 44A of the Civil Code. However, the United Kingdom has been declared by the Indian Government to be a reciprocating territory and the High Courts in England as the relevant superior courts. Accordingly, a judgment of a court in the United States may be enforced only by a fresh suit upon the judgment and not by proceedings in execution. A judgment of a court in a jurisdiction which is not a reciprocating territory may be enforced only by a new suit upon the judgment and not by proceedings in execution. Section 13 of the Civil Code provides that a foreign judgment shall be conclusive as to any matter thereby directly adjudicated upon except: (i) where it has not been pronounced by a court of competent jurisdiction; (ii) where it has not been given on the merits of the case; (iii) where it appears on the face of the proceedings to be founded on an incorrect view of international law or a refusal to recognise the law of India in cases where such law is applicable; (iv) where the proceedings in which the judgment was obtained were opposed to natural justice; (v) where it has been obtained by fraud; or (vi) where it sustains a claim founded on a breach of any law in force in India. The suit must be brought in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action is brought in India. Furthermore, it is unlikely that an Indian court would enforce a foreign judgment if it viewed the amount of damages awarded as excessive or inconsistent with Indian practice. A party seeking to enforce a foreign judgment in India is required to obtain approval from the Reserve Bank of India (the "**RBI**") to repatriate outside India any amount recovered pursuant to execution. Any judgment in a foreign currency would be converted into Indian Rupees on the date of the judgment and not on the date of the payment. Also, a party may file suit in India against each of the Issuer and the Guarantor, its directors or its executive directors as an original action predicated upon the provisions of the federal securities laws in the United States.

ENFORCEMENT OF THE GUARANTEE

The primary exchange control legislation in India is the Foreign Exchange Management Act, 1999 (“**FEMA**”). Pursuant to FEMA, the Indian Government and the RBI have promulgated various regulations, rules, circulars and press notes in connection with various aspects of exchange control.

In accordance with the Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2000 of India read with the Master Circular on External Commercial Borrowings and Trade Credits dated 1 July 2013 (as updated till 16 June 2014) issued by the RBI, as modified and amended from time to time by any rules, regulations, notifications, circulars, press notes or orders issued by the RBI or other governmental authority of India in relation to external commercial borrowings (the “**ECB Guidelines**”), RBI has delegated power to the AD Category-I banks to convey ‘*no objection*’ as per ECB Guidelines under FEMA for, *inter alia*, issue of corporate guarantees in favour of an overseas lender to secure the external commercial borrowing to be raised by a borrower. A “*no objection*” from an AD Category-I bank shall be obtained by the Issuer, in respect of the Guarantee issued by the Guarantor and in the event of invocation, the Issuer may be required to obtain RBI’s prior approval for remittance of any amounts outside India.

If a guarantee issued by an Indian company on behalf of its wholly owned subsidiary is enforced by a competent court in a territory other than a “*reciprocal territory*”, the judgment must be enforced in India by a new suit upon the judgment and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgment in the same manner as any other suit filed to enforce a civil liability in India. A party seeking to enforce a foreign judgment in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to the execution of such a judgment. For further details on the recognition and enforcement of foreign judgments in India, see “*Enforcement of Foreign Judgments in India*”.

The Guarantor would not be entitled to immunity on the basis of sovereignty or otherwise from any legal proceedings in India to enforce the Guarantee or any liability or obligation of the Guarantor arising thereunder.

As the Guarantee is an obligation of a type which Indian courts would usually enforce, the Guarantee should be enforced against the Guarantor in accordance with its terms by an Indian court, subject to the following exceptions:

- enforcement may be limited by general principles of equity, such as injunctions;
- Indian courts have sole discretion to grant specific performance of the Guarantee and may not grant specific performance in instances such as where damages are considered by the Indian court to be an adequate remedy, or where the court does not regard specific performance to be the appropriate remedy;
- actions may become barred under the Limitation Act, 1963, or may be or become subject to set-off or counterclaim, and failure to exercise a right of action within the relevant prescribed limitation period will operate as a bar to the exercise of such right;
- any certificate, determination, notification, opinion or the like will not be binding on an Indian court, which will have to be independently satisfied on the contents thereof for the purpose of enforcement despite any provisions in the relevant documents to the contrary; and
- all limitations resulting from the laws of reorganisation, suretyship or similar laws of general application affecting creditors’ rights.

INDIAN GOVERNMENT APPROVALS/FILINGS

The Offering is authorised under the automatic route of the RBI in accordance with and pursuant to the provisions of the Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2000 of India, as amended from time to time, read with the ECB Guidelines, as amended and updated, pursuant to the approval granted by the RBI in its letter dated 16 May 2014. A “*no objection*” from an AD Category-I bank as per the ECB Guidelines under FEMA shall be obtained by the Issuer, in respect of the Guarantee issued by the Guarantor.

The Issuer will make all required filings, registrations or reports with the relevant governmental authorities of India from time to time, including, but not limited to, the filing of the requisite forms, reports and returns with the RBI through the authorised dealer (bank) in India in relation to the Offering in accordance with the ECB Guidelines.

SUMMARY

Overview

The Guarantor was the largest oil and gas exploration and production company in India in terms of production and reserves of oil and gas in Fiscal 2014. Through the Issuer, the Guarantor also engages in exploration and production activities in 16 other countries, namely Russia, Sudan, South Sudan, Vietnam, Brazil, Syria, Venezuela, Mozambique, Myanmar, Libya, Bangladesh, Kazakhstan, Iraq, Iran, Azerbaijan and Colombia. The Guarantor has integrated downstream activities in India, including owning and operating an oil refinery in Mangalore with an installed capacity of 15 MMTPA. The Guarantor is present across the hydrocarbon value chain with operations in refining, petrochemicals, power and LNG in addition to its exploration and production activities. In the Platts Top 250 Global Energy Companies Rankings, 2013 (October 2013), which measures financial performance by examining various companies' assets, revenues, profits and return on invested capital, the Guarantor was ranked third globally among oil and gas companies in the exploration and production category, and 22nd overall. Further, the Guarantor was ranked 155th in the Forbes Global 2000 list of the world's biggest companies for 2013, based on sales, profits, assets and market capitalisation.

According to management's internal estimates, the Guarantor's 1P, 2P and 3P crude oil and natural gas reserves outside of Sudan and South Sudan, as of 31 March 2014, were 940.15 MMtoe, 1,641.67 MMtoe and 1,968.74 MMtoe, respectively. According to management's estimates, the Guarantor's 1P, 2P and 3P crude oil and natural gas reserves in Sudan and South Sudan, as of 31 March 2014, were 21.76 MMtoe, 25.48 MMtoe and 35.41 MMtoe, respectively. These 1P, 2P and 3P reserves estimates cover the Guarantor's proportionate share of all of the Guarantor's crude oil and natural gas assets, including the Guarantor's 100 per cent. owned and operated blocks, as well as its participating interests in joint venture operations, both in India and internationally. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of total production from domestic and international operations, including both operated and non-operated fields, aggregated 33.14 MMT (246.52 MMbbls), 30.47 MMT (226.33 MMbbls) and 31.50 MMT (234.08 MMbbls) of crude oil, respectively, and 28.05 BCM, 28.26 BCM and 27.72 BCM of natural gas, respectively.

In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's consolidated gross revenues were Rs. 1,511,003.3 million, Rs. 1,658,481.9 million and Rs. 1,782,051.8 million, respectively, and its consolidated profit after tax was Rs. 281,436.2 million, Rs. 242,196.4 million and Rs. 265,065.3 million, respectively.

The Guarantor was awarded exploration and production company of the year, project management (above Rs. 20,000 million) company of the year and innovator of the year for 2012-2013 in the Petrofed Oil & Gas Industry Award 2012, held by the Petroleum Federation of India. The Guarantor's subsidiary, MRPL, received refinery of the year award for 2012-2013 in the Petrofed Oil & Gas Industry Award 2012.

Domestic Exploration and Production

The Guarantor conducts its domestic exploration and production activities through its independent operations as well as in associations and joint ventures with other oil and gas companies, including Bharat Petroleum Corporation Limited ("BPCL"), Indian Oil Corporation Limited ("IOCL"), Oil India Limited ("OIL"), Gas Authority of India Ltd. ("GAIL"), Gujarat State Petroleum Corporation ("GSPC"), Cairn India Limited, BP, and Videocon Industries Limited. The Guarantor's domestic production (excluding production from fields operated through joint ventures, and including production attributable to minority participants in the Guarantor's domestic fields) represented 59 per cent. and 66 per cent. of India's total production of crude oil and natural gas, respectively, for Fiscal 2014.

As of 31 March 2014, the Guarantor operated 374 crude oil and natural gas reserves bearing fields in India. In addition, as of 31 March 2014, the Guarantor held interests in petroleum exploratory licenses for 70 exploratory blocks in India.

In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of total domestic production aggregated 26.93 MMT (201.98 MMbbls), 26.13 MMT (195.98 MMbbls) and 25.99 MMT (194.93 MMbbls) of crude oil, respectively, and 25.51 BCM, 25.34 BCM and 24.85 BCM of natural gas, respectively. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of domestic average daily production was approximately 553,253 barrels per day, 536,712 barrels per day and 534,041 barrels per day of crude oil, respectively, and 69.90 MCM per day, 69.40 MCM per day and 68.08 MCM per day of natural gas, respectively.

International Exploration and Production

The Guarantor carries out its international exploration and production activities through the Issuer, ONGC Videsh Limited, and its subsidiaries through independent operations, as well as through associations and joint ventures that the Guarantor undertakes with other oil and gas companies, including IOCL, OIL, ExxonMobil, British Petroleum, China National Petroleum Company, Petronas, Petrobras Brasileiro S.A., Shell, Ecopetrol Oleo e Gas do Brazil Limitada, Repsol-YPF Cuba S.A., Sinopec International Petroleum Exploration and Production Corporation and Statoil Oil and Gas AS. As of the date of this Offering Circular, the Guarantor held participating interests in 33 projects across 16 countries, namely Russia, Sudan, South Sudan, Vietnam, Brazil, Syria, Venezuela, Bangladesh, Myanmar, Libya, Mozambique, Kazakhstan, Iraq, Iran, Azerbaijan and Colombia, comprising 13 producing projects, 14 exploration blocks, four discovered/development blocks and two pipeline projects.

In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of total international production was 6.21 MMT (44.54 MMbbls), 4.34 MMT (30.35 MMbbls) and 5.49 MMT (39.15 MMbbls) of crude oil, respectively, and 2.54 BCM, 2.92 BCM and 2.87 BCM of natural gas, respectively. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of international average daily production was approximately 121,697 barrels per day, 83,154 barrels per day and 107,258 barrels per day of crude oil, respectively, and 6.94 MCM per day, 8.0 MCM per day and 7.86 MCM per day of natural gas, respectively.

Refineries and Other Projects

The Guarantor is also present in downstream refining and marketing operations in India, primarily through its subsidiary MRPL, which operates a refinery in Mangalore with an installed capacity of 15 MMTPA. The installed capacity of the plant was increased from 11.82 MMTPA to 15 MMTPA in Fiscal 2012. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, MRPL processed 12.82 MMT (94.47 MMbbls), 14.40 MMT (106.15 MMbbls) and 14.55 MMT (107.23 MMbbls) of crude oil, respectively. Further, the Guarantor is in the process of further integrating its operations in other areas, including the establishment of a petrochemicals complex at Dahej, which is scheduled for commissioning in the fourth quarter of Fiscal 2015, and the establishment of manufacturing facilities for the production of paraxylene and benzene at Mangalore, which are scheduled for commissioning by the end of the second quarter of Fiscal 2015. The Guarantor is also involved in alternative energy projects, including research and development in shale gas, the development of coalbed methane, a pilot project for underground coal gasification, the operation of a wind farm project and exploring the feasibility of establishing a nuclear power project.

Competitive Strengths

The Guarantor believes that its historical success and future prospects are directly related to a combination of the following competitive strengths:

Largest crude oil and natural gas reserves, exploration area and production capability among Indian oil and gas companies engaged in exploration and production

Reserves

The Guarantor has the largest proved reserves in India of any oil and gas company, according to the HEPA Report 2011-2012. The Guarantor believes that its reserves provide it with an abundant and stable long-term source of hydrocarbons for crude oil and natural gas production.

According to management's internal estimates, the Guarantor's 1P, 2P and 3P crude oil and natural gas reserves outside of Sudan and South Sudan, as of 31 March 2014, were 940.15 MMtoe, 1,641.67 MMtoe and 1,968.74 MMtoe, respectively. According to management's estimates, the Guarantor's 1P, 2P and 3P crude oil and natural gas reserves in Sudan and South Sudan, as of 31 March 2014, were 21.76 MMtoe, 25.48 MMtoe and 35.41 MMtoe, respectively. These estimates include (i) 207.13 MMtoe, 600.69 MMtoe and 637.34 MMtoe of 1P, 2P and 3P reserves, respectively relating to the Guarantor's international fields, and (ii) 754.78 MMtoe, 1,066.46 MMtoe and 1,366.80 MMtoe of 1P, 2P and 3P reserves, respectively, relating to the Guarantor's domestic fields, and cover the Guarantor's proportionate share of all of the Guarantor's crude oil and natural gas assets, including the Guarantor's 100 per cent. owned and operated blocks, as well as its participating interests in joint venture operations.

The Guarantor focuses on reserves accretion through pursuing exploration and development activities. The Guarantor strives to maintain a reserve replacement ratio, meaning a ratio greater than 1.0. Based on management estimates, as of 31 March 2014, the Guarantor has achieved a 1P oil and oil equivalent gas reserve replacement ratio in its ONGC-operated domestic fields for Fiscal 2007, 2008, 2010, 2012 and 2013. As of 31 March 2014, the Guarantor has also achieved a 2P oil and oil equivalent gas reserves replacement ratio for Fiscal 2007 to Fiscal 2014 in its ONGC-operated domestic fields, and a 3P oil and oil equivalent gas reserves replacement ratio for Fiscal 2006 to Fiscal 2014 in its ONGC-operated domestic crude oil and natural gas fields.

Exploration Area

As of 31 March 2014, the Guarantor owned and operated nomination blocks covering an aggregate area of approximately 96,617.14 sq. km. The Guarantor owned and operated NELP blocks covering an aggregate area of approximately 170,577 sq. km. in India. As of 31 March 2014, the Guarantor owned and operated two pre-NELP blocks. The Guarantor believes that its strong operational capabilities and financial position enable it to pursue these exploration opportunities.

Production

The Guarantor was the largest producer of crude oil and natural gas in India in Fiscal 2014. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of total domestic production aggregated 26.93 MMT (201.90 MMbbls), 26.13 MMT (195.9 MMbbls) and 25.99 MMT (194.93 MMbbls) of crude oil, respectively, and 25.51 BCM, 25.34 BCM and 24.85 BCM of natural gas, respectively. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of domestic average daily production was approximately 553,253 barrels per day, 536,712 barrels per day and 534,041 barrels per day of crude oil, respectively, and 69.90 MCM per day, 69.40 MCM per day and 68.08 MCM per day of natural gas, respectively. In Fiscal 2014, the Guarantor's proportionate share of domestic production (excluding production from fields operated through joint ventures) represented 59 per cent. and 66 per cent. of India's total production of crude oil and natural gas, respectively, in Fiscal 2014.

Increasing international reserves and production

In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of total international production aggregated 6.21 MMT (44.54 MMbbls), 4.34 MMT (30.35 MMbbls) and 5.49 MMT (39.15 MMbbls) of crude oil, respectively, and 2.54 BCM, 2.92 BCM and 2.87 BCM of natural gas, respectively. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of international average daily production was approximately 121,697 barrels per day, 83,154 barrels per day and 107,258 barrels per day of crude oil, respectively, and 6.94 MCM per day, 8.0 MCM per day and 7.86 MCM per day of natural gas, respectively. The Guarantor also focuses on international reserves accretion through independent efforts towards international discoveries and acquisitions, as well as through partnerships and joint ventures in producing assets.

According to management's internal estimates, the Guarantor's international 1P, 2P and 3P crude oil and natural gas reserves outside of Sudan and South Sudan as of 31 March 2014 were 185.37 MMtoe (comprising 90.42 MMT (651.61 MMbbls) of crude oil and 94.95 BCM of natural gas), 575.21 MMtoe (comprising 235.92 MMT (1,697.50 MMbbls) of crude oil and 339.29 BCM of natural gas) and 601.94 MMtoe (comprising 244.28 MMT (1,765.68 MMbbls) of crude oil and 357.66 BCM of natural gas), respectively. According to management estimates, the Guarantor's 1P, 2P and 3P crude oil and natural gas reserves in Sudan and South Sudan as of 31 March 2014 were 21.76 MMtoe (comprising 21.76 MMT (155.99 MMbbls) of crude oil), 25.48 MMtoe (comprising 25.48 MMT (182.90 MMbbls) of crude oil) and 35.41 MMtoe (comprising 35.41 MMT (255.20 MMbbls) of crude oil), respectively.

The Guarantor's international reserves are located in various countries, including in Russia, Azerbaijan, Sudan, South Sudan, Vietnam, Brazil, Syria, Colombia, Venezuela, Myanmar and Mozambique. As of the date of this Offering Circular, the Guarantor held participating interests in 33 projects across 16 countries, comprising 13 producing projects, 14 exploration blocks, four discovered/development blocks and two pipeline projects.

Technological capabilities in sustaining production from mature fields

The Guarantor deploys a wide array of secondary recovery, artificial lift, improved oil recovery and enhanced oil recovery techniques and strives to achieve maximum recovery from its crude oil reserves, which derive mainly from mature fields, particularly in India. As part of the Guarantor's reservoir management strategy, the Guarantor employs these techniques from a relatively early stage in the life of oil fields to enhance recovery. The Guarantor believes these measures have enabled it to arrest the decline in production of its mature domestic fields. The Guarantor has also entered into a joint venture with the Energy and Resources Institute to combine its technical expertise and research capabilities in order to further increase the efficiency of its crude oil recovery operations.

Presence across the hydrocarbon value chain

The Guarantor has expanded its traditional strength in exploration and production by enhancing its presence across the hydrocarbon value chain. The Guarantor's operations include extraction of value added products such as C2 ethane-C3 propane, liquefied petroleum gas, naphtha, superior kerosene oil, aviation turbine fuel and high speed diesel from gas and condensate streams. The Guarantor is also present in downstream refining and marketing operations in India through its subsidiary MRPL, which operates a refinery with an installed capacity of 15.00 MMTPA. The Guarantor holds a 12.50 per cent. equity interest in Petronet LNG Limited, which owns and operates a 10 MMTPA LNG receiving and regasification terminal at Dahej. The Guarantor holds a 28.77 per cent. equity interest in Petronet MHB Limited which operates a cross-country petroleum products pipeline that allows the transportation of a variety of finished petroleum oil products from the Guarantor's refinery at Mangalore.

The Guarantor is also in the process of commissioning a C2+ fraction recovery plant from LNG stream at its Dahej facility and establishing a mega petrochemical complex comprising of 1.10 MMTPA Ethylene Cracker and downstream Polymer Plant at Dahej SEZ in Gujarat. The Guarantor's C2+ fraction extraction plant at Dahej and gas processing plants at Hazira and Uran will supply feedstock to this petrochemical plant. The Guarantor expects to commission this petrochemical project in the fourth quarter of Fiscal 2015 at an estimated project cost of Rs. 213,960 million. The Guarantor envisages that it will hold 26 per cent. equity interest in this project and the GAIL and GSPC will hold 15.50 per cent. and 0.45 per cent. Interest, respectively. Allocation of the remaining equity interest is yet to be determined.

The Guarantor is also setting up manufacturing facilities for the production of paraxylene (0.92 MMTPA) and benzene (0.27 MMTPA) from MRPL's aromatic streams through a joint venture, ONGC Mangalore Petrochemicals Limited, promoted by the Guarantor, which directly holds a 46 per cent. equity interest, and MRPL, which holds a 3 per cent. equity interest. The Guarantor estimates the total cost of this project at Rs. 57,506.9 million (funded through a term loan of Rs. 25,080.0 million and an ECB loan of U.S.\$250 million) and expects to commission the plant in the second quarter of Fiscal 2015. The Guarantor is also establishing

a 726.6 MW gas-based combined cycle power plant at Pallatana in Tripura through a joint venture, ONGC Tripura Power Company Limited, in which the Guarantor holds a 49.52 per cent. equity interest, and a subsidiary of Infrastructure Leasing and Financial Services Limited and the Tripura government hold 49.52 per cent. interest and 0.96 per cent. interest, respectively. The Guarantor estimates the total cost of the project at Rs. 38,040 million. Unit-I (363.3 MW) commenced its commercial operations from 4 January 2014. The Guarantor expects to commission Unit-II (363.3 MW) in the second quarter of Fiscal 2015.

Crude oil and natural gas exploration experience and capabilities, including best-in-class infrastructure and facilities

Since its inception, the Guarantor has gained substantial exploration, development and production expertise, in particular with respect to the geological conditions in India. The Guarantor believes that it has accumulated a large collection of raw and proprietary geological data relating to offshore and onshore regions in India, and that such knowledge and database represent a competitive advantage over other foreign and domestic oil and gas companies that compete with the Guarantor in India for exploration, development and production acreage. In addition, the Guarantor's knowledge and experience in India enable it to attract prospective joint venture and production-sharing partners, which further improves the Guarantor's ability to pursue domestic exploration, development and production opportunities, and to obtain access to advanced technologies and techniques through such joint ventures and production-sharing partners. The Guarantor also benefits from its skilled workforce and senior management team, who hold significant industry experience.

The Guarantor's average finding costs and all-in production costs benefit from its low manpower costs, relatively high use of in-house services, utilisation of depreciated infrastructure and equipment and effective use of its large base of geological data and expertise. The Guarantor believes that its cost structure enables it to compete effectively even in an environment of low crude oil prices. The Guarantor has installed various infrastructures, including drilling and work-over rigs, onshore and offshore production facilities, subsea and land pipelines, gas processing and fractionation facilities, exploration and transport vessels, storage facilities and other infrastructure located throughout the principal oil and gas-producing regions of India.

The Guarantor seeks to continually update its existing technology, as well as develop and adopt new and improved technology in exploration, development, production, refining and other areas of its business. Consequently, the Guarantor's research and development institutes form an integral part of its business and are instrumental in providing much of the technological and analytical support and scientific, engineering and technical know-how that are critical to the Guarantor's business. Likewise, the Guarantor's affiliated training institutes provide educational services and skills training to effectively develop the Guarantor's human resources and maintain its competitive edge. The Guarantor has established several oil and gas research and development institutes, including the Keshava Deva Malaviya Institute of Petroleum Exploration, the Geodata Processing and Interpretation Centre, the Institute of Drilling Technology, the Institute of Reservoir Studies, the Institute of Oil and Gas Production Technology, the Institute of Engineering and Ocean Technology and the Institute of Biotechnology and Geotectonic Studies. These institutes also leverage research through international and national consortia, alliances and joint industry programmes.

Strategy

The Guarantor intends to employ the following strategies to achieve its main objectives of better utilising its resources and converting its exploration areas into crude oil and natural gas reserves.

Increase domestic exploration, development and production efforts

As of 31 March 2014, the Guarantor held 14 deep water NELP blocks and four deep water nomination blocks and the Guarantor intends to intensify its exploration and development efforts, primarily through expansion of its deep water exploration activities in India. The Guarantor's deep water programme involves the deployment of drilling ships and includes the involvement of consultants for geological and geophysical studies, and deep water drilling, technology, testing and completion services. In addition to its deep water programme, the Guarantor intends to increase its efforts to explore existing shallow water offshore basins,

as well as explored and unexplored onshore basins, and participate in the auction of NELP blocks in the future. During Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's unconsolidated expenditure for seismic surveys, exploratory drilling and development drilling was Rs. 149,556.9 million, Rs. 187,040.4 million and Rs. 222,797.8 million, respectively.

Improved oil and gas recovery and gas utilisation levels in producing properties

Crude Oil

The Guarantor seeks to implement a number of advanced recovery technologies to redevelop its maturing fields and improve recovery of its crude oil reserves, with the goal of substantially increasing its current recovery rates. These measures include the greater use of extended-reach horizontal drilling, side tracks, in-fill drilling and water injection, as well as technologies using chemical and thermal methods to enhance oil recovery.

The Guarantor has 24 improved oil recovery and enhanced oil recovery and redevelopment schemes in 15 major fields (onshore and offshore) of which 19 schemes have been completed and five are currently under implementation. Of the five improved oil recovery schemes currently on-going, the Guarantor expects to complete two by first quarter of Fiscal 2015, two by third quarter of Fiscal 2015 and one by first quarter of Fiscal 2016. As of 31 March 2014, the Guarantor had spent approximately Rs. 347,003 million against a planned investment of Rs. 409,692 million. Through these improved oil recovery and enhanced oil recovery schemes, the Guarantor has received a cumulative incremental gain of approximately 87.41 MMT through 31 March 2014, and the Guarantor expects cumulative gains of 170 MMT by the end of life-cycle of the schemes which is estimated to be 20 years from the completion of the given IOR scheme. In addition, the Guarantor also intends to increase the use of various enhanced oil recovery techniques to extend crude oil production plateau periods, mitigate future decline rates and potentially accelerate crude oil production.

Gas

The Guarantor seeks to further improve its natural gas utilisation through the reduction of gas flaring, principally through the implementation of advanced technology and techniques and the upgrading and expansion of the natural gas distribution network from its gas bearing domestic fields.

Augment international reserves and production

The Guarantor intends to increase its production of crude oil, natural gas and value added products by significantly expanding its international presence. The Guarantor intends to increasingly focus on joint participation with other international exploration and production companies in producing assets through production sharing contracts. As an example of the Guarantor's continuing efforts to expand internationally, the Issuer is using the proceeds from the issue of the Notes to repay the bridge loan which was used to acquire a direct 10 per cent. participating interest from Anadarko in Rovuma Area-1 offshore block in Mozambique. In addition to the Guarantor's current international producing assets in Russia, Vietnam, Sudan, South Sudan, Brazil, Syria, Colombia, Venezuela and Azerbaijan, the Guarantor intends to continue to develop its existing blocks in Myanmar, where the Guarantor has discovered natural gas deposits.

The Guarantor intends to exploit its existing overseas exploration and production acreage, pursue opportunities to acquire or obtain participation interests in additional assets and obtain exploration and development concessions in various overseas locations. In those geographic areas where it has limited experience and expertise, the Guarantor intends to structure its investments as joint ventures, alliances or partnerships with entities possessing relevant experience and expertise. For example, the Guarantor entered into a non-exclusive framework agreement in December 2010 with Sistema, a major diversified industrial group of Russia, to explore the possibilities of jointly studying and participating in attractive oil and gas assets in Russia and in other countries.

Capture value through forward integration

The Guarantor intends to pursue a strategy of forward integration in order to diversify its sources of revenue. The Guarantor believes this strategy will enable it to maximise revenue from its crude oil and natural gas production by adding and extracting value through petrochemical feedstock and expanding into downstream sectors such as refining, processing, distribution and retailing. As part of its efforts, the Guarantor is currently in the process of commissioning a C2+ fraction recovery plant from LNG stream at its Dahej facility and establishing a mega petrochemical complex comprising of 1.10 MMTPA Ethylene Cracker and downstream Polymer Plant at Dahej SEZ in Gujarat. The Guarantor expects to commission this petrochemical project in the fourth quarter of Fiscal 2015 at an estimated project cost of Rs. 213,960 million. The Guarantor envisages that it will hold 26 per cent. equity interest in this project and the GAIL and GSPCL will hold 15.50 per cent. and 0.45 per cent. Interest, respectively. Allocation of the remaining equity interest is yet to be determined. The Guarantor is also setting up manufacturing facilities for the production of paraxylene (0.92 MMTPA) and benzene (0.27 MMTPA) from MRPL's aromatic streams through a joint venture, ONGC Mangalore Petrochemicals Limited, promoted by the Guarantor, which directly holds a 46 per cent. equity interest, and MRPL, which holds a 3 per cent. equity interest. The Guarantor estimates the total cost of this project at Rs. 57,506.9 million (funded through a term loan of Rs. 25,080.0 million and an ECB loan of U.S.\$250 million) and expects to commission the plant by the end of the second quarter of 2015. The Guarantor is also establishing a 726.6 MW gas-based combined cycle power plant at Pallatana in Tripura through a joint venture, ONGC Tripura Power Company Limited, in which the Guarantor holds a 49.52 per cent. equity interest, and a subsidiary of Infrastructure Leasing and Financial Services Limited and the Tripura government hold 49.52 per cent. interest and 0.96 per cent. interest, respectively. The Guarantor estimates the total cost of the project at Rs. 38,040 million. The first unit of the project (363.3 MW) commenced its commercial operations from 4 January 2014. The Guarantor expects to commission the second unit (363.3 MW) in the second quarter of Fiscal 2015.

Continue to maintain high environmental and safety standards

The Guarantor is committed to ensuring safe operations and safeguarding the environment. As of 31 March 2014 the Guarantor has 11 projects registered with the United Nations Framework Convention on Climate Change, the highest of any single entity, with annual accruable CERs of approximately 1,870,000 the highest of any PSU. The Tripura Power Company is one of the largest clean development mechanism projects in the world, with an annual CERs of 1.6 million. The Guarantor ranked 217th in corporate environmental performance by Newsweek Green Ranking 2014, as compared to the Guarantor's ranking in 386th place in 2012.

In addition, the Guarantor has received quality, health, safety and environment certificates from Indian Register Quality Systems, a certified body from the National Accreditation Board for Certification Bodies, including for the fields in the Cambay and Cauvery basin. As such, all the Guarantor's installations are certified under the relevant quality, health, safety and environment standards. The Guarantor also has crisis management teams that are responsible for managing crisis situations resulting that may arise in the Guarantor's operations.

The Guarantor continues to strive to maintain high standards of occupational health, safety and environmental protection. Due to the nature of its operations, the Guarantor intends to continue conducting internal and external audits to ensure compliance with health, safety and environmental protection norms, and to maintain effective waste prevention and reduction capabilities.

Focus on non-conventional energy

The Guarantor continues to focus on non-conventional energy sources, including coalbed methane, underground coal gasification, shale gas and gas hydrate, as well as renewable energy sources such as wind power. The Guarantor commenced non-commercial coalbed methane production from its Jharia coalbed methane Block in Jharkhand in January 2010 and discovered shale gas in the Damodar Valley Raniganj Block in West Bengal in January 2011. The Guarantor discovered uranium deposits at certain of its crude oil and

natural gas fields while drilling for hydrocarbons and the Guarantor entered into a memorandum of understanding with Uranium Corporation of India Ltd. (“UCIL”) on 11 November 2008 in order to cooperate in the commercial exploration and production of uranium. The Guarantor set up a steering committee with UCIL to devise and monitor a joint work plan. The Guarantor is also exploring the feasibility of establishing a nuclear power project and has had preliminary discussions with the Nuclear Power Corporation of India Limited in this regard.

The Guarantor’s shale gas efforts include engaging ConocoPhillips to explore the Cambay, KG, Cauvery and Bengal basins in India, as well as pursuing shale gas efforts outside of India through the Issuer. The Guarantor has entered into a shale gas research consortium agreement with the Energy and Geoscience Institute of the University of Utah in the United States and is sponsoring shale gas research at the Indian School of Mines, Dhanbad, India. In the current fiscal year, the Guarantor has prioritised the Cambay basin for initiating a shale gas exploration pilot program, and the Guarantor has spudded the first well at Cambay. The Guarantor intends to undertake concurrent programmes in the KG Basin and Cauvery Basin in 2014 and 2015.

The Guarantor’s coalbed methane efforts include commencing small-scale coalbed methane production from the Jharia block in January 2010 and making plans to develop large-scale coalbed methane production in the Jharia, Bokaro, North Karanpura and Raniganj blocks, in which the Guarantor has an aggregate of 0.10 BCM of 1P reserves. The Guarantor has submitted development plans in respect of these blocks and is currently awaiting approval from the Government of India. If approved, the development plans call for 400 wells and 2,000 hydro-fracturing jobs to be carried out within four to five years. Given the size of the project, the Guarantor is farming-in experienced partners to execute the operations, and also has plans to offer participating interests to joint venture partners.

The Guarantor’s underground coal gasification efforts include undertaking a pilot project in the Vastan Mine block in the Surat district of Gujarat. The Guarantor has obtained environmental clearance for the project and is awaiting the award of a mining lease from the Ministry of Coal, the request for which it submitted in February 2010. The Guarantor has identified a number of sites for further studying for potential underground coal gasification potential.

Recent Developments

On 27 June 2014, the Board of Directors of the Guarantor passed a resolution to approve the conversion of Rs.50,000 million of shareholder loans to the Issuer into equity shares of the Issuer. The loans will be converted into equity only after receiving the approval of the Government of India. There can be no guarantee that the approval of the Government of India will be received on a timely basis or at all, or that the loans will be converted.

SUMMARY OF THE OFFER

The following is a brief summary of certain terms of the Offering. For a more complete description of the terms of the Notes, see “*Terms and Conditions of the 2019 Dollar Notes*”, “*Terms and Conditions of the 2024 Dollar Notes*” and “*Terms and Conditions of the Euro Notes*”. Words and expressions defined in “*Terms and Conditions of the 2019 Dollar Notes*”, “*Terms and Conditions of the 2024 Dollar Notes*” and in “*Terms and Conditions of the Euro Notes*” shall have the same meanings in this Summary. Unless stated otherwise, references to the “Conditions” or the “Conditions of the Notes” shall be to the Terms and Conditions of the 2019 Dollar Notes, the Terms and Conditions of the 2024 Dollar Notes and/or the Terms and Conditions of the Euro Notes, as applicable and references to the “Trust Deed” shall be to the Trust Deed in respect of the 2019 Dollar Notes, the 2024 Dollar Notes and the Euro Notes.

Issuer	ONGC Videsh Limited
Guarantor	Oil and Natural Gas Corporation Limited
Notes Offered	U.S.\$750,000,000 3.250 per cent. Guaranteed Notes due 2019 (the “ 2019 Dollar Notes ”). U.S.\$750,000,000 4.625 per cent. Guaranteed Notes due 2024 (the “ 2024 Dollar Notes ” and, together with the 2019 Dollar Notes, the “ Dollar Notes ”). €525,000,000 2.750 per cent. Guaranteed Notes due 2021 (the “ Euro Notes ” and, together with the Dollar Notes, the “ Notes ”).
Concurrent Offerings	The separate 2019 Dollar Notes, the 2024 Dollar Notes and Euro Notes offerings, respectively, will not be cross conditioned with one another. Accordingly, although this Offering Circular includes discussion of all three offerings, it is possible that one or more of the offerings will proceed to completion while the remaining offering(s) will not do so. Investors should be aware that the offerings are not cross-conditioned and that the information in the table below under “Capitalisation and Indebtedness of the Issuer” assumes that the 2019 Dollar Notes, the 2024 Dollar Notes and Euro Notes offerings are completed substantially concurrently but there can be no assurance that the concurrent offerings will occur in the manner and timing contemplated herein or at all.
Offering Price	99.598 per cent. of the principal amount of the 2019 Dollar Notes. 99.454 per cent. of the principal amount of the 2024 Dollar Notes. 99.623 per cent. of the principal amount of the Euro Notes.
Maturity Date	15 July 2019 for the 2019 Dollar Notes. 15 July 2024 for the 2024 Dollar Notes. 15 July 2021 for the Euro Notes.

Interest	The 2019 Dollar Notes will bear interest from and including 15 July 2014 at the rate of 3.250 per cent. per annum, payable semi-annually in arrears. The 2024 Dollar Notes will bear interest from and including 15 July 2014 at the rate of 4.625 per cent. per annum, payable semi-annually in arrears. If interest shall be calculated for a period of less than a full six months, interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days. The Euro Notes will bear interest from and including 15 July 2014 at the rate of 2.750 per cent. per annum, payable annually in arrears from 15 July 2015. If interest shall be calculated for a period of less than a full year, interest shall be calculated on the basis of the actual number of days in the period from and including the date from which interest begins to accrue to but excluding the date on which it falls due divided by 365 or (in the case of a leap year) 366.
Interest Payment Dates	15 January and 15 July of each year, commencing 15 January 2015 for the 2019 Dollar Notes. 15 January and 15 July of each year, commencing 15 January 2015 for the 2024 Dollar Notes. 15 July of each year, commencing 15 July 2015 for the Euro Notes.
Status of the Notes	The Notes will constitute direct, unconditional and (subject to the provisions of Condition 5) unsecured obligations of the Issuer and (subject as stated above) rank and will rank <i>pari passu</i> , without preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Guarantee	The payment of the principal and interest in respect of the Notes and all other moneys expressed to be payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor in the Trust Deed.
Status of the Guarantee	The obligations of the Guarantee constitute direct, unconditional and (subject to the provisions of Condition 5) unsecured obligations of the Guarantor and (subject as stated above) rank and will rank <i>pari passu</i> with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.
Negative Pledge	The Conditions of the Notes contain a negative pledge provision with certain limitations on the ability of the Issuer, the Guarantor and their Principal Subsidiaries (as defined in the Conditions of the Notes) to create or permit to subsist any mortgage, charge, pledge, lien or other security interest on its undertaking, assets or revenues to secure certain types of indebtedness, as set out in Condition 5 of the Conditions of the Notes.

Redemption for Taxation Reasons . .	The Issuer may redeem all (but not some only) of the Notes in the event of certain changes in Indian tax law. See Condition 8.2 of the Conditions of the Notes. <i>(Note: RBI regulations at the time of redemption may require the Issuer to obtain the prior approval of the RBI before providing notice for or effecting such a redemption prior to the maturity date and such approval may not be forthcoming.)</i>
Events of Default	Events of Default under the Notes include, among others, non-payment of principal for three days, non-payment of interest for seven days, breach of other obligations under the Notes or the Trust Deed (which breach is not remedied within 30 days), cross default of any Indebtedness for Borrowed Money (as defined in the Condition of the Notes), certain events related to insolvency or winding up of the Issuer, the Guarantor or any of their respective Principal Subsidiaries and other events, each as described in Condition 11 of the Condition of the Notes.
Meetings of Noteholders	The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.
Modification, Waiver Authorisation and Determination	The Trustee may, without the consent of Noteholders, (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the Conditions of the Notes or any of the provisions of the Trust Deed, or (ii) determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest or proven error or to comply with mandatory provisions of law.
Withholding Tax and Additional Amounts	The Issuer or, as the case may be, the Guarantor, will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction for any Taxes (as defined in the Conditions of the Notes) imposed or levied by or on behalf of the Relevant Jurisdiction (as defined in the Conditions of the Notes) upon payments made by or on behalf of the Issuer or, as the case may be, the Guarantor, in respect of the Notes, will equal the respective amounts which would have been received in the absence of any such withholding or deduction, subject to customary exceptions, as described in Condition 9 of the Conditions of the Notes.

Form, Denomination and Registration.	The 2019 Dollar Notes, the 2024 Dollar Notes and the Euro Notes sold outside the United States in reliance on Regulation S will be issued only in fully registered form, without coupons and will be initially represented by one or more global notes registered in the name of a nominee of the common depository for Euroclear and Clearstream. The Dollar Notes will be sold in denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. The Euro Notes will be sold in denominations of €100,000 and integral multiples of €1,000 in excess thereof.
Governing Law	The Notes and any non-contractual obligations arising out of or in connection with the Notes are governed by, and shall be construed in accordance with, English law.
Trustee	Citicorp International Limited
Principal Paying Agent.	Citibank, N.A., London Branch
Registrar.	Citicorp Global Markets Deutschland AG
Listing and Trading	Application will be made for the listing and quotation of the Dollar Notes on the Official List of the SGX-ST. Such approval will be granted when the Dollar Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle for the listing and quotation of the Dollar Notes on the SGX-ST is not to be taken as an indication of the merits of the Dollar Notes or the Guarantee, or of the Issuer, the Guarantor or their respective subsidiaries or associated companies (if any). The Dollar Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 or its equivalent for so long as the Dollar Notes are listed on the SGX-ST. Application will be made for the trading of the Euro Notes on the Freiverkehr (Open Market) of the FWB. The Open Market is not a regulated market for purposes of EU Directive 2004/39/EC (MiFID). The FWB assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Offering Circular.
Credit Ratings	The Notes are expected to be assigned on issue a rating of Baa2 by Moody's and BBB- by S&P. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Selling Restrictions	The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States. The Notes may be sold in other jurisdictions (including, United Kingdom, India, Hong Kong and Singapore) only in compliance with applicable laws and regulations. See " <i>Subscription and Sale</i> " below.

Use of Proceeds	The gross proceeds from the issue of the Dollar Notes will be U.S.\$1,500,000,000 and the gross proceeds from the issue of the Euro Notes will be €525,000,000, without deducting the underwriting discount and its and the Guarantor’s estimated offering expenses in connection with the issue of the Notes. The Issuer intends to use all of the net proceeds for refinancing its existing bridge loans incurred with respect to the acquisition of a participating interest in Mozambique. The proceeds from the issue of the Notes shall be used by the Issuer in accordance with the terms specified by the RBI set out in any of the RBI approval letters issued to the Guarantor in connection with the issuing of the Guarantee. See “<i>Use of Proceeds</i>”.
Risk Factors	For a discussion of certain factors that should be considered in evaluating an investment in the Notes, see “ <i>Risk Factors</i> .”
Security Codes	The 2019 Dollar Notes ISIN: XS1084957155 Common Code: 108495715 The 2024 Dollar Notes ISIN: XS1079848369 Common Code: 107984836 The Euro Notes ISIN: XS1084958989 Common Code: 108495898

RISK FACTORS

An investment in the Notes involves a high degree of risk. You should carefully consider the risks and uncertainties described below together with the other information contained in this Offering Circular before making an investment decision regarding the Notes. The risks described below are relevant to the Issuer's and the Guarantor's business and the industry and countries in which they operate, as well as to the offering of the Notes. Additional risks, not presently known to the Issuer or the Guarantor or that the Issuer or the Guarantor currently deems immaterial, may also have an adverse effect on the Issuer and/or the Guarantor's business, results of operations and financial condition. All of the Guarantor's international exploration and production activities outside India are carried out through the Issuer, and all references to the Guarantor in such context are to be construed accordingly. You should also read this section in conjunction with the section "Business". If any one or some combination of the following risks were to occur, the Issuer and/or the Guarantor's business, results of operations and financial condition could be materially and adversely affected, and the value of your investment in the Notes could decline. You should pay particular attention to the fact that both the Issuer and the Guarantor are incorporated under the laws of India and are subject to a legal and regulatory environment that may differ in certain respects from those of other countries. This Offering Circular also contains forward-looking statements reflecting expectations and intentions that involve risks and uncertainties. No assurance can be given that these forward-looking statements will prove to have been correct, and the Issuer and Guarantor's actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the considerations described below and elsewhere in this Offering Circular. Accordingly, you should not place undue reliance on such forward-looking information. See "Forward-Looking Statements".

Risks Relating to the Guarantor's Business

Fluctuations in crude oil prices may adversely affect the Guarantor's revenues and profits and a substantial or extended decline in international prices for crude oil would have a material adverse effect on the Guarantor's business, financial condition and results of operations.

Movements in the price of crude oil significantly affect the Guarantor's results of operations in both upstream and downstream activities. Declines in crude oil prices may adversely affect the Guarantor's results of operations, and substantial or extended declines may have a material adverse effect on the Guarantor's business, financial condition and results of operations, including its liquidity and ability to finance planned capital expenditure. Historically, international prices for oil have been volatile and have fluctuated widely in response to changes in many factors. Lower oil prices may reduce the economic viability of projects planned or in development. In addition, lower oil prices may result in the impairment of higher cost reserves and other assets which may result in decreased earnings or losses. Conversely, the Government's mechanism for sharing in the under-recovery by public sector oil marketing companies can reduce or eliminate any benefit received by the Guarantor with respect to increases in the price of crude oil. Rapid material and/or sustained changes in oil, gas and refined product prices can impact the validity of the assumptions on which strategic decisions are based and, as a result, the ensuing actions derived from those decisions may no longer be appropriate. Periods of global recession, such as the global recession in 2008, could impact the demand for the Guarantor's products and the prices at which they can be sold and could affect the viability of the markets in which it operates.

The prices the Guarantor receives for its sales of crude oil are generally linked to international price levels for crude oil. The prices the Guarantor receives for crude oil produced from its nomination blocks are also impacted significantly by the Guarantor's obligation to share in the under-recoveries of India's public sector oil marketing companies with respect to certain refined petroleum products. See the risk factor below titled *"The requirement that the Guarantor shares in the under-recovery of Indian oil marketing companies as a result of Government subsidies on diesel, SKO and LPG may adversely affect its results of operations"*. Crude oil and natural gas prices are also subject to external factors over which the Guarantor has no control, including product demand connected with global economic conditions, industry inventory levels, production quotas imposed by the Organisation of Petroleum Exporting Countries (the "OPEC"), exchange rate fluctuations, weather-related damage and disruptions, competing fuel prices, and regional supply interruptions or fears thereof that may be caused by military conflicts, civil unrest or political uncertainty.

For example, there was a significant upward trend in the international price of crude oil in the second half of Fiscal 2011 as a result of the global economic recovery and the severe political instability in North Africa and the Middle East and crude oil pricing experienced unprecedented dynamics. There can be no assurance that global economic conditions and such political instability will not have an impact on crude oil pricing in the future, which could materially and adversely impact the Guarantor's operations, both domestically and internationally.

Since crude oil is the largest cost component of refined products, the Guarantor's refining margins are primarily determined by the difference between the cost of crude oil and the prices of petroleum products produced by it. Refining margins are also affected by the global and regional supply-and-demand balance for refined products and by changes in the price of crude oil used for refinery feedstock. Consequently, the Guarantor's refining business is also susceptible to fluctuations in crude oil prices. The Guarantor has historically sourced a substantial portion of its crude oil feedstock for its refining operations from the Middle East, including Iran. Consequently, the Guarantor's refining business may be particularly susceptible to regional supply interruptions, or fears thereof, that may be caused by military conflicts, civil unrest or political uncertainty in the region. In addition, the Guarantor may suffer losses in its refining operations during periods of sharply increasing crude oil prices.

Any such fluctuations in crude oil prices may adversely affect the Guarantor's results of operations, and a substantial or extended decline in international prices for crude oil may have a material adverse effect on the Guarantor's business, results of operations and financial condition.

The requirement that the Guarantor shares in the under-recovery of Indian oil marketing companies as a result of Government subsidies on diesel, SKO and LPG may adversely affect its results of operations.

The prices of retail sales of diesel, LPG for domestic use, and SKO for public distribution, by India's public sector oil marketing companies (BPCL, Hindustan Petroleum Corporation Limited ("HPCL") and IOCL) are capped by the Government at a price below the international selling price for such products. The price caps are revised by the Government from time to time. As a result, BPCL, HPCL and IOCL incur under-recoveries when they purchase crude oil at a higher price than the price at which the corresponding refined products can be sold in India. The Government operates a mechanism pursuant to which these under-recoveries are shared among the Government, the public sector oil marketing companies and the public sector upstream companies (which includes the Guarantor, OIL and GAIL). Under-recoveries are determined and allocated by the Government on a quarterly basis. However, there remains unpredictability as to the share of the under-recovery that is allocated to all upstream companies in the aggregate, as well as to each upstream oil company individually. The upstream companies' share of the under-recovery is implemented through a discount on crude oil, domestic LPG and SKO for public distribution sold by upstream oil companies to the public sector oil marketing companies. In order to give effect to the discount, the Guarantor issues credit notes to its public sector oil marketing customers for the applicable period once the relevant discount has been determined based on the Government's allocation of the under-recovery sharing. However, for reporting purposes, the discounts on crude oil and refined products, such as LPG and SKO, are factored as a whole into the price of crude oil sold and not applied to such products individually.

For Fiscal 2011, the Guarantor's obligation to share in such under recoveries resulted in a discount of US\$35.64 per barrel. As part of the original sharing mechanism, upstream oil companies were required to share one third of total under recoveries of oil marketing companies. In Fiscal 2012, the mechanism was significantly modified by the Government when the decision to absorb US\$56 per barrel of production of crude oil and gas condensate from the Guarantor and OIL was taken. As a result, during Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's obligation to share in such under recoveries resulted in significantly increased discounts of US\$62.69, US\$62.89 and US\$65.75 per barrel of crude oil sold from nominated blocks, respectively.

This sharing of under-recoveries has had an adverse impact on the Guarantor's business, results of operations and financial condition for these periods, and may have a material adverse effect on its business, financial condition and results of operations going forward. The average price of Bonny Light Crude decreased by 4.22 per cent. from US\$116.24 per barrel in Fiscal 2012 to US\$111.33 in Fiscal 2013 and decreased from US\$111.33 to US\$109.24 in Fiscal 2014. The Government's allocation of an increased share of under recoveries to the upstream oil companies resulted in a post discount price of US\$54.71 in Fiscal 2012, US\$47.85 in Fiscal 2013 and US\$40.97 in Fiscal 2014. On 21 May 2014, the Indian Ministry of Petroleum and Natural Gas (the "MoPNG") announced the share of under-recoveries to be borne by public sector upstream oil companies (including the Guarantor) for the fiscal quarters ended 31 March 2014. The share of under-recoveries for public sector upstream oil companies for the Fiscal 2014 was Rs. 670.21 billion, or 47.92 per cent. of the total actual under-recoveries of public sector oil marketing companies of Rs. 1,398.70 billion. The Guarantor's share of under-recoveries was Rs. 563.84 billion, which resulted in a post-discount per barrel price of US\$40.97 for crude oil sold from nominated blocks during the Fiscal 2014. Since the allocation of under-recoveries by the MoPNG may vary from quarter to quarter, the allocations of under-recoveries for Fiscal 2014 may not be indicative of the amount of under-recoveries for future years.

Additionally, the Government may introduce other regulation relating to the pricing of petroleum products that could have a material adverse effect on the Guarantor's business, financial condition and results of operations. For example, in June 2008, the Government formed the B.K. Chaturvedi committee to examine the financial impact of the increase in oil prices between Fiscal 2005 and Fiscal 2008 on upstream exploration firms, refiners and downstream marketing entities. Among other things, the committee has recommended that a special oil tax be levied on the domestic producers of crude oil on pre-New Exploration Licensing Policy ("NELP") leases in lieu of the under-recovery sharing mechanism. These recommendations have not been implemented by the Government. However, based on the recommendation of an expert group, headed by Mr. Kirit S. Parikh, the Government, on 25 June 2010, decided to deregulate the retail selling price of motor spirit ("MS") (petrol). The price of petrol was deregulated with effect from 26 June 2010. Although the prices of HSD, domestic LPG and public distribution system ("PDS") kerosene were also increased marginally, the prices continued to be controlled and subject to the under-recovery sharing mechanism.

In June 2013, the Government formed an expert group under the chairmanship of Dr. Kirit S. Parikh to advise on the pricing methodology of diesel, domestic LPG and PDS kerosene. This expert group submitted its report to the Government in October 2013 in which it recommended an increase in the prices of diesel, LPG and kerosene and the phasing out of subsidies for diesel and LPG over the next one to two years. The expert group also recommended a contribution formula for the determination of contributions from the Guarantor and OIL. As of the date of this Offering Circular, this report remains under consideration by the Government. If the recommendations of this expert group are implemented, we may expect some relief in the future compared to the existing mechanism of sharing of under-recoveries.

There can be no assurances as to the form of any future regulation implemented by the Government relating to the under-recovery sharing mechanism, the pricing of petroleum products or as to their impact on the Guarantor's business, financial condition and results of operations.

The Guarantor's crude oil and natural gas reserves estimates involve a degree of uncertainty and may not prove to be correct over time. Moreover, these estimates may be unaudited or may not be fully audited and may not accurately reflect actual reserves, or even if accurate, technical limitations may prevent the Guarantor from producing crude oil or natural gas from these reserves.

Evaluations of crude oil and natural gas reserves involve multiple uncertainties and require exploration and production companies to make extensive judgements as to future events based upon available information. Crude oil and natural gas reserves data are estimates based primarily on internal technical analyses using standard industry practices. Such estimates reflect the Guarantor's best judgement at the time of their preparation, based on geological and geophysical analyses and appraisal work (processes that are continual and yield new results over time), and may differ from previous estimates.

Reserves estimates are subject to various uncertainties, including those relating to the reservoir parameters of crude oil and natural gas fields. These reservoir parameters may be difficult to estimate and, as a result, actual production may be materially different from current estimates of reserves. Factors affecting the Guarantor's reserves estimates include: new production or drilling activities; assumptions regarding future performance of wells and surface facilities, field reviews, the addition of new reserves from discoveries or extensions of existing fields, the application of improved recovery techniques and changed economic conditions.

The reliability of reserves estimates also depends on the quality and quantity of technical and economic data, the production performance of the fields, and consistency in oil and gas policies of the Government and the governments of other countries where the Guarantor has operations. The quantities of crude oil and natural gas that are ultimately recovered could be materially different from the Guarantor's reserves estimates, and downward revisions of its estimates could affect its results of operations and business plan. Published reserves estimates may also be subject to correction due to the subsequent application of published rules and guidance.

The Guarantor's reporting policy is not, and is not required to be, derived from, or consistent with, oil and gas reserves reporting requirements for filings with the SEC and differs from such requirements in certain material respects. The Guarantor's reserves would differ from those described herein if determined in accordance with oil and gas reserves reporting requirements for filings with the SEC. There are currently no clear regulations governing public disclosure of potential reserves by oil and gas companies operating in India or their use in securities offering documents. The Guarantor can give no assurance that the reserves estimates upon which it has made investment decisions accurately reflect actual reserves level, or even if accurate, that technical limitations will not prevent it from retrieving these reserves.

Further, the Guarantor has provided certain estimates regarding crude oil and natural gas reserves in this Offering Circular. These estimates are based solely on volumetric analysis of the Guarantor's various licence areas and are not used by it as the primary basis for development capital expenditure decisions.

In calculating the Guarantor's domestic reserves, the Guarantor uses internally-developed definitions that are based in large part on the SPE/WPC 1997 Standards. Because the Guarantor's internally-developed definitions do not strictly comply with currently accepted international standards, its reserves estimates may not be comparable with other publicly listed companies. The Guarantor's international reserves have been calculated based on standards that vary according to the jurisdiction in which the operator and reserves are located. The Guarantor's domestic and international management estimates of the reserves are approved by the REC. The Guarantor's domestic reserves (other than domestic reserves held through joint ventures) have historically been audited independently every five years. However, there can be no assurance that the Guarantor will conduct such audits every five years in the future.

There are certain variances between our audited proved developed reserves and our REC-approved management estimates of such reserves, which is attributable primarily to differences in the definitions used to assess reserves. The variance between our audited proved developed reserves and our REC approved management estimates of proved developed reserves are provided in this Offering Circular. The proportion of proved developed reserves to total proved reserves, and proved undeveloped reserves to total proved reserves is a significant factor in accounting for depletion and net producing assets in our financial statements. Depletion is calculated as the product of the value of the producing asset and the production volume of the asset, divided by the proved developed reserves of such asset. In the event of a downward revision in our proved developed reserves, depletion expenses in respect of the relevant producing field will increase, resulting in reduced profitability. Moreover, such downward revision in our proved developed reserves will result in our balance sheet recording a decline in net producing assets. At the same time, an increase in the proportion of proved undeveloped reserves to total proved reserves would indicate higher capital expenditure to be incurred in developing such reserves compared to proved developed reserves, which primarily requires operating expenditure and not capital expenditure.

In assessing the Guarantor's domestic and international reserves, if the Guarantor's management estimated reserves were based on the SPE PRMS 2007 International Standards, it is likely that the Guarantor's proved developed reserves may be lower as a percentage of total proved reserves than at present. Consequently, the Guarantor's results of operations and financial condition could be materially different if the Guarantor were to state its reserves in accordance with the SPE PRMS 2007 International Standards, and investors should, as a result, not place undue reliance on the Guarantor's management estimates of its reserves. In addition, reserves in the Ratna field are included in the domestic management estimates. As of 31 March 2014, the Guarantor's management estimates for the 1P, 2P and 3P reserves in the Ratna field were 2.72 MMtoe, 2.72 MMtoe and 3.60 MMtoe, respectively. The allocation of the Ratna field is currently under dispute, and the Guarantor is unable to develop this field. Accordingly, in assessing the Guarantor's management estimates of reserves, you should not assume that the Guarantor will continue to benefit from the reserves of the Ratna field or bring such reserves into production. Accordingly, you should not rely on these crude oil or natural gas reserves data as the primary basis for your investment decision.

The Guarantor has had to cease operations at the Greater Pioneer Operating Company and Block 5A in South Sudan because of the threat from escalating violence in South Sudan.

On 23 December 2013, the Guarantor evacuated all of its employees from South Sudan and ceased operations at its oilfields in the Greater Pioneer Operating Company and Block 5A in South Sudan. There was damage to the facilities which could negatively affect the Guarantor's business and future production. The countries of Sudan and South Sudan were formerly one country, Sudan, which formally separated into two independent countries on 9 July 2011. In recent weeks, South Sudan has seen increasing internal conflict and violence, which has caused the Guarantor to evacuate some of its employees and shut down its oilfields in the Greater Pioneer Operating Company and Block 5A. The evacuated employees have since returned to South Sudan. However, the Guarantor's operations have not resumed yet.

The Guarantor currently holds a 25.00 per cent. participating interest in the Greater Pioneer Operating Company and 24.125 per cent. participating interest in Block 5A. For details, see "*Business—The Guarantor's Principal Producing Areas—International Producing Areas—Sudan and South Sudan—Greater Nile Oil Project*" and "*Business—The Guarantor's Principal Producing Areas—International Producing Areas—South Sudan—Block 5A*". The oil and gas production from Block 5A and the Greater Pioneer Operating Company amounted to 0.51 per cent. of the Guarantor's consolidated oil and gas production for Fiscal 2014 and revenues from these two projects amounted to 0.53 per cent. of our consolidated revenue for Fiscal 2014.

There can be no certainty as to when the violence will subside and production can be resumed in the Greater Pioneer Operating Company and Block 5A in South Sudan. Prolonged violence may also lead to a permanent cessation of operations at these two projects. A prolonged halt or permanent cessation of operations in these projects will have a material adverse effect on the Guarantor's business, financial condition and results of operations.

Some of the Guarantor's Indian and international interests are located in politically and economically unstable areas which create security risks that have disrupted its operations in the past and could do so in the future.

The Guarantor faces security risks in some of its assets and basins in Assam, Nagaland and Tripura, which are located in the North East region of India. The Guarantor has suffered the adverse effects of insurgency, terrorism and civil strife in the region, and its oil installations have been targeted by insurgent groups. The Guarantor has had several instances of attacks against its staff, including the kidnapping and killing of its officials in the North East region. The Guarantor has experienced interruptions in its production and exploration activities due to these attacks. In other politically sensitive areas of India where it believes that there are hydrocarbon reserves, for instance Nagaland, the Guarantor has been unable to carry on exploration activities because of the risk of insurgency or terrorism. In addition, the Guarantor's offshore installations in the open seas, such as in the Western Offshore resource province, are vulnerable in the event of acts of war or terrorism directed towards India. Minor security concerns throughout India include instances of oil pilferage, equipment sabotage and theft, which have an adverse effect on its operations.

The Guarantor has limited insurance coverage for losses arising from war, civil war, revolution, rebellion, civil strife, riot, strike, and malicious and terrorist damage. For further details, see “*Business—Insurance*”. The Guarantor’s onshore insurance policy does not provide coverage for damage to insured properties arising out of total or partial cessation of work, or retardation, interruption or cessation of any process or operations arising from such risks. Accordingly, the Guarantor may remain susceptible to security threats that may have an adverse effect on the conduct of its operations.

The Guarantor also has operations in countries where political, economic and social transition is taking place. Some countries have experienced political instability, changes to the regulatory environment, expropriation or nationalisation of property, civil strife, strikes, acts of war and insurrections. Any of these conditions occurring could disrupt or terminate its operations, causing the Guarantor’s development activities to be curtailed or terminated in these areas or its production to decline and could cause the Guarantor to incur additional costs.

The Guarantor has participating interests in assets located in various countries, including Brazil, Venezuela, Iraq, Iran, Sudan, South Sudan, Bangladesh, Mozambique, Azerbaijan, Kazakhstan, Vietnam, Myanmar, Syria, Libya and Russia, many of which have experienced instability in the recent past, or may experience instability in the future, which may have a material adverse effect on its operations in these countries.

For example, pursuant to the separation of South Sudan and Sudan on 9 July 2011 and disagreements between the two countries, the production in fields located in South Sudan was halted in January 2012. Production resumed in April 2013 after both governments reached agreements on security and economic issues but has been halted again from 23 December 2013. See “—*The Guarantor has had to cease operations at the Greater Pioneer Operating Company and Block 5A in South Sudan because of the threat from escalating violence in South Sudan*”. Further, while there is agreement between the two governments on charges/fees payable for processing, transportation and transit of crude oil produced in South Sudan, the agreement with respect to transit fees payable by the foreign partners of the consortium on their share of crude oil produced in South Sudan and transported through Sudan is yet to be finalised.

The oil industry is subject to regulation and intervention by governments throughout the world in such matters as the award of exploration and production interests, the imposition of specific drilling obligations, environmental and health and safety protection controls, controls over the development and decommissioning of a field (including restrictions on production) and, possibly, nationalisation, expropriation, cancellation or non-renewal of contract rights. The Guarantor buys, sells and trades crude oil and natural gas products in certain regulated commodity markets. Failure to respond to changes in trading regulations could result in regulatory action and damage to its reputation. The oil industry is also subject to the payment of royalties and taxation, which tend to be high compared with those payable in respect of other commercial activities, and operates in certain tax jurisdictions that have a degree of uncertainty relating to the interpretation of, and changes to, tax law. As a result of new laws and regulations or other factors, the Guarantor could be required to curtail or cease certain operations, or it could incur additional costs.

If the Guarantor fails to acquire or find and develop additional reserves, or if it fails to redevelop existing fields, its reserves, production and profitability may decline materially from their current levels over time.

Successful execution of the Guarantor’s strategy depends critically on sustaining long-term reserves replacement. If upstream resources are not progressed in a timely and efficient manner, the Guarantor will be unable to sustain long-term replacement of reserves. The majority of the Guarantor’s proved reserves are in the western offshore area of India, including Mumbai High field, which are all maturing resource provinces. The Guarantor’s nomination blocks have suffered a decline in production which was offset primarily by production from its joint venture blocks and its international projects. Unless the Guarantor conducts successful exploration and development (or redevelopment) activities or acquires properties containing proved reserves, or both, its proved reserves will decline over time as existing reserves are depleted. For example, Mumbai High field has been a major producing field since 1976 and accounted for approximately 44.17 per cent. of the Guarantor’s total domestic crude oil and 21.03 per cent. of its natural gas production from its owned and operated fields in Fiscal 2014 (excluding its share of production by its joint venture entities). After initial development and recording its peak annual production in Fiscal 1990,

Mumbai High field has experienced declining production levels. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's Mumbai High field produced 10.17 MMT (76.28 MMbbls), 9.80 MMT (73.50 MMbbls) and 9.83 MMT (73.72 MMbbls) of crude oil and 4.55 BCM, 4.54 BCM and 4.90 BCM of natural gas, respectively. While the Guarantor has introduced a plan for redevelopment of the Mumbai High field for improved and enhanced oil recovery and augmentation of production facilities to maintain production, it is experiencing significant cost overruns on some of its on-going projects, including (i) the construction of the new Mumbai High North process complex (Phase I); (ii) the redevelopment of Mumbai High South (Phase II); and (iii) the development of various cluster fields in the Mumbai offshore basin (Phase III). If the Guarantor's efforts to implement methods of enhancing production in mature reserves are not successful, production in those reserves will gradually decline.

The Guarantor's future production will be highly dependent upon its success in acquiring or finding and developing additional reserves in a timely and cost-effective manner, and doing so will be increasingly challenging because development and redevelopment of mature fields require increased levels of expenditure. Additionally, the Guarantor may fail to obtain sufficient data, or under-exploit its existing reserves and exploration acreages in a manner that impairs its ability to develop or redevelop fields, which could cause its reserves and production to decline. If it is unsuccessful in acquiring or finding and developing reserves or redeveloping its existing field, its reserves and production will decline, and its costs will increase, which will adversely affect its business, financial condition and results of operations.

The Guarantor's failure to adequately estimate the value of and effectively exploit the crude oil and natural gas assets it acquires may adversely impact its business, results of operations, growth and profitability.

The Guarantor has made significant acquisitions of oil and gas assets in recent years and is continually evaluating acquisition opportunities as part of the Guarantor's growth strategy to exploit its existing overseas exploration and production acreage, pursue attractive opportunities to acquire or obtain participation interests in additional assets, and obtain exploration and development concessions in various overseas locations. Except as disclosed in this Offering Circular, the Guarantor has not entered into any definitive agreements with respect to acquisitions of any new assets; however, should the Guarantor decide to do so, it may make significant investments which may not result in favourable returns due to, among other things, the uncertainties inherent in the nature of the Guarantor's business for such acquisitions.

Each of the Guarantor's acquisitions will involve a number of challenges and uncertainties commonly encountered in making acquisitions of crude oil and natural gas assets of this nature, which may impact the Guarantor's investments in new assets, including:

- reliability of given data in making accurate evaluations and estimates of reserves and production rates of the assets it acquires;
- inadequacy of technical data and undertaking adequate due diligence of risks relating to the assets;
- planning for unforeseen technical and operating difficulties and expenditures, including assimilating the operations, systems and personnel associated with the acquired assets;
- role of local partners and or consortia parties to mitigate risks associated with the Guarantor's acquisitions and overseas operations;
- managing, reorganising, expanding or otherwise modifying existing operations to meet future production needs;
- complying with various local and international industrial standards and guidelines applicable to the assets it acquires; and
- changes in local tax laws.

In view of the various technical and commercial risks that are inherent in the Guarantor's core business of exploration and exploitation of hydrocarbon resources, if it is unable to estimate accurately the value of or effectively exploit the oil and gas assets it acquires, the anticipated benefits of the Guarantor's acquisitions may not be fully realised, if at all, and it may become subject to increased costs and liabilities, which could have a material adverse effect on the Guarantor's business, financial condition and results of operations.

Any failure by the Guarantor to effectively identify, manage and integrate acquisitions successfully could adversely affect its results of operations, business and prospects.

The Guarantor has made acquisitions of crude oil and natural gas assets in recent years and continues to evaluate merger and acquisition opportunities in India and internationally. It seeks to exploit its existing overseas exploration acreage, pursue attractive opportunities to acquire or obtain participation interests in additional assets, and obtain exploration and development concessions in various overseas locations which may require significant investments. However, the Guarantor may not be able to realise fully all the anticipated benefits of any acquisitions within the anticipated time frame or at all due to factors that are beyond its control. In particular, such acquisitions involve a number of uncertainties and risks, including:

- unforeseen contingent risks or latent liabilities relating to these businesses that may become apparent only after the merger or acquisition is completed;
- integration and management of the operations and systems; and
- regulatory challenges for completing and operating the acquired crude oil and natural gas assets.

Part of the Guarantor's growth strategy includes pursuing strategic acquisition and alliances. However, if the Guarantor is unable to integrate successfully the operations of acquired assets or businesses, establish successfully and operate joint ventures in connection with such acquisition and alliances, derive favourable returns from its acquisitions, or manage such future acquisitions profitably, the Guarantor's growth plans may not be met and its cash generation and profitability may decline. Additionally, any acquisition that it makes may result in the assumption of material liabilities. Any assets that the Guarantor acquires may subject it to increased costs and liabilities, including environmental liabilities. The costs and liabilities associated with unknown risks may be greater than expected, and the Guarantor may assume unforeseen contingent risks or latent liabilities that become apparent only after the acquisition is completed. Foreign acquisitions involve risks in addition to those mentioned above, including those related to integration of operations across different languages, currency risks and the particular economic, political and regulatory risks associated with specific countries.

The Guarantor encounters significant competition from other crude oil and natural gas companies in all areas of its operations, which may adversely affect its business.

The crude oil and natural gas industry is highly competitive. There is strong competition, especially with respect to acquiring rights to explore new sources of crude oil and natural gas in India.

Since 1999, exploration acreages in India have been offered by the Government through a competitive bidding process pursuant to NELP, which provides access to both domestic and international bidders, such as major global oil companies. Although the Guarantor continues to conduct exploration activities in its nomination blocks and other blocks acquired prior to NELP, since 1999 all of its exploration blocks have been awarded in the NELP bidding rounds, and its acquisition of new domestic exploration acreage will continue to depend on its ability to compete successfully in NELP or successor competitive bidding programmes. Domestic crude oil and natural gas companies, as well as global crude oil majors, may seek to enter or further expand their presence in the oil and gas exploration and production industry in India, which could result in increased competition that could adversely affect the Guarantor's business by limiting the number of new exploration blocks that will be available to them in the future.

In particular, some of the Guarantor's potential foreign competitors are much larger and more established companies with substantially greater resources. In addition, the Guarantor increasingly faces significant competition in acquiring global assets from national oil companies of other countries. These companies may be able to bid more aggressively for exploration blocks and may be able to acquire a greater number of properties and prospects, including operatorships and licences abroad, than the Guarantor is able to acquire. The Guarantor's ability to compete is also limited by certain regulations relating to its status as a public sector undertaking ("PSU"). For instance, the Government mandates that public sector enterprises such as the Guarantor give preference to other public sector enterprises over private sector companies on bids for the Guarantor's contracts.

In addition, the MoPNG announced in September 2009 that the Government intends to implement a shift from NELP to an Open Acreage Licensing Policy ("OALP"). Under OALP, all exploration areas in India that are not licensed or leased will be available for competitive bidding on a continuous basis without reference to pre-defined blocks or acreage. The Guarantor expects that OALP will enhance competition for India's exploration acreages and permit increased competition from smaller crude oil and natural gas companies. There can be no assurances as to whether and when OALP will be implemented by the Government or as to what form such policy will ultimately take. Consequently, there can be no assurances as to the impact that OALP or other regulatory changes will have on the Guarantor's ability to identify and acquire additional crude oil and natural gas exploration rights in India.

Additionally, the implementation of the Guarantor's strategy requires continued technological improvement and innovation, including improvement in exploration, production, refining, petrochemicals manufacturing technology and advances in technology related to energy usage. The Guarantor's performance could be impeded if competitors develop or acquire intellectual property rights to technology that it requires or if the Guarantor's innovation lags behind that of its industry.

The Guarantor may encounter problems relating to the establishment or operation of joint ventures, which could adversely impact its strategy, business and results of operations.

The Guarantor has investments in various strategic joint ventures, which have been established to support its crude oil and natural gas exploration and production business and to expand its exploration and production ("E&P") operations in India and internationally. The Guarantor's business is therefore dependent on developing and maintaining continuing relationships with its current or potential strategic joint ventures. These joint ventures are subject to the risk of non-performance by the Guarantor's joint venture partners of their obligations, including their financial obligations, in respect of the joint venture. Joint venture partners may have business interests or goals that may differ from the Guarantor's business interests or goals, or those of its shareholders. Any disputes that may arise between the Guarantor and the Guarantor's joint venture partners may cause delays in completion or the suspension or abandonment of the venture. Any of the foregoing may have an adverse effect on the Guarantor's business, prospects, financial condition and results of operations and its ability to implement its growth strategy.

The Comptroller and Auditor General of India (the "CAG") conducted a performance audit of the joint venture operations of the Issuer for the period April 2004 to March 2010 and has noted certain inadequacies, particularly with respect to the formation of the Issuer's joint ventures (the "CAG Report"). The Issuer adopted in August 2012 the "Business Development Policies for Acquisition of Oil and Gas Assets" (the "Policy"). The Policy addresses several aspects including the process of due diligence, product portfolio, country-wide exposure threshold, operatorship, joint venture formulation and financial parameters. The Issuer further took initiatives to strengthen its internal control such as to increase the frequency of audits to quarterly basis, increase the number of projects under the purview of project management and periodic audit of joint ventures. The Issuer also formulated and implemented its policies on enterprise risk management and on disaster recovery.

The Committee on Public Undertaking ("COPU") of the Government undertook examination of the performance audit report of CAG. Based on its review of the CAG report, the COPU issued its observations and recommendation in its report. The main recommendation by the COPU was to follow the documented policy for the acquisition of E&P assets and conduct due diligence process to mitigate the risks involved in

the high risk and capital-intensive E&P business. The CAG Report noted that, due to the absence of a structured and documented policy relating to the due diligence process for the formation of joint ventures, the Guarantor was unable to mitigate applicable risks and leverage the benefits from certain of the Guarantor's joint venture partners. In particular, the CAG Report noted the following inadequacies with respect to certain of the Guarantor's specific joint ventures:

- unrealistic estimates of reserves and production and the Guarantor's failure to mitigate risks by entering into a joint venture with a local partner in connection with its acquisition of Imperial Energy assets in January 2009 resulted in incurring significant losses;
- insufficient planning, analysis and management in connection with the Guarantor's investment in two blocks in Nigeria, in particular with respect to its decision to enter into a joint venture without prior regulatory approval of the Nigerian government and subsequent geological and geophysical activities in contravention of Nigerian law, led to the Guarantor's failure to realise the intended benefits from its joint venture and the disallowance of the recovery of certain expenditures in connection with its investments in Nigeria;
- the Guarantor's failure to leverage the financial strength and experience of a joint venture partner instead of appraising and investing in the Najwat Najem Block in Qatar by itself meant that it was unable to mitigate the risks associated with the investment, causing it to incur a loss with respect to the investment and relinquish the asset in 2008; and
- with respect to certain E&P assets where the Guarantor is not the operating partner or a joint operating partner, the CAG Report noted that it has not exercised its right to conduct partner audits in a timely manner.

The CAG Report also made certain recommendations with respect to the development of a policy framework and guidelines for the formation of joint ventures in order to mitigate the risks by leveraging the financial strength and experience of joint venture partners, and to ensure that the Guarantor's joint venture partners are audited in a timely manner.

Although the Guarantor has taken and will continue to take these recommendations into consideration, to the extent that it decides to implement them in full or in part, there can be no assurance that it will be able to prevent or avoid similar occurrences in the future, which could have a material adverse effect on its business and results of operations. In addition, as part of the Guarantor's growth strategy, it intends to continue to pursue suitable joint venture and strategic partnership opportunities in India and internationally. The Guarantor may not be able to identify suitable joint venture or strategic partners or it may not complete transactions on terms commercially acceptable to it, or at all. The Guarantor cannot assure you that it will be able to form such alliances and ventures successfully or realise the anticipated benefits of such alliances and joint ventures. Any unforeseen costs or losses could adversely affect the Guarantor's business, profitability and financial condition.

The Guarantor is subject to a variety of business, legal, regulatory, economic, social and political risks associated with its international operations.

The Guarantor has participating interests in assets located in various countries, including Libya, Sudan, South Sudan, Iran, Syria, Brazil, Venezuela, Iraq, Vietnam, Myanmar, Bangladesh, Mozambique, Colombia, Azerbaijan, Kazakhstan and Russia. These international operations expose the Guarantor to a variety of risks, including risks arising from:

- potential for political and civil unrest, war or acts of terrorism in countries in which the Guarantor operates such as Iraq, Iran, Libya, former Sudan (prior to separation of South Sudan), Syria and Myanmar. Countries across North Africa and the Middle East experienced widespread civil unrest and violence in 2011 and 2012;

- decrease in reserves estimates as a result of assets being lost due to political risk, which is not accounted for in the Guarantor's reserves estimates;
- difficulties in staffing and managing multiple international locations;
- any need to obtain governmental approvals and permits under unfamiliar regulatory regimes;
- increased costs resulting from the need to comply with complex foreign laws and regulations, including those relating to payment of royalty, exploration and development of crude oil and natural gas reserves, trade restrictions, labour relations, environmental regulations, tax laws and other local laws that apply to the Guarantor's international operations;
- imposition of, or unexpected adverse changes in, the laws, regulatory requirements or trade policies of foreign governments;
- inconsistent application of laws and regulations by courts or applicable regulatory bodies in the countries in which the Guarantor operates;
- increased exposure to foreign currency exchange rate risk, particularly in the U.S. dollar;
- restrictions on transfer of funds into or out of a country;
- inability to obtain adequate insurance;
- inability to maintain or enforce legal rights and remedies, including those relating to intellectual property and trade secrets, at a reasonable cost or at all;
- challenges caused by distance, language and cultural differences and by doing business with foreign agencies and governments;
- credit risk and higher levels of payment fraud;
- potentially adverse tax consequences; and
- risks of expropriation, nationalisation, renegotiation, forced change or nullification of existing contracts or royalty rates, unenforceability of contractual rights, foreign government regulations that favour or require awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from a particular jurisdiction.

The Guarantor may be unsuccessful in developing and implementing policies and strategies that will be effective in managing these risks in each country where it does business or plans to do business. The Guarantor's failure to manage these risks successfully could adversely affect its business, financial condition and results of operations. Furthermore, it may face competition in other countries from companies that have greater operating experience in such countries or with international operations generally.

Certain countries in which the Guarantor operates, such as Iran, Sudan, Syria and Cuba, are subject to U.S. and international trade restrictions, economic embargoes and sanctions.

The Guarantor conducts business activities with countries and persons that are subject to sanctions administered or enforced by the U.S. Department of Treasury's Office of Foreign Assets Control ("OFAC"), the U.S. Department of State, the United Nations Security Council, the European Union (the "EU") and Her Majesty's Treasury of the United Kingdom. In addition, the Guarantor indirectly holds a 25.0 per cent. interest in the GNPOC, an entity which appears on the OFAC Specially Designated Nationals and Blocked Persons List.

As of and for Fiscal 2014, total assets in, and operating revenue from, sanctioned countries accounted for 6.81 per cent. and 16.19 per cent. of the Issuer's consolidated assets and consolidated operating revenues, respectively, and 1.98 per cent. and 1.98 per cent. of the Guarantor's consolidated assets and consolidated operating revenues, respectively. For Fiscal 2015, the Guarantor's budgeted capital expenditure in sanctioned countries is estimated to be approximately Rs. 6,772 million, representing 1.30 per cent. of the Guarantor's estimated consolidated capital expenditure. The Guarantor's activities with respect to these countries and persons subject the Guarantor and its shareholders to a number of risks.

Existing sanctions against Iran, Sudan, Cuba, Myanmar, Libya and Syria present challenges in conducting normal business operations, including international financial transfers. If these sanctions were to expand further, either in severity or in terms of the range of countries applying them, it could have a material adverse impact on the Guarantor's ability to conduct business in or with any of these countries. For example, U.S. Executive Order 13622, effective as of 31 July 2012, authorises the U.S. Department of State to impose economic sanctions on non-U.S. companies located anywhere that knowingly engage in a significant transaction for the purchase or acquisition of petroleum or petroleum products from Iran. The effect of such sanctions, if imposed, can be to restrict or cut off the sanctioned company's access to the U.S. market. The sanctions, however, are subject to possible temporary 180-day waivers by the U.S. government for countries that have reduced their purchases of Iranian oil. The U.S. government granted such a waiver to India on 11 June 2012 and renewed it for a subsequent 180 days on 7 December 2012 and again on 29 November 2013 for a further period of 180 days. Subsequently, on 20 January 2014, Council of the European Union and the U.S. Department of State suspended certain restrictive measures against Iran for a period of six months. If this waiver is not renewed in the future and MRPL continues to purchase crude oil from Iran after expiration of the waiver, MRPL could have its access to the U.S. market restricted or cut off. Sanctions could also potentially be imposed on the Guarantor, the Issuer or their affiliates. If the waiver is not renewed or other expanded sanctions against Iran are imposed, this could further include a material adverse impact on the Guarantor's refining operations, as MRPL has historically sourced a significant portion of its imported crude oil feedstock from Iran. Crude oil purchased from Iran accounted for approximately 28.86 per cent. of total crude oil purchased by MRPL in Fiscal 2014 and is expected to account for 26.31 per cent., a comparatively lower percentage of total crude oil that MRPL expects to purchase in Fiscal 2015. In addition, MRPL currently has oil purchase agreements with the National Iranian Oil Company ("**NIOC**") and the total value of the contracts is approximately US\$ 2.92 billion.

In addition to U.S. Executive Order 13622, U.S. sanctions such as the U.S. Iran Sanctions Act of 1996, as well as a number of other U.S. laws, provide for a range of other sanctions against non-U.S. companies that, among other things, (i) undertake investments in the Iranian oil and gas sector, (ii) support refining activities in Iran, (iii) export refined petroleum products to Iran, (iv) support such exports to Iran (in each case subject to certain U.S. Dollar thresholds), or (v) materially assist, sponsor or provide support for NIOC. In 2002, the Issuer, together with Indian Oil Corporation Limited and Oil India Limited, entered into an exploration service contract with NIOC for the Farsi offshore block. However, no field activity has been carried out since April 2007 and the exploration period under the contract expired in June 2009. The Issuer has decided that, under the present circumstances, it will not pursue further work on the Farsi offshore block. In 2007, the Guarantor and an Indian partner entered into a memorandum of agreement with NIOC to pursue the South Pars Phase 12 project. However, the Guarantor and its Indian partner decided not to pursue this project. The Guarantor is not undertaking any field activities in any block, field or project in Iran. In November 2012, the Guarantor communicated these matters to the U.S. Government Accountability Office (the "**GAO**"). The Guarantor was listed on the GAO list of companies reported to have commercial activities in Iran's energy sector published in January 2014.

In addition, the Issuer, directly or through its subsidiaries, holds participating interests in exploration projects in Libya and Iraq, as well as discovered/producing projects in Myanmar, Russia, Syria and Sudan.

These sanctions, some of which are directed specifically at non-US financial institutions, have made banks increasingly reluctant to open letters of credit in favour of the Guarantor's crude oil feedstock supplier in Iran. The Guarantor has encountered significant difficulty recently in this regard. Currently, exports of crude oil from Iran are continuing pursuant to an extension by its supplier of the deadline for payment. By notice dated 29 November 2013, the United States Government has granted a waiver from the U.S. Iran Sanctions

Act of 1996 to India for 180 days until June 2014. In addition, the recently executed Joint Plan of Action between the P5+1 and Iran has paused efforts to further reduce Iran's crude oil exports, including its exports to India through 20 July 2014. Although high-level negotiations are underway to ensure an uninterrupted supply of crude oil, there can be no assurances that the problem will be resolved satisfactorily. Given the amount of the Guarantor's crude oil feedstock that is sourced from Iran, any failure to find a mutually acceptable payment method for its crude oil from Iran that complies with all applicable sanctions or a readily available alternative source of crude oil meeting its refinery's specifications could have a material adverse impact on its business, financial condition and results of operations.

In addition, while MRPL does not sell or export its refined oil products to any countries or persons that are subject to sanctions, there can be no assurance that the counterparties to whom MRPL sells or exports its refined products will not on-sell or re-export such refined products to countries or persons subject to sanctions. Furthermore, as a result of its business activities with countries and persons that are subject to international sanctions, the Guarantor may be subject to negative media or investor attention, which may distract management, consume internal resources and affect certain international investors' perceptions of the Guarantor. If the Guarantor were to increase its business in or with these countries, particularly relative to its total business, this could have a negative impact on its ability to raise money in international capital markets and on the international marketability of its securities.

The United States and the EU recently substantially expanded existing sanctions against Syria and the Syrian petroleum industry as a result of the continuing unrest in that country. Pursuant to sanctions imposed by the EU, the operations of the Al Furat Petroleum project have been under a force majeure condition since December 2011. The Guarantor currently holds a 12.92 per cent. participating interest in the Ash Sham concession, a 14.53 per cent. participating interest in the Deir Ez Zor concession and a 13.95 per cent. participating interest in the gas utilisation agreement for this project. See "*Business—International Producing Areas—Syria—Al Furat Petroleum*". In addition, the Issuer, through its subsidiaries, holds participating interests in exploration projects in Iran, as well as oil-producing projects in Myanmar and Sudan. There can be no assurance that further sanctions will not affect the Guarantor's or the Issuer's operations in those countries.

In response to the recent actions and policies of the Government of the Russian Federation, including recent actions in Ukraine and the purported annexation of Ukraine, the United States and the EU have also recently initiated sanctions relating to Russia and Ukraine. Specifically, pursuant the U.S. has authorized sanctions against (i) individuals and entities determined to be contributing to the on-going situation in Ukraine (U.S. Executive Order 13660); (ii) officials of the Russian Government and any individual or entity that is owned or controlled by, that has acted for or on behalf of, or that has provided material or other support to, a senior Russian government official (U.S. Executive Order 13661); and (iii) persons and entities operating in key Russian business sectors, including financial services, energy, metals and mining, engineering, and defense and related materials (U.S. Executive Order 13661). Numerous individuals and some entities have been sanctioned pursuant to these measures. There can be no assurance that further or expanded sanctions with respect to Russia or Ukraine will not affect the Guarantor's or the Issuer's Russian operations.

The Issuer intends to set up a segregated account so that funds raised from persons investing in this Offering are not commingled with funds for business activities in any country and the funds raised will be used exclusively to re-pay bridge loans incurred with respect to the acquisition of a participating interest in Mozambique, or with any person or entity, subject to U.S. or international trade restrictions, economic embargoes and sanctions. Nevertheless, investors in the Notes may incur reputational or other risk as a result of the Guarantor's dealings with sanctioned persons, entities or countries.

The Guarantor does business in jurisdictions with inherent risks relating to fraud, bribery and corruption.

The Guarantor currently does business in a number of jurisdictions that have been allocated low scores on Transparency International's Corruption Perceptions Index such as India, Sudan, South Sudan, Venezuela and Nigeria. Doing business in international developing markets brings with it inherent risks associated with enforcement of obligations, fraud, bribery and corruption. Fraud, bribery and corruption are more common in some jurisdictions than in others. In addition, the oil and gas industries have historically been shown to

be vulnerable to corrupt or unethical practices. While the Guarantor maintains anti-corruption training programmes, codes of conduct and other safeguards designed to prevent the occurrence of fraud, bribery and corruption, it may not be possible for the Guarantor to detect or prevent every instance of fraud, bribery and corruption in every jurisdiction in which its employees, agents, sub-contractors or joint venture partners are located. The Guarantor may therefore be subject to civil and criminal penalties and to reputational damage. Instances of fraud, bribery and corruption, and violations of laws and regulations in the jurisdictions in which the Guarantor operates could have a material adverse effect on its business, results of operations, financial condition and prospects. In addition, as a result of the Guarantor's anti-corruption training programmes, codes of conduct and other safeguards, there is a risk that the Guarantor could be at a commercial disadvantage and may fail to secure contracts within jurisdictions that have been allocated a low score on Transparency International's "Corruption Perceptions Index" to the benefit of other companies who may not have or comply with such anti-corruption safeguards.

Exploration activities in Russia involve numerous risks, including the risk that the Guarantor's crude oil and natural gas fields in Russia will be re-assessed and declared as fields of "federal importance". In addition, the Guarantor's exploration and production licences in Russia may be suspended, amended or terminated prior to the end of their terms, and it may be unable to obtain or maintain various permits and authorisations.

The Guarantor conducts some of its operations in Russia (Imperial Energy and Sakhalin project assets) through various Russian subsidiaries under a number of geological study, exploration and production licences. The cumulative oil and gas production from these operations amounted to 5.03 per cent. of the Guarantor's consolidated oil and gas production and the cumulative revenues from these operations amounted to 4.68 per cent. of the Guarantor's consolidated revenue for Fiscal 2014.

The Russian Federal Agency for Subsoil Use approves the list of fields of federal importance (the "**Strategic Fields List**"). The Strategic Fields List does not include any licensing area within which the Guarantor's Russian subsidiaries have the right to subsoil use. The reserves of the Guarantor's Russian subsidiaries' licensing areas are below the statutory threshold to be considered fields of "federal importance". Despite the fact that no field of the Guarantor's Russian subsidiaries has been qualified as a field of "federal importance", the volume of their reserves may be re-assessed in the future based on additional exploration results. If, as a result of such reassessment, the natural gas and/or crude oil reserves meet the statutory criteria, the relevant subsoil field may be included in the Strategic Fields List. Additionally, if during the process of geological survey under exploration licences, the Guarantor's Russian subsidiaries discover that a particular licensing area may contain resources that would render it a field of "federal importance", the governmental committee of the Russian Federation will be entitled to prohibit the use of such area by the Guarantor's Russian subsidiaries if such use would "*pose a threat to national security*". This would adversely affect the Guarantor's prospects, operating results and financial condition.

Further, Russian licensing laws and regulations are unclear, contradictory and burdensome from a licensee's perspective. Even minor errors or omissions on the part of a licence holder in respect of any of its licensing obligations could result in illegal subsoil use and, in certain cases, could lead to suspension or termination of the licences or related contracts. The Law of the Russian Federation No. 2395-1, "On Subsoil," dated 21 February 1992, as amended (the "**Subsoil Law**"), and many regulations issued thereunder govern Russia's licensing regime for the exploration, development and production of crude oil and natural gas. In addition, the Guarantor must obtain and maintain other licences, permits, authorisations, land use rights and approvals to develop its fields, and must comply with on-going requirements, such as maintaining utilisation levels, in order to remain in compliance with such requirements. The Subsoil Law provides that fines may be imposed, and licences may be suspended, restricted, or terminated, if any of the Guarantor's Russian subsidiaries that hold a licence fails to comply with licence requirements or the Subsoil Law. The Subsoil Law also provides that licence holders may renew licences, so long as they are in compliance with their terms.

The Guarantor may be unable to comply with certain licence agreement requirements for some or all of these licence areas. For example, the Guarantor's utilisation levels at certain locations may not be in compliance with the terms of the relevant licence agreement. If the authorities find that the Guarantor has failed to fulfil the terms of its licences, permits or authorisations, or if it operates in the Guarantor's licence areas in a

manner that violates Russian law, they may impose fines on the Guarantor or suspend or terminate the Guarantor's licences. Furthermore, the Guarantor may have to increase spending to comply with licence terms. Any suspension, restriction or termination of the Guarantor's licences could adversely affect its operating results and financial condition.

The Guarantor's inability to strengthen its internal control systems may have an adverse impact on its business and results of operations.

The scale and scope of the Guarantor's operations require it to maintain sufficient and robust internal control systems and an effective monitoring mechanism with respect to its operations. In particular, with respect to the Guarantor's international exploration and production business operation, it is generally required to conduct internal audits relating to its financial and operational activities.

The CAG Report has noted that the absence of a robust internal control system has led to certain deficiencies in the management of the Guarantor's operations. For example, the CAG Report noted that the Guarantor's budget in Fiscal 2010 was not mapped to the SAP system and that its Board had approved certain payments relating to Block 5B Sudan and Block 279 Nigeria in excess of the maximum permissible amounts without the requisite approval of the Cabinet Committee of Economic Affairs. The CAG Report recommended that the Guarantor strengthen its internal control system, including with respect to internal audits, and develop an effective monitoring mechanism for its financial and operational activities.

Although the Guarantor has and continues to implement such internal control systems to the extent possible (including taking steps to strengthen its internal controls following the CAG Report), there can be no assurance that it will be successful in developing and implementing policies and strategies that will be effective in managing risks relating to its operations in India and internationally. The Guarantor's failure to manage these risks successfully could adversely affect its business, financial condition and results of operations.

Business disruptions could seriously harm the Guarantor's future revenue and financial condition and increase its costs and expenses.

The Guarantor's operations could be subject to war, expropriation, terrorism, earthquakes, power shortages, telecommunications failures, water shortages, tsunamis, floods, hurricanes, typhoons, fires, extreme weather conditions, medical epidemics, and other natural or manmade disasters or business interruptions. The occurrence of any of these business disruptions could seriously harm the Guarantor's revenue and financial condition and increase its costs and expenses. The ultimate impact on the Guarantor, its significant suppliers and its general infrastructure as a result of such natural or manmade disasters or business interruptions is unknown, but its revenue, profitability and financial condition could suffer in the event of any such natural or manmade disasters or business interruptions.

The CAG Report concluded that the Guarantor had not formulated or implemented a comprehensive risk mitigation plan, and also noted the lack of a documented risk management plan. The CAG Report also observed that the Issuer, had not formulated a documented disaster recovery plan or business continuity plan and depends on the system developed by the Guarantor, to respond to a disaster situation. Although the Guarantor has not experienced any such delays or disruption in the past, and though the Issuer has implemented a disaster recovery plan following the CAG Report, the Guarantor cannot assure you that it or the Issuer will be able to carry out operations effectively in a timely manner in the event that such disruption occurs.

The Guarantor is exposed to risks brought about by asset concentration.

Mumbai High field, in the Western Offshore basin, has been a major producing field since 1976 and accounted for approximately 44.17 per cent. of the Guarantor's total domestic crude oil and 21.03 per cent. of its natural gas production from its owned and operated fields in Fiscal 2014 (excluding its share of production by its joint venture entities). In addition, Mumbai High field has been experiencing declining production levels since 1990. The concentration of the Guarantor's proved plus probable crude oil and natural

gas reserves, as well as its crude oil production, increases its exposure to an event that could adversely affect the development or production of crude oil and natural gas in a limited geographic area, including catastrophic damage to wells, pipelines, installations, natural catastrophes, terrorist attacks and other acts of violence or events that could result in the loss of its crude oil or natural gas reserves or impact the supply of its crude oil and natural gas production. Hence, its future production will be highly dependent upon its success in acquiring or finding and developing additional reserves in a timely and cost-effective manner. If the Guarantor is unsuccessful, its total proved reserves and production will decline, which will adversely affect its results of operations and financial condition.

The Guarantor's development, redevelopment and other projects have significant capital expenditure requirements and involve many uncertainties and operating risks. Accordingly, they may not be completed in a timely manner or at all, or may not operate as planned and, therefore, the Guarantor may not be able to realise profits from these projects and they may cause substantial losses.

The Guarantor intends to make substantial additional investments in new projects for its expansion plans, which will require significant capital expenditure. The Guarantor will also need to incur capital expenditure relating to its overseas exploration and development activities. Such projects entail exploration, engineering, technological upgrades, construction and other commercial risks, and the projects currently contemplated by the Guarantor may involve significant cost overruns, may not be completed in a timely manner or at all, or may not operate as planned. The Guarantor experienced substantial cost overruns and delays caused by its inability to finance one of its Western Offshore projects in a timely manner because of limited budgetary allocations during the early 1990s, resulting in delayed production. It is also experiencing significant cost overruns on some of its on-going projects, including (i) the construction of the new Mumbai High North process complex (Phase I); (ii) the redevelopment of Mumbai High South (Phase II); and (iii) the development of various cluster fields in the Mumbai offshore basin (Phase III). Further, the Guarantor cannot assure you that it will not experience similar cost overruns or delays in the expansion of its refinery or in the expansion or construction of its various petrochemical plants, power plants, special economic zones or other projects. Any delays or cost overruns in any of the Guarantor's projects may adversely affect its business, financial condition and results of operations.

The Guarantor's development projects may be delayed or may not be entirely successful for many reasons, including financial constraints, cost overruns, lower crude oil and natural gas prices, equipment shortages, mechanical and technical difficulties, the failure to obtain necessary governmental approvals, and industrial action. These projects may also sometimes require the use of additional new and advanced technologies, which can be expensive to purchase and implement, and may not function as expected.

In addition, some of the Guarantor's development projects are located in difficult environments, such as the deep-water projects in the Arabian Sea and the Bay of Bengal, or involve challenging reservoirs, which can exacerbate such problems. The Guarantor has encountered delays and cost overruns in certain other development projects due to factors such as inflation, foreign currency exchange rate fluctuations and unanticipated conditions prevailing in the areas of development activity. There is a risk that other development projects that the Guarantor undertakes may suffer from similar or additional problems.

In the Guarantor's marginal fields in the Western Offshore resource province, where it is increasingly developing smaller satellite fields with shorter life spans, it encounters the technological challenge of establishing re-usable facilities and platforms, and also faces the challenge of remaining profitable. The Guarantor's other development projects in mature fields, such as the heavy oil fields of Northern Gujarat where enhanced and improved recovery techniques are being utilised, also face potentially higher operating costs and capital expenditure. In addition, the Guarantor's development projects, particularly those in remote areas, could become less profitable, or unprofitable, if it experiences a prolonged period of low oil or gas prices.

Hydrocarbons exploration is capital-intensive and involves numerous risks, including the risk that, after substantial expenditure, the Guarantor will encounter crude oil or natural gas reservoirs that may not be commercially viable for production.

The Guarantor is exploring various geographic areas in India, including new resource provinces that are onshore, and deep-water projects in the Arabian Sea, the Bay of Bengal and the Andaman Sea, where environmental conditions are challenging, limited data are available and costs can be higher. The Guarantor has limited experience in ultra-deep water exploration, which is a particularly high-risk and capital-intensive activity. The Guarantor is carrying out exploration and development activities overseas, through the Issuer, in various countries either as operators or as non-operators where it has limited control over expenditure and drilling decisions. In addition, its use of advanced technologies requires high resolution surveys and infrastructure for interpretation, which involve greater exploration expenditures than traditional exploration practices.

The cost of drilling, completing and operating wells may vary at times for reasons beyond the Guarantor's control. As a result, the Guarantor has in the past incurred, and may continue to incur, cost overruns, or may be required to curtail, delay or terminate drilling operations because of a variety of factors, including unexpected drilling conditions, pressure or variations in geological formations, equipment failures or accidents, adverse weather conditions, compliance with governmental requirements, and shortages or delays in the availability of drilling rigs and the delivery of equipment. The Guarantor has encountered delays in domestic exploration projects due to the failure of third party contractors hired for the project to complete their scope of work in a timely manner, as well as delays and cost overruns due to factors such as inflation, foreign currency exchange rate fluctuations and unanticipated conditions prevailing in the areas of exploration.

The Guarantor's overall drilling activity, or drilling activity within a particular project area, may be unsuccessful. For example, it carried out exploration activities in Saurashtra onshore, the Bengal Basin and the Ganga basin without any commercial success so far, and the Issuer, by itself or together with its joint venture partners, carried out exploration activities in many locations, including for projects in Egypt, Brazil, Colombia, Cuba, Nigeria and Vietnam, without commercial discoveries. If such failures continue to occur in the future, they may have a material adverse effect on the Guarantor's business, financial condition and results of operations.

The non-availability of crude oil and natural gas transportation infrastructure will affect the Guarantor's ability to exploit its reserves in a cost-effective manner.

The Guarantor's ability to exploit any reserves discovered in a cost-effective manner will be dependent upon, among other things, the availability of the necessary infrastructure to transport crude oil and natural gas to potential buyers at a commercially acceptable price. Crude oil is usually transported by pipelines and ocean tankers to refineries, and natural gas is usually transported by pipelines to processing plants and end users. For example, the Guarantor is currently conducting exploration activities in the deep waters of the Bay of Bengal on the east coast of India where no suitable transportation arrangements exist and infrastructure will have to be built if it is successful in its exploration in this region. The Guarantor may not be successful in its efforts to arrange suitable infrastructure for the cost-effective transportation of its potential production. Similarly, it lacks the infrastructure for natural gas transportation, and is dependent on third party providers to transport natural gas produced from its fields. Failure to develop its own natural gas transportation infrastructure, or to conclude natural gas transportation arrangements on commercially favourable terms with third parties, could result in higher transportation costs, thereby reducing the Guarantor's profitability.

If the Guarantor is unable to acquire land and associated surface rights to its crude oil and natural gas reserves, it may be unable to explore its reserves which could materially and adversely affect the Guarantor's business, financial condition and results of operations.

The Guarantor is required to acquire the land and associated surface rights overlying its crude oil and natural gas reserves prior to commencing exploration activities on such land. The Guarantor may face difficulties in the acquisition of land in a timely manner, particularly in respect of land owned by private parties and forest

land, resulting in delays in some of its projects. The Guarantor has in the past experienced significant delays in obtaining relevant statutory and regulatory approvals for the acquisition of land and surface rights to commence exploration activities on some of its projects, including delays related to negotiation of rehabilitation packages for existing owners and displaced communities and the implementation of the rehabilitation and resettlement process. The Guarantor cannot assure you that it will not face such delays in the future. Any inability to acquire land and associated surface rights to access the Guarantor's existing or future crude oil and natural gas reserves in a timely manner on commercially acceptable terms, or at all, could have a material and adverse effect on the Guarantor's business, financial condition and results of operations.

The Guarantor is dependent on obtaining and maintaining rights to explore for and develop petroleum properties and any inability to obtain and maintain such rights could adversely affect its business, financial condition and results of operations. In addition, the Guarantor's PELs in its nomination blocks may not be renewed by the Government, which will likely result in a reduction in the Guarantor's exploration activities in such areas.

Under the applicable NELP regime, the Guarantor is generally required to enter into a production sharing contract ("PSC") and obtain various licences following the award of a block pursuant to a competitive bidding process before it can commence exploration activities. The Guarantor's licences and leases are issued for terms of varying length both for its nomination and NELP blocks. Upon the expiry of the term of each of them, if the licence or lease has not been renewed, extended or replaced, the exploration and/or production activity will have to cease.

As of 31 March 2014, the Guarantor held exploration licences for 12 nomination blocks (eight onshore and four offshore) and 58 NELP blocks (31 onshore and 27 offshore). Of the 27 offshore blocks for which the Guarantor holds exploration licences, 14 blocks are located in deep-water/ultra-deep water and 13 blocks are located in shallow water areas. In addition, as of 31 March 2014 the Guarantor held 6 pre-NELP blocks (five onshore and one offshore). As of 31 March 2014 the Guarantor had a total of 353 petroleum mining leases ("PMLs") in nomination domestic fields. In addition, applications have been submitted for the grant of 9 PMLs for a total area of 751.61 square kilometres which are under consideration of the Government. The nomination petroleum exploration licences ("PELs") are in the final stage of their re grant cycle period and may not be renewed by the Government beyond the life cycle period. Most of the Guarantor's PELs in its nomination blocks will expire in soon and are therefore likely to reduce over the next few years, if not converted to mining leases. The Guarantor has already converted most of its major PEL areas in the Western Offshore Unit, Krishna Godavari, Cauvery, and Assam and Assam Arakan basins to mining leases. These areas include Malleswaram, GS-49 Ext, KD (KG DW), Sundulbari, Agartala Dome Extension area, Nambar-Ext, Patan-Tharad, Valod-Ext-II, Lohar, Rupal, Rupal-Ext-I, Karjan, Karwan, and Valod-Kathol Ext-III. If the Guarantor is unsuccessful in its application to convert its PELs into mining leases before they expire, the Guarantor will experience a reduction in the area available for its exploration activities in India.

The Guarantor may not be successful in achieving commercially viable production of coal-bed methane ("CBM") in some of its CBM blocks which may have an adverse impact on its business and results of operations.

The Guarantor is involved in various non-conventional energy projects, including the development of CBM. The Guarantor commenced CBM production from its pilot project in Jharkhand in January 2010. In addition, in February 2009, it also entered into an agreement with CC&L Engineering Private Limited ("CC&L") for the sale of CBM gas from its mines located at Jharkhand. The Guarantor has limited experience in producing CBM and, accordingly, there can be no assurances that it will be able to achieve commercially viable production of CBM at its remaining blocks or at any blocks that it may acquire in the future, which may have an adverse effect on its business, financial condition and results of operations.

Various statutory and regulatory approvals that are material to the conduct of the Guarantor's business and operations have not been received or are pending with various regulatory authorities and the failure to obtain them in a timely manner or at all may adversely affect its operations.

The Guarantor is engaged in the exploration and production of oil and gas in India and abroad. In this regard, as of 31 March 2014, the Guarantor operates 353 nomination PML crude oil and natural gas reserves bearing fields in India. In addition, as of 31 March 2014, it holds petroleum exploratory licences for 12 exploratory blocks in India to which it has not yet ascribed reserves. Of these 12 exploratory blocks, the Guarantor has made hydrocarbon discoveries in a number of blocks. The Guarantor also undertakes exploration and production of oil and gas internationally through the Issuer. The Guarantor's refining operations in India are conducted through its subsidiary, MRPL.

The Guarantor has obtained a list of approvals and licences, under Indian law, which the Guarantor believes are key approvals for (i) ownership of oil and gas mining/exploration rights and for undertaking mining/exploration activities in relation to the material fields in India, (ii) conducting the refining operations of MRPL in India and (iii) conducting the business of the Issuer in India (the **"Key Approvals"**).

The Guarantor has applied for, or is in the process of applying for, such Key Approvals. The Guarantor may not receive such Key Approvals within the time frames anticipated by it or at all. If it fails to obtain, or experiences material delays in obtaining or renewing, Key Approvals, the Guarantor's operations could be substantially disrupted, which could have a material adverse effect on its business prospects, financial condition and results of operations. For further information, see *"Relationship with the Government and Certain Related Party Transactions"*.

The Guarantor is involved in legal, regulatory and arbitration proceedings that, if determined against it, may have an adverse impact on its business and financial condition.

There are certain outstanding legal proceedings against the Guarantor pending at various levels of adjudication before various courts, tribunals, authorities and appellate bodies in India. Should any new development arise, such as a change in applicable laws or rulings against the Guarantor by the appellate courts or tribunals, the Guarantor may need to make provisions in its financial statements, which may increase the Guarantor's expenses and current liabilities. The Guarantor also receives requests for information under the Right to Information Act, 2005 from various third parties from time to time. In addition, the Guarantor is presently, and in the future may be subject to risks of litigation, including public interest litigation, in relation to the environmental impact of its projects or the construction activities of its projects. The Guarantor cannot assure you that these legal proceedings will be decided in its favour. Any adverse decision may have a significant effect on the Guarantor's business, including its financial condition, the implementation of its current or future projects and its results of operations.

For further information, see *"Business—Legal and Regulatory Proceedings"*.

The Guarantor is required to bear the entire royalty and/or OID cess burden in relation to certain blocks in which it is a licensee or holds a participating interest.

In respect of seven pre-NELP blocks located in the Cambay, Rajasthan and Cauvery basin that are under production or exploration or in which a commercial discovery of hydrocarbons has been made, the Guarantor is required, under the terms of the applicable PSCs, to bear 100 per cent. of the royalty burden (in respect of production from all these blocks) and the oil industry development cess (**"OID cess"**) (in respect of production in some of these blocks) notwithstanding its participating interest is only between 30.00 per cent. and 50.00 per cent. Royalty expenses for crude oil and natural gas produced from its pre NELP fields in Fiscal 2012, Fiscal 2013 and Fiscal 2014 were Rs. 36,843.00 million, Rs. 51,768.93 million and Rs. 61,904.89 million, respectively on unconsolidated basis. This increase was primarily from increased production from one of these blocks, the RJ ON 90/1 block in the Rajasthan basin, which initially came into production in August 2009 and has subsequently increased its production significantly. The Guarantor acquired a 30.00 per cent. participating interest in this block in accordance with the terms of the applicable PSC signed in 1995. However, with respect to the RJ-ON-90/1 block, a major oil producing block, presently

contributing more than 95.00 per cent. of the total of these seven blocks, the Guarantor is able to recover the royalty that it pays against contract costs by obtaining equivalent crude oil. The OID cess is being paid by respective partners as per participating interests which the Guarantor is, also able to recover against contract costs.

The Guarantor is effectively prohibited from exporting crude oil under its PSCs, which could restrict its ability to monetise applicable reserves.

The PSCs signed by the Guarantor under NELP effectively bar it from exporting crude oil, since, under the terms of the PSCs, it is under an obligation to sell all of its entitlement to crude oil in the domestic market until such time as the total availability of the crude oil and condensate from all domestic petroleum production activities meets the total national demand. There is currently a mismatch between the demand and the supply for crude oil in India, with the demand outweighing the domestic production of crude oil, and this mismatch is expected to continue in the long term. However, to the extent that the Guarantor's NELP blocks yield crude oil that is not suitable for processing by refineries in India, it may be difficult to monetise such domestic crude oil reserves.

The failure to complete the Guarantor's minimum work programme could make it liable for penalties, and the Government may call upon the relevant bank guarantees it has provided to secure its obligations.

The PSCs for all NELP blocks include a contractual obligation to complete certain minimum work commitments in connection with the acquisition, processing and interpretation of two-dimensional ("2D") and three-dimensional ("3D") seismic data, and the drilling of exploratory and development wells. If the Guarantor or its partners do not meet the minimum work programme obligations under its PSCs, it or its partners (as the case may be) may be liable to pay penalties. In addition, in some of the PSCs, the parties to such PSCs are required to furnish bank guarantees equivalent to the assessed amount for the minimum work programme commitments in proportion to their participating interest in the PSC. The Guarantor's minimum work programme commitments for its NELP blocks are the most significant constituent of its contingent liabilities, and as of 31 March 2014, aggregated Rs. 71,847.86 million in capital commitments not provided for. In the event that the Guarantor fails to achieve its minimum work programme commitments stipulated in a PSC, it could be liable to pay various penalties. Furthermore, the Government can enforce bank guarantees to the extent of the incomplete portion of the Guarantor's minimum work programme commitment, which could have a material adverse impact on its business, financial condition and results of operations.

The Guarantor is required to seek the approval of the Government for certain decisions under its PSCs, which may limit its ability to take certain actions under those contracts.

The PSCs that the Guarantor has entered into with the Government and the other parties are in a standard format and confer certain rights on the Government and require it to seek the approval of the Government in certain circumstances. For example:

- the Government must approve any development plan, any appraisal plan, a minimum work programme with respect to each exploration phase and any abandonment or site restoration plans;
- the Government has the right to access the exploration acreage and to inspect and test the appliances used for measuring the volume and quality of petroleum, and may require the other parties to such PSCs to take remedial steps if it believes that the exploration activities are causing harm and damage to the environment;
- the operator of the exploration area cannot be changed without prior approval from the Government; and

- in each exploration area, the Government nominates two members of the management committee, which has a mandate to approve, *inter alia*, the annual work programmes, proposals for approval of development plans, appointments of auditors and proposals for abandonment plans and site restorations.

Accordingly, governmental decisions have the potential to limit the Guarantor's ability to take certain actions under those contracts or to cause a delay in the Guarantor taking such actions, which could have a material adverse effect on its business, financial condition and results of operations.

Natural gas prices are controlled by the Government of India, which limits the profitability of the Guarantor's gas production business.

Natural gas prices in India are generally set by the Government through a variety of mechanisms. For natural gas produced from the Guarantor's nomination blocks, the prices are fixed by the Government. Since 1 June 2010, the MoPNG has fixed the price of administered pricing mechanism ("APM") natural gas produced by national oil companies, including the Guarantor, at US\$4.2/million British thermal unit ("MMBtu") less royalty. For customers in North-East India, the net consumer price is fixed at 60.0 per cent. of the above price (US\$2.52/MMBtu) as provided under a MoPNG order providing for a subsidy to customer in North-East India. According to the MoPNG order, the difference between the APM gas price in India (excluding North-East India) and the price paid by customers in North-East India is reimbursed to the Guarantor through a provision in the Union Budget of India. As this pricing regime neither specifies the linkage of the APM gas price with market-driven prices nor defines the time frame for the revision of APM gas prices, it is difficult to ascertain the direction or extent of any changes in the APM gas price. Any future government decisions in this respect may affect the Guarantor's revenues from its natural gas business.

During 2012, the Government constituted a committee under the chairmanship of Dr. C. Rangarajan which prepared a report on the production sharing contract mechanism in the petroleum industry to determine the basis or formula for establishing the price of domestically produced natural gas. Based on the recommendations made by the committee, new domestic produced natural gas pricing guidelines were approved by the Government which have been made applicable to all natural gas produced domestically for a period of five years beginning 1 April 2014. The price is expected to be fixed on the basis of average net back price of Indian gas imports and the weighted average of the price of natural gas at international hubs.

For natural gas produced from blocks acquired under the pre-NELP regime, the price is fixed by the Government on a case-by-case basis, or, in certain instances, pursuant to the terms of the relevant contractual arrangements. At present, the price of natural gas from pre-NELP blocks is within the range of US\$4.2 and US\$6.2 per MMBtu. For natural gas produced from blocks acquired under the NELP regime, the price is market-driven but subject to the approval of the Government on a case-by-case basis. Although the Guarantor does not currently produce natural gas from its NELP blocks, the Government has set the price at US\$4.2 per MMBtu on the one primarily gas-producing NELP block, in which it does not have any interest.

There can be no assurances that the operation of the price caps or the Government budgetary allocation will not be changed in a way that will adversely affect its gas monetisation strategy or otherwise have a material negative impact on its business, financial condition and results of operations.

The Guarantor relies on the Government or its nominees to offtake crude oil, natural gas and petroleum products. Their failure to do so could negatively impact on its business.

Pursuant to the Guarantor's PSCs under NELP, the Government is entitled to a pre-agreed share of all petroleum produced (less any petroleum to be allocated in respect of contract costs to the parties to the PSC, except the Government), such share to be taken either in cash or in kind, at the option of the Government. The proportions of such entitlements are specific to each PSC. The remaining petroleum is divided among the parties to the PSC (except the Government) in proportion to their participating interests, such share of petroleum to be taken in cash or in kind and subject to relevant laws, including those related to taxation.

While the Guarantor has the right to lay pipelines and the Government has an obligation to lift the crude oil on a current basis so as not to cause a restriction of production or inconvenience, there is an on-going risk of offtake default. In particular, the responsibility (both financial and execution) of construction of infrastructure for offtake is not agreed upon at the time of entering into the PSC.

Similarly, the other parties to the PSCs have a similar obligation to offtake crude oil with the attendant risk of offtake defaults, including as a result of the inadequacy of infrastructure and transport logistics.

Some of the Guarantor's pre-NELP PSCs oblige sale of all crude oil to the Government or its nominee. Though the obligation to make payments is with the Government and it is the responsibility of the Government to offtake crude oil on a current basis so as not to cause a restriction of production or inconvenience, there is a risk of offtake default as outlined for PSCs under NELP. Moreover, in the Guarantor's PSCs, the Government typically nominates a third party to offtake crude oil and it has no control on the selection of this assignee.

Similarly, the Guarantor lacks the infrastructure for natural gas transportation, and is dependent on third party providers to transport natural gas produced from its fields. Failure to develop its own natural gas transportation infrastructure, or to conclude natural gas transportation arrangements on commercially favourable terms with third parties, could result in higher transportation costs, thereby reducing the Guarantor's profitability.

The Guarantor also sells most of the petroleum products from its refining business to national oil marketing companies in India, including IOCL, HPCL and BPCL. These national oil marketing companies have their own refineries as well as other sources of supply, and only source products from the Guarantor's refinery to make up any shortfalls in their requirements.

There can be no assurance that the Guarantor will be able to sell its refined products under commercially favourable terms or at all in the event that national oil marketing companies reduce their purchase of refined products from the Guarantor.

The Guarantor's refinery operations are affected by the volatility in the prices and availability of supply of crude oil and other feedstock.

The Guarantor's refinery operations largely depend on the supply of crude oil, one of its principal raw materials. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's consumption of imported crude oil amounted to Rs. 444,149.5 million, Rs. 574,921.6 million and Rs. 640,281.1 million, respectively. The Guarantor is capable of processing a wide range of crude oil, including crude oil from the Middle East, South America, the Far East, West Africa and India, although its choice of feedstock at any time depends on relative prices and yields. The Guarantor acquires substantial portions of its requirements of crude oil from foreign sources through a combination of term purchase contracts and spot market purchases. The Guarantor typically stocks approximately 10 to 15 days of crude oil in its storage tanks. In recent years, it has sourced a substantial part of its crude oil requirement from the Middle East region, particularly from Iran and Saudi Arabia, and regions known to have high security risks. Events such as hostilities, strikes, natural disasters, political developments in petroleum-producing regions (particularly in or affecting the Middle East), domestic and foreign government regulations could interrupt the Guarantor's operations and the supply of crude oil and force it to incur significant additional costs. An interruption in the supply of crude oil or its operations or its incurrence of significant additional costs as a result of any of these events could have a material adverse effect on the Guarantor's business, financial condition and results of operations. In addition, these events or other events, such as changes in the fiscal and regulatory environment in India, may adversely affect prices of crude oil generally or the price at which the Guarantor is able to obtain a supply of crude oil, which may, under some circumstances, adversely affect its gross refining margin. The price of crude oil has been, and is expected to continue to be, volatile. A significant increase in the price of crude oil would have an adverse effect on the Guarantor's business, financial condition and results of operations if it was unable to pass on any such higher costs to its customers.

The Guarantor's exploration, development and production operations are subject to various operational, health, safety and environmental risks and natural disasters, and resulting losses may cause material liabilities that are not covered by insurance.

The nature of the Guarantor's operations exposes it to a wide range of significant health, safety, security and environmental risks. The scope of these risks is influenced by the location, operational diversity and technical complexity of the Guarantor's activities.

There are risks of technical integrity failure as well as risks of natural disasters and other adverse conditions in many of the areas in which the Guarantor operates which could lead to loss of containment of hydrocarbons and other hazardous material, as well as the risk of fires, explosions or other incidents. The leaks of crude oil that it experienced in the Mumbai High field in January 2011 are an example of the operational risks that the Guarantor faces in its activities. In addition, the Guarantor has experienced a gas leak due to an uncontrolled well activity from a natural gas well at the Konaban field located in Tripura in June 2011. Further, the Guarantor experienced a gas leak in one of its wells in the KG Basin in October 2012. Although the gas leak has been capped, such incidents are inherent in the nature of the Guarantor's business and may have an adverse impact on its financial condition and results of operations. All modes of transportation of hydrocarbons involve inherent risks. An explosion or fire or loss of containment of hydrocarbons or other hazardous material could occur during transportation by road, rail, sea or pipeline. This is a significant risk due to the potential impact of a release on the environment and people and given the high volumes involved. In addition, the Guarantor's inability to provide safe environments for its workforce and the public could lead to injuries or loss of life and could result in regulatory action, legal liability and damage to its reputation. The Guarantor has on-going legal proceedings for accidents that occurred at plants owned by it. For further details, see "*Business—Legal and Regulatory Proceedings*".

The Guarantor's operations are often conducted in difficult or environmentally sensitive locations in which the consequences of a spill, explosion, fire or other incident could be greater than in other locations. These operations are subject to various environmental laws, regulations and permits and the consequences of failure to comply with these requirements can include remediation obligations, penalties, loss of operating permits and other sanctions. Accordingly, inherent in its operations is the risk that if the Guarantor fails to abide by environmental and safety and protection standards, such failure could lead to damage to the environment and could result in regulatory action, legal liability, material costs and damage to its reputation or loss of its licence to operate.

Crisis management plans and capability are essential to deal with emergencies at every level of the Guarantor's operations. If the Guarantor does not respond, or is perceived not to respond, in an appropriate manner to either an external or an internal crisis, its business and operations could be severely disrupted.

Exploration for and production of crude oil and natural gas is hazardous, and man-made and natural disasters, operator error or other accidents can result in oil spills, blowouts, cratering, fires, equipment failure, and loss of well control, which can injure or kill people, damage or destroy wells and production facilities, and damage property and the environment. Offshore operations are subject to marine perils, including severe storms and other adverse weather conditions, vessel collisions, and governmental regulations as well as interruptions or termination by governmental authorities based on environmental and other governmental considerations. Also, the Guarantor runs the risk that it may not find any economically productive natural gas or crude oil reservoirs. In addition, the costs of drilling, completing and operating wells could be subject to shortages of, or delays in obtaining, equipment, and the inadequacy or unavailability of, or other problems with, transportation facilities. Breakdowns in the Guarantor's equipment or that of contractors, or in the infrastructure on which it relies, could disrupt its operations and adversely affect its business. In particular, its computers, telecommunications and electronic systems and equipment are vulnerable to breakdowns, disruptions or other problems that may adversely affect its operations. The Guarantor maintains insurance coverage against some, but not all, potential losses. Although the Guarantor attempts to limit and mitigate its liability for damages arising from negligent acts, errors or omissions through insurance policies, the limitations of liability set forth in its insurance policies may not be enforceable in all instances or may not protect it from liability for damages. These may lead to financial liability and other adverse consequences for the Guarantor. Further, even where the Guarantor has insurance coverage in place, it may not be able to assert

successfully its claims for any liability or loss under such insurance policies. This may have a material adverse effect on the Guarantor's business, financial condition and results of operations. For example, the Guarantor has no insurance coverage for loss of profits or earnings, damaged or destroyed data or records, or damage or loss due to pollution or contamination arising out of its onshore exploration and production activities. Losses and liabilities arising from such events may significantly reduce the Guarantor's revenues or increase its costs (for example, by incurring extra costs on site restoration, disaster recovery and workers' compensation or rehabilitation) and have a material adverse effect on its financial condition and results of operations.

The Guarantor may incur material costs to comply with, or suffer material liabilities as a result of, health, safety and environmental laws and regulations.

The Guarantor's operations are subject to extensive laws and regulations pertaining to pollution and protection of the environment and health and safety of workers. These laws and regulations govern, among other things, emissions to the air, discharges onto land and into water, maintenance of safe conditions in the workplace, the remediation of contaminated sites, and the generation, handling, storage, transportation, treatment and disposal of waste materials. The Guarantor incurs, and expects to continue to incur, significant capital and operating costs to comply with these requirements, including costs to reduce air emissions and discharges to the natural water bodies and to remedy contamination at various facilities where the Guarantor's products or wastes have been handled or disposed. It also could incur significant costs, including clean-up costs, fines and civil and criminal sanctions, if it fails to comply with these laws and regulations or the terms of its permits. In addition, future changes to environmental laws and regulations, such as changes in laws and regulations relating to climate change, could result in substantial additional capital expenditure, taxes and reduced profitability from increased operating costs or in restrictions on its revenue generation, operations or strategic growth opportunities.

The Guarantor may incur environmental liabilities in respect of its operations even for environmental damage caused by acts or omissions of its contractors. Under the production-sharing arrangements entered into by the Guarantor with various parties, it is required to indemnify the contractors, as well as the Government and the relevant state government, for environmental damage and related losses caused by its exploration and production operations to the extent of its participating interest in such ventures, subject to limited exceptions. Also, some of its service contracts limit the contractors' liability for pollution caused by their activities. For instance, in some contracts, the Guarantor is obligated to indemnify the contractor for surface damage arising out of sub-surface damage caused by the personnel or equipment of the contractor irrespective of the cause of the damage, subject to limited exceptions. The Guarantor's insurance coverage does not cover all potential liabilities that may arise as a result of environmental damage caused by contractors, its joint venture partners or by the Guarantor itself and this may result in a material adverse impact on the Guarantor's results of operations. For example, its insurance policy in respect of its domestic onshore exploration and production operations does not cover liabilities arising from pollution or contamination. Similarly, its Russian subsidiaries do not have any insurance for environmental damage caused by their activities. Furthermore, with new regulations for the reduction of gas flaring having gone into effect, the Guarantor's costs and penalties payable in compensation for environmental damage for gas emission in excess of permitted levels have increased.

The Guarantor has taken public liability insurance for all of its installations and operations in India in compliance with the Public Liability Insurance Act, 1991 (the "**Public Liability Insurance Act**"). The Public Liability Insurance Act requires that a company's insurance policy must not be for an amount less than the amount of the paid-up capital for the undertaking or handling of any hazardous substance owned or controlled by that company, and must be more than the amount, not exceeding fifty crore rupees, as may be prescribed. Amendments of this act may also be referred, wherever applicable. There is provision of Environmental Relief Fund details are given in the para11.

The Guarantor has significant contingent liabilities that it has not provided for in its balance sheet.

As of 31 March 2014, the Guarantor's unconsolidated contingent liabilities not provided for were as follows:

Contingent Liabilities	As of 31 March 2014
	(Rs. millions)
Capital commitments not provided for ⁽¹⁾	87,719.0
Claims against the Guarantor/disputed demands not acknowledged as debt.	233,828.7
Claims by tax department	123,096.3
Corporate guarantees.	321,788.2
Total	766,432.2

(1) Estimated amount of contracts to be executed on capital account, and estimated amount of minimum work programme committed under various PSCs with the Government.

To the extent that any of these contingent liabilities become actual liabilities, they will adversely affect the Guarantor's results of operations and financial condition in the future.

Much of the Guarantor's equipment is old and significant expenditure may be required to maintain operability and operations integrity.

Much of the equipment which the business of the Guarantor utilises, including drilling equipment, production facilities and pipelines, are old and require upgrading, revamping or replacement, particularly in its Mumbai High field, where much of the equipment is more than 35 years old. Moreover, the Guarantor does not maintain insurance policies for most of its heavy machinery in India. Despite the planned significant operating and capital expenditure, there can be no guarantee that the equipment will not suffer material damage through wear and tear, natural disasters or industrial accidents, or will not require further significant capital improvements or maintenance in the future which could have a material adverse effect on the Guarantor's business, financial condition and results of operations.

Additionally, the Guarantor may fail to maintain sufficient financing and budgetary controls, planning and monitoring systems, procurement co-ordination, scheduling for technology upgrading and maintenance and efficient use of hired services with respect to its equipment, all of which may increase the cost of its exploration and production activity which could have an adverse effect on its profitability.

The Guarantor may not be able to upgrade its existing technologies and to assimilate and acquire new, more advanced technologies in a timely and cost-effective manner.

In order to optimise production from its reserves, carry out exploration in deep-water areas, exploit non-producing basins and acquire knowledge and expertise about frontier basins, it is necessary that the Guarantor adopts advanced technology rapidly and cost-effectively, and trains its personnel in the operation and maintenance of such technology. If it is unable to acquire such technology in a timely manner or fails to appropriately revamp existing technology, it may not be able to fully exploit its reserves.

As acquisition of technology is highly capital intensive, if such technology is not utilised in a productive and efficient manner, the Guarantor may not realise the benefits it expect from such technology and its operations and profitability may be adversely affected. There can be no assurances that it will be able to successfully implement the technology on which its strategy is dependent and its failure to do so could have a material adverse effect on its business, financial condition and results of operations. In addition, if it is unable to acquire new technology it may have to incur even greater expense to lease such technology than it would have incurred to acquire it.

The Guarantor may not be able to successfully limit its gas flare in connection with its natural gas production.

As part of its strategy, the Guarantor intends to focus on the commercialisation of its natural gas reserves and to improve its utilisation of natural gas. The Guarantor's ability to do so successfully is in part dependent upon its ability to limit its gas flaring. In particular, the Guarantor may be required to flare gas in the event that it is unable to establish surface production facilities by the time it first begins production within any given field. As development drilling is undertaken in a field, the Guarantor begins to install surface facilities to handle the field's production. However, there is often a time lag between the start of production and surface facilities being ready for production. If the field is producing associated gas before surface facilities are available to handle production, the Guarantor is required to flare such gas, which results in a reduction in the amount of gas realised from its producing fields. The Guarantor's inability to successfully limit gas flaring could have an adverse effect on its ability to successfully implement its gas monetisation strategy. Additionally, regulations governing gas flaring are less restrictive in India than in many other parts of the world. For example, the Guarantor's subsidiary, the Issuer, is currently paying penalties for gas flaring in its fields in Russia. If India were to adopt more restrictive gas flaring regulations, there can be no assurance that the Guarantor would be able to comply with such regulations, or to do so without incurring significant cost, thereby adversely affecting its profitability.

The loss of the services of skilled employees and of its key management personnel could adversely affect its business.

The Guarantor's business is dependent on it maintaining a skilled workforce. Several members of the Guarantor's senior management team have been with the Guarantor for several years and have extensive knowledge of the Guarantor's operations. If the Guarantor loses the services of key management personnel, it may be difficult to find, relocate and integrate replacement personnel in a timely manner, which could seriously affect its operations and the growth of its business. In particular, the Guarantor depends on specific key talent such as geologists and upstream energy specialists. The Guarantor faces specific disadvantages in its efforts to attract and retain its management personnel. As a PSU, Government policies regulate and control the emoluments, benefits and perquisites that the Guarantor pays to its employees, including its key managerial and technical personnel and these policies may not permit the Guarantor to pay market rates. Consequently, private sector market participants that are able to pay at market rates in exploration and production activities in the crude oil and natural gas industry have been attracting qualified personnel and diluting the talent pool available to PSUs. The Government could also promote or transfer some of the Guarantor's key members from the senior management team to take up positions either within or outside the Guarantor. Additionally, the Guarantor may not have in place the necessary systems and processes to develop key personnel internally, which may limit its ability to retain such personnel. The Guarantor's failure to have or retain quality personnel in key positions and functions could have a material adverse effect on its business, financial condition and results of operations.

Domestic producers of crude oil and natural gas in India may face increased competition from importers and alternative sources of energy.

Historically, domestic crude oil and natural gas producers in India have benefited from import tariffs payable on crude oil and natural gas imported into India. However, the tariff system is subject to fluctuations. Import tariffs were removed in June 2011. However, the Government of India may decide to re-impose import tariffs and any increase or decrease in the rates at which such tariffs are levied may lead to increased competition from importers of crude, particularly as the gap between supply and demand for crude oil in India begins to lessen.

In addition, there is a relative lack of infrastructure for importing and distributing liquefied natural gas, which has limited the quantities of liquefied natural gas imported into India, resulting in reduced competition for domestic natural gas producers. However, the development of the liquefied natural gas market and related infrastructure, such as import terminals, could lead to increases in natural gas imports and increased competition for the development and production of domestic natural gas.

Furthermore, in the long term, commercially viable production of proposed substitutes for crude oil and natural gas such as fuel cells or bio-fuels may be available at cheaper prices than crude oil and natural gas, thereby reducing the demand for crude oil and natural gas and having a material adverse effect on the Guarantor's results.

The Guarantor's joint statutory auditors have relied on the unaudited financial statements of certain of its joint ventures and subsidiaries in connection with their audit of the financial statements that form the basis of the financial statements included in this Offering Circular.

In connection with their audit of the financial statements that form the basis for the financial statements included in this Offering Circular, the Guarantor's joint statutory auditors have relied on the audit reports prepared by other auditors relating to certain of its subsidiaries and joint ventures, including contractual joint ventures. The audited financial statements were not available for certain of its subsidiaries, ONGC Narmada Ltd. and ONGC BTC Ltd., and certain of its joint ventures, Dahej SEZ Limited and ONGC Mittal Energy Limited. Where audited financial information was not available, the Guarantor's joint statutory auditors have relied on unaudited financial statements certified by management in accordance with applicable Indian audit standards.

The Guarantor does not have any registered trademarks and failure to protect its intellectual property rights may have an impact on its business and results of operations.

The Guarantor has not registered all of ONGC's trademarks or logos. Accordingly, the Guarantor cannot prohibit other persons from using the same or similar marks, which may materially and adversely affect our goodwill and business. Furthermore, until such time as registration of the ONGC trademarks is granted, the Guarantor can only seek relief against "passing off" under common law and not statutory remedies under the Indian Trademark Act, 1999. Further, it holds three patents and has one pending patent application. The Guarantor operates in an extremely competitive environment, in both its existing business and its planned ventures into the downstream businesses of refining and retail marketing, where generating brand recognition will be a significant element of the Guarantor's business strategy. If it fails to protect its intellectual property rights, including trademarks or trade secrets, or otherwise fails to obtain registration of the patents the Guarantor has applied for, or may apply for in the future, its business may be adversely affected.

The Guarantor is subject to stringent labour laws and trade union activity.

India has stringent labour laws that protect the interests of workers, including legislation that sets forth detailed procedures for employee removal and dispute resolution and imposes financial obligations on employers upon employee layoffs. This makes it difficult for the Guarantor to maintain flexible human resource policies, discharge employees or downsize, which may adversely affect its business and profitability. The Guarantor's employees are represented by 24 registered trade unions of which 10 are recognised by the Guarantor. All of the trade unions (including unrecognised trade unions) are affiliated with central trade unions. The Guarantor has entered into an agreement with all the recognised unions that is binding on all unionised categories of employees, effective 1 January 2007, which would be coterminous with the pay revision of executives but not beyond 10 years. The Guarantor has in the past suffered disruptions in its operations due to strikes and lockouts by its employees, most recently in 2009. The Guarantor cannot guarantee that such disruptions will not occur in the future.

Some of the Guarantor's records relating to forms filed with the Registrar of Companies required under the provisions of the Companies Act are not traceable.

The Guarantor is unable to trace copies of certain forms it has filed with the relevant Registrar of Companies in India. These forms are required to be filed under the provisions of the Companies Act, and include forms in respect of the allotment of equity shares. Moreover, it does not have appropriate records for transfers or disinvestments made in the past by the President of India, acting through the MoPNG, and has relied on the

Guarantor for other documents, including share transfer committee minutes and post-offer reports, for corroborating the changes in the shareholding of the President of India, acting through the MoPNG. The Guarantor has not been able to obtain copies of such relevant documents, including from the Registrar of Companies.

The interests of the Guarantor's Directors may cause conflicts of interest in the ordinary course of the Guarantor's business.

Conflicts may arise in the ordinary course of decision-making by the Board. Some of the Guarantor's non-executive Directors may also be on the board of directors of certain companies engaged in businesses similar to the business of the Guarantor. In accordance with the procedure laid down in the Companies Act, its Directors are required to disclose any conflict of interest to the Board, following which they are allowed to participate in any discussions concerning the matters tabled before the Board. Although in the past the Guarantor has not had any incidence of conflict of interest, there is no assurance that its Directors will not provide competitive services or otherwise compete in business lines in which it is already present or will enter into in the future.

The global financial crisis and global and domestic economic conditions may have a material adverse effect on the Guarantor's business, financial condition and results of operations.

In recent times, global financial markets experienced a period of unprecedented turmoil and upheaval characterised by extreme volatility and declines in prices of securities, diminished liquidity and credit availability, inability to access capital markets, the bankruptcy, failure, collapse, nationalisation or sale of financial institutions and an unprecedented level of governmental intervention. The Indian economy and financial markets were also significantly impacted by such global economic, financial and market conditions.

The Guarantor is currently experiencing various developments adversely affecting the global economy such as rising national fiscal deficits, the downgrading of credit ratings of various significant financial institutions and developed countries, including the United States, and bailouts for various EU member states which have damaged investor confidence and caused increased volatility in global and Indian securities markets. Any further financial turmoil, especially in the United States of America, Europe or China, may continue to have a negative impact on the Indian economy. Indian financial markets also experienced the contagion effect of the volatility and turmoil in the global financial markets. A continuation of such economic conditions, either globally or domestically, could result in future decreases in the demand for crude oil and natural gas and put downward pressure on the prices for crude oil and natural gas which have experienced significant volatility since July 2008. Additionally, due to the conditions in the global and domestic financial markets, the Guarantor cannot be certain that funding will be available or that it would be able to raise funds, if needed or to the extent required, and it may be unable to implement its strategy, including its exploration and development plans in existing acreage and its acquisition of additional acreage domestically and internationally.

The Guarantor is subject to risks arising from exchange rate fluctuations.

The international prices of crude oil and value-added products, which account for the substantial majority of the Guarantor's sales revenues, are denominated in U.S. Dollars. Most of its expenditure as well as its accounts as a whole, are denominated in Indian Rupees. It also imports crude oil as raw material for its refining business, and incurs such raw material costs in U.S. Dollars. As a result, fluctuations in foreign exchange rates, in particular the exchange rate of U.S. Dollars for Indian Rupees, may materially affect its revenues and results of operations. The Guarantor does not currently hedge its foreign currency exchange rate exposure, although liabilities in respect of the bonds denominated in Indian Rupees issued by the Issuer in the Indian market have been partly swapped into U.S. Dollars. Its results of operations are also subject to fluctuations in the currencies of the countries in which it undertakes its international exploration, development and production activities. The Guarantor incurs a portion of its operational expenditure in the local currencies of these countries, particularly relating to labour, local materials and services, royalties and tax. Fluctuations in the value of such currencies against the U.S. Dollar could impact its results of operations. For example, the Guarantor experienced an increase in tax liability in Fiscal 2012 in connection with its

operations in Venezuela because the significant devaluation of the Venezuelan Bolivar against the U.S. Dollar caused a revaluation of receivables and increased its taxable profit. Moreover, the reporting currency of the Guarantor's financial statements for certain of its Imperial Energy assets in Russia is the Russian Ruble, and fluctuations in the exchange rate of the Russian Ruble against the Indian Rupee or the U.S. Dollar, could affect its consolidated results of operations and financial condition.

Risks Relating to the Oil and Gas Industry

The oil and gas industry is highly regulated in India and the other countries where the Guarantor currently or in the future conducts exploration and production activities and adverse changes in regulations could have a material adverse effect on its business, financial condition and results of operations.

The Guarantor is subject to comprehensive regulation in India and in the countries in which it conducts its international E&P activity, particularly in Russia. It is likely that any countries in which the Guarantor operates in the future may also have comprehensive oil and gas regulations. Changes to such regulations could require changes to the manner in which it conducts its business and result in an increase in compliance costs which could have a material adverse effect on its business, financial condition and results of operations.

For example, the Petroleum and Natural Gas Regulatory Board (the “**PNGRB**”) was established in India in 2007 and has the authority to, among other things, regulate refining, processing, storage, transportation (including laying of pipelines), distribution, marketing and import, export and sale of petroleum, petroleum products and natural gas, excluding the production of crude oil and natural gas, monitoring prices and taking corrective measures to prevent restrictive trade practices, imposing fees and other charges and regulating technical and safety standards and specifications relating to petroleum, petroleum products and natural gas. There can be no assurance that such rules, regulations and jurisprudence of the PNGRB will not evolve in a manner that results in a material adverse effect on the Guarantor's business, financial condition and results of operations, including through the imposition of pricing mechanisms for the sale of crude oil or natural gas.

In addition, the Indian oil and gas industry currently benefits from exemptions from custom duties, export duties and other charges on re-exportation on machinery, plant, equipment, materials and supplies imported solely and exclusively for use in petroleum operations. To the extent that such exemptions were to become unavailable due to changes in tax regulation, the Guarantor's costs for the procurement of such items would increase, which may result in a material adverse effect on its business, financial condition and results of operations. For further details, see “*Relationship with the Government and Certain Related Party Transactions*”.

Exploration and production of crude oil in deep and ultra-deep waters involves risks.

Exploration and production of crude oil involves risks that are enhanced when carried out in deep and ultra-deep waters. As of 31 March 2014, the Guarantor held 14 deep-water NELP blocks and four deep-water nomination blocks and it intends to intensify its exploration and development efforts, primarily through expansion of its deep-water exploration activities in India. The Guarantor's deep-water programme involves the deployment of certain drilling ships and includes the involvement of consultants for geological and geophysical studies, and deep-water drilling, technology, testing and completion services. The Guarantor has limited experience in deep-water exploration, having commenced such operations only in 2003. The Guarantor's activities, particularly deep-water and ultra-deep water drilling, present several risks, such as the risk of spills, explosions in pipelines and drilling wells and natural and geological disasters. The occurrence of any of these events or other accidents could result in personal injuries, loss of life, severe environmental damage with the resulting containment, clean-up and repair expenses, equipment damage and liability in civil and administrative proceedings.

The fire and explosion on-board the semisubmersible drilling rig Deepwater Horizon, which led to the oil spill affecting the Gulf of Mexico in April 2010, illustrates these risks. As a result of the spill, the US Department of Interior imposed a six-month deep-water drilling moratorium in the region, implemented stringent new safety and environmental regulations, which deep-water drilling companies have to meet

before they may resume operations in the region, and created two new agencies devoted to overseeing offshore drilling. The new safety and environmental rules tighten standards for well design, blowout preventers, safety certification, emergency response and worker training, among other things, which could increase the costs of exploration and production, reduce the area of operations and result in delays in obtaining the required permits for deep-water drilling companies operating in the region. The rules could also potentially influence regulators in other geographic regions, including the regions in which the Guarantor operates, to implement similar regulatory initiatives and changes that could have an adverse effect on its business, financial condition and results of operations.

The Guarantor also believes the accident in the Gulf of Mexico may lead to higher insurance costs for the crude oil and natural gas industry as a whole but it cannot predict the magnitude of such increase. In addition, the Guarantor's insurance policies may not cover all liabilities, and insurance may not be available for all risks. There can be no assurance that accidents will not occur in the future, that insurance will adequately cover the entire scope or extent of its losses or that it will not be found liable in connection with claims arising from these and other events.

Operational failures and associated reputational consequences may lead to an increasingly stringent regulatory environment.

Operational failures of companies operating in crude oil and natural gas exploration, development and production, together with associated reputational consequences, may lead to increasingly stringent environmental and other regulations. Changes in foreign environmental laws and regulations, or their interpretation, may require the Guarantor to incur significant unforeseen expenditures to comply with such requirements, add significantly to operating costs, or may significantly limit drilling activity.

Given the possibility of unanticipated regulatory or other developments, including more stringent environmental laws and regulations, the amount and timing of future environmental compliance expenditures could vary substantially from their current levels. The Guarantor cannot predict what additional environmental legislation or regulations will be enacted in the future or the potential effects on its financial position and results of operations, and potentially significant expenditures could be necessary in order to comply with future environmental laws. Also, such capital expenditures and operating expenses relating to environmental matters will be subject to evolving regulatory requirements and will depend on the timing of the promulgation and enforcement of specific standards that impose additional requirements on its operations. Accordingly, the Guarantor cannot assure you that it will not be subject to stricter enforcement or interpretation of existing environmental laws and regulations, or that such laws and regulations will not become more stringent in the future.

Cyclical downturns in the refining and petrochemical industry may adversely affect the Guarantor's margins and operating results.

A significant portion of the Guarantor's consolidated revenue is attributable to sales of various refined and petroleum products in India. In Fiscal 2013, the consolidated sales of such refined and value added products were Rs. 686,655.9 million and Rs. 127,045.8 million, respectively, while in Fiscal 2014, the Guarantor's unconsolidated sales of value-added products were Rs. 125,672.4 million and MRPL's sales of refined products were Rs. 749,516.5 million. The prices of these products are affected by worldwide prices of feedstock, such as crude oil, and end products such as natural gas, diesel, gasoline, jet fuel, naphtha, paraxylene, benzene, purified terephthalic acid, monoethylene glycol, polyester fibres, polyethylene, polypropylene, polyvinyl chloride, polybutadiene rubber, linear alkyl benzene and other chemicals. Historically, the prices of feedstock and end products have been cyclical and sensitive to relative changes in supply and demand, the availability of feedstock and general economic conditions. From time to time, the markets for the Guarantor's petroleum and petrochemical products have experienced periods of increased imports or capacity additions, which have resulted in oversupply and declines in product prices and margins in the domestic market. In such situations in the past, the Guarantor was forced to export these products. Exports may result in lower margins as export prices are lower than domestic prices. This is because domestic prices have historically been supported to a degree by the existence of import tariffs in the Indian market and the fact that, in exporting products, the Guarantor faces higher freight charges and tariffs imposed by other

countries. The withdrawal or lessening of import tariffs in India would have an adverse effect on the Guarantor's margins and operating results. Any downturn resulting from existing or future excess industry capacity or otherwise may have a material adverse effect on its business, financial condition and results of operations.

Regulation of greenhouse gas emissions could increase the Guarantor's operational costs and reduce demand for its products.

Continued political attention to issues concerning climate change, the role of human activity in it and potential mitigation through regulation could have a material impact on the Guarantor's operations and financial results.

International agreements and national or regional legislation and regulatory measures to limit greenhouse emissions are currently in various stages of discussion or implementation. For instance, the Kyoto Protocol, along with other regulations, envisions a reduction of greenhouse gas emissions through market-based regulatory programmes, technology-based or performance-based standards or a combination of them.

These and other greenhouse gas emissions-related laws, policies and regulations, may result in substantial capital, compliance, operating and maintenance costs. The level of expenditure required to comply with these laws and regulations is uncertain and is expected to vary by jurisdiction depending on the laws enacted in each jurisdiction, the Guarantor's activities in it and market conditions. The Guarantor's exploration and production of crude oil and natural gas, and the conversion of crude oil and natural gas into refined products; the processing, liquefaction and re-gasification of natural gas; the transportation of crude oil, natural gas and related products and consumers' or customers' use of the Guarantor's products result in greenhouse gas emissions that could well be regulated.

The effect of regulation on the Guarantor's financial performance will depend on a number of factors, including, among others, the sectors covered, the greenhouse gas emissions reductions required by law, the extent to which it would be entitled to receive emission allowance allocations or need to purchase compliance instruments on the open market or through auctions, the price and availability of emission allowances and credits, and the impact of legislation or other regulation on the Guarantor's ability to recover the costs incurred through the pricing of the Guarantor's products. Material price increases or incentives to conserve or use alternative energy sources could reduce demand for products the Guarantor currently sells and adversely affect its sales volumes, revenues and margins.

Risks Relating to India

The proposed adoption of IFRS could have a material adverse effect on the presentation of the Guarantor's financial statements.

Public companies in India, including the Guarantor, may be required to prepare annual and interim financial statements under International Financial Reporting Standards ("**IFRS**") in accordance with the roadmap for the adoption of, and convergence with, IFRS announced by the Ministry of Corporate Affairs, Government of India (the "**MCA**"), in consultation with the National Advisory Committee on Accounting Standards, through a press note dated 22 January 2010 (the "**MCA Press Release**"). The MCA, through a press release dated 25 February 2011, announced that it will implement the converged accounting standards (referred to as the "**IND AS**") in a phased manner after various issues, including tax-related issues, are resolved. The MCA is expected to announce the date of implementation of the converged accounting standards at a later date which has not yet been announced. The Guarantor's financial condition, results of operations, cash flows or changes in shareholders' equity may appear materially different under IFRS than under Indian GAAP. This may have a material adverse effect on the amount of income recognised during that period and in the corresponding period in the comparative fiscal year/period.

In addition, in its transition to IFRS reporting, the Guarantor may encounter difficulties in the on-going process of implementing and enhancing its management information systems. Moreover, its transition may be hampered by increasing competition and increased costs for the relatively small number of IFRS-experienced accounting personnel available as more Indian companies begin to prepare IFRS financial statements.

The Guarantor's business and activities are regulated by the Competition Act, 2002. Any application of the Competition Act, 2002 to it may be unfavourable, and may have an adverse effect on its business and results of operations.

The Indian Parliament has enacted the Competition Act, 2002 (the “**Competition Act**”) under the auspices of the Competition Commission of India to prevent business practices from having an adverse effect on competition, which (other than for certain provisions relating to the regulation of combinations) has recently become effective. Under the Competition Act, any arrangement, understanding or action, whether formal or informal, which causes or is likely to cause an appreciable adverse effect on competition is void and attracts substantial penalties. Any agreement which directly or indirectly determines purchase or sale prices, limits or controls production, shares the market by way of geographical area or market or number of customers in the market is presumed to have an appreciable adverse effect on competition. It is unclear as to how the Competition Act and the Competition Commission of India may affect industries in India. Any application of the Competition Act to the Guarantor may be unfavourable, and may have an adverse effect on its business and results of operations.

Changes in the Government's policies in the future could delay the liberalisation of the Indian economy and adversely affect economic conditions in India generally, which may impact the Guarantor's future prospects.

Since 1991, successive Indian governments have pursued policies of economic liberalisation, including significantly relaxing restrictions on the private sector. Nevertheless, the role of the Indian central and state governments in the Indian economy as producers, consumers and regulators has remained significant. The current central government, which came to power in May 2014, is headed by the Bharatiya Janata Party and is a coalition of several political parties. Although the current government has announced policies and taken initiatives that support the economic liberalisation policies that have been pursued by previous governments, the rate of economic liberalisation may change, and specific laws and policies affecting banking and finance companies, foreign investment and other matters affecting investment in the Guarantor's securities may change as well. Any change in these policies may have a significant impact on the crude oil and natural gas sector development and business and economic conditions in India generally, which may adversely affect the Guarantor's business, its financial condition and results of operations.

The Guarantor is exposed to potentially adverse changes in the tax and royalty regimes of India and other jurisdictions in which it operates.

The Guarantor operates primarily in India and, also operates in 16 other countries around the world, and any of these countries, including India and the states of India or other countries in which it may operate in the future, could modify their tax or royalty laws in ways that would adversely affect the Guarantor. Tax and royalty rates affecting the crude oil exploration and production industry tend to change in correlation to prices of crude oil. Significant changes in the tax or royalty regimes of India, including the states of India and other countries in which the Guarantor operates, could have a material adverse effect on its liquidity, financial condition and results of operations.

The Guarantor's unconsolidated principal statutory levies expenses comprise royalties, which in Fiscal 2012, Fiscal 2013 and Fiscal 2014 were Rs. 97,746 million, Rs. 108,167 million and Rs. 114,890 million, respectively. Royalty for its international crude oil and natural gas operations is directly linked to the international prices of crude oil and natural gas.

Royalty on the production of crude oil, casing head condensate and natural gas is levied in accordance with the provisions of the Oilfields (Regulation and Development) Act, 1948 and the Petroleum & Natural Gas Rules. OID cess is levied in terms of the provisions of the Oil Industry (Development) Act, 1974.

Future changes in the tax provisions applicable to the Guarantor could have a material adverse impact on its financial condition and results of operations.

The regulatory framework in India is evolving, and regulatory changes as and when introduced by the Government could have a material adverse effect on the Guarantor's business, financial condition and results of operations.

The Guarantor is subject to regulation and supervision by the Government. In addition, so long as the Government's shareholding in the Guarantor equals or exceeds 51.00 per cent., it will continue to be classified as a Government company and will be subject to regulations generally applicable to PSUs in India as well as contractual obligations under the Memorandum of Understanding (the "MoU") signed with the MoPNG. These regulations concern personnel matters, including the appointment of key management personnel and the hiring, dismissal and compensation of employees, as well as budgeting and capital expenditure. As a PSU, the Guarantor's mandate includes social responsibility that may not be consistent with its commercial objectives. For instance, the Government mandates that public sector enterprises like the Guarantor give preference to other public sector enterprises over private sector companies when they bid for its contracts.

In addition to regulations specific to PSUs, the Guarantor is subject to various other governmental policies, laws and regulations in the crude oil and natural gas sector. The Government has historically played a key role, and is expected to continue to play a key role, in regulating, reforming and restructuring the Indian oil and natural gas industry. It exercises substantial control over the growth of the industry, for example, by awarding blocks in NELP rounds. There can be no assurance that the Guarantor will be successful in obtaining interests in blocks, awarded in NELP rounds in the future. In addition to its direct participation in the crude oil and natural gas exploration, development and production industry through the MoPNG and its indirect impact through environmental laws and regulations, the Government awards licences and leases for exploration, production, development, transportation and sale of hydrocarbons. While many Government policies, such as the APM for regulating oil prices, have been liberalised, and there has been a move towards market orientation, the Guarantor continues to be subject to regulated prices for gas, limitations on export of crude oil and natural gas, and requirements to contribute to Government subsidies on diesel, LPG (for domestic use) and SKO (PDS). Further, in the exploration licences and mining leases in which the Guarantor has an interest, the Government retains the ability to direct its actions in certain circumstances. The Guarantor's ability to pursue its own strategy fully in relation to development, production and marketing of crude oil and natural gas and value-added products in accordance with its own commercial interests has been affected by such conditions. In addition, the Government plays an important commercial role in the execution of crude oil and natural gas exploration, development and production activities in India, in particular through Government-controlled companies such as Oil India and the Guarantor. The oil and gas industry worldwide is characterised by relatively frequent changes in economic and fiscal policy by governments depending largely on the prevailing world oil and gas price environment with periods of high prices usually resulting in an increased tax burden for the industry (whether through amendments to legislation or PSCs, changes in interpretation of legislative or contractual terms or similar actions). Although the fiscal regime applicable to the Indian oil and gas industry has been relatively stable in the past, there can be no assurance that this stability will continue in the future.

Presently, MoPNG discharges certain regulatory functions relating to the petroleum industry in India. Additionally, the Petroleum and Natural Gas Regulatory Board Act, 2006 ("PNGRB Act") came into force in India in April 2006. The PNGRB Act provides for the creation of the PNGRB and vests the PNGRB with certain powers and functions relating to refining, storage and transportation of petroleum, petroleum products and natural gas. The majority of the provisions of the PNGRB Act came into effect from 1 October 2007, and the constitution of the PNGRB was re-notified with effect from 1 October 2007. In the future, Indian regulators, including the MoPNG and the PNGRB, may adopt new policies, laws or regulations. The Guarantor's business could be materially adversely affected by any unfavourable regulatory changes.

In addition, existing Indian regulations require that the Guarantor applies for and obtains various Government licences and other approvals, including, in some cases, extensions of exploration licences awarded under the NELP, grants of mining leases, and renewals or extensions of mining leases, in order for it to conduct its exploration, development and production activities. If in the future it is unable to obtain any such necessary approvals, its level of reserves and production would be adversely affected.

Terrorist attacks, civil unrest and other acts of violence or war involving India and other countries could adversely affect the financial markets and the Guarantor's business.

Terrorist attacks and other acts of violence or war may negatively affect the Indian markets and may also adversely affect the worldwide financial markets. In particular, certain of the Guarantor's mining facilities are located in geographically remote areas that may be more prone to vandalism or other attacks by members of terrorist or political groups. Terrorist attacks and other acts of violence or war may also result in a loss of business confidence, make travel and other services more difficult, and ultimately adversely affect the Guarantor's business. In addition, any deterioration in relations between India and its neighbouring countries might result in investor concern about stability in the region, which could adversely affect the price of the Notes.

India has also witnessed civil disturbances in recent years, and it is possible that future civil unrest as well as other adverse social, economic and political events in India could have a negative impact on the Guarantor. Such incidents could also create a larger perception that investment in Indian companies involves a higher degree of risk, and could have an adverse impact on its business and the price of the Notes.

A prolonged slowdown in economic growth in India or financial instability in other countries could cause the Guarantor's business to suffer.

The current slowdown in the Indian economy could adversely affect the Guarantor's business and its lenders and contractual counterparties, especially if such a slowdown were to be prolonged. According to the Central Statistical Office, Ministry of Statistics and Programme Implementation, Government of India, the growth rate of India's GDP, was 9.0 per cent. or higher in each of Fiscal 2006, 2007 and 2008, moderated to 6.7 per cent. during Fiscal 2009. The growth rate of India's GDP was 7.4 per cent. during Fiscal 2010, 8.5 per cent. during Fiscal 2011, 6.5 per cent. during Fiscal 2012, 5.0 per cent. during Fiscal 2013. India's GDP grew by 4.8 per cent. during Fiscal 2014. Even though the RBI has significantly reduced policy rates since October 2008, the course of market interest rates continues to be uncertain due to the increase in the fiscal deficit and the Government borrowing programme. Any increase in inflation in the future, due to increases in prices of commodities such as crude oil or otherwise, may result in a tightening of monetary policy. The uncertainty regarding liquidity and interest rates and any increase in interest rates or reduction in liquidity could adversely impact the Guarantor's business.

In addition, the Indian market and the Indian economy are influenced by economic and market conditions in other countries, particularly those of emerging market countries in Asia. Investors' reactions to developments in one country may have adverse effects on the economies of other countries, including the Indian economy. A loss of investor confidence in the financial systems of other emerging markets may cause increased volatility in the Indian financial markets and, indirectly, in the Indian economy in general. Any worldwide financial instability could influence the Indian economy and could have a material adverse effect on the Guarantor's business, prospects, financial condition, cash flows and results of operations.

Any downgrading of India's debt rating by an international rating agency could have a negative impact on the Guarantor's business and the trading price of the Notes.

As of the date of this Offering Circular, India was rated Baa3 (Stable) by Moody's, BBB- (Stable) by Fitch and BBB- (Negative) by S&P. S&P indicated in a release on 7 November 2013 that it may revise India's sovereign rating to below investment grade should the current Government fail to provide a credible plan to reverse the country's low economic growth. S&P added it will conduct its next review on India's ratings after

the elections, which were completed in May 2014, unless the country's fiscal or external standing deteriorates. After the elections, on 16 May 2014, S&P announced that the Government's reform initiatives in its economic and fiscal policies in the next two or three months may have significant implications on S&P's review of India's sovereign rating.

Any adverse revisions to India's credit ratings for domestic and international debt by international rating agencies may adversely affect the Guarantor's ratings and the terms on which the Guarantor is able to finance future capital expenditure or refinance any existing indebtedness. This could have an adverse effect on the Guarantor's capital expenditure plans, business, cash flows and financial performance, and the trading price of the Notes.

You may experience difficulties in effecting service of legal process, recovering in civil proceedings for United States securities laws violations, bringing original actions in India and enforcing a judgement of a foreign court (except by way of a suit in India on such judgement) against the Guarantor or its management.

The Guarantor is a public limited company incorporated under the laws of India. Many of its directors and substantially all of its key management personnel reside in India and all or a substantial portion of the assets of the Guarantor and such persons are located in India. As a result, it may not be possible to effect service of process within the United States or elsewhere outside India upon the Guarantor or any of the Guarantor's subsidiaries or any of the Guarantor's directors and senior executive officers, including with respect to matters arising under United States federal securities laws or applicable state securities laws.

Recognition and enforcement of foreign judgements is provided for under Section 13 and Section 44A of the Civil Code on a statutory basis. Section 13 of the Civil Code provides that a foreign judgement shall be conclusive regarding any matter directly adjudicated upon, except: (i) where the judgement has not been pronounced by a court of competent jurisdiction; (ii) where the judgement has not been given on the merits of the case; (iii) where it appears on the face of the proceedings that the judgement is founded on an incorrect view of international law or a refusal to recognise the law of India in cases to which such law is applicable; (iv) where the proceedings in which the judgement was obtained were opposed to natural justice; (v) where the judgement has been obtained by fraud; and (vi) where the judgement sustains a claim founded on a breach of any law then in force in India.

India is not a party to any international treaty in relation to the recognition or enforcement of foreign judgements. Section 44A of the Civil Code provides that where a foreign judgement has been rendered by a superior court, within the meaning of such section, in any country or territory outside India, which the Government has by notification declared to be a reciprocating territory, it may be enforced in India by proceedings in execution as if the judgement had been rendered by the relevant court in India. However, Section 44A of the Civil Code is applicable only to monetary decrees not being in the nature of any amounts payable in respect of taxes, other charges of a like nature or in respect of a fine or other penalties and does not apply to arbitration awards, even if such award is enforceable as a decree or judgement.

The United Kingdom, Singapore and Hong Kong have been declared by the Government to be reciprocating territories for the purposes of Section 44A, but the United States has not been so declared. A judgement of a court in a country which is not a reciprocating territory may be enforced in India only by a fresh suit upon the judgement and not by proceedings in execution. Such a suit has to be filed in India within three years from the date of the judgement in the same manner as any other suit filed to enforce a civil liability in India. It is unlikely that a court in India would award damages on the same basis as a foreign court if an action were brought in India. Furthermore, it is unlikely that an Indian court would enforce foreign judgements if that court were of the view that the amount of damages awarded was excessive or inconsistent with public policy. A party seeking to enforce a foreign judgement in India is required to obtain approval from the RBI to repatriate outside India any amount recovered pursuant to such award and any such amount may be subject to income tax in accordance with applicable laws.

There may be less company information available in the Indian securities market than in securities markets in other more developed countries.

There is a difference between the level of regulation, disclosure and monitoring of the Indian securities markets and the activities of investors, brokers and other participants, and that of markets and market participants in the United States and other more developed economies. The Securities and Exchange Board of India (“SEBI”) is responsible for ensuring and improving disclosure and other regulatory standards for the Indian securities markets. The SEBI has issued regulations and guidelines on disclosure requirements, insider trading and other matters. There may be, however, less publicly available information about Indian companies than is regularly made available by public companies in more developed economies.

As a result, investors may have access to less information about the business, prospects, financial condition, cash flows and results of operations of the Guarantor and its competitors that are listed on stock exchanges in India than companies subject to reporting requirements of other more developed countries.

The proposed new taxation system could adversely affect the Guarantor’s business and the trading price of the Notes.

In its union budget for Fiscal 2010, the Government proposed two major reforms in Indian tax laws, namely the goods and services tax and the direct tax code. The goods and services tax is intended to replace the indirect taxes on good and services such as central excise duty, service tax, central sales tax, surcharge and cess currently being collected by the central and state governments in India. It aims to reduce distortions in tax structure, introduce moderate levels of taxation and expand the tax base. The change also aims to provide greater tax clarity and stability to investors who invest in Indian projects and companies. It aims to consolidate and amend laws relating to all direct taxes like income tax, dividend distribution tax, fringe benefit tax and wealth tax and facilitate voluntary compliance. There is a lack of clarity as to the actual date of implementation of the direct tax code. The Government intends to implement the goods and services tax in the year 2014. As the taxation system may undergo significant overhaul, its long-term effects on the Issuer or the Guarantor are unclear as of the date of this Offering Circular and there can be no assurance that such effects would not adversely affect the Guarantor’s business, future financial performance and the trading price of the Notes.

We cannot predict the effect of the notification of the Companies Act, 2013 on the Guarantor’s business, results of operations and financial conditions.

The Companies Act, 2013 (the “**2013 Act**”) has been notified by the Government of India on 30 August 2013 (the “**Notification**”). The 2013 Act has replaced the existing Companies Act, 1956. Under the Notification, Section 1 of the 2013 Act has come into effect and the remaining provisions of the 2013 Act have and shall come into force on such dates as the Central Government has notified and shall notify. Section 1 of the 2013 Act deals with the commencement and application of the 2013 Act, and among others, sets out the types of companies to which the 2013 Act applies. Further the MCA has by their notification dated 12 September 2013 notified 98 sections of the 2013 Act, which have come into force from 12 September 2013.

The MCA also notified on 27 February 2014 the CSR provisions (Section 135 and Schedule VII) of the 2013 Act along with the Companies (Corporate Social Responsibility Policy) Rules, 2014, which will come into effect from 1 April 2014. Further, the MCA has by its notification dated 26 March 2014, notified 183 sections and Schedule I to VI of the 2013 Act, which have come into effect from 1 April 2014. As of the date of this Offering Circular, most of the sections of the 2013 Act have been notified and made effective. Rules for implementation of the majority of the chapters of the 2013 Act have been notified, and have come into effect on 1 April 2014 (the “**Rules**”). The substantial operative part of the legislation is in the Rules. There is no clarity in relation to the date of implementation of the other provisions of the 2013 Act or notification of other rules thereunder.

The 2013 Act provides for, among other things, changes to the regulatory framework governing the corporate governance, audit procedures, corporate social responsibility, the requirements for independent directors, director’s liability, class action suits, and the inclusion of women directors on the boards of companies. The

2013 Act is complemented by a set of rules that set out the procedure for compliance with the substantive provisions of the 2013 Act and the rules thereunder. It is difficult to predict with any degree of certainty the impact, adverse or otherwise, of the 2013 Act on the Offering, and on the business, results of operations and financial condition of the Guarantor.

Inflation in India may adversely affect the Guarantor's business.

India has experienced in the past and is currently experiencing high rates of inflation. The Guarantor can provide no assurance that high rates of inflation will not continue or even increase in the future, which could have an effect on the demand for natural gas and the Guarantor's ability to sell those products. In addition, from time to time, the Government has taken measures to control inflation, which have included tightening monetary policy by raising interest rates, restricting the availability of credit and inhibiting economic growth. Inflation, measures to combat inflation and public speculation about possible governmental actions to combat inflation have also contributed significantly to economic uncertainty in India and heightened volatility in the Indian capital markets. Periods of higher inflation may also slow the growth rate of the Indian economy which could also lead to a reduction in demand for natural gas and a decrease in our sales thereof. Inflation may also increase some of the Guarantor's costs and expenses. Moreover, the reporting currency of the Guarantor's financial statements is the Indian Rupee, and fluctuations in the value of the Indian Rupee that result from inflation, could affect the Guarantor's results of operations and financial condition. To the extent demand for the Guarantor's products decreases or costs and expenses increase and the Guarantor is not able to pass those increases in costs and expenses on to its customers, its operating margins and operating income may be adversely affected, which could have a material adverse effect on the Guarantor's business, financial condition and results of operations.

A decline in India's foreign exchange reserves may affect liquidity and interest rates in the Indian economy, which could adversely impact our financial condition.

According to a weekly statistical supplement released by RBI, India's foreign exchange reserves totalled over US\$313.54 billion as of 13 June 2014. Flows to foreign exchange reserves can be volatile, and past declines may have adversely affected the valuation of the Rupee. Further declines in foreign exchange reserves, as well as other factors, could adversely affect the valuation of the Rupee which could result in reduced liquidity and higher interest rates that could adversely affect the Guarantor's future financial performance.

Risks Relating to the Notes

There is no public market for the Notes.

The Notes will be a new issue of securities with no existing trading market. The Issuer has, through its listing agent, applied to list the Notes on the official list of the SGX-ST. However, neither the Issuer nor the Guarantor can make any assurances that the Notes will ultimately be listed on the exchange or that a liquid trading market will develop for the Notes. Although the Notes may be listed on an exchange, neither the Issuer nor the Guarantor can make any assurances as to whether an active market will develop for the Notes or as to the liquidity of the Notes. If an active market does develop, future trading prices of the Notes will depend on many factors, including, among others, prevailing interest rates; the Guarantor's financial condition, performance and prospects, political and economic developments in India; and the market for securities similar to the Notes. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

The price of the Notes following the offering may be volatile.

The price and trading volume of the Notes may be highly volatile. Factors such as variations in the Guarantor's revenues, earnings and cash flows and proposals of new investments, strategic alliances and/or acquisitions, interest rates, fluctuations in prices for comparable companies and the Government's policy with respect to subsidies could cause the price of the Notes to change. Any such developments may result in large and sudden changes in the volume and price at which the Notes will trade. There can be no assurance that these developments will not occur in the future.

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;
- have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;
- have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency;
- understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Conditions of the Notes are subject to modification, waivers and substitution.

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Conditions 15 and 16.2.

The Notes are not guaranteed by the Republic of India.

The Notes are not the obligations of, or guaranteed by, the Government. Although the Government owned 68.94 per cent. of the Guarantor's issued and paid up share capital as of the date of this Offering Circular, the Government is not providing a guarantee in respect of the Notes. In addition, the Government is under no obligation to maintain the solvency of the Guarantor. Therefore, investors should not rely on the Government to ensure that the Issuer fulfils its obligations under the Notes.

Notes where denominations involve integral multiples: definitive Notes.

In relation to these Notes, which have denominations consisting of a minimum specified denomination plus one or more higher integral multiples of another smaller amount, it is possible that these Notes may be traded in amounts that are not integral multiples of such minimum specified denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum specified denomination its account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a specified denomination.

The Notes will initially be held in book entry form, and therefore you must rely on the procedures of the relevant clearing systems to exercise any rights and remedies.

The Notes will be represented on issue by one or more Global Certificates that may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. Except in the circumstances described in each Global Certificate, investors will not be entitled to receive Notes in definitive form. Each of Euroclear and Clearstream, Luxembourg and their respective direct and indirect participants will maintain records of the beneficial interests in each Global Certificate held through it. While the Notes are represented by a Global Certificate, investors will be able to trade their beneficial interests only through the relevant clearing systems and their respective participants.

While the Notes are represented by Global Certificates, the Issuer will discharge its payment obligation under the Notes by making payments through the relevant clearing systems. A holder of a beneficial interest in a Global Certificate must rely on the procedures of the relevant clearing system and its participants to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in any Global Certificate. Holders of beneficial interests in a Global Certificate will not have a direct right to vote in respect of the Notes so represented. Instead, such Holders will be permitted to act only to the extent that they are enabled by the relevant clearing system and its participants to appoint appropriate proxies. If definitive Notes are issued, holders should be aware that definitive Notes that have a denomination that is not an integral multiple of the minimum specified denomination may be illiquid and difficult to trade.

Unlike the Noteholders themselves, owners of book entry interests will not have the direct right to act upon the Issuer's solicitations for consents, requests for waivers or other actions from the Noteholders. Instead, if you own a book entry interest, you will be permitted to act only to the extent you have received appropriate proxies to do so from Euroclear and Clearstream. The procedures implemented for the granting of such proxies may not be sufficient to enable you to vote on a timely basis.

Similarly, upon the occurrence of an event of default under the Trust Deed, unless and until definitive registered Notes are issued in respect of all book entry interests, if you own a book entry interest, you will be restricted to acting through Euroclear and Clearstream. The procedures to be implemented through Euroclear and Clearstream may not be adequate to ensure the timely exercise of rights under the Notes.

Interest on the Notes may be subject to EU Savings Directive.

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent (as defined in the Conditions of the Notes) nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Directive.

Early redemption of the Notes prior to their stated maturity may be subject to compliance with applicable regulatory requirements, including the prior approval of the RBI.

An early redemption of the Notes (whether pursuant to Condition 8.2 (*Redemption for Taxation Reasons*), Condition 8.3 (*Redemption Upon Change of Control*) or due to an Event of Default as specified in Condition 11.1 (*Events of Default*) or otherwise) will be subject to limitations on the ability of the Issuer to redeem the Notes prior to the date of its maturity, including obtaining the prior written approval of the RBI and compliance with any conditions of the RBI and other relevant Indian authorities at the time of such approval. There can be no assurance that the RBI or other relevant Indian authorities will provide such approval in a timely manner or at all.

Payments under the Notes are subject to RBI guidelines regarding the remittance of funds outside of India.

Payments with respect to the Notes are subject to the ECB Guidelines governing the remittance of funds outside of India. Any approval, if and when required, for the remittance of funds outside of India is at the discretion of the RBI and the Issuer can give no assurance that it will be able to obtain such approvals.

The Conditions of the Notes are subject to the risk of change of law.

The conditions of the Notes are based on English law in effect as of the date of this Offering Circular. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Offering Circular.

Developments in other markets may adversely affect the market price of the Notes.

The market price of the Notes may be adversely affected by declines in the international financial markets and world economic conditions. The market for Indian securities is, to varying degrees, influenced by economic and market conditions in other markets, especially those in Asia. Although economic conditions are different in each country, investors' reactions to developments in one country can affect the securities markets and the securities of issuers in other countries, including India. Since the sub-prime mortgage crisis in 2008, the international financial markets have experienced significant volatility. If similar developments occur in the international financial markets in the future, the market price of the Notes could be adversely affected.

Noteholders' right to receive payments is junior to certain tax and other liabilities preferred by law.

The Notes are the Issuer's unsecured obligations and will rank in subordination to certain liabilities preferred by law such as to claims of the Government on account of taxes, and certain liabilities incurred in the ordinary course of its business. In particular, in the event of bankruptcy, liquidation or winding-up, the Issuer's assets will be available to pay obligations on the Notes only after all of the above liabilities that rank senior to these Notes have been paid. In the event of bankruptcy, liquidation or winding-up, there may not be sufficient assets remaining, after paying amounts relating to these proceedings, to pay amounts due on the Notes.

Your rights as a creditor may not be the same under the insolvency laws applicable to the Guarantor and the Issuer as under United States or other insolvency laws.

The Guarantor and the Issuer are incorporated under the India. The insolvency laws of India are likely to differ and may not be as favourable to you as those of the United States or another jurisdiction with which you may be familiar.

United States securities laws restrict the circumstances under which you can transfer the Notes.

We are offering the Notes in reliance upon exemptions from registration under the Securities Act and applicable state securities laws. Therefore, the Notes may be transferred or resold only in transactions registered under, exempt from, or not subject to the registration requirements of the Securities Act and all applicable state securities laws. You should read the discussions under “*Subscription and Sale*” and “*Notice to Investors*” for further information about these and other transfer restrictions. It is your obligation to ensure that your offers and sales of Notes comply with applicable law.

Risks Related to the Market Generally

Payments of principal and interest are subject to exchange rate risks and exchange controls.

The Notes are denominated and payable in U.S. dollars or Euros, as the case may be. This presents certain risks relating to currency conversions if an investor’s financial activities are denominated principally in a currency or currency unit (the “**Investor’s Currency**”) other than U.S. Dollars or Euros. These include the risk that exchange rates may significantly change (including changes due to devaluation of the U.S. Dollar or Euro or revaluation of the Investor’s Currency) and the risk that authorities with jurisdiction over the Investor’s Currency may impose or modify exchange controls. An appreciation in the value of the Investor’s Currency relative to U.S. Dollars and/or Euro would decrease (i) the Investor’s Currency-equivalent yield on the Notes, (ii) the Investor’s Currency-equivalent value of the principal payable on the Notes and (iii) the Investor’s Currency-equivalent market value of the Notes.

Investment in the Notes is subject to interest rate risks.

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

Credit ratings may not reflect all risks.

S&P and Moody’s are expected to assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments.

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) the Notes are legal investments for it, (ii) the Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

TERMS AND CONDITIONS OF THE 2019 DOLLAR NOTES

The following is the text of the Conditions of the 2019 Dollar Notes which (subject to completion and modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the 2019 Dollar Notes. For the purposes of these “Terms and Conditions of the 2019 Dollar Notes,” the term “Notes” refers to the 2019 Dollar Notes.

The U.S.\$750,000,000 3.250 per cent. Guaranteed Notes due 2019 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 18 and forming a single series with the Notes) of ONGC Videsh Limited (the **Issuer**) are constituted by a Trust Deed dated 15 July 2014 (the **Trust Deed**) made between the Issuer, Oil and Natural Gas Corporation Limited (the **Guarantor**) as guarantor and Citicorp International Limited (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Notes (the **Noteholders**).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed and the Agency Agreement dated 15 July 2014 (the **Agency Agreement**) made between the Issuer, the Guarantor, Citibank, N.A., London Branch as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent, and, together with the other paying agents named therein, the **Paying Agents**, which expression shall include any additional or successor paying agents), as transfer agent (the **Transfer Agent**, which expression shall include any additional or successor transfer agents appointed in accordance with the Agency Agreement) and as registrar (the **Registrar**, which expression shall include any successor registrar, and, together with the Paying Agents and the Transfer Agent, the **Agents**) and the Trustee. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours by the Noteholders at the principal office for the time being of the Trustee, being at the date of issue of the Notes at 39th Floor, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong and at the specified office of each of the Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

*The owners shown in the records of Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.*

*Any redemption prior to maturity under the Conditions of the Notes may, under the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, amended from time to time, and the circulars issued thereunder by the Reserve Bank of India (the **RBI**) which are to be read with the Master Circular — External Commercial Borrowings and Trade Credits dated 1 July 2013 (updated till 16 June 2014), as amended from time to time by any rules, regulations, notifications, circulars, press notes or orders issued by the RBI or other governmental authority of India in relation to external commercial borrowings (the **ECB Guidelines**), require the Issuer to obtain the prior approval of the RBI or designated authorised dealer Category I bank appointed in accordance with the ECB Guidelines, as the case may be, before providing notice for or effecting a redemption and such approval may not be forthcoming.*

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in registered form in amounts of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof (referred to as the **principal amount** of a Note). A note certificate (each a **Certificate**) will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar.

The Notes are not issuable in bearer form.

1.2 Title

Title to the Notes passes only by registration in the register of Noteholders. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions **Noteholder** and (in relation to a Note) **holder** means the person in whose name a Note is registered in the register of Noteholders.

For a description of the procedures for transferring title to book-entry interests in the Notes, see “Clearing and Settlement Arrangements”.

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATE

2.1 Transfers

A Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Agents.

For a description of certain restrictions on transfers of interests in the Notes, see “Subscription and Sale”.

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, **business day** shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described herein (see “The Global Certificate — Registration of Title”), owners of interests in the Notes will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or any Agent but upon payment (or the giving of such indemnity and/or security and/or prefunding as the Issuer or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed Periods

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that Note.

The Issuer and the Guarantor shall not be required in the event of a partial redemption of Notes under Condition 8:

- (a) to register the transfer of Notes (or parts of Notes) during the period beginning on the 65th day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive); or
- (b) to register the transfer of any Note, or part of a Note, called for redemption.

2.5 Regulations

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Trust Deed. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

3. STATUS OF NOTES

The Notes are direct, unconditional and (subject to the provisions of Condition 5) unsecured obligations of the Issuer and (subject as stated above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. GUARANTEE

4.1 Guarantee

The payment of the principal and interest in respect of the Notes and all other moneys expressed to be payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor (the **Guarantee**) in the Trust Deed.

Any payment under the Guarantee prior to the stated maturity may require an RBI approval. The obligations of the Guarantor under the Guarantee will be enforceable against the Guarantor only after obtaining a "no objection" from the authorised dealer Category I bank in accordance with the ECB Guidelines.

4.2 Status of the Guarantee

The obligations of the Guarantor under the Guarantee constitute direct, unconditional and (subject to the provisions of Condition 5) unsecured obligations of the Guarantor and (subject as stated above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

5. NEGATIVE PLEDGE

5.1 Negative Pledge

So long as any of the Notes remains outstanding, the Issuer and the Guarantor will, and the Issuer and the Guarantor will procure that their respective Principal Subsidiaries (as defined below) will, ensure that no Relevant Indebtedness of the Issuer, the Guarantor or any of their respective Principal Subsidiaries will be secured by any Security Interest (as defined below) upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the

Issuer, the Guarantor or any of their respective Principal Subsidiaries unless the Issuer, the Guarantor or the relevant Principal Subsidiary, as the case may be, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by the Issuer under the Notes and the Trust Deed or, as the case may be, the Guarantor's obligations under the Guarantee, are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (i) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (ii) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

5.2 Interpretation

For the purposes of these Conditions:

- (a) **Approved Investor** means (i) a person which has been duly registered with the Securities Exchange Board of India as a Foreign Institutional Investor in terms of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 and (ii) a Qualified Foreign Investor as defined by the Securities and Exchange Board of India and the Reserve Bank of India;
- (b) **Principal Subsidiary** means any Subsidiary of the Issuer or the Guarantor:
 - (i) whose gross sales (consolidated in the case of a Subsidiary which itself has Subsidiaries) and total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Guarantor and its Subsidiaries, relate, are equal to) in each case not less than 15 per cent. of the consolidated gross sales and the consolidated total assets of the Guarantor and its Subsidiaries, taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Guarantor and its Subsidiaries, provided that, in the case of a Subsidiary of the Issuer or, as the case may be, the Guarantor, acquired after the end of the financial period to which the then latest audited consolidated accounts of the Guarantor and its Subsidiaries, relate, the reference to the then latest audited consolidated accounts of the Guarantor and its Subsidiaries, for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Guarantor;
 - (ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer or, as the case may be, the Guarantor, which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (b)(ii) on the date on which the consolidated accounts of the Guarantor and its Subsidiaries, for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (b)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

- (iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, represent (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Guarantor and its Subsidiaries, relate, are equal to) and whose gross sales represent (or, in the case aforesaid, are equal to) not less than 15 per cent. of the consolidated total assets and the consolidated gross sales of the Guarantor and its Subsidiaries, taken as a whole, all as calculated as referred to in subparagraph (b)(i) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its gross sales and total assets represent (or, in the case aforesaid, are equal to) not less than 15 per cent. of the consolidated gross sales and the consolidated total assets of the Guarantor and its Subsidiaries, taken as a whole, all as calculated as referred to in subparagraph (b)(i) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (b)(iii) on the date on which the consolidated accounts of the Guarantor and its Subsidiaries, for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (b)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Trust Deed;

- (c) **Relevant Indebtedness** means (i) any present or future indebtedness (whether being principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities (together, **Securities**) which (A) by their terms are payable in a currency other than Rupees or are denominated in Rupees and more than 50 per cent. of the aggregate principal amount of which is initially distributed outside of India (provided that, for these purposes, Securities sold to an Approved Investor will not be regarded as being distributed outside of India) by or with the authorisation of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, as the case may be and (B) are for the time being, or capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity of any such indebtedness;
- (d) **Security Interest** means any mortgage, charge, pledge, lien or other security interest; and
- (e) **Subsidiary** means, in relation to the Issuer or, as the case may be, the Guarantor, any company (i) in which the Issuer or as the case may be, the Guarantor, holds a majority of the voting rights or (ii) of which the Issuer or, as the case may be, the Guarantor, is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer or, as the case may be, the Guarantor, is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer or, as the case may be, the Guarantor.

6. INTEREST

All interest payable on the Notes shall be subject to applicable laws including but not limited to the ECB Guidelines of India.

6.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including 15 July 2014 at the rate of 3.250 per cent. per annum, payable semi-annually in arrear on 15 January and 15 July of each year (each an **Interest Payment Date**). The first payment (representing a full six months' interest) shall be made on 15 January 2015.

6.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment in which event interest will continue to accrue as provided in the Trust Deed.

6.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full six months, it shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days.

7. PAYMENTS

7.1 Payments in respect of Notes

Payment of principal and interest will be made by transfer to the registered account of the Noteholder or by U.S. dollar cheque drawn on a bank that processes payments in U.S. dollars mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of business on the date (the **record date**) being the fifteenth day before the relevant Interest Payment Date.

For the purposes of this Condition, a Noteholder's **registered account** means the U.S. dollar account maintained by or on behalf of it with a bank that processes payments in U.S. dollars, details of which appear on the register of Noteholders at the close of business, in the case of principal and interest due otherwise than on an Interest Payment Date, on the second Business Day (as defined below) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant record date, and a Noteholder's **registered address** means its address appearing on the register of Noteholders at that time.

So long as the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, such payments will be made to the holder appearing in the register of holders of the Notes maintained by the Registrar at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date.

7.2 Payments subject to Applicable Laws

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 9.

7.3 No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition.

7.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day (as defined below), for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

In this Condition, **Business Day** means a day (other than a Saturday or Sunday) on which commercial banks are open for business in London and New York City and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

7.5 Partial Payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the register of Noteholders with a record of the amount of principal or interest in fact paid.

7.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer and the Guarantor reserve the right, subject to the prior written approval of the Trustee and to the terms of the Agency Agreement, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the **SGX-ST**), if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore unless the Issuer obtains an exemption from the SGX-ST;
- (c) there will at all times be a Registrar;
- (d) there will at all times be a Transfer Agent; and
- (e) the Issuer and the Guarantor undertake that they will ensure that they maintain a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment and of any changes in specified offices shall be given to the Noteholders promptly by the Issuer, failing whom the Guarantor, in accordance with Condition 14.

8. REDEMPTION AND PURCHASE

8.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 15 July 2019.

8.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in Condition 9), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 7 July 2014, on the next Interest Payment Date either (i) the Issuer would be required to pay additional amounts as provided or referred to in Condition 9 or (ii) if the Guarantee were called, the Guarantor would be required to pay such additional amounts; and
- (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor, taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor, would be obliged to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (1) a certificate signed by two members of the board of directors of the Issuer or, as the case may be, the Guarantor, stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer or, as the case may be, the Guarantor, taking reasonable measures available to it and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor, has or will become obliged to pay such additional amounts as a result of the change or amendment, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

8.3 Redemption upon Change of Control

Following the occurrence of a Change of Control (as defined below), any Noteholder will have the right at such Noteholder's option, to require the Issuer to redeem all, or some only, of that Noteholder's Notes on the Change of Control Redemption Date (as defined below) at their principal amount together with any accrued but unpaid interest up to but excluding the Change of Control Redemption Date. To exercise such right, the Noteholder must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the **Change of Control Redemption Notice**) together with the Certificate evidencing the Notes to be redeemed by not later than 30 days following a Change of Control, or, if later, 45 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 14. A Change of Control Redemption Notice, once delivered, shall be irrevocable and the Issuer shall, subject to the receipt of any relevant regulatory approvals, redeem the Notes the subject of Change of Control Redemption Notices delivered as aforesaid on the Change of Control Redemption Date.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred. The Issuer, failing whom the Guarantor, shall give notice to Noteholders and the Trustee in accordance with Condition 14 by not later than 15 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition and shall give brief details of the Change of Control.

For the purposes of this Condition 8.3:

Control means (a) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the Issuer or the Guarantor or (b) the right to appoint and/or remove all or the majority of the members of the Issuer's or the Guarantor's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

a **Change of Control** occurs when:

- (a) the Government of India ceases to own, directly or indirectly, more than 50 per cent. of the voting rights of the issued share capital of the Guarantor;
- (b) the Guarantor ceases to own, directly or indirectly, more than 50.0 per cent. of the voting rights of the issued share capital of the Issuer;

- (c) any Person or Persons acting together acquires or acquire Control of the Guarantor if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Guarantor on 15 July 2014;
- (d) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor or the successor entity; or
- (e) one or more Persons (other than any entity or Person referred to in sub-paragraph (c) above) acquires the legal or beneficial ownership of all or substantially all of the Guarantor's issued share capital;

Change of Control Redemption Date means the fourteenth day after the expiry of such period of 30 days after the later of a Change of Control or the date upon which notice of a Change of Control is given to Noteholders by the Issuer in accordance with Condition 14 as referred to above; and

Person includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer's or the Guarantor's board of directors or any other governing board and does not include the Issuer's or the Guarantor's wholly-owned direct or indirect subsidiaries.

*ECB Guidelines of India require the Issuer to obtain the prior approval of RBI or Authorised Dealer Bank (the **AD Bank**) as the case may be before effecting a redemption prior to its stated maturity and such approval may not be forthcoming.*

8.4 Purchases

The Issuer, the Guarantor or any of their respective Subsidiaries may, if permitted under applicable laws, at any time purchase Notes in any manner and at any price in the open market or otherwise.

8.5 Cancellations

All Notes purchased pursuant to this Condition may be cancelled at the discretion of the Issuer. Notes may be surrendered for cancellation by surrendering each such Note to the Principal Paying Agent and if so surrendered shall be cancelled forthwith (and may not be reissued or resold) and the obligations of the Issuer and the Guarantor in respect of any such Note shall be discharged.

8.6 Notices Final

Upon the expiry of any notice as is referred to in Condition 8.2 or 8.3, the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of the relevant Condition.

9. TAXATION

9.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer or, as the case may be, the Guarantor, shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the Guarantor, will pay such additional amounts as may

be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

- (a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or
- (b) presented for payment by or on behalf of a holder of such Note who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim; or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union; or
- (e) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming (whether or not such is in fact the case) that day to have been a Business Day (as defined in Condition 7).

9.2 Interpretation

In these Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by an Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 14; and
- (b) **Relevant Jurisdiction** means India or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer (or any substitute appointed pursuant to Condition 15) or the Guarantor becomes subject in respect of payments made by it of principal and interest on the Notes.

Any payments made by the Issuer are required to be within the all-in-cost ceilings prescribed under the ECB Guidelines of India and in accordance with any specific approvals from the RBI obtained by the Issuer in this regard.

9.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

10. PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 9.

11. EVENTS OF DEFAULT

11.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (**Events of Default**):

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of three days in the case of principal or seven days in the case of interest from the due date of such payment; or
- (b) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer or, as the case may be, the Guarantor, of notice requiring the same to be remedied; or
- (c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer, the Guarantor or any of their respective Principal Subsidiaries becomes capable of being declared due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer, the Guarantor or any of their respective Principal Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any applicable grace period originally provided for; (iii) any security given by the Issuer, the Guarantor or any of their respective Principal Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer, the Guarantor or any of their respective Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that no event described in this subparagraph 11.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least U.S.\$25,000,000 (or its equivalent in any other currency); or
- (d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, save for the purposes of reorganisation, reconstruction, amalgamation, merger or consolidation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (e) if the Issuer, the Guarantor or any of their respective Principal Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, or the Issuer, the Guarantor or any of their respective Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated by a court of competent jurisdiction bankrupt or insolvent; or
- (f) if (i) proceedings are initiated against the Issuer, the Guarantor or any of their respective Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of

an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor or any of their respective Principal Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) unless initiated by the relevant company is not discharged within 60 days; or

- (g) if the Issuer, the Guarantor or any of their respective Principal Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or
- (h) if any government authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets or shares of the Issuer, the Guarantor or any of their respective Principal Subsidiaries without fair compensation, unless, and for so long as, the Trustee is satisfied that such compulsory purchase or expropriation is being contested in good faith and by appropriate proceedings; or
- (i) if at any time the Guarantor ceases to own (directly or indirectly) at least 50.0 per cent. of the voting securities of the Issuer; or
- (j) a moratorium (which expression shall not include any deferral of principal originally contemplated and made in accordance with the terms of any loan or other financing related agreement) is agreed or declared by the Issuer, the Guarantor or any of their respective Principal Subsidiaries in respect of any Indebtedness for Borrowed Money (including any obligations arising under guarantees) of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, as the case may be; or
- (k) if the Issuer, the Guarantor or any of their respective Principal Subsidiaries is or becomes entitled or subject to, or is declared by law or otherwise to be protected by, immunity (sovereign or otherwise) and Condition 19.4 is held to be invalid or unenforceable; or
- (l) it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Notes, the Trust Deed or the Guarantee; or
- (m) if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs (d) to (h) inclusive, (k) and (l).

ECB Guidelines of India require the Issuer to obtain the prior approval of RBI or the AD Bank as the case may be before effecting a redemption prior to its stated maturity even in the case of an Event of Default and such approval may not be forthcoming.

11.2 Interpretation

For the purposes of this Condition, **Indebtedness for Borrowed Money** means any indebtedness (whether being principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit.

12. ENFORCEMENT

- 12.1** The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Notes unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded by the Noteholders to its satisfaction.
- 12.2** No Noteholder shall be entitled to proceed directly against (a) the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing or (b) against any of the directors, officers, agents or employees of the Trustee.

13. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer and the Principal Paying Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14. NOTICES

14.1 Notices to the Noteholders

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange. Any notice shall be deemed to have been given on the fourth day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such mailing and such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

15. SUBSTITUTION

The Trustee may, without the consent of the Noteholders, agree with the Issuer and the Guarantor to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes and the Trust Deed of any other company being a Subsidiary of the Guarantor, subject to:

- (a) the Notes being unconditionally and irrevocably guaranteed by the Guarantor;
- (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and

(c) certain other conditions set out in the Trust Deed being complied with.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND AUTHORISATION

16.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (as described in Schedule 3 to the Trust Deed), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

The Trust Deed provides that (a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (b) a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Notes outstanding (such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders) or (c) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding, shall, in each case, for all purposes be as valid and effective as an Extraordinary Resolution of the Noteholders.

16.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest or proven error or to comply with mandatory provisions of law.

16.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 9 and/or any undertaking given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

16.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

17. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND THE GUARANTOR

17.1 Indemnification of the Trustee

The Trust Deed defines the scope of the Trustee's role in relation to the Notes, and contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability in certain circumstances. The Trust Deed also includes provisions relieving the Trustee from taking action unless indemnified and/or secured and/or pre-funded (including by the Noteholders) to its satisfaction.

17.2 Trustee Contracting with the Issuer and the Guarantor

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or the Guarantor and/or any of their respective Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or any of their respective Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Repatriation of proceeds outside India by the Issuer or the Guarantor under an indemnity clause may require the prior approval of the RBI, in accordance with the extant applicable laws and regulations of India, including the rules and regulations framed under the Foreign Exchange Management Act, 1999.

18. FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Noteholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing Law

The Trust Deed (including the Guarantee), the Agency Agreement and the Notes and any non-contractual obligations arising out of or in connection with these documents are governed by, and shall be construed in accordance with, English law.

19.2 Jurisdiction of English Courts

Each of the Issuer and the Guarantor has, in the Trust Deed, irrevocably agreed for the exclusive benefit of the Trustee and the Noteholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed and/or the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Notes) and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Notes) arising out of or in connection with the Trust Deed and/or the Notes may be brought in the English courts.

Each of the Issuer and the Guarantor has, in the Trust Deed, irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in the courts of England and any claim that any such Proceedings (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed and the Notes) have been brought in an inconvenient or inappropriate forum and has further irrevocably agreed in the Trust Deed that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

19.3 Appointment of Process Agent

Each of the Issuer and the Guarantor has, in the Trust Deed, irrevocably and unconditionally appointed Law Debenture Corporate Services Limited at its specified office for the time being in London as its agent for service of process in England in respect of any Proceedings and have undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

19.4 Sovereign Immunity

Each of the Issuer and the Guarantor has in the Trust Deed irrevocably and unconditionally waived and agreed not to raise with respect to the Trust Deed and the Notes any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably and unconditionally consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Notes).

20. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

TERMS AND CONDITIONS OF THE 2024 DOLLAR NOTES

The following is the text of the Conditions of the 2024 Dollar Notes (subject to completion and modification and except for the paragraphs in italics) which will be endorsed on the Certificates issued in respect of the 2024 Dollar Notes. For the purposes of these “Terms and Conditions of the 2024 Dollar Notes,” the term “Notes” refers to the 2024 Dollar Notes.

The Terms and Conditions of the 2024 Dollar Notes will be identical to those under “Terms and Conditions of the 2019 Dollar Notes”, except as set out below.

1. The principal amount of the 2024 Dollar Notes shall be U.S.\$750,000,000.
2. The rate of interest of the 2024 Dollar Notes shall be 4.625 per cent. per annum.
3. Unless previously redeemed or purchased and cancelled as provided in Condition 8, the Issuer will redeem the 2024 Dollar Notes at their principal amount on 15 July 2024.

TERMS AND CONDITIONS OF THE EURO NOTES

The following is the text of the Conditions of the Euro Notes which (subject to completion and modification and except for the paragraphs in italics) will be endorsed on the Certificates issued in respect of the Euro Notes. For the purposes of these “Terms and Conditions of the Euro Notes”, the term “Notes” refers to the Euro Notes.

The €525,000,000 2.750 per cent. Guaranteed Notes due 2021 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 18 and forming a single series with the Notes) of ONGC Videsh Limited (the **Issuer**) are constituted by a Trust Deed dated 15 July 2014 (the **Trust Deed**) made between the Issuer, Oil and Natural Gas Corporation Limited (the **Guarantor**) as guarantor and Citicorp International Limited (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Notes (the **Noteholders**).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed and the Agency Agreement dated 15 July 2014 (the **Agency Agreement**) made between the Issuer, the Guarantor, Citibank, N.A., London Branch as principal paying agent (the **Principal Paying Agent**, which expression shall include any successor principal paying agent, and, together with the other paying agents named therein, the **Paying Agents**, which expression shall include any additional or successor paying agents), as transfer agent (the **Transfer Agent**, which expression shall include any additional or successor transfer agents appointed in accordance with the Agency Agreement) and as registrar (the **Registrar**, which expression shall include any successor registrar, and, together with the Paying Agents and the Transfer Agent, the **Agents**) and the Trustee. Copies of the Trust Deed and the Agency Agreement are available for inspection during normal business hours by the Noteholders at the principal office for the time being of the Trustee, being at the date of issue of the Notes at 39th Floor, Citibank Tower, Citibank Plaza, 3 Garden Road, Central, Hong Kong and at the specified office of each of the Agents. The Noteholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

*The owners shown in the records of Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**) of book-entry interests in Notes are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.*

*Any redemption prior to maturity under the Conditions of the Notes may, under the Foreign Exchange Management (Borrowing or Lending in Foreign Exchange) Regulations, 2000, amended from time to time, and the circulars issued thereunder by the Reserve Bank of India (the **RBI**) which are to be read with the Master Circular — External Commercial Borrowings and Trade Credits dated 1 July 2013 (updated till 16 June 2014), as amended from time to time by any rules, regulations, notifications, circulars, press notes or orders issued by the RBI or other governmental authority of India in relation to external commercial borrowings (the **ECB Guidelines**), require the Issuer to obtain the prior approval of the RBI or designated authorised dealer Category I bank appointed in accordance with the ECB Guidelines, as the case may be, before providing notice for or effecting a redemption and such approval may not be forthcoming.*

1. FORM, DENOMINATION AND TITLE

1.1 Form and Denomination

The Notes are issued in registered form in amounts of €100,000 and integral multiples of €1,000 in excess thereof (referred to as the **principal amount** of a Note). A note certificate (each a **Certificate**) will be issued to each Noteholder in respect of its registered holding of Notes. Each Certificate will be numbered serially with an identifying number which will be recorded on the relevant Certificate and in the register of Noteholders which the Issuer will procure to be kept by the Registrar.

The Notes are not issuable in bearer form.

1.2 Title

Title to the Notes passes only by registration in the register of Noteholders. The holder of any Note will (except as otherwise required by law) be treated as its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest or any writing on, or the theft or loss of, the Certificate issued in respect of it) and no person will be liable for so treating the holder. In these Conditions **Noteholder** and (in relation to a Note) **holder** means the person in whose name a Note is registered in the register of Noteholders.

For a description of the procedures for transferring title to book-entry interests in the Notes, see “Clearing and Settlement Arrangements”.

2. TRANSFERS OF NOTES AND ISSUE OF CERTIFICATE

2.1 Transfers

A Note may be transferred by depositing the Certificate issued in respect of that Note, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Agents.

For a description of certain restrictions on transfers of interests in the Notes, see “Subscription and Sale”.

2.2 Delivery of new Certificates

Each new Certificate to be issued upon transfer of Notes will, within five business days of receipt by the Registrar or the relevant Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the holder entitled to the Note to the address specified in the form of transfer. For the purposes of this Condition, **business day** shall mean a day on which banks are open for business in the city in which the specified office of the Agent with whom a Certificate is deposited in connection with a transfer is located.

Except in the limited circumstances described herein (see “The Global Certificate — Registration of Title”), owners of interests in the Notes will not be entitled to receive physical delivery of Certificates. Issues of Certificates upon transfer of Notes are subject to compliance by the transferor and transferee with the certification procedures described above and in the Agency Agreement.

Where some but not all of the Notes in respect of which a Certificate is issued are to be transferred a new Certificate in respect of the Notes not so transferred will, within five business days of receipt by the Registrar or the relevant Agent of the original Certificate, be mailed by uninsured mail at the risk of the holder of the Notes not so transferred to the address of such holder appearing on the register of Noteholders or as specified in the form of transfer.

2.3 Formalities free of charge

Registration of transfer of Notes will be effected without charge by or on behalf of the Issuer or any Agent but upon payment (or the giving of such indemnity and/or security and/or prefunding as the Issuer or any Agent may reasonably require) in respect of any tax or other governmental charges which may be imposed in relation to such transfer.

2.4 Closed Periods

No Noteholder may require the transfer of a Note to be registered during the period of 15 days ending on the due date for any payment of principal or interest on that Note.

The Issuer and the Guarantor shall not be required in the event of a partial redemption of Notes under Condition 8:

- (a) to register the transfer of Notes (or parts of Notes) during the period beginning on the 65th day before the date of the partial redemption and ending on the day on which notice is given specifying the serial numbers of Notes called (in whole or in part) for redemption (both inclusive); or
- (b) to register the transfer of any Note, or part of a Note, called for redemption.

2.5 Regulations

All transfers of Notes and entries on the register of Noteholders will be made subject to the detailed regulations concerning transfer of Notes scheduled to the Trust Deed. The regulations may be changed by the Issuer with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be mailed (free of charge) by the Registrar to any Noteholder who requests one.

3. STATUS OF NOTES

The Notes are direct, unconditional and (subject to the provisions of Condition 5) unsecured obligations of the Issuer and (subject as stated above) rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. GUARANTEE

4.1 Guarantee

The payment of the principal and interest in respect of the Notes and all other moneys expressed to be payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and irrevocably guaranteed by the Guarantor (the **Guarantee**) in the Trust Deed.

Any payment under the Guarantee prior to the stated maturity may require an RBI approval. The obligations of the Guarantor under the Guarantee will be enforceable against the Guarantor only after obtaining a "no objection" from the authorised dealer Category I bank in accordance with the ECB Guidelines.

4.2 Status of the Guarantee

The obligations of the Guarantor under the Guarantee constitute direct, unconditional and (subject to the provisions of Condition 5) unsecured obligations of the Guarantor and (subject as stated above) rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

5. NEGATIVE PLEDGE

5.1 Negative Pledge

So long as any of the Notes remains outstanding, the Issuer and the Guarantor will, and the Issuer and the Guarantor will procure that their respective Principal Subsidiaries (as defined below) will, ensure that no Relevant Indebtedness of the Issuer, the Guarantor or any of their respective Principal Subsidiaries will be secured by any Security Interest (as defined below) upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer, the Guarantor or any of their respective Principal Subsidiaries unless the Issuer, the Guarantor or the relevant Principal Subsidiary, as the case may be, in the case of the creation of the Security Interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that:

- (a) all amounts payable by the Issuer under the Notes and the Trust Deed or, as the case may be, the Guarantor's obligations under the Guarantee, are secured by the Security Interest equally and rateably with the Relevant Indebtedness to the satisfaction of the Trustee; or
- (b) such other Security Interest or other arrangement (whether or not it includes the giving of a Security Interest) is provided either (i) as the Trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (ii) as is approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

5.2 Interpretation

For the purposes of these Conditions:

- (a) **Approved Investor** means (i) a person which has been duly registered with the Securities Exchange Board of India as a Foreign Institutional Investor in terms of the Securities and Exchange Board of India (Foreign Institutional Investors) Regulations, 1995 and (ii) a Qualified Foreign Investor as defined by the Securities and Exchange Board of India and the Reserve Bank of India;
- (b) **Principal Subsidiary** means any Subsidiary of the Issuer or the Guarantor:
 - (i) whose gross sales (consolidated in the case of a Subsidiary which itself has Subsidiaries) and total assets (consolidated in the case of a Subsidiary which itself has Subsidiaries) represent (or, in the case of a Subsidiary acquired after the end of the financial period to which the then latest audited consolidated accounts of the Guarantor and its Subsidiaries, relate, are equal to) in each case not less than 15 per cent. of the consolidated gross sales and the consolidated total assets of the Guarantor and its Subsidiaries, taken as a whole, all as calculated respectively by reference to the then latest audited accounts (consolidated or, as the case may be, unconsolidated) of such Subsidiary and the then latest audited consolidated accounts of the Guarantor and its Subsidiaries, provided that, in the case of a Subsidiary of the Issuer or, as the case may be, the Guarantor, acquired after the end of the financial period to which the then latest audited consolidated accounts of the Guarantor and its Subsidiaries, relate, the reference to the then latest audited consolidated accounts of the Guarantor and its Subsidiaries, for the purposes of the calculation above shall, until consolidated accounts for the financial period in which the acquisition is made have been prepared and audited as aforesaid, be deemed to be a reference to such first-mentioned accounts as if such Subsidiary had been shown in such accounts by reference to its then latest relevant audited accounts, adjusted as deemed appropriate by the Guarantor;
 - (ii) to which is transferred the whole or substantially the whole of the undertaking and assets of a Subsidiary of the Issuer or, as the case may be, the Guarantor, which immediately prior to such transfer is a Principal Subsidiary, provided that the transferor Subsidiary shall upon

such transfer forthwith cease to be a Principal Subsidiary and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (b)(ii) on the date on which the consolidated accounts of the Guarantor and its Subsidiaries, for the financial period current at the date of such transfer have been prepared and audited as aforesaid but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (b)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition; or

- (iii) to which is transferred an undertaking or assets which, taken together with the undertaking or assets of the transferee Subsidiary, represent (or, in the case of the transferee Subsidiary being acquired after the end of the financial period to which the then latest audited consolidated accounts of the Guarantor and its Subsidiaries, relate, are equal to) and whose gross sales represent (or, in the case aforesaid, are equal to) not less than 15 per cent. of the consolidated total assets and the consolidated gross sales of the Guarantor and its Subsidiaries, taken as a whole, all as calculated as referred to in subparagraph (b)(i) above, provided that the transferor Subsidiary (if a Principal Subsidiary) shall upon such transfer forthwith cease to be a Principal Subsidiary unless immediately following such transfer its gross sales and total assets represent (or, in the case aforesaid, are equal to) not less than 15 per cent. of the consolidated gross sales and the consolidated total assets of the Guarantor and its Subsidiaries, taken as a whole, all as calculated as referred to in subparagraph (b)(i) above, and the transferee Subsidiary shall cease to be a Principal Subsidiary pursuant to this subparagraph (b)(iii) on the date on which the consolidated accounts of the Guarantor and its Subsidiaries, for the financial period current at the date of such transfer have been prepared and audited but so that such transferor Subsidiary or such transferee Subsidiary may be a Principal Subsidiary on or at any time after the date on which such consolidated accounts have been prepared and audited as aforesaid by virtue of the provisions of subparagraph (b)(i) above or, prior to or after such date, by virtue of any other applicable provision of this definition,

all as more particularly defined in the Trust Deed;

- (c) **Relevant Indebtedness** means (i) any present or future indebtedness (whether being principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities (together, **Securities**) which (A) by their terms are payable in a currency other than Rupees or are denominated in Rupees and more than 50 per cent. of the aggregate principal amount of which is initially distributed outside of India (provided that, for these purposes, Securities sold to an Approved Investor will not be regarded as being distributed outside of India) by or with the authorisation of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, as the case may be and (B) are for the time being, or capable of being, quoted, listed or ordinarily dealt in on any stock exchange, over-the-counter or other securities market, and (ii) any guarantee or indemnity of any such indebtedness;
- (d) **Security Interest** means any mortgage, charge, pledge, lien or other security interest; and
- (e) **Subsidiary** means, in relation to the Issuer or, as the case may be, the Guarantor, any company (i) in which the Issuer or as the case may be, the Guarantor, holds a majority of the voting rights or (ii) of which the Issuer or, as the case may be, the Guarantor, is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer or, as the case may be, the Guarantor, is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer or, as the case may be, the Guarantor.

6. INTEREST

All interest payable on the Notes shall be subject to applicable laws including but not limited to the ECB Guidelines of India.

6.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including 15 July 2014 at the rate of 2.750 per cent. per annum, payable annually in arrear on 15 July of each year (each an **Interest Payment Date**). The first payment (representing a full year's interest) shall be made on 15 July 2015.

6.2 Interest Accrual

Each Note will cease to bear interest from and including its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment in which event interest will continue to accrue as provided in the Trust Deed.

6.3 Calculation of Broken Interest

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of (a) the actual number of days in the period from and including the date from which interest begins to accrue to but excluding the date on which it falls due, divided by (b) 365 or (in the case of a leap year) 366.

7. PAYMENTS

7.1 Payments in respect of Notes

Payment of principal and interest will be made by transfer to the registered account of the Noteholder or by euro cheque drawn on a bank that processes payments in euros mailed to the registered address of the Noteholder if it does not have a registered account. Payments of principal and payments of interest due otherwise than on an Interest Payment Date will only be made against surrender of the relevant Certificate at the specified office of any of the Agents. Interest on Notes due on an Interest Payment Date will be paid to the holder shown on the register of Noteholders at the close of business on the date (the **record date**) being the fifteenth day before the relevant Interest Payment Date.

For the purposes of this Condition, a Noteholder's **registered account** means the euro account maintained by or on behalf of it with a bank that processes payments in euros, details of which appear on the register of Noteholders at the close of business, in the case of principal and interest due otherwise than on an Interest Payment Date, on the second Business Day (as defined below) before the due date for payment and, in the case of interest due on an Interest Payment Date, on the relevant record date, and a Noteholder's **registered address** means its address appearing on the register of Noteholders at that time.

So long as the Notes are represented by a Global Certificate and such Global Certificate is held on behalf of a clearing system, such payments will be made to the holder appearing in the register of holders of the Notes maintained by the Registrar at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) before the relevant due date.

7.2 Payments subject to Applicable Laws

Payments in respect of principal and interest on Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 9.

7.3 No commissions

No commissions or expenses shall be charged to the Noteholders in respect of any payments made in accordance with this Condition.

7.4 Payment on Business Days

Where payment is to be made by transfer to a registered account, payment instructions (for value the due date or, if that is not a Business Day (as defined below), for value the first following day which is a Business Day) will be initiated and, where payment is to be made by cheque, the cheque will be mailed, on the Business Day preceding the due date for payment or, in the case of a payment of principal or a payment of interest due otherwise than on an Interest Payment Date, if later, on the Business Day on which the relevant Certificate is surrendered at the specified office of an Agent.

Noteholders will not be entitled to any interest or other payment for any delay after the due date in receiving the amount due if the due date is not a Business Day, if the Noteholder is late in surrendering its Certificate (if required to do so) or if a cheque mailed in accordance with this Condition arrives after the due date for payment.

In this Condition, **Business Day** means a day (other than a Saturday or Sunday) on which commercial banks are open for business in London and a day on which the TARGET2 System is open and, in the case of presentation of a Certificate, in the place in which the Certificate is presented.

7.5 Partial Payments

If the amount of principal or interest which is due on the Notes is not paid in full, the Registrar will annotate the register of Noteholders with a record of the amount of principal or interest in fact paid.

7.6 Agents

The names of the initial Agents and their initial specified offices are set out at the end of these Conditions. The Issuer and the Guarantor reserve the right, subject to the prior written approval of the Trustee and to the terms of the Agency Agreement, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) so long as the Notes are listed on the Singapore Exchange Securities Trading Limited (the **SGX-ST**), if the Notes are issued in definitive form, there will at all times be a Paying Agent in Singapore unless the Issuer obtains an exemption from the SGX-ST;
- (c) there will at all times be a Registrar;
- (d) there will at all times be a Transfer Agent; and
- (e) the Issuer and the Guarantor undertake that they will ensure that they maintain a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment and of any changes in specified offices shall be given to the Noteholders promptly by the Issuer, failing whom the Guarantor, in accordance with Condition 14.

8. REDEMPTION AND PURCHASE

8.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 15 July 2021.

8.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of the Relevant Jurisdiction (as defined in Condition 9), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 7 July 2014, on the next Interest Payment Date either (i) the Issuer would be required to pay additional amounts as provided or referred to in Condition 9 or (ii) if the Guarantee were called, the Guarantor would be required to pay such additional amounts; and
- (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor, taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 14 (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount together with interest accrued to but excluding the date of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor, would be obliged to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee (1) a certificate signed by two members of the board of directors of the Issuer or, as the case may be, the Guarantor, stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer or, as the case may be, the Guarantor, taking reasonable measures available to it and (2) an opinion of independent legal advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor, has or will become obliged to pay such additional amounts as a result of the change or amendment, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders.

8.3 Redemption upon Change of Control

Following the occurrence of a Change of Control (as defined below), any Noteholder will have the right at such Noteholder's option, to require the Issuer to redeem all, or some only, of that Noteholder's Notes on the Change of Control Redemption Date (as defined below) at their principal amount together with any accrued but unpaid interest up to but excluding the Change of Control Redemption Date. To exercise such right, the Noteholder must complete, sign and deposit at the specified office of any Paying Agent a duly completed and signed notice of redemption, in the form for the time being current, obtainable from the specified office of any Paying Agent (the **Change of Control Redemption Notice**) together with the Certificate evidencing the Notes to be redeemed by not later than 30 days following a Change of Control, or, if later, 45 days following the date upon which notice thereof is given to Noteholders by the Issuer in accordance with Condition 14. A Change of Control Redemption Notice, once delivered, shall be irrevocable and the Issuer shall, subject to the receipt of any relevant regulatory approvals, redeem the Notes the subject of Change of Control Redemption Notices delivered as aforesaid on the Change of Control Redemption Date.

The Trustee shall not be required to take any steps to ascertain whether a Change of Control or any event which could lead to the occurrence of a Change of Control has occurred. The Issuer, failing whom the Guarantor, shall give notice to Noteholders and the Trustee in accordance with Condition 14 by not later than 15 days following the first day on which it becomes aware of the occurrence of a Change of Control, which notice shall specify the procedure for exercise by holders of their rights to require redemption of the Notes pursuant to this Condition and shall give brief details of the Change of Control.

For the purposes of this Condition 8.3:

Control means (a) the ownership or control of more than 50 per cent. of the voting rights of the issued share capital of the Issuer or the Guarantor or (b) the right to appoint and/or remove all or the majority of the members of the Issuer's or the Guarantor's board of directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise;

a **Change of Control** occurs when:

- (a) the Government of India ceases to own, directly or indirectly, more than 50 per cent. of the voting rights of the issued share capital of the Guarantor;
- (b) the Guarantor ceases to own, directly or indirectly, more than 50.0 per cent. of the voting rights of the issued share capital of the Issuer;
- (c) any Person or Persons acting together acquires or acquire Control of the Guarantor if such Person or Persons does not or do not have, and would not be deemed to have, Control of the Guarantor on 15 July 2015;
- (d) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other Person, unless the consolidation, merger, sale or transfer will not result in the other Person or Persons acquiring Control over the Guarantor or the successor entity; or
- (e) one or more Persons (other than any entity or Person referred to in sub-paragraph (c) above) acquires the legal or beneficial ownership of all or substantially all of the Guarantor's issued share capital;

Change of Control Redemption Date means the fourteenth day after the expiry of such period of 30 days after the later of a Change of Control or the date upon which notice of a Change of Control is given to Noteholders by the Issuer in accordance with Condition 14 as referred to above; and

Person includes any individual, company, corporation, firm, partnership, joint venture, undertaking, association, organisation, trust, state or agency of a state (in each case whether or not being a separate legal entity) but does not include the Issuer's or the Guarantor's board of directors or any other governing board and does not include the Issuer's or the Guarantor's wholly-owned direct or indirect subsidiaries.

*ECB Guidelines of India require the Issuer to obtain the prior approval of RBI or Authorised Dealer Bank (the **AD Bank**) as the case may be before effecting a redemption prior to its stated maturity and such approval may not be forthcoming.*

8.4 Purchases

The Issuer, the Guarantor or any of their respective Subsidiaries may, if permitted under applicable laws, at any time purchase Notes in any manner and at any price in the open market or otherwise.

8.5 Cancellations

All Notes purchased pursuant to this Condition may be cancelled at the discretion of the Issuer. Notes may be surrendered for cancellation by surrendering each such Note to the Principal Paying Agent and if so surrendered shall be cancelled forthwith (and may not be reissued or resold) and the obligations of the Issuer and the Guarantor in respect of any such Note shall be discharged.

8.6 Notices Final

Upon the expiry of any notice as is referred to in Condition 8.2 or 8.3, the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of the relevant Condition.

9. TAXATION

9.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer or, as the case may be, the Guarantor, shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature (**Taxes**) imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer or, as the case may be, the Guarantor, will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note:

- (a) presented for payment by or on behalf of a holder who is liable to the Taxes in respect of the Note by reason of his having some connection with the Relevant Jurisdiction other than the mere holding of the Note; or
- (b) presented for payment by or on behalf of a holder of such Note who, at the time of such presentation, is able to avoid such withholding or deduction by making a declaration of non-residence or other similar claim for exemption and does not make such declaration or claim; or
- (c) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (d) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note to another Paying Agent in a Member State of the European Union; or
- (e) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming (whether or not such is in fact the case) that day to have been a Business Day (as defined in Condition 7).

9.2 Interpretation

In these Conditions:

- (a) **Relevant Date** means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by an Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 14; and
- (b) **Relevant Jurisdiction** means India or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political subdivision or any authority thereof or therein having power to tax to which the Issuer (or any substitute appointed pursuant to Condition 15) or the Guarantor becomes subject in respect of payments made by it of principal and interest on the Notes.

Any payments made by the Issuer are required to be within the all-in-cost ceilings prescribed under the ECB Guidelines of India and in accordance with any specific approvals from the RBI obtained by the Issuer in this regard.

9.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition or under any undertakings given in addition to, or in substitution for, this Condition pursuant to the Trust Deed.

10. PRESCRIPTION

Claims in respect of principal and interest will become prescribed unless made within 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date, as defined in Condition 9.

11. EVENTS OF DEFAULT

11.1 Events of Default

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), give notice to the Issuer and the Guarantor that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events (**Events of Default**):

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of three days in the case of principal or seven days in the case of interest from the due date of such payment; or
- (b) if the Issuer or the Guarantor fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) following the service by the Trustee on the Issuer or, as the case may be, the Guarantor, of notice requiring the same to be remedied; or

- (c) if (i) any Indebtedness for Borrowed Money (as defined below) of the Issuer, the Guarantor or any of their respective Principal Subsidiaries becomes capable of being declared due and repayable prematurely by reason of an event of default (however described); (ii) the Issuer, the Guarantor or any of their respective Principal Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment as extended by any applicable grace period originally provided for; (iii) any security given by the Issuer, the Guarantor or any of their respective Principal Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable; or (iv) default is made by the Issuer, the Guarantor or any of their respective Principal Subsidiaries in making any payment due under any guarantee and/or indemnity given by it in relation to any Indebtedness for Borrowed Money of any other person; provided that no event described in this subparagraph 11.1(c) shall constitute an Event of Default unless the relevant amount of Indebtedness for Borrowed Money or other relative liability due and unpaid, either alone or when aggregated (without duplication) with other amounts of Indebtedness for Borrowed Money and/or other liabilities due and unpaid relative to all (if any) other events specified in (i) to (iv) above, amounts to at least U.S.\$25,000,000 (or its equivalent in any other currency); or
- (d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, save for the purposes of reorganisation, reconstruction, amalgamation, merger or consolidation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (e) if the Issuer, the Guarantor or any of their respective Principal Subsidiaries ceases or threatens to cease to carry on the whole or a substantial part of its business, save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, or the Issuer, the Guarantor or any of their respective Principal Subsidiaries stops or threatens to stop payment of, or is unable to, or admits inability to, pay its debts (or any class of its debts) as they fall due or is deemed unable to pay its debts pursuant to or for the purposes of any applicable law, or is adjudicated by a court of competent jurisdiction bankrupt or insolvent; or
- (f) if (i) proceedings are initiated against the Issuer, the Guarantor or any of their respective Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation or other similar laws or an application is made (or documents filed with a court) for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer, the Guarantor or any of their respective Principal Subsidiaries or, as the case may be, in relation to the whole or any part of the undertaking or assets of any of them or an encumbrancer takes possession of the whole or any part of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or any part of the undertaking or assets of any of them, and (ii) in any such case (other than the appointment of an administrator) unless initiated by the relevant company is not discharged within 60 days; or
- (g) if the Issuer, the Guarantor or any of their respective Principal Subsidiaries (or their respective directors or shareholders) initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws (including the obtaining of a moratorium) or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors); or

- (h) if any government authority or agency condemns, seizes, compulsorily purchases or expropriates all or any material part of the assets or shares of the Issuer, the Guarantor or any of their respective Principal Subsidiaries without fair compensation, unless, and for so long as, the Trustee is satisfied that such compulsory purchase or expropriation is being contested in good faith and by appropriate proceedings; or
- (i) if at any time the Guarantor ceases to own (directly or indirectly) at least 50.0 per cent. of the voting securities of the Issuer; or
- (j) a moratorium (which expression shall not include any deferral of principal originally contemplated and made in accordance with the terms of any loan or other financing related agreement) is agreed or declared by the Issuer, the Guarantor or any of their respective Principal Subsidiaries in respect of any Indebtedness for Borrowed Money (including any obligations arising under guarantees) of the Issuer, the Guarantor or any of their respective Principal Subsidiaries, as the case may be; or
- (k) if the Issuer, the Guarantor or any of their respective Principal Subsidiaries is or becomes entitled or subject to, or is declared by law or otherwise to be protected by, immunity (sovereign or otherwise) and Condition 19.4 is held to be invalid or unenforceable; or
- (l) it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Notes, the Trust Deed or the Guarantee; or
- (m) if any event occurs which, under the laws of any Relevant Jurisdiction, has or may have, in the Trustee's opinion, an analogous effect to any of the events referred to in subparagraphs (d) to (h) inclusive, (k) and (l).

ECB Guidelines of India require the Issuer to obtain the prior approval of RBI or the AD Bank as the case may be before effecting a redemption prior to its stated maturity even in the case of an Event of Default and such approval may not be forthcoming.

11.2 Interpretation

For the purposes of this Condition, **Indebtedness for Borrowed Money** means any indebtedness (whether being principal, interest or other amounts) for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities or any borrowed money or any liability under or in respect of any acceptance or acceptance credit.

12. ENFORCEMENT

12.1 The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed and the Notes, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed or the Notes unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-quarter in principal amount of the Notes then outstanding, and (b) it shall have been indemnified and/or secured and/or pre-funded by the Noteholders to its satisfaction.

12.2 No Noteholder shall be entitled to proceed directly against (a) the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing or (b) against any of the directors, officers, agents or employees of the Trustee.

13. REPLACEMENT OF CERTIFICATES

If any Certificate is lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Registrar upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer and the Principal Paying Agent may reasonably require. Mutilated or defaced Certificates must be surrendered before replacements will be issued.

14. NOTICES

14.1 Notices to the Noteholders

All notices to the Noteholders will be valid if mailed to them at their respective addresses in the register of Noteholders maintained by the Registrar and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange. Any notice shall be deemed to have been given on the fourth day after being so mailed or on the date of publication or, if so published more than once or on different dates, on the date of the first publication.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such mailing and such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are listed on a stock exchange and the rules of that stock exchange (or any other relevant authority) so require, such notice will be published in a daily newspaper of general circulation in the place or places required by the rules of that stock exchange (or any other relevant authority). Any such notice shall be deemed to have been given to the holders of the Notes on the first day after the day on which the said notice was given to Euroclear and/or Clearstream, Luxembourg.

15. SUBSTITUTION

The Trustee may, without the consent of the Noteholders, agree with the Issuer and the Guarantor to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes and the Trust Deed of any other company being a Subsidiary of the Guarantor, subject to:

- (a) the Notes being unconditionally and irrevocably guaranteed by the Guarantor;
- (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
- (c) certain other conditions set out in the Trust Deed being complied with.

16. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND AUTHORISATION

16.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented

by him or them, except that, at any meeting the business of which includes the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed (as described in Schedule 3 to the Trust Deed), the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting.

The Trust Deed provides that (a) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution, (b) a resolution in writing signed by or on behalf of the holders of not less than 90 per cent. in principal amount of the Notes outstanding (such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders) or (c) consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding, shall, in each case, for all purposes be as valid and effective as an Extraordinary Resolution of the Noteholders.

16.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest or proven error or to comply with mandatory provisions of law.

16.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder be entitled to claim, from the Issuer, the Guarantor, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders except to the extent already provided for in Condition 9 and/or any undertaking given in addition to, or in substitution for, Condition 9 pursuant to the Trust Deed.

16.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and, unless the Trustee agrees otherwise, any modification or substitution shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 14.

17. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND THE GUARANTOR

17.1 Indemnification of the Trustee

The Trust Deed defines the scope of the Trustee's role in relation to the Notes, and contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability in certain circumstances. The Trust Deed also includes provisions relieving the Trustee from taking action unless indemnified and/or secured and/or pre-funded (including by the Noteholders) to its satisfaction.

17.2 Trustee Contracting with the Issuer and the Guarantor

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or the Guarantor and/or any of their respective Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or the Guarantor and/or any of their respective Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

Repatriation of proceeds outside India by the Issuer or the Guarantor under an indemnity clause may require the prior approval of the RBI, in accordance with the extant applicable laws and regulations of India, including the rules and regulations framed under the Foreign Exchange Management Act, 1999.

18. FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Noteholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

19. GOVERNING LAW AND SUBMISSION TO JURISDICTION

19.1 Governing Law

The Trust Deed (including the Guarantee), the Agency Agreement and the Notes and any non-contractual obligations arising out of or in connection with these documents are governed by, and shall be construed in accordance with, English law.

19.2 Jurisdiction of English Courts

Each of the Issuer and the Guarantor has, in the Trust Deed, irrevocably agreed for the exclusive benefit of the Trustee and the Noteholders that the courts of England are to have exclusive jurisdiction to settle any disputes which may arise out of or in connection with the Trust Deed and/or the Notes (including a dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Notes) and that accordingly any suit, action or proceedings (together referred to as **Proceedings**) (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Notes) arising out of or in connection with the Trust Deed and/or the Notes may be brought in the English courts.

Each of the Issuer and the Guarantor has, in the Trust Deed, irrevocably waived any objection which it may have now or hereafter to the laying of the venue of any such Proceedings in the courts of England and any claim that any such Proceedings (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed and the Notes) have been brought in an inconvenient or inappropriate forum and has further irrevocably agreed in the Trust Deed that a judgment in any such Proceedings brought in the English courts shall be conclusive and binding upon it and may be enforced in the courts of any other jurisdiction.

19.3 Appointment of Process Agent

Each of the Issuer and the Guarantor has, in the Trust Deed, irrevocably and unconditionally appointed Law Debenture Corporate Services Limited at its specified office for the time being in London as its agent for service of process in England in respect of any Proceedings and have undertaken that in the event of such agent ceasing so to act it will appoint such other person as the Trustee may approve as its agent for that purpose.

19.4 Sovereign Immunity

Each of the Issuer and the Guarantor has in the Trust Deed irrevocably and unconditionally waived and agreed not to raise with respect to the Trust Deed and the Notes any right to claim sovereign or other immunity from jurisdiction or execution and any similar defence, and has irrevocably and unconditionally consented to the giving of any relief or the issue of any process, including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order or judgment made or given in connection with any Proceedings (including any Proceedings relating to any non-contractual obligations arising out of or in connection with the Trust Deed and/or the Notes).

20. RIGHTS OF THIRD PARTIES

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term or condition of the Notes, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

THE GLOBAL CERTIFICATE

The Global Certificate contains the following provisions which apply to each of the 2019 Dollar Notes, the 2024 Dollar Notes and the Euro Notes in respect of which a Global Certificate is issued, some of which modify the effect of the Conditions of the 2019 Dollar Notes, the Conditions of the 2024 Dollar Notes and the Conditions of the Euro Notes, as the case may be. Terms defined in the Conditions of the 2019 Dollar Notes, the Conditions of the 2024 Dollar Notes and the Conditions of the Euro Notes have the same meaning in paragraphs 1 to 6 below.

1. ACCOUNTHOLDERS

For so long as each of the 2019 Dollar Notes, the 2024 Dollar Notes and the Euro Notes are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, each person (other than another clearing system) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg (as the case may be) as the holder of a particular aggregate principal amount of such Notes (each an **“Accountholder”**) (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg (as the case may be) as to the aggregate principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such aggregate principal amount of such Notes (and the expression **“Noteholders”** and references to **“Holding of Notes”** and to **“Holder of Notes”** shall be construed accordingly) for all purposes other than with respect to payments on such Notes, the right to which shall be vested, as against the Issuer, the Guarantor and the Trustee, solely in the nominee for the relevant clearing system (the **“Relevant Nominee”**) in accordance with and subject to the terms of the Global Certificate. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the Relevant Nominee.

2. CANCELLATION

Cancellation of any Note following its redemption or purchase by the Issuer, the Guarantor or any of the Guarantor’s Subsidiaries will be effected by reduction in the aggregate principal amount of the Notes in the register of Noteholders and by the annotation of the appropriate schedule to the Global Certificate.

3. PAYMENTS

Payments of principal and interest in respect of Notes represented by the Global Certificate will be made upon presentation or, if no further payment falls to be made in respect of the Notes, against presentation and surrender, of the Global Certificate to or to the order of the Registrar or such other Agent as shall have been notified to the holder of the Global Certificate for such purpose.

Distributions of amounts with respect to book-entry interests in the Global Certificate will be credited, to the extent received by the Registrar, to the cash accounts of Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system’s rules and procedures.

A record of each payment made will be endorsed on the appropriate schedule to the Global Certificate by or on behalf of the Registrar and shall be prima facie evidence that payment has been made.

4. NOTICES

So long as all the 2019 Dollar Notes, the 2024 Dollar Notes and the Euro Notes, as the case may be, are represented by the Global Certificate and such Global Certificate is held on behalf of a clearing system, notices to Noteholders may be given by delivery of the relevant notice to that clearing system

for communication by it to entitled Accountholders in substitution for notification as required by the Conditions. For so long as the 2019 Dollar Notes or the 2024 Dollar Notes are listed on the Singapore Stock Exchange (the Exchange), notices shall also be published in the manner required by the rules and regulations of the Exchange.

5. REGISTRATION OF TITLE

The Global Certificate may be exchanged in whole but not in part (free of charge) for definitive Note only upon the occurrence of an Exchange Event.

For these purposes, “**Exchange Event**” means that: (i) an Event of Default (as defined in Condition 11) has occurred and is continuing; (ii) the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system is available; or (iii) the Issuer has or will become subject to adverse tax consequences which would not be suffered were the Notes represented by the Global Certificate in definitive form. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Global Certificate) may give notice to the Registrar requesting exchange and, in the event of the occurrence of an Exchange Event as described in (iii) above, the Issuer may also give notice to the Registrar requesting exchange. Any such exchange shall occur no later than 10 days after the date of receipt of the relevant notice by the Registrar.

The Registrar will not register title to the Notes in a name other than that of the Relevant Nominee who is a holder appearing on the register at the close of the business day (being for this purpose a day on which Euroclear and Clearstream, Luxembourg are open for business) preceding the due date for any payment of principal, or interest in respect of the Notes.

6. TRANSFERS

Transfers of book-entry interests in the Notes will be effected through the records of Euroclear, Clearstream, Luxembourg and their respective participants in accordance with the rules and procedures of Euroclear, Clearstream, Luxembourg and their respective direct and indirect participants.

USE OF PROCEEDS

The gross proceeds of the issue of the Dollar Notes and Euro Notes (without deducting the Joint Lead Managers' discounts, fees, commissions and other estimated expenses payable in connection with this Offering) will be US\$1,500,000,000 and €525,000,000, respectively. The Issuer intends to apply all of the net proceeds for refinancing of its existing bridge loans incurred with respect to the acquisition of a participating interest in Mozambique.

EXCHANGE RATE INFORMATION

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between Indian rupees and U.S. dollars. The exchange rates reflect the rates as reported by the RBI.

Period	Period End ⁽¹⁾	Average ⁽²⁾	High	Low
Fiscal year ended 31 March 2011	44.65	45.58	47.57	44.03
Fiscal year ended 31 March 2012	51.16	47.95	54.24	43.95
Fiscal year ended 31 March 2013	54.39	54.45	57.22	50.56
Fiscal year ended 31 March 2014	60.10	60.50	68.36	53.74
April 2014	60.34	60.36	61.12	59.65
May 2014	59.03	59.31	60.23	58.43
June 2014 (to 25 June 2014)	60.28	59.67	60.37	59.06

(1) The exchange rate at each period end and the average rate for each period differ from the exchange rates used in the preparation of the Issuer's and the Guarantor's financial statements and financial information.

(2) Represents the average of the exchange rate during the period.

The exchange rate on 25 June 2014 as reported by the RBI was Rs. 60.28 per US\$1.00.

Although certain Indian rupee amounts in this Offering Circular have been translated into U.S. dollars for convenience, this does not mean that the Indian rupee amounts referred to could have been, or could be, converted into U.S. dollars at any particular rate, the rates stated below, or at all. Except as otherwise stated, Indian rupee amounts in this Offering Circular as of and for the fiscal year ended 31 March 2014 were converted to U.S. dollars at the exchange rate of US\$1.00 = Rs. 60.10, the exchange rate as published by RBI as of 28 March 2014. For comparison purposes, the exchange rate as set forth in the H.10 statistical release certified by the United States Federal Reserve Bank of New York for customs purposes as of 31 March 2014 was Rs. 60.00 per US\$1.00.

The following table sets forth, for the periods indicated, certain information concerning the exchange rates between U.S. dollars and Euros. The exchange rates reflect the rates as reported by the Federal Reserve Bank of New York.

Period	Period End ⁽¹⁾	Average ⁽²⁾	High	Low
Fiscal year ended 31 March 2011	1.42	1.32	1.42	1.20
Fiscal year ended 31 March 2012	1.33	1.38	1.49	1.27
Fiscal year ended 31 March 2013	1.28	1.29	1.37	1.21
Fiscal year ended 31 March 2014	1.38	1.38	1.39	1.37
April 2014	1.39	1.38	1.39	1.37
May 2014	1.36	1.37	1.39	1.36
June 2014 (to 20 June 2014)	1.36	1.36	1.36	1.35

The exchange rate on 20 June 2014, as reported by the Federal Reserve Bank of New York was €1.00 = U.S.\$1.36.

CAPITALISATION AND INDEBTEDNESS OF THE ISSUER

Set forth below is the Issuer's total debt, shareholders' equity and capitalisation as of 31 March 2014 as derived from its audited consolidated financial results as of 31 March 2014 and as adjusted to reflect the issue of the Notes. For additional information, see the Issuer's financial statements and the notes thereto included elsewhere in this Offering Circular.

	As of 31 March 2014 ⁽¹⁾			
	Actual		As Adjusted	
	(Rs. millions)	(US\$ millions) ⁽²⁾	(Rs. millions)	(US\$ millions) ⁽²⁾
	(audited)	(unaudited)	(audited)	(unaudited)
Non-current liabilities:				
Long-term borrowings ⁽¹⁾	216,080.55	3,595.35	216,080.55	3,595.35
Deferred tax liabilities	14,269.50	237.43	14,269.50	237.43
Liability for abandonment	46,243.95	769.45	46,243.95	769.45
Other long term liabilities.	4.08	0.07	4.08	0.07
Long term provisions	171.86	2.86	171.86	2.86
The 2019 Dollar Notes	—	—	45,075.00 ⁽²⁾	750.00
The 2024 Dollar Notes	—	—	45,075.00 ⁽²⁾	750.00
The Euro Notes	—	—	43,354.50 ⁽³⁾	724.50 ⁽⁴⁾
Total	276,769.94	4,605.16	410,274.44	6,829.66
Current liabilities:				
Short-term borrowings ⁽⁵⁾	134,393.22	2,236.16	134,393.22	2,236.16
Liability for abandonment	7.28	0.12	7.28	0.12
Trade payables	37,881.19	630.30	37,881.19	630.30
Other current liabilities	69,455.83	1,155.67	69,455.83	1,155.67
Short term provisions	127.22	2.12	127.22	2.12
Total	241,864.74	4,024.37	241,864.74	4,024.37
TOTAL INDEBTEDNESS	518,634.68	8,629.53	652,139.18	10,854.03
EQUITY AND LIABILITIES				
Shareholders' funds:				
Share capital	100,000.00	1,663.89	100,000.00	1,663.89
Reserves and surplus	315,488.20	5,249.39	315,488.20	5,249.39
Minority Interest	8,864.04	147.49	8,864.04	147.49
TOTAL SHAREHOLDERS' EQUITY AND MINORITY INTEREST	424,352.24	7,060.77	424,352.24	7,060.77
TOTAL CAPITALISATION⁽⁶⁾	942,986.92	15,690.30	1,076,491.42	17,914.8

- (1) Except as disclosed herein, there have been no material changes in the Issuer's capitalization since 31 March 2014.
- (2) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts have been provided at a rate of U.S.\$1.00 = Rs. 60.10, which was the RBI Reference Rate as at 28 March 2014.
- (3) For the reader's convenience, Indian Rupee translations of Euro amounts have been provided at a rate of €1.00 = Rs. 82.58 which was the RBI Reference Rate as of 28 March 2014.
- (4) For the reader's convenience, U.S. dollar translations of Euro amounts have been provided at a rate of €1.00 = U.S.\$1.38, as reported by the Federal Reserve Bank of New York as of 31 March 2014.
- (5) The long-term and short-term borrowings include Rs. 52,914.93 million (US\$880.45 million) and NIL, respectively, from the Guarantor.
- (6) Total capitalisation equals total indebtedness plus total shareholders' equity and minority interest.

CAPITALISATION AND INDEBTEDNESS OF THE GUARANTOR

Set forth below is the Guarantor's total debt, shareholders' equity and capitalisation as of 31 March 2014 as derived from its audited unconsolidated financial statement as of 31 March 2014. For additional information, see the Guarantor's financial statements and the notes thereto included elsewhere in this Offering Circular.

	As of 31 March 2014	
	(Rs. Millions) (audited)	(US\$ Millions) ⁽³⁾ (unaudited)
Non-current liabilities:		
Deferred tax liabilities (net)	165,786.8	2,758.5
Other long term liabilities.	11,850.2	197.2
Long-term provisions	257,199.6	4,279.5
Total	<u>434,836.6</u>	<u>7,235.2</u>
Current liabilities:		
Short-term borrowings	—	—
Trade payables	63,724.8	1,060.3
Other current liabilities	119,261.7	1,984.4
Short-term provisions.	7,811.2	130.0
Total.	<u>190,797.7</u>	<u>3,174.7</u>
TOTAL INDEBTEDNESS	<u>625,634.3</u>	<u>10,409.9</u>
EQUITY AND LIABILITIES		
Shareholders' funds:		
Share capital	42,777.6	711.8
Reserves and surplus	1,324,472.4	22,037.8
TOTAL SHAREHOLDERS' EQUITY.	<u>1,367,250.0</u>	<u>22,749.6</u>
TOTAL CAPITALISATION⁽¹⁾.	<u>1,992,884.3</u>	<u>33,159.5</u>

- (1) Except as disclosed in this Offering Circular, there have been no material changes to the Guarantor's capitalisation since 31 March 2014.
- (2) Total capitalisation equals total indebtedness plus total shareholder's equity.
- (3) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts have been provided at a rate of U.S.\$1.00 = Rs. 60.10, which was the RBI Reference Rate as at 28 March 2014.

SELECTED FINANCIAL INFORMATION AND OTHER DATA

The selected consolidated financial information of the Guarantor as of and for the years ended 31 March 2012, 2013 and 2014 have been derived from the Guarantor's audited consolidated financial statements as of such dates and for such years included elsewhere in this Offering Circular. This information should be read in conjunction with, and is qualified in its entirety by reference to, the Guarantor's audited financial statements and the related notes thereto. The Guarantor's financial statements are prepared under Indian GAAP.

The Guarantor's audited financial statements as of and for the year ended 31 March 2012 were audited by Kalyaniwalla & Mistry, Chartered Accountants, Ray & Ray, Chartered Accountants, Varma & Varma, Chartered Accountants, Mehra Goel & Co., Chartered Accountants, and S. Bhandari & Co., Chartered Accountants. The Guarantor's audited financial statements as of and for the year ended 31 March 2013 and 31 March 2014 were audited by G D Apte & Co, Chartered Accountants, Ray & Ray, Chartered Accountants, Varma & Varma, Chartered Accountants, Mehra Goel & Co., Chartered Accountants and S. Bhandari & Co, Chartered Accountants.

Consolidated Statement of Profit and Loss

	Fiscal			
	2012	2013	2014	2014
	(Rs. millions)	(Rs. millions)	(Rs. millions)	(US\$ millions) ⁽¹⁾
	(audited)	(audited)	(audited)	(unaudited)
REVENUE				
Revenue from operations (Gross)	1,511,003.3	1,658,481.9	1,782,051.8	29,651.4
Less Excise Duty	38,153.8	34,456.7	37,281.2	620.3
Revenue from Operations (Net)	1,472,849.5	1,624,025.2	1,744,770.6	29,031.1
Other Income	47,933.8	54,906.9	68,937.1	1,147.0
Total Revenue	<u>1,520,783.3</u>	<u>1,678,932.1</u>	<u>1,813,707.7</u>	<u>30,178.2</u>
EXPENSES				
(Increase)/Decrease in Inventories	(4,641.2)	(11,205.0)	(7,192.6)	(119.7)
Purchase of stock-in-trade	—	0.4	0.3	—
Production, Transportation, Selling and Distribution Expenditure	876,086.1	1,067,545.0	1,161,692.5	19,329.3
Exploration Costs written off				
- Survey Costs	14,946.8	18,077.7	17,471.5	290.7
- Exploratory Well Costs	90,189.4	92,378.8	67,409.9	1,121.6
Depreciation, Depletion, Amortisation and Impairment	131,865.4	117,633.0	165,809.0	2,758.9
Financing Costs	4,349.1	4,838.0	6,243.3	103.9
Provisions and Write-offs	11,598.9	22,243.6	10,563.1	175.8
Adjustments relating to Prior Period (Net) . .	(240.8)	(1.1)	(2,423.4)	(40.3)
Total Expenses	<u>1,124,153.7</u>	<u>1,311,510.4</u>	<u>1,419,573.6</u>	<u>23,620.2</u>

(1) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts have been provided at a rate of U.S.\$1.00 = Rs. 60.10, which was the RBI Reference Rate as at 28 March 2014.

	Fiscal			
	2012	2013	2014	2014
	(Rs. millions) (audited)	(Rs. millions) (audited)	(Rs. millions) (audited)	(US\$ millions) ⁽¹⁾ (unaudited)
Profit before Exceptional, Extraordinary items and Tax	396,629.6	367,421.7	394,134.1	6,558.0
Exceptional Items	31,405.5	—	—	—
Profit before Extraordinary Items and Tax	428,035.1	367,421.7	394,134.1	6,558.0
Extraordinary Items	—	—	—	—
Profit Before Tax	428,035.1	367,421.7	394,134.1	6,558.0
Tax Expense				
- Current Tax	140,038.8	112,139.1	90,449.1	1,505.0
- Earlier Years	(5,967.2)	(4,849.0)	2,449.9	40.8
- MAT Credit	(9.4)	19.4	(2,872.0)	(47.8)
- Deferred Tax	9,737.9	20,209.6	37,576.9	625.2
- Fringe Benefit Tax	(54.1)	—	—	—
Profit after Tax	284,289.1	239,902.6	266,530.2	4,434.8
Add: Share of Profit/(Loss) in Associate . .	(10.7)	37.9	118.1	2.0
Less: Share of Profit - Minority Interest . .	2,842.2	(2,255.9)	1,583.0	26.3
GROUP PROFIT AFTER TAX	281,436.2	242,196.4	265,065.3	4,410.4
Earning per Equity Share-Basic and Diluted (Rs./US\$) (Face Value Rs.5 per Share) . . .	32.90	28.31	30.98	0.5

Consolidated Balance Sheet

	As of 31 March			
	2012	2013	2014	2014
	(Rs. millions) (audited)	(Rs. millions) (audited)	(Rs. millions) (audited)	(US\$ millions) ⁽¹⁾ (unaudited)
EQUITY AND LIABILITIES				
Shareholders' Funds				
Share Capital	42,777.6	42,777.6	42,777.6	711.8
Reserves and Surplus	1,321,613.7	1,482,498.1	1,678,732.3	27,932.3
Minority Interest	22,240.1	19,466.5	29,125.4	484.6
Non-current liabilities				
Long-term borrowings	52,085.8	88,427.5	316,808.6	5,271.4
Deferred tax liabilities	127,258.5	148,490.1	185,521.1	3,086.9
Other Long-term Liabilities	10,758.2	17,163.1	18,525.3	308.2
Long-term provisions	241,739.6	252,962.8	304,098.1	5,059.9
Current liabilities				
Short-term borrowings	100,538.2	115,270.9	139,072.7	2,314.0
Trade payables	176,035.9	186,147.8	306,783.1	5,104.5
Other current Liabilities	202,916.9	170,869.1	218,193.9	3,630.5
Short-term provisions	23,924.2	10,532.9	9,469.9	157.6
TOTAL	2,321,888.7	2,534,606.4	3,249,108.0	54,061.7

- (1) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts have been provided at a rate of U.S.\$1.00 = Rs. 60.10, which was the RBI Reference Rate as at 28 March 2014.

As of 31 March				
	2012	2013	2014	2014
	(Rs. millions)	(Rs. millions)	(Rs. millions)	(US\$ millions) ⁽¹⁾
	(audited)	(audited)	(audited)	(unaudited)
ASSETS				
Non-current assets				
Fixed Assets				
Tangible assets	306,079.9	406,744.6	462,253.5	7,691.4
Producing properties	608,004.4	705,395.4	912,681.5	15,186.0
Intangible assets	1,364.1	1,041.2	754.4	12.6
Capital work-in-progress	380,428.6	397,449.2	538,269.8	8,956.2
Exploratory/Development Wells in Progress	116,552.6	136,400.9	182,067.0	3,029.4
Goodwill on consolidation.	77,975.8	83,254.9	183,544.9	3,054.0
Non-current investments	20,411.8	20,452.8	47,204.6	785.4
Deferred tax asset.	5,412.0	6,238.9	6,886.0	114.6
Long-term loans and advances.	70,455.4	89,229.0	102,208.5	1,700.6
Deposit under Sit Restoration Fund Scheme	94,752.9	106,349.2	120,829.6	2,010.5
Other non-current assets	29,421.3	29,685.3	60,859.1	1,012.6
Current assets				
Current investments	8,795.3	829.0	254.4	4.2
Inventories.	131,680.1	127,725.9	148,014.6	2,462.8
Trade receivables	117,180.9	153,956.1	160,283.5	2,666.9
Cash and Cash equivalents	278,914.3	196,190.5	244,801.2	4,073.2
Short-term loans and advances.	52,209.5	59,766.1	68,199.4	1,134.8
Other current assets	22,249.8	13,897.4	9,996.0	166.3
TOTAL	<u>2,321,888.7</u>	<u>2,534,606.4</u>	<u>3,249,108.0</u>	<u>54,061.7</u>

(1) For the reader's convenience, U.S. dollar translations of Indian Rupee amounts have been provided at a rate of U.S.\$1.00 = Rs. 60.10, which was the RBI Reference Rate as at 28 March 2014.

THE ISSUER

Overview

ONGC Videsh Limited, the Issuer and a wholly owned subsidiary of the Guarantor, was incorporated on 5 March 1965 as Hydrocarbons India Private Limited, and renamed ONGC Videsh Limited on 15 June 1989. The Issuer has since grown to become, after the Guarantor, the second-largest Indian exploration and production company, both in terms of production and reserves, according to Ministry of Petroleum and Natural Gas statistics. The Issuer's primary business is to prospect for oil and gas acreages abroad, including the acquisition of oil and gas fields, exploration, development, production, transportation and export of oil and gas.

The Issuer engaged in the exploration and development of the Rostam and Raksh oil fields in Iran and undertook a service contract in Iraq soon after its establishment. It achieved a breakthrough with the discovery of two major free gas fields in Vietnam in 1992, namely LanTay and LanDo, in partnership with British Petroleum and PetroVietnam. In 2001, the Issuer acquired a 20 per cent. interest in Sakhalin-I project in the far east of Russia and in 2003, the Issuer acquired a 25 per cent. interest in GNOP. The Issuer also successfully completed construction of a 741 km. long pipe line project in Sudan in 2005. Thereafter, the Issuer acquired several discovered and producing assets in Brazil, Colombia, Syria and Venezuela. In January 2009, the Issuer completed the acquisition of Imperial Energy Corporation Plc., a UK listed company with exploration and production assets in the Tomsk region of Western Siberia, Russia, with an investment of over US\$ 2.1 billion.

The Issuer, along with other consortium partners, was awarded a multi-billion dollar integrated oil project in Venezuela in February 2010 by the Government of the Bolivarian Republic of Venezuela, in connection with which the Issuer, together with other consortium partners, undertook a 40 per cent. equity interest in an "empresa mixta" (or "**mixed company**") for the development of the Carabobo 1 Norte and Carabobo 1 Centro blocks, located in the Orinoco Heavy Oil Belt of Venezuela. The Issuer added another exploratory asset by entering into agreements with KazMunaiGas, the national oil company of Kazakhstan, for the acquisition of a 25 per cent. participating interest in Satpayev exploration block on 16 April 2011.

In March 2013, the Issuer acquired Hess Corporation's 2.7213 per cent. participating interest in the Azeri, Chirag and the Deep Water portions of Guneshli Fields in the Azerbaijan sector of the Caspian Sea ("**ACG Fields**") and its 2.36 per cent. interest in the Baku-Tbilisi-Ceyhan Pipeline ("**BTC Pipeline**"). The ACG Fields, which are located in the south Caspian Sea approximately 95 kilometres off the coast of Azerbaijan, are the largest oil and gas field complex in Azerbaijan and are one of the largest producing oil fields in the world. BP operates the ACG Fields and is partnered by State Oil Company of Azerbaijan Republic ("**SOCAR**"), Chevron, Statoil, ExxonMobil, Inpex, Turkish NOC - TPAO and Itochu. Average daily production from the field in Fiscal 2014 was approximately 652,000 barrels of oil per day ("**BOPD**") of crude oil. The 1,768-km. BTC Pipeline, with a capacity of around 1.0 million BOPD, is one of the main export routes for Caspian crude oil production to the Ceyhan terminal in the Mediterranean Sea in southeast Turkey.

In December 2013, the Issuer acquired of an additional 12 per cent. interest in Block BC-10, also known as Parque das Conchas, a deep-water offshore block in Campos Basin, Brazil for a purchase consideration of US\$561 million, increasing its interest in Block BC-10 to 27 per cent. The operator, Shell, holds 50 per cent. interest in Block BC-10 and remaining 28 per cent. interest is held by Qatar Petroleum International. Block BC-10 includes four offshore deep-water fields: Ostra, Abalone, Argonauta and Nautilus and a few identified exploration prospects. Block BC-10 is in deep-water depths ranging from 1,500 to 1,950 meters and is 120km from Vitoria town on the shore.

In January 2014, the Issuer and OIL acquired ten per cent. interest in the Rovuma Area 1 offshore block in Mozambique for US\$ 2,475 million from Videocon. The Issuer has six per cent. interest in the Rovuma Area 1 offshore block, which is worth US\$1,511 million. The Issuer has also acquired a direct 10 per cent. interest

in the same Rovuma Area 1 for US\$2,640 million from Anadarko in February 2014. Rovuma 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 as estimated by the operator, Anadarko.

In November 2013, the Ministry of Energy, Republic of the Union of Myanmar announced that the Issuer was awarded two onshore blocks, namely B2 (Zebyutaung-Nandaw) and EP-3 (Thegon-Shwegu) in the Myanmar Onshore Bidding Round 2013. Block B-2, which comprises an area of 16995 sq.kms., is located in Northern Myanmar, bordering state of Manipur in India. Block EP-3 comprises an area of 1,650 sq.kms. and is located in central Myanmar.

In February 2014, the Issuer acquired two shallow water blocks in Bangladesh, SS-04 and SS-09, in Bangladesh Offshore Blocks Bidding Round 2012 in a 50-50 consortium with OIL.

By striving to adopt a balanced portfolio approach, the Issuer maintains a combination of producing, discovered and exploration assets, acting as the operator in eleven projects and as joint operator in seven projects. The Issuer produces hydrocarbons from thirteen assets in ten countries, namely, Russia (Sakhalin-I and Imperial), Syria (Al-Furat Project), Vietnam (Block 06.1), Colombia (Mansarover Energy Colombia Limited), Sudan (GNPOC), South Sudan (GPOC and SPOC/Block 5A), Venezuela (San Cristobal), Brazil (BC-10) and Azerbaijan (ACG Fields). Production from fields in South Sudan (GPOC and Block 5A) was stopped in January 2012 under instructions from Government of South Sudan due to various differences between the Government of South Sudan and the Government of Sudan. Production in Block 5A and Blocks 1, 2 and 4 in the South Sudan projects, where the Issuer has a participating interest, resumed limited operations in April 2013 and continued until 21 December 2013. The operations of the Al-Furat project in Syria have been under force majeure since December 2011. Currently, the Issuer has four hydrocarbons production related projects in the discovered or underdeveloped categories. Production in small quantities has commenced under accelerated early production in Carabobo-1 project in Venezuela. Further, 14 projects are in exploration phase.

The Issuer currently has a presence in 33 projects in 16 countries, namely Vietnam, Iraq, Libya, Syria, Sudan, South Sudan, Iran, Bangladesh, Brazil, Venezuela, Russia, Myanmar, Colombia, Mozambique, Kazakhstan and Azerbaijan. Some of the leading alliance partners of the Issuer are BP, CNPC, Ecopetrol, Exxon, Statoil Hydro, Petróleos de Venezuela, Petrobras, Petronas, PetroVietnam, Repsol, Rosneft, Shell, Sinopec, Total and Turkish Petroleum Corporation (“TPAO”). The Issuer’s share of oil and gas production was 8,357 MMT of oil and oil equivalent gas in Fiscal 2014 compared with 7,260 MMT of oil and oil equivalent gas in Fiscal 2013, with the increase being mainly due to the inclusion of newly acquired producing asset of ACG, Azerbaijan, 12 per cent. additional interest acquisition in BC-10, Brazil, and production from South Sudan between April 2013 to December 2013.

While the Issuer operates in varied geographical and political environments, it is committed to the highest standards of occupational health, safety and environment protection and compliance with all applicable local laws and regulations. The Issuer contributes to the communities and economies in which it operates by investing in education and training, improving employment opportunities for nationals, and providing medical, sports and/or agricultural facilities, in addition to payment of tax revenues to local governments.

Directors

The Issuer’s Articles of Association require it to have not less than three and not more than 15 Directors. The Issuer currently has 9 Directors, of which three are full-time Directors, two are Government Nominee Directors and three are Independent Directors. The chairman is a part-time non-official Director.

The following table sets out the details regarding the Issuer's board of directors as of the date of this Offering Circular.

Name, Designation and Nationality	Age	Other Directorships
Mr. D. K. Sarraf Designation: Chairman Nationality: Indian	56	Oil and Natural Gas Corporation Limited Mangalore Refinery and Petrochemicals Limited ONGC Petro-additions Limited ONGC Mangalore Petrochemicals Limited Mangalore SEZ Limited ONGC Tripura Power Company Limited Petronet LNG Limited ONGC Mittal Energy Limited (Foreign Company)
Mr. S. P. Garg Designation: Director (Finance), Managing Director Nationality: Indian	57	ONGC Nile Ganga BV (Foreign Company) ONGC Mittal Energy Limited (Foreign Company) Imperial Energy Limited (Foreign Company) LLC Nord Imperial (Foreign Company) LLC Allianceneftgaz (Foreign Company) ONGC Amazon Alaknanda Limited (Foreign Company) Mansarovar Energy Colombia Limited (Foreign Company) Petrolera Indo Venezolana S.A. (PIVSA) (Foreign Company) Carabobo One AB (Foreign Company) Beas Rovuma Energy Mozambique Limited (Foreign Company)
Mr. Shyamal Bhattacharya Designation: Director (Operations) Nationality: Indian	59	Imperial Energy Limited (Foreign Company) LLC Nord Imperial (Foreign Company) LLC Allianceneftgaz (Foreign Company) Mansarovar Energy Colombia Limited (Foreign Company) Petrolera Indo Venezolana S.A. (PIVSA) (Foreign Company) Petro Carabobo S.A. (Foreign Company) Al Furat Petroleum Company (AFPC) (Foreign Company) Greater Nile Oil Project (GNPOC) (Foreign Company) Greater Pioneer Operating Company (GPOC) (Foreign Company) Sudd Petroleum Operating Company (SPOC) (Foreign Company) Carabobo Ingenieria Y Construcciones S.A (CICSA) (Foreign Company)
Dr. Anil Bhandari Designation: Director (Exploration) Nationality: Indian	58	Imperial Energy Limited (Foreign Company)
Mr. P. K. Singh Designation: Director Nationality: Indian	43	GAIL (India) Limited
Ms. Sharmila Chavaly Designation: Director Nationality: Indian	53	India Infrastructure Finance Company Limited Indian Railway Finance Corporation Limited
Mr. Shyam Saran Designation: Independent Director Nationality: Indian	67	Wipro Limited Indian Oil Corporation Limited
Prof. Sanjay G. Dhande Designation: Independent Director Nationality: Indian	66	Neyveli Lignite Corporation Limited Sango Consultants Private Limited
Prof. Shyamal Roy Designation: Independent Director Nationality: Indian	67	None

There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director or member of senior management.

Mr. Dinesh Kumar Sarraf has been the Chairman of the Issuer since 1 March 2014. Mr. Sarraf holds a master's degree in commerce from University of Delhi and is associate member of the Institute of Cost Accountants of India as well as of the Institute of Company Secretaries of India. Mr. D. K. Sarraf has more than three decades of experience in oil industry. In the past, he held the position of Managing Director, ONGC Videsh Limited, Director (Finance) of ONGC and ONGC Videsh Limited.

Mr. Satpal Garg has been the Director (Finance) of the Issuer since 8 September 2008. Since 1 March 2014, Mr. Garg has also been acting as the Managing Director of the Issuer. Mr. Garg holds a bachelor's degree in commerce (Hons) from University of Delhi and is fellow member of the Institute of Chartered Accountants of India as well as of the Institute of Company Secretaries of India and associate member of the Institute of Cost Accountants of India. Mr. S.P. Garg has extensive experience in the field of finance including corporate accounts, project management, taxation and internal audit. He previously held the position of General Manager (Finance) and Company Secretary, ONGC.

Mr. Shyamal Bhattacharya has been the Director (Operations) of the Issuer since 1 July 2012. Mr. Bhattacharya holds bachelor's degree in Petroleum Engineering from Indian School of Mines, Dhanbad. Mr. Bhattacharya has more than three decades of business experience in various fields, the majority being in reservoir studies. He previously held the position of Executive Director of ONGC Videsh Limited, where he oversaw all aspects of overseas operations of development and producing assets.

Dr. Anil Bhandari has been the Director (Exploration) of the Issuer since 6 March 2014. 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 the Guarantor. Prior to joining the Board of the Issuer, he was in Sudan as Executive Director, and country manager, ONGC Nile Ganga BV, Khartoum, with responsibility for upstream, midstream and downstream operations.

Mr. Shyam Saran joined as an Independent Director on the Issuer's Board on 5 June 2012. Mr. Saran holds a post graduate degree in economics. Mr. Shyam Saran belongs to the batch of 1970 of the Indian Foreign Service ("IFS"). After spending 34 years in the IFS, he was appointed India's Foreign Secretary in 2004 and held the position until September 2006. Mr. Saran was awarded the Padma Bhushan for his contribution to civil service.

Prof. Sanjay Govind Dhande joined the Issuer as an Independent Director on the Board on 5 June 2012. Prof. Dhande holds a graduate degree in mechanical engineering and Ph.D. in mechanical engineering. Mr. Dhande was previously the director of Indian Institute of Technology, Kanpur. He served as a part-time member of Telecom Regulatory Authority of India. He is also credited with his pioneering work in the fields of rapid prototyping, rapid tooling and reverse engineering. Mr. Dhande was awarded with the Padma Shri in 2012.

Prof. Shyamal Roy joined as an Independent Director on the Issuer's Board on 5 June 2012. Prof. Roy holds a master of arts degree from University of Delhi and Ph.D from University of Missouri, Columbia, USA. Mr. Shyamal Roy is presently the Chairperson, Executive Education IIM, Bangalore. He previously worked as a professor of economics and social science area at the Indian Institute of Management, Bangalore. He has been an economist and consultant for the International Bank for Reconstruction and Development, World Bank and also worked as an advisor, policy analysis division, Food and Agriculture Organisation of the United Nations, Rome, Italy.

Ms. Sharmila Chaval joined the Issuer as Government Nominee Director on the Board on 29 October 2012. Ms. Chaval, is an officer of Indian Railway Accounts Service, batch of 1986, and presently works as the Joint Secretary for the Department of Economic Affairs. Prior to the present assignment, she held the post of Executive Director (Railway Board). She also earlier held the position of Director with the department of Economic Affairs, Ministry of Finance.

Mr. P. K. Singh joined as Government Nominee Director on the Issuer's Board on 10 December 2012. Mr. P.K. Singh is an IAS officer from Manipur-Tripura cadre (batch of 1993). Mr. Singh has held various positions in the state of Manipur at the district level as well as the State Secretariat level. As Deputy Secretary, in the Ministry of Steel, he was in-charge of Policy, WTO Matters, allocation of resources and steel development. He was also the Director (Refinery) and Director (Supply and Pricing) in Ministry of Petroleum and Natural Gas. Presently, he is Joint Secretary (International Cooperation and Gas), of the Ministry of Petroleum & Natural Gas, Government of India.

Relationship between the Issuer's Directors

None of the Issuer's Directors are related to each other.

Directorships in other listed companies

None of the Issuer's Directors is or was a director on any listed company during the five years preceding the date of this Offering Circular, whose shares have been or were suspended from being traded on any stock exchange, during the term of their directorship in such company.

None of the Issuer's Directors is or was a director on any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company.

Borrowing Powers of the Board of Directors

The board of directors has been authorised by the shareholders of the Issuer by a resolution dated 28 January 2014 to borrow money not exceeding Rs. 500,000 million in excess of and in addition to the paid up capital and free reserves of the Issuer upon terms and conditions that it deems fit.

Special Invitees

From time to time, the Directors of the Guarantor are special invitees to the Issuer's board of directors. See "*Management of the Guarantor*" for information regarding the Guarantor's Directors.

BUSINESS

Overview

The Guarantor was the largest oil and gas exploration and production company in India in terms of production and reserves of oil and gas in Fiscal 2014. Through the Issuer, the Guarantor also engages in exploration and production activities in 16 other countries, namely Russia, Sudan, South Sudan, Vietnam, Brazil, Syria, Venezuela, Mozambique, Myanmar, Libya, Bangladesh, Kazakhstan, Iraq, Iran, Azerbaijan and Colombia. The Guarantor has integrated downstream activities in India, including owning and operating an oil refinery in Mangalore with an installed capacity of 15 MMTPA. The Guarantor is present across the hydrocarbon value chain with operations in refining, petrochemicals, power and LNG in addition to its exploration and production activities. In the Platts Top 250 Global Energy Companies Rankings, 2013 (October 2013), which measures financial performance by examining various companies' assets, revenues, profits and return on invested capital, the Guarantor was ranked third globally among oil and gas companies in the exploration and production category, and 22nd overall. Further, the Guarantor was ranked 155th in the Forbes Global 2000 list of the world's biggest companies for 2013, based on sales, profits, assets and market capitalisation.

According to management's internal estimates, the Guarantor's 1P, 2P and 3P crude oil and natural gas reserves outside of Sudan and South Sudan, as of 31 March 2014, were 940.15 MMtoe, 1,641.67 MMtoe and 1,968.74 MMtoe, respectively. According to management's estimates, the Guarantor's 1P, 2P and 3P crude oil and natural gas reserves in Sudan and South Sudan, as of 31 March 2014, were 21.76 MMtoe, 25.48 MMtoe and 35.41 MMtoe, respectively. These 1P, 2P and 3P reserves estimates cover the Guarantor's proportionate share of all of the Guarantor's crude oil and natural gas assets, including the Guarantor's 100 per cent. owned and operated blocks, as well as its participating interests in joint venture operations, both in India and internationally. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of total production from domestic and international operations, including both operated and non-operated fields, aggregated 33.14 MMT (246.52 MMbbls), 30.47 MMT (226.33 MMbbls) and 31.50 MMT (234.08 MMbbls) of crude oil, respectively, and 28.05 BCM, 28.26 BCM and 27.72 BCM of natural gas, respectively.

In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's consolidated gross revenues were Rs. 1,511,003.3 million, Rs. 1,658,481.9 million and Rs. 1,782,051.8 million, respectively, and its consolidated profit after tax was Rs. 281,436.2 million, Rs. 242,196.4 million and Rs. 265,065.3 million, respectively.

The Guarantor was awarded exploration and production company of the year, project management (above Rs. 20,000 million) company of the year and innovator of the year for 2012-2013 in the Petrofed Oil & Gas Industry Award 2012, held by the Petroleum Federation of India. The Guarantor's subsidiary, MRPL, received refinery of the year award for 2012-2013 in the Petrofed Oil & Gas Industry Award 2012.

Domestic Exploration and Production

The Guarantor conducts its domestic exploration and production activities through its independent operations as well as in associations and joint ventures with other oil and gas companies, including BPCL, IOCL, OIL, GAIL, GSPC, Cairn India Limited, BP, and Videocon Industries Limited. The Guarantor's domestic production (excluding production from fields operated through joint ventures, and including production attributable to minority participants in the Guarantor's domestic fields) represented 59 per cent. and 66 per cent. of India's total production of crude oil and natural gas, respectively, for Fiscal 2014.

As of 31 March 2014, the Guarantor operated 374 crude oil and natural gas reserves bearing fields in India. In addition, as of 31 March 2014, the Guarantor held interests in petroleum exploratory licenses for 70 exploratory blocks in India.

In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of total domestic production aggregated 26.93 MMT (201.90 MMbbls), 26.13 MMT (195.9 MMbbls) and 25.99 MMT (194.93 MMbbls) of crude oil, respectively, and 25.51 BCM, 25.34 BCM and 24.85 BCM of natural gas, respectively. In Fiscal

2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of domestic average daily production was approximately 553,253 barrels per day, 536,712 barrels per day and 534,041 barrels per day of crude oil, respectively, and 69.90 MCM per day, 69.40 MCM per day and 68.08 MCM per day of natural gas, respectively.

International Exploration and Production

The Guarantor carries out its international exploration and production activities through the Issuer and its subsidiaries through independent operations, as well as through associations and joint ventures that the Guarantor undertakes with other oil and gas companies, including IOCL, OIL, ExxonMobil, British Petroleum, China National Petroleum Company, Petronas, Petrobras Brasileiro S.A., Shell, Ecopetrol Oleo e Gas do Brazil Limitada, Sinopec International Petroleum Exploration and Production Corporation and Statoil Oil and Gas AS. As of the date of this Offering Circular, the Guarantor held participating interests in 33 projects across 16 countries, namely Russia, Sudan, South Sudan, Vietnam, Brazil, Syria, Venezuela, Bangladesh, Myanmar, Libya, Mozambique, Kazakhstan, Iraq, Iran, Azerbaijan and Colombia, comprising 13 producing projects, 14 exploration blocks, four discovered/development blocks and two pipeline projects.

In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of total international production was 6.21 MMT (44.54 MMbbls), 4.34 MMT (30.35 MMbbls) and 5.49 MMT (39.15 MMbbls) of crude oil, respectively, and 2.54 BCM, 2.92 BCM and 2.87 BCM of natural gas, respectively. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of international average daily production was approximately 121,697 barrels per day, 83,154 barrels per day and 107,258 barrels per day of crude oil, respectively, and 6.94 MCM per day, 8.0 MCM per day and 7.86 MCM per day of natural gas, respectively.

Refineries and Other Projects

The Guarantor is also present in downstream refining and marketing operations in India, primarily through its subsidiary MRPL, which operates a refinery in Mangalore with an installed capacity of 15 MMTPA. The installed capacity of the plant was increased from 11.82 MMTPA to 15 MMTPA in Fiscal 2012. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, MRPL processed 12.82 MMT (94.47 MMbbls), 14.40 MMT (106.15 MMbbls) and 14.55 MMT (107.23 MMbbls) of crude oil, respectively. Further, the Guarantor is in the process of further integrating its operations in other areas, including the establishment of a petrochemicals complex at Dahej, which is scheduled for commissioning in the fourth quarter of Fiscal 2015, and the establishment of manufacturing facilities for the production of paraxylene and benzene at Mangalore, which are scheduled for commissioning by the end of the second quarter of Fiscal 2015. The Guarantor is also involved in alternative energy projects, including research and development in shale gas, the development of coalbed methane, a pilot project for underground coal gasification, the operation of a wind farm project and exploring the feasibility of establishing a nuclear power project.

Competitive Strengths

The Guarantor believes that its historical success and future prospects are directly related to a combination of the following competitive strengths:

Largest crude oil and natural gas reserves, exploration area and production capability among Indian oil and gas companies engaged in exploration and production

Reserves

The Guarantor has the largest proved reserves in India of any oil and gas company, according to the HEPA Report 2011-2012. The Guarantor believes that its reserves provide it with an abundant and stable long-term source of hydrocarbons for crude oil and natural gas production.

According to management's internal estimates, the Guarantor's 1P, 2P and 3P crude oil and natural gas reserves outside of Sudan and South Sudan, as of 31 March 2014, were 940.15 MMtoe, 1,641.67 MMtoe and 1,968.74 MMtoe, respectively. According to management's estimates, the Guarantor's 1P, 2P and 3P crude

oil and natural gas reserves in Sudan and South Sudan, as of 31 March 2014, were 21.76 MMtoe, 25.48 MMtoe and 35.41 MMtoe, respectively. These estimates include (i) 207.13 MMtoe, 600.69 MMtoe and 637.34 MMtoe of 1P, 2P and 3P reserves, respectively relating to the Guarantor's international fields, and (ii) 754.78 MMtoe, 1,066.46 MMtoe and 1,366.80 MMtoe of 1P, 2P and 3P reserves, respectively, relating to the Guarantor's domestic fields, and cover the Guarantor's proportionate share of all of the Guarantor's crude oil and natural gas assets, including the Guarantor's 100 per cent. owned and operated blocks, as well as its participating interests in joint venture operations.

The Guarantor focuses on reserves accretion through pursuing exploration and development activities. The Guarantor strives to maintain a reserve replacement ratio, meaning a ratio greater than 1.0. Based on management estimates, as of 31 March 2014, the Guarantor has achieved a 1P oil and oil equivalent gas reserve replacement ratio in its ONGC-operated domestic fields for Fiscal 2007, 2008, 2010, 2012 and 2013. As of 31 March 2014, the Guarantor has also achieved a 2P oil and oil equivalent gas reserves replacement ratio for Fiscal 2007 to Fiscal 2014 in its ONGC-operated domestic fields, and a 3P oil and oil equivalent gas reserves replacement ratio for Fiscal 2006 to Fiscal 2014 in its ONGC-operated domestic crude oil and natural gas fields.

Exploration Area

As of 31 March 2014, the Guarantor owned and operated nomination blocks covering an aggregate area of approximately 96,617.14 sq. km. The Guarantor owned and operated NELP blocks covering an aggregate area of approximately 170,577 sq. km. in India. As of 31 March 2014, the Guarantor owned and operated two pre-NELP blocks. The Guarantor believes that its strong operational capabilities and financial position enable it to pursue these exploration opportunities.

Production

The Guarantor was the largest producer of crude oil and natural gas in India in Fiscal 2014. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of total domestic production aggregated 26.93 MMT (201.90 MMbbls), 26.13 MMT (195.9 MMbbls) and 25.99 MMT (194.93 MMbbls) of crude oil, respectively, and 25.51 BCM, 25.34 BCM and 24.85 BCM of natural gas, respectively. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of domestic average daily production was approximately 553,253 barrels per day, 536,712 barrels per day and 534,041 barrels per day of crude oil, respectively, and 69.90 MCM per day, 69.40 MCM per day and 68.08 MCM per day of natural gas, respectively. In Fiscal 2014, the Guarantor's proportionate share of domestic production (excluding production from fields operated through joint ventures) represented 59 per cent. and 66 per cent. of India's total production of crude oil and natural gas, respectively, in Fiscal 2014.

Increasing international reserves and production

In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of total international production aggregated 6.21 MMT (44.54 MMbbls), 4.34 MMT (30.35 MMbbls) and 5.49 MMT (39.15 MMbbls) of crude oil, respectively, and 2.54 BCM, 2.92 BCM and 2.87 BCM of natural gas, respectively. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's proportionate share of international average daily production was approximately 121,697 barrels per day, 83,154 barrels per day and 107,258 barrels per day of crude oil, respectively, and 6.94 MCM per day, 8.0 MCM per day and 7.86 MCM per day of natural gas, respectively. The Guarantor also focuses on international reserves accretion through independent efforts towards international discoveries and acquisitions, as well as through partnerships and joint ventures in producing assets.

According to management's internal estimates, the Guarantor's international 1P, 2P and 3P crude oil and natural gas reserves outside of Sudan and South Sudan as of 31 March 2014 were 185.37 MMtoe (comprising 90.42 MMT (651.61 MMbbls) of crude oil and 94.95 BCM of natural gas), 575.21 MMtoe (comprising 235.92 MMT (1,697.50 MMbbls) of crude oil and 339.29 BCM of natural gas) and 601.94 MMtoe (comprising 244.28 MMT (1,765.68 MMbbls) of crude oil and 357.66 BCM of natural gas), respectively.

According to management estimates, the Guarantor's 1P, 2P and 3P crude oil and natural gas reserves in Sudan and South Sudan as of 31 March 2014 were 21.76 MMtoe (comprising 21.76 MMT (155.99 MMbbls) of crude oil), 25.48 MMtoe (comprising 25.48 MMT (182.90 MMbbls) of crude oil) and 35.41 MMtoe (comprising 35.41 MMT (255.20 MMbbls) of crude oil), respectively.

The Guarantor's international reserves are located in various countries, including in Russia, Azerbaijan, Sudan, South Sudan, Vietnam, Brazil, Syria, Colombia, Venezuela, Myanmar and Mozambique. As of the date of this Offering Circular, the Guarantor held participating interests in 33 projects across 16 countries, comprising 13 producing projects, 14 exploration blocks, four discovered/development blocks and two pipeline projects.

Technological capabilities in sustaining production from mature fields

The Guarantor deploys a wide array of secondary recovery, artificial lift, improved oil recovery and enhanced oil recovery techniques and strives to achieve maximum recovery from its crude oil reserves, which derive mainly from mature fields, particularly in India. As part of the Guarantor's reservoir management strategy, the Guarantor employs these techniques from a relatively early stage in the life of oil fields to enhance recovery. The Guarantor believes these measures have enabled it to arrest the decline in production of its mature domestic fields. The Guarantor has also entered into a joint venture with the Energy and Resources Institute to combine its technical expertise and research capabilities in order to further increase the efficiency of its crude oil recovery operations.

Presence across the hydrocarbon value chain

The Guarantor has expanded its traditional strength in exploration and production by enhancing its presence across the hydrocarbon value chain. The Guarantor's operations include extraction of value added products such as C2 ethane-C3 propane, liquefied petroleum gas, naphtha, superior kerosene oil, aviation turbine fuel and high speed diesel from gas and condensate streams. The Guarantor is also present in downstream refining and marketing operations in India through its subsidiary MRPL, which operates a refinery with an installed capacity of 15.00 MMTPA. The Guarantor holds a 12.50 per cent. equity interest in Petronet LNG Limited, which owns and operates a 10 MMTPA LNG receiving and regasification terminal at Dahej. The Guarantor holds a 28.77 per cent. equity interest in Petronet MHB Limited which operates a cross-country petroleum products pipeline that allows the transportation of a variety of finished petroleum oil products from the Guarantor's refinery at Mangalore.

The Guarantor is also in the process of commissioning a C2+ fraction recovery plant from LNG stream at its Dahej facility and establishing a mega petrochemical complex comprising of 1.10 MMTPA Ethylene Cracker and downstream Polymer Plant at Dahej SEZ in Gujarat. The Guarantor's C2+ fraction extraction plant at Dahej and gas processing plants at Hazira and Uran will supply feedstock to this petrochemical plant. The Guarantor expects to commission this petrochemical project in the fourth quarter of Fiscal 2015 at an estimated project cost of Rs. 213,960 million. The Guarantor envisages that it will hold 26 per cent. equity interest in this project and the GAIL and GSPC will hold 15.50 per cent. and 0.45 per cent. Interest, respectively. Allocation of the remaining equity interest is yet to be determined.

The Guarantor is also setting up manufacturing facilities for the production of paraxylene (0.92 MMTPA) and benzene (0.27 MMTPA) from MRPL's aromatic streams through a joint venture, ONGC Mangalore Petrochemicals Limited, promoted by the Guarantor, which directly holds a 46 per cent. equity interest, and MRPL, which holds a 3 per cent. equity interest. The Guarantor estimates the total cost of this project at Rs. 57,506.9 million (funded through a term loan of Rs. 25,080.0 million and an ECB loan of U.S.\$250 million) and expects to commission the plant in the second quarter of Fiscal 2015. The Guarantor is also establishing a 726.6 MW gas-based combined cycle power plant at Pallatana in Tripura through a joint venture, ONGC

Tripura Power Company Limited, in which the Guarantor holds a 49.52 per cent. equity interest, and a subsidiary of Infrastructure Leasing and Financial Services Limited and the Tripura government hold 49.52 per cent. interest and 0.96 per cent. interest, respectively. The Guarantor estimates the total cost of the project at Rs. 38,040 million. Unit-I (363.3 MW) commenced its commercial operations from 4 January 2014. The Guarantor expects to commission Unit-II (363.3 MW) in the second quarter of Fiscal 2015.

Crude oil and natural gas exploration experience and capabilities, including best-in-class infrastructure and facilities

Since its inception, the Guarantor has gained substantial exploration, development and production expertise, in particular with respect to the geological conditions in India. The Guarantor believes that it has accumulated a large collection of raw and proprietary geological data relating to offshore and onshore regions in India, and that such knowledge and database represent a competitive advantage over other foreign and domestic oil and gas companies that compete with the Guarantor in India for exploration, development and production acreage. In addition, the Guarantor's knowledge and experience in India enable it to attract prospective joint venture and production-sharing partners, which further improves the Guarantor's ability to pursue domestic exploration, development and production opportunities, and to obtain access to advanced technologies and techniques through such joint ventures and production-sharing partners. The Guarantor also benefits from its skilled workforce and senior management team, who hold significant industry experience.

The Guarantor's average finding costs and all-in production costs benefit from its low manpower costs, relatively high use of in-house services, utilisation of depreciated infrastructure and equipment and effective use of its large base of geological data and expertise. The Guarantor believes that its cost structure enables it to compete effectively even in an environment of low crude oil prices. The Guarantor has installed various infrastructures, including drilling and work-over rigs, onshore and offshore production facilities, subsea and land pipelines, gas processing and fractionation facilities, exploration and transport vessels, storage facilities and other infrastructure located throughout the principal oil and gas-producing regions of India.

The Guarantor seeks to continually update its existing technology, as well as develop and adopt new and improved technology in exploration, development, production, refining and other areas of its business. Consequently, the Guarantor's research and development institutes form an integral part of its business and are instrumental in providing much of the technological and analytical support and scientific, engineering and technical know-how that are critical to the Guarantor's business. Likewise, the Guarantor's affiliated training institutes provide educational services and skills training to effectively develop the Guarantor's human resources and maintain its competitive edge. The Guarantor has established several oil and gas research and development institutes, including the Keshava Deva Malaviya Institute of Petroleum Exploration, the Geodata Processing and Interpretation Centre, the Institute of Drilling Technology, the Institute of Reservoir Studies, the Institute of Oil and Gas Production Technology, the Institute of Engineering and Ocean Technology and the Institute of Biotechnology and Geotectonic Studies. These institutes also leverage research through international and national consortia, alliances and joint industry programmes.

Strategy

The Guarantor intends to employ the following strategies to achieve its main objectives of better utilising its resources and converting its exploration areas into crude oil and natural gas reserves.

Increase domestic exploration, development and production efforts

As of 31 March 2014, the Guarantor held 14 deep water NELP blocks and four deep water nomination blocks and the Guarantor intends to intensify its exploration and development efforts, primarily through expansion of its deep water exploration activities in India. The Guarantor's deep water programme involves the deployment of drilling ships and includes the involvement of consultants for geological and geophysical studies, and deep water drilling, technology, testing and completion services. In addition to its deep water programme, the Guarantor intends to increase its efforts to explore existing shallow water offshore basins,

as well as explored and unexplored onshore basins, and participate in the auction of NELP blocks in the future. During Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor's unconsolidated expenditure for seismic surveys, exploratory drilling and development drilling was Rs. 149,556.9 million, Rs. 187,040.4 million and Rs. 222,797.8 million, respectively.

Improved oil and gas recovery and gas utilisation levels in producing properties

Crude Oil

The Guarantor seeks to implement a number of advanced recovery technologies to redevelop its maturing fields and improve recovery of its crude oil reserves, with the goal of substantially increasing its current recovery rates. These measures include the greater use of extended-reach horizontal drilling, side tracks, in-fill drilling and water injection, as well as technologies using chemical and thermal methods to enhance oil recovery.

The Guarantor has 24 improved oil recovery and enhanced oil recovery and redevelopment schemes in 15 major fields (onshore and offshore) of which 19 schemes have been completed and five are currently under implementation. Of the five improved oil recovery schemes currently on-going, the Guarantor expects to complete two by first quarter of Fiscal 2015, two by third quarter of Fiscal 2015 and one by first quarter of Fiscal 2016. As of 31 March 2014, the Guarantor had spent approximately Rs. 347,003 million against a planned investment of Rs. 409,692 million. Through these improved oil recovery and enhanced oil recovery schemes, the Guarantor has received a cumulative incremental gain of approximately 87.41 MMT through 31 March 2014, and the Guarantor expects cumulative gains of 170 MMT by the end of life-cycle of the schemes which is estimated to be 20 years from the completion of the given IOR scheme. In addition, the Guarantor also intends to increase the use of various enhanced oil recovery techniques to extend crude oil production plateau periods, mitigate future decline rates and potentially accelerate crude oil production.

Gas

The Guarantor seeks to further improve its natural gas utilisation through the reduction of gas flaring, principally through the implementation of advanced technology and techniques and the upgrading and expansion of the natural gas distribution network from its gas bearing domestic fields.

Augment international reserves and production

The Guarantor intends to increase its production of crude oil, natural gas and value added products by significantly expanding its international presence. The Guarantor intends to increasingly focus on joint participation with other international exploration and production companies in producing assets through production sharing contracts. As an example of the Guarantor's continuing efforts to expand internationally, the Issuer is using the proceeds from the issue of the Notes to repay the bridge loan which was used to acquire a direct 10 per cent. participating interest from Anadarko in Rovuma Area-1 offshore block in Mozambique. In addition to the Guarantor's current international producing assets in Russia, Vietnam, Sudan, South Sudan, Brazil, Syria, Colombia, Venezuela and Azerbaijan, the Guarantor intends to continue to develop its existing blocks in Myanmar, where the Guarantor has discovered natural gas deposits.

The Guarantor intends to exploit its existing overseas exploration and production acreage, pursue opportunities to acquire or obtain participation interests in additional assets and obtain exploration and development concessions in various overseas locations. In those geographic areas where it has limited experience and expertise, the Guarantor intends to structure its investments as joint ventures, alliances or partnerships with entities possessing relevant experience and expertise. For example, the Guarantor entered into a non-exclusive framework agreement in December 2010 with Sistema, a major diversified industrial group of Russia, to explore the possibilities of jointly studying and participating in attractive oil and gas assets in Russia and in other countries.

Capture value through forward integration

The Guarantor intends to pursue a strategy of forward integration in order to diversify its sources of revenue. The Guarantor believes this strategy will enable it to maximise revenue from its crude oil and natural gas production by adding and extracting value through petrochemical feedstock and expanding into downstream sectors such as refining, processing, distribution and retailing. As part of its efforts, the Guarantor is currently in the process of commissioning a C2+ fraction recovery plant from LNG stream at its Dahej facility and establishing a mega petrochemical complex comprising of 1.10 MMTPA Ethylene Cracker and downstream Polymer Plant at Dahej SEZ in Gujarat. The Guarantor expects to commission this petrochemical project in the fourth quarter of Fiscal 2015 at an estimated project cost of Rs. 213,960 million. The Guarantor envisages that it will hold 26 per cent. equity interest in this project and the GAIL and GSPCL will hold 15.50 per cent. and 0.45 per cent. Interest, respectively. Allocation of the remaining equity interest is yet to be determined. The Guarantor is also setting up manufacturing facilities for the production of paraxylene (0.92 MMTPA) and benzene (0.27 MMTPA) from MRPL's aromatic streams through a joint venture, ONGC Mangalore Petrochemicals Limited, promoted by the Guarantor, which directly holds a 46 per cent. equity interest, and MRPL, which holds a 3 per cent. equity interest. The Guarantor estimates the total cost of this project at Rs. 57,506.9 million (funded through a term loan of Rs. 25,080.0 million and an ECB loan of U.S.\$250 million) and expects to commission the plant by the end of the second quarter of 2015. The Guarantor is also establishing a 726.6 MW gas-based combined cycle power plant at Pallatana in Tripura through a joint venture, ONGC Tripura Power Company Limited, in which the Guarantor holds a 49.52 per cent. equity interest, and a subsidiary of Infrastructure Leasing and Financial Services Limited and the Tripura government hold 49.52 per cent. interest and 0.96 per cent. interest, respectively. The Guarantor estimates the total cost of the project at Rs. 38,040 million. The first unit of the project (363.3 MW) commenced its commercial operations from 4 January 2014. The Guarantor expects to commission the second unit (363.3 MW) in the second quarter of Fiscal 2015.

Continue to maintain high environmental and safety standards

The Guarantor is committed to ensuring safe operations and safeguarding the environment. As of 31 March 2014 the Guarantor has 11 projects registered with the United Nations Framework Convention on Climate Change, the highest of any single entity, with annual accruable CERs of approximately 1,870,000 the highest of any PSU. The Tripura Power Company is one of the largest clean development mechanism projects in the world, with an annual CERs of 1.6 million. The Guarantor ranked 217th in corporate environmental performance by Newsweek Green Ranking 2014, as compared to the Guarantor's ranking in 386th place in 2012.

In addition, the Guarantor has received quality, health, safety and environment certificates from Indian Register Quality Systems, a certified body from the National Accreditation Board for Certification Bodies, including for the fields in the Cambay and Cauvery basin. As such, all the Guarantor's installations are certified under the relevant quality, health, safety and environment standards. The Guarantor also has crisis management teams that are responsible for managing crisis situations resulting that may arise in the Guarantor's operations.

The Guarantor continues to strive to maintain high standards of occupational health, safety and environmental protection. Due to the nature of its operations, the Guarantor intends to continue conducting internal and external audits to ensure compliance with health, safety and environmental protection norms, and to maintain effective waste prevention and reduction capabilities.

Focus on non-conventional energy

The Guarantor continues to focus on non-conventional energy sources, including coalbed methane, underground coal gasification, shale gas and gas hydrate, as well as renewable energy sources such as wind power. The Guarantor commenced non-commercial coalbed methane production from its Jharia coalbed methane Block in Jharkhand in January 2010 and discovered shale gas in the Damodar Valley Raniganj Block in West Bengal in January 2011. The Guarantor discovered uranium deposits at certain of its crude oil and natural gas fields while drilling for hydrocarbons and the Guarantor entered into a memorandum of understanding with UCIL on 11 November 2008 in order to cooperate in the commercial exploration and production of uranium. The Guarantor set up a steering committee with UCIL to devise and monitor a joint work plan. The Guarantor is also exploring the feasibility of establishing a nuclear power project and has had preliminary discussions with the Nuclear Power Corporation of India Limited in this regard.

The Guarantor's shale gas efforts include engaging ConocoPhillips to explore the Cambay, KG, Cauvery and Bengal basins in India, as well as pursuing shale gas efforts outside of India through the Issuer. The Guarantor has entered into a shale gas research consortium agreement with the Energy and Geoscience Institute of the University of Utah in the United States and is sponsoring shale gas research at the Indian School of Mines, Dhanbad, India. In the current fiscal year, the Guarantor has prioritised the Cambay basin for initiating a shale gas exploration pilot program, and the Guarantor has spudded the first well at Cambay. The Guarantor intends to undertake concurrent programmes in the KG Basin and Cauvery Basin in 2014 and 2015.

The Guarantor's coalbed methane efforts include commencing small-scale coalbed methane production from the Jharia block in January 2010 and making plans to develop large-scale coalbed methane production in the Jharia, Bokaro, North Karanpura and Raniganj blocks, in which the Guarantor has an aggregate of 0.10 BCM of 1P reserves. The Guarantor has submitted development plans in respect of these blocks and is currently awaiting approval from the Government of India. If approved, the development plans call for 400 wells and 2,000 hydro-fracturing jobs to be carried out within four to five years. Given the size of the project, the Guarantor is farming-in experienced partners to execute the operations, and also has plans to offer participating interests to joint venture partners.

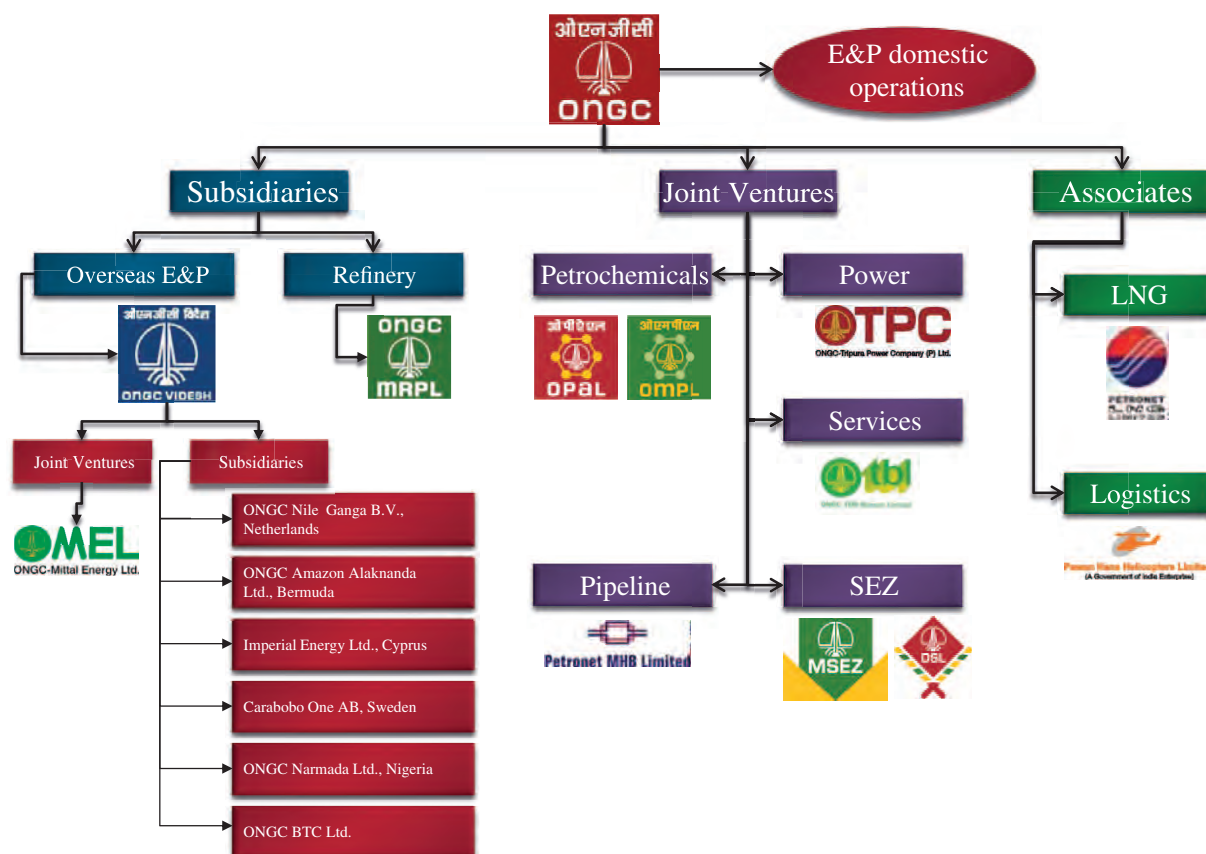
The Guarantor's underground coal gasification efforts include undertaking a pilot project in the Vastan Mine block in the Surat district of Gujarat. The Guarantor has obtained environmental clearance for the project and is awaiting the award of a mining lease from the Ministry of Coal, the request for which it submitted in February 2010. The Guarantor has identified a number of sites for further studying for potential underground coal gasification potential.

The Guarantor's Business

The Guarantor traces its history to the establishment of the Commission. In October 1959, the Commission was converted into a statutory body. The Commission commenced offshore seismic surveys in the Gulf of Cambay in 1963. The Guarantor was incorporated on 23 June 1993 as Oil and Natural Gas Corporation Limited. The undertakings of the Commission were vested in the Guarantor and were legally transferred to the Guarantor on 1 February 1994.

The following chart summarises the Guarantor's structure as of the date of this Offering Circular.

ONGC Group Structure



Exploration and Production Business

Crude Oil and Natural Gas Reserves

A majority of the Guarantor's domestic reserves are located offshore, primarily in the offshore fields along the western continental shelf of India and in the Krishna-Godavari basin off the eastern coast of Andhra Pradesh. The Guarantor holds additional offshore reserves located in the Cauvery basin extending from the southeastern coast of India and in the Kutch basin in the Arabian Sea along the northwestern coast of India. The Guarantor's onshore reserves are primarily concentrated in the Cambay basin in the state of Gujarat in western India, in the Assam and Assam-Arakan basin in the northeast of India and in the onshore portion of the Krishna-Godavari basin in Andhra Pradesh. The Guarantor has additional onshore reserves in the Cauvery basin and in Rajasthan. As of 31 March 2014, the Guarantor had interests in a total of 353 Petroleum mining leases (nominated) in domestic fields.

Presentation of Reserves Estimates

The Guarantor estimates its reserves annually on 1 April of each year. These management estimates are approved by the Reserve Estimate Committee, which includes all basin managers, asset managers, heads of all exploration institutes and other relevant members and is chaired by the Director (Exploration), who has more than 30 years of experience and holds a Masters Degree in Applied Geology, an M. Tech degree in Petroleum Exploration and an MBA in Finance and is a recipient of the 'National Mineral Award', the highest recognition by the Government of India in the field of geosciences, mining and allied areas. For the Guarantor's domestic operations through joint ventures, reserves estimates are approved by the management committee of the relevant joint venture, which consist of the Guarantor's representatives and representatives of the other joint venture partners, the Directorate General of Hydrocarbons and the operator and are adopted

by the Reserve Estimate Committee with reference to the Guarantor's equity interest in the respective joint ventures. The Guarantor's domestic reserves (other than domestic reserves held through joint ventures) are typically audited independently every five years, though they were separately audited for purposes of preparing the Reserves Report included in this Prospectus. The last independent audit of the Guarantor's domestic reserves at its major fields (representing 82 per cent. of total reserves of ONGC-operated fields) was on 30 September 2013. See *"Risk Factors — Risks relating to the Guarantor's Business—The Guarantor's crude oil and natural gas reserves estimates involve a degree of uncertainty and may not prove to be correct over time. Moreover, these estimates may be unaudited or may not be fully audited and may not accurately reflect actual reserves, or even if accurate, technical limitations may prevent the Guarantor from producing crude oil or natural gas from these reserves"*.

- For its domestic reserves, the Guarantor uses internally developed definitions. These internally-developed definitions are in part based on the reserves estimation definitions under the SPE/WPC 1997 Standards specified by the Society of Petroleum Engineers and the World Petroleum Congress. The SPE/WPC 1997 Standards were subsequently replaced by the SPE PRMS 2007 International Standards. However, the Guarantor has not modified its internally developed reserves estimation definitions to take into account SPE PRMS 2007 International Standards. For further information relating to the SPE/WPC 1997 Standards and the SPE PRMS 2007 International Standards, see *"—Reserves Classification Standards"*. As a result of differences between the Guarantor's internally developed definitions and SPE/WPC 1997 Standards, the Guarantor's management estimates of its reserves may vary from reserves estimates prepared using either SPE PRMS 2007 International Standards or SPE/WPC 1997 Standards. Based on the last independent audit of the Guarantor's domestic reserves, we believe that our audited reserve information is comparable within permissible limits as per industry practice to our management estimates. For further information relating to the implications of the differences between these definitions, see *"Risk Factors—Risks relating to the Guarantor's Business—The Guarantor's crude oil and natural gas reserves estimates involve a degree of uncertainty and may not prove to be correct over time. Moreover, these estimates may be unaudited or may not be fully audited and may not accurately reflect actual reserves, or even if accurate, technical limitations may prevent the Guarantor from producing crude oil or natural gas from these reserves"*.
- The Guarantor's international reserves are calculated on the basis of various standards that are applicable in the relevant jurisdiction in which the relevant reserves are located.

All reserves estimates and information derived therefrom contained in this Offering Circular are unaudited management estimates.

The Guarantor may in the future adopt the SPE PRMS 2007 International Standards for the preparation of the Guarantor's management reserves estimates. In such event, the Guarantor's management reserves estimated under the SPE PRMS 2007 International Standards will not be comparable to its management estimates included in this Offering Circular. The adoption of SPE PRMS 2007 International Standards could have a material impact on the Guarantor's current or then current estimates of reserves.

The Guarantor's reporting policy is not, and is not required to be, derived from, or consistent with oil and gas reserves reporting requirements for filings with the SEC and differs from such requirements in certain material respects. The Guarantor's reserves would differ from those described herein if determined in accordance with oil and gas reserves reporting requirements for filings with the SEC. There are currently no clear regulations governing public disclosure of potential reserves by oil and gas companies operating in India or their use in securities offering documents.

Evaluations of crude oil and natural gas reserves involve various uncertainties and require exploration and production companies to make extensive judgments as to future events based upon the information available. The crude oil and natural gas reserves data are estimates based primarily on internal technical analyses using standard industry practices. Such estimates reflect the Guarantor's best judgment at the time of their preparation, based on geological and geophysical analyses and appraisal work (which are dynamic processes), and may differ from previous estimates. Reserves estimates are subject to various uncertainties, including those relating to the reservoir parameters of crude oil and natural gas fields. These reservoir parameters may be difficult to estimate and, as a result, actual production may be materially different from current estimates of reserves. Factors affecting the Guarantor's reserves estimates include: the outcome of new production or drilling activities; assumptions regarding the future performance of wells and surface facilities; the results of field reviews; the Guarantor's ability to acquire new reserves from discoveries or extensions of existing fields; the Guarantor's ability to apply improved recovery techniques; and changed economic conditions.

The following table sets forth information relating to the Guarantor's crude oil and natural gas reserves as of 31 March 2014:

	As of 31 March 2014		
	1P	2P	3P
Crude Oil+Condensate			
Domestic (Onshore) (MMT)	189.31	226.43	247.70
Domestic (Onshore) (MMbbls)	1,419.84	1,698.23	1,857.78
Domestic (Offshore) (MMT)	212.16	250.78	339.26
Domestic (Offshore) (MMbbls)	1,591.14	1,880.87	2,544.44
International (Onshore and Offshore) (MMT)	112.18	261.40	279.69
International (Onshore and Offshore) (MMbbls)	807.61	1,880.40	2,012.86
Total (MMT)	513.65	738.61	866.65
Total (MMbbls)	3,818.59	5,459.50	6,415.08
Natural Gas			
Domestic (Onshore) (BCM)	150.60	214.27	243.46
Domestic (Offshore) (BCM)	202.72	374.98	536.38
International (Onshore and Offshore) (BCM)	94.95	339.29	357.66
Total (BCM)	448.27	928.54	1,137.50
Grand Total (MMtoe)	961.91	1,667.15	2,004.15

(1) The audited reserves of the Issuer as of 1 October 2013 constituted 97 per cent., 98 per cent. and 97 per cent. of 1P, 2P and 3P reserves, respectively. The unaudited reserves belong to two assets in Syria and certain small fields in Sudan and South Sudan.

Reserves Classification Standards

SPE/WPC 1997 Standards

The definitions prescribed by SPE/WPC 1997 Standards take into account not only the probability that hydrocarbons are physically present in a given geological formation but also the economic viability of recovering the reserves (including factors such as exploration and drilling costs, on-going production costs, transportation costs, taxes, prevailing prices for the products and other factors that influence the economic viability of a given deposit).

The Guarantor's internally developed definitions are similar to the definitions in the SPE/WPC 1997 Standards, and reserves are classified as "proved" based on both geological and commercial factors. Under the SPE/WPC 1997 Standards, proved reserves are "those quantities of petroleum which, by analysis of geological and engineering data, can be estimated with reasonable certainty, from a given date forward, from known reservoirs and under current economic conditions, operating conditions and government regulations". The Guarantor's internally-developed definitions similarly define proved reserves as "quantities of crude oil and natural gas that are estimated to be commercially recoverable with a high degree of certainty from known accumulations, from a given day forward, under existing economic conditions, by established operating practices and under current government regulations."

The SPE/WPC 1997 definitions further define Unproved Reserves as follows: “Unproved reserves are based on geologic and/or engineering data similar to that used in estimates of proved reserves; but technical, contractual, economic, or regulatory uncertainties preclude such reserves being classified as proved. Unproved reserves may be further classified as probable reserves or possible reserves. Unproved reserves may be estimated assuming future economic conditions different from those prevailing at the time of the estimate. The effect of possible future improvements in economic conditions and technological developments can be expressed by allocating appropriate quantities of reserves to the probable and possible classifications. Probable reserves are those unproved reserves which analysis of geological and engineering data suggests are more likely than not to be recoverable. Possible reserves are those unproved reserves which analysis of geological and engineering data suggests are less likely to be recoverable than probable reserves.”

An evaluation of proved, probable and possible oil and natural gas reserves involves various uncertainties. The accuracy of any reserves evaluation depends on the quality of available information, and engineering and geological interpretation. Based on the results of drilling, testing and production after the review date, reserves may be restated upwards or downwards. Changes in the price of crude oil, natural gas or gas condensate may also affect the Guarantor’s proved, probable and possible reserves estimates because the reserves are evaluated based on prices and costs as of a specified date.

Reserve Status Categories under the SPE/WPC 1997 Standards

Reserves status categories define the development and producing status of wells and reservoirs.

Developed. Developed reserves are expected to be recovered from existing wells including reserves behind pipe. Improved recovery reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor. Developed reserves may be sub-categorised as producing or non-producing.

- **Producing.** Reserves subcategorised as producing are expected to be recovered from completion intervals which are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.
- **Non-producing.** Reserves subcategorised as non-producing include shut-in and behind-pipe reserves. Shut-in reserves are expected to be recovered from (i) completion intervals which are open at the time of the estimate but which have not started producing, (ii) wells which were shut-in for market conditions or pipeline connections, or (iii) wells not capable of production for mechanical reasons. Behind-pipe reserves are expected to be recovered from zones in existing wells, which will require additional completion work or future recompletion prior to the start of production.

Undeveloped reserves: Undeveloped reserves are expected to be recovered: (i) from new wells on undrilled acreage, (ii) from deepening existing wells to a different reservoir, or (iii) where a relatively large expenditure is required to (a) recompleat an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

SPE PRMS 2007 International Standards

As a result of a number of factors, including the continued evolution of the industry driven in part by technological advancements, as well as the international expansion of the exploration and production sector and the increasing role of unconventional resources in meeting global energy needs, the definitions in the SPE/WPC 1997 Standards were replaced by definitions in the SPE PRMS 2007 International Standards. The SPE PRMS 2007 International Standards develops on previous industry efforts and incorporates best practices identified in other international petroleum and minerals classification systems to achieve a high level of consistency in estimating resource quantities. The SPE PRMS 2007 International Standards is a project based standard that employs additional classification and categorisation terminology.

Reserves are those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions. Reserves must therefore satisfy four criteria: they must be discovered, recoverable, commercial and remaining (as of the evaluation date) based on the development project(s) applied. Reserves are further categorised in accordance with the level of certainty associated with the estimates.

Proved Reserves. Proved Reserves are those quantities of petroleum which, by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. If deterministic methods are used, the term reasonable certainty is intended to express a high degree of confidence that the quantities will be recovered. If probabilistic methods are used, there should be at least a 90.00 per cent. probability that the quantities actually recovered will equal or exceed the estimate.

Unproved Reserves. Unproved Reserves are based on geo-science and/or engineering data similar to that used in estimates of Proved Reserves, but technical or other uncertainties preclude such reserves being classified as Proved. Unproved Reserves may be further categorised as Probable Reserves and Possible Reserves.

- **Probable Reserves.** Probable Reserves are those additional Reserves which analysis of geo-science and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves (2P). In this context, when probabilistic methods are used, there should be at least a 50.00 per cent. probability that the actual quantities recovered will equal or exceed the 2P estimate.
- **Possible Reserves.** Possible Reserves are those additional reserves which analysis of geo-science and engineering data suggest are less likely to be recoverable than Probable Reserves. The total quantities ultimately recovered from the project have a low probability to exceed the sum of Proved plus Probable plus Possible Reserves (3P), which is equivalent to the high estimate scenario. In this context, when probabilistic methods are used, there should be at least a 10.00 per cent. probability that the actual quantities recovered will equal or exceed the 3P estimate.

Reserve Status Categories under the SPE PRMS 2007 International Standards

Reserves status categories define the development and producing status of wells and reservoirs.

Developed Reserves. Developed Reserves are expected quantities to be recovered from existing wells and facilities. Reserves are considered developed only after the necessary equipment has been installed, or when the costs to do so are relatively minor compared to the cost of a well. When required facilities become unavailable, it may be necessary to reclassify Developed Reserves as Undeveloped. Developed Reserves may be further sub-classified as Producing or Non-Producing.

- **Developed Producing Reserves.** Developed Producing Reserves are expected to be recovered from completion intervals that are open and producing at the time of the estimate. Improved recovery reserves are considered producing only after the improved recovery project is in operation.
- **Developed Non-Producing Reserves.** Developed Non-Producing Reserves include shut-in and behind-pipe Reserves. Shut-in Reserves are expected to be recovered from (i) completion intervals which are open at the time of the estimate but which have not yet started producing, (ii) wells which were shut-in for market conditions or pipeline connections, or (iii) wells not capable of production for mechanical reasons. Behind-pipe Reserves are expected to be recovered from zones in existing wells which will require additional completion work or future recompletion prior to the start of production. In all cases, production can be initiated or restored with relatively low expenditure compared to the cost of drilling a new well.

Undeveloped Reserves. Undeveloped Reserves are quantities expected to be recovered through future investments: (i) from new wells on undrilled acreage in known accumulations, (ii) from deepening existing wells to a different (but known) reservoir, (iii) from infill wells that will increase recovery, or (iv) where a relatively large expenditure (e.g. when compared to the cost of drilling a new well) is required to (a) recomplete an existing well or (b) install production or transportation facilities for primary or improved recovery projects.

The extent to which probable and possible reserves ultimately may be reclassified as proved reserves is dependent upon future, drilling, testing and well performance. The degree of risk to be applied in evaluating probable and possible reserves is influenced by economic and technological factors as well as the time element.

Differences between SPE/WPC 1997 Standards and SPE PRMS 2007 International Standards

The following are the significant differences between the definitions in the SPE/WPC 1997 Standards and the SPE PRMS 2007 International Standards:

Proved Reserves. Proved Reserves are those quantities of petroleum which by analysis of geo-science and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods and government regulations. In the SPE/WPC 1997 Standards, instead of “defined economic conditions”, “current economic conditions” is used.

Probable Reserves. Probable Reserves are those additional reserves which analysis of geo-science and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. It is equally likely that actual remaining quantities recovered will be greater than or less than the sum of the estimated Proved plus Probable Reserves. In the SPE/WPC 1997 Standards the words “are more likely than not to be recoverable” were used to define probable reserves.

Possible Reserves. Possible Reserves are those additional reserves which analysis of geo-science and engineering data indicate are less likely to be recoverable than Probable Reserves. The SPE/WPC 1997 Standards of Possible Reserves and the SPE PRMS 2007 International Standards of possible reserves are essentially the same.

There are inherent differences between the SPE/WPC 1997 Standards and the SPE PRMS 2007 International Standards, including in the determination of the economic limit of the fields (SPE/WPC 1997 Standards uses current economic conditions and operating methods i.e. current prices and costs for proved reserves and “possible improvements in economic conditions for unproved reserves whereas the SPE PRMS 2007 International Standards uses forecast pricing and costs) as well as the methodology of estimation in utilising the uncertainty-based scenario system over the risk-based incremental method. In addition, the SPE PRMS 2007 International Standards estimates reserves based on project concept, i.e. estimating those in-place quantities that can be recovered by each project and classifying the project(s) based on its maturity status or chance of commerciality. A project may be defined at various levels and stages of maturity; it may include one or many wells and associated production and processing facilities. A project may, for instance, constitute the development of a single reservoir or field, or an incremental development for a producing field, or the integrated development of several fields and associated facilities with a common ownership.

Developed and Undeveloped Reserves

The following table sets forth certain information relating to the Guarantor's proved and proved developed domestic and international crude oil and natural gas reserves on a geographical basis in as of 31 March 2014 and for Fiscal 2014:

Details	Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MTOE)	
	As of 31 March 2013	As of 31 March 2014	As of 31 March 2013	As of 31 March 2014	As of 31 March 2013	As of 31 March 2014
A. In India						
Offshore Opening	215.77	222.98	208.179	203.245	423.95	426.22
Addition	22.79	4.71	14.917	18.652	37.71	23.36
Production	15.58	15.54	19.851	19.174	35.43	34.71
Closing	222.98	212.16	203.245	202.722	426.22	414.87
Onshore Opening	190.46	190.81	156.074	155.897	346.53	346.71
Addition	9.87	7.94	5.170	0.020	15.04	7.96
Production	9.51	9.44	5.348	5.321	14.86	14.76
Closing	190.81	189.31	155.897	150.595	346.71	339.90
Total in India Opening	406.23	413.79	364.253	359.142	770.48	772.93
Addition	32.66	12.65	20.087	18.671	52.75	31.33
Production	25.10	24.97	25.199	24.495	50.29	49.47
Closing	413.79	401.47	359.142	353.318	772.93	754.78
B. Outside India						
i. Russia, CIS and the Far East						
Sakhalin-1, Russia. . . Opening	34.261	32.894	71.182	70.531	105.443	-103.425
Addition	0.003	5.499	(0.001)	3.399	0.002	-8.898
Ded/Adj	—	—	—	=	—	—
Production	1.370	1.488	0.650	0.576	2.020	-2.064
Closing	32.894	36.905	70.531	73.354	103.425	110.259
IEC, Russia Opening	15.530	14.970	4.683	4.721	20.213	19.691
Addition	—	=	0.109	=	0.109	—
Ded/Adj	—	=	—	=	—	—
Production	0.560	0.387	0.071	0.036	0.631	0.423
Closing	14.970	14.583	4.721	4.685	19.691	19.268
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	—	=	10.297	11.691	10.297	11.691
ACG, Azerbaijan . . . Opening	—	9.646	—	—	—	9.646
Addition	9.656	=	—	—	9.656	—
Ded/Adj	—	=	—	—	—	—
Production	0.010	0.883	—	—	0.010	0.883
Closing	9.646	8.763	—	—	9.646	8.763
Block 06.1, Vietnam . . Opening	0.635	0.598	8.518	6.414	9.153	7.012
Addition	—	=	—	—	—	—
Ded/Adj	—	=	—	0.001	—	0.001
Production	0.037	0.032	2.104	1.851	2.141	1.883
Closing	0.598	0.566	6.414	4.562	7.012	5.128

		Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MTOE)	
Details		As of 31 March 2013	As of 31 March 2014	As of 31 March 2013	As of 31 March 2014	As of 31 March 2013	As of 31 March 2014
ii. Latin America							
PIVSA, Venezuela . . .	Opening	11.766	10.966	—	—	11.766	10.966
	Addition	—	—	—	—	—	—
	Ded/Adj	—	—	—	—	—	—
	Production	0.800	0.767	—	—	0.800	0.767
	Closing	10.966	10.199	—	—	10.966	10.199
Carabobo-1, Venezuela	Opening	—	0.022	—	—	—	0.022
	Addition	0.023	3.795	—	—	0.023	3.795
	Ded/Adj	—	—	—	—	—	—
	Production	0.001	0.021	—	—	0.001	0.021
	Closing	0.022	3.796	—	—	0.022	3.796
BC-10, Brazil	Opening	4.778	4.717	0.399	0.334	5.177	5.051
	Addition	0.230	3.342	(0.053)	0.335	0.177	3.677
	Ded/Adj	—	—	—	—	—	—
	Production	0.291	0.318	0.012	0.013	0.303	0.331
	Closing	4.717	7.741	0.334	0.656	5.051	8.397
MECL, Columbia . . .	Opening	3.504	3.453	—	—	3.504	3.453
	Addition	0.501	0.626	—	—	0.501	0.626
	Ded/Adj	—	(0.001)	—	—	—	(0.001)
	Production	0.552	0.597	—	—	0.552	0.597
	Closing	3.453	3.483	—	—	3.453	3.483
iii. Africa							
GNOP, Sudan	Opening	16.971	9.956	—	—	16.971	9.956
	Addition	0.176	0.286	—	—	0.176	0.286
	Ded/Adj	6.595	—	—	—	6.595	—
	Production	0.596	0.741	—	—	0.596	0.741
	Closing	9.956	9.501	—	—	9.956	9.501
GPOC, Sudan	Opening	—	6.595	—	—	—	6.595
	Addition	—	—	—	—	—	—
	Ded/Adj	(6.595)	—	—	—	—	—
	Production	—	0.218	—	—	—	0.218
	Closing	6.595	6.377	—	—	6.595	6.377
Block5A, Sudan	Opening	6.348	5.921	—	—	6.348	5.921
	Addition	(0.428)	—	—	—	(0.428)	—
	Ded/Adj	(0.001)	—	—	—	(0.001)	—
	Production	—	0.034	—	—	0.000	0.034
	Closing	5.921	5.887	—	—	5.921	5.887
iv. Middle East							
AFPC, Syria	Opening	2.707	2.581	—	—	2.707	2.581
	Addition	—	—	—	—	—	—
	Ded/Adj	—	—	—	—	—	—
	Production	0.126	—	—	—	0.126	—
	Closing	2.581	2.581	—	—	2.581	2.581
Block-24, Syria	Opening	1.804	1.803	—	—	1.804	1.803
	Addition	—	—	—	—	—	—

Details	Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MTOE)	
	As of 31	As of 31	As of 31	As of 31	As of 31	As of 31
	March 2013	March 2014	March 2013	March 2014	March 2013	March 2014
Ded/Adj	—	—	—	—	0.000	—
Production	0.001	—	—	—	0.001	—
Closing	1.803	1.803	—	—	1.803	1.803
Total outside India . . . Opening	98.304	104.122	95.079	92.297	193.383	196.419
Addition	10.161	13.548	0.055	5.329	10.216	18.877
Ded/Adj	0.003	(0.001)	0.001	0.001	0.004	—
Production	4.343	5.486	2.837	2.677	7.180	8.163
Closing	104.119	112.185	92.296	94.948	196.415	207.133

Proved Developed Reserves

As of 31 March 2014, according to management's internal estimates, the Guarantor's domestic proved developed crude oil and natural gas reserves, estimated in accordance with the SPE/WPC 1997 standards, were 545.28 MMtoe. As of 31 March 2014, according to management's internal estimates, the Guarantor's international proved developed crude oil and natural gas reserves outside of Sudan and South Sudan, estimated in accordance with the SPE-PRMS 2007 guidelines, were 50.439 MMtoe. As of 31 March 2014, according to management estimates, the Guarantor's proved developed crude oil and natural gas reserves in Sudan and South Sudan, estimated in accordance with SPE definitions, were 9.333 MMtoe.

The following table sets forth certain information relating to the Guarantor's proved developed domestic and international crude oil and natural gas reserves on a geographical basis as of 31 March 2014 for Fiscal 2014:

Details	Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MTOE)	
	As of 31	As of 31	As of 31	As of 31	As of 31	As of 31
	March 2013	March 2014	March 2013	March 2014	March 2013	March 2014
A. In India						
Offshore Opening	153.50	160.62	114.690	110.254	268.19	270.87
Addition	22.70	13.90	15.431	41.630	38.13	55.53
Production	15.58	15.54	19.867	19.174	35.45	34.71
Closing	160.62	158.99	110.254	132.710	270.87	291.70
Onshore Opening	148.73	150.81	110.364	110.010	259.09	260.81
Addition	11.57	5.18	4.933	2.225	16.50	7.40
Production	9.49	9.39	5.287	5.251	14.78	14.64
Closing	150.81	146.60	110.010	106.984	260.81	253.58
Total in India Opening	302.23	311.43	225.055	220.264	527.28	531.69
Addition	34.27	19.09	20.364	43.855	54.63	62.93
Production	25.07	24.93	25.154	24.425	50.22	49.36
Closing	311.43	305.58	220.264	239.694	531.69	545.28
B. Outside India						
i. Russia, CIS and the Far East						
Sakhalin-1, Russia. Opening	9.122	13.391	10.794	10.163	19.916	23.554
Addition	5.638	—	0.019	0.689	5.657	0.689
Ded/Adj	(0.001)	—	—	—	(0.001)	—
Production	1.370	1.488	0.650	0.576	2.020	2.064
Closing	13.391	11.903	10.163	10.276	23.554	22.179
IEC, Russia Opening	5.391	4.831	—	1.131	5.391	5.962

		Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MTOE)	
		As of 31 March 2013	As of 31 March 2014	As of 31 March 2013	As of 31 March 2014	As of 31 March 2013	As of 31 March 2014
Details							
	Addition	—	—	1.202	—	1.202	—
	Ded/Adj	—	—	—	—	—	—
	Production	0.560	0.387	0.071	0.036	0.631	0.423
	Closing	4.831	4.444	1.131	1.095	5.962	5.539
Block A1 & A3							
Myanmar	Opening	—	—	—	—	—	—
	Addition	—	—	—	2.815	—	2.815
	Ded/Adj	—	—	—	—	—	—
	Production	—	—	—	0.201	—	0.201
	Closing	—	—	—	2.614	—	2.614
Block 06.1, Vietnam .	Opening	0.626	0.598	4.963	6.414	5.589	7.012
	Addition	0.009	—	3.555	—	3.564	—
	Ded/Adj	—	—	—	—	—	—
	Production	0.037	0.032	2.104	1.851	2.141	1.883
	Closing	0.598	0.566	6.414	4.563	7.012	5.129
ACG, Azerbaijan . . .	Opening	—	4.267	—	—	—	4.267
	Addition	4.277	—	—	—	4.277	—
	Ded/Adj	—	—	—	—	—	—
	Production	0.010	0.883	—	—	0.010	0.883
	Closing	4.267	3.384	—	—	4.267	3.384
ii. Latin America							
MECL, Columbia . . .	Opening	3.371	3.000	—	—	3.371	3.000
	Addition	0.181	0.787	—	—	0.181	0.787
	Ded/Adj	—	—	—	—	—	—
	Production	0.552	0.597	—	—	0.552	0.597
	Closing	3.000	3.190	—	—	3.000	3.190
BC-10, Brazil	Opening	1.437	1.626	0.155	0.137	1.592	1.763
	Addition	0.480	2.016	(0.006)	0.120	0.474	2.136
	Ded/Adj	—	—	(0.001)	—	(0.001)	—
	Production	0.291	0.318	0.012	0.013	0.303	0.331
	Closing	1.626	3.324	0.138	0.244	1.764	3.568
PIVSA, Venezuela . . .	Opening	1.019	1.660	—	—	1.019	1.660
	Addition	1.440	1.154	—	—	1.440	1.154
	Ded/Adj	(0.001)	—	—	—	(0.001)	—
	Production	0.800	0.767	—	—	0.800	0.767
	Closing	1.660	2.047	—	—	1.660	2.047
Carabobo-1,							
Venezuela	Opening	—	0.022	—	—	—	0.022
	Addition	0.023	0.534	—	—	0.023	0.534
	Ded/Adj	—	—	—	—	—	—
	Production	0.001	0.021	—	—	0.001	0.021
	Closing	0.022	0.535	—	—	0.022	0.535
iii. Africa							
GNOP, Sudan	Opening	6.707	2.784	—	—	6.707	2.784
	Addition	1.203	0.413	—	—	1.203	0.413
	Ded/Adj	4.530	—	—	—	4.530	—
	Production	0.596	0.741	—	—	0.596	0.741

		Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MTOE)	
		As of 31 March 2013	As of 31 March 2014	As of 31 March 2013	As of 31 March 2014	As of 31 March 2013	As of 31 March 2014
Details							
	Closing	2.784	2.456	—	—	2.784	2.456
GPOC, Sudan	Opening	—	4.530	—	—	—	4.530
	Addition	—	—	—	—	—	—
	Ded/Adj	(4.530)	—	—	—	(4.530)	—
	Production	—	0.218	—	—	—	0.218
	Closing	4.530	4.312	—	—	—	4.312
Block 5A, Sudan . . .	Opening	2.599	2.599	—	—	2.599	2.599
	Addition	—	—	—	—	—	—
	Ded/Adj	—	—	—	—	—	—
	Production	—	0.034	—	—	—	0.034
	Closing	2.599	2.565	—	—	2.599	2.565
iv. Middle East							
AFPC, Syria	Opening	2.332	2.206	—	—	2.332	2.206
	Addition	—	—	—	—	—	—
	Ded/Adj	—	—	—	—	—	—
	Production	0.126	—	—	—	0.126	—
	Closing	2.206	2.206	—	—	2.206	2.206
Block-24, Syria	Opening	0.050	0.049	—	—	0.050	0.049
	Addition	—	—	—	—	—	—
	Ded/Adj	—	—	—	—	—	—
	Production	0.001	—	—	—	0.001	—
	Closing	0.049	0.049	—	—	0.049	0.049
Total outside India . .	Opening	32.654	41.563	15.912	17.845	48.566	59.408
	Addition	13.251	4.904	4.770	3.624	18.021	8.528
	Ded/Adj	—	—	(0.001)	—	(0.001)	—
	Production	4.343	5.486	2.837	2.677	7.180	8.163
	Closing	41.562	40.981	17.846	18.792	59.408	59.773

Proved Undeveloped Reserves

As of 31 March 2014, according to management's internal estimates, the Guarantor's international proved undeveloped crude oil and natural gas reserves outside of Sudan and South Sudan, estimated in accordance with SPE for majority of assets and Russian classifications for the Sakhalin-1 asset, were 134.928 MMtoe. According to management estimates, as of 31 March 2014, the Guarantor's proved undeveloped crude oil and natural gas reserves in Sudan and South Sudan, estimated in accordance with SPE definitions were 12.431 MMtoe.

Crude Oil and Natural Gas Production

As of 31 March 2014, the Guarantor, on a standalone basis excluding the Issuer's wells, had 6,082 gross (4,396 net) flowing/productive oil wells and 648 gross (429 net) flowing/productive gas wells. As of 31 March 2014, the Guarantor operated, in India, 12 nomination PELs covering an area of 42,828 sq. km., 58 NELP exploration acreages covering an area of 170,577 sq. km. and 353 Petroleum Mining Leases covering an area of 53,789 sq. km.

The following table sets forth certain information relating to the Guarantor's domestic and international crude oil and natural gas production in Fiscal 2012, Fiscal 2013 and Fiscal 2014:

		Fiscal 2012		Fiscal 2013		Fiscal 2014	
		Oil (MMbbls)	Gas (BCM)	Oil (MMbbls)	Gas (BCM)	Oil (MMbbls)	Gas (BCM)
A. In India							
Location	Basin/Project						
i. Wholly owned and operated fields							
Offshore	Western Mumbai Offshore	122.17	17.54	116.79	18.04	116.355	17.86
	Eastern Offshore	0.29	0.03	0.33	0.06	0.32	0.10
Onshore	Western Onshore Except Jaisalmer	42.22	1.93	38.90	1.84	36.88	1.54
	Jaisalmer	0	0.02	0	0.01		0.015
	Assam and Assam Arakan	9.03	1.14	9.18	1.13	9.45	1.28
	Krishna-Godavari	2.29	1.36	2.21	1.24	2.23	1.17
	Cauvery	1.85	1.29	1.79	1.21	1.69	1.30
ii. Joint ventures							
Offshore	Mumbai Offshore	4.25	1.71	3.37	1.36	2.97	1.10
	Krishna-Godavari	4.77	0.25	3.22	0.21	3.10	0.18
	Cauvery	0.15	00.01	0	0	0	0
	Cambay	0.11	0.11	0.79	0.07	1.35	0.05
Onshore	Barmer, Rajasthan	14.74	1.11	19.33	0.14	20.64	0.22
	Cambay	0.03	0.00	0.03	0.00	0.03	0.002
Total in India.		201.90	26.50	195.94	25.31	194.94	24.85
B. Outside India							
Country	Project						
i. Caspian Sea Region and the Far East							
Russia	Sakhalin-1	11.19	0.494	10.24	0.650	11.13	0.576
	IEC	5.9	—	4.26	0.071	2.93	0.036
Myanmar	Block-A1 & A3				—	—	0.201
Azerbaijan	ACG			0.07	0.001	6.47	0.099
Vietnam	Block 06.1	0.30	2.023	0.31	2.104	0.27	1.851
ii. Latin America							
Venezuela	San Cristobal	5.88	—	5.26	0.072	5.04	0.087
	Carabobo-1	—	—	—	—	0.13	0.001
Brazil	BC-10	3.07	0.015	1.98	0.012	2.14	0.013
Colombia	Mansarovar Energy project	3.60	—	2.95	0.007	3.80	0.007
iii. Africa							
Sudan	GNPOC	9.68	—	4.35	—	5.41	—
South Sudan	GPOC	—	—	—	—	1.59	—
South Sudan	Block5A	1.18	—	—	—	0.23	—
iv. Middle East							
Syria	Al Furat Petroleum Company	3.67	0.007	0.92	0.002	—	—
	Block-24	0.07	—	—	—	—	—
Total outside India . . .		44.54	2.54	30.35	2.92	39.15	2.87
Total production inside and outside India							

In Fiscal 2014, the Guarantor sold approximately 92.3 per cent. of its total crude oil production and 78 per cent. of its total natural gas production. Oil and gas sold is lower than total production due primarily to gas that the Guarantor consumes in running its operations and, to a lesser extent, flared and injected gas.

The Guarantor's Principal Producing Areas

Domestic Producing Areas

The Guarantor's domestic onshore producing areas are located in the states of Gujarat, Rajasthan, Assam, Tripura, Tamilnadu, Andhra Pradesh and in the Cambay, Jaisalmer, Assam and Assam Arakan, Krishna-Godavari and Cauvery basins. The Guarantor's domestic offshore producing fields include the Mumbai offshore basin off the west coast of India, and the Cauvery and Krishna-Godavari basins off the east coast of India.

Owned and Operated Offshore Producing Fields

Mumbai Offshore Basin

The Mumbai Offshore basin, the largest offshore basin in India, is located off the west coast of India and covers an area of approximately 116,000 sq. km. The Guarantor made its first crude oil discovery in this basin in 1974. As of 31 March 2014, the Guarantor held 31 petroleum mining leases covering an area of 30,392.31 sq. km. in this basin.

The major producing fields within this basin are Mumbai High, South Bassein, Heera and South Heera and Neelam. The South Bassein field is located within the Bassein and Satellite asset, the Heera and South Heera fields are located within the Heera asset and the Neelam field is located within the Neelam asset. The hydrocarbon discoveries in each of the South Bassein, Heera and South Heera and Neelam fields was made by the Guarantor under a nomination petroleum exploration license.

The Mumbai High field is a major offshore crude oil and natural gas producing area in the Mumbai Offshore basin, and represented 37.8 per cent. of the Guarantor's total domestic crude oil production (inclusive of its share of JV production) and 19.8 per cent. of the Guarantor's total natural gas production from its owned and operated fields (inclusive of its share of JV production) in Fiscal 2014.

The Mumbai High field is located around 160 km. west of Mumbai in the Arabian sea. This field acts as a hub for a growing number of small satellite fields and therefore the Mumbai High infrastructure represents a key resource for future offshore developments. The first discovery well was drilled in 1974. The hydrocarbon discovery in this field was made by the Guarantor under a nomination petroleum exploration license. The Guarantor carried out its development programmes and commenced oil production from Mumbai High North in 1976 and Mumbai High South in 1980. In 2001, the Guarantor commenced a field redevelopment programme to improve oil production rates and to increase the field's ultimate oil recovery. In 2008, the Guarantor commenced phase II of the redevelopment programme for installation of new wellhead platforms, electric submersible pumps for improved artificial lift and maintaining the fluid production and water injection rates. The gas produced from this field is used for power generation and to supply lift gas. The surplus gas is exported to shore through pipeline for onward sale. A peak crude oil production rate of 420,000 barrels of oil per day was achieved in 1988.

The Guarantor's 1P, 2P and 3P crude oil and natural gas reserves in the Mumbai Offshore Basin, as of 31 March 2014, were 403.75 MMtoe, 523.55 MMtoe and 676.48 MMtoe, respectively, according to management's internal estimates.

Owned and Operated Onshore Producing Fields

Cambay Basin

The Cambay basin is one of the Guarantor's most significant onshore crude oil and natural gas producing areas. The basin is located primarily in the state of Gujarat and covers approximately 53,500 sq. km. The

basin is a rift basin which extends from Surat in the south to Sanchor in the north. In the north, the basin narrows, but continues beyond Sanchor to pass into the Barmer Basin of Rajasthan. On the southern side, the basin merges with the Mumbai Offshore Basin in the Arabian Sea. As of 31 March 2014, the Guarantor held 167 petroleum mining leases covering an area of 5,664.53 sq. km. in this basin. In addition, as of the date of this Offering Circular, applications for seven Petroleum Mining Leases covering an area of 331.61 sq. km are under consideration by the Government of India.

The major producing fields within this basin are Sobhasan, Santhal, North Kadi, Kalol, Jhalora, Ankleshwar and Gandhar, each of which are oil- and gas-producing fields (with the exception of the Santhal field, which does not produce gas) whose hydrocarbon discoveries were made by the Guarantor under nomination petroleum exploration licenses. The Sobhasan, Santhal and North Kadi fields are located within the Mehsana asset, the Kalol and Jhalora fields are located within the Admedabad asset and the Ankleshwar and Gandhar fields are located within the Ankleshwar asset

Jaisalmer Basin (Rajasthan)

The Jaisalmer basin, situated in western Rajasthan, covers an area of approximately 45,000 sq. km. The basin is limited by the India-Pakistan border in the north and west and the Aravalli-Delhi ranges in the east. The basin is divided into three sub-basins, namely, the Kishangarh sub-basin in the east, the Shahgarh sub-basin in the west and the Miajlar sub-basin in the south. As of 31 March 2014, the Guarantor held five petroleum mining leases covering an area of 884.85 sq. km. in this basin.

The major natural gas producing field of the Jaisalmer basin is the Manhera Tibba field which was discovered in 1967. The hydrocarbon discovery in this field was made by the Guarantor under a Nomination petroleum exploration license. The Guarantor produces natural gas in the Jaisalmer basin. The Guarantor also holds a participating interest in the development area of the pre-NELP block in Barmer Basin operated by CEIL, which is in commercial production.

Assam and Assam-Arakan Basin

The Assam and Assam-Arakan basin is located on the north-eastern plunge of the Shillong-Mikir uplift and bounded by the Arunachal Himalayas in the north, the Naga Schuppen Belt in the southeast and by the Assam-Arakan Fold Belt in the south. The plains of Bangladesh lie to its west and south. The areas in the Assam and Assam Arakan basin in which the Guarantor has an interest lie in the states of Assam, Tripura, Mizoram, Manipur and Nagaland. The basin covers an area of approximately 116,000 sq. km. As of 31 March 2014, the Guarantor held 60 petroleum mining leases covering an area of 5,515.69 sq. km. in the basin. In addition, as of the date of this Offering Circular, applications for one Petroleum Mining Leases covering an area of 20 sq. km. are under consideration by the Government of India.

The major producing fields within this basin are Lakwa-Lakhmani, Geleki, Rudrasagar and Tripura. The Lakwa-Lakhmani fields are located within the Assam asset and form the eastern and western part of the Lakwa structure in the Assam and Assam-Arakan, the Geleki field is located the Assam asset in the southern fringe of the upper Assam valley in the Assam and Assam-Arakan basin and the Rudrasagar field is located within the Assam asset in the Assam and Assam-Arakan basin. The hydrocarbon discoveries in each of these fields was made by the Guarantor under a nomination petroleum exploration license.

The Tripura field, located within the Tripura asset within the Assam and Assam-Arakan basin is a gas producing area. The major natural gas producing fields within the Tripura asset are Manikyanagar, Konaban, Agartala, Dome and Baramura. Unit-I (363.3 MW) commenced its commercial operations on 4 January 2014. The Guarantor expects to commission Unit-II (363.3 MW) in the second quarter of Fiscal 2015.

Krishna-Godavari basin

The Krishna-Godavari basin is located on the east coast of India and extends both onshore and offshore. The onshore portion covers an area of approximately 15,000 sq. km. The thickness of the sedimentary fill is approximately five km. The basin has extensive seismic coverage in the onshore and shallow water areas.

Recently, a number of commercial discoveries of gas have been made in the deep water areas. As of 31 March 2014, the Guarantor held 54 petroleum mining leases covering an area of 6,213.46 sq. km. in this basin. In addition, as of the date of this Offering Circular, applications for one PMLs covering an area of 400 sq. km are under consideration by the Government of India.

The major producing fields within this basin are Kesanapalli West, Gopavaram, Pasarlapudi, Tatipaka, and Kesavadaupalem, each of which is located within the Rajahmundry asset. The hydrocarbon discovery in these fields were made by the Guarantor under nomination petroleum exploration licenses. The Pasarlapudi, Tatipaka, and Kesavadaupalem fields produce only natural gas.

Cauvery Basin

The Cauvery onshore basin is located in the state of Tamil Nadu and covers an area of approximately 25,000 sq. km. As of 31 March 2014, the Guarantor held 32 petroleum mining leases covering an area of 3445.8 sq. km. in this basin.

The major producing fields within this basin are Kamalapuram, Kuthalam and Periyapattinam, each of which are located within the Kariakal asset. The Kamalapuram and Kuthalam fields are multi-layered sand reservoirs. The hydrocarbon discovery in these fields was made by the Guarantor under nomination petroleum exploration licenses.

Eastern Offshore Asset, Kakinada

The Eastern Offshore asset was formed in April 2009 with a view to exploiting hydrocarbons from offshore areas of the Cauvery Basin, KG-Basin, Mahanadi Basin, Bengal Basin and Andaman-Nicobar Basin. Exploration of the KG basin started in 1958 with geological surveys and the first offshore discovery of oil and gas was in 1980. There are four initial development projects within the Eastern Offshore asset. The discoveries in this asset are small, marginal, disperse and otherwise conventionally unviable, and thus the Guarantor has recast the development strategy for exploiting reserves by adopting a cluster concept approach. As part of these efforts, first offshore oil production started on 31 August 2011 from the GS-15 field, and the Guarantor's first deep water sub-sea well was completed and successfully started production on 17 November 2013 from the G-1 field. Several other development projects are underway in this asset, including the development of the Guarantor's second deep water project, Vashistha/S1, the use of mud-line completions to monetise small finds in shallow waters, the development of the marginal GS-29 field and the use of shared infrastructure with a neighbouring operator to develop the G4, D and E field. The Guarantor is also planning to bring other discoveries in this asset on stream. ONGC's first deep water well G1-11 in Eastern Offshore commences production on 17 November 2013 through an Early Production System (EPS).

Producing Fields held through Joint Ventures

Panna and Mukta and Mid and South Tapti, Mumbai Offshore

The Panna field, located in the Mumbai Offshore basin 50 km. east of the Mumbai High field and 95 km. north-west of Mumbai, covers an area of approximately 430 sq. km. The Mukta field, located in the Mumbai Offshore basin 110 km. north-west of Mumbai and 25 km. east of the Mumbai High field, covers an area of approximately 777 sq. km. The Mid and South Tapti fields, located in the Mumbai Offshore basin approximately 200 km. north of Mumbai, cover an area of approximately 1,471 sq. km. These fields were initially discovered and put into production by the Guarantor under a nomination petroleum exploration license. Subsequently, the Government elected to offer interests in these fields to private sector participants and the Guarantor entered into production sharing contracts and joint operating agreements ("JOAs") for both the Panna and Mukta fields, and the Mid and South Tapti fields in December 1994. The production sharing contracts and JOAs are valid for an initial term of 25 years, subject to extension by mutual agreement with the Government.

The joint venture parties and their respective participating interests are set out below:

Parties	Participating Interest	Operator
ONGC	40.00%	Joint Operator ONGC-BGEPIL and RIL
BG Exploration and Production India Limited (“BGEPIL”)	30.00%	
Reliance Industries Limited (“RIL”)	30.00%	

Ravva, Krishna-Godavari Offshore

The Krishna-Godavari offshore basin located in the Bay of Bengal covers an area of 25,000 sq. km. The Guarantor has discovered multiple fields in the shallow water portion of the basin, including the Ravva field. In addition, the Guarantor has made discoveries in the deep water portion of the basin, including the G-1, G-4 and Vashista. As of 31 March 2014, the Guarantor held 13 petroleum mining leases covering an area of 1,285.8 sq. km. in this basin. The fields in the Krishna-Godavari basin were initially discovered and put into production by the Guarantor under a nomination petroleum exploration license. Subsequently, the Government elected to offer interests in these fields to private sector participants and the Guarantor entered into a production sharing contract and JOA for the Ravva field in October 1994. The production sharing contract and the JOA are valid for an initial term of 25 years, subject to extensions granted by the Government for a further period of five years, or for a period of 35 years in the event of commercial production of non-associated natural gas.

The major producing field within this basin is the Ravva field. The Ravva field, located off the Amlapuram coast in the shallow waters of the Krishna-Godavari offshore block, covers an area of approximately 331.26 sq. km.

The joint venture parties and their respective participating interests are set out below:

Parties	Participating Interest	Operator
ONGC	40.00%	Cairn India Limited
Cairn India Limited	22.50%	
Videocon India Limited.	25.00%	
Ravva Oil (Singapore Pte. Limited)	12.50%	

CY-OS-90/1 (PY-3), Cauvery Offshore

The Cauvery offshore basin, located in the Bay of Bengal, covers a shallow offshore area of approximately 30,000 sq. km. and a deep water offshore area of approximately 95,000 sq. km. The Guarantor has made three hydrocarbon discoveries in the shallow water portion of the basin. The Guarantor’s producing fields in Cauvery offshore basin are generally operated through joint venture agreements.

The major producing field within the Cauvery offshore basin was the PY-3 field, prior to its shut down on 30 July 2011 due to the expiration of the class certification for the floating production unit. The joint venture is currently exploring the possibility of undertaking a comprehensive development for the field under various options. The CY-OS-90/1 (PY-3) block, located 70 km. off the Pondicherry coast in the Cauvery offshore block, covers an area of approximately 81 sq. km. The hydrocarbon discovery in this field was made by the Guarantor prior to the issue of the Letter of Authority for commencement of Petroleum Operations. The Guarantor has entered into a production sharing contract and JOA for the CY-OS-90/1 (PY-3) block in December 1994. The Production Sharing Contract and JOA are valid for an initial term of 25 years, subject to extension by mutual agreement with the Government for a further period not exceeding five years, provided that in the event of commercial production of non-associated natural gas, the contract may, by mutual agreement between the parties, be extended for a period up to but not exceeding 35 years.

The joint venture parties and their respective participating interests are set out below:

Parties	Participating Interest	Operator
ONGC	40.00%	
Hardy Exploration & Production India Inc..	18.00%	Hardy Exploration & Production India Inc.
Hindustan Oil Exploration Company (HOEC)	21.00%	
Tata Petrodyne Limited	21.00%	

Block CB-OS/2, Cambay Offshore

Block CB-OS/2 is located in the Cambay offshore basin on the west coast of India in the gulf of Khambhat and covers an area of approximately 313 sq. km. It consists of three ring-fenced development areas, namely Lakshmi, Gauri and CB-X. The hydrocarbon discoveries in these fields were made by the Guarantor under a pre-NELP petroleum exploration license.

The Guarantor entered into a production sharing contract and JOA for the CB-OS/2 block in June 1998 to carry out hydrocarbon exploration and exploitation activities in the CB/OS-2 contract area. The production sharing contract and the JOA are valid for an initial term of 25 years, subject to extensions granted by the Government for a further period of five years, or for a period of 35 years in the event of commercial production of non-associated natural gas.

The joint venture parties and their respective participating interests are set out below:

Parties	Participating Interest	Operator
ONGC	50.00%	
Tata Petrodyne Limited	10.00%	Cairn India Limited
Cairn India Limited	40.00%	

RJ-ON-90/1, Barmer, Rajasthan Onshore

The RJ-ON-90/1 block, located in the Rajasthan onshore basin, covers an area of approximately 3,111 sq. km. The Guarantor entered into a production sharing contract and JOA for the RJ-ON-90/1 block in May 1995. The production sharing contract and JOA are valid for an initial term of 25 years, subject to extension by mutual agreement with the Government for a further period of five years, or for a period of 35 years in the event of commercial production of natural gas.

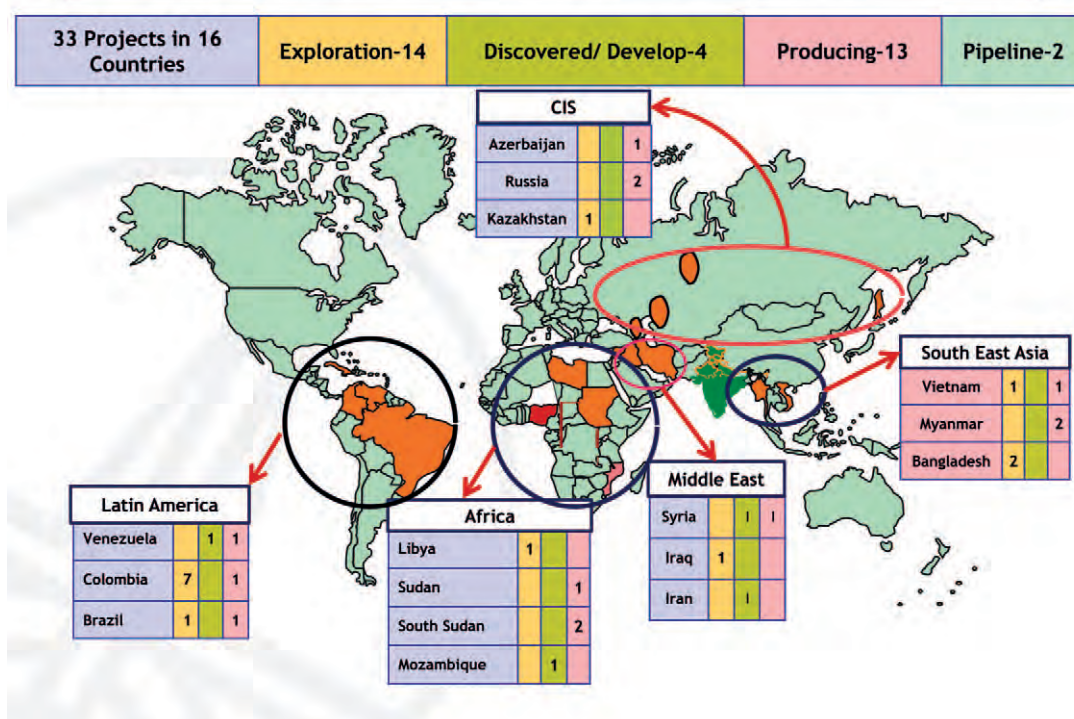
The joint venture parties and their respective participating interests are set out below:

Parties	Participating Interest	Operator
ONGC	30.00%	
Cairn India Limited	35.00%	Cairn India Limited ⁽¹⁾
Cairn Energy Hydrocarbons Limited	35.00%	

- (1) The Government of India has approved for a change in assignment of Participating Interest (“PI”) and Change in Operatorship from Cairn Energy India Pty Ltd (“CEIL”) to Cairn India Ltd. (“CIL”) pursuant to a letter dated 18 October 2012. The production sharing contract amendment for the purpose is submitted and is under examination and will be implemented on approval of production sharing contract amendment.

The associated and non-associated gas produced from this field is used for power generation, internal heating and pipeline heating. Additionally, the JV has carried out extended well testing of the Raageshwari Deep Gas wells. The non-associated gas produced during this extended well testing and excess associated gas is now permitted for sale.

ONGC Videsh: Global footprint



As of the date of this Offering Circular, the Guarantor, through the Issuer, held participating interests in 33 projects across 16 countries outside India, namely Vietnam, Iraq, Libya, Syria, Sudan, South Sudan, Iran, Mozambique, Brazil, Venezuela, Russia, Myanmar, Colombia, Bangladesh, Kazakhstan and Azerbaijan, comprising 13 producing projects, 14 exploration blocks and four discovered/development blocks and two pipeline projects. The Guarantor's production shut down in two of its assets, AFPC (Syria) and Block 24 (Syria) due to the political situation in Syria. In addition, the Guarantor has constructed a pipeline in Sudan covering a distance of 741 km. for a Sudanese Government entity. In March 2013, the Guarantor acquired a 2.36 per cent. participating interest in the 1,768 km. BTC Pipeline.

Sudan and South Sudan — Greater Nile Oil Project

Blocks 1, 2 and 4, located in the Muglad Basin in Sudan and South Sudan, cover an area of approximately 49,500 sq. km. (the “**Greater Nile Oil Project**”) and are currently in production, with certain exploration activities on-going. The countries of Sudan and South Sudan were formerly one country, Sudan, which formally separated into two independent countries on 9 July 2011. Following the separation, the southern areas of blocks 1, 2 and 4 of the Greater Nile Oil Project fall within the territories of South Sudan.

The Guarantor currently holds a 25.00 per cent. participating interest in the Greater Nile Oil Project, together with CNPC International (Nile) Limited (“**CNPC**”), which holds a 40.00 per cent. participating interest, Petronas Carigali Nile Limited (“**Petronas**”), which holds a 30.00 per cent. participating interest, and Sudan National Petroleum Corporation (“**Sudapet**”), which holds the remaining 5.00 per cent. participating interest (together the “**Sudan Consortium**”). In Sudan, the Greater Nile Petroleum Operating Company, which the Sudan Consortium members own in proportion to their respective interests in the Greater Nile Oil Project, operates the project. In South Sudan, the Greater Pioneer Operating Company, which the Sudan Consortium members own in proportion to their respective interests in the Greater Nile Oil Project except that Nile Petroleum Corporation holds a 5.00 per cent. participating interest instead of Sudapet, operates the project. Production in South Sudan was stopped in January 2012 under instructions from the Government of South Sudan due to differences between it and the Government of Sudan. Under the oil agreements between the Government of Sudan and the Government of South Sudan, which were finalised in September 2012, crude

oil produced from South Sudan fields is to be transported for export using the processing and transportation facilities of Sudan. The oil agreements provide for the payment of processing, transport and transit fees to the Government of Sudan for the processing and transportation of oil produced in South Sudan. Following the resolution of pending security and economic issues between the Government of Sudan and the Government of South Sudan in March 2013, blocks 1, 2 and 4 in South Sudan resumed limited operations in April 2013. The operations at the Greater Pioneer Operating Company in South Sudan and Block 5A in South Sudan ceased on 23 December 2013 due to the threat from escalating tribal violence in South Sudan.

The initial term of the production sharing contract is 25 years (except that it is 20 years for block 2B in Sudan and 1B in South Sudan) commencing from 29 November 1996, with an option for an additional five year period with the approval of respective Ministers of Sudan and South Sudan. Under the terms of the contractual arrangements governing the Guarantor's interest in the blocks, the Guarantor makes statutory and contractual payments to the Government of Sudan and the Government of South Sudan, including royalties and taxes.

Blocks 1a, 2a and 4

Under the production sharing contract, 45.00 per cent. of all crude oil and gas produced is allocated to cost recovery and the remainder is allocated to profit sharing. The 55.00 per cent. of production allocated for profit sharing is shared in accordance with the table set out below:

	Oil, ≤25,000 barrels ⁽¹⁾	Oil, 25,000-50,000 barrels ⁽¹⁾	Oil, ≥50,000 barrels ⁽¹⁾	Gas, ≤250 million cubic feet per day	Gas, 250-500 million cubic feet per day	Gas, ≥500 million cubic feet per day
Government	60.00%	70.00%	80.00%	60.00%	70.00%	80.00%
Sudan Consortium ⁽²⁾	40.00%	30.00%	20.00%	40.00%	30.00%	20.00%

(1) Figures refer to average daily production.

(2) Profits are divided amongst the consortium in proportion to their participating interests.

Block 1b and 2b

Under the production sharing contract, 40.00 per cent of all crude oil produced is allocated to cost recovery and the remainder is allocated to profit sharing. The 60.00 per cent. of production allocated for profit sharing is shared in accordance with the table set out below:

	Oil, ≤25,000 barrels ⁽¹⁾	Oil, ≤50,000 barrels ⁽¹⁾	Oil, ≥50,000 barrels ⁽¹⁾
Government	61.5%	71%	80%
Sudan Consortium ⁽²⁾	38.5%	29%	20%

(1) Figures refer to average daily production.

(2) Profits are divided amongst the consortium in proportion to their participating interests.

The Government of Sudan may terminate the production sharing contract on the occurrence of generally accepted instances such as failure to meet work obligations, failure to make payments when they become due, the occurrence of any insolvency event or if the Guarantor knowingly makes false statements or representations that have material adverse consequences to the Government of Sudan. The Government of South Sudan may also terminate the production sharing contract under similar conditions pursuant to a transition agreement that it entered into.

The Guarantor continues to make investment in the blocks to arrest the decline in the producing fields, and toward exploration activity.

South Sudan — Block-5A

Block-5A, located in South Sudan, covers an area of approximately 20,917 sq. km. and is currently in production. The Guarantor currently holds a 24.125 per cent. participating interest in this block, together with Petronas, which holds a 67.875 per cent. participating interest, and Nilepet, which holds the remaining 8.000 per cent. participating interest. The Sudd-Petroleum Operating Company (“**SPOC**”), which the Guarantor, Petronas and Nilepet jointly own SPOC according to their respective participating interests operates Block-5A.

Following the separation of Sudan and South Sudan, block-5A falls entirely within the territory of South Sudan. Production in the block was stopped in January 2012 under instructions from the Government of South Sudan due to differences between it and the Government of Sudan. Under the oil agreements between the Government of Sudan and the Government of South Sudan, which were finalised in September 2012, crude oil produced from South Sudan fields is to be transported for export using the processing and transportation facilities of Sudan. The oil agreements provide for the payment of processing, transport and transit fees to the Government of Sudan for the processing and transportation of oil produced in South Sudan. Following the resolution of pending security and economic issues between the Government of Sudan and the Government of South Sudan in March 2013, block 5A in South Sudan resumed limited operations in April 2013. The operations at the Greater Pioneer Operating Company in South Sudan and Block 5A in South Sudan ceased on 23 December 2013 due to the threat from escalating tribal violence in South Sudan.

Russia — Sakhalin-I

The Sakhalin-I project, located in Russia, consists of three fields (Odoptu, Chavyo and Arkutun-Dagi) covering an area of approximately 1,146 sq. km. and is currently in production. The Guarantor currently holds a 20.00 per cent. participating interest in the project, together with ExxonMobil, which holds a 30.00 per cent. participating interest, Sodeco (a consortium of Japanese companies), which holds a 30.00 per cent. participating interest, and Rosneft, which holds the remaining 20.00 per cent. participating interest through its subsidiaries (together the “**Sakhalin Consortium**”). ExxonMobil operates the project.

The production sharing agreement for the Sakhalin-I project was signed on 30 June 1995, and the commerciality of the blocks was declared in 2001. The initial term of the production sharing agreement is 20 years (up to 2021), commencing from the date of declaration of commerciality, subject to extensions to the extent that commercially exploitable hydrocarbons continue to be present in the project. The consortium has submitted production plans and reserves reports to the relevant authorities showing the existence of sufficient reserves to continue production until 2054.

Under the production sharing agreement, a royalty of 8.00 per cent. of gross revenues is payable to the Government of Russia. The future gross revenues of the project, less the royalty, form the revenues available for sharing among the consortium and the Government of Russia. The consortium’s operating expenses, capital costs, and abandonment costs are recoverable from the consortium’s revenues available for sharing, subject to certain limits. The revenues from the project in excess of recovered costs are divided between the consortium and the Government of Russia at various levels depending on the project’s rate of return. A 35.00 per cent. profit tax is levied on the taxable income of each consortium party, which is the party’s profit share less certain expenses not eligible for cost recovery.

The production sharing agreement may be terminated by the Government of Russia, subject to a 90 day rectification period, under the following circumstances: (i) assignment to a third party in breach of the provisions of the production sharing agreement; (ii) intentional presentation of materially false information to the state in relation to hydrocarbon operations; (iii) repeated and significant breach of the production sharing agreement; and (iv) stoppage of hydrocarbon operations for a period of over 360 consecutive days (except as a result of force majeure).

Russia — Imperial Energy

In 2009, the Guarantor acquired Imperial Energy, a company with crude oil and natural gas assets in Russia. As a result of this transaction, the Guarantor acquired a total of 14 licenses covering an area of approximately 13,702 sq. km., of which five are production licenses, three are combined exploration and production licenses and six are exploration licenses, which the Guarantor holds through a number of Russian subsidiaries. The largest producing fields acquired were the Mayskoe field, the license to which expires in 2027, and the Snezhnoye field, the license to which expires in 2029. Five of the exploration licenses are valid until 31 December 2017, while we surrendered the remaining licenses in 2012.

The Guarantor must obtain licenses from Russian governmental authorities to explore and produce crude oil and natural gas from the fields. Exploration licenses give licensees the exclusive right to explore resources from the fields/blocks in a defined licensing area and are valid for about five years from issuance and registration. Production licenses give the licensees the exclusive right to extract resources from subsoil fields in a defined area and are valid for approximately 20 years from issuance. Combined licenses permit both exploration and production and are valid for about 25 years from issuance. The Russian subsidiaries' production and combined licenses expire between 2027 and 2031.

Production and combined licenses require, *inter alia*: extracting annually an agreed target amount of reserves; conducting agreed minimum drilling and other exploratory and development activities; protecting the ecology in the fields from damage and meeting certain environmental requirements; providing geological information and data to the relevant authorities; submitting on a regular basis formal progress reports and geological data to regional authorities; performing certain obligations according to certain "social responsibility" undertakings and paying the mineral resources extraction tax and other local and federal charges when due.

The economic lives of the Russian subsidiaries' licensed fields can extend significantly beyond the license expiration dates. Under Russian law, the holder of the license is entitled to renew the licenses to the end of the economic lives of the fields, provided that certain conditions are met. Article 10 of the Subsoil Law provides for that a license to use a field "shall be" extended at its scheduled termination at the initiative of the subsoil user if necessary to finish production of the field, provided that there are no violations of the conditions of the license (licensing agreement).

For a discussion of risks relating to the Russian subsidiaries' licenses, see "*Risk Factors—Risks relating to the Guarantor's Business—Exploration activities in Russia involve numerous risks, including the risk that the Guarantor's crude oil and natural gas fields in Russia will be re-assessed and declared as fields of "federal importance". In addition, the Guarantor's exploration and production licenses in Russia may be suspended, amended or terminated prior to the end of their terms, and it may be unable to obtain or maintain various permits and authorisations*". For further information on material Russian regulations, see "*Relationship with the Government and Certain Related Party Transactions*".

Vietnam — Block 06.1

Block 06.1, located offshore Vietnam, covers an area of approximately 955 sq. km. and comprises the LanTay and LanDo fields. LanTay has been in production since January 2003 and LanDo started production in October 2012. The Guarantor currently holds a 45.00 per cent. participating interest in the block, together with TNK-Vietnam B.V., which holds a 35.00 per cent. participating interest and PetroVietnam, which holds a 20.00 per cent. participating interest. TNK-Vietnam B.V. operates Block 06.1.

The term of the production sharing contract is 35 years from 1988, subject to further extension. Under the terms of the production sharing contract, the Guarantor and TNK-Vietnam B.V. are entitled to up to 50.00 per cent. of the gross production of crude oil and natural gas as cost recovery.

Revenues with respect to natural gas and crude oil production in excess of recovered costs in a given period are divided between TNK-Vietnam B.V. and the Issuer, as the non-governmental participants, and PetroVietnam as follows:

Profit sharing of natural gas	Petro Vietnam	TNK-Vietnam B.V./ONGC Videsh Limited
For gross production up to and including 1.3 BCM/year	50.00%	50.00%
For additional gross production above 1.3 BCM/year up to and including 2.0 BCM/year	55.00%	45.00%
For additional gross production above 2.0 BCM/year up to and including 2.5 BCM/year	60.00%	40.00%
For additional gross production above 2.5 BCM/year up to and including 3.0 BCM/year	65.00%	35.00%
For additional gross production above 3.0 BCM/year	70.00%	30.00%
Profit sharing of oil (gross production of crude oil in barrels of oil per day (BOPD))	Petro Vietnam	TNK-Vietnam B.V./ ONGC Videsh Limited
< 10,000	50.00%	50.00%
10,000 - 50,000	60.00%	40.00%
50,000 - 70,000	65.00%	35.00%
70,000 - 100,000	70.00%	30.00%
Over 100,000	80.00%	20.00%

Venezuela — San Cristobal project

The San Cristobal project, located in Venezuela, consists of one block covering an area of approximately 160 sq. km. and is currently in production. The Guarantor currently holds a 40.00 per cent. participating interest in the San Cristobal project, together with Corporacion Venezolana Del Petroleo, S.A. a subsidiary of Venezuela's state oil company, which holds the remaining 60.00 per cent. participating interest. Petrolera IndoVenezolana S.A., a joint venture company owned by the Guarantor and Corporacion Venezolana Del Petroleo, S.A. in proportion to their respective participating interests in the project, operates the project. The term of the license expires in February 2033.

Venezuela — Carabobo project

The Carabobo project, located in the Orinoco heavy oil belt in eastern Venezuela, covers an area of approximately 383 sq. km. The Guarantor currently holds an 11.00 per cent. participating interest in the project, together with Indoil Netherlands B.V., which holds a 7.00 per cent. participating interest, Repsol YPF, which holds an 11.00 per cent. participating interest, comprising a total of 29.00 per cent. ownership interest in Petrocarabobo S.A. ("**Petrocarabobo**"), a mixed company set up by the Government of the Bolivarian Republic of Venezuela to develop the Carabobo 1 North and Carabobo 1 Central blocks. The Corporación Venezolana del Petróleo, a subsidiary of Venezuela's state oil company, holds the remaining 71.00 per cent. participating interest in the project. Petrocarabobo, is currently engaged in the preparatory stages of constructing heavy oil production facilities and associated infrastructure. A service company has been incorporated to manage, coordinate and supervise the construction of these facilities. Through an early accelerated production system, the project first produced oil on 27 December 2012.

Colombia — Mansarovar Energy project

The Mansarovar Energy project, located in Colombia, consists of two blocks covering an area of approximately 197 sq. km. and is currently in production. The Guarantor currently holds a participating interest of 50.00 per cent. in the project, together with a subsidiary of Sinopec, which holds a 50.00 per cent. participating interest. Mansarovar Energy Colombia Ltd, a joint venture company in which the consortium

members hold equal interests, operates the project. Mansarovar Energy Colombia Ltd holds a 100 per cent. participating interest in the Velasquez block and a 50.00 per cent. participating interest in the Nare block together with the Colombian national oil company, Ecopetrol S.A., which holds the remaining 50.00 per cent. participating interest in the Nare block. The term of the license expires in November 2021.

Brazil — Block BC-10

Block BC-10, located in Brazil, consists of one block covering an area of approximately 266 sq. km. and is currently in production. As of 31 March 2013, the Issuer held a 15.00 per cent. interest in Block BC-10, together with Shell, which held a 50.00 per cent. interest, and Petrobras, which held a 35.00 per cent. participating interest. Shell operates the block. The term of the license expires in December 2032. On 30 December 2013, the Issuer successfully acquired an additional 12 per cent. interest in Block BC-10, as part of the sale by Petrobras of its 35 per cent. share in the block resulting in the Guarantors currently holding a 27.00 per cent. interest in Block BC-10 project. The remaining 23.00 per cent. interest of Petrobras has been acquired by Qatar Petroleum International.

Syria — Al Furat Petroleum

The Al Furat Petroleum project, located in Syria, covers an area of approximately 1,935 sq. km. and is currently in production. The Guarantor currently holds a 12.92 per cent. participating interest in the Ash Sham concession, a 14.53 per cent. participating interest in the Deir Ez Zor concession and a 13.95 per cent. participating interest in the gas utilisation agreement for this project. The other parties in the project are Syria Shell Petroleum Development B.V., Fulin Investments SARL and Mittal Investments. Syria Shell Petroleum Development B.V. operates the project.

Pursuant to sanctions imposed by the European Union, the operations of the Al Furat Petroleum project have been under a force majeure condition since December 2011. The term of the license for 43 fields expires on various dates between December 2018 and October 2027.

Azerbaijan — ACG Fields and BTC Pipeline

The ACG Fields are located in the south Caspian Sea and cover approximately 435 sq. km. The ACG Fields, located approximately 95 km. off the coast of Azerbaijan, are the largest oil and gas field complex in Azerbaijan and are one of the largest producing oil fields in the world. The 1,768 km BTC Pipeline is one of the main export routes for Caspian crude oil, with a capacity of approximately 1.0 million BOPD, to the Ceyhan terminal in the Mediterranean Sea in southeast Turkey. The term of the license expires in December 2024.

The Guarantor acquired a 2.72 per cent. participating interest of Hess Corporation in the ACG Fields and a 2.36 per cent. participating interest in the BTC pipeline in March 2013. BP operates ACG Fields and is partnered by SOCAR, Chevron, Statoil, ExxonMobil, Inpex, Turkish NOC — TPAO and Itochu. Average daily production from the field is approximately 680,000 BOPD of crude oil.

Myanmar — Blocks A-1, A-3

Blocks A-1 and A-3, located on the coast of Myanmar, are two adjacent blocks covering an area of approximately 2,129 sq. km. and 3,441 sq. km., respectively. The Issuer currently holds a 17.00 per cent. non-operating interest in blocks A-1 and A-3, together with GAIL (India) Limited, which holds an 8.50 per cent. participating interest, Daewoo International Corporation of Korea, which holds a 51.00 per cent. participating interest, and KOGAS of Korea, which holds an 8.50 per cent. participating interest. The remaining 15.00 per cent. participating interest in these blocks has been relinquished to the Myanmar state oil and gas company, Myanmar Oil and Gas Enterprise (“MOGE”), by the other parties in accordance with the gas terms agreement and the production sharing contracts for blocks A-1 and A-3. Blocks A-1 and A-3 are operated by Daewoo International Corporation of Korea.

There has been a commercial discovery of gas in three fields within these blocks and the consortium is implementing a joint field development plan for these fields.

Mozambique — Rovuma Area 1 Offshore Block

The Issuer and OIL together acquired 100 per cent. shares of the Beas Rovuma Energy Mozambique Limited (“**BREML**”) earlier known as Videocon Mozambique Rovuma 1 Limited (“**VMR1L**”), from Videocon Mauritius Energy Limited (“**VMEL**”) on 7 January 2014. The Issuer holds 60 per cent. of the shares of BREML. BREML holds 10 per cent. participating interest in the Block Rovuma Area -1 offshore Mozambique.

The Issuer, subsequently acquired an additional 10 per cent. participating interest from Anadarko Mozambique Area-1 Limitada (“**Anadarko**”) on 28 February 2014. With this additional acquisition, the Issuer’s net participating interest in the Block Rovuma Area -1 Offshore Mozambique is 16 per cent.

The block Rovuma Area-1 offshore Mozambique covers 9562 sq.km. in the deep-water Rovuma Basin offshore Mozambique. According to the reserves reports dated 3 January 2014, the block contains 2P and 3P reserves of 197.083 MMtoe and 197.083 MMtoe, respectively, of oil equivalent gas. The block is under exploratory and appraisal stage and as of the date of Offering Circular, no final investment decision has been submitted. Anadarko is the operator, currently holding a participating interest of 26.5 per cent. while remaining interests are held by Mitsui Banking Corporation (20 per cent.), BPRL (10 per cent.), PTTEP (8.5 per cent.) and Empresa Nacional De Hidrocarbonates, E.P. (“**ENH**”) (15 per cent.), with ENH leading the exploration.

During the first phase, there is a plan for development of the gas resources through the creation of two five million metric tons per annum of onshore LNG train facilities at Afungi in Pamula District of Cabo Delgado state in the north of Mozambique. The Issuer expects the first LNG sales to occur in 2019.

Exploration and Development

The following table sets forth certain information relating to the Guarantor’s domestic and international exploration and development drilling:

	<u>Fiscal 2012</u>	<u>Fiscal 2013</u>	<u>Fiscal 2014</u>
Exploratory wells			
<i>Domestic</i>			
Productive	49	42	47
Dry	74	58	39
<i>International</i>			
Productive	32	15	12
Dry	14	7	8
Total exploratory wells	169	122	106
Development wells			
<i>Domestic</i>			
Productive	270	316	278
Dry	10	7	5
<i>International</i>			
Productive	235	178	203
Dry	—	—	—
Total development wells	515	501	486
Total wells	684	623	592

Domestic Exploration and Development

India has a total of 26 sedimentary basins. The basins in India are categorised on the basis of their prospectivity into: category-I, where commercial production has commenced; category-II, where hydrocarbons have accumulated but no commercial production has commenced; category-III, where geologically prospective hydrocarbon shows are indicated; and category-IV, which has uncertain potential that may be prospective by analogy. The Guarantor conducts exploration activity in six of India's category-I basins: Cambay, Assam and Assam-Arakan, Mumbai offshore, Krishna-Godavari, Cauvery and Jaisalmer basins.

In addition, the Guarantor is also undertaking domestic exploratory activities in category-II basins including the Mahanadi, Kutch, Andaman and Nicobar basins. The Guarantor has discovered hydrocarbons in the Mahanadi basin and intends to commence hydrocarbon production in the near future. Further, the Guarantor has carried out domestic exploration in category-III basins including the Vindhyan, Himalayan Foreland and Ganga basins, and category-IV basins including the Pranhita-Godavari basin.

As of 31 March 2014, the Guarantor held exploration licenses for 12 nomination blocks (eight onshore and four offshore) and 58 NELP blocks (31 onshore and 27 offshore). Of the 27 offshore blocks for which the Guarantor holds exploration licenses, 14 blocks are located in deep water / ultra-deep water and 13 blocks are located in shallow water areas. In addition, as of 31 March 2014, the Guarantor held nine pre-NELP blocks (eight onshore and one offshore), of which it operated two blocks. The onshore exploration acreages are distributed among the states of Andhra Pradesh, Assam, Gujarat, Himachal Pradesh, Madhya Pradesh, Nagaland, Rajasthan, Tamil Nadu Tripura and West Bengal. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor made 23, 22 and 14 notified hydrocarbon discoveries, respectively.

Onshore basins

Cambay basin

As of 31 March 2014, the Guarantor was undertaking exploration activities in 12 NELP blocks covering 3,194.56 sq. km., including one in Cambay Gulf and four pre-NELP blocks, including one in Cambay Gulf. The Guarantor is currently in the process of drilling three wells in this basin. For a description of the basin, see “—Owned and Operated Onshore Producing Fields”.

Jaisalmer basin

The Guarantor is currently pursuing exploration and development activities in the Jaisalmer basin. As of 31 March 2014, the Guarantor is a licensee and hold PI in one pre-NELP blocks, For a description of this basin, see “—Owned and Operated Onshore Producing Fields”.

Assam and Assam-Arakan basin

As of 31 March 2014, the Guarantor held six nomination petroleum exploration license blocks, covering an area of approximately 2,555 sq. km. The Guarantor is currently engaged in exploratory activities in Assam, Tripura, Mizoram and Manipur. In addition, the Guarantor operates seven NELP blocks covering an area of 5,882 sq. km. The Guarantor's exploratory activities are currently suspended in Nagaland until a memorandum of understanding is signed with the Nagaland Government. For description of this basin, see “—Owned and Operated Onshore Producing Fields”.

Cauvery basin

As of 31 March 2014, the Guarantor operated four NELP blocks, covering an area of approximately 2,536 sq. km. in the Cauvery basin. As a result of its exploratory efforts, the Guarantor has made many discoveries

in the Cauvery basin including the Bhuvanagiri, Kuthalam-Kali, Nannilam, Kamalapuram, Narimanam, Thiruvarur, Pallivaramangalam-Vijayapuram, Kovilkalappal, Pundi, Kanjirangudi, Periyapattinam and Perungulam. The Guarantor is currently in the process of drilling three wells in this basin. For description of this basins, see “—*Owned and Operated Onshore Producing Fields*”.

Offshore basins

Mumbai Offshore basin

As of 31 March 2014, the Guarantor operated in two nomination deep-water petroleum exploration license blocks, covering an area of approximately 16,487 sq. km. and two NELP blocks, covering an area of approximately 5,222 sq. km. The Guarantor is currently in the process of drilling six wells in this basin. For description of this basin, see “—*Owned and Operated Offshore Producing Fields*”.

Kutch-Saurashtra Offshore basins

The Guarantor commenced its exploration activity in the basin in 1965 and made its first commercial discovery of hydrocarbons in 1984. As of 31 March 2014, the Guarantor held one deep-water nomination petroleum exploration license block, covering an area of approximately 16,557 sq. km. and six NELP blocks, covering an area of approximately 13,245 sq. km. The Guarantor is currently in the process of drilling two wells in this basin.

Kerala-Konkan basin

The Kerala-Konkan Offshore basin lies south of Mumbai offshore basin covering an area of approximately 94,000 sq. km. To date, the Guarantor’s exploratory efforts have not been successful in terms of hydrocarbon discovery. As of 31 March 2014 the Guarantor held two NELP blocks, covering an area of approximately 30,639 sq. km. for further pursuing its exploratory activities.

Cauvery basin

As of 31 March 2014, the Guarantor operates two NELP blocks covering an area of approximately 25,468 sq. km. For description of this basin, see “—*Producing Fields held through Joint Ventures*”.

Krishna-Godavari basin

The Guarantor’s exploration of the Krishna-Godavari offshore basin commenced in 1979 and the first deep water discovery of G-1 field was made in 1980 and a second discovery of substantial accumulation of hydrocarbons at the Ravva field in Krishna-Godavari offshore basin was made in 1987. As of 31 March 2014, the Guarantor held one nomination petroleum exploration licenses covering an area of approximately 1,193 sq. km. and five NELP blocks, covering an area of approximately 12,203.6 sq. km. The Guarantor is currently in the process of drilling eight wells in this basin. For description of this basin, see “—*Producing Fields held through Joint Ventures*”.

Mahanadi-Andaman

As of 31 March 2014, the Guarantor was operating nine NELP blocks covering an area of 45,652 sq. km. and is currently in the process of drilling one well in Mahanadi Basin.

Other basins

The Guarantor is pursuing exploration activities in other domestic basins such as Vindhyan (three NELP blocks covering an area of 8,927 sq. km. and one PEL having an area of 4,208 sq. km.), Himalayan Foothills (one nomination PEL covering an area of 1,828 sq. km.), the Ganga basin (one NELP block with area of 2,227 sq km), the Bengal and Purnea basin (five NELP blocks with area of 15,381 sq. km.).

International Exploration and Development

Libya — Contract Area 43

Contract Area 43, located in the Cyrenaica offshore basin in the Mediterranean Sea off the coast of Libya, consists of four blocks covering an area of approximately 7,449 sq. km. The Issuer currently holds a 100 per cent operating interest in these blocks. As a result of the armed conflict in Libya, the Issuer suspended all its operations in these blocks with effect from 26 February 2011. This suspension was lifted on 1 June 2012. The geological and geophysical (“G&G”) data evaluation is in progress to assess the potential of oil & gas in the block to decide the forward course of action.

Colombia — Blocks RC-8, RC-9, RC-10; Block SSJN-7; CPO-5; Gua off-2; LLA-69

Blocks RC-8, RC-9 and RC-10, located in water depths of 70 to 1,500 meters offshore of Colombia, cover an area of approximately 1,385 sq. km., 1,060 sq. km. and 1,340 sq. km., respectively. The Issuer currently holds a 40 per cent participating interest in Block RC-8, together with Ecopetrol, which holds a 40 per cent participating interest, and Petrobras, which holds a 20 per cent. participating interest. The Issuer operates Block RC-8. The process of relinquishment of RC-8 block is in progress.

The Issuer currently holds a 50 per cent. participating interest in each of Blocks RC-9 and RC-10, together with Ecopetrol, which also holds a 50 per cent. participating interest in each of those blocks. Block RC-9 is operated by Ecopetrol, and the Issuer operates Block RC-10. Pre-drill activities for drilling of one each well in RC-9 and RC-10 blocks are in progress.

In addition, the Issuer currently holds a 50 per cent. participating interest in Block SSJN-7, covering an area of approximately 2,707 sq. km., together with Pacific Stratus Energy, Colombia, which holds the remaining 50 per cent. participating interest. Block SSJN-7 is operated by Pacific Stratus Energy. The process to carry out seismic survey in the western part of the block by operator is in progress.

The Issuer also currently holds a 70 per cent. participating interest in Block CPO-5 covering an area of approximately 1,992 sq. km., together with Petrodorado South America S.A., which holds the remaining 30 per cent. participating interest. The Issuer operates Block CPO-5. Two exploratory wells have been drilled in the block as oil discoveries. The commercial process to carry out 3D survey in the block is in progress. Also, the company plans to few more wells in next two / three years in the block.

The Issuer holds 100 per cent. participating interest as operator in offshore block Gua Off-2, covering an area of 1,171 sq.km located at a water depth ranging from 1,000 to 2,700 meters. The environmental and socialisation studies are in progress. The company plans to conduct seismic surveys and piston coring in the block.

The Issuer holds 50 per cent. participating interest in the onshore block LLA-69 covering an area of 226.5 sq.km. MECL, a joint venture company in which the consortium members hold equal interests, operates the project. Studies of the available G&G data and the commercial process to carry out seismic survey are in progress. Also, the planning is to drill one well in the block.

Nigeria — Blocks 285

Oil Prospecting License (“OPL”) 285, a deep water offshore exploration block in Nigeria, covers an area of approximately 1,167 sq. km. ONGC Mittal Energy Limited (“OMEL”), a joint venture between the Issuer and Mittal Investment Sarl in which the Issuer holds a 49.98 per cent. participating interest, currently owns a 64.33 per cent. participating interest in the block through its wholly owned subsidiary company, OMEL Energy Nigeria Limited (“OENL”), together with EMO Exploration and Production Limited (“EMO”), a Nigerian company that holds a 10.00 per cent. participating interest, and Total E and P Nigeria Deepwater F Limited (“Total”), which holds a 25.67 per cent. participating interest. OMEL, as the operator for OPL 285 block, applied for withdrawal with effect from February 2012, and the regulator approved the withdrawal in September 2013.

Brazil — Blocks BM-SEAL-4

The Issuer, through its subsidiary ONGC Campos Limitada, holds a 25 per cent. participating interest in Blocks BM-SEAL-4, covering an area of approximately 1,132 sq. km., together with Petrobras, which holds the remaining 75 per cent. participating interests in this block. Petrobras operates Block BM-SEAL-4. The consortium has entered the Moita-Bonita PAD discovery appraisal plan to assess the oil and a gas potential of the block. The existing 3D seismic data is being reprocessed and the process to carry out new 3D seismic survey is in progress. Also, the plan is to drill one well in the block.

Syria — Block XXIV

Block-XXIV, an onshore block located in the central eastern part of Syria, covers an area of approximately 1,927 sq. km. The Issuer currently holds a 60.00 per cent. participating interest in the block, together with IPR Mediterranean Exploration Limited, which holds a 25.00 per cent. participating interest, and Tri-Ocean Mediterranean (“**Tri-Ocean**”), which holds the remaining 15.00 per cent. participating interest. IPR Mediterranean Exploration Limited operates Block-XXIV. The exploration activities in the block have led to certain discoveries. The development rights with respect to the relevant fields have been granted by the Syrian Government. According to the contract for exploration, development and production of petroleum in respect of Block-XXIV, an operating company, Al Rashid Petroleum Company, has been formed to conduct and oversee development and production operations. Syria’s national petroleum company holds 50.00 per cent., the Issuer holds 30.00 per cent., IPR Mediterranean Exploration Limited holds 12.50 per cent. and Tri-Ocean holds the remaining 7.50 per cent. of Al Rashid Petroleum Company. Operations at this block are currently suspended due to political unrest and European Union sanctions.

Vietnam — Block 128

Block 128, a deep water block offshore of Vietnam, covers an area of approximately 7,058 sq. km. The Issuer currently holds a 100 per cent. participating interest in the block and is the operator. The G&G studies are in progress to assess the oil and gas potential of the block.

Iraq — Block 8

Block-8, a large onshore exploration block located in the western desert in Iraq, covers an area of approximately 10,500 sq. km. The Issuer holds a 100 per cent. participating interest in the Block-8 project. The Issuer entered into an exploration and development contract for Block-8 with the Government of Iraq in November 2000, which is currently under renegotiation.

Iran — Farzad B offshore exploration block

Farzad B is an exploration block located in the Persian Gulf offshore of Iran in water depths of 20-90 meters and covers an area of approximately 3,500 sq. km. The Issuer currently holds a 40.00 per cent. participating interest in the block, together with the Indian Oil Corporation Limited, which holds a 40.00 per cent. participating interest, and Oil India Limited, which holds a 20.00 per cent. participating interest. The Issuer operates the Farzad B Block.

The Issuer completed its exploration activity with respect to the block pursuant to an exploration services contract with the National Iranian Oil Company that expired in June 2009. The Issuer’s exploration activity resulted in a commercial discovery of natural gas, and the Issuer has submitted a development plan to the Iranian Offshore Oil Company, a subsidiary of the National Iranian Oil Company. The draft master development plan (“**MDP**”) has been submitted to Iranian Offshore Oil Company, which has been designated by National Iranian Oil Company for development of Farzad ‘B’ and is under finalisation. The Issuer has not entered into any binding term-sheets, memoranda of understanding or definitive agreements in respect of development activities in Farzad B Block, and any such development activities will require Government approval. The Issuer does not currently have any field activity in any block or field or project in Iran and has decided not to pursue further work on the Farzad B block under present circumstances.

Kazakhstan — Satpayev Block

In April 2011, the Issuer acquired a 25 per cent. participating interest in the Satpayev block located in the Caspian Sea, Kazakhstan, for exploration of crude oil and natural gas. KazMunayGas, the state-owned oil and gas company of Kazakhstan, owns the remaining 75 per cent. interest in and operates the Satpayev block. Pre-drilling activities for drilling of two wells in Satpayev block are in progress.

Bangladesh — Blocks SS-04 and SS-09

On 2 April 2013, the Issuer, in consortium with another Indian oil public sector company, submitted a bid for two shallow water blocks in Bangladesh (SS-04 and SS-09). Both the blocks were awarded to the consortium. Definitive agreements for the blocks were entered into in February 2014.

Myanmar — Blocks B2 (Zebyutaung-Nandaw) and EP-3 (Thegon-Shwegu)

The Ministry of Energy, Republic of the Union of Myanmar awarded two onshore exploration blocks (B2 (Zebyutaung-Nandaw) and EP-3 (Thegon-Shwegu)) to a consortium led by the Issuer in the Myanmar Onshore Bidding Round 2013. Block B-2 is located in Northern Myanmar, bordering state of Manipur in India and Block EP-3 is located in Central Myanmar. Definitive agreements for the blocks have not yet been entered into.

Recently Relinquished Projects

Cuba — Blocks 34 and 35

The Issuer held a 100 per cent. operating interest in two deep-water exploration blocks, 34 and 35, located in Cuba's exclusive economic zone, covering an area of approximately 4,800 sq.km. The projects in the blocks has been relinquished with effect from 12 September 2013.

Nigeria — Blocks 285

OPL 285, a deep water offshore exploration block in Nigeria, covers an area of approximately 1,167 sq. km. ONGC Mittal Energy Limited ("OMEL"), a joint venture between the Issuer and Mittal Investment Sarl in which the Issuer held a 49.98 per cent. participating interest, owned a 64.33 per cent. participating interest in the block through its wholly owned subsidiary company, OENL, together with EMO, a Nigerian company that held a 10.00 per cent. participating interest, and Total, which held a 25.67 per cent. participating interest. OMEL, as the operator for OPL 285 block, applied for relinquishing its participating interest with effect from February 2012, and the regulator approved the withdrawal in September 2013.

Non-Conventional Energy Production, Exploration and Development

The Guarantor continues to focus on non-conventional energy sources, including coalbed methane, underground coal gasification, shale gas and gas hydrate, nuclear and renewable energy sources such as wind power. In particular, the Guarantor is focusing on shale gas, coalbed methane and underground coal gasification.

Regarding shale gas, the Guarantor has engaged ConocoPhillips to explore the Cambay, KG, Cauvery and Bengal basins in India, and the Guarantor is also undertaking shale gas efforts outside of India through the Issuer. The Guarantor has entered into a shale gas research consortium agreement with the Energy and Geoscience Institute of the University of Utah in the United States and is sponsoring shale gas research at the Indian School of Mines, Dhanbad, India. In the current fiscal year, the Guarantor has prioritised the Cambay basin for initiating a shale gas exploration pilot programme, and the Guarantor has spudded the first well at Cambay. The Guarantor intends to undertake concurrent programmes in the KG Basin and Cauvery Basin in 2014 and 2015.

Regarding coalbed methane, the Guarantor commenced small-scale coalbed methane production from the Jharia block in January 2010 and plans to develop large-scale coalbed methane production in the Jharia, Bokaro, North Karanpura and Raniganj blocks, in which the Guarantor has an aggregate of 0.10 BCM of P1 reserves. The Guarantor has submitted development plans in respect of these blocks and is currently awaiting approval from the Government of India. If approved, the development plans call for 400 wells and 2,000 hydro-fracturing jobs to be carried out within four to five years. Given the size of the project, the Guarantor is farming-in experienced partners to execute the operations, and also has plans to offer participating interests to joint venture partners.

Regarding underground coal gasification, the Guarantor is currently undertaking a pilot project in the Vastan Mine block in the Surat district of Gujarat. The Guarantor has obtained environmental clearance for the project and is awaiting the award of a Mining Lease from the Ministry of Coal, the request for which it submitted in February 2010. The Guarantor has identified a number of sites for further studying for potential underground coal gasification potential.

The Guarantor commissioned a 51 MW on land wind farm in 2008 and is in the process of developing a 102 MW on land wind farm. The Guarantor is also in the process of uranium extraction and is exploring the feasibility of establishing a nuclear power project, regarding which it has had preliminary discussions with the Nuclear Power Corporation of India Limited.

Oil Field Services

The Guarantor provides a range of in-house oil field services to support its exploration, development and production activities. The Guarantor's in-house oil field services include geophysical data acquisition and analysis, drilling, mud engineering, cementing, electro-logging, well stimulation, work-over services, well testing, a variety of general engineering services, and inspection, maintenance and repair, services.

Geophysical Services

As of 31 March 2014, the Guarantor had deployed 19 seismic data acquisition crews (16 of which it owns and three of which are hired) for onshore and offshore seismic data acquisition. The Guarantor processes and interprets its seismic data in-house through various centres located in India.

Drilling Services

The Guarantor provides a comprehensive range of drilling, mud engineering, well design and well cementing support. The Guarantor owns and operates 67 onshore drilling rigs of different capacities, as well as eight offshore drilling rigs. In addition, the Guarantor currently operates six leased onshore rigs and 27 leased offshore rigs. The Guarantor has experience in advanced drilling technology. The Guarantor's mud engineering and well cementing support requirements are met through its in-house and external contract resources. The Guarantor also maintains teams of crisis management personnel trained to respond to emergencies, such as uncontrolled flow from wells.

Well Services

The Guarantor provides in-house work-over, stimulation and well testing support for its production operations. The Guarantor owns and operates 57 onshore work-over rigs, 105 well stimulation units and one offshore stimulation vessel. In addition, the Guarantor currently operates 27 leased work-over rigs onshore, three modular work-over rigs offshore and one offshore stimulation vessel. The Guarantor's in-house service teams meet substantially all of the Guarantor's internal requirements for the design, installation, operation and maintenance of artifices lift systems, well completion, well testing and wireline operations.

Electro-Logging Services

The Guarantor provides electro-logging services through 27 in-house units, of which 23 are in onshore areas and four are in offshore areas. The Guarantor also has 35 contractual units of which ten are deployed in onshore areas and 25 in offshore areas. Additionally, the Guarantor has nine contractual LWD units, of which two are deployed in onshore areas and seven in offshore areas.

Engineering Services

The Guarantor's in-house engineering services personnel provide specialised services for detailed engineering and management of all work relating to the design and construction of onshore and offshore production facilities, the laying and maintenance of onshore and offshore pipelines and the maintenance of equipment.

Technical Services

The Guarantor's in-house technical services personnel provide policy guidelines on equipment management, standardisation, technical audits, identification, acquisition, assimilation and dissemination of new techniques and technology relating to oil field equipment and services. The Guarantor operates workshops that provide support for major repairs and maintenance of various types of equipment.

Inspection, Maintenance and Repair; Offshore Logistics

The Guarantor's requirements for underwater inspection, maintenance and repair of its offshore platforms, jackets, risers, sub-sea pipelines and other marine equipment are met primarily through the use of in-house services. The Guarantor owns and utilises one multi-purpose support vessel and one diving support vessel to perform these services, as well as to provide fire fighting, pollution control, rescue support and diving assistance for offshore operations. The Guarantor also owns and operates 14 supply vessels that provide logistical and standby support to its offshore production operations.

To complement its in-house oil field services, the Guarantor engages third party contractors to provide additional services on an as needed basis to support its exploration, development and production activities.

Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) Techniques

The Guarantor undertakes a wide range of secondary recovery, artificial lift, IOR and EOR techniques to achieve maximum recovery from the Guarantor's oil reserves, primarily from its mature fields. As part of its reservoir management strategy, the Guarantor implements these techniques at a relatively early stage in the life of the Guarantor's oil fields to maximise its recoveries. The Guarantor has adopted 24 IOR/EOR and redevelopment schemes in the onshore and offshore fields of these 24 schemes, 19 schemes have been completed and the remaining five are under implementation.

The following table sets forth certain information relating to the five IOR/EOR projects currently under implementation:

IOR/EOR Schemes	Estimated Project Cost	Expenditure as of 31 March 2014	Balance Planned Expenditure
		(Rs. million)	
Mumbai High South Redevelopment	88,134	78,797.7	9,336.3
Mumbai High North Redevelopment	71,334	55,911.0	15,423.0
Heera and South Heera Redevelopment	56,084	24,352.5	31,731.5
IOR B-173A Field	3,525	846.1	2,678.9
Development of Western Periphery of MH South	6,002	2,482.1	3,519.9
Total	246,208	162,389.4	62,689.6

The Guarantor intends to expand its use of various enhanced oil recovery techniques to extend crude oil production plateau periods, reduce water production, mitigate future decline rates and potentially accelerate crude oil production. As of 31 March 2014, the Guarantor's total expenditure with respect to these onshore and offshore schemes was Rs. 347,003 million.

Onshore

The Guarantor has implemented and completed all of its planned IOR/EOR and redevelopment schemes in the onshore fields, which includes Kalol, Gandhar, North Kadi, Sobhasan, Jotana, Santhal fields, Lakwa, Geleki and Rudrasagar fields in the Assam and Assam-Arakan basin.

Offshore

The Guarantor has implemented and completed IOR/EOR and redevelopment schemes in the offshore fields including the Heera Part-I and Part-II, Neelam, Mumbai High North and Mumbai High South fields in the Mumbai Offshore Basin. As of 31 March 2014, IOR/EOR schemes in B-173A, the development of western periphery of Mumbai High South, Mumbai High North and Heera and Heera South are under implementation. These schemes are scheduled to be completed in Fiscal 2015 and 2016.

Descriptions of various EOR techniques are set out below:

- *In situ combustion.* This technique is being employed to recover oil from the heavy oil belt of the Mehsana asset, which in normal reservoir conditions is very viscous and immobile. The *in situ* method imparts heat energy to the reservoir to raise the temperature and thereby reduce the viscosity to improve mobility. This technique is being employed on a commercial scale in Balol and Santhal fields and pilot schemes are being implemented in Bechraji and Lanwa fields.
- *Microbial enhanced oil recovery.* This process involves injection of selected microorganisms (bacterial consortium) along with nutrients in the reservoir. A certain incubation period is spent in the reservoir. During this period the injected microorganisms grow, proliferate and produce useful metabolites such as bio-surfactant, gases, solvent and acids. The bacterial consortium is non-pathogenic and non-toxic. Microbial enhanced oil recovery field trials are underway in the Ahmedabad asset, Mehsana asset and Ankleshwar asset in the Cambay basin.
- *Miscible gas injection.* This is an EOR technique applied in gas condensate reservoirs to maintain reservoir pressure and improve recovery factor. Miscible gas injection is being carried out in the Cambay basin.
- *Water alternate gas.* This EOR technique has been tried as a pilot project in the GS-11 sand of Gandhar field at Ankleshwar asset and is showing positive results. There are plans for implementing the scheme on a full scale in GS-11. The scheme has also been commenced in the central part of the GS-9/GS-4 sands.
- *Alkaline surfactant polymer (“ASP”).* This EOR technique has already been implemented in Viraj and K-IV sand of Jhalora fields. The scheme is also planned for the K-XII sand of Kalol field in the Ahmedabad asset.

Sales and Marketing of Crude Oil and Natural Gas

Although price controls and other aspects of domestic sales and marketing have been deregulated, supply and distribution arrangements continue to be characterised by a substantial degree of coordination among industry participants. The Guarantor intends to improve its sales and marketing efforts by obtaining access to leased storage and handling facilities at selected locations, registering with sales tax authorities in various states in India to permit direct sales in those locations and obtaining an exemption under naphtha and solvent control regulations.

In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor’s consolidated revenues from sales of crude oil were Rs. 640,041 million and Rs. 621,576 million and Rs. 654,451 million, respectively, and the Guarantor’s consolidated revenues from sales of natural gas were Rs. 151,320 million, Rs. 174,558 million and Rs. 194,172 million respectively.

The following table sets forth certain information relating to the Guarantor's domestic sales of crude oil for the periods indicated:

Crude Oil	Fiscal		
	2012	2013	2014
Volume sold excluding joint ventures . . . MMT (MMbbls)	19.68 (147.93)	19.21 (144.32)	18.87 (141.74)
Volume sold at joint ventures MMT (MMbbls)	3.40 (25.48)	4.47 (33.53)	4.74 (35.54)
Total	23.08 (173.41)	23.68 (177.85)	23.61 (176.21)
Benchmark ⁽¹⁾ (U.S.\$/barrel)	116.24	111.33	109.24
Average Rs. to U.S.\$ exchange rate ⁽²⁾ . . . Rs./U.S.\$	47.95	54.45	60.50
Benchmark (Rs./barrel)	5,574	6,062	6,609
Gross (Pre-discount) Price (Rs./barrel)	5,629	6,030	6,456
Discount ⁽³⁾ (Rs./barrel)	3,005	3,424	3,978
Net Realised (post-discount) Price. (Rs./barrel)	2,624	2,606	2,478
Net Realised (post-discount) Price. (U.S.\$/barrel)	54.71	47.85	40.97

- (1) Benchmark is calculated as the average price per barrel of Bonny Light crude to which sales of the Guarantor's domestic crude oil, from the Guarantor's nomination blocks (other than North East crude), as well as some of the crude from joint ventures, are benchmarked.
- (2) Source: RBI.
- (3) The calculation of average discount per barrel is based on the total discount (in accordance with the Government's quarterly discount orders) and the quantity of crude oil sold from nominated blocks — the entire share of the Guarantor's under-recoveries is considered in computing the discount on crude oil prices.

The following tables set forth certain information with respect to the Guarantor's international sales of crude oil for the periods indicated.

Crude Oil	Fiscal		
	2012	2013	2014
International			
Volume sold MMT	4.87	3.73	4.10
Volume sold MMbbl	34.82	26.59	29.15
Average Benchmark Price (assumed as Brent (dated)) U.S.\$/bbl	114.58	110.12	107.59
Average Rs. to U.S.\$ exchange rate ⁽²⁾ . . . Rs./U.S.\$	47.88	54.34	60.48
Average Realised Price. U.S.\$/bbl	106.42	102.76	103.22

- (1) Source: Annual accounts of the Issuer.

The following table sets forth certain information with respect to the Guarantor's domestic sales of natural gas for the periods indicated:

Natural Gas		Fiscal		
		2012	2013	2014
Owned and Operated Fields				
Volume sold	MMSCM	18,203	18,598	18,264
Average Realised Price (gross of royalty)	U.S.\$/MSCM	147.45	150.38	153.95
	Rs./MSCM	7,070	8,188	9,314
	U.S.\$/MMbtu	3.72	3.79	3.88
Joint Ventures				
Volume sold	MMSCM	1,971	1,557	1,317
Average Realised Price (gross of royalty)	U.S.\$/MSCM	193.20	195.76	198.43
	Rs./MSCM	9,264	10,659	12,005
	U.S.\$/MMbtu	4.87	4.93	5.00
Average Rs. to U.S.\$ exchange rate ⁽²⁾ .	Rs./U.S.\$	47.95	54.45	60.50

(1) Effective from 1 June 2010, the price of APM gas produced by NOCs including ONGC was revised to U.S.\$4.2/MMbtu less royalties.

(2) Source: Annual accounts of the Issuer.

The following tables set forth certain information with respect to the Guarantor's international sales of natural gas for the periods indicated:

Natural Gas		Fiscal		
		2012	2013	2014
International				
Volume sold	MCM	1,532	1,612	1,466
Weighted Average Realised Price	U.S.\$/MMbtu	3.44	3.15	3.47
	Rs./MMbtu	164.71	171.71	209.87
Average Rs. to U.S.\$ exchange rate ⁽¹⁾ .	Rs./U.S.\$	47.88	54.34	60.48

(1) Source: Annual accounts of the Issuer.

Domestic Sales and Marketing of Crude Oil and Natural Gas

The Government, acting through the MoPNG, allocates the Guarantor's current domestic crude oil production from pre-NELP and nomination blocks to three Government-controlled refinery companies: IOCL, BPCL and HPCL and their respective subsidiaries, as well as MRPL's refinery which also consumes a portion of the Guarantor's domestic crude oil. While the MoPNG continues to allocate domestic crude oil to these public sector undertaking refiners on an annual basis, supplies are made in terms of the Crude Oil Sales Agreements ("COSA") and memorandum of understanding signed with these refineries. The Guarantor's domestic crude oil produced from nominated fields, other than crude oil produced in North Eastern States, is benchmarked to Nigerian Bonny Light crude. The crude oil produced from North Eastern States (including Assam) is benchmarked to a basket of internationally traded crude oils as advised by the MoPNG.

The Guarantor supplies the majority of gas that it produces to GAIL as per a gas supply agreement entered with GAIL on 7 July 2006 for a period of 15 years. The Guarantor also supplies natural gas to Assam Gas Company Limited in Assam and directly to various small and medium industrial consumers across India.

Most of the Guarantor's crude oil and gas sales agreements are depletion-based contracts where the Guarantor forecasts quantities from time-to-time based on field conditions. These contracts are intended to limit commercial exposure and avoid over-commitments

Value-Added Products

In addition to the production of crude oil and natural gas, the Guarantor also produces several value-added products, including liquefied petroleum gas, naphtha, kerosene, aviation turbine fuel, pure ethane, pure propane, pure butane, ethane-propane mix, high speed diesel, low sulphur heavy stock, light diesel oil and sulphur. Except for low sulphur heavy stock and light diesel oil, these products are extracted from natural gas and condensate or LNG at the Guarantor's facilities at Hazira and Dahej in Gujarat and Uran in Maharashtra. Low sulphur heavy stock and light diesel oil are produced at the Guarantor's mini plants located at Tatipaka in Andhra Pradesh and Kuthalam in Tamil Nadu, respectively. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor produced 1.07 MMT, 1.03 MMT and 1.07 MMT of liquefied petroleum gas from Hazira, Uran, Ankleshwar and Gandhar plants, respectively. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor also produced 0.08 MMT, 0.11 MMT and 0.085 MMT of kerosene, respectively. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor produced 1.53 MMT, 1.51 MMT and 1.36 MMT of naphtha from Hazira, Uran, Ankleshwar, Gandhar, Tatipaka and Kuthalam plants, respectively. The Guarantor has a gas-based liquefied petroleum gas plant at Uran and fractionating plants based on gas and condensate. The Guarantor produced approximately 0.46 MMT, 0.42 MMT and 0.428 MMT of ethane-propane in Fiscal 2012, Fiscal 2013 and Fiscal 2014, respectively.

Sale of value-added products, including naphtha, ethane, propane, liquefied petroleum gas, superior kerosene oil, aviation turbine fuel and low sulphur heavy stock also form a part of the Guarantor's revenues. The Guarantor consumes internally a large portion of the high speed diesel it produces, which reduces the costs of the Guarantor's operations. The Guarantor supplies products such as liquefied petroleum gas and superior kerosene oil, whose prices the Government controls, to various public sector oil marketing companies in accordance with the applicable MoPNG guidelines, while its markets other products either directly to bulk purchasers or to public sector oil marketing companies. The Guarantor is a major exporter of naphtha and has been awarded the "Premier Trading House" status by the Directorate General of Foreign Trade, Ministry of Commerce, based on the Guarantor's export performance. The Guarantor also supplies petrochemical feedstock, including pure ethane and a mix of ethane and propane.

In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor sold 1.03 MMT, 1.01 and 1.073 MMT of liquefied petroleum gas, respectively. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor also sold 0.08 MMT, 0.11 MMT and 0.085 MMT of kerosene, respectively. In addition, in Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor sold 1.56 MMT, 1.52 MMT and 1.379 MMT of naphtha, respectively. The Guarantor sold 0.46 MMT, 0.43 MMT and 0.428 MMT of ethane-propane, in Fiscal 2012, Fiscal 2013 and Fiscal 2014, respectively. The Guarantor expects to commission a C2+ fraction extraction plant at Dahej in the second quarter of Fiscal 2015. When operational, the plant will produce pure ethane, propane and butane from LNG. Further, the Guarantor intends to supply the feedstock requirement of the upcoming ONGC Petro-additions Ltd. ("OPaL") Petrochemical Complex at Dahej SEZ through the Guarantor's C2+ fraction extraction plant at Dahej and naphtha from the Guarantor's Hazira and Uran plants.

Further, the Guarantor is in the process of further integrating its operations in other areas, including the establishment of a petrochemicals complex at Dahej, which is scheduled for commissioning in the fourth quarter of Fiscal 2015.

Transportation of Crude Oil, Natural Gas and Value Added Products

As of 31 March 2014, the Guarantor's domestic onshore production facilities include over 20,884 km. of pipeline (including internal well flow lines) and the Guarantor's offshore platforms are connected to each other and to the Guarantor's land-based facilities by a network of over 6,946 km. of pipeline. The pipelines are meant for upstream operations of crude oil and natural gas production.

Transportation of Crude Oil. The crude oil the Guarantor produces offshore is primarily transported through pipelines to a shore terminal at Uran, from which it is then transported through land and sea pipelines to Mumbai-based refineries and to other refineries by marine vessels that are loaded from the ports of Jawahar Dweep and Jawaharlal Nehru Port Trust. Small quantities of crude oil are transported directly from offshore locations to coastal refineries by ship using dedicated SPM facilities.

The crude oil produced from onshore fields in the western and eastern regions is transported through pipelines directly to the refineries. In the eastern region, the crude oil is transported through ONGC pipeline and a pipeline owned and operated by Oil India Limited. The Guarantor's crude oil production from Krishna-Godavari basin is currently transported by road to the holding site at Sursani Yanam where it is loaded, along with crude oil from Ravva, into ocean tankers and shipped to CPCL's Chennai Refinery and/or HPCL's Vizag/Mumbai Refinery. The Guarantor's crude oil production from Cauvery basin is transported by pipeline to the nearby Chennai Petroleum Corporation Limited ("**CBR**") mini-refinery.

Transportation of Natural Gas. The Guarantor delivers natural gas to its customers at its inland installation fence. Further mid-stream transportation of natural gas is carried out by GAIL and other customers, which is regulated by PGNRB. The Guarantor has a large network of offshore pipelines as part of its upstream network through which natural gas is transported to terminals of Uran and Hazira plants for processing, and thereafter it is delivered for sale to GAIL from the inland installation fences of these terminals.

Transportation of Value-Added Products. The ethane, propane and naphtha the Guarantor produces at its Uran plant are transported through pipelines and road tankers, the liquefied petroleum gas the Guarantor produces at its Hazira, Uran, Ankleshwar and Gandhar plants is transported through pipelines, rail rakes and road tankers. The kerosene the Guarantor produces at its Hazira, Tatipaka and Kuthalam plants is transported through pipelines or road tankers.

Refining Business

The Guarantor is one of the major domestic refiners in India, and owns and operates at 15.00 MMTPA refinery located on the coast of the Arabian Sea at Mangalore, Karnataka through the Guarantor's 71.62 per cent. owned subsidiary, MRPL. The Guarantor's refinery facility has loading facilities that include two dedicated oil jetties equipped to handle ocean tanker deliveries of crude oil and off-take of refined products. On 30 August 2013 the Guarantor completed the commissioning of an SPM station at its jetty for handling very large crude carriers, resulting in port de-congestion and marginal savings on freight. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, MRPL processed 12.82 MMT (94.47 MMbbls), 14.40 MMT (106.15 MMbbls) and 14.55 MMT (107.23 MMbbls) of crude oil, respectively. In addition, in Fiscal 2012, Fiscal 2013 and Fiscal 2014, MRPL produced 11.95 MMT (88.09 MMbbls), 13.39 MMT (98.71 MMbbls) and 13.40 MMT (98.76 MMbbls) of refined products, respectively. The Guarantor produces and markets a variety of refined petroleum products, primarily to HPCL, IOCL and BPCL. In cases where production exceeds domestic demand, the Guarantor markets its excess production to various exporters. The Guarantor sources its feedstock primarily through foreign supply contracts. The Guarantor has entered into a feedstock supply contract with the National Iranian Oil Company for a 12-month period commencing from 1 April 2013, and also engages other suppliers such as Saudi Aramco, the Kuwaiti Petroleum Corporation and the Abu Dhabi National Oil Company. The Guarantor receives its refinery's remaining crude oil requirements primarily from its Mumbai High offshore production facilities and from its production sharing operations in the Greater Pioneer Operating Company, in Sudan. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, approximately 52 per cent., 32 per cent. and 28.62 per cent., respectively, of MRPL's imported crude oil feedstock for the refinery (measured by cost of supply) was sourced from Iran. The Guarantor has increased the capacity of this refinery to 15.00 MMTPA and, as of 15 October 2013, 99.22 per cent. of the overall project was complete. The polypropylene unit is scheduled for commissioning in the second quarter of Fiscal 2015.

The Guarantor expects the expansion of its refinery to facilitate the upgrading of low value products to high value products. It will enable the Guarantor to refine crude oil with higher sulphur content, higher API and higher TAN and to upgrade the Guarantor's entire high speed diesel yield into BS III/IV grade. The expansion also allows the Guarantor to commence production of paraxylene, benzene, petroleum coke and polypropylene. Further, the Guarantor expects the expanded refiner to significantly increase its production of liquefied petroleum gas.

Joint Ventures and Associates

ONGC Tripura Power Company Limited

ONGC Tripura Power Company Limited is a joint venture among the Guarantor, IEDCL (a subsidiary of IL&FS) and the Government of the State of Tripura. The Guarantor holds a 49.52 per cent. equity interest in ONGC Tripura Power Company Limited, IL&FS holds a 49.52 per cent. interest and the Tripura government holds a 0.96 per cent. interest. The total estimated cost of the project is Rs. 38,040 million.

The venture has been set up to construct a 726.6 MW (2x363.3 MW) combined cycle gas turbine-based power plant at Pallatana, Tripura. The Guarantor's natural gas production in Tripura will supply natural gas for the power plant will be supplied by the Guarantor's natural gas production in Tripura. This will enable the Guarantor to monetise a portion of its natural gas reserves in the Tripura region, which is otherwise lying idle due to the lack of an adequate market in the region. Unit-I (363.3 MW) commenced its commercial operations on 4 January 2014. The Guarantor expects to commission Unit-II (363.3 MW) in the second quarter of Fiscal 2015.

ONGC Petro-additions Limited

ONGC Petro-additions Limited is a joint venture among the Guarantor, GAIL, GSPC and certain other parties. The joint venture was established to construct a 1.1 MMTPA Ethylene Cracker and Polymer Plant at Dahej at a project cost of Rs. 213,960 million. The Guarantor envisages that it will hold a 26 per cent. equity interest in this project, while GAIL and GSPCL will hold a 15.5 per cent. and a 0.45 per cent. interest, respectively. Allocation of the remaining equity interest is yet to be determined. The Guarantor expects to commission this project in the fourth quarter of Fiscal 2015.

The Guarantor is also in the process of further integrating its operations in other areas, including the establishment of a petrochemicals complex at Dahej, which is scheduled for commissioning in the second quarter of Fiscal 2015.

The contract for the project's dual-feed cracker and associated units has been awarded to Linde, Germany and Samsung Engineering, Korea, and the project management consultancy contract has been awarded to Engineers India Limited.

Dahej Special Economic Zone Limited and Mangalore Special Economic Zone Limited

The Guarantor made a strategic decision to locate its major export-oriented joint ventures within special economic zones. Accordingly, the Guarantor, together with the respective state government industrial development agencies, established special economic zones at Dahej in the State of Gujarat and Mangalore in the State of Karnataka.

- *Dahej Special Economic Zone Limited*

The Guarantor envisages that it will hold a 23.00 per cent. equity interest in Dahej SEZ Limited in accordance with the terms of its articles of association, which is being established as a strategic alliance with Gujarat Industrial Development Corporation to develop a multi-product special economic zone at Dahej, Gujarat.

- *Mangalore Special Economic Zone Limited*

The Guarantor is establishing a petrochemicals-sector specific SEZ located in coastal Karnataka, Mangalore. The Guarantor holds a 26.46 per cent. equity interest in Mangalore Special Economic Zone Limited. The special economic zone is being established in coordination with the Karnataka Industrial Area Development Board, the industrial development agency of the State of Karnataka, which holds a 23.00 per cent. equity interest, IL&FS, which holds a 50.00 per cent. equity interest, and Kanara Chamber of Commerce and Industries, which holds a 0.04 per cent. equity interest. OMPL holds the balance of 0.96 per cent. The scheduled commercial operation date is the first quarter of Fiscal 2016.

ONGC Mangalore Petrochemicals Limited

ONGC Mangalore Petrochemicals Limited is a joint venture SPV in which the Guarantor directly holds a 46.00 per cent. equity interest and MRPL holds a 3 per cent. equity interest. The SPV is constructing manufacturing facilities for the production of paraxylene (0.92 MMTPA capacity) and benzene (0.27 MMTPA capacity) from MRPL's aromatic streams. The total estimated cost of this project is Rs. 57,506.9 million, funded through a term loan of Rs. 25,080.0 million and an ECB loan of U.S.\$250 million. The Guarantor expects to complete this project in the second quarter of 2015.

ONGC TERI Biotech Limited

The Guarantor entered into an agreement with the Energy and Resources Institute in 2006 to establish an SPV, ONGC TERI Bio-tech Limited, to provide biotechnological solutions to increase oil production from stripper oil wells and to control environmental pollution in oil fields. The Guarantor holds a 49.98 per cent. equity interest in this SPV, TERI holds a 48.02 per cent. equity interest and various financial institutions hold the remaining 2.00 per cent. equity interest. ONGC TERI Biotech Limited has provided its technology to various oil wells within and outside India. The Guarantor has not made any recent investments in this SPV.

Petronet MHB Limited

The Guarantor jointly owns the Mangalore-Hassan-Bangalore cross-country petroleum products pipeline through a joint venture, Petronet MHB Limited, wherein the Guarantor and HPCL each have a 28.77 per cent. equity interest. The balance equity is held by lenders (36.56 per cent.) and Petronet India Ltd. (7.90 per cent.). The initial capital investment made in this project was approximately Rs. 6,394.0 million in 2003. The pipeline is 362.37 km. and runs from the Guarantor's refinery in Mangalore to Devangonthi in Bangalore, with a tap-off point at Hassan, located in the interior of the state of Karnataka. This pipeline allows the transportation of a variety of finished petroleum oil products, such as kerosene, diesel and motor spirit, from the Guarantor's refinery to cities in Karnataka.

Petronet LNG Limited

Petronet LNG Limited is promoted by four public sector undertakings in the Indian oil and gas sector, ONGC, IOCL, GAIL and BPCL, along with GDF International. The Guarantor holds a 12.50 per cent. equity interest in Petronet LNG Limited, which imports LNG and owns and operates a 10 MMTPA LNG receiving and re-gasification terminal at Dahej in Gujarat and is setting up another such terminal of 5 MMTPA capacity at Kochi.

Pawan Hans Limited

The Guarantor currently holds a 49.00 per cent. equity interest in Pawan Hans Limited ("PHL") and the Government holds the remaining 51.00 per cent. equity interest. PHL is engaged in the business of, *inter alia*, planning, promoting, developing, organising, providing and operating air support services to meet the requirements of the petroleum sector, including helicopter services, and providing such other services as may be determined. PHL provides helicopter support for the Guarantor's offshore operations.

Other Projects and Business Initiatives

Memorandum of Understanding with Kuwait Foreign Petroleum Exploration Company

On 8 March 2013, the Issuer entered into a memorandum of understanding with Kuwait Foreign Petroleum Exploration Company k.s.c to foster cooperation in upstream oil and gas exploration and production projects in India and other countries. This memorandum of understanding is valid for a period of two years.

Memorandum of Understanding with Petróleos de Venezuela, S.A.

On 8 October 2013, the Issuer entered into a memorandum of understanding with Petróleos de Venezuela, S.A. declaring the parties' interest to carry out joint studies in additional areas of the Orinoco oil belt, to be defined by mutual agreement. See “— *International Producing Areas — Venezuela — Carabobo project*” for details on the Guarantor's existing project in the Orinoco oil belt. Under this memorandum of the understanding, the Issuer is to expand the scope of operations of the joint venture companies currently in operation in the Orinoco oil belt by carrying out exploration in additional areas. This memorandum of understanding is valid for a period of one year.

Memorandum of Understanding with PTT Exploration and Production Company Limited (“PTTEP”)

On 26 November 2013, the Issuer entered into a memorandum of understanding with PTTEP (National Oil Company of Thailand) for cooperation in relation to mutually interesting exploration and production assets. The parties also agreed to cooperate in the acquisition of exploration and production areas of hydrocarbon resources in India, Thailand and other countries on a non-exclusive basis. This memorandum of understanding is valid for a period of two years.

Memorandum of Understanding with Petrovietnam

On 12 October 2011, the Issuer entered into a memorandum of understanding with Petrovietnam to develop long term cooperation in the oil and gas industry. The Issuer and Petrovietnam signed a further memorandum of understanding on 20 November 2013 to enhance cooperation in the acquisition of exploration, development and production of petroleum resources in India, Vietnam and other countries. This further memorandum of understanding is valid for a period of three years and offers the Issuer an exclusive right to carry out the evaluation of seven exploration blocks located in offshore Vietnam for possible participation. This further memorandum of understanding also provides that the Issuer will make reasonable efforts to create favourable opportunities for Petrovietnam to participate in certain open blocks in India and/or third countries.

Memorandum of Understanding with Co-ordinating Ministry for Strategic Sectors of the Republic of Ecuador

On 9 December 2013, the Issuer entered into a memorandum of understanding with the Co-ordinating Ministry for Strategic Sectors (“MICSE”) of the Republic of Ecuador. The MOU provides that MICSE would make available information regarding oil and gas projects in Ecuador, which the Issuer would evaluate to identify the project(s) of its interest and could propose participation in such project(s) through definitive agreements. This memorandum of understanding is valid for a period of one year unless extended by the parties.

Sudan — Pipeline project

The Guarantor has constructed a refined product pipeline in Sudan (741 km. multi-product pipeline from Khartoum refinery to Port Sudan) that it has leased to the Sudanese Ministry of Energy and Mining pending completion of the payments due for construction. Pursuant to the terms of the lease, the Guarantor is entitled to receive certain payments through June 2014, at which time ownership of the pipeline will be transferred to the Government of Sudan. The Government of Sudan is yet to release the seven remaining half-yearly instalments of U.S.\$14.135 million each due 30 June 2011, 30 December 2011, 30 June 2012, 30 December 2012, 30 June 2013, 30 December 2013 and 30 June 2014.

Memorandum of Understanding with GAIL (India)

The Guarantor entered into a memorandum of understanding with GAIL on 24 July 2007, which it updated with a new memorandum of understanding with GAIL on 21 July 2012, to form a joint working group to monetise the gas reserves discovered by the Guarantor in the Krishna-Godavari and Mahanadi basins. The Guarantor believes this memorandum of understanding will facilitate the production, processing, transportation, distribution and marketing of gas from new sources to identified markets.

Memorandum of Understanding with Bharat Petroleum Corporation Limited

The Guarantor entered into a memorandum of understanding with BPCL on 23 February 2010 to form a joint working group to monetise the gas being produced by the Guarantor. The Guarantor believes this memorandum of understanding will facilitate the acquisition, transportation, distribution and marketing of gas from new and existing sources to identified markets.

C2-C3-C4 Extraction Plant

The C2-C3-C4 plant was conceptualised to extract rich fractions (C2, C3 and C4) from LNG sourced by Petronet LNG Limited to capitalise on the opportunity for the conversion of rich fractions to olefins and further conversion to polymers as part of a value chain integration strategy. This plant is based on a method of extracting rich fractions by utilising the cryogenic temperature of LNG in contrast to conventional C2-C3 fraction extraction plants based on natural gas. The capital and operating costs for the new process are lower than those of conventional processes. The products of the C2+ fraction extraction plant at Dahej will also serve as feedstock for the upcoming petrochemical plant by OpaL. The plant is mechanically complete and the Guarantor expects to commission the plant in the second quarter of Fiscal 2015.

CGD and Pipelines

The Guarantor intends to enter into the city gas distribution business in India, and intends to participate in the bidding process of the Petroleum and Natural Gas Regulatory Board for the development and operation of city gas distribution networks in various cities. The Guarantor has entered into strategic partnerships with several companies, including BPCL, for joint bidding in selected cities or geographical areas in India.

Framework Agreement with Sistema, Russia

The Issuer has entered into a non-exclusive framework agreement dated 21 December 2010 with Sistema, a leading Russian diversified industrial group, to explore the possibilities of jointly studying and participating in certain oil and gas assets in Russia and other countries.

Memorandum of Understanding with Energia Argentina S.A.

On 14 October 2009, the Guarantor entered into a memorandum of understanding with Energia Argentina S.A., the national oil company of Argentina, for cooperation in the exploration and production of offshore and deep sea hydrocarbon resources in India, Argentina and/or other countries. The Guarantor believes this collaboration will enable it to focus on new reserves of oil and gas.

Memorandum of Understanding with Uzbekneftegaz

On 17 May 2011, the Guarantor entered into a memorandum of understanding with Uzbekneftegaz, the national oil and gas company of Uzbekistan, for cooperation in the exploration and production of onshore, offshore and deep sea hydrocarbon resources in Uzbekistan and/or other countries. The memorandum also provides for the exchange of research, technology and training. The Guarantor believes this collaboration will provide new opportunities to acquire further crude oil and natural gas reserves overseas.

Competition

Although the Guarantor encounters competition from other oil and natural gas companies in all areas of its operations, it believes the primary area in which it faces competition domestically is for the acquisition of licences for exploratory prospects in the NELP bidding process. The companies that have been granted exploration licences in various rounds of the NELP bidding process include other Indian public sector companies and over 50 private companies, both domestic and international, including British Gas, Petro Gas, Reliance Industries Limited and Essar Oil Limited. Internationally, the Issuer faces competition primarily in the acquisition of petroleum reserves, and its primary competitors include national oil companies as well as the major privately owned exploration and production companies.

Research and Development

The Guarantor has significant research and development capabilities and focuses on developing increasingly efficient and effective exploration, development and production methods. Recent examples of the Guarantor's efforts include (i) development plans for improved oil recovery, (ii) technology schemes for enhanced oil recovery and microbial enhanced oil recovery, (iii) use of paraffin degrading bacteria and flow assurance, (iv) cooperation with the Energy and Resources Institute to develop techniques for rapid detection of gaseous hydrocarbon oxidisers for geo-microbial surveys, (v) development of a process for mass cultivation of selected microalgae for hydrocarbon production and (vi) exploring the feasibility of establishing a nuclear power project.

The Guarantor's research and development institutes are equipped with laboratories, computer processing systems and computer workstations, and employ specialised multidisciplinary expert teams. In Fiscal 2012, Fiscal 2013 and Fiscal 2014, the Guarantor spent Rs. 3,402.64 million, Rs. 6,120.68 million and Rs. 6,227.68 million, respectively, on its research and development activities, which represented 0.44 per cent., 0.73 per cent. and 0.74 per cent., respectively, of unconsolidated revenue. These institutes also leverage research through international and national consortia, alliances and joint industry programmes. A list of the Guarantor's principal research and development institutes is set forth below:

Keshava Deva Malaviya Institute of Petroleum Exploration, Dehra Dun, established in 1962, focuses on exploration-related activities. The institute undertakes projects related to integrated basin analysis and evaluation, and generates improved concepts and models that help create new exploration and production opportunities in petroliferous basins and breakthroughs in less explored and frontier basins.

Geodata Processing and Interpretation Centre, Dehra Dun, established in 1987, focuses on seismic data processing, seismic and log data interpretation, software development and application of new technologies for improved processing and interpretation.

Institute of Drilling Technology, Dehra Dun, established in 1978, focuses on drilling-related technologies. Major functional areas of the Institute of Drilling Technology are drilling technology, drilling fluid engineering, cementation and cementing materials.

Institute of Reservoir Studies, Ahmedabad, established in 1978, is the centre for reservoir management studies. The main functions of the Institute of Reservoir Studies are reservoir characterisation, simulation and management, oil and gas field development, enhanced oil recovery and well productivity enhancement.

Institute of Oil and Gas Production Technology, Mumbai, established in 1984, focuses on oil and gas production and processing-related work. It provides technological solutions to enhance production and improve the economics of operations. Production engineering, process engineering, artificial lift engineering and corrosion engineering are the major functional groups in the Institute of Oil and Gas Production Technology.

Institute of Engineering and Ocean Technology, Mumbai, established in 1983, is the centre for offshore engineering. Its principal areas of work are risk analysis and conceptual engineering, structural engineering, geotechnical engineering and materials and corrosion engineering.

Institute of Biotechnology and Geotectonic Studies, Jorhat, established in 1989, works in the areas of geo-microbial petroleum prospecting, microbial enhanced oil recovery and soil bioremediation.

ONGC Energy Centre Trust, Delhi, established in 2005, undertakes, promotes and manages projects for improving and developing commercially viable energy mediums and sources including research in the field of vertical integration of hydrocarbons and renewable sources of energy.

Training

The Guarantor seeks to provide all of its employees, executives and staff with regular and periodic training and development to help them acquire the knowledge and skills necessary for the Guarantor's activities. Training initiatives are primarily conducted through the Guarantor's training institutes in India.

ONGC Academy, Dehra Dun, established in 1982, is the nodal agency for training and development of the Guarantor's human resources. The institute also provides training to other domestic and overseas companies. The academy's programmes include induction training, specialised functional training, management training, computer training, a corporate strategic programme, an integrated professional programme and an emerging technologies program.

Institute of Petroleum Safety, Health and Environmental Management, Goa, established in 1989, promotes standards of safety, occupational health and environmental management through training. Its main functions are the provision of practical and theoretical training in the areas of safety, occupational health, environmental management, petroleum safety-related risk studies and environment-related consultancy.

Employees

The following tables set forth certain information with respect to the Guarantor's and the Issuer's employees for the periods indicated:

Category	As of 31 March 2012	As of 31 March 2013	As of 31 March 2014
Employed in onshore and offshore producing assets	10,418	10,484	10,868
Employed in exploratory basins	3,116	2,999	2,947
Employed in oil field services.	12,693	12,671	13,093
Employed in plants	1,640	1,665	1,742
Employed in research institutes.	1,419	1,440	1,417
Employed in various corporate functions	3,623	3,729	3,440
Total	32,909	32,988	33,507

As of 31 March 2012, 2013 and 2014, the Issuer employed 246, 279 and 312 permanent employees, respectively.

The Guarantor's employees are represented by 24 registered trade unions, of which the Guarantor recognises ten. All of the trade unions (including unrecognised trade unions) are affiliated with central trade unions. The Guarantor has entered into an agreement with all of the recognised trade unions that is binding on all unionised categories of employees by law. The agreement is effective 1 January 2007 and is coterminous with the dates of pay revision of executives, but not beyond ten years. The Guarantor believes it enjoys good relations with its employees. There have been no instances of labour unrest among the Guarantor's employees that have had a material adverse effect on the Guarantor's operations.

Insurance

The Guarantor, including its subsidiaries, maintains a range of insurance policies in relation to its business and operations that it believes is customary for its industry, including, for example, insurance policies that cover property damage to certain onshore properties, risks associated with the Guarantor's offshore and international activities, and certain risks associated with the Guarantor's refinery, including loss of certain property and machinery, as well as business interruption insurance. The Guarantor believes that its insurance coverage is appropriate for its business risks and consistent with customary practices for similarly situated companies in its industry.

Health, Safety and Environment

The Guarantor is committed to maintaining high standards of occupational health, safety and environmental protection. Due to the nature of its operations, the Guarantor conducts internal and external audits to ensure compliance with health, safety and environmental protection norms, and to maintain effective waste prevention and reduction capabilities. Established external national and international health, safety and environment agencies also routinely conduct audits of the Guarantor's offshore and onshore installations.

The Guarantor is subject to a wide range of rules and regulations including various environmental laws. In addition, the Guarantor also must comply with the Oil Industry Safety Directorate, an organisation under the control of the MoPNG, which issues safety guidelines. The Guarantor is also subject to the safety regulations prescribed by the Directorate General of Mines and Safety. Each work centre has teams dedicated to health, safety and environmental issues and executes the safety guidelines prescribed by the Oil Industry Safety Directorate as well Directorate General of Mines and Safety. The Guarantor's health, safety and environment teams are also responsible for obtaining necessary licenses and clearances from the State Pollution Control Boards.

Corporate Social Responsibility (CSR)

The Guarantor seeks to integrate its business values and operations in an ethical and transparent manner to demonstrate its commitment to sustainable development, meet its social responsibilities, its environmental and economic practices and create a positive impact on society. The Guarantor on standalone basis has spent Rs. 1,210.8 million, Rs. 2,621.3 million and Rs. 3,412.5 million for various CSR projects implemented in accordance with the government guidelines, in Fiscal 2012, Fiscal 2013 and Fiscal 2014, respectively. The Guarantor issued its fourth consecutive 'sustainability report' (2012-13), wherein it reviewed its internal policies, vision, mission, strategy and performance management systems in order to identify issues which would impact its sustainability performance. The Guarantor also implemented a whistle bower policy in December 2009. Further, the Guarantor has contributed towards environmental protection by engaging in tree planting and other afforestation initiatives. The Guarantor has also focused on the promotion of various sporting activities on a national and international level.

Intellectual Property

The Guarantor relies on a combination of trademark, patents, copyrights and contractual provisions to protect its intellectual property, including its brand identity. The Guarantor currently does not have any registered trademarks in India. The Guarantor currently has patents for various techniques including "a process for enhanced recovery of crude oil from oil wells using novel multi-microbial strain" in India, "a process for enhanced recovery of crude oil from oil wells using novel microbial consortium" in the United States, and "a process for the treatment of the oily effluent produced by the petroleum upstream oil industries" in India. See *"Risk Factors—The Guarantor does not have any registered trademarks and failure to protect its intellectual property rights may have an impact on its business and results of operations"*.

Properties

In addition to its crude oil and natural gas assets, the Guarantor owns its corporate office and leases its Registered Office. The Guarantor's subsidiaries currently own or lease a variety of properties, primarily for office space, throughout India. The Guarantor believes its properties are sufficient for it to conduct its business in its present form.

Legal and Regulatory Proceedings

From time to time, the Guarantor has been and may be involved in various disputes and proceedings. The Guarantor is currently a party to certain proceedings brought by various government authorities and private parties. The Guarantor and its subsidiaries are not involved in any litigation that may, individually or in the aggregate, have a material effect on the financial position of the Guarantor.

For example, the Oilfields (Regulation and Development) Act 1948 (the “**Oilfields Act**”) and the Petroleum and Natural Gas Rules, 1959, as amended (the “**PNG Rules**”), provide for the payment of royalties in respect of any mineral oil mined, quarried, excavated or collected from the leased area. Since Fiscal 2009, under the Government directives, the Guarantor has paid the Government the royalty on crude oil at a price net of under-recoveries by India’s public sector oil marketing companies. In 2013, the state of Gujarat filed for a hearing at the Honorable High Court of Gujarat (the “**High Court**”), in which the High Court in its order dated 30 November 2013 directed the Guarantor to remunerate the discrepancy between the royalty on crude oil produced from the onshore fields in the state of Gujarat and the pre-discounted prices from 1 April 2008 and onwards. The Guarantor filed a special leave petition and the High Court stayed the case subject to the Guarantor’s payment of royalty to the state of Gujarat on pre-discounted price from 1 February 2014 and onwards. The potential amount of the royalty the Guarantor may be required to pay is Rs. 116,326.96 million, which has been disclosed in the Guarantor’s financial statements as a contingent liability for the period from April 2008 to March 2014. Per the High Court’s order, the difference in the amount of royalties (royalty on pre-discounted price and post-discounted price) has been deposited to the Guarantor’s account since February 2014.

As of 31 March 2014, the total amount involved in the legal actions (including demands and claims by tax authorities and private parties and legal and arbitration proceedings) in connection with such claims against the Guarantor on consolidated basis was approximately Rs. 441.41 billion. Since most of these cases are in trial or in processing, it is difficult to estimate a precise figure of the amounts of any losses that the Guarantor is likely to sustain as a result of such actions being decided against the Guarantor. Even if any judgment or award of such current pending litigation against the Guarantor is decided adversely to the Guarantor, it does not anticipate that such cases (individually or in the aggregate) would have a material adverse impact on its business, financial condition or results of operations. See “*Risk Factors—Risks Relating to the Guarantor’s Business—The Guarantor is involved in legal, regulatory and arbitration proceedings that, if determined against it, may have an adverse impact on its business and financial condition*”.

DESCRIPTION OF OTHER INDEBTEDNESS

The following summary of the principal terms of the instruments governing the material indebtedness of the Issuer, the Guarantor and MRPL does not purport to be a complete description of all of the terms of these instruments and may not contain all of the information that may be important to prospective investors. Investors should read the notes to financial statements of the Issuer, the Guarantor and MRPL for additional information about their respective indebtedness.

Indebtedness of the Issuer

Rs. 19,700,000,000 Non-Convertible Bonds (Series I) due 2014

On 23 December 2009, the Issuer issued non-convertible redeemable bonds in the nature of Debentures (Series I) (“**Debenture (Series I)**”) at Rs. 10,00,000 each at par aggregating to Rs. 19,700 million. The Debentures (Series I) bear interest rate of 8.40 per cent. per annum. The payment of interest is due annually on 23 December of every year until the maturity of bonds. The bonds mature at par on 23 December 2014. The trustee is IDBI Trusteeship Services Ltd.

The entire principal amount of the Debenture (Series I) is secured by way of unconditional and irrevocable guarantee from the Guarantor.

Under the terms of the Debenture (Series I), the Issuer is permitted to issue bonds, debentures, notes and other securities in any manner and may change its capital structure on such terms and conditions as it may deem appropriate without the consent of the bondholder(s) or the trustee.

As of 31 March 2014, Rs. 19,700 million of the Debentures (Series I) remained outstanding.

Rs. 3,700,000,000 Non-Convertible Bonds (Series II) due 2020

On 6 January 2010, the Issuer issued unsecured non-convertible redeemable bonds in the nature of Debentures (Series II) (“**Debenture (Series II)**”) of Rs. 10,00,000 each at par aggregating to Rs. 3,700.0 million.

Debentures (Series II) bears interest at a rate of 8.54 per cent. per annum. Payment of interest takes place annually on 6 January of every year until the maturity of the bonds. The bonds mature at par on 6 January 2020. The trustee for this issue is IDBI Trusteeship Services Limited.

The entire principal amount of Debenture Series II is secured by way of unconditional and irrevocable guarantee from ONGC.

Under the terms of the Bonds, the Issuer is permitted to issue bonds, debentures, notes and other securities in any manner and may change its capital structure on such terms and conditions as the Issuer may think appropriate without the consent of the bondholder(s) or the trustees in this connection.

As of 31 March 2014, Rs. 3,700 million of the Debentures (Series II) remained outstanding.

US\$ 300,000,000 Guaranteed Notes due 2018

On 7 May 2013, the Issuer issued US\$ 300,000,000 Guaranteed Notes due 2018 (the “**2018 Notes**”) which are unconditionally and irrevocably guaranteed by ONGC. The trustee for the 2018 Notes is Citicorp International Limited. The 2018 Notes bear interest at a rate of 2.50 per cent. per annum, with interest payable semi-annually in arrears on 7 May and 7 November of each year from and including 7 May 2013.

Unless previously redeemed or purchased and cancelled, the Issuer will redeem the 2018 Notes at their principal amount on 7 May 2018. The 2018 Notes will constitute direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference amongst themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future.

Any redemption under the conditions of the 2018 Notes may, as per FEMA (Borrowing or Lending in Foreign Exchange) Regulations, 2000 and the circulars issued thereunder by the RBI, read with the ECB Guidelines, require the Issuer to obtain prior approval of the RBI or designated AD category-I bank appointed in accordance with the ECB Guidelines, as the case may be, before providing notice for or effecting a redemption and such approval may not be forthcoming.

Under the terms of the 2018 Notes, the Issuer is at liberty, without consent of the Noteholders, to create and issue further notes or bonds (bearer or registered form), either ranking *pari passu* in all respects or upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue.

So long as any of the 2018 Notes remains outstanding, the Issuer and the Guarantor will, and the Issuer and the Guarantor will procure that their respective principal subsidiaries will, ensure that no relevant indebtedness of the Issuer, the Guarantor or any of their respective principal subsidiaries will be secured by any security interest upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer, the Guarantor or any of their respective principal subsidiaries; *provided that*, the Issuer, the Guarantor or the relevant principal subsidiary, as the case may be, in the case of the creation of the security interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that: (a) all amounts payable by the Issuer under the 2018 Notes and the trust deed or, as the case may be, the Guarantor's obligations under the guarantee, are secured by the security interest equally and rateably with the relevant indebtedness to the satisfaction of the trustee; or (b) such other security interest or other arrangement (whether or not it includes the giving of a security interest) is provided either (A) as the trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an extraordinary resolution of the Noteholders.

As of 31 March 2014, Rs. 18,030 million (US\$300 million) of the 2018 Notes remained outstanding.

USD 1,500 Million Bridge Loan Facility

On 24 December 2013, the Issuer entered into an ECB facility ("**First Bridge Facility**") as borrower with Australia And New Zealand Banking Group Limited, The Bank Of Tokyo-Mitsubishi UFJ, Ltd., BNP Paribas, Citigroup Global Markets Asia Limited, Deutsche Bank AG, Singapore Branch, Mizuho Bank, Ltd., The Royal Bank of Scotland plc, State Bank of India and Sumitomo Mitsui Banking Corporation for the purposes of financing the acquisition by the Issuer, directly or indirectly, of up to six per cent. participating interest in the Rovuma Area 1 Offshore Block located in Mozambique. The First Bridge Facility consists of a borrowing of USD 1,500 million, repayable one year after drawdown, at the interest rate of one month US dollar LIBOR plus the following margin per annum:

- From and including the drawdown date up to but not including the date falling three months after the drawdown date: 0.61 per cent.;
- From and including the date falling three months after the drawdown date up to but not including the date falling six (6) months after the drawdown date: 0.75 per cent.;
- From and including the date falling six months after the drawdown date up to but not including the date falling nine (9) months after the drawdown date: 0.95 per cent.; and
- From and including the date falling nine months after the drawdown date: 1.05 per cent.

Under the terms of the First Bridge Facility, unless otherwise consented by lenders, the Issuer and the Guarantor will (i) ensure that its payment obligations under the facility at all times rank at least *pari passu*

in right of priority and payment with the claims of all of its other present and future unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally, (ii) incur or permit to be outstanding any financial indebtedness if as a result of such financial indebtedness, the consolidated net debt of the Guarantor will exceed 75 per cent. of the consolidated tangible net worth; (iii) create or permit to subsist any security interest on any of its assets other than the permitted security; (iv) acquire all or part of the business, assets or undertaking of any other person (or, in each case, any interest in any of them) or establish or acquire any company or invest in any other person other than permitted acquisition, (no substantial change is made to the general nature of the business of that Obligor or the Group taken as a whole from that carried on at the date of this Agreement wind up, liquidate or dissolve its affairs; (v) acquire any equity interest, loan money, extend credit or make deposit or advance to any person, purchase any stock etc. which may breach the financial covenants; (vi) procure that the Government of India owns at least 50 per cent. share capital of the Guarantor and that the Guarantor owns more than 50 per cent. share capital of the Issuer.

As of 31 March 2014, Rs. 90,150 million (US\$ 1,500 million) remained outstanding under this facility.

USD 725 Million Bridge Loan Facility

On 12 February 2014, the Issuer has entered into an ECB facility (“**Second Bridge Facility**”) as borrower with Australia and New Zealand Banking Group Limited, the Bank of Tokyo-Mitsubishi UFJ, Ltd., BNP Paribas, Citigroup Global Markets Asia Limited, DBS Bank Ltd., the Royal Bank of Scotland plc and State Bank of India for the purposes of financing the acquisition by the Issuer, directly or indirectly, of ten per cent. participating interest in the Rovuma Area 1 Offshore Block located in Mozambique.

The Second Bridge Facility consists of a borrowing of USD 725 million, repayable one year after drawdown, at the interest rate of one month US dollar LIBOR plus the following margin per annum:

- From and including the drawdown date up to but not including the date falling three months after the drawdown date: 0.65 per cent.;
- From and including the date falling three months after the drawdown date up to but not including the date falling six months after the drawdown date: 0.97 per cent.;
- From and including the date falling six months after the drawdown date up to but not including the date falling nine months after the drawdown date: 1.05 per cent.; and
- From and including the date falling nine months after the drawdown date: 1.10 per cent.

Under the terms of the Second Bridge Facility, unless otherwise consented by lenders, the Issuer and the Guarantor will, (i) ensure that its payment obligations under the facility at all times rank at least *pari passu* in right of priority and payment with the claims of all of its other present and future unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally, (iii) incur or permit to be outstanding any financial indebtedness if as a result of such financial indebtedness, the consolidated net debt of the Guarantor will exceed 75 per cent. of the consolidated tangible net worth; (ii) create or permit to subsist any security interest on any of its assets other than the permitted security; (iii) acquire all or part of the business, assets or undertaking of any other person (or, in each case, any interest in any of them) or establish or acquire any company or invest in any other person other than permitted acquisition, (no substantial change is made to the general nature of the business of that Obligor or the Group taken as a whole from that carried on at the date of this Agreement wind up, liquidate or dissolve its affairs; (v) acquire any equity interest, loan money, extend credit or make deposit or advance to any person, purchase any stock etc. which may breach the financial covenants; (vi) procure that the Government of India owns at least 50% share capital of the Guarantor and that the Guarantor owns more than 50 per cent. share capital of the Issuer.

As of 31 March 2014, Rs. 43,573 million (US\$ 725 million) remained outstanding under this facility.

USD 1,775 Million Term Loan Facility

On 12 February 2014, the Issuer has entered into an ECB facility (“**Term Loan Facility**”) as borrower with Sumitomo Mitsui Banking Corporation, The Bank Of Tokyo- Mitsubishi UFJ, Ltd., State Bank of India, DBS Bank Ltd., The Royal Bank of Scotland plc, Australia and New Zealand Banking Group Limited, The Bank of Nova Scotia Asia Limited, Mizuho Bank, Ltd. and Société Générale for the purposes of financing the acquisition by the Issuer, directly or indirectly, of ten per cent. participating interest in the Rovuma Area 1 Offshore Block located in Mozambique. The Term Loan Facility consists of a borrowing of USD 1,775 million, repayable five years after drawdown, at the interest rate of three month USD LIBOR plus 1.65 per cent. per annum.

Under the terms of the Term Loan Facility, unless otherwise consented by lenders, the Issuer and the Guarantor will, (i) ensure that its payment obligations under the facility at all times rank at least *pari passu* in right of priority and payment with the claims of all of its other present and future unsecured and unsubordinated creditors, except for obligations mandatorily preferred by law applying to companies generally, (iii) incur or permit to be outstanding any financial indebtedness other than permitted financial indebtedness; (ii) create or permit to subsist any security interest on any of its assets other than the permitted security; (iii) acquire all or part of the business, assets or undertaking of any other person (or, in each case, any interest in any of them) or establish or acquire any company or invest in any other person other than permitted acquisition, (no substantial change is made to the general nature of the business of that obligor or the group taken as a whole from that carried on at the date of this Agreement wind up, liquidate or dissolve its affairs; (v) acquire any equity interest, loan money, extend credit or make deposit or advance to any person, purchase any stock etc. which may breach the financial covenants; (vi) procure that the Government of India owns at least 50 per cent. share capital of the Guarantor and that the Guarantor owns more than 50 per cent. share capital of the Issuer.

Further, the Guarantor shall ensure that:

- (a) at any time, the Guarantor consolidated tangible net worth shall not be less than seven hundred and fifty billion Rupees (Rs. 750,000,000,000);
- (b) for any relevant period, the ratio of consolidated debt to Guarantor consolidated tangible net worth shall not exceed 0.75:1.0; and
- (c) for any relevant period, the ratio of consolidated net debt to consolidated EBITDA shall not exceed 3:1.

As of 31 March 2014, Rs. 106,678 million (US\$ 1,775 million) remained outstanding under this facility.

US\$500,000,000 Guaranteed Notes due 2023

On 7 May 2013, the Issuer issued US\$500,000,000 Guaranteed Notes due 2023 (the “**2023 Notes**”) which are unconditionally and irrevocably guaranteed by the Guarantor. The trustee for the 2023 Notes is Citicorp International Limited. The 2023 Notes bear interest at a rate of 3.75 per cent. per annum, with interest payable semi-annually in arrear on 7 May and 7 November of each year from and including 7 May 2013.

Unless previously redeemed or purchased and cancelled, the Issuer will redeem the 2023 Notes at their principal amount on 7 May 2023. The 2023 Notes will constitute direct, unconditional and unsecured obligations of the Issuer and rank and will rank *pari passu*, without preference amongst themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future.

Any redemption under the conditions of the 2023 Notes may, as per the FEMA (Borrowing or Lending in Foreign Exchange) Regulations, 2000 and the circulars issued thereunder by the RBI, read with the ECB Guidelines, require the Issuer to obtain prior approval of the RBI or designated AD category-I bank appointed in accordance with the ECB Guidelines, as the case may be, before providing notice for or effecting a redemption and such approval may not be forthcoming.

Payment of principal and interest will be made by transfer to the registered account of the noteholder or by US dollar cheque drawn on a bank that processes payments in US dollars mailed to the registered address of the noteholder if it does not have a registered account.

The Issuer is at liberty, without the consent of the Noteholders, to create and issue further notes or bonds (bearer or registered form), either ranking *pari passu* in all respects or upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue.

So long as any of the 2023 Notes remains outstanding, the Issuer and the Guarantor will, and the Issuer and the Guarantor will procure that their respective principal subsidiaries will, ensure that no relevant indebtedness of the Issuer, the Guarantor or any of their respective principal subsidiaries will be secured by any security interest upon, or with respect to, any of the present or future business, undertaking, assets or revenues (including any uncalled capital) of the Issuer, the Guarantor or any of their respective principal subsidiaries; *provided that*, the Issuer, the Guarantor or the relevant principal subsidiary, as the case may be, in the case of the creation of the security interest, before or at the same time and, in any other case, promptly, takes any and all action necessary to ensure that: (a) all amounts payable by the Issuer under the 2023 Notes and the trust deed or, as the case may be, the Guarantor's obligations under the guarantee, are secured by the security interest equally and rateably with the relevant indebtedness to the satisfaction of the trustee; or (b) such other security interest or other arrangement (whether or not it includes the giving of a security interest) is provided either (A) as the trustee in its absolute discretion deems not materially less beneficial to the interests of the Noteholders or (B) as is approved by an extraordinary resolution of the Noteholders.

As of 31 March 2014, Rs. 30,050 million (US\$500 million) of the 2023 Notes remained outstanding.

SBI Credit Facilities

The Issuer has various credit facilities with the State Bank of India (“SBI”). On 12 March 2014, the SBI renewed various credit facilities up to Rs. 11,300 million. As of 31 March 2014, Rs. 5,351.35 (US\$ 89.10 million) remained outstanding under the credit facilities. Set forth below is a brief summary of the sub-limits of the credit facilities:

Current Account Overdraft Facility

The current account overdraft facility limit is Rs. 500 million. Loans under the credit account overdraft facility bears interest at the rate of 3.0 per cent. above the bank base rate with monthly resets and the effective rate as of 31 March 2014 was 13.00 per cent. per annum. This facility is valid for a period of 12 months from the date of sanction, which is 11 March 2015.

Bank Guarantee Facility

The bank guarantee facility limit is Rs. 5,000 million and it can be used interchangeably for both letter of credit (up to Rs. 5,000 million), bank guarantee requirements (Rs. 10,000 million) and for forward contracts/derivatives (up to Rs. 800 million of credit exposure). The bank guarantee tenor is up to 18 months.

Letters of Credit Facility

The letters of credit facility limit is Rs. 5,000 million which is within the bank guarantee limits. The tenor of letters of credit drawn under this facility is three months for foreign letters of credit and two months for domestic letters of credit.

Credit Exposure Limit (for forward contracts/derivatives)

The credit exposure facility limit is Rs. 800 million, with a notional limit of Rs. 16,500 million.

Indebtedness of the Guarantor (on standalone basis)

SBI Credit Facilities

The Guarantor has various credit facilities with the SBI. Pursuant to letter dated 25 April 2013, the SBI renewed various credit facilities with the Guarantor amounting to Rs. 30,600.0 million.

Under these credit facilities, the Guarantor will not, without the prior intimation to the bank in writing create or permit to arise or subsist any encumbrance over all or any of the assets or revenues, present or future, as security for any obligation other than that arising by operation of law/statute for the time under consideration.

As of 31 March 2014, no indebtedness remained outstanding under the credit facilities.

Set forth below is a brief summary of the sub-limits of the credit facilities:

Cash Credit Facility

The cash credit facility limit is Rs. 5,000 million which can be used with non-fund based facilities to fund-based facilities up to Rs. 10,000 million. Loans drawn under this facility bear interest at a rate of 0.40 per cent. above the bank base rate, present effective rate being 10.40 per cent. per annum with monthly resets with monthly resets and the effective rate as of 31 March 2014 was 10.40 per cent. per annum.

Letter of Credit Facility

The letter of credit facility limit is Rs.15,000.0 million. The tenor for a domestic letter of credit is two months and six months for a foreign letter of credit. The outstanding letter of credit as of 31 March 2014 is Rs. 2,826.20 million.

Bank Guarantee Facility

The bank guarantee facility limit is Rs. 10,000.0 million. The tenor is 18 months. The limit for bank guarantee and letter of credit are fully inter-changeable.

The bank guarantee outstanding as of 31 March 2014 is Rs. 6,004.30 million.

Forward Contract Facility

The forward contract facility limit is Rs. 600.0 million. To date, this facility has not been drawn.

IDBI Bank Limited Bank Guarantees

On 8 April 2013, the Guarantor obtained from IDBI Bank Limited performance and financial bank guarantees for purposes such as contract performance, advance payments and certain money retention purposes and financial bank guarantees for purposes such as advance payment and refunds pending settlement, up to a limit of Rs. 35,000.0 million. The tenor of the bank guarantees are up to four years and three months.

The bank guarantee outstanding as of 31 March 2014 is Rs. 6,425.20 million.

IndusInd Bank Limited Bank Guarantees

On 8 April 2013, the Guarantor obtained from IndusInd Bank Limited performance and financial bank guarantees for purposes such as contract performance, advance payments and certain money retention purposes, up to a limit of Rs. 8,000.0 million. The tenor for the bank guarantees is up to four years and three months.

Foreign Letter of Credit facilities with Allahabad Bank

On 24 July 2013, the Guarantor obtained from Allahabad Bank guarantees up to the limit of Rs. 3,500.0 million. As of 31 March 2014, Rs. 2,752.60 million (US\$45.8 million) remained outstanding under the credit facilities.

Renewal of Credit Facilities — Corporation Bank

On 26 November 2013, Corporation Bank extended credit facilities to the Guarantor of up to Rs. 5,250.0 million.

Overdraft Facility

The purpose of this facility is to meet contingencies and address mismatches in cash flows. The overdraft limit is Rs. 250.0 million and is to be utilised for business purposes only. As of 31 March 2014, the rate of interest has 10.40 per cent. but is subject to revision from time to time. To date, this facility has not been drawn.

Import Letter of Credit Facility

The purpose of this credit facility is for the import and procurement of raw materials, capital goods, spares and stores required for the development of exploration activity. The credit facility limit is Rs. 2,500.0 million. As of 31 March 2014, Rs.871.76 million (US\$14.5 million) remained outstanding under the credit facilities. Set forth below is a brief summary of the sub-limits of the credit facilities.

Forward Sale Contract Facility

The purpose of this facility is to mitigate exchange risks involved in imports. The facility limit is Rs. 2,500.0 million. To date, this facility has not been drawn.

Punjab National Bank Bank Guarantees

The agreement with Punjab National Bank had expired on 23 June 2013. However, the bank guarantees outstanding as of 31 March 2014 is Rs. 1,078.20 million.

HDFC Bank Guarantees

The agreement with HDFC Bank had expired on 23 June 2012. However, the bank guarantees outstanding as of 31 March 2014 is Rs. 38.00 million.

Indebtedness of MRPL

Working Capital Agreement

On 26 April 2012, MRPL entered into an amended and restated working capital consortium agreement (the “**Working Capital Agreement**”) as borrower with the SBI, Corporation Bank, Canara Bank, Bank of Baroda, Punjab National Bank, Citibank N.A., United Bank of India and IDBI Bank Limited in order to increase the borrowing limit from Rs. 32,828.0 million to Rs. 37,078.0 million for working capital requirements. The facility bears interest at the prevailing rate of interest at the time of execution of the Working Capital Agreement. As of 31 March 2014, no indebtedness was outstanding under the Working Capital Agreement.

External Commercial Borrowings

On 26 April 2012, MRPL has entered into an ECB facility as borrower with Tokyo-Mitsubishi UFJ. Limited, Mizuho Corporate Bank Limited, Singapore Branch, Bank of Baroda, Dubai Branch, State Bank of India, Hong Kong Branch for the purposes of financing its on-going expansion and upgrade of its refinery for Phase III (the “**ECB Facility**”). The ECB Facility consist of:

- A borrowing of up to US\$250.0 million at the interest rate of 3.14 per cent. plus the six months US dollar LIBOR; and
- A borrowing of up to US\$400.0 million at the interest rate of 2.42 per cent. plus six months US dollar LIBOR.

Under the terms of the ECB Facility, MRPL is required to maintain the following financial covenants.

- A net debt to equity ratio of not exceeding 2.5:1;
- A net debt to EBITDA ratio of not exceeding 4:1; and
- A interest coverage ratio of not lower than 2:1.

Under the terms of the ECB Facility, MRPL will not, without the prior written consent of the SBI (i) contract any indebtedness other than the permitted indebtedness; (ii) create or permit to subsist any security interest on any of the secured assets other than the permitted security interest; (iii) wind up, liquidate or dissolve its affairs; (iv) enter into any contracts, guarantee, partnership, profit sharing or other arrangement whereby MRPL's income or profits are shared; (v) acquire any equity interest, loan money, extend credit or make deposit or advance to any person, purchase any stock etc. which may breach the financial covenants; (vi) create or permit to create any encumbrance over any of the movable and immovable assets of MRPL; (vii) authorise, declare or pay any dividends; or (viii) take any action which has a material adverse effect.

As of 31 March 2014, Rs. 38,948 million (US\$ 650 Million) (exchange rate US\$1.00 = Rs. 59.92) remained outstanding under this facility.

OVERVIEW OF THE OIL INDUSTRY OF INDIA

The information set forth in this section is based on publicly available information from the BP Statistical Review of World Energy (published in June 2003, 2004, 2005, 2006, 2007, 2008, 2009, 2010, 2011, 2012 and 2013), the United States Energy Information Administration (“EIA”), the Directorate General of Hydrocarbons (“DGH”) and the Petroleum Planning & Analysis Cell (“PPAC”) of the MoPNG, Government of India, unless stated otherwise. These data have not been independently verified by either the Guarantor or the Issuer. Note that DGH, MoPNG and other independent sources provide their data in metric tons and cubic feet; for convenience the Guarantor and the Issuer have converted such data from metric tons to barrels, using a conversion factor of 1 metric ton per 7.33 barrels and converted from cubic feet to cubic meters using a conversion factor of 1 cubic metre per 35.3146 cubic feet. All the absolute numbers are rounded off and percentages are calculated based on the actual numbers.

Overview of the Indian Economy

India is the world’s largest democracy with a population of 1.24 billion, according to the CIA Factbook, May 2014. According to the International Monetary Fund (“IMF”) World Economic Outlook, India had an estimated GDP (in Purchasing Power Parity terms) of approximately U.S.\$5,069 billion in 2013, which makes it the third largest economy in the world after the United States and China. India’s GDP has grown at an average rate of 8.18 per cent. over the last four years (from 2009 to 2013). According to EIA, India is expected to record a compound annual growth rate (“CAGR”) in GDP of 6.9 per cent. during 2010-2025.

GDP in Purchasing Power Parity terms (at 2005 prices)

(U.S.\$ billions)	2010	2015	2020	2025	CAGR 2010-2025
World	70,498	85,141	103,719	124,364	3.9%
Organisation for Economic Cooperation and Development (OECD) countries	36,609	40,391	45,572	50,832	2.2%
Non OECD countries	33,889	44,750	58,147	73,532	5.3%
China	9,167	13,715	18,906	25,203	7.0%
India	3,661	5,112	7,277	9,894	6.9%

India’s economic growth has led to primary energy consumption growth at a CAGR of 6.05 per cent. from 2007 to 2012. Although, India’s energy needs are projected to increase at a rapid rate in the coming decades, domestic energy resources are limited.

The Energy Scenario

India is the world’s fourth largest consumer of energy, behind China, the United States and Russia with a consumption of 4,130 million barrels of oil equivalent (“MMboe”) in 2012.

Top 10 primary energy consuming countries

Year Ended 31 December (MMboe)	2007	2008	2009	2010	2011	2012
China	13,654	14,714	16,036	17,613	18,624	20,049
US	17,296	16,877	16,156	16,697	16,604	16,191
Russia	4,984	4,991	4,799	4,901	5,105	5,089
India	2,999	3,233	3,518	3,815	3,920	4,130
Japan	3,781	3,729	3,467	3,687	3,526	3,505
Canada	2,390	2,458	2,291	2,314	2,409	2,410
Germany	2,267	2,274	2,253	2,363	2,254	2,285
Brazil	1,616	1,670	1,716	1,891	1,977	2,013
South Korea	1,728	1,731	1,735	1,874	1,963	1,987
France	1,868	1,873	1,789	1,846	1,794	1,799

Note: According to the BP Statistical Review of World Energy, primary energy comprises commercially traded fuels, including modern renewables used to generate electricity

Coal has been the dominant fuel in the Indian energy sector, representing 52.93 per cent. of total primary energy consumption in 2012. Oil's share of India's energy mix has remained relatively stable, representing 30.45 per cent. of the total primary energy consumption in 2012. In India, crude oil and natural gas contributed approximately 39 per cent. of the total energy consumption in 2012, which is low as compared to global standards where oil and gas contributed approximately 57 per cent. of the total energy consumption. According to EIA, oil consumption is expected to grow at a CAGR of 2.9 per cent. during 2010 to 2025. Gas is currently a minor fuel in the overall energy mix in India; however, gas consumption is expected to grow at a CAGR of 1.8 per cent. during 2010 to 2025

Primary energy consumption - Energy sources

Domestic consumption

Year Ended 31 December	Total domestic primary energy consumption (MMboe)	Energy sources (per cent. of total domestic consumption)				
		Coal	Crude Oil	Natural Gas	Hydroelectric	Others
2001	2,304	54.88	30.77	7.80	5.19	1.37
2002	2,478	53.55	32.93	7.63	4.59	1.30
2003	2,568	54.39	32.28	7.68	4.48	1.17
2004	2,758	54.15	31.95	7.84	5.05	1.01
2005	2,944	55.28	29.78	8.54	5.40	1.00
2006	2,774	51.56	31.79	8.88	6.71	1.06
2007	2,999	52.04	31.41	8.80	6.77	0.98
2008	3,233	52.35	32.55	8.43	5.89	0.77
2009	3,518	52.21	31.46	9.56	5.00	1.75
2010	3,815	52.03	30.01	10.70	4.80	2.46
2011	3,920	50.60	30.48	10.28	5.57	3.07
2012	4,130	52.93	30.45	8.71	4.64	3.26

Worldwide consumption

Year Ended 31 December	Total domestic primary energy consumption (MMboe)	Energy sources (per cent. of total domestic consumption)				
		Coal	Crude Oil	Natural Gas	Hydroelectric	Others
2001	67,182	24.47	38.37	24.22	6.38	6.56
2002	69,375	25.49	37.64	24.15	6.27	6.45
2003	71,840	26.67	37.16	23.91	6.16	6.10
2004	75,433	27.20	36.91	23.57	6.25	6.07
2005	77,875	27.83	36.34	23.65	6.27	5.90
2006	79,479	28.05	36.07	23.59	6.43	5.86
2007	81,395	28.77	35.48	23.88	6.27	5.61
2008	82,940	29.04	35.00	24.01	6.46	5.48
2009	83,292	29.09	34.40	23.42	6.48	6.61
2010	87,797	29.49	33.66	23.74	6.50	6.61
2011	89,609	29.68	33.39	23.84	6.50	6.59
2012	91,453	29.90	33.11	23.94	6.66	6.39

Note: Others include Nuclear energy and renewable energy. Primary energy comprises commercially traded fuels only.

India produced 76.70 per cent. of its domestic coal consumption, 24.48 per cent. of its domestic oil consumption and 73.63 per cent of its domestic gas consumption in 2012. The remainder of India's consumption was sourced from imports.

Over the past five years, domestic natural gas consumption has grown significantly in absolute terms, from approximately 40.1 bcm for the year ended 31 December 2007 to approximately 54.6 BCM for the year ended 31 December 2012, representing a CAGR of approximately 6.37 per cent. Natural gas consumption as a percentage of total domestic energy consumption was 9.69 per cent. for the year ended 31 December 2012. This proportion remains well below the world average of 26.56 per cent. for the year ended 31 December 2012.

The consumption of petroleum products has grown from 945 million barrels (“MMbbl”) for the year ended 31 March 2008 to 1,160 MMbbl, for the year ended 31 March 2014 representing a CAGR of approximately 3.47 per cent.

Evolution of the Oil and Gas Sector

The Indian oil and gas industry traces its beginnings to the initial discoveries of crude oil in October 1889 in Digboi, Assam in the far northeast region of India by the Assam Railway and Trading Company. The industry saw modest growth in exploration, development and production activity for the next century. Following independence, the Government made accelerated development of the oil and gas sector a major priority, given the industry’s strategic significance for industrial development as well as defence. In the 1950s, the Government entered the oil and gas sector by establishing the Oil and Natural Gas Directorate (the predecessor to the Guarantor) in 1955, creating state-owned refinery companies (Indian Refineries Limited in 1958 and Indian Oil Company Limited in 1959, which were merged in 1964 to form the IOCL), and forming exploration and development joint ventures with existing domestic and foreign oil and gas companies (OIL) with the Burma Oil Company and the Assam Oil Company, and Indo-Stanvac Petroleum Company Limited, a joint venture between the Government and Standard Vacuum Oil Company). The industry increased in size in the 1960s and became increasingly dominated by state-owned entities and joint ventures between the Government and private oil and gas companies.

In the 1970s, the Government implemented nationalisation policies, taking over the operations of companies such as IBP Co. Limited, Esso, Caltex and Burmah-Shell. Following nationalisation, only state-owned enterprises were allowed to participate in the oil and gas industry (other than Castrol, which was permitted to remain in the niche lubricant segment). Virtually all aspects of the oil and gas industry were highly regulated, including investment, exploration, production, distribution and pricing of all petroleum products sold in the market. In 1974, the Guarantor discovered the large Mumbai High offshore oil field, prompting the large-scale expansion in the Indian oil and gas sector. The Guarantor carried out its development programs and commenced oil production from Mumbai High North in 1976 and Mumbai High South in 1980.

In the 1990s, as India’s reliance on oil imports increased, the Government embarked on a series of reforms aimed at reducing India’s dependence on imports, deregulating the industry, improving efficiency and encouraging private and foreign investment. Measures included opening the refining segment to private investment, permitting the sale of limited amounts of LPG and kerosene by private entities outside of the state-owned distribution channels, and allowing foreign oil companies to enter the domestic lubricant market.

From 1991 to 1997, the Government employed a series of auctioning rounds, which allowed for 100 per cent. foreign direct investment in the exploration and production sector in India. These are now popularly referred to as the “Pre-NELP rounds”. During the Pre-NELP rounds, the Government entered into production sharing contracts on a case-to-case basis as there was no notified policy or framework pursuant to which the Government granted acreages.

Under the Industrial Policy prevailing at the time, exploration blocks were offered for exploration and production only to national oil companies. Private companies had access to hydrocarbon resources prior to NELP only through joint venture arrangements entered into with the Government, instead of complete participation through a bidding process. These joint venture arrangements contemplated mandatory participation of the Government through the national oil companies.

The Government offered acreages for exploration in various rounds including in the years 1980, 1982, 1986, 1991 and 1995. In 1986, the Government extended the offering of oil and gas acreages to private or international investors apart from entering into nomination production sharing contracts with national oil companies on an ad-hoc basis. The Government further liberalised the petroleum exploitation and exploration policy in 1991 inviting discovered fields for joint or independent development to national oil companies as well as to private or international investors, on a competitive bidding basis under the policy as it existed in 1991.

During 1997-1998, the Government formulated a comprehensive policy for inviting investments by nationalised and private participants in the sector. The policy was notified in February 1999 as the “New Exploration Licensing Policy” or NELP. Under the NELP, participants were offered exploration blocks for carrying out E&P activities in India. Companies would bid for the minimum work commitment for each phase of exploration, indicating in their bids the share of profit petroleum expected by them at various levels of returns, based on either multiples of investment recovered or on post-tax rates of return. The companies winning the blocks would enter into PSCs with the Government. The thrust of NELP was to ensure a level playing field between the national oil companies and the private participants. Under the first round of NELP bidding, the Government invited bids for 48 blocks for exploration of oil and natural gas. To date, nine rounds of NELP have been completed. Through 31 March 2013, 254 PSCs have been signed, out of which 180 are in operation. Additionally, 33 coal bed methane blocks have been awarded during four rounds of bidding.

NELP VIII was launched in April 2009 and was closed in October 2009. The Government offered 70 blocks, the highest number of exploration blocks ever offered under NELP. Total area of these blocks were about 0.163 million sq. km. and offered blocks comprise of 24 deep water, 28 shallow water and 18 onshore. Government awarded 32 blocks in this NELP round and the Guarantor and its partners won 17 of the blocks. In this round, the Government introduced a number of changes to the bidding process and the PSC contract to enhance transparency and consistency.

The ninth and latest round of NELP (NELP IX) launched on 15 Oct 2010. The Government of India launched NELP IX in October 2010. 34 blocks covering an area of about 88,807 sq. km. were offered. The offered blocks included - eight deep-water blocks, seven shallow water blocks and 19 on land blocks. As of December 2013, 19 PSCs have been signed for blocks offered under NELP IX.

The Government is planning to move to the OALP regime in the near future. Under this policy, companies can choose any block for offer at any time, without waiting for the regular bid rounds under NELP. The blocks will be awarded to the party giving the best bid at any time of the year. To implement this policy of the Government, DGH is taking steps to create the National Data Repository.

MoPNG, through DGH, is taking initiatives to identify, characterise and prioritise the Indian sedimentary basins for focused shale oil/gas exploitation and also to assess and establish the potential of fields. A Memorandum of understanding was signed between the United States Department of State and MoPNG in November 2010 on the assessment of shale gas resources in India, training, assistance in regulatory frameworks and investment promotion.

DGH has initiated steps to identify prospective areas for shale gas exploration and acquisition of additional geo-scientific data, formulate policy for shale oil & gas exploration and launch the first shale oil and gas round. Studies have been initiated for twelve basins to analyse geo-scientific data gathered over the years to assess shale oil/gas prospectivity. A future action plan has been set up, which includes 1) identification of prospective areas in different sedimentary basins, 2) finalisation of shale gas policy & necessary amendments and 3) carving out and offering of blocks, based on availability of all necessary clearances and finalisation of shale gas policy.

Domestic gas price reforms

In June 2013, the Government of India gave its approval for the fixation of price of domestic natural gas according to the recommendations of the committee constituted under the chairmanship of Dr. C. Rangarajan on production sharing contract mechanisms in the petroleum industry. As per the Rangarajan committee, gas prices would be fixed based on the average of the net back price of Indian gas imports and the weighted average of gas prices at certain international hubs. The underlying principle is that Indian producers should receive a similar price to what the gas producers elsewhere receive.

The approved policy derives from global trade transactions of gas, the competitive price of gas at the global level by combining two methods. First, the netback price of Indian liquefied natural gas term imports (excluding spot imports) at the wellhead of the exporting countries will be estimated. Such a netback weighted average price will be interpreted as the arm's length competitive price applicable for India. The second method of searching for a competitive price for India will be to take the weighted average of pricing prevailing at the hubs or balancing points of certain major markets, namely (a) the hub price at the Henry Hub in the US (for North America), (b) the price at the National Balancing Point of the UK (for Europe), and (c) the netback price at the sources of supply for Japan. Finally, the simple average of the prices arrived at through the aforementioned two methods will be taken. Such an overall average of global prices, derived on the basis of netback and hub/balancing point principles, will be taken as the economically appropriate estimate of the arm's length competitive prices applicable for India.

These approved recommendations, known as the Natural Gas Pricing Guidelines 2013, were made applicable since 1 April 2014 to all domestically produced gas and will remain valid for five years. However, the guidelines will not apply to gas for which prices have been fixed contractually for a certain period of time until the end of such period. These guidelines will also not apply where the contract provides a specific formula for natural gas price indexation/fixation.

Deregulation in domestic prices of petroleum products

To arrive at a viable and sustainable system of pricing of petroleum products, the Government of India had set up an expert group under the chairmanship of Dr Kirit S Parikh. As per the recommendations of the committee, the government decided, in June 2010, to deregulate petrol prices and increase diesel prices (with the possibility of further increases being announced by government-controlled oil marketing companies). The move to market-based pricing came with the caveat that in the event of a high increase and volatility in international oil prices, the government will intervene in the pricing of petrol and diesel.

In August 2013, the expert group submitted further recommendations for establishing pricing policies that can ensure sufficient returns to the refineries in the country for long-term sustainability of the petroleum sector and ensure energy security of the country.

From examination of various alternative pricing mechanisms, the expert group recommended that the best course of action is to free the market from price controls at the earliest.

The expert group recommended the following contribution formula for ONGC & OIL from Fiscal 2014 and 2015 onwards:

Crude price <\$80/bbl	40% of crude price
Crude price \$80 - 120/bbl	40% + 0.25% for each \$1/bbl. increase beyond \$80/bbl
Crude price >\$120/bbl	50% of crude price

Keeping in view the current high level of under-recoveries, the committee suggested that the contribution from ONGC & OIL during the financial year 2013-14 may be retained at the existing level of \$56/bbl of crude oil produced.

The committee recommended that after adjusting the upstream contribution, the balance amount of under-recovery on diesel, public distribution system kerosene and subsidised domestic liquefied petroleum gas should be fully compensated to oil marketing companies by providing a cash subsidy from the Government budget until the prices are fully deregulated and subsidies on these products are eliminated.

Oil and Natural Gas Production and Consumption

In India, domestic production of oil and gas lags domestic consumption of oil and gas, which results in reliance on imports. Domestic consumption of crude oil and natural gas has increased at a CAGR of 4.34 per cent. and 6.81 per cent., respectively, during 2001-2012, whereas domestic production of oil and gas increased at a CAGR of 1.32 per cent. and 3.89 per cent., respectively, during the same period.

The following table sets forth the total domestic production and consumption of crude oil and natural gas for calendar years 2001 through 2012.

Calendar Year	Oil Production (‘000 barrels per day)	Oil consumption (‘000 barrels per day)	Deficit	Deficit (per cent.)
2001	727	2,288	1,561	68.23%
2002	753	2,376	1,623	68.30%
2003	756	2,420	1,664	68.74%
2004	773	2,574	1,801	69.98%
2005	738	2,567	1,829	71.25%
2006	762	2,571	1,809	70.37%
2007	769	2,835	2,066	72.89%
2008	767	3,068	2,301	75.00%
2009	756	3,267	2,511	76.86%
2010	827	3,332	2,505	75.18%
2011	903	3,488	2,585	74.12%
2012	894	3,652	2,757	75.51%

Calendar Year	Gas Production (BCM)	Gas Consumption (BCM)	Deficit	Deficit (per cent.)
2001	26	26	0	0.00%
2002	28	28	0	0.00%
2003	30	30	0	0.00%
2004	29	32	3	8.25%
2005	30	36	6	16.94%
2006	29	37	8	21.44%
2007	30	40	10	24.90%
2008	31	41	11	26.11%
2009	39	51	12	23.14%
2010	51	62	11	17.93%
2011	46	61	15	24.53%
2012	40	55	14	26.30%

Note: Oil consumption comprises inland demand, international aviation, marine bunkers, refinery fuel and loss, Fuel ethanol and biodiesel.

The Guarantor and OIL together (both majority controlled by Government) have a share of approximately 69 per cent. in India’s production of crude oil and approximately 65 per cent. in India’s production of natural gas. Although deregulation and other government initiatives, such as the introduction of NELP rounds, have increased the level of private sector participation in the domestic production sector, the two Government-controlled entities still are the largest players in the industry.

The remainder of the domestic crude oil and gas production comes primarily from public sector/private sector joint ventures. Significant private-sector participants in India’s hydrocarbon production joint ventures include RIL, CIL and smaller state-owned enterprises such as GSPC.

The following table provides a breakdown of India's major producers of crude oil and natural gas for Fiscal 2013:

Producer	Crude oil (MMbbl)	(per cent.)	Natural gas (BCM)	(per cent.)
ONGC	165.38	59.59%	23.55	58.05%
OIL	26.83	9.67%	2.64	6.51%
Pvt/JV	85.32	30.74%	14.38	35.44%
Total	277.51	100.00%	40.57	100.00%

During fiscal year 2013, the total production of oil and gas in India was 277.51 MMbbl and 40.57 BCM respectively. The contribution of private sector and joint venture companies to total India's oil and gas production has increased from 18.50 per cent. for fiscal 2006 to 33.18 per cent. for Fiscal 2013.

India's consumption for oil is expected to grow at an average annual growth rate of 2.9 per cent. between 2010 and 2025 compared with China's expected average annual oil consumption growth rate of 3.4 per cent. In contrast, global growth rate is expected to be 1.0 per cent.

Global oil consumption (MMbbl/day) 2010-2025

	2010	2015	2020	2025	CAGR 2010-2025
India	3.3	3.7	4.4	5.1	2.9%
China	9.3	11.6	13.6	15.4	3.4%
World	86.7	92.0	96.6	100.3	1.0%

India is expected to record an average annual growth of 1.8 per cent. in the consumption for natural gas between 2010 and 2025, compared with a global growth rate of 1.6 per cent.

Global natural gas consumption (BCM) 2010-2025

	2010	2015	2020	2025	CAGR 2010-2025
India	65	65	76	85	1.8%
China	108	159	221	292	6.9%
World	3,200	3,401	3,724	4,066	1.6%

India is one of the largest net importers of crude oil, with approximately 75 per cent. of its oil demand satisfied through imports in Fiscal 2013. As per statistics published by MoPNG, Government of India, India's net imports in Fiscal 2013 was 1,355 MMbbl and import value stood at Rs. 7,846.52 billion in Fiscal 2013.

Given the substantial gap between supply and demand in the energy sector in India and the limited amount of crude oil and natural gas reserves globally, the Government has increasingly focused its attention on alternate hydrocarbon extraction technologies such as coal bed methane, shale gas, oil shale, underground coal gasification and gas hydrates.

Exploration

As of 1 April 2013 India's ultimate reserves are estimated by DGH to be around 29.30 billion barrels of oil and oil equivalent gas. During fiscal 2013, accretion of in-place reserves and ultimate reserves are estimated to be approximately of 1.78 billion barrels and 0.56 billion barrels of oil and oil equivalent gas, respectively.

The following table provides a breakdown of India's reserves by company as of 1 April 2013:

Company	Initial in-place reserves		Ultimate reserves	
	(bn boe)	(per cent.)	(bn boe)	(per cent.)
ONGC	54.05	69.34%	19.73	67.33%
OIL	8.35	10.71%	3.14	10.72%
Pvt/JV	15.55	19.95%	6.43	21.95%
Total	77.95	100.00%	29.30	100.00%

Domestic proved reserves of crude oil have increased over the 10-year period ended 31 December 2012, from 5.6 billion barrels to 5.7 billion barrels. Domestic gas reserves have increased over the same period, from 0.8 trillion cubic meters to 1.3 trillion cubic meters. Despite a growth in proved reserves, India accounts for only 0.3 per cent. and 0.7 per cent. of global oil and gas proved reserves, respectively.

There have been discoveries of oil and gas both in the offshore and onshore basins of India, with 28 discoveries in 2012 and 2013. There have been 176 oil and gas discoveries under the PSC regime, of which 117 have been in NELP blocks.

Sedimentary basins

India covers an area of approximately 3,134,700 sq. km. in 26 sedimentary basins divided into four categories based on degree of prospectivity as shown below:

Basin Category	Nature	No. of Basins	Onshore and Offshore Areas (square kilometres)	Basins
Category I	Established commercial production	7	518,500	Cambay, Assam Shelf, Mumbai offshore, Krishna-Godavari, Cauvery, Assam-Arakan Fold Belt, Rajasthan
Category II	Known accumulation of hydrocarbons, but no commercial production as yet	3	164,000	Kutch, Mahanadi-NEC, Andaman-Nicobar
Category III	Indicated hydrocarbon shows that are considered geologically prospective	6	641,000	Himalayan Foreland, Ganga, Vindhyan, Saurashtra, Kerala-Konkan-Lakshadweep, Bengal
Category IV	Uncertain potential which may be prospective by analogy with similar basins in the world	10	461,200	Karewa, Spiti-Zaskar, Satpura-South Rewa-Damodar, Narmada, Deccan Syneclise, Bhima-Kaladgi, Cuddapah, Pranhita-Godavari, Bastar, Chhattisgarh
Sub-total	N.A.	26	1,784,700	N.A.
Deep waters	N.A.	—	1,350,000	N.A.
TOTAL	N.A.	26	3,134,700	N.A.

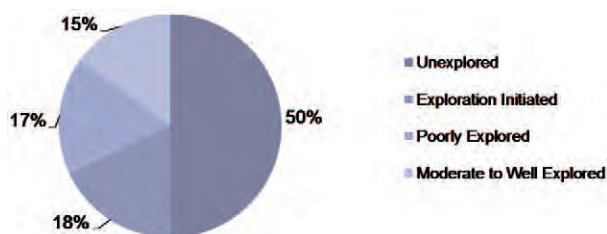
Exploration activity

Domestic exploration and development activity was historically highly regulated, with work being exclusively undertaken by two national oil companies, the Guarantor and OIL. Given that exploration and development activities are very capital intensive and that historically only two national oil companies were engaged in the business, the sector received a low level of investment. After more than a decade of private sector participation, these two companies still account for approximately 69 per cent. of domestic crude oil production, and 65 per cent. of natural gas production, during Fiscal 2013.

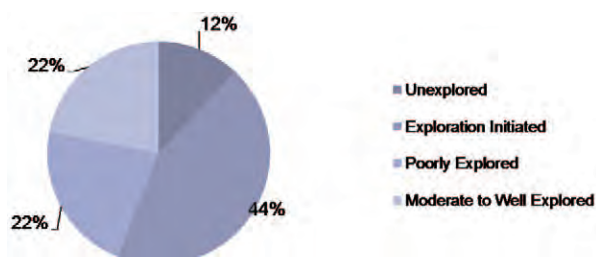
Exploration activities have increased with the entry of new participants, and significant steps have been taken in exploring the hydrocarbon potential of the sedimentary basins of India. Despite these steps, the moderate to well-explored area accounts for only 22 per cent. of total sedimentary basin area as of 31 March 2012, up from 15 per cent. as of 31 March 1996 as is evident from the following table:

Level of exploration in Sedimentary basin areas	Area (million sq. km.)			
	1995-96	1998-99	2004-05	2011-12
Unexplored	1.557	1.276	0.698	0.374
Exploration Initiated	0.556	0.837	1.155	1.384
Poorly Explored	0.529	0.529	0.689	0.695
Moderate To Well Explored	0.498	0.498	0.598	0.687
Total	3.140	3.140	3.140	3.140

1995-96



2011-12



Exploration licenses

The Guarantor and RIL together account for 76.04 per cent. of the total domestic territory licensed for exploration. The following table below sets forth the amount of acreage granted to licensees under petroleum exploration licenses as of 1 April 2013:

Company/Operator	Petroleum exploration license area at 1 April 2013	
	Sq. km.	per cent.
ONGC	385,614	49.41
RIL	207,890	26.63
BHP Billiton	25,029	3.21
Hindustan Oil Exploration Company Limited (HOEC)	23,587	3.02
CIL	17,997	2.31
Santos	16,496	2.11
OIL	16,327	2.09
ENI	13,110	1.68
Others*	74,467	9.54
Total	780,516	100.00

* Others include Focus, Prize Petroleum, GSPC, Deep Energy, Jubilant Oil and Gas Pvt. Ltd, Geo Global Resources Inc., Essar Oil Limited, NAFTOGAZ, BP Exploration, BGEPIL, Canoro Resources Limited, Bengal Energy, Tullow Oil Plc, Adani Welspun, Niko Resources Limited, GAIL, Hardy Exploration & Production (India) Inc, Quest, PetroGas, IOCL, Hong Kong and China Gas Company Limited (“**HCIL**”), Mercator Petroleum, Omkar Natural, National Thermal Power Corporation Limited (“**NTPC**”), Jay Polychem (India) Limited (“**JPIL**”), Vasundhara, Sankalp Oil, Pratibha Oil and Pan India.

In order to carry out exploration and exploitation of oil and gas resources a company has to apply first to the Government, followed by the respective state governments of India for grant of a PEL in accordance with the PNG Rules. Upon receipt of requisite approvals/consents as applicable, such state government then grants a PEL initially for a period of four years and a renewal for further periods of one year each until the expiry of the exploration period(s) provided under the agreement, if any, or unless otherwise specified by the Central Government in this regard. Upon grant of the PEL and in the event the PEL is prospective then the area can be applied for the grant of a mining lease to the Government and the respective state governments of India in accordance with the PNG Rules. A mining lease is typically issued for a period of 20 years.

Leased domestic production area

The Guarantor and OIL hold the largest portion of leased acreage for oil and natural gas production, accounting collectively for approximately 88.07 per cent. of the total territory leased by the Government for commercial production of crude oil and natural gas as of 1 April 2013. The following table sets forth the amount of domestic production area granted to lessees under petroleum mining leases in effect as of 1 April 2013:

Company/Operator	Mining lease area	
	Sq. km.	per cent.
ONGC.	52,900	80.58
OIL	4,916	7.49
CIL	3,755	5.72
BG-RIL-ONGC.	2,678	4.08
RIL	389	0.59
Others*	1,013	1.54
Total	65,651	100.00

* Others include Selan, Focus, Oilex, HOEC, Hardy, Niko, Joshi Technology India Limited (“**JTI**”), Canoro, Heramec, GSPC, Interlink, Geoenpro, Hydro. Res. Dev., Prize Petroleum Company Limited (“**PPCL**”)

Crude Oil and Natural Gas Transportation

Crude oil produced onshore is primarily transported to refineries through trunk pipelines, with a small percentage transported by road tankers. Crude oil produced offshore is transported by trunk pipelines to onshore facilities for processing and then supplied through pipelines and marine tankers to refiners, with a small percentage transported by ships directly from offshore. There are over 22,000 km. of crude pipelines in India, both onshore and offshore, which the Guarantor, OIL, HPCL, BPCL, IOCL and other companies in the private sector operate. The Guarantor and IOCL are the largest operators, owning 70 per cent. and 20 per cent. of the crude pipeline infrastructure in India, respectively.

There are presently three major pipeline entities in gas transportation across India: GAIL, Reliance Gas Transportation Infrastructure Limited (“**RGTEL**”) and Gujarat State Petronet Limited (“**GSPL**”). GAIL operates a 10,784 km trunk pipeline to evacuate natural gas from the Guarantor and Petronet LNG Limited (“**PLL**”), which is approximately 67 per cent. owned by GAIL which is also the operator. RGTEL operates the 1,469 km East West pipeline to evacuate gas from KG-D6 gas, which RIL in Andhra Pradesh owns and operates. This pipeline passes through Andhra Pradesh, Maharashtra and Gujarat and is focused on tapping the Northern and Western India markets. GSPL focuses on servicing the gas requirements of Gujarat. GAIL also operates regional gas pipeline network across India.

Gas pipeline network by different operators

Operator	Length (km.)	per cent. of Total
GAIL	10,841	70.67
RGTEL.	1,874	12.22
AGCL/OIL	1,469	9.58
GSPL	1,000	6.52
IOCL	132	0.86
ONGC.	24	0.16
Total.	15,340	100.00

Refining

As of 1 April 2014, the Indian crude oil refining sector consists of nine companies operating a total of 22 refineries, with a combined annual installed throughput capacity of approximately 4.5 MMbbl per day. With the exception of the RIL refineries and Essar's Vadinar refinery, all of India's domestic refiners are public-sector enterprises.

India's Government-controlled oil marketing companies are the key players in the downstream petroleum sector. The top four refining players, IOCL, RIL, BPCL and HPCL, are members of the Fortune Global 500 list of the world's 500 largest companies.

Major Refining Companies

The domestic refining sector has undergone significant consolidation beginning in 2001 as several refining companies lacking marketing and distribution operations have been acquired by other domestic oil and gas companies pursuing a vertical integration strategy. In March 2001, IOCL acquired controlling interest in Bongaigaon Refineries and Petrochemicals Limited ("**BRPL**") and Chennai Petroleum Corporation Limited ("**CPCL**"), and BPCL acquired controlling interest in Kochi Refineries Limited ("**KRL**") and Numaligarh Refineries Limited ("**NRL**"). The Guarantor acquired a controlling interest in its subsidiary, MRPL in March 2003.

The three Indian Government-owned national oil companies, IOCL, BPCL and HPCL, continue to dominate the refined petroleum product retail sector in India, accounting in the aggregate for around 49 per cent. of domestic refining capacity and 98 per cent. of total operational retail petrol stations.

Other industry players include four publicly-owned corporations:

- MRPL is the Guarantor's downstream Subsidiary, which operates a single integrated refinery and petrochemicals plant in Mangalore.
- CPCL is a subsidiary of IOCL, and operates two refineries in the state of Tamil Nadu
- Essar Energy ("**Essar**") is a private sector refining company promoted by the Indian conglomerate, the Essar Group, and listed on the London Stock Exchange with refining operations in Vadinar, Gujarat.
- RIL is a private sector refining company, listed on the Indian stock exchange with refining operations in Jamnagar, Gujarat.

Refining Capacity as of 1 April 2014

	IOCL	RIL	BPCL	HPCL	Essar	ONGC
Refining (million barrels per day)	1.21	1.20	0.59	0.48	0.40	0.30

Note: Installed refining capacity for IOCL and BPCL include the capacities of their respective subsidiaries in proportion to their equity shareholding

Refining End Products

As per the Planning Commission, Government of India, the demand for petroleum products is projected to increase at an annual rate of 4.7 per cent. in the five year period from April 2013 to March 2017. From April 2013 to March 2017, import dependence in petroleum products is expected to increase from 76.6 per cent. to 77.8 per cent.

The following table sets out information on the production, import, export and domestic consumption of major categories of refined petroleum products for the periods (year ended 31 March) indicated:

Product	(MMbbl)	2010	2011	2012	2013	2014
Liquefied Petroleum Gas	Production	75.8	70.5	70.0	72.1	74.1
	Imports	19.9	33.0	42.4	46.1	48.4
	Exports	1.0	1.1	1.3	1.5	1.7
	Consumption	96.3	105.0	112.5	114.4	119.7
Naphtha / Natural Gas Liquids.	Production	137.7	141.5	137.1	138.2	135.0
	Imports	12.7	15.2	15.3	12.7	8.1
	Exports	72.6	78.1	74.3	63.4	61.3
	Consumption	74.3	78.3	82.3	90.1	84.0
Motor spirits (Gasoline / Petrol / ATF)	Production	233.5	261.1	273.2	294.7	304.0
	Imports	2.8	12.5	4.8	1.1	1.7
	Exports	105.3	132.4	139.9	156.3	155.6
	Consumption	127.9	141.3	150.5	154.0	165.9
Kerosene	Production	64.7	57.9	58.8	59.1	54.3
	Imports	7.2	10.1	4.1	0.0	0.0
	Exports	0.3	0.2	0.2	0.2	0.1
	Consumption	68.2	65.4	60.3	55.0	52.5
High Speed Diesel	Production	536.9	569.4	607.9	667.7	687.2
	Imports	18.6	15.2	7.8	4.6	0.7
	Exports	135.2	149.1	149.6	164.7	194.7
	Consumption	412.3	440.3	474.6	506.4	501.1
Fuel Oil / Low Sulphur Heavy Stock	Production	131.1	151.4	142.4	115.8	98.4
	Imports	6.6	6.8	8.8	7.8	9.3
	Exports	37.8	49.4	57.9	43.4	45.1
	Consumption	85.2	79.1	68.2	56.1	45.4

Alternate sources of energy

Coal Bed Methane

Coal bed methane is natural gas derived from coal that can be extracted by depressurisation. Having the fourth largest proved coal reserves in the world, India holds significant prospects for commercial discovery of coal bed methane. The Government formulated a coal bed methane policy in 1997 to explore and produce coal bed methane in India and started awarding coal bed methane blocks through international bidding rounds in 2001. The total sedimentary area for coal bed methane exploration is approximately 26,000 sq. km. Since May 2001 four rounds of bidding have been carried out and 33 blocks have been awarded, covering an area of 17,200 sq. km. spread over the states of West Bengal, Jharkhand, Rajasthan, Gujarat, Madhya Pradesh, Chhattisgarh, Maharashtra, Orissa, Assam, Tamil Nadu and Andhra Pradesh. The estimated coal bed methane resource for the awarded 33 coal bed methane blocks is approximately 1,810 BCM, out of which 253 BCM has been established as gas-in-place.

Commercial coal bed methane production commenced from 1 block in Raniganj (South) on 14 July 2007, which now contributes 0.25 million standard cubic metres per day (MMSCMD). Four more blocks are expected to start commercial production in the near future. The total coal bed methane production figure is expected to be around 4 MMSCMD by the year 2016-17.

Shale Gas

Shale gas has gained prominence particularly in the United States, where it now contributes about 25-30% per cent. of total gas production. The experience in the United States with shale gas has encouraged other countries to similarly venture into exploration and exploitation. Although shale gas was recognised much

earlier, two things in particular, horizontal multilateral drilling with water fracturing and improved prices of gas in the US markets, have changed the scenario rapidly since 2001. There are large basin segments in India, such as Cambay Basin, Gondwana Basin, KG Basin, Cauvery Basin, Indo-Gangetic Basin and Assam Arakan Basin, which may be prospective for shale gas.

Oil Shale

Oil shale are fine grained sedimentary rocks containing relatively large amount of organic matter from which significant quantities of shale oil and gas can be extracted. The product thus generated is known as synthetic crude, or “syncrude”. In India, oil shale prospects have been identified in the Assam-Arakan Basin. Oil shale resources are estimated to be around 2,932 MMbbls of oil up to a depth of 500m in select areas in Assam Arakan Basin.

Underground Coal Gasification

Underground coal gasification is the process by which one extracts a coal gas from otherwise un-minable coal reserves. Still in its early stages of development, underground coal gasification could provide India with a significant source of energy in the future given India’s sizable coal deposits.

After evaluating a number of coal/lignite blocks, Vastan Mine block in Surat district, Gujarat was found suitable for underground coal gasification. This site has been taken up by ONGC as an R&D project to establish underground coal gasification technology.

Gas Hydrates

The National Gas Hydrate Program is a consortium of national exploration and production companies (ONGC, GAIL and OIL) and national research institutions (National Institute of Oceanography, National Geophysical Research Institute and National Institute of Ocean Technology), which is steered by the MoPNG and technically coordinated by the DGH. The National Gas Hydrate Program has responsibility for exploring gas hydrates in India.

India has established presence of gas hydrates in Krishna-Godavari, Mahanadi and Andaman areas and discovered one of the thickest and deepest gas hydrate occurrences yet known (offshore of the Andaman Islands)

Global Oil and Gas Market

Total global proved oil reserves stood at 1,669 billion barrels (“**bn bbl**”) and total proved gas reserves stood at 187 trillion cubic metres (“**Tcm**”) as of December 31, 2012. The majority of the global proved reserves are located in the Middle East.

Oil: Proved reserves	1992	2002	2011	2012	Share of total
	bn bbl	bn bbl	bn bbl	bn bbl	In 2012
Total North America	122.1	228.3	221.0	220.2	13.2%
Total South and Central America	78.8	100.3	326.9	328.4	19.7%
Total Europe & Eurasia	78.3	109.3	140.3	140.8	8.4%
Total Middle East	661.6	741.3	797.9	807.7	48.4%
Total Africa	61.1	101.6	126.6	130.3	7.8%
Total Asia Pacific	37.5	40.6	41.4	41.5	2.5%
Total World	1,039.3	1,321.5	1,654.1	1,668.9	100.0%

Natural Gas: Proved reserves	1992	2002	2011	2012	Share of total
	Tcm	Tcm	Tcm	Tcm	In 2012
Total North America	9.3	7.4	11.2	10.8	5.8%
Total South and Central America	5.4	7.0	7.5	7.6	4.1%
Total Europe & Eurasia	39.6	42.1	58.4	58.4	31.2%
Total Middle East	44.0	71.8	80.4	80.5	43.0%
Total Africa	9.9	13.8	14.7	14.5	7.7%
Total Asia Pacific	9.4	13.0	15.5	15.5	8.2%
Total World	117.6	154.9	187.8	187.3	100.0%

Global oil consumption and production

Consumption of liquid fuels and other petroleum is expected to increase from 86.7 MMbbl/d in 2010 to 100.3 MMbbl/d in 2025. More than 68 per cent. of the projected increase in total liquid fuels consumption is expected for the nations of non-OECD Asia, where EIA expects strong economic growth.

World's liquid fuels production in 2025 is expected to exceed the 2010 level by approximately 14 MMbbl/day. Increases in production are expected for both OPEC and non-OPEC producers. More than 62 per cent. of the total increase is expected to come from non-OPEC regions. OPEC is expected to produce 40.0 MMbbl/day in 2025 and non-OPEC producers are expected to provide 60.2 MMbbl/day.

Global Liquids Consumption (MMbbl/day)

	2010	2015	2020	2025
OECD Americas.	23.5	23.9	24.3	24.1
OECD Europe	14.8	13.5	13.7	13.7
OECD Asia	7.7	8.2	8.1	8.1
Non-OECD Asia	19.8	22.5	25.9	29.1
Middle East	6.7	8.1	8.4	8.6
Africa	3.4	3.5	3.6	3.8
Central and South America.	6.0	6.5	6.6	6.8
Non-OECD Europe and Eurasia	4.8	5.8	5.9	6.0
Total World	86.7	92.0	96.6	100.3

Global Liquids Production (MMbbl/day)

	2010	2015	2020	2025
OPEC.	34.9	36.1	38.4	40.0
OECD Americas.	16.0	19.5	19.8	19.6
OECD Europe	4.6	3.7	3.4	3.1
OECD Asia	0.8	0.7	0.7	0.7
Non-OECD Asia	8.2	8.1	8.1	8.4
Middle East (Non-OPEC)	1.6	1.3	1.2	1.2
Africa (Non-OPEC).	2.7	2.7	3.1	3.2
Central and South America (Non-OPEC).	4.6	5.7	6.8	8.2
Non-OECD Europe and Eurasia	13.4	14.2	15.0	15.9
Total World	86.6	92.0	96.6	100.2

Global natural gas consumption and production

Global natural gas consumption is expected to increase from 3,200 Bcm in 2010 to 4,066 Bcm in 2025, at a CAGR of 1.61 per cent. Non-OECD Asia will account for 29.74 per cent. of this increase.

Non-OECD Europe and Eurasia, OECD Americas and the Middle East will together account for 76.18 per cent. of the incremental global natural gas production of 963 Bcm during 2010-2025.

Global Natural Gas Consumption (Bcm)

	2010	2015	2020	2025
OECD Americas	827	886	946	994
OECD Europe	561	558	578	589
OECD Asia	190	204	221	241
Non-OECD Asia	394	450	544	651
Middle East	371	439	498	558
Africa	102	105	119	139
Central and South America.	139	153	167	187
Non-OECD Europe and Eurasia	617	606	654	705
Total World	3,200	3,401	3,724	4,066

Global Natural Gas Production (Bcm)

	2010	2015	2020	2025
OECD Americas	804	861	949	1,022
OECD Europe	294	255	229	227
OECD Asia	59	79	113	142
Non-OECD Asia	419	422	442	479
Middle East	450	569	643	714
Africa	210	227	263	292
Central and South America.	153	181	210	224
Non-OECD Europe and Eurasia	756	821	906	1,008
Total World	3,146	3,421	3,758	4,109

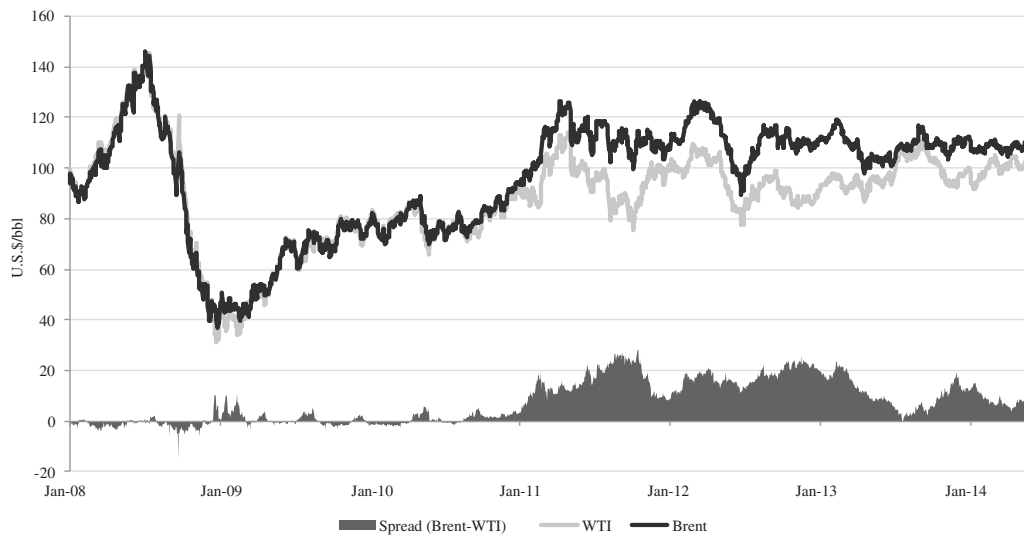
Note: Differences between global production and consumption totals result from independent rounding and differences in conversion factors derived from heat contents of natural gas that is produced and consumed regionally

Oil Prices

Oil prices (Brent) reached an all-time high of U.S.\$146 per barrel in July 2008 due largely to low levels of OPEC spare production capacity. In the subsequent six months, oil price decreased significantly, falling to U.S.\$37 per barrel in December 2008 due primarily to the global recession.

Since 2011, political turmoil in Egypt, Libya, Yemen, Syria and Bahrain, termed the “Arab Spring”, has shaken the oil market. Continued unrest in the Middle East and unease caused by tensions between the U.S. and Iran has kept Brent above U.S.\$90 per barrel level for almost three years.

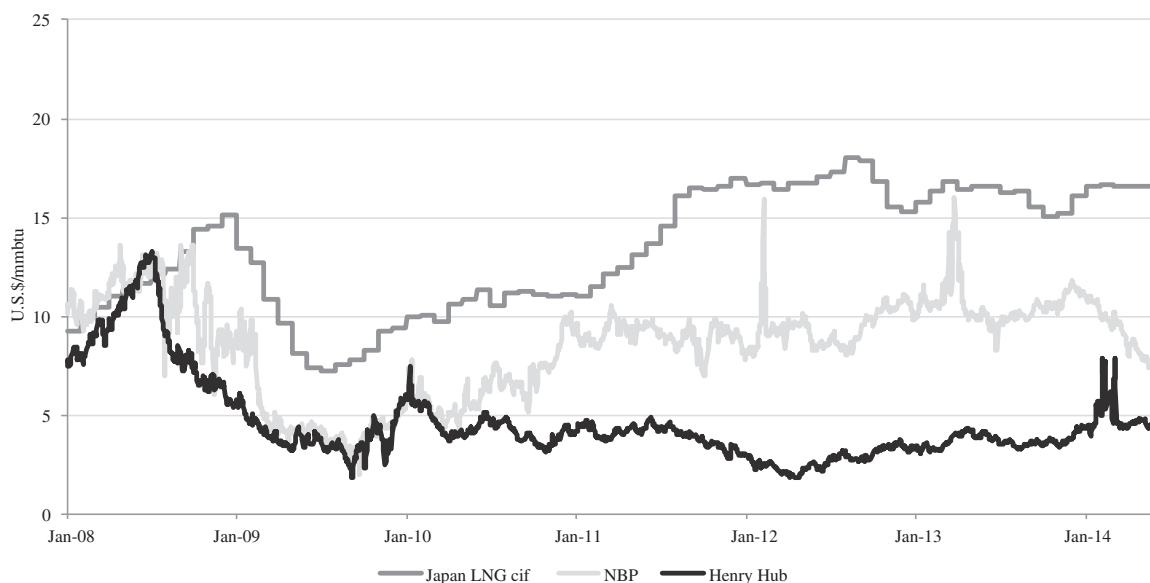
Over the last three years, significant increases in oil supply in the United States, along with further increases in oil volumes shipped from Canada to the United States, has inundated pipeline logistics in the region. In 2012, the price of WTI on average was approximately U.S.\$18 per barrel less than Brent.



Gas Prices

Natural gas prices tend to be set locally and regionally (unlike crude-oil prices that are global in nature). In the United States, Henry Hub has traded on average at approximately U.S.\$4.94 per mmbtu in 2014 (year-to-date). A steep increase in United States domestic natural gas production, fuelled by the shale gas boom, has resulted in relatively lower gas prices. Low natural gas prices in the United States have presented a price advantage over coal and have further stimulated gas-fired power generation.

In Europe, on the other hand, natural gas prices have risen since 2011. In the United Kingdom, the average National Balancing Point price was 12 per cent. higher in 2013 compared to 2012. However, the UK gas prices have moderated since the beginning of this year. Healthy alternative supplies and warm weather have added downward pressure. Long-term contracted LNG prices in the Asia-Pacific region are predominantly indexed to crude oil prices. Japan LNG prices have increased over the last three years, mostly due to rising crude oil prices.



Country overviews

Azerbaijan

Azerbaijan's proved crude oil reserves were estimated at 7 billion barrels in January 2013. In 2012, Azerbaijan produced approximately 930,000 bbl/d of oil and consumed approximately 85,000 bbl/d. The country was among the 20 largest exporters of oil in the world in 2012. Azerbaijan exported an estimated 850,000 bbl/d of liquid fuels in 2012, falling by about 7 per cent. compared with 2011.

Azerbaijan's proved natural gas reserves were roughly 35 trillion cubic feet (Tcf) as of January 2013. In 2011, Azerbaijan produced 631 Bcf of dry natural gas and consumed 444 Bcf. In 2011, Azerbaijan exported an estimated 190 Bcf of natural gas, mainly shipping it via the South Caucasus Pipeline to Turkey. Volumes of natural gas are also exported to Russia via the Gazi-Magomed-Mozdok pipeline. A small volume of natural gas is shipped to Iran via the Baku-Astara pipeline. In exchange, Iran ships natural gas to Nakhchivan, Azerbaijan's exclave situated between Iran and Turkey.

Brazil

Brazil had 13 billion barrels of proved oil reserves as of January 2013, the second-largest in South America after Venezuela. The offshore Campos and Santos Basins, located off Brazil's southeast coast, hold the vast majority of Brazil's proved reserves. In 2012, Brazil produced 2.7 million bbl/d of liquid fuels, of which 78 per cent. was crude oil. Liquid fuels production in Brazil declined slightly in 2012. In March 2013, Brazil launched a 10-year energy plan that aims to expand oil production to over 5 million bbl/d by 2021. The plan sets targets for oil exports of over 2.25 million bbl/d by 2021.

Most Brazilian oil is currently produced in the southeastern region of the country in the Rio de Janeiro and Espírito Santo states. More than 90 per cent. of Brazil's oil production is offshore in very deep water and consists of mostly heavy grades. Six fields in the Campos Basin (Marlim, Marlim Sul, Marlim Leste, Roncador, Jubarte, and Barracuda) account in the aggregate for more than half of Brazil's crude oil production. These Petrobras-operated fields each produce between 100,000 bbl/d and 350,000 bbl/d.

Brazil exported nearly 550,000 bbl/d of crude oil in 2012. The United States imported 187,000 bbl/d in 2012 and has been Brazil's largest crude oil export destination for the past decade. According to customs data, China was the second largest customer, at over 121,000 bbl/d, followed by India at over 91,000 bbl/d in 2012.

Brazil had 14 Tcf of proved natural gas reserves as of January 2013. In 2012, Brazil produced 601 Bcf of dry natural gas, the majority of this production was associated with oil. Despite a 16 per cent. increase in natural gas consumption in 2011 to over 1 Tcf, natural gas consumption is a small part of the country's overall energy mix, constituting less than 10 per cent. of total energy consumption in recent years.

Colombia

Colombia had approximately 2.4 billion barrels of proved crude oil reserves as of January 2014, an increase from 2 billion barrels in 2012. Colombia's increasing reserves are a result of the exploration of several new blocks that were auctioned in the last bidding round in 2010. Colombia produced 969,000 bbl/d of oil in 2012, up 61 per cent. from the 604,000 bbl/d produced in 2008. The United States is the top destination for Colombia's oil exports. In 2012, Colombia exported 432,000 bbl/d of crude oil and refined products to the United States.

Colombia had proved natural gas reserves of 7.01 Tcf as of January 2014, an increase from 6 Tcf in 2013. The bulk of Colombia's natural gas reserves are located in the Llanos basin, although the Guajira basin accounts for the majority of current production. Colombia produced 421 Bcf of dry natural gas in 2012, while consuming 332 Bcf. Approximately 56 per cent. of the country's total gross natural gas production of 1,115 Bcf was reinjected to aid in enhanced oil recovery.

Iran

As of January 2013, Iran has an estimated 154 billion barrels of proved oil reserves, nine per cent. of the world's total reserves and over 12 per cent. of OPEC reserves.

In 2012, Iran produced approximately 3.0 million bbl/d of crude oil. Iran is the second-largest oil-consuming country in the Middle East, second only to Saudi Arabia. Iranian domestic oil consumption is mainly diesel and gasoline. Total oil consumption in Iran was approximately 1.7 million bbl/d in 2012. Once the third-largest exporter of crude oil, Iran's oil exports dropped to 1.5 million bbl/d in 2012 as the United States and the European Union tightened sanctions against Iran's oil exports. Despite the precipitous decline in exports, Iran remained among the top ten exporters of oil in 2012.

As of January 2013, Iran's estimated proved natural gas reserves stood at 1,187 Tcf, second only to Russia. Eighty per cent. of Iranian natural gas reserves are located in non-associated fields, and most of these reserves have not been developed.

Over the last two decades, Iran's dry natural gas production has rapidly increased, rising from 0.9 Tcf in 1991 to 5.4 Tcf in 2011, and accounts for around 5 per cent. of the world's natural gas production. Domestic consumption, also estimated at 5.4 Tcf in 2011, has remained stable.

Iraq

Iraq has the fifth largest proved crude oil reserves in the world, estimated to be 141 billion barrels as of January 2013. Iraqi crude oil production averaged 3 million barrels per day (bbl/d) in 2012, and Iraq passed Iran as OPEC's second largest crude oil producer at the end of the year. Iraq exported 2.4 million bbl/d of crude oil in 2012. Iraq was the sixth largest net exporter of petroleum liquids in the world in 2012, with the majority of its oil exports going to the United States and to refineries in India, China and South Korea.

Iraq's proved natural gas reserves as of January 2013 were the 12th largest in the world at 112 Tcf. Iraqi gross natural gas production rose from 81 Bcf in 2003 to 660 Bcf in 2011. Some of this natural gas is used as fuel for power generation, while a portion of it is re-injected to enhance oil recovery. However, the majority of Iraqi natural gas production is flared.

Kazakhstan

Kazakhstan's proved oil reserves were estimated at 30 billion barrels in January 2013. Kazakhstan's oil production was 1.61 million bbl/d in 2012; 2013 production was 1.65 million bbl/d. In 2012, Kazakhstan's net total liquids exports totalled nearly 1.4 million bbl/d. The current infrastructure delivers the oil to export markets by pipelines to the Black Sea via Russia; by barge and pipeline to the Mediterranean via Azerbaijan and Turkey; by barge and rail to Batumi, Georgia on the Black Sea; and by pipeline to China.

Kazakhstan has proved natural gas reserves of 85 Tcf. Natural gas production in Kazakhstan is almost entirely associated gas. Despite a near four-fold increase in annual gross natural gas production to 1.4 Tcf in 2011 in just a decade, dry natural gas production in Kazakhstan has remained relatively stable, as more than more than 70 per cent. of the gas produced was reinjected into oil fields to enhance production.

Libya

Libya had proved crude oil reserves of 48 billion barrels as of January 2013, the ninth largest globally. In 2012, Libya produced 1.37 million bbl/d of crude oil, up from an average of 500,000 bbl/d in 2011. Prior to the onset of hostilities in 2011, Libya had been producing an estimated 1.65 million bbl/d of mostly high-quality light, sweet crude oil. The country's oil sector was crippled again in mid-2013 as protests led to the closure of loading ports, oil fields, pipelines, and a sharp deterioration of the security environment at oil installations.

Libya consumed an average of 170,000 bbl/d of petroleum in 2012, lower than its peak of 280,000 bbl/d in 2010. Libya's crude oil exports in 2012 were roughly 1.25 million bbl/d. For the first half of 2013, crude oil exports averaged around 1.1 million bbl/d, but when production outages escalated, crude oil exports fell to 830,000 bbl/d in July and 445,000 bbl/d in August. In 2012, roughly 71 per cent of Libya's crude exports were sent to Europe; the largest markets for Libyan crude exports were Italy, Germany, China, France, and Spain.

As of January 2013, Libya's proved natural gas reserves were 54.6 Tcf, making it the fourth largest natural gas reserve holder in Africa. Natural gas production averaged 431 Bcf in 2012, according to the BP 2013 Statistical Review. In 2012, Libya's gas exports totalled 228 Bcf, all of which were sent via the Greenstream pipeline to Italy.

Libya's sole LNG plant, built in the late 1960s at Marsa al-Brega, is owned by the Libyan national oil company and operated by Sirte Oil Company. However, it went offline in February 2011 as a result of damage sustained during the civil war and has not exported LNG since early 2011.

Mozambique

Mozambique holds 4.5 Tcf of proved natural gas reserves, but does not have any crude oil reserves as of January 2013. The country has large onshore and offshore sedimentary basins that contain natural gas resources, much of which is unexploited. In 2011, Mozambique produced 135 bcf of natural gas from two onshore gas fields, Pande and Temane. The majority of natural gas produced in Mozambique was exported (117 Bcf) to South Africa via the 535-mile Sasol Petroleum International Gas Pipeline and the remainder was domestically consumed (18 Bcf).

Since 2010, there have been a series of natural gas discoveries in the offshore Rovuma Basin that are large enough to support LNG projects. The U.S.-based Anadarko and Italy-based Eni have led exploration activities in the area. Mozambique expects to begin exporting LNG to the global market in the next five to ten years. Anadarko made several natural gas discoveries in its Prosperidade and Golfinho/Atum complexes, which together are estimated to contain 50-70 Tcf of recoverable natural gas resources, respectively. Eni's natural gas discoveries are in the Mamba complex and the Coral site, of which each contain 62 Tcf and 13 Tcf of natural gas in place, respectively.

Myanmar

As of January 2013, Myanmar has proved oil and natural gas reserves of 50 million barrels and 10 Tcf respectively. Myanmar produces a minimal amount of crude oil and condensates from the onshore Salin basin and offshore Yetagun field. Total liquids production averaged 21,000 bbl/d in 2011. However, Myanmar's limited production and refining capacity are insufficient to meet domestic demand for crude oil and products, making the country a net oil importer.

Myanmar's natural gas production averaged 420 Bcf in 2011. Myanmar's natural gas consumption, which was 118 Bcf in 2011, has been increasing, but not at the same pace as production. Exports to Thailand, which began in 1999, now account for about 75 per cent. of Myanmar's natural gas output. Exports to Thailand could rise further when PTTEP, Thailand's national oil company, launches commercial operations of the Zawtika gas project, which is supposed to have a capacity of 300 MMcf/d. Meanwhile, exports to China would commence with the development of the Shwe gas project in the Rakhine Basin, which could have a peak production capacity of 500 MMcf/d.

Russia

Russia is the second-largest producer of dry natural gas and third-largest producer of liquid fuels in the world.

Russia's proved oil reserves were 80 billion barrels as of January 2013. Most of Russia's resources are located in Western Siberia, between the Ural Mountains and the Central Siberian Plateau and in the Volga-Urals region, extending into the Caspian Sea.

Russia was the third-largest producer of liquid fuels in 2012, following the United States and Saudi Arabia. In 2012, Russia produced an estimated 10.4 million bbl/d of total liquids (of which 9.9 million bbl/d was crude oil), and it consumed roughly 3.2 million bbl/d. Russia exported over 7 million bbl/d in 2012, including roughly 5 million bbl/d of crude oil and the remainder in products.

Russia held the world's largest natural gas reserves, with 1,688 Tcf, as of January 2013. Russia's reserves account for about a quarter of the world's total proved reserves. The majority of these reserves are located in Siberia, with the Yamburg, Urengoy, and Medvezh'ye fields alone accounting for more than 40 per cent. of Russia's total reserves, while other significant deposits are located in northern Russia.

In 2012, Russia was the world's second-largest dry natural gas producer (23.8 Tcf), second only to the United States (24.1 Tcf). Russia sends about 76 per cent. of its natural gas exports to customers in Western Europe, with Germany, Turkey, Italy, France and the United Kingdom receiving the bulk of these volumes. Smaller volumes of natural gas are also shipped via the Gazprom pipeline network to Austria, Finland and Greece.

Russia is an exporter of LNG. Sakhalin Energy's LNG plant has been operating since 2009, and it can export up to 788 MMcf of LNG per year on two trains. The majority of the LNG has been contracted to Japanese and South Korean buyers under long-term supply agreements. In 2012, Sakhalin LNG exports went to Japan (76 per cent.), South Korea (20 per cent.), China (3.5 per cent.), and Taiwan (0.6 per cent.), according to PFC Energy.

Sudan and South Sudan

The erstwhile Sudan has been formally separated and divided into two independent countries, namely, Sudan and South Sudan on 9 July 2011. However, estimates of oil and gas reserves and production (as per EIA) reflect both Sudan and South Sudan together.

Most of Sudan's and South Sudan's proved reserves of crude oil and natural gas are located in the Muglad and Melut basins, which extend into both countries. Natural gas associated with oil fields is flared or re-injected. Neither country currently produces or consumes marketed natural gas.

Sudan and South Sudan had an aggregate of 5 billion barrels of proved crude oil reserves as of January 2013. Approximately 3.5 billion barrels are estimated in South Sudan and 1.5 billion barrels are in Sudan. The majority of reserves are located in the oil-rich Muglad and Melut basins, which extend into both countries. Oil is transported through two main pipelines that stretch from the landlocked South to Port Sudan. Because of civil conflict, oil exploration prior to the 2011 independence was mostly limited to the central and south-central regions of the unified Sudan.

In 2012, combined production from Sudan and South Sudan plummeted to around 115,000 bbl/d because South Sudan shut in all of its production at the end of January 2012.

China is the leading export destination for crude oil from Sudan and South Sudan. In 2011, Sudan's crude exports accounted for 5 per cent. of China's total crude oil imports, but in 2012 this share fell to less than 1 per cent. because of the production shutdown in South Sudan.

Natural gas associated with oil fields is mostly flared or re-injected. Despite proved reserves of 3 trillion cubic feet, gas development has been limited.

Syria

Syria's has proved reserves of 2.5 billion barrels as of January 2014, a total larger than all of Syria's neighbours except for Iraq. Much of Syria's crude oil is heavy and sour, making the processing and refining of Syrian crudes difficult and expensive. Further, as a result of sanctions placed on Syria by the European Union in particular—which accounted for the vast majority of Syrian oil exports previously—there are limited markets available that can import and process the heavier crudes produced in Syria.

The on-going conflict between government and opposition forces makes oil exploration in Syria nearly impossible, and further bidding rounds are unlikely to occur until a resolution occurs.

Vietnam

Vietnam has proved crude oil reserves of 4.4 billion barrels as of January 2013. Vietnam produced around 364,000 bbl/d of oil in 2012, down from its peak of 403,000 bbl/d in 2004. Vietnam is a net exporter of crude oil, but is a net importer of oil products. With oil consumption doubling from 176,000 bbl/d in 2000 to 388,000 bbl/d in 2012, the country must import a majority of refined products to satisfy demand.

As of January 2013, Vietnam holds 24.7 Tcf of proved natural gas reserves. Vietnam produced 272 Bcf of dry natural gas in 2011, all of which was domestically consumed. The country is currently self-sufficient in natural gas, but PetroVietnam estimates that there will be a natural gas supply gap of 1.3 Bcf per day by 2025 as demand surpasses supply.

Venezuela

Venezuela had 298 billion barrels of proved oil reserves in January 2013, the third largest in the world. It is estimated that the country produced around 2.3 million bbl/d of crude oil in 2012.

Venezuela sends a large share of its oil exports to the United States because geographic proximity enhances export profitability and because refineries on the U.S. Gulf Coast are specifically designed to handle heavy Venezuelan crude. Currently, Venezuela is the United States' fourth largest supplier of imported crude oil and petroleum products behind Canada, Mexico, and Saudi Arabia.

An estimated 90 per cent. of Venezuela's natural gas reserves are associated, meaning that they are located along with oil reserves. Venezuela had 195 Tcf of proved natural gas reserves in January 2013, the eighth largest in the world. In 2012, the country produced 893 Bcf of natural gas, while consuming nearly 980 Bcf.

MANAGEMENT OF THE GUARANTOR

The Guarantor's Articles of Association require it to have not less than four and not more than 21 Directors. The Guarantor as of 24 June 2014 has 15 Directors, of which seven are full time Directors (including the Chairman and Managing Director), two Government Nominee Directors and six are Independent Directors.

The following table sets out the details regarding the Guarantor's board of directors as of the date of this Offering Circular.

Name, Designation and Nationality	Age	Other Directorships
Mr. D. K. Sarraf Designation: Chairman and Managing Director Nationality: Indian	56	ONGC Videsh Limited Mangalore Refinery and Petrochemicals Limited ONGC Petro-additions Limited Petronet LNG Limited ONGC Mangalore Petrochemicals Limited Mangalore SEZ Limited ONGC Tripura Power Company Limited ONGC Mittal Energy Limited (Foreign Company)
Mr. K. S. Jamestin Designation: Director (HR) Nationality: Indian	59	ONGC Mangalore Petrochemicals Limited Petronet MHB Limited Mangalore SEZ Limited ONGC Petro-additions Limited ONGC Tripura Power Company Limited Dahej SEZ Limited
Mr. A. K. Banerjee Designation: Director (Finance) Nationality: Indian	59	ONGC Mangalore Petrochemicals Limited
Mr. Shashi Shanker Designation: Director (T & FS) Nationality: Indian	53	ONGC Tripura Power Company Limited
Mr. N. K. Verma Designation: Director (Exploration) Nationality: Indian	55	ONGC Teri Biotech Ltd
Mr. T. K. Sengupta Designation: Director (Offshore) Nationality: Indian	56	Pawan Hans Limited ONGC Petro-additions Limited
Mr. Ashok Verma Designation: Director (Onshore) Nationality: Indian	58	NIL
Dr. S. C. Khuntia Designation: Government of India Nominee Director Nationality: Indian	56	Indian Oil Corporation Limited Hindustan Petroleum Corporation Limited Indian Strategic Petroleum Reserves Limited
Mr. A. Giridhar Designation: Government of India Nominee Director Nationality: Indian	50	NIL
Mr. O. P. Bhatt Designation: Independent Director Nationality: Indian	63	Hindustan Unilever Limited Tata Consultancy Services Limited Tata Steel Standard Chartered Plc.
Prof. S. K. Barua Designation: Independent Director Nationality: Indian	62	Torrent Power Limited IOT Infrastructure & Energy Services Limited Axis Bank Axis Capital

Name, Designation and Nationality	Age	Other Directorships
Mr. K. N. Murthy Designation: Independent Director Nationality: Indian	56	LIC Housing Finance Limited AP State Financial Corporation STCI Finance Ltd. Max Healthcare Institute Ltd. Srikari Management Consultants Pvt. Ltd. Narasimha Murthy & Co, Cost Accountants Max Life Insurance Company Ltd Max Bupa Health Insurance Company Ltd. Infiniti Retail Ltd.
Mr. P. Uma Shankar Designation: Independent Director Nationality: Indian	60	Nil
Mr. S. Ravi Designation: Independent Director Nationality: Indian	54	IDBI Bank Ltd IDBI Capital Markets Services Limited LIC Housing Finance Ltd S Ravi Financial Management Services Pvt. Ltd SBI-SG Global Securities Services Pvt. Ltd SMERA Ratings Ltd. STCI Finance Ltd. STCI Primary Dealer Ltd. Tourism Finance Corporation of India Ltd UTI Trustee Company Pvt. Ltd
Mr. R. K. Singh Designation: Independent Director Nationality: Indian	60	Nil

None of the Directors are related to each other. There are no arrangements or understanding with major shareholders, customers, suppliers or others, pursuant to which any of the Directors were selected as a Director or member of senior management.

Details of Directors

Mr. D. K. Sarraf was appointed chairman and managing director of the Guarantor. Mr. Sarraf holds a master's degree in commerce from University of Delhi and is an associate member of the Institute of Cost Accountants of India as well as of the Institute of Company Secretaries of India. Mr. Sarraf has experience of over three decades in the oil and gas industry, having started his career in India's second largest upstream oil company — Oil India Limited and worked there until 1991 where he gained experience in various facets of E&P at oil field level. He joined the Guarantor in 1991 and handled various key assignments including restructuring the Guarantor from a statutory commission into a commercial corporation, including its financial restructuring and valuation. Mr. Sarraf worked in the Issuer as director (finance) from February 2005 to December 2007. In December 2007, he joined the Guarantor as director (finance). Mr. Sarraf became managing director of the Issuer in September 2011. As managing director, he institutionalised 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 the Issuer's activities in general and business development in particular.

Mr. K. S. Jamestin is the director (HR) of the Guarantor. Mr. Jamestin holds a bachelor's degree in electronics and telecommunications engineering from the University of Kerala, Trivandrum and a master's degree in business administration from the Indira Gandhi National Open University, New Delhi and a diploma in operation management. He is a project management professional as certified by the Project Management Institute, Mumbai and has also completed an Executive Development Programme for senior executives from the Indian School of Business, Hyderabad in February 2005. Mr. Jamestin has 37 years of experience in the petroleum and natural gas sector. He joined the Guarantor in March 1977, and has, since then handled various assignments in the Guarantor, including officiating as the chief (Human Resources

Development), head, regional office, Mumbai, as well as being the project leader for Project ICE, the Systems Applications and Products—Enterprise Resource Planning project of the Guarantor. As director (HR) of the Guarantor, Mr. Jamestin is responsible, *inter alia*, for implementation of the HR policies of the Guarantor.

Mr. A. K. Banerjee is the Director (Finance) of the Guarantor. He holds a master's degree in Commerce from the University of Calcutta. He is a Fellow member of the Institute of Chartered Accountants of India, Associate member of the Institute of Company Secretaries of India and Associate member of the Institute of Cost Accountant of India. Mr. Banerjee joined the Guarantor in 1982 and has 33 years of diversified experience in financial management and strategic planning in the upstream oil and gas industry, with specialisation in corporate accounts, corporate budget, cost management, risk analysis and financial planning, procurement and contracts, performance benchmarking and evaluation, audit, corporate governance and insurance, among others. He participated in specialised training on advanced oil and gas accounting organised by the University of Texas, Dallas in 1996 and was associated with the formulation of accounting standards for the oil and gas industry. His achievements include documentation of budget manual, introduction of financial benchmarking concept, in-house journal of finance and accounts discipline of the Guarantor and implementation of zero based budgeting.

Mr. Shashi Shanker is the Director (Technology and Field Services) of the Guarantor. Mr. Shanker holds a Bachelor of Technology in Petroleum Engineering from Indian School of Mines, Dhanbad and a MBA degree with specialisation in financial management from Indira Gandhi National Open University. He also undertook a management development programme from Indian Institute of Management Lucknow and a leadership development programme at Indian School of Business, Hyderabad. Mr. Shanker has over 31 years of experience in the oil industry. Prior to his appointment as director (technology and field services), ONGC, he was Head of Deep Water, MDT of Mumbai Region and oversaw the deep/ultra-deep water drilling campaign of the Guarantor. He has wide exposure in diverse E&P activities both in on-land and offshore operations and R&D activities.

Mr. N. K. Verma is the Director (Exploration) of the Guarantor. He holds a master's degree in applied geology, a master's degree in Petroleum Exploration and a MBA in finance. He has also completed a one year global manager's program at Indian Institute of Management, Kolkata. Mr. Verma has over 30 years of experience, including the management of overseas exploration and business development. Prior to becoming Director (Exploration) of the Guarantor, he was Director (Exploration), ONGC Videsh Limited and head of Interpretation Group at the Geodata Processing and Interpretation Centre ("**GEOPIC**") of ONGC.

Mr. T. K. Sengupta is the Director (Offshore) of the Guarantor and took over the charge as Director (Offshore) on 1 February 2014. Mr. Sengupta is a first class graduate in Chemical Engineering from Jadavpur University and a Diploma in Management from Indira Gandhi National Open University, India. Mr. Sengupta has 33 years of experience in the oil industry. Prior to becoming Director (Offshore), he was chief of Well Services looking after operations, technological needs apart from manpower and material support for all onshore and offshore assets in respect of well services and deep-water projects of eastern coast of India. He has worked extensively in well services in both onshore and offshore India and his passion for introduction of new technology in operational areas of the Guarantor has added value in reduction of cost and time and resolved many complex technical issues. Recent use of expandable sand screens for sand control in offshore wells, tractor technology for taking coiled tubing up to the toe of the horizontal well and intelligent completion of high angle long drift wells are some of the first time implementations in offshore wells of the Guarantor under his astute leadership.

Mr. Ashok Verma is the Director (Onshore) of the Guarantor and took over the charge as Director (Onshore) on 19 June 2014. Mr. Verma, a graduate of Indian School of Mines, Dhanbad, with a degree in Petroleum Engineering, has 36 years of experience in the oil industry. Prior to his joining as Director (Onshore), he headed the Eastern Offshore Asset at Kakinada, where he was instrumental in putting the Eastern Offshore Asset on production. Earlier, Mr. Verma directed the Imperial Energy in Russia, a subsidiary of the Issuer, as the Chief Executive Officer and played an important role in materialising the Sakhalin-D project. Mr.

Verma pursued the hydrocarbon opportunities abroad as a part of senior management of the Issuer between 1996 and 2006. He was instrumental in the Issuer's acquisition of 20 per cent. participating interest in Sakhalin-1 project in Russia in 2001. He also headed the Guarantor's Assam operations as Asset Manager from 2006 to 2009.

Dr. S. C. Khuntia, Additional Secretary and Financial Advisor of Petroleum and Natural Gas, Government of India, joined the Board of the Guarantor as a government nominee director on 1 May 2014. Dr. Khuntia, an IAS officer of batch of 1981 (Karnataka) has a post-graduate degree in physics, economics, sociology and a doctorate degree in art economics. Before joining Petroleum Ministry as additional secretary and financial advisor, he was also the joint secretary to the government of Karnataka. Dr. Khuntia has handled various key assignments including district administration, land revenue management, rural development in the Karnataka state government as well as in the Ministries of Agriculture, Finance and Human Resource Development in the Central Government.

Mr. A. Giridhar, Joint Secretary (Exploration), Ministry of Petroleum and Natural Gas, Government of India, joined the Board of the Guarantor as a government nominee Director on 3 August 2012. He holds a Bachelor's Degree in Civil Engineering and a Master's degree in Industrial Management and economics. Mr. Giridhar was sub-divisional magistrate, Gadwal (1990-92), project officer, Integrated Tribal Development Agency, Seetampet (1992-94), Additional District Magistrate and District Development Officer, Nizamabad (1994-95), Additional district magistrate, Nellore (1995-96), additional District magistrate, Kadapa (1996-97), State project Director, Primary Education Programme (1997-98), DM, Khamman (1998-2002), Transport Commissioner, Government of Andhra Pradesh (2002-2003), DM, Chittoor (2003-04), Secretary to the Andhra Pradesh government, Finance Department (2004-07), Managing Director, A P State Financial Corporation (2007-09), and Executive Director, Insurance Regulatory and Development Authority, Hyderabad (2009-12).

Mr. O. P. Bhatt is an independent director on the Board of the Guarantor. He started his career as a probationary officer with SBI in 1972. He has, during his career of 36 years with SBI, held several assignments in India and abroad including serving at the Bank's London and Washington offices. During Mr. Bhatt's career, SBI has improved its global ranking in the list of Fortune 500 companies, improved its market share, expanded its branch network and opened its 11,000th branch (the first Indian bank and only the second in the world to do so), and entered a number of new businesses.

Prof. S. K. Barua is an Independent Director on the Board of the Guarantor. He holds a Master's Degree in Industrial Engineering and Operations Research and a Doctorate degree in Management. He joined the faculty of Indian Institute of Management, Ahmedabad in 1980. His specific areas of interest include capital markets, international finance, operations research, decision support systems and corporate financial management. He is a visiting professor to academic institutions in the United States, Netherlands, Singapore and Cyprus. He has authored a number of books and case studies in management. He is a consultant to a number of public and private organisations in the manufacturing, banking and financial services sectors. He has served in various advisory capacities to Reserve Bank of India, Federation of India Chambers of Commerce and Industry (the "FICCI") and the Bombay and National Stock Exchanges.

Mr. K N Murthy is an independent Director on the Board of the Guarantor. Mr. Murthy is a member of both the Institute of Cost and Works Accountants of India and the Institute of Chartered Accountants of India. He has been involved with the development of cost accounting record rules for many industries. In addition, he is closely associated with turning around of many large corporates, focusing on systems improvement with cost reduction approach. He is affiliated with several National level Financial Institutions and is on the Board of various companies.

Mr. P. Uma Shankar, joined the Board of the Guarantor as an independent Director on 29 November 2013. Mr. Shankar, an IAS officer of the batch of 1976 (UP) holds a Master's degree of Science in Mathematics from IIT, Madras and Master of science's degree in Social Policy and Planning in developing countries from London School of Economics. He has about 33 years of leadership experience in Government spanning revenue, law and order, development work, rural infrastructure, finance, housing and urban development, industries, municipal affairs and relief. He has during his long and distinguished career served as power

secretary to the Government of India, Managing Director, UP State Sugar Corporation, C&MD, Rural Electrification Corporation Limited, Managing Director, National Cooperative Development Corporation, Joint Secretary (Sugar & Sugar Administration), Ministry of Consumer Affairs, Government of India. He also served as Additional Chief Executive Officer of Greater Noida and was involved in development, management and maintenance of urban infrastructure for Greater Noida. He also served as chairman, Indian Potash Limited, REC Power Distribution Company Limited and REC Transmission Projects Company Limited (subsidiaries of REC).

Mr. S. Ravi, joined as an independent Director on the Board of the Guarantor on 29 November 2013. Mr. Ravi is a Fellow member of the Institute of Chartered Accountants of India and holds a Master's degree in Commerce. He is a Senior Partner of Ravi Rajan & Co. Chartered Accountants. During the course of practice, Mr. Ravi has handled various assignments in the field of restructuring and rehabilitation of companies, takeover, mergers and acquisitions and business and brand valuation. He has specialised in the fields of accounting and audit, financial and management consulting, business valuations, mergers and acquisitions and business advisory services. Mr. Ravi is serving as independent director on the board of IDBI Bank Limited, IDBI Capital Market Services Limited, LIC Housing Finance, SBI-SG Global Securities Services Pvt. Ltd., SMERA Ratings Ltd., STCI Finance Ltd., STCI Primary Dealer Ltd., UTI Trustee Company Pvt. Ltd. and Torism Finance Corporation of India Ltd. Mr. Ravi serves as a director of S Ravi Financial Management Services Pvt. Ltd and is a member on the board of Voluntary Health Association of India.

Mr. R. K Singh, joined as an independent Director on the Board of the Guarantor on 23 May 2014. He holds a Bachelor of Technology (Honours) and Mechanical Engineering degree from Banaras Hindu University. He has 38 years of experience including 35 years in the petroleum sector. He retired from his post as Chairman and Managing Director of Bharat Petroleum Corporation Limited (**BPCL**) in 2013 after serving 35 years in BPCL. Prior to becoming Chairman and Managing Director of BPCL, he held various senior level positions including the board level position of Director-refineries in BPCL.

Relationship between the Guarantor's Directors

None of the Guarantor's Directors are related to each other.

Directorships in Other Listed Companies

None of the Guarantor's Directors is or was a director on any listed company during the five years preceding the date of this Offering Circular, whose shares have been or were suspended from being traded on any stock exchange, during the term of their directorship in such company.

None of the Guarantor's Directors is or was a director on any listed company which has been or was delisted from any stock exchange during the term of their directorship in such company.

Borrowing Powers of the Board of Directors

The Board of Directors has been authorised by the shareholders of the Guarantor by a resolution dated 21 September 2005 to borrow money not exceeding Rs. 200,000 million in excess of and in addition to the paid up capital and free reserves of the Guarantor upon terms and conditions that it deems fit.

Details of Appointment of the Guarantor's Directors

As per Article 104 of the Articles of Association, our Directors are appointed by the President of India. Further, pursuant to the DPE Guidelines dated 26 November 2001, one-sixth of the board of directors of any Government company, subject to a maximum limit of two directors, will be Government nominees. In this regard, Mr. A Giridhar is presently the Government-nominee Directors on our Board. Except as stated above, none of our Directors have been appointed pursuant to any arrangement or understanding with major shareholders, customers, suppliers or others.

Corporate Governance

The Guarantor has not complied with the Equity Listing Agreement relating to composition of board of directors from 1 April 2011 to 19 June 2011, 10 November 2011 to 13 December 2011 and 22 May 2012 to 28 November 2013. The Guarantor became compliant with the Equity Listing Agreement from 29 November 2013, with the appointment of Mr. P. Uma Shankar and Mr. S. Ravi as Independent Directors on ONGC's Board. Other than as mentioned above, The Guarantor has been in compliance in all respects with the requirements of corporate governance contained in the Equity Listing Agreement including those relating to constitution of committees.

The Guarantor has constituted an Audit, Ethics and Financial Management Committee and a Stakeholders' Relationship Committee as per the requirements of Clause 49 of the Listing Agreement and Companies Act, 2013 a Remuneration Committee in accordance with the DPE Guidelines applicable to all Central Government public sector enterprises.

Audit and Ethics Committee

Our Audit and Ethics Committee was constituted through Board resolution dated 28 May 1999 and last reconstituted on 2 May 2013 with effect from 13 February, 2014 and rechristened as Audit, Ethics & Financial Management Committee. Currently, the Committee comprises the following members:

- (i) Mr. O. P. Bhatt;
- (ii) Prof. S. K. Barua;
- (iii) Mr. K. N. Murthy;
- (iv) Mr. P. Umashankar; and
- (v) Mr. S. Ravi.

In addition to the above, the Director (Finance) and the Chief (Internal-Audit) are permanent invitees to our Audit and Ethics Committee. Representatives of Statutory Auditors and Cost Auditors are invited to attend and participate in the meetings, whenever required. Functional Directors, Executives of Finance and other departments are invited when needed.

The terms of reference of the Audit, Ethics & Financial Management Committee is in accordance with the Companies Act, guidelines on Corporate Governance issued by the DPE and the Equity Listing Agreement as amended from time to time and include, *inter alia*, the following:

- Oversight of our Company's financial reporting process and the disclosure of our financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommending to our Board the appointment, reappointment and if required, the replacement or removal of the statutory auditors and the fixation of audit fee;
- Approving of payment of statutory auditors for any other services rendered by them;
- Reviewing, with the management, the annual financial statements before the submission to the Board for approval with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of Clause (2AA) of Section 217 of the Companies Act;
 - Changes, if any, in accounting policies and practices and reasons for the same;

- Major accounting entries involving estimates based on the exercise of judgment by the management;
- Significant adjustments made in the financial statements arising out of audit findings;
- Compliance with listing and other legal requirements relating to financial statements;
- Disclosures of any related party transactions; and
- Qualifications in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- Reviewing, with the management, the statement of uses/ application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in the matter.
- Reviewing, with the management, performance of statutory and internal auditors, the adequacy of internal control systems;
- Reviewing the adequacy of internal audit function, 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;
- Discussing with internal auditors regarding any significant findings and follow up thereon;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussing 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;
- Examining the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non-payment of declared dividends) and creditors;
- Reviewing the functioning of the Whistle Blower Mechanism;
- Discussing with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the half-yearly and annual financial statements before submission to the Board and also ensuring compliance of internal control systems;
- Reviewing of the Audit areas referred to Audit and Ethics Committee by the Internal Audit/Board and/or the Government and to provide its suggestions/ guidance/ comments on the issues referred to it;
- Carrying out any other function as mentioned in its terms of reference; and
- Reviewing the financial statements and in particular, the investments made by the unlisted subsidiary companies.

The Audit and Ethics Committee met eight times in Fiscal 2014.

Shareholders’/ Investors’ Grievance Committee

Our Shareholders’/ Investors’ Grievance Committee was constituted through Board resolution dated 7 July 2001 and now rechristened as Stakeholders’ Relationship Committee with effect from 13 February 2014. Currently, the Stakeholders’ Relationship Committee comprises the following members:

- (i) Mr. K N Murthy (Chairman);
- (ii) Mr. O.P. Bhatt; and
- (iii) Mr. S Ravi.

In addition, the Director (Finance) and the Director (HR) are permanent invitees to the Stakeholders’ Relationship Committee. The terms of reference of the Stakeholders’ Relationship Committee include, *inter alia*, the following:

- To look into the redressal of shareholders’ and investors’ complaints related to:
 - Transfer, transmission of shares, issue of duplicate share certificates, dematerialisation and rematerialisation of shares;
 - Non-receipt of balance sheets, annual reports;
 - Non-receipt of declared dividends; and
 - Any other relevant grievance that the investor/ shareholder may have;
- To review performance of the registrar and share transfer agent;
- To monitor investor services and recommend measures for overall improvement in the quality of investor services; and
- To monitor the compliance with Code of Conduct for Prevention of Insider Trading in securities.

The Shareholders’/ Investors’ Grievance Committee met four times in Fiscal 2014.

Remuneration Committee

The Guarantor has constituted a remuneration committee through Board resolution dated 7 July 2001 for determining the annual bonus/variable pay and policy for distribution across the executives and non-unionised supervisors. The Remuneration Committee was last reconstituted with effect from 13th February 2014. This Committee currently comprises of the following members:

- (i) Mr K.N Murthy; and
- (ii) Mr. P. Uma Shankar

Besides the above, the Director (Finance) and the Director (HR) are permanent invitees to the Remuneration Committee.

The terms of reference of the Remuneration Committee include, *inter alia*, the following:

- Deciding the annual bonus/ variable pay pool and policy for its distribution across the executives and non-unionised supervisors, within the prescribed limits as per the guidelines issued in this regard by the Government;

- Reviewing various aspects of remuneration payable to Executive and Non-Executive Directors and recommendation thereon to the Board;
- Reviewing sitting fees payable to Independent Directors and recommendation thereon to the Board as per the provisions of the Companies Act;
- Reviewing of any other item which may be delegated in this regard by the Board; and
- The quorum for the meeting of Remuneration Committee shall be at least three members present in the meeting.

The Remuneration Committee met once in Fiscal 2014.

Committee on Corporate Social Responsibility & Sustainability Development

Committee on Corporate Social Responsibility & Sustainability Development was re-constituted through Board resolution dated 12 August 2013 and the Corporate Social Responsibility Committee comprises the following members:

- I. Prof. S K Barua
- II. Mr. D K Sarraf
- III. Mr. K S Jamestin
- IV. Mr. A K Banerjee
- V. Mr. N K Verma

The Committee met five times in Fiscal 2013.

Interest of our Directors

All of our Directors may be deemed to be interested to the extent of remuneration and fees payable to them for services rendered as Directors on the Board of the Guarantor such as attending meetings of the Board or a committee thereof and to the extent of other reimbursement of expenses payable to them under our Articles of Association.

PRINCIPAL SHAREHOLDERS' AND DIRECTORS' INTERESTS IN THE GUARANTOR

Principal Shareholders' Interests

The following table details the principal shareholders of the Guarantor as of 25 June 2014:

Shareholder	Per cent. of Ownership
President of India acting through the MoPNG	68.94
Life Insurance Corporation of India	7.79
Indian Oil Corporation Limited	7.69

Directors' Interests

The following table details the shareholding of the Directors of the Guarantor as of 31 March 2014:

Name of Directors	Number of Equity Shares
Mr. D. K. Sarraf	3192
Mr. K.S. Jamestin.	3600
Mr. A.K. Banerjee	3172
Mr. T K Sengupta	3672
Mr. Shashi. Shanker	3712

RELATIONSHIP WITH THE GOVERNMENT OF INDIA AND CERTAIN RELATED PARTY TRANSACTIONS

Relationship with the Government of India

To further the development of oil and natural gas exploration and mining in India, the Ministry of Natural Resources and Scientific Research of the Government of India set up the “Oil and Natural Gas Commission” in 1956 (the “**Commission**”). In October 1959, the Commission was converted into a statutory body pursuant to the Oil and Natural Gas Commission Act, 1959 (now repealed). The main functions of the Commission were to plan, promote, organise and implement programmes for development of petroleum resources and the production and sale of petroleum and petroleum products produced by it, and to perform such other functions as the Government of India may, from time to time, assign to it.

The Guarantor was incorporated under the Companies Act on 23 June 1993 as Oil and Natural Gas Corporation Limited and was granted the certificate of commencement of business on 10 August 1993. Pursuant to the Oil and Natural Gas Commission Act (Transfer of Undertaking and Repeal) Act, 1993, the undertakings of the Commission together with all its assets, movable and immovable properties, contracts, licenses and privileges and liabilities and obligations in relation to its undertakings stood vested in the Guarantor and were transferred to the Guarantor on 1 February 1994. The President of India acting through the MoPNG is the Promoter of the Guarantor.

Related Party Transactions

Transactions between the Guarantor, any of its subsidiaries and any of its related parties constitute related party transactions. The key related party transactions of the Guarantor include:

- Sale of products to related parties;
- Services received from related parties;
- Services provided to related parties;
- Dividend income received from related parties;
- Advance paid to related parties against acquisition of equity shares during the year;
- Advance paid to related parties against acquisition of equity shares pending allotment (closing balance);
- Amounts receivables from related parties; and
- Amounts payable to related parties.

The Guarantor believes, each of the transactions as described below have been entered on arm’s length terms or on terms that it believes are at least as favourable to it as similar transactions with non-related parties.

Sale of products to related parties

In Fiscal 2012, 2013 and 2014, the Guarantor sold aviation fuel and lubricants amounting to Rs. 4,647.31 million, Rs. 4,022.24 million and Rs. 5,877.10 million, respectively, to its jointly controlled entity in India, Shell MRPL Aviation Fuels & Services Pvt. Limited (“**Shell MRPL**”). In Fiscal 2013 and 2014, the Guarantor also sold natural gas amounting to Rs. 184.79 million and Rs. 1,236.49 million, respectively, to its jointly controlled entity in India, ONGC Tripura Power Co. Limited (“**ONGC Tripura**”).

Services received from related parties

In Fiscal 2012, the Guarantor received services amounting to Rs. 133.67 million from ONGC Teri Biotech Ltd (“**ONGC Teri**”), for bioremediation services and services amounting to Rs. 7.36 million from Dahej SEZ Ltd (“**Dahej SEZ**”), as reimbursement of travel and accommodation expenditure incurred for the Guarantor’s employees; and Rs. 0.02 million from OMPL Mangalore, as reimbursement of travel and accommodation expenditure incurred for the Guarantor’s employees.

In Fiscal 2013, the Guarantor received services amounting to Rs. 182.34 million from ONGC Teri, for bioremediation services; Rs. 9.33 million from Dahej SEZ, as rent on SEZ land leased by the Guarantor; Rs. 1.42 million from Mangalore SEZ, as reimbursement of travel and accommodation expenditure incurred for the Guarantor’s employees; Rs. 1.03 million from ONGC Mangalore, as reimbursement of travel and accommodation expenditure incurred for the Guarantor’s employees; and Rs. 0.78 million from its jointly controlled entity in India, PLL, with respect to consultancy services.

In Fiscal 2014, the Guarantor received services amounting to Rs. 112.42 million from ONGC Teri, for bioremediation services; Rs. 9.12 million from Dahej SEZ, as rent on SEZ land leased by the Guarantor; Rs. 13.68 million from Mangalore SEZ, as reimbursement for travel and accommodation expenditure incurred for the Guarantor’s employees; Rs. 0.10 million from ONGC Tripura, as reimbursement for travel and accommodation expenditure incurred for the Guarantor’s employees.

Services provided to related parties

In Fiscal 2012, the Guarantor provided services amounting to Rs. 81.63 million to ONGC Petro-additions Ltd (“**ONGC Petro-additions**”), as salaries and reimbursement of other expenditure incurred for the Guarantor’s employees deputed to ONGC Petro-additions; and Rs. 0.04 million to ONGC Teri, for field testing and sample testing services provided by the Guarantor.

In Fiscal 2013, the Guarantor provided services amounting to Rs. 117.50 million to ONGC Petro-additions, as salaries and reimbursement of other expenditure incurred for the Guarantor’s employees deputed to ONGC Petro-additions; Rs. 11.75 million to ONGC Mangalore, as salaries and reimbursement of other expenditure incurred for the Guarantor’s employees deputed to ONGC Mangalore; Rs. 5.8 million to Mangalore SEZ, as salaries and reimbursement of other expenditure incurred for the Guarantor’s employees deputed to Mangalore SEZ; Rs. 1.32 million to Petronet LNG, with respect to chopper services provided by the Guarantor; and Rs. 0.29 million to Shell MRPL, as salaries and reimbursement of other expenditure incurred for MRPL employees deputed to Shell MRPL.

In Fiscal 2014, the Guarantor provided services amounting to Rs. 117.63 million to ONGC Petro-additions, as salaries and reimbursement of other expenditure incurred for the Guarantor’s employees deputed to ONGC Petro-additions; Rs. 0.12 million to ONGC Teri, for field testing and sample testing services provided by the Guarantor; Rs. 7.16 million to ONGC Mangalore, as salaries and reimbursement of other expenditure incurred for the Guarantor’s employees deputed to ONGC Mangalore; Rs. 235.96 million to ONGC Tripura, as with respect to consultancy services provided by the Guarantor.

Dividend income received from related parties

In Fiscal 2012, 2013 and 2014, the Guarantor received dividend income of Rs. 187.50 million, Rs. 234.38 million and Rs. 234.38 million, respectively, from Petronet LNG.

Advance paid during the year to related parties against acquisition of equity shares

In Fiscal 2012, the Guarantor paid an advance of Rs. 230.00 million to Dahej SEZ for acquisition of equity shares in Dahej SEZ.

In Fiscal 2013, the Guarantor paid an advance of Rs. 103.32 million to ONGC Tripura for acquisition of equity shares in ONGC Tripura.

In Fiscal 2014, the Guarantor paid an advance of Rs. 6,985.60 million and Rs. 2,925.10 million to OPaL and ONGC Tripura, respectively, for acquisition of equity shares in OPaL and ONGC Tripura, respectively.

Advance paid to related parties against acquisition of equity shares pending allotment (closing balance)

In Fiscal 2012, the Guarantor had advances outstanding of Rs. 9,799.76 million, Rs. 9,702.99 million, and Rs. 1,233.87 million against the total advances paid to ONGC Mangalore, ONGC Petro-addition and ONGC Tripura, respectively, for acquisition of equity shares in those entities pending allotment.

In Fiscal 2013, the Guarantor had advances outstanding of Rs. 9,799.76 million and Rs. 3,328.69 million against the total advances paid to ONGC Mangalore, and ONGC Petro-addition, respectively, for acquisition of equity shares in those entities pending allotment.

In Fiscal 2014, the Guarantor had advances outstanding of Rs. 9,799.77 million, Rs. 6,709.24 million, and Rs. 2,925.10 million against the total advances paid to ONGC Mangalore, ONGC Petro-addition and ONGC Tripura, respectively, for acquisition of equity shares in those entities pending allotment.

Amounts receivables from related parties

In Fiscal 2012, Rs. 55.76 million was due from ONGC Petro-additions, as salaries and reimbursement of other expenditure incurred for the Guarantor's employees deputed to ONGC Petro-additions.

In Fiscal 2013, Rs. 134.19 million was due from Mangalore SEZ, as salaries and reimbursement of other expenditure incurred for the Guarantor's employees deputed to Mangalore SEZ; Rs. 42.96 million was due from ONGC Petro-additions, as salaries and reimbursement of other expenditure incurred for the Guarantor's employees deputed to ONGC Petro-additions; and Rs. 17.42 million was due from ONGC Mangalore, as salaries and reimbursement of other expenditure incurred for the Guarantor's employees deputed to ONGC Mangalore.

In Fiscal 2014, Rs. 54.69 million was due from ONGC Petro-additions, as salaries and reimbursement of other expenditure incurred for the Guarantor's employees deputed to ONGC Petro-additions; Rs. 685.32 million was due from ONGC Mangalore, as salaries and reimbursement of other expenditure incurred for the Guarantor's employees deputed to ONGC Mangalore; Rs. 373.80 million was due from ONGC Tripura, as supply of natural gas by the Guarantor to ONGC Tripura.

Amounts payable to related parties

In Fiscal 2012, Rs. 107.49 million was due to ONGC Teri, as liability for bioremediation services provided to the Guarantor; Rs. 6.63 million was due to Dahej SEZ, as liability for rent payable with respect to the lease of SEZ land; and Rs. 0.02 million was due to ONGC Mangalore, as reimbursement of travel expenditure incurred for the Guarantor's employees.

In Fiscal 2013, Rs. 115.98 million was due to ONGC Teri, as liability for bioremediation services provided to the Guarantor; Rs. 7.00 million was due to Dahej SEZ, as liability for rent payable with respect to the lease of SEZ land.

In Fiscal 2014, Rs. 51.55 million was due to ONGC Teri, as liability for bioremediation services provided to the Guarantor; Rs. 7.54 million was due to Dahej SEZ, as liability for rent payable with respect to the lease of SEZ land; Rs. 0.02 million was due to ONGC Tripura, as reimbursement of travel expenditure incurred for the Guarantor's employees and Rs. 0.09 million was due to Mangalore SEZ, as reimbursement of travel expenditure incurred for the Guarantor's employees.

SUMMARY OF RELEVANT INDIAN LAWS AND REGULATIONS

This section provides a brief overview of the regulatory framework governing activities in the petroleum and natural gas industry in India. The regulations set out below may not be exhaustive, and are only intended to provide general information to potential investors and are neither designed nor intended to be a substitute for professional legal advice.

Oil and Gas Refining and Petrochemicals

The Indian Ministry of Petroleum and Natural Gas issues guidelines related to petroleum and natural gas which include exploration and production, refining, marketing, import and export and conservation of and transportation of oil and gas, and petroleum products. The Indian Ministry of Petroleum and Natural Gas established the Directorate General of Hydrocarbons in 1993, whose main functions include, in respect of discovered fields, ensuring optimum exploitation, reviewing and approving development plans, work programs, budgets, and reservoir evaluations and advising on mid-course corrections and, in respect of the exploration blocks, appraising work programs and monitoring exploration activities. The Indian Ministry of Petroleum and Natural Gas also controls the Oil Industry Safety Directorate, which develops standards for safety and conducts periodic safety audits of all petroleum-handling facilities, and the Oil Industry Development Board, which provides financial and other assistance for the development of the oil industry. The Oil Industry Safety Directorate prescribes safety standards that apply to oil companies. Companies must also comply with safety regulations prescribed by the Director General of Mines and Safety in respect of onshore petroleum mining installations.

Oil and gas exploration, production and refining activities in India are subject to extensive government regulations which govern the exploration for oil and gas reserves, determining the viability of undertaking commercial extraction of oil and gas resources and refining crude oil (including the marketing of oil and gas produced from the source to the relevant downstream purchasers). Natural gas prices in India are regulated by the Government and oil and gas operators, known as contractors, are required to sell gas produced from NELP blocks to consumers who are engaged in certain industry sectors that are prioritised by the Government for the supply of gas.

Pricing and Sale of Oil and Natural Gas

Prior to 1998, prices of all major petroleum products were fixed pursuant to the APM, which was based on a “cost plus” pricing system under which companies engaging in E&P, refining and marketing were guaranteed fixed returns on their net worth plus a reimbursement which covers eligible operating costs. In 1998, APM was replaced by the market-determined pricing mechanism coupled with the rationalisation of customs tariff and excise duty rates.

Further to a notification by the Government on 6 March 2007, directions were issued to charge uniform pool prices on the supply of re-gassified liquefied natural gas (“**R-LNG**”) to all customers under all long term contracts on a non-discriminatory basis.

Furthermore, the Essential Commodities Act, 1955 empowers the Government to issue notifications to control production, supply and distribution of certain essential commodities, which also include petroleum and petroleum products.

Guidelines on Sale of Natural Gas by NELP contractors (“Gas Sale Guidelines”)

MoPNG issued a press note prescribing Gas Sale Guidelines on 25 June 2008. The Gas Sale Guidelines are applicable for an initial period of five years. Contractors are permitted to sell gas from NELP to consumers according to marketing priorities determined by the Government and on such price as approved by the Government. A priority of supply of gas (divided on a sector-by-sector basis) exists and remains applicable only among customers who are connected to an existing and available pipeline network connected to the same sources. However, should the customer in a particular sector that is higher in priority not be in a position to

take gas when it becomes available, the supply will go to the next sector in the queue as per the Gas Sale Guidelines. The Gas Sale Guidelines also provide that the priority would not impact the process of price discovery as all the customers would participate in the price discovery process and would be eligible for utilising natural gas subject to priority.

The Petroleum and Natural Gas Regulatory Board (Exclusivity for City or Local Gas Distribution Network) Regulations, 2008 (the “**Exclusivity Regulations**”) was notified by the MoPNG Board on 19 March 2009. The Exclusivity Regulations apply to any entity which is laying, building, operating or expanding or which proposes to lay, build, operate or expand a city or local natural gas distribution network under the Petroleum and Natural Gas Regulatory Board (Authorising Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 (the “**Gas Pipeline Regulations**”). Under the Exclusivity Regulations, and subject to certain terms and conditions, the MoPNG Board may allow an entity to exclusively lay, build, or expand CGD network over the economic life of the project, which is normally expected to be 25 years. The MoPNG Board may also provide the exclusive right to an entity proposing to lay, build, operate or expand a network from the purview of common carrier or contract carrier for a period of five years from the date of authorisation provided that the entity meets the service obligations conditions as stipulated in the Exclusivity Regulations. At the end of the economic life of the project, the MoPNG Board may consider extending the exclusivity for a further period of 10 years which is dependent upon satisfactory compliance of the service obligation and the relevant entity’s quality of service.

The Petroleum and Natural Gas Regulatory Board (Affiliate Code of Conduct for Entities engaged in Marketing of Natural Gas and Laying, Building, Operating or Expanding Natural Gas Pipeline) Regulations, 2008 (the “**Affiliate Code of Conduct Regulations**”) was notified by the MoPNG Board on 17 July 2008 under the PNGRB Act. The Affiliate Code of Conduct stipulates the engagement terms for the transportation and marketing of natural gas between an entity and its affiliate, and an entity on its own in each case, on arm’s length basis. The objectives of the Affiliate Code of Conduct Regulations include the prevention of preferential access or cross-subsidisation of costs between the regulated activity and any other non-regulated activity which could adversely affect or may potentially adversely affect fair trade and competition between such entities.

The Petroleum and Natural Gas Regulatory Board (Access Code for Common Carrier or Contract Carrier Natural Gas Pipelines) Regulations, 2008 (the “**Common Carrier Regulations**”) was notified by the MoPNG Board on 17 July 2008 under the PNGRB Act. The Common Carrier Regulations provide that the capacity of a natural gas pipeline shall be (a) as authorised by the MoPNG Board for new pipelines under the Gas Pipeline Regulations; (b) as determined by the PNG Board under relevant regulations for declaring natural gas pipelines as common or contract carrier or under the Petroleum and Natural Gas Regulatory Board (Determination of Natural Gas Pipeline Tariff) Regulations, 2008 (the “**Pipeline Tariff Regulations**”) as notified by the PNG Board, or (c) as determined by the MoPNG Board under relevant regulations. The transporter is required to declare and inform the MoPNG Board of the pipeline’s available capacity and such capacity shall be available for use on common or contract carrier basis or both. Furthermore, under the Common Carrier Regulations, the authorised entity is required to formulate a calorific value band which complies with the various prescribed parameters. The Common Carrier Regulations stipulates transporter’s obligations at both entry and exit points the rules for booking pipeline capacity and the interconnection of common or contract carrier natural gas pipelines. The Carrier Guiding Principles was notified by the MoPNG Board on 21 April 2009. The Carrier Guiding Principles prescribe certain guidelines for declaring any natural gas pipeline as a common or contract carrier for the transportation of natural gas along with guidelines on their capacity and system.

A contract carrier system implies that the capacity in a natural gas pipeline, over and above an entity’s own requirement, shall be available to any other entity subject to the latter entering into a firm contract for transportation of a volume of natural gas for a period of minimum one year and such other terms as mutually agreed. A common carrier system implies that the capacity in a natural gas pipeline, over and above an entity’s own requirement shall be available to any other entity subject to the latter entering into a firm contract for transportation of a volume of natural gas for a period of less than one year and such other terms as mutually agreed. The contract carrier of common carrier capacity in respect of natural gas pipeline is determined in accordance with the provisions of the Gas Pipeline Regulations. The MoPNG Board has the

power to declare any existing pipeline for transportation of natural gas as a common or contract carrier, if in the opinion of the MoPNG Board, it is expedient to do so, either by giving wide publicity of its intention by inviting objections. The MoPNG Board may also provide the entity owning the pipeline an opportunity of being heard within a minimum notice period of 15 days from the close of the invitation for objections.

Royalty

Oilfields Act provides for payment of royalties in respect of any mineral oil mined, quarried, excavated or collected from the leased area. The Government may increase the rate of royalty payable for the production of crude oil and natural gas up to limits prescribed by the Oilfields Act by issuing a notification. Alternatively, the Government could also increase prescribed limits by amending the Oilfield Act. Under the Oilfields Act and NELP, royalty on crude oil and natural gas is payable as a percentage of wellhead value derived from sales price.

Oil Cess

Oil Industry Development Board (the “**OIDB**”) is constituted under the Oil Industry (Development) Act, 1974. OIDB receives Government funding out of cess collected on crude oil and natural gas production in India, and provides financial and other assistance for development activities in the oil and natural gas sector in India, out of the Oil Industry Development Fund. The functions of OIDB are, *inter alia*, rendering financial and other assistance for the promotion of all such measures as are conducive to the development of the oil industry. Before rendering any such assistance to any oil industry concern or other person, the OIDB shall have regard to such directions as the Central Government may issue in this regard. If an oil industry concern or other person defaults in repayment of any loan or advance or meeting its obligation in relation to any assistance rendered by the OIDB, OIDB may apply to the courts for certain reliefs for recovery of the loan. One of the reliefs is the transfer of the management of the defaulted oil industrial concern to OIDB. As per the financial accounts, the Guarantor has not taken any loan or financial assistance under the guarantee of OIDB. Hence, these provisions have no impact on the Guarantor currently.

Excise Duty

Every excise duty leviable under the Central Excise and Salt Act, 1944, shall be payable by the person by whom such item is manufactured. The proceeds of excise levied under the Central Excise and Salt Act, 1944, are first credited to the Consolidated Fund of India.

Laying of Pipelines

*Petroleum and Minerals Pipelines (Acquisition of Right of User in Land) Act, 1962 (the “**Pipelines Act**”)*

The Pipelines Act establishes the framework governing the acquisition of RoU in land for the purpose of laying pipelines to transport petroleum and minerals and other related matters. The Pipelines Act stipulates the acquisition procedure, the restrictions imposed on the RoU in land, and the compensation payable to persons interested in the land. Any RoU acquisition will be subject to conditions deemed fit by the Government in favour of public interest.

In addition to the Pipelines Act, other rules and regulations governing the laying of pipelines include the Guidelines for Laying Petroleum Product Pipelines, 2002, the Policy for Development of Natural Gas Pipelines and City or Local Natural Gas Distribution Networks, 2006, the Gas Pipelines Regulations and the Carrier Guiding Principles.

Pipeline Tariffs

Under the PNGRB Act, the PNG Board determines the transportation tariffs applicable to (i) common or contract carrier transmission pipelines; (ii) city or local natural gas distribution networks. The tariffs is payable on a zonal basis. All users within the same zone are treated equally without any preferential treatment given to particular users. The PNG Board may separately charge additional compression charge for the

compression of natural gas to the extent not included in the tariff. The Pipeline Tariff Regulations was notified by the PNG Board under the PNGRB Act on 20 November 2008. The Pipeline Tariff Regulation sets forth the procedure for determining the tariffs applicable to natural gas pipeline (the “**NGS Tariff**”). The Pipeline Tariff Regulations do not apply to (i) any pipeline laid that is dedicated to transport natural gas to a specific customer as opposed to re-selling it further, and (ii) pipelines in a city or local gas distribution network which are regulated by the Gas Pipeline Regulations. Under the Pipeline Tariff Regulations, the NGS Tariff is the sum of (i) the operative expense for the operating of the natural gas pipeline; and (ii) a premium which takes into account the reasonable rate of return of the capital employed, each of (i) and (ii) should be calculated on a Normative Level basis. For the purpose of this paragraph, “**Normative Level**” means, in relation to the operating expense and capital (as the case may be), a level that is reasonable and justifiable having taken into account incurred to lay, build, operate or expand an efficient natural gas pipeline over its entire economic life (being a period of 25 years commencing from the date when the authorisation is granted or the commencement date of the physical activities, each with respect to the relevant project. Entities subject to the Pipeline Tariff Regulations are required to submit its computation methods for determining the unit NGS tariff over all the tariff zones throughout the economic life of the project. The economic life of the project shall be a period of 25 years from the date of grant of authorisation or the start-up date of the commencement of physical activities. The Pipeline Tariff Regulations also require the entity involved to submit for the PNG Board’s approval, the calculations in respect of apportioning of the unit natural gas pipeline tariff over all the tariff zones during the economic life of the project.

Guidelines on Safety

*Petroleum and Natural Gas (Safety in Offshore Operations) Rules, 2008 (the “**Safety Rules**”)*

The Safety Rules which regulates the safety in offshore oil and gas exploration, exploitation, production, drilling and related matters was by MoPNG under the Oilfields Act on 18 June 2008. The Oil Industry Safety Directorate is the competent authority which exercises powers under the Safety Rules. Under the Safety Rules, the licensees, lessees, or operators (each an “**Operator**”) are required to undertake petroleum activities in a safe manner by implementing plans and activities which is not only healthy and safe for an individual but also environmentally friendly. Consent for new and existing mobile or fixed offshore installation is required from the competent authority within the period specified in the Safety Rules. The Safety Rules require operators of offshore installations to report to the competent authority within 30 days of commencement, or cessation of operations. The Operator is also responsible for (i) providing health related resources, (ii) establishing a safety management system, (iii) carrying out risk assessment, (iv) maintaining information and records for petroleum activities (including permanent plugging of wells), accidental pollution, recovery incidents, rescue measures and the remedial actions taken, and (v) reporting on the impact of its activities to the environment. In addition to the Safety Rules, the following rules and regulations setting the safety standards for petroleum and natural gas activities remain applicable:

- Petroleum and Natural Gas Regulatory Board (Procedure for Development of Technical Standards and Specifications including Safety Standards) Regulations, 2009 which stipulates the procedures for developing draft standards by technical committees or standard development organisations for activities relating to petroleum, petroleum products and natural gas, which includes the construction and operation of pipeline and infrastructure projects related to downstream petroleum and natural gas sector;
- Petroleum and Natural Gas Regulatory Board (Technical Standards and Specifications including Safety Standards for Natural Gas Pipelines) Regulations, 2009 which stipulates (i) safety matters pertaining to the common carrier or contract carrier natural gas pipelines, including pipeline design, materials and equipment, welding, fabrication, installation, testing, commissioning, operation and maintenance and corrosion control; and (ii) safety requirements for natural gas pipelines; and
- Petroleum and Natural Gas Regulatory Board (Technical Standards and Specifications including Safety Standards for City or Local Natural Gas Distribution Networks) Regulations, 2009 which stipulates the safety aspects of the operation and maintenance of CGD networks.

Regulation of Exploration and Production of Natural Gas

Under Article 297 of the Constitution of India, the Union of India has jurisdiction over petroleum and natural gas in India, with MoPNG as the principal regulator of E&P of oil and natural gas. MoPNG is responsible for regulating the exploration, production, distribution, marketing and pricing of petroleum resources, including crude oil and natural gas. MoPNG is also responsible for regulating the planning and development of oil field services.

The DGH was established under the aegis of MoPNG in 1993, with the objective of promoting sound management of Indian petroleum and natural gas resources that takes into account the balance between environmental, economic and technological development and its overall safety. DGH, which remains under the control of MoPNG, was established as the MoPNG acknowledged the need of an agency to not only advise the Government, but also to regulate and oversee the upstream activities in the petroleum and natural gas sector. The upstream petroleum sector was originally dominated by public sector companies where the Government could effectively monitor but as the sector gradually opens to private investment, this invariably leads to an increasing number of private and joint sectors companies entering the field. The need to establish an agency that could effectively supervise the activities of all companies in the sector was therefore pertinent.

The Oilfields (Regulation and Development) Act, 1948 (the “Oilfields Act”)

Oil and natural gas exploration activities are governed by the Oilfields Act, which provides for the regulation of oilfields and for the development of mineral oil resources. “Oilfields” are defined as any area where any operation for the purpose of obtaining natural gas and petroleum, crude oil, refined oil, partially refined oil and any of the products of petroleum in a liquid or solid state is to be or is being carried on, and “mineral oils” are defined to include natural gas and petroleum.

Under the Oilfields Act, the Government is empowered to frame rules with respect to regulating, among other things, the granting of mining leases, granting petroleum exploration or prospecting licenses and the production of oil and regulation of the operations carried on in oilfields. The Oilfields Act also provides for payment of royalties in respect of mineral oils mined from the leased area.

The Mines Act, 1952 (the “Mines Act”)

The Mines Act, along with the rules and regulations therein, seeks to regulate the working condition in mines (including oil and natural gas extraction facilities) by providing for measures to be taken for the safety of the workers employed. The Mines Act has been enacted with the objective of providing for the health, safety and welfare of workers employed in the mines against industrial and occupational hazards. The enactment provides duties, guidelines and standards that are to be maintained during mining operations and management of mines; hours and limitation of employment; leave with wages of mine workers. It empowers the Central Government to appoint qualified persons as inspectors and chief inspectors of mines who shall have the power to inspect and examine any part of the mine at any time, in order to ascertain whether the provisions of the Mines Act, and the rules and regulations therein, are being followed. General disobedience of orders or non-compliance of provisions of the Mines Act may result in both criminal and civil penalties.

The Mines Act is administered through the Directorate General of Mines Safety (“DGMS”), which is the regulatory agency for safety in mines and oversees compliance, with the objective of reduction in risk of occupational diseases and casualty to persons employed in mines.

Oil Mines Regulations, 1984 (the “Oil Mines Regulations”)

No mine shall be opened or processed without a manager and a safety officer who are duly appointed under the Oil Mines Regulations. Furthermore, one or more installation managers should be appointed to take charge of different installations at every mine. An owner, agent or manager of a mine is required to provide notice regarding the opening or closure of the mine and accidents associated with the mine to the Chief Inspector and to the Regional Inspector designated under the Oil Mine Regulations. An owner, agent or manager is also required to submit quarterly returns to the Chief Inspector and Regional Inspector, and annual

returns to the District Magistrate and Chief Inspector, and is also mandatorily required to keep the following plans accurate and up to- date, viz. (i) a key plan showing the area in which operations for mining of petroleum and ancillary operations are carried on, (ii) a surface plan showing the location of all wells including abandoned wells, railways, power transmission lines, public roads, or other permanent structures not belonging to the owner, and (iii) a plan indicating the rivers and water courses within mining areas. A new pipeline or any significant alteration can be carried out in any existing pipeline only with the prior approval of the Regional Inspector and in accordance with such conditions as he may specify. The application for a permission to open or process a mine shall be sent to the Chief Inspector and District Magistrate completed in the prescribed form, accompanied by copies of a plan indicating the area and location of the proposed pipeline to show the extent of land and route over which Right of Use (“**RoU**”) could be established.

*Petroleum Act, 1934 (the “**Petroleum Act**”)*

The Petroleum Act empowers the Government to frame rules regarding the import, transport, storage, blending, refining and production of petroleum. It further empowers the Government to prescribe standards for pipelines, testing apparatus and storage receptacles for petroleum, and to inspect, make entry and search and certify grades of petroleum involved in a particular establishment.

*Petroleum Rules, 2002 (the “**Petroleum Rules**”)*

The Petroleum Rules define the various classes of petroleum, prescribe the conditions to be followed in blending, refining, storing and transporting petroleum and specify the permissions to be taken for the import and export of petroleum. Under the Petroleum Rules, no person is permitted to deliver or dispatch any petroleum to anyone in India other than the holder of a storage licence issued under the Petroleum Rules or his authorised agent or a port authority or railway administration or a person who is authorised under the Petroleum Act to store petroleum without a licence. Petroleum Rules prohibit employment of children under the age of eighteen years and a person who is in a state of intoxication. Petroleum Rules also seek to regulate the importation of petroleum through licenses.

*Petroleum and Natural Gas Rules, 1959 (the “**P&NG Rules**”)*

The P&NG Rules provide the framework for the granting of PELs and PMLs. The P&NG Rules prohibit the prospecting or exploitation of any oil or gas unless a license or lease has been granted under the P&NG Rules. A PML entitles the lessee to an exclusive right to extract oil and gas from the relevant contract area. PELs and PMLs are granted by the Indian Ministry of Petroleum and Natural Gas for offshore areas and by the relevant state governments, with the prior approval of the Government, for onshore areas. A PEL or a PML must contain the terms and conditions specified in the P&NG Rules. However, they may also contain additional terms and conditions agreed between the licensee or the lessee and the Government. The term of a PEL is four years, renewable twice for a period of one year each. The term of a PML is generally 20 years, and the area covered by it is ordinarily 250 square kilometres. Upon grant of the PML, the lessee has to pay either the prescribed rental or the royalty, whichever is higher, in relation to the concerned lease. While the rental is payable based on the area of the land leased, the royalty is the amount that is generally payable as a percentage of the value at well head of the natural gas obtained by the lessee. The Government has the right to order a royalty to be paid in petroleum and natural gas instead of money. Under the Oilfields Act, the levy of a royalty is permitted up to 20 per cent. of the sale price of the mineral oil, which includes natural gas. In the event of a national emergency in respect of petroleum, the Government has the right of pre-emption in relation to the refined petroleum or petroleum products produced from the crude oil or natural gas extracted from the area under a lease. Further, under the P&NG Rules, the Government may, in the interests of conservation of mineral oils (which include natural gas), restrict the amount of petroleum or natural gas that may be produced by a lessee in a particular field.

Prior to the introduction of NELP, the issue of licences and PSC were regulated by the Oilfields Act and the PNG Rules, where exploration blocks were offered for exploration and production only to national oil companies.

NELP was formulated by the Government in the fiscal year 1997 to provide a level playing field where prospective contractors in both the public and private sectors could compete on equal terms for the award of exploration and mining acreage. The notification of NELP in 1999 had specified that there would be no mandatory state participation through national oil companies. National oil companies could no longer obtain PELs on a nomination basis and will need to compete for PELs. Under NELP, national oil companies no longer receive preferential treatment, and their right to reserve blocks had been removed. National oil companies, together with other companies, are required to pay international price for oil discovery made in blocks which were offered under NELP.

The model PSC (the “**Model PSC**”) is a model contract between the Government and a licensee or lessee (in each case, a “**Contractor**”) with respect to grant of a PEL or PML. The Model PSC, as notified through NELP, is subject to the PNG Rules. Under Model PSC, the Contractor bears exploration risks and development and production costs in return for a stipulated share of the production. The Contractor’s share is affected by the Government’s share in a PSC which is determined on a case by case basis further to a competitive bidding process with other Contractors. The Model PSC defines participating interest of contracting parties and designates an operator for the contract area under the PEL or PML. Where the Contractor under the PSC includes more than one company or entity, such entities are required to enter into a joint operating agreement among themselves. The contract period under the PSC includes (i) an exploratory phase which could be further split into two sub-phases, during which the Contractor operates under a PEL, and (ii) a development and production phase, during which the Contractor operates under a PML.

In addition, the PSC requires the Contractor to obtain the Government approval for (i) an appraisal programme which appraises any discovery delineates petroleum reservoirs in terms of thickness and lateral extent and determines the quantity of recoverable petroleum, each in respect of the contract area; (ii) a development plan which sets out the plan with respect to its development of each commercial discovery; (iii) an annual work programme for the contracting period; (iv) a minimum work programme with respect to each exploration phase; and (v) any abandonment or site restoration plans. A Contractor signing a PSC is free to market oil and gas it produces in the domestic market and has the option to amortise exploration and drilling expenditures over a period of ten years since its first commercial production.

Other benefits under NELP include (i) an income tax holiday for seven years since the commencement of its commercial production; (ii) exemptions from, among other things, payment of signature bonus, discovery bonus or production bonus; (iii) exemption from the payment of import duty on imports required for petroleum operations; (iv) a minimised expenditure commitment during the exploration period; (v) exemption from payment of OID Cess and (vi) no mandatory state participation/carried interest by or for national oil companies.

Other features as set out in the Model PSC include: (i) a defined procedure for the announcement of hydrocarbon discoveries; (ii) a requirement to prepare appraisal programmes of commercial discoveries made under nomination blocks, as well as development plan of such discoveries, having consulted the DGH within the specified period; (iii) a cost recovery mechanism in favour of the operator and a profit-sharing mechanism in favour of the Government. These mechanisms are distinguished from the existing contracts applicable to coal/lignite bed methane blocks where there is no cost recovery mechanism for the operator, and where payment to the Government is performance-linked; and (iv) a dispute resolution mechanism which applies the Arbitration and Conciliation Act, 1996 that is based on the United Nations Commission on International Trade Law model.

*Petroleum and Natural Gas Regulatory Board Act, 2006 (the “**PNGRB Act**”)*

The PNGRB Act provides for the establishment of the PNG Board, and vests it with the authority to, among other things, (i) regulate refining, processing, storing, transporting (including laying of pipelines), distributing, marketing and importing, exporting and the selling of petroleum, petroleum products and natural gas (but excluding the production of crude oil and natural gas); (ii) monitoring prices and taking corrective measures to prevent restrictive trade practices; (iii) imposing fees and other charges; and (iv) regulating technical and safety standards and specifications relating to petroleum, petroleum products and natural gas.

The objectives of the PNG Board are to protect the interests of consumers and entities engaged in specified activities relating to petroleum, petroleum products and natural gas, to ensure uninterrupted and adequate supply of petroleum, petroleum products and natural gas in all parts of India and to promote a market which values the benefits of competition.

*Guidelines on Swapping of Natural Gas (the “**Swapping Guidelines**”)*

In March 2012, the MoPNG issued guidelines, the Swapping Guidelines which apply to the “swapping” of natural gas whereby a party (the first party) supplies gas to a second party, at a location specified by the second party, in exchange for the second party supplying the energy equivalent quantity of gas to the first party or first party’s representative at another location (along with an appropriate indemnity for so doing). The Swapping Guidelines require that all parties involved be revenue-neutral over the entire length of the pipeline and any swapping of gas would need to conform to the tariff and applicable PNGRB Act and any dispute regarding the same would need to be heard before the PNG Board.

*Petroleum and Natural Gas Regulatory Board (Authorising Entities to Lay, Build, Operate or Expand Natural Gas Pipelines) Regulations, 2008 (the “**Gas Pipeline Regulations**”)*

The Gas Pipeline Regulations require all entities proposing, or directed by the PNGRB, to lay, build, operate, or expand a natural gas pipeline to obtain authorisation from the PNGRB, on submission of documents demonstrating financial and technical adequacy, including possession of all requisite regulatory and corporate approvals. The PNGRB may cancel an existing authorisation under the Gas Pipeline Regulations, if the authorised entity fails to achieve the prescribed conditions precedent, including achievement of financial closure or submission of required documentation such as the requisite corporate approvals or the executed gas transportation agreement.

*The Petroleum and Natural Gas Regulatory Board (Codes of Practices for Emergency Response and Disaster Management Plan) Regulations, 2010 (the “**ERDMP Regulations**”)*

The ERDMP Regulations are applicable to, among other things, transportation of petroleum products by road and pipelines, processing installations, petroleum and gas storage facilities and terminals, and liquid petroleum product pipelines. The scope of the ERDMP Regulations covers identification of emergencies, mitigation measures that attempt to reduce and eliminate the risk of disasters and plans of action when emergencies occur.

The Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010

The Petroleum and Natural Gas Regulatory Board (Determining Capacity of Petroleum, Petroleum Products and Natural Gas Pipeline) Regulations, 2010 apply to entities building, operating and expanding pipelines. These regulations apply to all new and existing pipelines and regulate, among other things, the applicable procedures and pipelines’ parameters.

Guidelines for Management of Oil and Gas Resources

The Indian Ministry of Petroleum and Natural Gas issues guidelines for management of oil and gas resources. These guidelines give broad powers to the Directorate General of Hydrocarbons for management of oil and gas resources. The powers of the Directorate General of Hydrocarbons include, among other things, monitoring the exploration program for nomination blocks, monitoring the development of hydrocarbon discoveries, and monitoring oil and gas reservoir management.

Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 (the “Territorial Waters Act”)

The Territorial Waters Act empowers the Government of India to extend the application of any Central Government legislation to the territorial waters, continental shelf, exclusive economic zone and other maritime zones of India. Accordingly, the Territorial Waters Act provides for the grant of PELs and PMLs by the Government of India (and in respect of land vested in a state Government, by that state Government with prior approval of the Government) to explore and exploit resources of the continental shelf and the exclusive economic zone.

Coastal Regulation Zone Notifications

MoPNG issued certain notifications on 19 February 1991, 16 August 1994, 9 July 1997 and 12 August 2001 to declare coastal stretches of seas, bays, estuaries, creeks, rivers and backwaters which are influenced by tidal action (in the landward side) up to 500 meters from the high tide line, and the land between the low tideline and high tide line as “Coastal Regulation Zones” (“CRZs”) and to impose restrictions on the set up and the expansion of industries, operations or processes in the CRZ.

Guidelines for Management of Oil and Gas Resources for Nomination Blocks (the “Oil and Gas Nomination Block Management Guidelines”)

The Oil and Gas Nomination Block Management Guidelines were announced by the MoPNG in 2007 to regulate nomination blocks were awarded to national oil companies were prior to the introduction of NELP and PSC. Under the Oil and Gas Nomination Block Management Guidelines, national oil companies are required to, among other things, prepare an appraisal programme of their discoveries made under nomination blocks having consulted the DGH under a specific time frame that is similar to the requirement set out in NELP. In addition, national oil companies are required to prepare development plans of their discoveries made under nomination blocks in consultation with DGH.

The Oil and Gas Nomination Block Guidelines prescribes the constitution of a management committee comprised of the DGH, representatives from MoPNG and a director-level representative from the relevant national oil company. The Director General, DGH will act as chairman and the DGH is required to review and monitor the progress and performance of national oil companies in accordance with each PEL and international practice. Similar to the PSC requirements, DGH could also frame procedures for the announcement of hydrocarbon discoveries and the reporting of hydrocarbon reserves. Furthermore, DGH is responsible for monitoring the development of hydrocarbon discoveries of nomination blocks and health of reservoirs of all producing fields operated by national oil companies.

National Resettlement and Rehabilitation Policy, 2007

The National Rehabilitation and Resettlement Policy, 2007 was notified by the Government on 31 October 2007 to rehabilitate and resettle persons (i) affected by the acquisition of land for projects of public purpose or (ii) displacement involuntary due to any other reason. The Government will establish a Rehabilitation and Resettlement Committee to monitor the implementation progress of any scheme or rehabilitation and resettlement of affected families in cases where the involuntary displacement involves (i) 400 or more families *en masse* in plain areas; (ii) 200 or more families *en masse* in tribal or hilly areas, blocks of the

Desert Development Programme of the Government (the “**DDP**”) or areas mentioned in the Fifth or Sixth Schedule to the Constitution of India of the Government. DDP is a programme set up by the Government which aims to (i) combat drought and desertification, (ii) mitigate the adverse effect of drought and desertification on crop production, livestock and people, (ii) encourage restoration of the ecological balance by harnessing, conserving and developing natural resources. The Rehabilitation and Resettlement Committee will also carry out post-implementation social audits. The National Rehabilitation and Resettlement Policy, 2007, is a revised and improved version of the National Policy on Resettlement and Rehabilitation for Project Affected Families, 2003. Under the National Rehabilitation and Resettlement Policy, 2007, project promoters are required to consider alternative sites before submitting requests for land acquisitions. The area of land to be acquired will also be limited to a minimum size to commensurate with the purpose of the project. Projects should, as far as possible, be set up on wasteland, degraded land or un-irrigated land. The Governments should consider options that would minimise the number of people being displaced, the total area of land to be acquired and the acquisition of agricultural land for non-agricultural projects. In addition, a social impact assessment is required where an involuntary displacement will involve at least 400 families *en masse* in plain areas and 200 families *en masse* in hills.

Policy Guidelines for Exploration and Exploitation of Shale Gas and Oil

In 2013, the Ministry of Petroleum and Natural Gas issued the “Policy Guidelines for Exploration and Exploitation of Shale Gas and Oil by National Oil Companies (“**NOCs**”) under the Nomination Regime, 2013” (the “**Guidelines**”) to allow shale gas exploitation and exploration. The Guidelines will be applicable to on land Oil & Gas Nomination acreages with NOCs, and they further provide that NOCs holding PEL/PMLs granted under the Nomination regime can apply for rights to exploit shale gas. NOCs will be required to undertake a minimum work programme with a fixed timeline for shale gas and oil exploration or exploitation. Tax incentives are offered for shale gas exploitation. The Guidelines provide that full exemption from basic customs duty and additional duty of customs for specified goods required in connection with petroleum operations undertaken under petroleum licences or mining leases issued on nomination basis would be available for exploration and exploitation of shale gas and oil. The Guidelines also provide that the holder of the PEL/PML will be responsible for ensuring health, safety and environment, site restoration, and adoption of best industry practices and follow statutory requirements for all purposes under licence and mining lease. Royalty, cess and taxes for shale gas and oil would be payable as par with conventional gas/oil being produced from the respective areas, at the prevailing rates, as applicable.

*The Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (the “**RFTLA Act**”)*

The RFTLA Act has received the assent of the President of India on 27 September 2013 and shall come into force from 1 January 2014. The key provisions of the RFTLA Act are as follows, viz. (i) RFTLA Act completely replaces the Land Acquisition Act, 1894, (ii) the process for land acquisition involves a Social Impact Assessment and Environmental Impact Assessment survey, preliminary notification stating the intent for acquisition, a declaration of acquisition, and compensation to be given by a certain time. All acquisitions require rehabilitation and resettlement to be provided to the people affected by the acquisition, (iii) Compensation for the owners of the acquired land shall be four times the market value in case of rural areas and 2 times in case of urban areas, (iv) In case of acquisition of land for use by private companies or public private partnerships, consent of 70 per cent of the displaced people will be required. Purchase of large pieces of land by private companies will require provision of rehabilitation and resettlement, and (v) The provisions of the RFTLA Act shall not apply to acquisitions under 13 existing legislations, *inter alia*, the Electricity Act, 2003, the Atomic Energy Act, 1962 and the Railways Act, 1989.

Environmental laws and regulations

Our business is subject to environment laws and regulations. The applicability of these laws and regulations varies from operation to operation and is also dependent on the jurisdiction in which we operate. Major environmental laws applicable to our operations include the Environmental (Protection) Act, 1986 (“**EPA**”),

the Water (Prevention and Control of Pollution) Act, 1974 (“**Water Act**”) and the Air (Prevention and Control of Pollution) Act, 1981 (“**Air Act**”). Pollution Control Boards (“**PCBs**”) have been constituted in several states in India to implement the provisions of some of the environmental laws and companies are required to obtain their approvals in relation to certain activities affecting the environment.

The Government has formulated legislation for exploration and production and refining and manufacturing companies that have operations in environmentally sensitive areas. A detailed environmental impact assessment study is required to be carried out in phases before commencement of certain operations so that the impact on biodiversity and ecological sensitivity can be reduced through mitigating measures. The EPA, the Water Act and the Air Act provide for the prevention, control and abatement of pollution. Pollution control boards have been established in all states in India to exercise the powers under these statutes in order to prevent and control pollution. Companies must obtain the prior clearance of the relevant state pollution control board for emissions and discharge of effluents into the environment. If the project value exceeds Rs. 1 billion for a new project or Rs. 500 million for the expansion of an existing oil and gas exploration and production project, the project also requires the approval of the Ministry of Environment and Forests.

The Hazardous Waste (Management, Handling and Trans-boundary Movement) Rules, 2008 define waste oil and oil emulsions as “hazardous wastes” on account of their physical, chemical, reactive, toxic, flammable, explosive or corrosive characteristics causing danger to health or environment and these rules impose an obligation on each occupier and operator of any facility generating hazardous waste to dispose of such hazardous wastes properly. It also imposes obligations in respect of the collection, treatment and storage of hazardous wastes. Each occupier and operator of any facility generating hazardous waste is required to obtain an authorisation from the relevant state Pollution Control Board for collecting, storing, handling and treating the hazardous waste. Further, registration has to be obtained by any person desirous of recycling or reprocessing hazardous wastes. These rules also impose restrictions on import and export of hazardous wastes. The Ministry of Environment and Forests is the nodal Ministry to deal with trans-boundary movement of hazardous wastes.

Furthermore, the Indian Ministry of Petroleum and Natural Gas has declared coastal stretches of seas, bays, estuaries, creeks, rivers and backwaters which are influenced by tidal action up to 500 meters from the high tide line, and the land between the low tide line and high tide line, as coastal regulation zones and has imposed restrictions on setting up and expanding industries, operations or processes in these zones. In addition, the Territorial Waters, Continental Shelf, Exclusive Economic Zone and other Maritime Zones Act, 1976 regulates the exploration and exploitation of resources of the continental shelf and exclusive economic zone. The exploration activities of the offshore blocks acquired may also be subject to this statute.

In addition, the Merchant Shipping Act, 1958 provides for liability in respect of loss or damage caused outside the ship by contamination resulting from the escape or discharge of oil from the ship, wherever such escape or discharge occurs.

Under the Indian Forest Act, 1927, state governments have the power to declare any land covered by forests or any wasteland in a state a “reserved forest”, “village forest” or “protected forest”. The conduct of upstream operations for petroleum or natural gas in such areas requires prior approval of the competent authority. Furthermore, exploration, development or production operations for petroleum and natural gas is not permitted in areas designated as sanctuaries or reserves under the Indian Wildlife (Protection) Act, 1972.

The Indian Forest (Amendment) Bill, 2012 (“**Forest Bill**”) was introduced in the Rajya Sabha, Parliament of India on March 26, 2012. The Forest Bill consolidates the law related to forests and forest produce. It prohibits certain activities, some of which are punishable with imprisonment of up to six months or a fine of Rs. 500. These include making fresh clearances in forests and setting fire to a reserved forest. These offences can be compounded by officers empowered by the state government.

*Forest (Conservation) Act, 1980 (the “**Forest Conservation Act**”)*

The Forest Conservation Act has been enacted to protect forests and for matters connected therewith or ancillary or incidental thereto in India. The Forest Conservation Act requires prior approval of the Government, through MoEF, for any land covered by forest to be leased or used for industrial purposes and the de-reservation of any land notified as a “Reserved Forest” by a state government under the Indian Forest Act, 1927.

Under the Forest (Conservation) Rules, 2003, issued by the Government pursuant to the Forest Conservation Act, a party wishing to carry out operations in a block covered by forests or in areas that have been declared “Reserved Forest” under the Indian Forest Act, 1927 are required to submit an application for approval to the MoEF. Clearance under the Forest Conservation Act typically requires undertakings and payments to be made for the cost of re-forestation, in accordance with schemes notified by the state government, in the relevant areas.

*The Environment (Protection) Act, 1986 (the “**EPA**”) and The Environment (Protection) Rules, 1986 (the “**EPR**”)*

The EPA is the umbrella legislation in respect of the various environmental protection laws in India. The EPA vests the Government of India with the power to take any measure it deems necessary or expedient for protecting and improving the quality of the environment and preventing and controlling environmental pollution. This includes rules for, *inter alia*, laying down the quality of environment, standards for emission of discharge of environment pollutants from various sources, prevention of accidents, inspection of any premises, plant, equipment, machinery, examination of manufacturing processes, laying down procedures and safeguards for the handling of hazardous substances; preparation of manuals, codes or guides relating to the prevention, control and abatement of environmental pollution; and materials likely to cause pollution.

The EPA contains provisions with respect to certain compliances by persons handling hazardous substances, furnishing of information to the authorities in certain cases, establishment of environment laboratories and appointment of Government analysts.

The EPR prescribes standards for emission or discharge of environmental pollutants from industries. It also contains provisions relating to prohibition and restriction on location of industries and the carrying on of processes and operations in different areas. The EPR also mandates an annual submission of an annual environmental statement to the concerned State Pollution Control Board by every person carrying on an industry, operation or process requiring consents under the Air Act and Water Act, or authorisation under the Hazardous Wastes Rules.

Penalties for violation of the EPA include fines and/ or imprisonment

*The Environment Impact Assessment Notification S.O. 1533(E) (the “**EIA Notification**”)*

The EIA Notification issued under the EPA and the Environment (Protection) Rules, 1986, as amended, provides that the prior environmental clearance of the Ministry of Environment and Forests or State Environment Impact Assessment Authority, as the case may be, is required for the establishment of any new project and for the expansion or modernisation of existing projects specified in the EIA Notification. The EIA Notification states that the obtaining of prior environmental clearance includes a maximum of four stages, i.e., screening, scoping, public consultation and appraisal.

An application for prior environmental clearance is made after the identification of prospective site(s) for the project and/or activities to which the application relates but before commencing any construction activity, or preparation of land, at the site by the applicant. Certain projects which require approval from the State Environment Impact Assessment Authority may not require an Environment Impact Assessment Report. For projects that require preparation of an Environment Impact Assessment Report, public consultation involving

both public hearing for ascertaining concerns of local affected persons and obtaining written responses from other concerned persons having a plausible stake in the environmental aspects of the project or activity is conducted by the State PCB. The Expert Appraisal Committee or State Level Expert Appraisal Committee, as the case may be, makes an appraisal of the project only after a Final EIA Report is submitted addressing the questions raised in the public consultation process. The prior environmental clearance granted for a project or activity is valid for the life of a project as estimated by Expert Appraisal Committee or State Level Expert Appraisal Committee subject to a maximum of 30 years for mining projects and five years in the case of all other projects and activities. This period of validity may be extended by the regulatory authority concerned (the Ministry of Environment and Forests or the State Environment Impact Assessment Authority, as the case may be) by a maximum period of five years.

Foreign investment in petroleum and natural gas sector in India

Foreign investment in Indian securities is primarily regulated through the Industrial Policy, 1991 of Government and FEMA. While the Industrial Policy, 1991 prescribes the limits and the conditions subject to which foreign investment can be made in different sectors of the Indian economy, FEMA regulates the precise manner in which such investment may be made.

Foreign direct investment in petroleum and natural gas sector

The DIPP has issued the “Consolidated FDI Policy Circular of 2014” with effect from 17 April 2014, (the “**FDI Circular**”) which consolidates the policy framework on FDI.

As per the FDI Circular, FDI up to 100 per cent. under the automatic route is permitted in exploration activities of oil and natural gas fields, infrastructure related to marketing of petroleum products and natural gas, marketing of natural gas and petroleum products, petroleum product pipelines, natural gas or LNG pipelines, LNG Regasification infrastructure, market study and formulation and petroleum refining in the private sector. Such investment is subject to the existing sectoral policy and regulatory framework in the oil marketing sector and the policy of the Government on private participation in exploration of oil and the discovered fields of national oil companies. Further, FDI up to 49 per cent. under the government route is permitted for petroleum refining by the public sector undertakings without any disinvestment or dilution of domestic equity in the existing public sector undertakings.

Investment by FIIs

Apart from investment under FDI route as above, registered FIIs are permitted to purchase shares of an Indian company through offer or private placement under schedule 2 to FEMA Portfolio Investment Scheme (“**PIS**”) subject to the ceiling specified hereunder, provided that, in case of a public offer, the price of the shares to be issued is not less than the price at which shares are issued to Indian residents.

The ceiling under the PIS is that the total holding by each FII/SEBI approved sub-account of FII shall not exceed 10 per cent. of the total paid-up equity capital or 10 per cent. of the paid-up value of each series of convertible debentures issued by an Indian company and the total holding of all FIIs/sub-accounts of FIIs put together shall not exceed 24 per cent. of paid up-equity capital or paid up value of each series of convertible debentures. However, the limit of 24 per cent. may be increased up to the sectoral cap/statutory ceiling, as applicable, by the Indian company concerned by passing of a resolution by its board of directors followed by passing of a special resolution to that effect by the general body.

The 10 per cent. individual limit and the 24 per cent. aggregate limit, as described above, would be applicable even when FIIs invest under the FDI route.

Foreign Exchange Laws

The current laws relating to overseas foreign currency borrowings, commonly referred to as external commercial borrowings (“ECBs”), by Indian companies are embodied in the ECB Guidelines which can be accessed under two routes: (i) the automatic route, and (ii) the approval route. The automatic route does not require a borrower to obtain any prior approval from RBI, whereas the approval route refers to circumstances where prior RBI approval is mandatory before raising an ECB. The ECB Guidelines are subject to amendment from time to time.

Automatic route

Under the automatic route, recognised borrowers permitted to raise ECBs include: (i) companies in industrial sectors, infrastructure sectors and specified service sectors (i.e. hotel, hospital and software sectors); (ii) infrastructure finance companies (“IFCs”) (except financial intermediaries such as banks, financial institutions, housing finance companies and non-banking financial companies (“NBFCs”)); (iii) units in special economic zones; (iv) micro-finance institutions registered under the Societies Registration Act, 1860, the Indian Trust Act, 1882 or national or state level cooperative acts; (v) companies registered under Section 25 of the Companies Act, 1956; and (vi) non-government organisations engaged in micro-finance activities. Individuals, trusts and non-profit making organisations are not eligible to raise ECBs.

The foreign lenders eligible to provide ECBs include: (i) international banks; (ii) international capital markets; (iii) multilateral financial institutions or regional financial institutions and Government-owned development financial institutions; (iv) export credit agencies; (v) suppliers of equipment; (vi) foreign collaborators; and (vii) foreign equity holders (subject to compliance with threshold requirements).

ECB proceeds can be utilised for: (i) investment (such as the import of capital goods, new projects, modernisation or expansion of existing production units) in the real sector (i.e. the industrial sector including small and medium enterprises, infrastructure sector and specified service sectors); (ii) overseas direct investment; (iii) acquisition of shares in the Government’s disinvestment programme of public sector units; (iv) lending to self-help groups or for micro-credit or micro finance; (v) payment for spectrum allocation; (vi) utilisation of ECBs by IFCs for up to 50 per cent. of their owned funds for on-lending to the infrastructure sector; (vii) capital expenditure for maintenance and operations of toll systems for roads and highways; and (viii) payment of interest during construction by companies engaged in the infrastructure sector. ECB proceeds cannot be used for: (i) on-lending or investment in capital markets or for acquisition of a company in India by a corporate; (ii) investment in real estate; or (iii) working capital, general corporate purposes or repayment of existing Rupee loans. “Infrastructure sector” for the purposes of the ECB Guidelines is defined to include (i) transport; (ii) energy; (iii) water & sanitation; (iv) communication; and (v) social and commercial infrastructure. “Energy” sector for the purpose of this definition further includes electricity generation, transmission and distribution, oil and gas pipelines and oil/gas/liquid natural gas storage facility. The maximum amount of ECBs which can be raised by a corporate (other than those in the service sectors) is US\$750 million each financial year. Corporates in the services sector are allowed to raise ECBs up to US\$200 million each financial year. The all-in-cost (which includes rate of interest, other fees and expenses in foreign currency but does not include commitment fees, pre-payment fees, payments for withholding tax in Rupees or fees payable in Rupees) ceilings for ECBs are as follows:

Average Maturity Period All-in-cost over 6 months LIBOR

ECB of 3 years and up to 5 years 350bps Average Maturity Period All-in-cost over 6 months LIBOR

ECB of more than 5 years 500bps

Recently, the RBI directed that eligible Indian companies will not be permitted to raise ECBs from overseas branches / subsidiaries of Indian banks for the purpose of refinancing or repayment of the Rupee loans raised from the domestic banking system in respect of the following: (a) Scheme of take-out financing; (b) Repayment of existing Rupee loans for companies in infrastructure sector; (c) Spectrum allocation; and (d) Repayment of Rupee loans.

The RBI also recently simplified the procedure for an ECB from a foreign equity holder. Further, the scheme of refinance of existing ECB by raising fresh ECB at lower all-in-cost is permitted by the RBI subject to the condition that the outstanding maturity of the original ECB is either maintained or extended, will continue as hitherto under the automatic route and approval route as the case may be. Recently, under the automatic route and approval routes, the RBI has delegated the power to the designated AD Category — I bank to allow re-schedulement of ECB due to changes in draw-down schedule and / or repayment schedule.

Approval route

All ECBs falling outside the purview of the automatic route limits are considered by the RBI under the approval route. ECBs which can be obtained with prior RBI approval include: (a) IFCs utilising ECBs beyond 50 per cent. of their owned funds for on-lending to the infrastructure sector; (b) NBFCs utilising ECBs to finance import of infrastructure equipment for leasing to infrastructure projects; and (c) take-out financing utilised for refinancing of Rupee loans by infrastructure borrowers from the domestic banks in the sea port, airport, roads, bridges and power sectors for project development.

Filing and regulatory requirements in relation to issuance of Notes

An ECB borrower is required to obtain a loan registration number (“**LRN**”) from the RBI before an issuance of Notes is effected. For allotment of the LRN, ECB borrowers are required to submit completed Form 83 certified by a company secretary or chartered accountant to the authorised dealer bank of the ECB borrower. The authorised dealer bank is then required to forward the completed Form 83 to the RBI. Any ECB borrower is required to submit an ECB-2 Return on a monthly basis via its authorised dealer bank to the RBI.

Procedure in relation to any change to the Conditions of the Notes

Any change in the Conditions of the Notes after obtaining the LRN require the prior approval of the RBI. The ECB borrower is required to apply to the RBI via its authorised dealer bank to obtain such approvals. Certain changes (such as amendments to the repayment date, currency, the name of the borrower, recognised lender, the purpose for which the ECB is utilised or any change to the authorised dealer bank) may be approved by the authorised dealer bank under a delegated authority from the RBI subject to certain conditions being complied with.

Companies Act, 2013

The Government promulgated the 2013 Act on 30 August 2013. The provisions of the 2013 Act will be effective on such date as appointed by the Government by publishing a notification in the official gazette and different dates may be appointed for different provisions. The Ministry of Corporate Affairs has notified 98 sections of the 2013 Act which became effective from 12 September 2013. The MCA also notified on 27 February 2014 the corporate social responsibility (“**CSR**”) provisions (Section 135 and Schedule VII) of the 2013 Act along with the Companies (Corporate Social Responsibility Policy) Rules, 2014 (“**CSR Rules**”), which has come into effect from 1 April 2014. Further, the MCA has by its notification dated 26 March 2014 (“**March 26 Notification**”), notified 183 sections and Schedule I to VI of the 2013 Act, which have come into effect from 1 April 2014. The 2013 Act seeks to overhaul the Companies Act so as to make it more adaptable to the changing circumstances and make it comprehensive. The substantial operative part of the legislation is in the rules (“**Rules**”), and the Rules for implementation of majority of the chapters of 2013 Act have also been notified on 26 March 2014 and have become effective on 1 April 2014, the date of publication in the official gazette.

The 2013 Act intends to strengthen corporate regulation by increasing the robustness of the existing provisions and introducing new measures, such as (i) increasing accountability of management by making independent directors more accountable; (ii) improving corporate governance practices; (iii) enhancing disclosure norms in relation to capital raising; (iv) enhancing audit procedures and audit accountability including establishment of the National Financial Reporting Authority for dealing with matters relating to accounting and auditing policies and standards; (v) increasing investor protection and activism by way of provisions relating to class action suits; (vi) ensuring protection of minority rights including exit options; (vii) promoting e-governance initiatives; (viii) ensuring stricter enforcement standards including establishment of Serious Fraud Investigation Office for investigation of frauds relating to companies and special courts for summary trial of offences under 2013 Act; (ix) better framework for insolvency regulation and (iii) making CSR mandatory for every company having net worth of Rs. 500 crore or more, or turnover of Rs. 1,000 crore or more or a net profit of Rs. 5 crore or more during any financial year. The provisions of the 2013 Act which require statutory/regulatory consultation or functioning of new bodies or prescription of relevant rules/forms will be brought in force after the preparatory action is completed. The 2013 Act has introduced various sections including those related to layering restrictions, corporate social responsibility, class actions, outbound mergers, minority exits and vesting of jurisdiction with the National Company Law Tribunal, which when enforced in its entirety, will significantly and substantially modify, repeal and replace the entire framework of law governing Indian companies including the Issuer. For transition purposes, the 2013 Act encapsulates grandfathering provisions whereby acts done, resolutions passed, documents entered, registers maintained under the Companies Act, 1956 (unless contrary to the 2013 Act) will continue to be valid under the 2013 Act.

Additionally, section 465 (yet to be notified) of the 2013 Act provides for repeals and savings where under anything done or any action taken or purported to have been done or taken, including any rule, notification, inspection, order or notice made or issued or any appointment or declaration made or any operation undertaken or any direction given or any proceeding taken or any penalty, punishment, forfeiture or fine imposed under the repealed enactments shall, insofar as it is not inconsistent with the provisions of 2013 Act, be deemed to have been done or taken under the corresponding provisions of the 2013 Act.

Essential Commodities Act, 1955 (“EC Act”)

The EC Act vests the Government with the authority to issue notifications for controlling the production, supply and distribution of certain essential commodities, which include petroleum and petroleum products.

Explosives Act, 1884 (the “Explosives Act”)

Under the Explosives Act, the Government has the power to regulate the manufacture, possession, use, sale, transport and importation of explosives and grant of license for the same activities. The Government may prohibit the manufacture, possession or importation of especially dangerous explosives. Any contravention of the Explosives Act or rules made under it, being the Explosives Rules, 1983, may lead to an arrest without warrant and imprisonment for three years, including a fine which may extend up to Rs. 5,000.

Trade Marks Act, 1999

The Indian law on trademarks is enshrined in the Trade Marks Act, 1999. Under the existing legislation, a trademark is a mark used in relation to goods so as to indicate a connection in the course of trade between the goods and some person having the right as proprietor to use the mark. A ‘mark’ may consist of a word or invented word, signature, device, letter, numeral, brand, heading, label, name written in a particular style and so forth. The trademark once applied for, is advertised in the trademarks journal, oppositions, if any are invited and after satisfactory adjudications of the same, a certificate of registration is issued. The right to use the mark can be exercised either by the registered proprietor or a registered user. The present term of registration of a trademark is ten years, which may be renewed for similar periods on payment of prescribed renewal fee.

TAXATION

The information provided below does not purport to be a comprehensive description of all tax considerations which may be relevant to a decision to purchase the Notes. Neither these statements nor any other statements in this Offering Circular are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements do not purport to be a comprehensive description of all the tax considerations that may be relevant to a decision to purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities) may be subject to special rules.

Prospective purchasers of Notes are advised to consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of Notes, including the effect of any state or local taxes, under the tax laws applicable in India or the country of which they are residents.

Indian Taxation

Taxation of interest

Interest on the Notes may not be subject to taxes in India if the proceeds of the issuance of the Notes are used for the purposes of business carried on by the Issuer outside India. Should, however, the proceeds be used for the purposes of the business of the Issuer in India, non-resident investors would be liable to pay tax on the interest at the rate of 5.0 per cent. to 20.0 per cent. under Section 115A of the Income Tax Act, 1961 (the “**Income Tax Act**”) (in addition to applicable surcharge, education cess and secondary and higher education cess) on interest paid on the Notes through India subject to and in accordance with the existing conditions contained in the Income Tax Act. The rates of tax will stand reduced if the beneficial recipient is a resident of a country with which the Government has entered into an agreement for granting relief of tax or for avoidance of double taxation (“**Tax Treaty**”) which provide for taxation of income by way of interest in India at a rate lower than that stated above, and the provisions of such treaty are satisfied.

In case there is any difference between amounts withheld in respect of interest paid on the Notes and the ultimate Indian tax liability for such interest, the non-resident investor would be obligated to pay the additional income-tax or claim refund as the case may be, subject to and in accordance with the provisions of the Income Tax Act.

Taxation of gains arising on disposal

Any gains arising to a non-resident investor from disposal of the Notes held (or be deemed as held) as a capital asset will be chargeable to income tax in India if the Notes are regarded as property situated in India. A non-resident investor generally will not be chargeable to income tax in India from disposal of the Notes held as a capital asset **provided that** the Notes are regarded as being situated outside India. The issue as to where the Notes should properly be regarded as being situate is not free from doubt and will depend upon the view taken by the Indian tax authorities, which may treat the Notes as being located in India, as the Issuer is incorporated and resident in India.

If the Indian tax authorities treat the Notes as being located in India, as the Issuer is incorporated in India and a resident of India, a non-resident investor who has held the Notes for a period of more than 36 months immediately preceding the date of their disposal, would be liable pay a tax at rates ranging from 0 per cent. to 20 per cent. of the capital gains (plus applicable surcharge and education cess and secondary and higher education cess) subject to and in accordance with the provisions of the Income Tax Act. Any non-resident investor who has held the Notes for a lesser period would be liable to pay tax at rates ranging from 0 per cent. to 40 per cent. (plus applicable surcharge and educational cess and secondary and higher education cess) of capital gains depending on the legal status of the non-resident investor and his taxable income in India.

Any gains arising to a non-resident investor from disposal of the Notes held as stock-in-trade may be treated as business and/or ordinary income and be subject to income tax in India to the extent, if any, that the gains are attributable to a “business connection in India” or, in case where a Tax Treaty is applicable, to a “permanent establishment” of the non-resident investor in India. A non-resident investor would be liable to pay Indian tax on such gains at rates of tax ranging from 0 per cent. to 40 per cent. (plus applicable surcharge and educational cess and secondary and higher education cess) depending upon the legal status of the non-resident investor and his taxable income in India.

The taxation, if any, of capital gains would also depend upon the provisions/benefits available under the relevant tax treaty, subject to fulfilment of the conditions prescribed therein.

Potential investors should, in any event, consult their own tax advisers on the tax consequences of transfer of the Notes.

Withholding of taxes

Interest payable on the Notes to non-residents is subject to a withholding tax in India at the rate of 20.0 per cent. (plus various cess) subject to any applicable treaty. However, pursuant to Section 194LC of the Income Tax Act (as recently amended by the Finance Act, 2013 (the “**Finance Act**”)) long term infrastructure bonds (which are issued between 1 July 2012 to 30 June 2015 having an original maturity of three years or more and are compliant with the ECB Guidelines), such as the Notes, will be subject to a reduced withholding tax rate of 5.0 per cent. of the interest payable (plus various cess). The previous requirement under the Finance Act requiring provision of the payee’s permanent account number to the payer is not applicable in respect of interest income on long term infrastructure bonds to non-residents, which includes the Noteholders under the Notes.

In any case, pursuant to the Conditions of the Notes, all payments of, or in respect of, principal and interest on the Notes will be made free and clear of and without withholding or deduction on account of any present or future taxes within India unless it is required by law, in which case pursuant to Condition 9.1, the Issuer will pay additional amount as may be necessary in order that the net amount received by the Noteholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes in the absence of the withholding or the deduction, subject to certain exceptions. With respect to interest on the Notes that is not subject to taxes in India (where the proceeds of the issuance of the Notes are used for the purposes of business carried on by the Issuer outside India), the Issuer may be required to apply annually for an exemption from withholding tax under section 195(2) of the Income Tax Act.

Taxation of persons ordinarily resident in India

Any income received in respect of the Notes by a person ordinarily resident in India under the provisions of the Income Tax Act, may generally be subject to tax in India according to the personal or corporate rate of tax, as applicable.

Wealth Tax

No wealth tax is payable at present in relation to the Notes.

Estate Duty

No estate duty is payable at present in relation to the Notes. There are no inheritance taxes or succession duties currently imposed in respect of the Notes held outside India.

Gift Tax

No gift tax is payable at present in relation to the Notes in India.

Stamp Duty

A transfer of the Notes outside India will not give rise to any Indian stamp duty liability unless the Notes are received in India (for enforcement or for any other purpose) within a period of 3 months from the date the Notes are first received in India in accordance with the duty as applicable in the relevant state.

EU Savings Directive

Under Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

On 24 March 2014, the Council of the European Union adopted a Council Directive amending and broadening the scope of the requirements described above. Member States are required to apply these new requirements from 1 January 2017. The changes will expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. The Directive will also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported. This approach will apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

For a transitional period, Luxembourg and Austria are required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments. The changes referred to above will broaden the types of payments subject to withholding in those Member States which still operate a withholding system when they are implemented. In April 2013, the Luxembourg Government announced its intention to abolish the withholding system with effect from 1 January 2015, in favour of automatic information exchange under the Directive.

The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

The proposed financial transactions tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

CLEARING AND SETTLEMENT ARRANGEMENTS

The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of Euroclear or Clearstream, Luxembourg (together, the “Clearing Systems”) currently in effect. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuer believes to be reliable, but none of the Issuer, the Guarantor or the Joint Lead Managers takes any responsibility for the accuracy of this section. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing System. None of the Issuer, the Guarantor and any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

CLEARING SYSTEMS

Euroclear and Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each hold securities for their customers and facilitate the clearance and settlement of securities transactions by electronic book-entry transfer between their respective account holders. Euroclear and Clearstream, Luxembourg provide various services including safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg also deal with domestic securities markets in several countries through established depositary and custodial relationships. Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems across which their respective participants may settle trades with each other.

Euroclear and Clearstream, Luxembourg customers are worldwide financial institutions, including underwriters, securities brokers and dealers, banks, trust companies and clearing corporations. Indirect access to Euroclear and Clearstream, Luxembourg is available to other institutions that clear through or maintain a custodial relationship with an account holder of either system.

REGISTRATION AND FORM

Book-entry interests in the Notes held through Euroclear and Clearstream, Luxembourg will be represented by the Global Certificate registered in the name of a nominee of, and held by, a common depositary for Euroclear and Clearstream, Luxembourg. As necessary, the Registrar will adjust the amounts of Notes on the Register for the accounts of Euroclear or Clearstream, Luxembourg to reflect the amounts of Notes held through Euroclear and Clearstream, Luxembourg, respectively. Beneficial ownership of book-entry interests in Notes will be held through financial institutions as direct and indirect participants in Euroclear, and Clearstream, Luxembourg.

The aggregate holdings of book-entry interests in the Notes in Euroclear and Clearstream, Luxembourg will be reflected in the book-entry accounts of each such institution. Euroclear or Clearstream, Luxembourg, as the case may be, and every other intermediate holder in the chain to the beneficial owner of book-entry interests in the Notes will be responsible for establishing and maintaining accounts for their participants and customers having interests in the book-entry interests in the Notes. The Registrar will be responsible for maintaining a record of the aggregate holdings of Notes registered in the name of a common nominee for Euroclear and Clearstream, Luxembourg and/or if individual Certificates are issued in the limited circumstances described under “*The Global Certificate—Registration of Title*”, holders of Notes represented by those individual Certificates. The Principal Paying Agent will be responsible for ensuring that payments received by it from the Issuer for holders of book-entry interests in the Notes holding through Euroclear and Clearstream, Luxembourg are credited to Euroclear or Clearstream, Luxembourg, as the case may be.

The Issuer will not impose any fees in respect of holding the Notes; however, holders of book-entry interests in the Notes may incur fees normally payable in respect of the maintenance and operation of accounts in Euroclear or Clearstream, Luxembourg.

CLEARING AND SETTLEMENT PROCEDURES

Initial Settlement

Upon their original issue, the Notes will be in global form represented by a Global Certificate. Interests in the Notes will be in uncertified book-entry form. Purchasers electing to hold book-entry interests in the Notes through Euroclear and Clearstream, Luxembourg accounts will follow the settlement procedures applicable to conventional Eurobonds. Book-entry interests in the Notes will be credited to Euroclear and Clearstream, Luxembourg participants' securities clearance accounts on the business day following the Closing Date against payment (value the Closing Date).

Secondary Market Trading

Secondary market trades in the Notes will be settled by transfer of title to book-entry interests in the Clearing Systems. Title to such book-entry interests will pass by registration of the transfer within the records of Euroclear or Clearstream, Luxembourg, as the case may be, in accordance with their respective procedures. Book-entry interests in the Notes may be transferred within Euroclear and within Clearstream, Luxembourg and between Euroclear and Clearstream, Luxembourg in accordance with procedures established for these purposes by Euroclear and Clearstream, Luxembourg. Transfer of book-entry interests in the Notes between Euroclear or Clearstream, Luxembourg may be effected in accordance with procedures established for this purpose by Euroclear and Clearstream, Luxembourg.

GENERAL

None of Euroclear or Clearstream, Luxembourg is under any obligation to perform or continue to perform the procedures referred to above, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Trustee or any of their agents will have any responsibility for the performance by Euroclear or Clearstream, Luxembourg or their respective participants of their respective obligations under the rules and procedures governing their operations or the arrangements referred to above.

SUBSCRIPTION AND SALE

Each of BNP Paribas, Citigroup Global Markets Limited, Deutsche Bank AG, London Branch, The Royal Bank of Scotland plc and Standard Chartered Bank (together, the “**Joint Lead Managers**”) has, pursuant to a Subscription Agreement dated 7 July 2014 (the “**Subscription Agreement**”), severally and not jointly agreed to purchase the respective principal amount of Notes set out opposite its name below, subject to the provisions of the Subscription Agreement:

Name of Initial Purchaser	Principal amount of the 2019 Dollar Notes to be purchased	Principal amount of the 2024 Dollar Notes to be purchased
BNP Paribas	US\$150,000,000	US\$150,000,000
Citigroup Global Markets Limited	150,000,000	150,000,000
Deutsche Bank AG, London Branch.	150,000,000	150,000,000
The Royal Bank of Scotland plc	150,000,000	150,000,000
Standard Chartered Bank	150,000,000	150,000,000
Total	US\$750,000,000	US\$750,000,000

Name of Initial Purchaser	Principal amount of Euro Notes to be purchased
BNP Paribas	€ 105,000,000
Citigroup Global Markets Limited	105,000,000
Deutsche Bank AG, London Branch	105,000,000
The Royal Bank of Scotland plc.	105,000,000
Standard Chartered Bank	105,000,000
Total	€ 525,000,000

The Issuer, failing which the Guarantor, will be paying a combined management and underwriting commission to the Joint Lead Managers and will reimburse the Joint Lead Managers in respect of certain of their expenses. The Issuer and the Guarantor have also agreed to indemnify the Joint Lead Managers against certain liabilities incurred in connection with the issue of the Notes. The Subscription Agreement may be terminated in certain circumstances prior to payment of the issue price to the Issuer.

Other Relationships

Certain of the Joint Lead Managers or their respective affiliates have provided from time to time, and expect to provide in the future, commercial lending, investment banking and other services to the Issuer, the Guarantor and their affiliates, for which such Joint Lead Managers or their affiliates have received and will receive customary fees and commissions. The Issuer and the Guarantor may enter into hedging or other derivative transactions as part of their risk management strategy with the Joint Lead Managers, which, in the case of the Issuer, may include transactions relating to its obligations under the Notes. The obligations of the Issuer and the Guarantor under these transactions may be secured by cash or other collateral.

Certain of the Joint Lead Managers or their respective affiliates may own securities issued by the Guarantor or its affiliates. Such Joint Lead Managers or their respective affiliates may purchase the Notes in this offering for their own accounts, subject to terms described in this Offering Circular. The Issuer may use some or all of the net proceeds from the sale of the Notes pursuant to this Offering Circular for the full or partial repayment of the Group’s foreign currency loans to its lenders, some of whom include the Joint Lead Managers or their affiliates.

Selling Restrictions

General

Each of the Joint Lead Managers has agreed to comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes the Offering Circular (in preliminary, proof or final form) or any related offering material.

United States

The Notes have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold only outside the United States in offshore transactions in reliance on, and in compliance with, Regulation S.

Each Joint Lead Manager has represented and agreed that it has offered and sold, and will offer and sell, the Notes only in accordance with Rule 903 of Regulation S under the Securities Act. Accordingly, none of the Joint Lead Managers nor their respective affiliates, nor any persons acting on its or their behalf, have engaged or will engage in any directed selling efforts (as defined in Regulation S).

Terms used in the above paragraphs have the meanings given to them by Regulation S under the Securities Act.

United Kingdom

Each of the Joint Lead Managers has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA would not, if the Issuer was not an authorised person, apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

Hong Kong

This Offering Circular has not been approved by the Securities and Futures Commission in Hong Kong and, accordingly, each of the Joint Lead Managers has represented, warranted and agreed that:

- (i) the Notes have not been offered or sold in Hong Kong by means of this Offering Circular or any other document other than to “professional investors” as defined in the Securities and Futures Ordinance of Hong Kong (Chapter 571 of The Laws of Hong Kong) and any rules made thereunder, or in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32 of The Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, and
- (ii) no person has issued or had in its possession for the purposes of issue or shall issue or possess for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as set out above).

Singapore

Each of the Joint Lead Managers has acknowledged that this Offering Circular has not been registered as a prospectus with the Monetary Authority of Singapore and the Notes will be offered pursuant to exemptions under the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”). Accordingly, each of the Joint Lead Managers has represented and agreed that it has not offered or sold the Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell the Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

India

Each of the Joint Lead Managers has represented and acknowledged that (a) this Offering Circular has not been and will not be registered, produced or published as an offer document (whether a prospectus in respect of a public offer or information memorandum or other offering material in respect of any private placement under the Companies Act, 1956, the Companies Act, 2013, as amended or any other applicable Indian laws) with the Registrar of Companies or the Securities and Exchange Board of India or any other statutory or regulatory body of like nature in India, (b) the Notes will not be offered or sold, and have not been offered or sold to any person in India by means of any document, other than to persons permitted to acquire the Notes under Indian law, whether as a principal or agent, and (c) this Offering Circular or any other offering document or material relating to the Notes will not be circulated or distributed and has not been circulated or distributed, directly or indirectly, to any person or the public or any member of the public in India or otherwise generally distributed or circulated in India. The Notes have not been offered or sold and will not be offered or sold in India in circumstances which could constitute an offer of securities (whether to the public or by way of private placement) within the meaning of the Companies Act, 1956, the Companies Act, 2013, as amended or any other applicable Indian law for the time being in force.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for the Issuer and the Guarantor by J. Sagar Associates, as to matters of Indian law. Certain matters of English law in connection with this offering will be passed upon for the Joint Lead Managers by Allen & Overy.

INDEPENDENT AUDITORS

G D Apte & Co, Chartered Accountants, Ray & Ray, Chartered Accountants, Varma & Varma, Chartered Accountants, Mehra Goel & Co., Chartered Accountants and S. Bhandari & Co, Chartered Accountants, served as statutory auditors for the Guarantor in the year ended 31 March 2014 and audited the Guarantor's consolidated accounts, without qualification, in accordance with generally accepted auditing standards in India for the fiscal year ended 30 March 2014.

G D Apte & Co, Chartered Accountants, Ray & Ray, Chartered Accountants, Varma & Varma, Chartered Accountants, Mehra Goel & Co., Chartered Accountants and S. Bhandari & Co, Chartered Accountants, served as statutory auditors for the Guarantor in the year ended 31 March 2013 and audited the Guarantor's consolidated accounts, without qualification, in accordance with generally accepted auditing standards in India for the fiscal year ended 31 March 2013. Kalyaniwalla & Mistry, Chartered Accountants, Varma & Varma, Chartered Accountants, S. Bhandari & Co., Chartered Accountants, Ray & Ray, Chartered Accountants and Mehra Goel & Co., Chartered Accountants, served as statutory auditors for the Guarantor in the year ended 31 March 2012 and audited the Guarantor's consolidated accounts, without qualification, in accordance with generally accepted auditing standards in India for the fiscal year ended 31 March 2012. The auditors of the Guarantor have no material interest in the Guarantor or any of its subsidiaries.

EXPERTS

Certain reserve information relation to our oil and gas reserves in our 44 international fields and 68 fields in India have been audited by D&M, an international oil and gas consultant and certain of our oil and gas reserves in our 52 fields in Sudan and South Sudan have been audited by Sproule, an international oil and gas consultant and has been included in this Offering Circular in reliance on the authority of such firms as experts in estimating proved oil and gas reserves. Each of D&M and Sproule has given and not withdrawn its written consent to the inclusion of its name as an expert in this Offering Circular.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN INDIAN GAAP AND IFRS

Each of the Issuer and the Guarantor's financial statements included in this Offering Circular have been prepared in accordance with accounting policies followed by the Issuer and the Guarantor which conform to Indian GAAP as applicable to the Issuer and the Guarantor. Indian GAAP differs in certain significant respects from IFRS. Such differences involve methods for measuring amounts in the financial statements as well as in disclosures.

The following summarises certain general differences between Indian GAAP and IFRS that could have a significant impact on the financial position and operations of each of the Issuer and the Guarantor if its financial statements were prepared under IFRS. The summary below should not be considered exhaustive and no attempt has been made to identify possible future differences between Indian GAAP and IFRS as a result of prescribed changes in accounting standards nor to identify future differences that may affect the Issuer's and the Guarantor's financial statements as a result of transactions or events that may occur in future. No attempt has been made by either the Issuer or the Guarantor to quantify the effects of those differences, nor has a reconciliation of Indian GAAP to IFRS been undertaken by the Issuer or the Guarantor. Had any such quantification or reconciliation been undertaken, other potential significant accounting and disclosure differences may have come to the attention of the Issuer or the Guarantor, which are not identified below.

Prospective investors should consult their own professional advisors for an understanding of the principal differences between Indian GAAP and IFRS and how these differences might affect the financial statements of the Issuer and the Guarantor presented in this Offering Circular.

Summary of Certain Differences

Topic	IFRS	Indian GAAP
Presentation of financial statements - components of financial statements	The requirements for the presentation of financial statements, the guidelines for their structure and content are set out in IAS 1. A complete set of financial statements under IFRS comprises: (a) a statement of financial position; (b) a statement of comprehensive income/a statement displaying components of profit or loss (separate income statement) and a second statement beginning with profit or loss and displaying components of other comprehensive income; (c) statement of cash flow; (d) statement of changes in equity; and (e) notes including summary of accounting policies and explanatory notes.	The requirements for the presentation of financial statements are set out in Revised Schedule VI to the Companies Act and the Accounting Standards, notified under the Companies (Accounting Standards) Rules, 2006 (as amended), collectively referred to as " Indian GAAP ". The components of financial statements are (a) balance sheet (b) statement of profit and loss (c) cash flow statement (d) explanatory notes and a summary of accounting policies.
Presentation of financial statements - comparative information	Nature and amount of each item or class of items are disclosed. If it is impracticable to reclassify then the reason for not reclassifying and the nature of the adjustment that would have been made if the amounts had been reclassified needs to be stated.	No specific requirement. In practice, an explanatory note is included when comparatives are disclosed without identifying the nature or amount of the items reclassified.
Presentation of financial statements - balance sheet	An entity is required to present current and non-current assets, and current and non-current liabilities, as separate classification on the face of the balance sheet except when a presentation based on liquidity provides information that is more reliable and is more relevant. Minimum line item requirements are set out in IAS 1.	All items of assets and liabilities are to be bifurcated between current and non-current portions and presented separately on the face of the balance sheet. Revised Schedule VI of the Companies Act sets out the minimum requirements for disclosure required in the balance sheet and statement of profit and loss and notes.

Topic	IFRS	Indian GAAP
Presentation of financial statements - presentation of income statement	An analysis of expenses is presented using a classification based on either the nature of expenses or their function whichever provides information that is reliable and more relevant. If presented by function, specific disclosures by nature are provided in the notes. Profit or loss attributable to non-controlling interests and equity holders of the parent are disclosed in the statement of comprehensive income/income statement (if presented separately) as allocations of profit or loss for the period. Entities have the option to present either: • single statement of comprehensive income or • two separate statements, namely income statement and statement of comprehensive income.	Revised Schedule VI to the Companies Act only permits an analysis of expense by nature. Profit or loss attributable to minority interests is disclosed as a deduction from the profit or loss for the period as an item of income or expense. Only statement of profit and loss is prepared.
Presentation of financial statements - statement of changes in equity	A statement of changes in equity is presented showing: (a) amount of transactions with equity holders acting in their capacity as equity holders, showing separately distributions to equity holders; (b) the total comprehensive income for the period; (c) effects of retrospective application or restatement on each component of equity; and (d) for each component of equity, a reconciliation between the opening and closing balances separately disclosing each change.	A statement of changes in equity is not required. Movements in share capital, retained earnings and other reserves are presented in the notes to financial statements.
Presentation of financial statements - extraordinary items	Presentation of any items of income or expense as extraordinary is prohibited.	Extraordinary items are disclosed separately in the profit and loss account and are included in determination of net profit or loss. Items of income or expense to be disclosed as extraordinary should be distinct from the ordinary activities and are determined by the nature of the events or transactions in relation to the business ordinarily carried out by an entity.
Cash flow statement - cash flows from extraordinary items	As presentation of items as extraordinary is not permitted in accordance with IAS 1, cash flow statement does not reflect any items of cash flow as extraordinary.	Cash flows from items disclosed as extraordinary are classified as arising from operating, investing or financing activities and separately disclosed.
Cash flow statement - interest and dividend	May be classified as operating, investing or financing activities in a manner consistent from period to period.	Interest and dividends received are required to be classified as investing activities. Interest and dividends paid are required to be classified as financing activities other than for financial enterprises.

Topic	IFRS	Indian GAAP
Cash flow statement - bank overdraft	Bank overdraft repayable on demand is treated as Cash & Cash Equivalents if they form an integral part of the entity's cash management.	AS 3 on "Cash flow Statements" does not provide any guidance on bank overdrafts. However, these are treated as financing activities as a normal practice.
Changes in accounting policies and errors	Retrospective application of changes in accounting policies is done by adjusting the opening balance of the affected component of equity for the earliest prior period presented and the other comparative amounts for each period presented as if the new accounting policy were always applied. If retrospective application is impracticable for a particular prior period, or for a period before those presented, the circumstances that led to the existence of that condition and a description of how and from when the change in accounting policy has been applied needs to be stated. Material prior year errors are corrected retrospectively by restating the comparative amounts for prior periods presented in which the error occurred or if the error occurred before the earliest period presented, by restating the opening statement of financial position.	Changes in accounting policies are not applied retrospectively. The cumulative impact arising from such change is made in the financial statements in the period of change. If the impact of the change is not ascertainable, this should be disclosed. Material prior year errors are included in determination of profit or loss in the period in which the error is discovered and are separately presented in the statement of profit and loss.
New accounting pronouncements	New accounting pronouncements that have been issued but not effective on the balance sheet date are disclosed. Known or reasonably estimable information relevant to assessing the possible impact of the new accounting pronouncements on initial application on the financial statements is disclosed.	Not required.
Events after balance sheet date - non-adjusting events	IFRS requires disclosure of significant non-adjusting events in the notes to Financial Statements.	Such events are to be disclosed in the report of the approving authority.
Events after balance sheet date - dividends	Liability for dividends declared to holders of equity instruments are recognised in the period when declared.	Dividends are recognised as an appropriation from profits and recorded as liability at the balance sheet date, if proposed or declared subsequent to the reporting period but before approval of the financial statements.
Income taxes - recognition of deferred liabilities	Deferred income taxes are recognised for all taxable temporary differences between accounting and tax base of assets and liabilities except to the extent they arise from (a) initial recognition of goodwill or (b) of asset or liability in a transaction which is not a business combination; and at the time of the transaction, affects neither the accounting nor the tax profit.	Deferred tax liabilities are recognised for all timing differences in respect of recognition of items of profit or loss for the purposes of financial reporting and for income taxes.

Topic	IFRS	Indian GAAP
Income taxes - recognition of deferred tax assets	Deferred tax asset is recognised for carry forward of unused tax losses and unused tax credits to the extent that it is probable that future taxable profit will be available against which the unused tax losses and tax credits can be utilised.	Deferred tax asset for unused tax losses and unabsorbed depreciation is recognised only to the extent that there is virtual certainty supported by evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax asset for all other unused credits is recognised only to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.
Income taxes - recognition of taxes on items recognised in other comprehensive income or directly in equity	Current tax and deferred tax is recognised outside profit or loss if the tax relates to items that are recognised in the same or a different period, outside profit or loss. Therefore the tax on items recognised in other comprehensive income, or directly in equity, is also recorded in other comprehensive income or in equity, as appropriate.	No specific guidance in AS 22. However, an announcement made by the Institute of Chartered Accountants of India (the “ICAI”) requires any expense charged directly to reserves and/or securities premium account to be net of tax benefits expected to arise from the admissibility of such expenses for tax purposes. Similarly, any income credited directly to a reserve account or a similar account should be net of its tax effect.
Income taxes - investments in subsidiaries, branches and associates, and interests in joint ventures	Deferred tax liability for all taxable temporary differences are recognised except to the extent that: (a) the parent, investor or the venture is able to control timing of the reversal of the temporary difference, and (b) it is probable that the temporary difference will not reverse in the foreseeable future.	Not required.
Income taxes - deferred tax on unrealised intra-group profits	Deferred tax on unrealised intra-group profits is recognised at the buyer’s rate.	Deferred tax expense is an aggregation from separate financial statements of each group entity and no adjustment is made on consolidation.
Property, plant and equipment - cost of major inspection	Costs of major inspections and overhauls are recognised in the carrying amount of property, plant and equipment.	Costs of major inspections are expensed when incurred.
Property, plant and equipment - component accounting	IAS 16 mandates component accounting.	AS 10 does not require full adoption of component accounting, but states that accounting for tangible fixed assets may be improved if total cost is allocated to its various parts.
Property, plant and equipment - revaluation	If an entity adopts the revaluation model, revaluations are required to be made with sufficient regularity to ensure that the carrying amount does not differ materially from that which would be determined using fair value at the balance sheet date. IFRS mandates entire class of assets to be revalued.	No specific requirement on frequency of revaluation. Revaluation of whole class of asset not required.

Topic	IFRS	Indian GAAP
Depreciation	Depreciation is provided based on useful life.	Depreciation is provided based on higher of useful life or Schedule XIV notes.
Leases - interest in leasehold land	Recognised as operating/finance lease unless the leasehold interest is accounted for as investment property in accordance with IAS 40 and the fair value model is adopted.	Recognised as tangible fixed assets regardless of whether title is expected to pass to the lessee by the end of the lease term. Assets under lease are separately classified under each class of asset.
Determining whether an arrangement contains a lease	An arrangement that does not take the legal form of a lease but fulfilment of which is dependent on the use of specific assets and which conveys the right to use the assets is accounted for as a lease in accordance with IAS 17.	There is no such requirement.
Lease incentives - operating leases	The lessor and lessee recognises lease incentives as an increase or reduction of rental expense over the lease term, on a straight line basis unless another systematic basis is representative of the time pattern of the lessee’s benefit from use of the leased asset.	There is no specific guidance.
Revenues - definition	Revenue is the gross inflow of economic benefits during the period arising in the course of the ordinary activities of an entity when those inflows result in increases in equity, other than increases relating to contributions from equity participants. Amounts collected on behalf of third parties such as sales and service taxes and value added taxes are excluded from revenues.	Revenue is the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities. Revenue is measured by the charges made to customers for goods supplied and services rendered to them and by the charges and rewards arising from the use of resources by them. Revenue is presented as under: Turnover Less: Excise Duty Turnover (net) Rs. 100 Rs. 15 Rs. 85
Revenues - measurement	Fair value of revenue from sale of goods and services when the inflow of cash and cash equivalents is deferred is determined by discounting all future receipts using an imputed rate of interest. The difference between the fair value and the nominal amount of consideration is recognised as interest revenue using the effective interest method.	Revenue is recognised at the nominal amount of consideration receivable.
Revenues - interest	Interest income is recognised using the effective interest method.	Interest is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
Employee benefits - actuarial gains and losses	Actuarial gains and losses may be: • recognised immediately in profit or loss; • recognised immediately in other comprehensive income; or	Actuarial gains and losses should be recognised immediately in the statement of profit and loss as income or expense.

Topic	IFRS	Indian GAAP
	deferred up to a maximum with any excess of 10 per cent., of the greater of the defined benefit obligation or the fair value of the plan assets at the end of the previous reporting period being recognised over the expected average remaining working lives of the participating employees or other accelerated basis.	
Employee benefits - discount rate	Market yields at the balance sheet date on high quality corporate bonds are used as discount rates. In countries where there are no deep markets for such bonds, market yields on government bonds are used.	Market yields at the balance sheet date on government bonds are used as discount rates.
Government grants - non-monetary assets	The asset and the grant may be accounted at fair value. Alternatively, these can be accounted at nominal value.	If the asset is given by the government at a discounted price, the asset and the grant is accounted at the discounted purchase price. All other non-monetary grants are accounted at nominal values.
Government grants - repayment	If repayment of government grant relating to an asset is recorded by increasing the carrying amount of the asset, the cumulative additional depreciation that would have been recognised in the absence of the grant is immediately recognised as an expense. It is prohibited from being disclosed as extraordinary item.	If repayment of government grant relating to an asset is recorded by increasing the carrying amount of the asset, the cumulative additional depreciation that would have been recognised in absence of the grant is recognised over the remaining useful life of the asset. Disclosed as an extraordinary item.
Effects of changes in foreign exchange rates - functional and presentation currency	Functional currency is the currency of primary economic environment in which the entity operates. Presentation currency is the currency in which the financial statements are presented.	Foreign currency is a currency other than the reporting currency which is the currency in which financial statements are presented. There is no distinction between functional and presentation currency. The reporting currency is considered as the functional currency.
Effects of changes in foreign exchange rates - exchange differences	Exchange differences arising on translation or settlement of foreign currency monetary items are recognised in profit or loss in the period in which they arise.	Similar to IFRS. However, as per the Companies (Accounting Standards) Amendment Rules 2011 on Accounting Standard 11 (“AS-11”) notified by Indian Government on 29 December 2011, exchange differences arising on reporting of long-term foreign currency monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements, in so far as they relate to the acquisition of a depreciable capital asset, can be added to or deducted from the cost of the asset and shall be depreciated over the balance life of the asset and, in other cases, can be accumulated in a “Foreign Currency Monetary Item Translation Difference Account” and amortised over the balance period of such long term asset/liability by recognition as income or expense in each of such periods.

Topic	IFRS	Indian GAAP
Effects of changes in foreign exchange rates - translation in consolidated financial statements	Assets and liabilities should be translated from functional to presentation currency at the closing rate at the date of the balance sheet; income and expenses at average rate for the period; exchange differences are recognised as a separate component of equity and recycled to income statement on disposal of investment/operation.	Translation of financial statements to the reporting currency of the parent depends on the classification of that operation as integral or non-integral. Integral operation: monetary assets are translated at closing rate; non-monetary items are translated at historical rate if they are valued at cost and at closing rate if they are valued on another valuation basis. Income and expense items are translated at average rate. Exchange differences are taken to statement of Profit and Loss. For non-integral operations, the closing rate method should be followed i.e., assets and liabilities are translated at closing rate while Profit and Loss items are translated at actual/average rates. The resulting exchange difference is taken to reserve and is recycled to Profit and Loss on the disposal of the non-integral foreign operation.
Borrowing cost - recognition	Capitalised if these costs are attributable to the acquisition, construction or production of a qualifying asset. Interest expense included in borrowing costs is calculated using the effective interest method as described in IAS 39: Financial Instruments: Recognition and Measurement. It is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability. Transaction costs are taken into account when determining the initial net carrying amount, their recognition in profit or loss is effectively spread over the life of the instrument.	Borrowing costs are required to be capitalised if these costs are attributable to the acquisition, construction or production of a qualifying asset. Interest is calculated on amount of loan outstanding at the applicable rates.
Related party disclosures, identification	Related party includes post-employment benefit plans for the benefit of employees of the reporting entity or any entity that is a related party of the reporting entity.	Post-employment benefit plans are not included as related parties.
Related party disclosures - key management personnel	Key management personnel include both executive and non-executive directors.	Key management personnel do not include non-executive directors.

Topic	IFRS	Indian GAAP
Related party disclosures - government related entities	Government related entities require disclosure of: (a) The name of the government and its relationship with the reporting entity. (b) The nature and amount of each significant transaction and a qualitative or quantitative indication of other transactions which are significant collectively.	No disclosure is required in the financial statements of state- controlled enterprises as regards related party relationships with other state controlled enterprises and transactions with such enterprises.
Consolidated and separate financial statements - scope	Required for all entities unless specific exemptions in IAS 27 apply. A parent need not prepare consolidated financial statements only if all the following conditions are met: - the entity is itself a wholly owned subsidiary or a partially owned subsidiary and its other owners have not objected to the entity not presenting consolidated financial statements; - the entity's debt or equity instruments are not traded in a public market; - the entity is not in a process of filing its financial statements for the purposes of issuing any class of instruments in a public market; and - the ultimate or any intermediate parent of the entity produces consolidated financial statements available for public use that comply with IFRSs.	Indian GAAP does not specify entities that are required to present consolidated financial statements. The accounting standard is required to be followed if consolidated financial statements are presented. The Securities and Exchange Board of India (Indian Market Regulator) requires entities currently listed and to be listed to present consolidated financial statements.
Consolidated and separate financial statements - definition of control	Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.	Control is: (a) The ownership, directly or indirectly through a subsidiary (or subsidiaries) of more than one-half of the voting power of an enterprise; or (b) Control of the composition of the board of directors in the case of a company or of the composition of the corresponding governing body in case of any other enterprise so as to obtain economic benefits from its activities.
Consolidated and separate financial statements - potential voting rights	The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing control.	Potential voting rights are not considered in assessing control.

Topic	IFRS	Indian GAAP
Consolidated and separate financial statements - exclusion of subsidiaries, associates and joint ventures	If the acquisition of a subsidiary meets the criteria to be classified as held for sale in accordance with IFRS 5, it is included in the consolidation but is accounted for under that standard.	Excluded from consolidation if the subsidiary was acquired with intent to dispose it within twelve months or if it operates under severe long term restrictions which significantly impair its ability to transfer funds to the parent.
Consolidated and separate financial statements - reporting dates	The difference between the reporting date of the subsidiary and that of the parent shall be no more than three months.	The difference between the reporting date of the subsidiary and that of the parent shall be no more than six months.
Consolidated and separate financial statements - accounting policies	Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances.	Similar to IFRS except if it is impracticable to use uniform accounting policies, that fact should be disclosed together with the proportions of the items in the consolidated financial statements to which different policies have been applied are disclosed.
Consolidated and separate financial statements - disposals	Partial disposal of subsidiary where control is retained is accounted for as an equity transaction, and gain or loss is not recognised. Partial disposal of subsidiary resulting in loss of control triggers remeasurement of the residual holding to fair value. Any difference between the fair value and the carrying value is recognised as gain or loss in profit or loss.	No specific guidance.
Consolidated and separate financial statements - accounting for investments in subsidiaries in separate financial statements	Accounted either at cost less impairment loss or as available for sale in accordance with IAS 39/IFRS 9.	Accounted at cost less impairment loss.
Investments in associates - significant influence	The existence and effect of potential voting rights that are currently exercisable or convertible, including potential voting rights held by another entity, are considered when assessing significant influence.	Potential voting rights are not considered in assessing significant influence.
Investments in associates - goodwill	Negative goodwill is excluded from the carrying amount of investment and is included as income in determination of the investor's share of associate's profit or loss.	Negative goodwill (Capital (Reserve) is included in the carrying amount of investment in the associate but is disclosed separately.
Investments in associates - reporting date	The difference between the reporting date of the associate and that of the parent shall be no more than three months.	The maximum difference between the reporting date Of the associate and that of the parent is not specified.
Interests in joint ventures - alternative accounting methods	Investments in jointly controlled entities can be proportionately consolidated or equity accounted by the venture.	Equity method accounting is not permitted.
Financial instruments: presentation - classification of convertible debts	Split the instrument in liability and equity component at issuance.	Classified as debt based on its legal form and any interest expense is recognised based on the coupon rate.

Topic	IFRS	Indian GAAP
Financial instruments: presentation - treasury shares	If an entity reacquires its own shares (treasury shares), these are shown as a deduction from equity.	Acquiring own shares is permitted only in limited circumstances. Shares repurchased should be cancelled immediately and cannot be held as treasury shares.
Earnings per share - extraordinary items	The control number for determining dilution is net profit or loss from continuing activities since no item can be presented as extraordinary item.	The control number for determining dilution is net profit or loss from continuing ordinary activities. Earnings per share (“EPS”) with and without extraordinary items is to be presented.
Earnings per share - disclosure	IAS 33 requires separate disclosures for EPS from continuing and discontinued operations. Disclosure is also required for instruments (including contingently issuable shares) that could potentially dilute basic earnings per share in the future, but were not included in the calculation of diluted earnings per share because they are anti-dilutive for the periods presented.	No such disclosure is required.
Impairment of assets - reversal of impairment loss for goodwill	Impairment loss recognised for goodwill is prohibited from reversal in a subsequent period.	Impairment loss for goodwill is reversed if the impairment loss was caused by a specific external event of an exceptional nature that is not expected to recur and subsequent external events have occurred that reverse the effect of that event.
Provisions, contingent liabilities and contingent assets - discounting	Where the effect of time value of money is material, the amount of provision is the present value of the expenditure expected to be required to settle the obligation. The discount rate is a pre-tax rate that reflects the current market assessment of the time value of money and risks specific to the liability. The discount rate does not reflect risk for which future cash flow estimates have been adjusted.	Discounting of liabilities is not permitted and provisions are carried at their full values.
Provisions, contingent liabilities and contingent assets - contingent assets	Contingent assets are disclosed in the financial statements where an inflow of economic benefits is probable.	Contingent assets are not disclosed in the financial statements.
Intangible assets - measurement	Intangible assets can be measured at either cost or revalued amount, less amortisation and impairment. Revaluation model is permitted only when there is an active market for the underlying intangibles.	Measured only at cost, less amortisation and impairment. Revaluation of intangible assets is prohibited.
Intangible assets - useful life	Useful life may be finite or indefinite.	Useful life may not be indefinite. There is a rebuttable presumption that the useful life of an intangible asset will not exceed ten years from the date when the asset is available for use.

Topic	IFRS	Indian GAAP
Financial instruments: recognition and measurement - investments, and loans and receivables	Financial assets are classified as at fair value through Profit and Loss, held-to-maturity, loans and receivable and available-for-sale. Financial assets are classified as held for trading if these are acquired principally for the purpose of selling and are part of a portfolio that are managed together and for which there is evidence of a recent actual pattern of short-term profit taking. Held-to-maturity investments are investments with fixed or determinable payments and fixed maturity for which an entity has positive intent and ability to hold to maturity. Held to maturity investments are measured at amortised cost using effective interest method.	Investments are classified as long-term or current. Long term investments are carried at cost less provision for diminution in value, which is other than temporary. Current investments carried at lower of cost and fair value. Loans and receivables are measured at cost less valuation allowance.
Financial instruments: recognition and measurement - impairment	Impairment losses recognised in profit or loss for equity investment cannot be reversed through profit or loss.	Impairment losses recognised in profit or loss for equity investments are reversed through profit or loss.
Financial instruments: recognition and measurement - foreign currency contracts	Forward exchange contract is measured at fair value at the balance sheet date. If the forward exchange contract meets the criteria of an effective hedge in accordance with IAS 39 (Revised) Financial Instruments: Recognition and Measurement, the gain or loss arising on fair valuation is recognised in the statement of changes in equity. If the hedge is ineffective, the gain or loss is recognised in determination of net income.	Premium or discount on forward exchange contracts is amortised and recognised in the profit and loss account over the period of such contracts.
Financial instruments: recognition and measurement - derivatives and embedded derivatives	Measured at fair values.	Currently there is no equivalent standard on derivatives except for certain forward exchange contracts within the scope of AS 11.
Financial instruments: recognition and measurement - derivatives and hedge accounting	Hedge accounting (recognising the offsetting effects of fair value changes of both the hedging instrument and the hedged item in the same period's profit or loss) is permitted in certain circumstances, provided that the hedging relationship is clearly defined, measurable, and actually effective. IAS 39 provides for three types of hedges: • fair value hedge: if an entity hedges a change in fair value of a recognised asset or liability or firm commitment, the change in fair values of both the hedging instrument and the hedged item are recognised in profit or loss when they occur;	Currently there is no equivalent standard on derivatives. Forward contracts (including those intended for speculative/trading purposes) are covered by AS 11. An announcement made by the ICAI on 29 March 2008 and applicable to financial statements for the period ending 31 March 2008 or thereafter requires an entity to provide for losses in respect of all outstanding derivative contracts not covered by AS 11 by marking them to market at the balance sheet date.

Topic	IFRS	Indian GAAP
	- cash flow hedge: if an entity hedges changes in the future cash flows relating to a recognised asset or liability or a highly probable forecast transaction, then the change in fair value of the hedging instrument is recognised in other comprehensive income until such time as those future cash flows occur. The ineffective portion of the gain or loss on the hedging instrument is recognised in profit or loss in the period of such change; and - hedge of a net investment in a foreign entity: this is treated as a cash flow hedge. A hedge of foreign currency risk in a firm commitment may be accounted for as a fair value hedge or as a cash flow hedge.	
Non-current assets held for sale - recognition and measurement	Non-current assets to be disposed of are classified as held for sale when the asset is available for immediate sale and the sale is highly probable. Depreciation ceases on the date when the assets are classified as held for sale. Non-current assets classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell. Non-current assets classified as held for sale are measured at the lower of its carrying value and fair value less costs to sell.	There is no standard dealing with non-current assets held for sale, though AS 10 deals with assets held for disposal. Items of fixed assets that have been retired from active use and are held for disposal are stated at the lower of their net book value and net realisable value and are shown separately in the financial statements. Any expected loss is recognised immediately in the statement of profit and loss.
Non-current assets held for sale - discontinued operations	An operation is classified as discontinued when it has either been disposed of or is classified as held for sale.	An operation is classified as discontinuing at the earlier of (a) a binding sale agreement for sale of the operation; and (b) on approval by the board of directors of a detailed formal plan and announcement of the plan.
Exploration for and evaluation of mineral resources	Exploration and evaluation assets are measured at cost or revaluation less accumulated amortisation and impairment loss. An entity determines the policy specifying which expenditures are recognised as exploration and evaluation assets.	There is no equivalent standard. However, there is a Guidance Note on Accounting for Oil and Gas Producing Activities. As per this note, there are two alternative methods for acquisition, exploration and development costs, viz. the Successful Efforts Method or the Full Cost Method. The Guidance Note recommends the former one. AS 28, Impairment of Assets is applicable irrespective of the method of accounting used.
Operating segments - determination of segments	Operating segments are identified based on the financial information that is evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.	AS 17 requires an enterprise to identify two sets of segments (business and geographical), using a risks and rewards approach.

Topic	IFRS	Indian GAAP
Operating segments - measurement	Segment profit or loss is reported on the same measurement basis as that used by the chief operating decision maker. There is no definition of segment revenue, segment expense, segment result, segment asset or segment liability. Requires reconciliation of segment performance measures, and segment assets and liabilities with the corresponding amounts reported in the financial statements.	Segment information is prepared in conformity with the accounting policies adopted for preparing and presenting the financial statements of the enterprise as a whole. Segment revenue, segment expense, segment result, segment asset and segment liability have been defined. A reconciliation is presented between the information disclosed for reportable segments and the aggregated information in the enterprise's financial statements.
Operating segments - entity-wide disclosures	Requires disclosure of (a) external revenues from each product or service; (b) revenues from customers in the country of domicile and from foreign countries; and (c) geographical information on non-current assets located in the country of domicile and foreign countries. Information on major customer including total revenues from each major customer is disclosed if revenues from each customer is 10 per cent., or more of total segment revenues.	Disclosures are required based on the classification of segments as primary or secondary. Disclosure requirements for secondary reporting format are less detailed than those required for primary reporting formats.
Disclosure of critical judgment and estimates by management in applying accounting policies	Disclosure required.	No such requirement.
Investment property	IAS 40 defines investment property as property (land or building or part of a land or building or both) held to earn rentals or for capital appreciation or both.	AS 13 defines an investment property as an investment in land or building that are not intended to be occupied substantially for use by, or in the operations of the investing enterprise.
Inventory	A new assessment of NRV is required to be made in each subsequent period. Write down of inventory is reversed if circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in the NRV because of changes in economic circumstances.	No specific guidance in AS 2.
Financial liabilities	Financial liabilities is classified in two categories: 1. Financial liabilities at fair value through P&L account; or 2. Other liabilities.	No guidance.

GENERAL INFORMATION

Authorisation

The board of directors of the Issuer has by resolutions dated 21 August 2013 and 28 January 2014 approved the issuance of the Notes. The board of directors of the Guarantor has by resolutions dated 31 October 2013 approved the issuance of the Guarantee.

Listing

Application will be made for the listing and quotation of the Dollar Notes on the Official List of the SGX-ST. Such approval will be granted when the Dollar Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Offering Circular. Approval in-principle for the listing and quotation of the Dollar Notes on the SGX-ST is not to be taken as an indication of the merits of the Dollar Notes or the Guarantee, or of the Issuer, the Guarantor or their respective subsidiaries or associated companies (if any). The Dollar Notes will be traded on the SGX-ST in a minimum board lot size of U.S.\$200,000 or its equivalent for so long as the Notes are listed on the SGX-ST. For so long as the Dollar Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer shall appoint and maintain a paying agent in Singapore, where the Dollar Notes may be presented or surrendered for payment or redemption, in the event that the Global Certificate is exchanged for any certificated Notes. In addition, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the certificated Notes, including details of the paying agent in Singapore.

Application will be made for the trading of the Euro Notes on the Freiverkehr (Open Market) of the FWB. The Open Market is not a regulated market for purposes of EU Directive 2004/39/EC (MiFID). The FWB assumes no responsibility for the correctness of any statements made, opinions expressed or reports contained in this Offering Circular.

Currently there is no public market for the Notes.

Clearing Systems

The Notes have been accepted for clearance through the facilities of Euroclear and Clearstream, Luxembourg. The ISIN and the Common Code for the 2019 Dollar Notes are XS1084957155 and 108495715, respectively. The ISIN and Common Code for the 2024 Dollar Notes are XS1079848369 and 107984836, respectively. The ISIN and the Common Code for the Euro Notes are XS1084958989 and 108495898, respectively.

No Significant Change

There has been no significant change in the financial or trading position of the Issuer or the Guarantor since 31 March 2014 and there has been no material adverse change in the financial position or prospects of the Issuer or the Guarantor since 31 March 2014.

Litigation

Unless otherwise disclosed in the Offering Circular, neither the Issuer nor the Guarantor is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position of the Issuer or the Guarantor, as applicable.

Documents

So long as the Notes are outstanding, copies of the following documents will be available for inspection from the registered office of the Issuer and the Guarantor, as applicable, and from the specified offices of the Trustee for the time being at 39th Floor, Citibank Tower Citibank Plaza, 3 Garden Road, Central, Hong Kong:

- (a) the Memorandum and Articles of Association of each of the Issuer and the Guarantor;
- (b) the consolidated audited financial statements of each of the Issuer and the Guarantor in respect of the fiscal years ended 31 March 2013 and 2014 (in each case together with the audit reports in connection therewith). Each of the Issuer and the Guarantor currently prepares audited consolidated accounts on an annual basis; and
- (c) the Trust Deed and the Agency Agreement.

Joint Lead Managers Transacting with the Issuer and the Guarantor

Certain of the Joint Lead Managers and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, each of the Issuer and the Guarantor and its affiliates in the ordinary course of business.

GLOSSARY OF GENERAL AND TECHNICAL TERMS

Unless otherwise indicated in the context, references to:

Term	Description
“1P”	Proved reserves
“2P”	Proved and probable reserves
“3P”	Proved, probable and possible reserves
“Air Act”	Air (Prevention and Control of Pollution) Act, 1981
“APM”	Administered pricing mechanism
“ASP”	Alkaline surfactant polymer
“Basin”	A geological depression on the Earth’s surface which is filled with sedimentary material
“Bbl”	Barrel
“BCM”	Billion cubic metres
“boe”	Barrel of oil equivalent
“BP”	BP plc
“BPCL”	Bharat Petroleum Corporation Limited
“BSE”	The Bombay Stock Exchange Limited
“CAG”	Comptroller and Auditor General of India
“CAG Report”	Report No. 28 of 2010-11 issued by the Comptroller and Auditor General of India based on its performance audit of OVL’s joint venture operations for the period between April 2004 and March 2010
“CAGR”	Compound annual growth rate
“CBM”	Coal bed methane
“CC&L”	CC&L Engineering Private Limited
“CER”	Certified Emission Reduction (Carbon Credits)
“C2+”	Heavier components of natural gas excluding C1 (methane)
“Cess”	A duty of excise imposed under the Oil Industry Development Act, 1974 on crude oil produced in India and payable to the Central Government
“CGD”	City gas distribution
“CIF”	Cost, insurance and freight
“Commissioner”	Commissioner of Income Tax (Appeals)
“Companies Act”	Companies Act, 1956, as amended and replaced from time to time
“Companies Act, 2013”	Companies Act, 2013, as amended

Term	Description
“Competition Act”	Competition Act, 2002
“Condensate”	Low vapour pressure hydrocarbons obtained from natural gas through condensation or extraction; condensate refers solely to those hydrocarbons that are liquid at normal surface temperature and pressure conditions
“Contingent resources”.	Resources that are potentially recoverable but not yet considered mature enough for commercial development due to technological or business hurdles
“Depletion”.	A measure of exhaustion of a wasting asset represented by periodic write off of cost. It is computed with reference to the amortisation base by taking the related capital cost incurred, divided by proved developed hydrocarbon reserves and multiplied by production
“Development”	Following discovery, drilling and related activities necessary to begin production of oil or natural gas
“Development Well”	A well drilled within a proved area of an oil and natural gas reservoir and completed to a targeted horizon known to be productive
“DGH”	Director General of Hydrocarbons
“Dry Well”	A dry well, or dry hole, is either a well devoid of hydrocarbons, or a well where hydrocarbon indications are present but which is not economically feasible to develop
“ECB”	External commercial borrowing
“ECB Guidelines”	The Foreign Exchange Management (Borrowing and Lending in Foreign Exchange) Regulations, 2000 of India, as amended, read with the Master Circular on External Commercial Borrowings and Trade Credits dated 1 July 2013 (as updated till 16 June 2014) issued by the RBI, as modified and amended from time to time by any rules, regulations, notifications, circulars, press notes or orders issued by the RBI or other governmental authority of India in relation to external commercial borrowings
“E&P”	Exploration and production
“EOR”	Enhanced oil recovery, techniques used to increase or prolong production from oil and natural gas fields
“EPA”	Environment (Protection) Act, 1986
“Exploration”	Systematically searching for oil and/or natural gas by topographical surveys, geologic studies, geophysical surveys, seismic surveys and drilling wells
“Exploratory Well”	A well drilled in an unproved area for the purpose of finding and producing oil and/or gas (includes exploratory-type stratigraphic test wells)
“FEMA”	Foreign Exchange Management Act, 1999, together with the rules and regulations thereunder

Term	Description
“Finding Costs”	A measurement used to evaluate the success of exploration activities, consisting of the ratio of exploration costs incurred in a given period in connection with such activities to reserves discovered as a result of such activities
“GAIL”	GAIL (India) Limited
“G&G”	Geological and geophysical
“Gas Sale Guidelines”	Press note issued by the MoPNG on 25 June 2008 prescribing guidelines for the sale of natural gas by NELP contractors
“GDP”	Gross domestic product
“GSPC”	Gujarat State Petroleum Corporation Ltd.
“Government” or “Central Government” or “GOI”	The Government of India
“HOEC”	Hindustan Oil Exploration Company
“HPCL”	Hindustan Petroleum Corporation Limited
“HSD”	High speed diesel
“IEDCL”	IL&FS Energy Development Company Limited
“IOCL”	Indian Oil Corporation Limited
“IOR”	Improved oil recovery
“KG Basin”	Krishna-Godavari Basin
“LDO”	Light diesel oil
“Liquefied Natural Gas” or “LNG”	Gas that is liquefied under extremely cold temperatures and high pressure to facilitate storage or transportation in specially designed vehicles
“Liquefied Petroleum Gas” or “LPG”	Light gases such as butane and propane that exist as liquids under pressure
“Ministry of Corporate Affairs”	Ministry of Corporate Affairs, Government of India
“MCM”	Million cubic metres
“MMbbls”	Million barrels
“MMboe”	Million barrels of oil equivalent
“MMbtu”	Million British thermal unit
“MMCM” or “MMSCM”	Million standard cubic metres
“MMSCUMD” or “MMSCMD”	Million standard cubic metres per day
“MMT”	Million metric tonnes
“MMtoe”	Million metric tonnes oil equivalent
“MMTPA”	Million metric tonnes per annum

Term	Description
“MoPNG”	Ministry of Petroleum and Natural Gas
“MOGE”	Myanmar Oil and Gas Enterprise
“MRPL”	Mangalore Refinery and Petrochemicals Limited
“MS”	Motor spirit
“MT”	Metric tonnes
“MW”	Megawatt
“NELP”	New Exploration Licensing Policy
“NIOC”	National Iranian Oil Company
“NOCs”	National oil companies
“O+OEG”	Oil and oil equivalent gas
“OALP”	Open acreage Licensing Policy
“OECD”	Organisation for Economic Cooperation and Development
“OID Cess”	Oil industry development cess
“OIL”	Oil India Limited
“OMEL”	ONGC Mittal Energy Limited
“OPEC”	Organisation of Petroleum Exporting Countries
“OVL”	ONGC Videsh Limited, a wholly owned subsidiary of Oil and Natural Gas Corporation Limited
“PDS”	Public distribution system
“PELs”	Petroleum exploration licenses
“PMLs”	Petroleum mining licenses
“PNG Rules”	Petroleum and Natural Gas Rules, 1959
“PNGRB”	Petroleum and Natural Gas Regulatory Board
“PNGRB Act”	Petroleum and Natural Gas Regulatory Board Act, 2006
“PSC”	Production sharing contract
“PSUs”	Public sector undertakings
“R&D”	Research and development
“RBI”	Reserve Bank of India
“REC”	Reserve Estimate Committee
“Royalty”	With respect to domestic production, a statutory levy imposed under the Oilfield Act and PNG Rules payable to the respective State or Central Government granting the lease (Central Government in case of offshore) on crude oil and natural gas production

Term	Description
“SCM”	Standard cubic metre
“SEBI”	Securities and Exchange Board of India
“Seismic Data”	Data recorded in either two dimensional (2-D) or three dimensional (3-D) form from sound wave reflections off of subsurface geology. This is used to understand and map geological structures for exploratory purposes to predict the potential location of undiscovered reserves
“SEZ”	Special economic zone
“SKO”	Superior kerosene oil
“SPE/WPC 1997 Standards”	Society of Petroleum Engineers/World Petroleum Congress 1997 Standards
“SPE PRMS 2007 International Standards”	Society of Petroleum Engineers — Petroleum Resources Management System 2007 International Standards
“SPM”	Single point mooring
“Subsoil Law”	The Law of the Russian Federation No. 2395-1, “On Subsoil”, dated 21 February 1992, as amended
“Strategic Fields List”	List of fields of federal importance approved by the Russian Federal Agency for Subsoil Use
“Tcf”	trillion cubic feet
“TERI”	The Energy and Resources Institute
“UCIL”	Uranium Corporation of India Ltd.
“Water Act”	Water (Prevention and Control of Pollution) Act, 1974

INDEX TO THE FINANCIAL STATEMENTS

	Page
Audited Consolidated Financial Information of the Issuer	
Auditors' report for the consolidated financial statements of the Issuer for the year ended 31 March 2014	F-2
Consolidated balance sheet as of 31 March 2014	F-6
Consolidated statement of profit and loss for the fiscal years ended 31 March 2014	F-7
Consolidated cash flow statement for the fiscal years ended 31 March 2014	F-8
Notes to the financial statements as of and for the fiscal years ended 31 March 2014	F-10
Auditors' report for the consolidated financial statements of the Issuer for the year ended 31 March 2013	F-49
Consolidated balance sheet as of 31 March 2013	F-53
Consolidated statement of profit and loss for the fiscal years ended 31 March 2013	F-54
Consolidated cash flow statement for the fiscal years ended 31 March 2013	F-55
Notes to the financial statements as of and for the fiscal years ended 31 March 2013	F-57
Audited Consolidated Financial Information of the Guarantor	
Auditors' report for the consolidated financial statements of the Guarantor for the year ended 31 March 2014	F-95
Consolidated balance sheet as of 31 March 2014	F-102
Consolidated statement of profit and loss for the fiscal years ended 31 March 2014	F-103
Consolidated cash flow statement for the fiscal years ended 31 March 2014	F-104
Notes to the financial statements as of and for the fiscal years ended 31 March 2014	F-106
Auditors' report for the consolidated financial statements of the Guarantor for the year ended 31 March 2013	F-204
Consolidated balance sheet as of 31 March 2013	F-212
Consolidated statement of profit and loss for the fiscal years ended 31 March 2013	F-213
Consolidated cash flow statement for the fiscal years ended 31 March 2013	F-214
Notes to the financial statements as of and for the fiscal years ended 31 March 2013	F-216

S. Mann & Co.
Chartered Accountants

1006, 10th Floor,
Vikrant Tower,
Rajindra Place, New Delhi -110 008

GSA & Associates
Chartered Accountants

16, DDA Flats, Ground Floor,
Panchsheel-Shivalik Mor,
Near Malviya Nagar, New Delhi -110 017

Independent Auditor's Report
On the Consolidated Financial Statements of the Group
(ONGC VIDESH LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES)

To

THE BOARD OF DIRECTORS
ONGC VIDESH LIMITED

Report on the Consolidated Financial Statements

1. We have audited the attached Consolidated financial statements of ONGC Videsh Limited ('the Company') and its Subsidiaries and Joint Ventures (hereinafter referred to as 'Group'), which comprises the Balance Sheet as at 31st March, 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. 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 31st 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 31st 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 31st 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.

For S Mann & Co.
Chartered Accountants
FRN no. 000075N

(Subhash Mann)
Partner
M. No. 80500

For GSA & Associates
Chartered Accountants
FRN no. 000257N

(Sunil Aggarwal)
Partner
M. No. 83899

Place : New Delhi
Dated : 20th May 2014

Annexure-1

Summary of the Financial Information (*) of Subsidiaries and Joint Venture as of the year ended 31st March 2014:

(₹ in Million)

S. no.	Name of the Subsidiaries / Joint Venture	Total Assets as of 31 st March, 2014 (Consolidated)	Total Liabilities as of 31 st March, 2014 (Consolidated)	Total Revenue for the year ended 31 st March, 2014 (Consolidated)	Total Profit/(Loss) after tax for the year ended 31 st 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 Report date 15 th May 2014
2	ONGC Amazon Alaknanda Limited (OAAAL)	52,231.18	4,916.66	21,244.42	7,290.88	M/s Ernst & Young Audit S.A.S, Bogota D.C., Colombia Report date 14 th 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 Report date 15 th 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 Report date 15 th May 2014
4	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 Report date 13 th 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 LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2014

		(₹ in Million)	
	Note No.	As at 31 March 2014	As at 31 March 2013
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
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
MINORITY INTEREST		8,864.04	908.59
NON CURRENT LIABILITIES			
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
CURRENT LIABILITIES			
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
TOTAL		942,986.92	594,095.28
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
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
Goodwill	20	180,614.45	80,324.43
Non Current Investment	21	7,727.97	5,017.98
Deferred Tax Assets	22	6,763.69	6,071.65
Long Term Loans and Advances	23	133.21	135.07
Other Non Current Assets	24	46,814.42	14,654.40
		845,728.82	466,161.71
CURRENT ASSETS			
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
TOTAL		942,986.92	594,095.28

See accompanying notes to the financial statements

1 to 53

(S B Singh)
Company Secretary

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

(D K Sarr)
Chairman

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

For GSA & Associates
Chartered Accountants

New Delhi
May 20, 2014

(Subhash Mann)
Partner (M No 080500)
Firm Regn Number 000075N

(Sunil Aggarwal)
Partner (M No. 083899)
Firm Regn Number 000257N

ONGC VIDESH LIMITED

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

		Year ended 31 March 2014	(₹ in Million) Year ended 31 March 2013
CONTINUING OPERATIONS	Note No.		
INCOME			
Revenue from Operations	30	217,771.52	175,578.33
Other Income	31	4,470.48	4,714.76
TOTAL REVENUE		222,242.00	180,293.09
EXPENSES			
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
TOTAL EXPENSES		152,774.77	113,968.20
PROFIT BEFORE PRIOR PERIOD, EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		69,467.23	66,324.89
Adjustments relating to Prior Period (Net)	39	(420.94)	(500.80)
PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		69,888.17	66,825.69
Exceptional and Extraordinary items		-	-
Tax expense			
Current Period Tax		23,857.10	25,098.10
Deferred Tax		1,397.13	376.79
Earlier Periods' Tax		316.67	2,178.21
Total Tax Expenses		25,570.90	27,653.10
Less: Share of Profit or (loss) - Minority Interest		(135.91)	(118.83)
Group Profit After Tax from continuing operations (A)		44,453.18	39,291.42
DISCONTINUING OPERATIONS			
PROFIT / (LOSS) FROM DISCONTINUING OPERATIONS (B)		-	-
GROUP PROFIT AFTER TAX (A + B)		44,453.18	39,291.42
EARNINGS PER EQUITY SHARE (₹)			
(Face Value ₹ 100/- Per Share)			
Basic	40	49.49 *	47.06 *
Diluted		49.49 *	47.06 *
See accompanying notes to the financial statements	1 to 53		
*restated for the rights issue in 2013-14 & 2012-13			

(S B Singh)
Company Secretary

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

(D K Sarraf)
Chairman

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

For GSA & Associates
Chartered Accountants

New Delhi
May 20, 2014

(Subhash Mann)
Partner (M No 080500)
Firm Regn Number 000075N

(Sunil Aggarwal)
Partner (M No. 083899)
Firm Regn Number 000257N

ONGC VIDESH LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2014

(₹ in Million)

	Particulars	Year ended 31 March 2014		Year ended 31 March 2013	
A.	CASH FLOW FROM OPERATING ACTIVITIES:				
	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
	Operating Profit before Working Capital Changes		157,072.06		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
	Cash generated from/(used in) Operations		171,140.45		127,747.66
	Direct Taxes Paid (net of refunds)		(25,570.90)		(27,653.11)
	Net Cash Flow before Prior period items		145,569.55		100,094.55
	Prior period items (Expenditure) / Income		420.93		500.80
	Net Cash Flow from/(used in) Operating Activities (A)		145,990.48		100,595.35

B.	CASH FLOW FROM INVESTING ACTIVITIES:				
	- 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
	Net Cash Flow from/(used in) Investing Activities (B)		(292,323.07)		(95,739.88)

C.	CASH FLOW FROM FINANCING ACTIVITIES:				
	- Proceeds from Non Convertible Redeemable Bonds		(19,700.00)		-
	- Proceeds from Term Loans from Banks		106,606.50		-
	- Proceeds from Issue of Share Capital ⁵		50,000.00		40,000.00
	- Change in Minority Interest		7,955.45		(93.94)
	- Net Long Term Borrowings from ONGC / (Repayments) ⁵		(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

Notes:

- 1 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
- 2 Bracket indicates cash outflow.
- 3 Previous year figures have been regrouped wherever necessary to confirm the current year's classification.
- 4 Adjustment have not been made to purchase of fixed assets etc. (investing activities), on account of increase / decrease in Capital Creditors. The impact of the above is not readily ascertainable.
- 5 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.

(S B Singh)

Company Secretary

(S P Garg)

Director (Finance) & Managing Director

(D K Sarraf)

Chairman

As per our report of even date attached

For S. Mann & Co.
Chartered Accountants

For GSA & Associates
Chartered Accountants

New Delhi
May 20, 2014

(Subhash Mann)
Partner (M No 080500)
Firm Regn Number 000075N

(Sunil Aggarwal)
Partner (M No. 083899)
Firm Regn Number 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), Imperial Energy 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:

Sl 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 31st March 2014	As at 31st March 2013	
1.1	ONGC Nile Ganga B.V. (ONGBV)	The Netherlands	Class A and Class B 100%	Class A and Class B 100%	Audited
1.1 (i)	ONGC Campos Ltda.	Brazil	100%	100%	Audited
1.1 (ii)	ONGC Nile Ganga (Cyprus) Ltd.	Cyprus	100%	100%	Audited
1.1 (iii)	ONGC Nile Ganga (San Cristobal) B.V.	The Netherlands	100%	100%	Audited
1.1 (iv)	ONGC Satpayev E&P B.V.	The Netherlands	100%	100%	Audited
1.1 (v)	ONGC Caspian E&P B.V.	The Netherlands	100%	100%	Audited
1.2	ONGC Nile Ganga B.V. (ONGBV)	The Netherlands	Class C 55% direct (balance 45% held by OMEL)	Class C 55% direct (balance 45% held by OMEL)	Audited
2	ONGC Narmada Limited (ONL)	Nigeria	100%	100%	Unaudited
3	ONGC Amazon Alaknanda Limited (OAAL)	Bermuda	100%	100%	Audited
4	Imperial Energy Limited ¹	Cyprus	100%	100%	Audited
4 (i)	Imperial Energy Tomsk Limited	Cyprus	100%	100%	Audited
4 (ii)	Imperial Energy (Cyprus) Limited	Cyprus	100%	100%	Audited
4 (iii)	Imperial Energy Nord Limited	Cyprus	100%	100%	Audited
4 (iv)	RK Imperial Energy (Kostanai) Limited ⁴	Cyprus	100%	100%	Unaudited
4 (v)	Freshspring Investments Limited ⁴	Cyprus	100%	100%	Unaudited
4 (vi)	Nefsilius Holdings Limited ⁴	Cyprus	100%	100%	Unaudited
4 (vii)	Biancus Holdings Limited	Cyprus	100%	100%	Audited
4 (viii)	Redcliffe Holdings Limited	Cyprus	100%	100%	Audited
4 (ix)	Imperial Energy Gas Limited ⁴	Cyprus	100%	100%	Unaudited
4(x)	Imperial Frac Services (Cyprus) Limited	Cyprus	100%	100%	Audited
4 (xi)	San Agio Investments Limited	Cyprus	100%	100%	Audited
4 (xii)	LLC Sibinterneft ²	Russia	55.90%	55.90%	Audited upto 31.12.2013
4 (xiii)	LLC Allianceneftgaz	Russia	100%	100%	Audited upto 31.12.2013
4 (xiv)	LLC Nord Imperial	Russia	100%	100%	Audited upto 31.12.2013
4 (xv)	LLC Imperial Trans service ³	Russia	100%	100%	Audited upto 31.12.2013
4 (xvi)	LLC Rus Imperial Group	Russia	100%	100%	Audited upto 31.12.2013
4(xvii)	LLC Stratum ³	Russia	100%	100%	Audited upto 31.12.2013
4(xviii)	LLC Imperial Frac Services	Russia	50%	50%	Audited upto 31.12.2013
5	Carabobo One AB	Sweden	100%	100%	Audited
5 (i)	Petro Carabobo Ganga B.V.	The Netherlands	100%	100%	Audited
6	ONGC (BTC) Limited	Cayman Islands	100%	100%	Unaudited
7	Beas Rovuma Energy Mozambique Ltd.	British Virgin Islands	60%	-	Audited
8	ONGC Hydrocarbons Ltd. ⁵	Mauritius	100%	-	Unaudited
9	Krishna Rovuma Energy Mozambique Ltd. ⁵	Mauritius	100%	-	Unaudited
10	ONGC Mittal Energy Limited (OMEL)	Cyprus	49.98%	49.98%	Unaudited

¹ Jarpeno Limited has been rechristened as Imperial Energy Limited with effect from 19 April 2013

² 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.

³ These two companies have now been merged with LLC Nord Imperial w.e.f. 29th November 2013

⁴ These companies have been liquidated w.e.f. 23rd March 2014.

⁵ 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 - OAAAL 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 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.

			(₹ in Million)	
			As at 31 March 2014	As at 31 March 2013
3 Share Capital				
Authorised				
1,000,000,000 (Previous year 500,000,000) Equity Shares of ₹ 100 each			100,000.00	50,000.00
Issued, Subscribed, Called and Paid Up				
1,000,000,000 (Previous year 500,000,000) Equity Shares of ₹ Rs.100 each fully paid up in cash			100,000.00	50,000.00
(The entire share capital is held by Oil and Natural Gas Corporation Limited and its nominees)				
TOTAL			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 period	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	1,000	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

	(₹ in Million)		
4 Reserves and Surplus	As at 31 March 2014	As at 31 March 2013	
Capital Reserve	1,075.53	990.43	
Capital Redemption Reserve	0.11	0.09	
Debenture Redemption Reserve (Note 4.a)			
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	4,307.64	14,088.91
General Reserve			
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	2,644.71	13,144.65
Foreign Currency Translation Reserve (Note 4.b)			
Balance as per last Financial statement	37,554.33	24,639.98	
Additions during the year	33,209.46	12,914.35	37,554.33
Foreign Currency Monetary Item Difference Account (Note 4.c)	(3,925.56)	-	
Surplus in the statement of profit and loss			
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	2,644.71	175,887.59
TOTAL	315,488.20	241,666.00	

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

	(₹ in Million)		
Particulars	Balance as on 31 March 2013	Addition during the year	Balance as on 31 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
Total (A)	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
Total (B)	-	6,073.56	6,073.56
Total (A+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 31 March 2014	As at 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 2013
Non-Convertible Redeemable Debentures (Note - 5.c)	3,700.00	23,400.00
Term Loans		
from banks (Note - 5.e)	106,606.50	-
Foreign Currency Loans		
Foreign Currency Bonds (USD) (Note - 5.d)	48,048.00	-
Non-Recourse Deferred Credit (unsecured) (In respect of Joint venture) (Note - 5.a)	-	134.98
Loans and advances		
From Oil and Natural Gas Corporation Limited (Note - 5.b)	52,914.93	119,576.99
Non-current maturities of finance lease obligations (unsecured)	4,811.12	2,759.08
TOTAL	216,080.55	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 31 March 2014	Year ended 31 March 2013
Current (Note 13)	1,043.37	-
Non-Current (Note 5)	-	134.98
Total	1,043.37	134.98

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 (₹ million)	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	3,700.00	06-Jan-10	06-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
Total	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 (₹ million)	Date of issue	Due date of redemption	Coupon
USD 500 million unsecured non-convertible Reg S Bonds	27,145.00	07-May-13	07-May-23	3.75%, payable semi-annually in arrears
USD 300 million unsecured non-convertible Reg S Bonds	16,287.00	07-May-13	07-May-18	2.50%, payable semi-annually in arrears
Foreign Exchange difference (refer note no. 4.c)	4,616.00			
Total	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)

(₹ in million)

6 Deferred tax liabilities

	As at 31 March 2014	As at 31 March 2013
Deferred tax liabilities	14,269.50	11,714.50
TOTAL	14,269.50	11,714.50

Attention is invited to Note No 42.2

7 Liability for Abandonment

	As at 31 March 2014	As at 31 March 2013
Liability for abandonment	46,243.95	30,203.72
TOTAL	46,243.95	30,203.72

Liability for Abandonment	Year ended 31 March 2014	Year ended 31 March 2013
Current (Note 11)	7.28	33.95
Non-Current (Note 7)	46,243.95	30,203.72
Total	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

	As at 31 March 2014	As at 31 March 2013
Trade payables	-	107.82
Others	4.08	-
TOTAL	4.08	107.82

9 Long-Term Provisions

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

- 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 31 March 2014	Year ended 31 March 2013
Current (Note 14)	127.22	198.55
Non-Current (Note 9)	171.86	422.10
Total Provisions for Employee benefits	299.08	620.65

(₹ in Million)

10 Short Term Borrowings

	As at 31 March 2014	As at 31 March 2013
Short-term borrowings from banks*	133,633.50	48,053.57
Other Short term borrowings	759.72	-
TOTAL	134,393.22	48,053.57

* 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

	As at 31 March 2014	As at 31 March 2013
Liability for Abandonment	7.28	33.95
TOTAL	7.28	33.95

Attention is also invited to Note No 21 and 7

12 Trade Payables

	As at 31 March 2014	As at 31 March 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 (In respect of Joint Ventures)	20,844.41	21,240.92
TOTAL	37,881.19	25,864.59

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

13 Other Current Liabilities

	As at 31 March 2014	As at 31 March 2013
Current maturities of Long term debts		
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
TOTAL	69,455.83	39,050.84

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

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

*** Attention is also to Note No 5

	(₹ in Million)	
14 Short Term Provisions	As at 31 March 2014	As at 31 March 2013
Gratuity	-	59.50
Leave encashment	85.27	102.73
Post retirement medical benefits/Other terminal benefits	41.95	36.32
	127.22	198.55

Attention is invited to Note No: 9.b

15 Tangible Assets

PARTICULARS	GROSS BLOCK					DEPRECIATION					NET BLOCK	
	As at 1 April 2013	Additions during the period	Foreign Currency Translation Adjustment/Other Adjustments	Deletions / Adjustments during the period	As at 31 March 2014	Up to 31 March 2013	For the period	Foreign Currency Translation Adjustment/Other Adjustment	Deletions / Adjustments during the period	Up to 31 March 2014	As at 31 March 2014	As at 31 March 2013
1. Land (Leasehold)	2,118.29	95.58	50.93	0.03	2,264.77	0.65	-	85.11	42.67	43.09	2,221.68	2,117.64
1. Land (Freehold)	3.39	-	-	-	3.39	-	-	-	-	-	3.39	3.39
2. Building	6,955.20	1,099.22	69.04	29.68	8,093.78	1,689.38	316.86	(47.27)	(28.13)	1,987.10	6,106.68	5,265.82
3. Plant & Machinery	118,824.74	25,997.52	1,381.08	1,490.65	144,712.69	70,241.26	16,650.87	(1,341.79)	(1,043.17)	86,593.51	58,119.18	48,583.48
4. Computers	940.87	579.83	72.48	33.08	1,560.10	697.24	124.86	29.56	(6.65)	858.31	701.79	243.63
5. Vehicles	1,821.24	305.00	57.69	36.28	2,147.65	1,347.78	211.75	11.24	44.40	1,526.37	621.28	473.46
6. Furniture & Fittings and Equipments	8,329.50	275.56	564.26	55.02	9,114.30	6,380.81	338.41	146.84	(28.94)	6,895.00	2,219.30	1,948.69
TOTAL	138,993.23	28,352.71	2,195.48	1,644.74	167,896.68	80,357.12	17,642.75	(1,116.31)	(1,019.82)	97,903.38	69,993.30	58,636.11
Previous year	107,776.14	30,315.53	1,107.95	206.39	138,993.23	72,185.70	7,390.16	938.79	157.53	80,357.12	58,636.11	35,590.45
The above includes the company's share in Joint Venture Assets:												
Current year	135,180.22	28,208.83	1,986.70	1,441.66	163,934.09	79,035.48	17,517.76	(943.32)	(954.28)	96,564.20	67,369.89	56,144.73
Previous year	103,915.87	30,244.37	1,087.65	67.68	135,180.22	71,712.26	7,192.03	168.09	36.89	79,035.48	56,144.73	32,203.61

a. Title to Fixed Assets under Production Sharing Agreements

The Company, the Subsidiaries and Joint Venture Company, in consortium with other partners (Consortium) carries on its business in respect of exploration, development and production of hydrocarbons under agreements with the host governments. Several of these agreements, governing Company's activities in the fields / projects, provide that the title to the fixed assets and other ancillary installations shall pass to host Government or its nominated entities either upon acquisition / first use of such assets or upon 100% recovery of such costs through allocation of "Cost Oil" and "Cost Gas" or upon relinquishment of the relevant contract areas or termination of the relevant agreement. However, as per the terms of the agreements, the Consortium and/or Operator has the custody of all such assets and is entitled to use, free of charge all such assets for Petroleum Operations throughout the term of the respective agreements. The Consortium also has the custody and maintenance of such assets and bears all risks of accidental loss and damage and all costs necessary to maintain such assets and to replace or repair such damage or loss. Under the circumstances, such assets are kept in the records of the Company during the currency of the respective agreements.

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

16 Intangible Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK			
	As at 1 April 2013	Additions during the period	Foreign Currency Translation Adjustment/Other Adjustments	Deletions / Adjustments during the period	As at 31 March 2014	Up to 31 March 2013	For the period	Foreign Currency Translation Adjustment/Other Adjustment	Deletions / Adjustments during the period	Up to 31 March 2014	As at 31 March 2014	As at 31 March 2013
1. Software	365.72	70.75	(24.89)	2.04	409.54	261.94	77.90	(24.54)	0.04	315.26	94.28	103.78
TOTAL	365.72	70.75	(24.89)	2.04	409.54	261.94	77.90	(24.54)	0.04	315.26	94.28	103.78
Previous year	334.07	54.60	(24.28)	(1.33)	365.72	207.80	77.90	(23.92)	(0.16)	261.94	103.78	126.28
The above includes the company's share in Joint Venture Assets:	252.87	70.75										
Current Year	175.01	43.43	33.10	(1.33)	252.87	129.02	57.31	13.24	(0.16)	199.73	53.14	45.99
Previous Year												

	(₹ in Million)	
	As at 31 March 2014	As at 31 March 2013
17 Producing Properties		
Gross Cost		
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
Total Gross (A)	458,035.35	339,760.52
Less: Depletion		
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
Total Depletion (B)	203,186.52	158,772.19
NET PRODUCING PROPERTIES (A - B)	254,848.83	180,988.33

* 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 31 March 2014	Year ended 31 March 2013
Exchange loss arising on reporting of long-term foreign currency monetary items relating to		
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. 45.4

	(₹ in Million)	
	As at 31 March 2014	As at 31 March 2013
18 Development & Exploratory Wells-in-Progress		
A. Development Wells-in-Progress (DWIP)		
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
Closing Balance (Gross DWIP)	15,886.29	22,024.68
Less: Provision for Development wells		
Opening Balance	83.74	-
Provided during the year	-	83.74
Development Wells-in-Progress (A)	15,802.55	21,940.94
B. Exploratory Wells-in-Progress(EWIP) (Intangible)		
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
Closing Balance (Gross EWIP)	30,553.69	13,111.38
Less: Provision for Impairment		
Opening Balance	3,410.13	1,479.15
Add: Provided during the year	6.72	1,930.99
Total Provision	3,416.85	3,410.14
Exploratory Wells-in-Progress (B)	27,136.84	9,701.24
TOTAL WELLS-IN-PROGRESS (A + B)	42,939.39	31,642.18

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.

	(₹ in Million)	
	As at 31 March 2014	As at 31 March 2013
19 Capital Work-in-Progress		
Buildings	1,717.71	1,263.65
Plant & Machinery	85,105.16	75,406.66
Acquisition Cost*	148,976.41	11,917.47
Total	235,799.28	88,587.78

*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.

	As at 31 March 2014	As at 31 March 2013
20 Goodwill		
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
Net Goodwill (a-b-c)	180,614.45	80,324.43

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.

	(₹ in Million)	
	As at 31 March 2014	As at 31 March 2013
21 Non Current Investment		
Investment with bank for Site Restoration	7,727.97	5,017.98
TOTAL	7,727.97	5,017.98

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.

	As at 31 March 2014	As at 31 March 2013
22 Deferred Tax Assets		
Deferred Tax Assets	6,763.69	6,071.65
TOTAL	6,763.69	6,071.65
Refer Note No 42.2		

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

a. Loans and advances

Particulars	Year ended 31 March 2014	Year ended 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

Particulars	Year ended 31 March 2014	Year ended 31 March 2013
Current (Note no. 28)	0.59	0.07
Non-Current (Note no. 23)	0.66	0.41
Total	1.25	0.48

- c. 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, OVL is financing KMG's share of expenditure in the exploration block during the exploratory period (carry loan). The amount of carry loan will be refunded by KMG along with accrued interest in the event of commercial discovery and production from the project. The KMG's share of expenditure financed 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.

	As at 31 March 2014	(₹ in Million) As at 31 March 2013
24 Other Non-Current Assets		
Secured, considered good		
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
Unsecured, considered good		
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	-
Doubtful		
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
Sub Total (A)	53,989.81	14,656.70
Less : Allowance for bad and doubtful loans and advances		
Trade receivables realisable beyond 12 months from the end of reporting period	2,764.41	2.30
Investment in lease	4,410.98	-
Sub-Total (B)	7,175.39	2.30
TOTAL (A -B)	46,814.42	14,654.40

a. Other Assets	Year ended 31 March 2014	Year ended 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

(₹ in Million)		
	As at 31 March 2014	As at 31 March 2013
25 Inventories		
(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)		
TOTAL	8,715.72	5,875.65
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.		
	As at 31 March 2014	As at 31 March 2013
26 Trade Receivables		
Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months	6,854.10	15,295.81
Other receivables	31,750.10	34,692.00
Doubtful		
Other receivables	6.33	172.14
Sub Total (A)	38,610.53	50,159.95
Less : Allowance for bad and doubtful trade receivables		
Debts outstanding for a period exceeding six months:	6.33	172.14
Sub Total (B)	6.33	172.14
TOTAL (A-B)	38,604.20	49,987.81
	As at 31 March 2014	As at 31 March 2013
27 Cash & Cash Equivalents		
Balances with Banks		
in current account	6,858.21	5,767.92
in deposit account	10,972.00	35,046.34
Cash on hand		
At Corporate Office -New Delhi	0.24	0.23
At Overseas	4.03	8.43
Others		
Cash & Bank Balances	4,518.38	3,762.83
(In respect of Joint Ventures)		
TOTAL	22,352.86	44,585.75

	(₹ in Million)	
	As at 31 March 2014	As at 31 March 2013
28 Short Term Loans & Advances		
A. Secured - Considered Good		
Loans & Advances to Employees	54.87	46.56
Total Secured - Considered Good (A)	54.87	46.56
B. Unsecured - Considered Good		
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
Advances recoverable in cash or in kind or for value to be received (In respect of Joint Ventures)	3,460.30	4,916.32
Total Unsecured - Considered Good (B)	4,252.29	5,528.15
C. Unsecured - Considered Doubtful		
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
Total Unsecured - Considered Doubtful (C)	-	-
LOANS AND ADVANCES (A+B+C)	4,307.16	5,574.71
	As at 31 March 2014	As at 31 March 2013
29 Other Current Assets		
Prepaid expenses for Underlift Quantity	1,667.21	262.92
Interest Accrued on:		
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 (In respect of Joint Ventures)	11,459.29	7,943.91
Taxes (Income Tax, Wealth Tax and Fringe Benefit Tax) :		
Advance Payment	20,379.65	22,194.97
Less: Provision	12,800.79	7,578.86
	12,984.81	9,210.16
TOTAL	23,278.16	21,909.65

Attention is invited to Note 24.a

	(₹ in Million)	
	Year ended 31 March 2014	Year ended 31 March 2013
30 Revenue from Operations		
Sales		
Crude Oil	202,689.82	162,366.48
Gas	11,915.57	11,393.63
Condensate	1,987.72	2,954.69
Total Sales	216,593.11	176,714.80
Less: Value Added Tax	2,016.57	2,333.77
Net Sales (A)	214,576.54	174,381.03
Other Operating Revenue (B)		
Other Operating income	3,194.98	1,197.30
Total Revenue from Operations (A+B)	217,771.52	175,578.33
	Year ended 31 March 2014	Year ended 31 March 2013
31 Other Income		
Interest Income on:		
Deposits with Banks	922.46	1,097.21
Loans and Advances to Employees	6.96	6.41
Others	32.34	961.49
Lease Income	431.17	491.32
Gain on Foreign Exchange Forward Contract / Derivatives	797.15	704.76
Miscellaneous Receipts	2,280.40	1,453.57
TOTAL	4,470.48	4,714.76
	Year ended 31 March 2014	Year ended 31 March 2013
32 Production, Transportation, Selling and Distribution Expenditure		
Production Expenditure	31,057.67	22,447.23
Transportation Expenditure	5,446.81	5,374.43
Royalty	35,212.04	29,115.32
Staff Expenditure	3,681.78	3,193.47
Other Levies	6,825.38	6,922.67
Rent	520.91	1,049.46
Repair to Buildings	135.94	124.12
Repair to Machinery	4.00	2.62
Other Repairs and Maintenance	249.26	71.06
Insurance	200.43	43.56
Idle rig cost	-	212.59
Other Expenses	3,794.88	3,309.28
TOTAL	87,129.10	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 31 March 2014	Year ended 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
Sub Total (A)	3,681.78	3,193.47
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
Sub Total (B)	83,447.32	68,672.34
Total (A+B)	87,129.10	71,865.81

* 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 31 March 2014	Year ended 31 March 2013
Audit Fee	3.37	2.63
Tax Audit Fee	0.34	0.25
Certification Fee	0.23	0.77
Total	3.94	3.65

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 (₹ 208.20 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.

(₹ in Million)

	Year ended 31 March 2014		Year ended 31 March 2013
33 Changes in Inventories of Finished Goods			
*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
NET (INCREASE)/DECREASE IN STOCK		(1,468.25)	148.59

	Year ended 31 March 2014		Year ended 31 March 2013
34 Finance Costs			
Interest On			
Finance Lease		399.19	363.94
Bonds		3,781.25	1,966.82
Others		34.82	101.05
Foreign Exchange Fluctuation related to borrowing costs		(161.76)	(17.68)
Discount on Bonds		11.75	-
TOTAL		4,065.25	2,414.13

	Year ended 31 March 2014		Year ended 31 March 2013
35 Depreciation, Depletion and Amortisation			
Depreciation *	17,685.44		7,390.16
Amortisation -Intangibles **	77.90		77.90
Less: Capitalised	9,682.90	8,080.44	4,209.78
Depletion		36,053.81	19,938.23
Amortisation of Goodwill		4,544.99	4,161.72
TOTAL		48,679.24	27,358.23

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

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

(₹ in Million)

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

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

	(₹ in Million)	
	Year ended 31 March 2014	Year ended 31 March 2013
38 Decrease/(increase) in overlift/underlift		
UnderLift (OverLift) - Opening Balance	151.44	697.44
Underlift (OverLift) - Closing Balance	(352.02)	151.44
Decrease/(increase) in overlift/underlift	<u>503.46</u>	<u>546.00</u>
	Year ended 31 March 2014	Year ended 31 March 2013
39 Adjustments Relating to Prior Period (Net)		
Expenses		
Other Expenses	0.47	(554.12)
Depreciation	(131.33)	(29.23)
Depreciation / Depletion	194.49	82.55
Sub-Total (A)	<u>63.63</u>	<u>(500.80)</u>
Income		
Miscellaneous Items	484.57	-
Sub-Total (B)	<u>484.57</u>	<u>-</u>
TOTAL (A - B)	<u>(420.94)</u>	<u>(500.80)</u>
	Year ended 31 March 2014	Year ended 31 March 2013
40 Earnings Per Equity Share (EPS)		
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
Basic and Diluted Earnings Per Equity Share (₹)	49.49	47.06 *
(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 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
	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 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) recognised 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.

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 favour 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 OVL 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 OVL 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 WFWG 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. OVL has filed Miscellaneous Application with ITAT because the ITAT failed to consider the material fact that OVL 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 OVL had filed appeal against the ITAT order in Delhi High Court. The amount involved is ₹ 6.33 Million. OVL 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 31st 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:

Particulars	(₹ in Million)	
	As at 31.03.2014	As at 31.03.2013
Deferred Tax Liability of OVL		
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
Net Deferred Tax Liability of the Company (OVL)	6,921.94	3,649.86
Net Deferred Tax Liability of ONGBV	6,965.31	7,733.56
Net Deferred Tax Liability of OAAL	328.23	261.47
Net Deferred Tax Liability of Carabobo One AB	54.02	69.61
Consolidated Net Deferred Tax Liability	14,269.50	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	-	-
Consolidated Net Deferred Tax Asset	6,763.69	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 and its Subsidiaries' significant joint ventures as on 31 March 2014 are as under :-

Sr. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members	Operator	Status
1	Block 06.1 Vietnam, Offshore	45%	TNK Vietnam B.V. -35% Petrovietnam - 20%	TNK Vietnam B.V.	The project is under development and production
2	Block 2a, 2b & 4, GNPOC. Sudan, (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.
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%	OVL	The company provides Fracing 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%	OVL	The project 's exploration period ended on 24 June 2009. Agreement on MDP and Development service contract is pending.
14	Block XXIV Syria, Onshore	60%	IPRMEL - 25% Trioccean-15%	IPR MEL	IPRMEL the Operator declared Force Majeure effective 29 April 2012
15	Khartoum-Port Sudan Pipeline Project Sudan, Onshore	90%	OIL – 10%	OVL	The pipeline has been completed and is under lease.
16	Block RC-8 Colombia, Offshore	40%	Ecopetrol - 40% Petrobras – 20%	OVL	The project is under exploration
17	Block RC-9 Colombia, Offshore	50%	Ecopetrol - 50%	Ecopetrol	The project is under exploration
18	Block RC-10 Colombia, Offshore	50%	Ecopetrol - 50%	OVL	The project is under exploration
19	Block BM-SEAL-4, Brazil, Offshore (Through ONGC Nile Ganga B.V)	25%	Petrobras- 75%	Petrobras	The project is under exploration

20	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%	OVL	The project is under exploration
23	SHWE Offshore Pipeline Project, Myanmar, Offshore	17%	Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE – 15%	Daewoo	Pipeline is completed and transportatoin of Block Myanmar A1/A3 Gas
24	Onshore Gas Pipeline Project (SEAGPCL), Myanmar, Onshore (Through ONGC Nile Ganga B.V.)	8.35%	CNPC-SEAP– 50.90% Daewoo – 25.04% KOGAS– 4.17% GAIL – 4.17% MOGE – 7.37%	CNPC-SEAP	The project is under operation.
25	Carabobo Project, Venezuela Onshore (Through Carabobo One AB)	11%	CVP - 60% Petronas Ve-11% Repsol Exp-11% INDOIL-7%	Joint operatorship	The project is under development and production.
26	Satpayev Contract Area 3575, Kazakhstan, Offshore	25%	KMG – 75%	SOLLP	The project is under Exploration
27	Azeri, Chirag, Guneshli fields Azerbaijan, Offshore	2.72%	BP - 35.79% SOCAR - 11.65% Chevron - 11.27% Inpex - 10.96% Statoil - 8.56% Exxon-Mobil - 8.00% TPAO - 6.75% Itochu - 4.30%	BP	The project is under development and production
28	BTC Pipeline Azerbaijan, Onshore (Through ONGC (BTC))	2.36%	BP - 30.1% SOCAR - 25% Chevron - 8.9% Statoil - 8.71% TPAO - 6.53% Eni - 5% Total - 5% Itochu - 3.40% Inpex - 2.5% Conoco Philips - 2.5%	BP	The project is under operation
29	Block Area 1, Mozambique Offshore ³	16.00%	Anadarko- 26.5% Mitsui-20% PTTEP-8.5% BPRL-10% OIL-4% ENH-15%	Anadarko	The project is a discovered exploration
30	Block SS 04, Bangladesh, Offshore	45.00%	OIL-45% BAPEX-10%	OVL	The project is under exploration
31	Block SS 09, Bangladesh, Offshore	45.00%	OIL-45% BAPEX-10%	OVL	The project is under exploration

Abbreviations used: CNPC – China National Petroleum Corporation; CNPC-SEAP-CNPC South-East Asia Pipeline Co Ltd; CVP – Corporacion Venezolana Del Petroleo S.A.; Daewoo – Daewoo International Corporation; ENL – Exxon Neftegas Limited; Fulin – Fulin Investments Sarl; GAIL – GAIL (India) Limited; GNPOC - Greater Nile Petroleum operating Company; GPOC - Greater Pioneer Operating Company; SPOC - Sudd Petroleum Operating Company; IOC – Indian Oil Corporation Limited; INDOIL- Indoil Netherlands B.V.; IPRMEL – IPR Mediterranean Exploration Limited; KMG KazMunayGas; KOGAS – Korea Gas Corporation; B.V; Mittals – Mittal Investments Sarl; MOGE- Myanmar Oil and Gas Enterprise; Nilepet - Nilepet Limited, South Sudan; OCL – ONGC Campos Ltda.. OIL – Oil India Limited; Pacific - Pacific Stratus Energy, Colombia; Petrobras – Petroleo Brasileiro S.A.; Petro-Dorado - Petro-Dorado South America S.A.; Petronas – Petronas Carigali Overseas Sdn Bhd; Petronas Ve: PC Venezuela Ltd; Petrovietnam – Vietnam Oil and Gas Group; Repsol – Repsol YPF Cuba SA; Repsol Exp-Repsol Exploration S.A.; SEAGPCL – South East Asia Gas Pipeline Company Ltd.; Shell – Shell Brazil Ltda; Sinopec – Sinopec Overseas Oil and Gas Limited; SMNG – Sakhalinmorneftegas Shelf; SODECO – Sakhalin Oil Development Company Limited; SOLLP – Satpayev Operating Company LLP (100% subsidiary of KMG); SSPD: Syria Shell Petroleum Development B.V.; Sudapet – Sudapet Limited; Triocean: Tri-Ocean Mediterranean; SOCAR: State Oil Company of Azerbaijan Republic; TPAO - Turkish Petroleum Corporation; BREML - Beas Rovuma Energy Mozambique Ltd; ENH - Empresa Nacional De Hidrocarbonates, E.P; BAPEX - Bangladesh Petroleum Exploration & Production Company Limited

¹ OVL has effectively 38.75% interest in Himalaya Energy Syria B.V. (HESBV) with Mittals and Fulin effectively holding 11.25% and 50% interest respectively. HESBV, through its subsidiaries, holds 33.33%, 37.5% and 36% interest in Ash Sham (including deep and lateral) concession, Deir-Ez-Zor and Annexure-IV (including deep and lateral) concessions and a gas utilization agreement in Syria; the balance interest in the concessions being held by SSPD- the Operator.

² In case of Block BC-10 Brazil, Offshore additional 12% stake was acquired on 30th December 2013.

³ In case of Area 1 offshore Block, Mozambique, 10% is directly held by ONGC Videsh Ltd. and 6% through subsidiary BREML.

Company's share in Joint Ventures

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

(₹ in Million)									
Project	Net Fixed Assets	Net Producing Property	Capital Work in Progress	Exploratory and Development Wells in Progress	Current Assets	Cash and Bank Balance	Liabilities	Income	Expenditure* (Including depreciation)
A. Audited as of 31 March 2014									
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, OVL'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
Total (A)	17,798.82	123,019.67	14,759.27	21,752.09	52,804.52	2,625.55	107,122.28	121,185.84	88,142.36
B. Audited as of 31 December 2013									
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
Total (B)	36,693.33	66,877.44	64,248.80	7,649.01	13,829.85	1,777.55	51,932.08	72,295.06	38,016.77
C. Unaudited									
Block XXIV, Syria	38.58	(36.48)	-	-	26.58	-	498.93	-	403.21
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
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
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
Total (C)	13,184.17	40,834.48	153,278.90	13,107.67	8,596.24	115.28	264,621.84	19,225.47	8,297.92
Grand Total	67,676.32	230,731.59	232,286.97	42,508.77	75,230.61	4,518.38	423,676.20	212,706.37	134,457.05

*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 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

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

In view of security situation due to internal conflict in the country all petroleum operation in Block 5A is temporarily shut down from 22nd 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:

OVL in consortium with Oil India Ltd. (OIL) was awarded two shallow water Blocks SS-04 and SS-09 located in the offshore area in People's Republic of Bangladesh on 20 August 2013 and the Production Sharing Contracts (PSCs) of the Blocks were signed by Government of People's Republic of Bangladesh represented by Ministry of Power, Energy and Mineral Resources, Bangladesh Oil and Gas & Mineral Corporation (PETROBANGLA), consortium of OVL & OIL and Bangladesh Petroleum Exploration and Production Company Limited (BAPEX) on 17 February, 2014. PSCs envisage the exploration, appraisal, development and production of petroleum in contract area of the Blocks SS-04 and SS-09 measuring 7,269 square kilometers and 7,026 square kilometers respectively. The exploration term consists of 8 (eight) consecutive contract years comprising 5 (five) years as Initial exploration term and 3 (three) years as subsequent exploration term. OVL will act as the Operator of the Blocks and has PI of 45%, OIL holds 45% PI and BAPEX 10% PI. BAPEX's 10% PI shall be carried by OVL and OIL in proportion to their respective interests in respect of all expenditure up to the date of first commercial discovery and shall be re-paid from the first available cost 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 1st December 2011, Al Furat Petroleum Company (AFPC) an Operating Company jointly held by the Syria Shell Petroleum Development B.V. (SSPD) a company acting as an operator for the Contractor and HESBV (collectively the Contractor) and General Petroleum Company (GPC), Syria, which represents Government of Syria in the Operating Company, were included in the list of sanctioned enterprises by the European Union (EU) as part of the strengthening of the sanctions on Syria. Due to the sanctions, HESBV, as an EU company, has been forbidden to directly or indirectly make funds or resources available to or for the benefit of AFPC and GPC

On the 16th May 2012, the Syrian court (the 1st degree court) ruled in favour of "single management", provided that Contractor will be kept informed of all transactions. In addition the court considered that Contractor's share of profits should be set aside in a separate bank account. AFPC Chairman appealed for three motives (i) to challenge the above two court-determined measures that allows Contractor to monitor the Chairman'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 26th 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 31st 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 31st 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. OVL's share of the cost (@ 2.7213 %) is USD 772.78 million. Accordingly, maximum provision of 10 % i.e. USD 77.28 million towards Abandonment Fund as per PSA provisions has been made on 31.03.2014.

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 28th 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 28th 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 30th January, 2014). BREML holds 10% PI in the Rovuma Area 1 offshore Block, Mozambique. The transaction was completed on 7th 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 7th May, 2014. Closing Statement has been received from Videocon on 2nd May, 2014. The adjustment to the purchase price of USD 31.457 million payable to seller was received from seller on 2nd 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 12th, 13th, 14th, 15th, 16th and 17th 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 12th and 13th instalments from ECGC. No insurance is available for further instalments (14th to 18th).

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 O.1.2		As per Accounting Policy O.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. OVL has served a pre-arbitral notice on GOS which is a requirement prior to initiating any legal proceedings in Sudan. The EPC contractor has initiated arbitration with a claim for ₹ 1,530.93 Million (Previous year ₹ 1,386.40 Million) plus interest against the Company. Pending settlement with the EPC contractor, an amount of ₹ 1,377.84 Million (Previous year ₹ 1,247.76 Million), being the Company's 90% share out of total claim of ₹ 1,530.93 Million (Previous year ₹ 1,386.40 Million) has been accounted as liability in the relevant year of claim. The arbitration award has been pronounced on 27 March, 2014. The award provides for the payment of ₹ 204.88 Million (US\$ 3.31 Million) and interest ₹ 15.78 Million (US\$ 0.26 Million). The parties have option to go to court within 90 days of the arbitration award. Since the company has already accounted for the claim amount as expenditure for ₹ 2,008.11 Million (Previous year ₹ 1,818.53 Million). The differential of the amount accounted for and award will be adjusted subject to further action on the expiry of 90 days period. The estimated reversal of expenditure is ₹ 1,334.23 Million (US\$ 22.21 Million). The interest amount would be treated on clarity of further action by either parties within 90 days of the arbitration award.

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:

Lease liability	₹ Million
Opening balance as at 01.04.2013	3,648.12
Interest	399.19
Lease Payments	1,161.14
Addition of Lease Liabilities due to increase of Shares by 12%	2,776.34
Foreign Currency Translation Adjustment	820.38
Closing balance as at 31.03.2014	6,028.83

The Company's 27% share of future estimated minimum lease expenses in the year and their present values are scheduled to be as follows:

	(₹ In Million)			
	< 1Year	1-5 Years	>5Years	Total
Future minimum lease payments:	1,258.65	4,827.72	1,994.30	8,080.68
Present value of minimum lease payments	1,217.72	3,768.86	1,042.26	6,028.84

Tamba B.V., JV company of ONGBV (27%) has entered into a 15-year lease contract for the supply of the FPSO with a third party. The lease contract contains priced termination options for each of the 15 years and priced extension options for the 4 years following the initial 15-year term. The Company can exercise a priced purchase option during the term of the lease. The interest rate implicit in the lease is 9.5% (Previous year 9.5%).

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

a. Company's share of Proved Reserves in respect of different projects as on 31st 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 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
	Closing	9.501	9.956	-	-	9.501	9.956
GPOC, South Sudan	Opening	6.595	-	-	-	6.595	-
	Addition	-	-	-	-	-	-
	Deduction/Adjustment	-	(6.595)	-	-	-	(6.595)
	Production	0.218	-	-	-	0.218	-
	Closing	6.377	6.595	-	-	6.377	6.595
Block 5A, South Sudan	Opening	5.921	6.348	-	-	5.921	6.348
	Addition	-	(0.428)	-	-	-	(0.428)
	Deduction/Adjustment	-	(0.001)	-	-	-	(0.001)
	Production	0.034	-	-	-	0.034	-
	Closing	5.887	5.921	-	-	5.887	5.921
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
	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
Block 06.1, Vietnam	Opening	0.598	0.635	6.414	8.518	7.012	9.153
	Addition	-	-	-	-	-	-
	Deduction/Adjustment	-	-	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
AFPC, Syria	Opening	2.581	2.707	-	-	2.581	2.707
	Addition	-	-	-	-	-	-
	Deduction/Adjustment	-	-	-	-	-	-
	Production	-	0.126	-	-	-	0.126
	Closing	2.581	2.581	-	-	2.581	2.581
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
	Closing	7.741	4.717	0.656	0.334	8.397	5.051
MECL, Colombia	Opening	3.453	3.504	-	-	3.453	3.504
	Addition	0.626	0.501	-	-	0.626	0.501
	Deduction/Adjustment	(0.001)	-	-	-	(0.001)	-
	Production	0.597	0.552	-	-	0.597	0.552
	Closing	3.483	3.453	-	-	3.483	3.453
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
	Closing	14.583	14.970	4.685	4.721	19.268	19.691
PIVSA, Venezuela	Opening	10.966	11.766	-	-	10.966	11.766
	Addition	-	-	-	-	-	-
	Deduction/Adjustment	-	-	-	-	-	-
	Production	0.767	0.800	-	-	0.767	0.800
	Closing	10.199	10.966	-	-	10.199	10.966
Carabobo - 1, Venezuela	Opening	0.022	-	-	-	0.022	-
	Addition	3.795	0.023	-	-	3.795	0.023
	Deduction/Adjustment	-	-	-	-	-	-
	Production	0.021	0.001	-	-	0.021	0.001
	Closing	3.796	0.022	-	-	3.796	0.022
BLOCK-XXIV, Syria	Opening	1.803	1.804	-	-	1.803	1.804
	Addition	-	-	-	-	-	-
	Deduction/Adjustment	-	-	-	-	-	-
	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	-
	Deduction/Adjustment	-	-	-	-	-	-
	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
	Deduction/Adjustment	-	-	-	-	-	-
	Production	0.883	0.010	-	-	0.883	0.010
	Closing	8.763	9.646	-	-	8.763	9.646
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/Adjustment	(0.001)	0.003	0.001	0.001	-	0.004
	Production	5.486	4.343	2.677	2.837	8.163	7.180
	Closing	112.185	104.119	94.948	92.296	207.133	196.415

* 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 MMToe**	
GNOP, Sudan	Opening	2.784	6.707	-	-	2.784	6.707
	Addition	0.413	1.203	-	-	0.413	1.203
	Deduction/Adjustment	-	4.530	-	-	-	4.530
	Production	0.741	0.596	-	-	0.741	0.596
	Closing	2.456	2.784	-	-	2.456	2.784
GPOC, South Sudan	Opening	4.530	-	-	-	4.530	-
	Addition	-	-	-	-	-	-
	Deduction/Adjustment	-	(4.530)	-	-	-	(4.530)
	Production	0.218	-	-	-	0.218	-
	Closing	4.312	4.530	-	-	4.312	4.530
Block 5A, South Sudan	Opening	2.599	2.599	-	-	2.599	2.599
	Addition	-	-	-	-	-	-
	Deduction/Adjustment	-	-	-	-	-	-
	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
	Deduction/Adjustment	-	(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
	Deduction/Adjustment	-	-	-	-	-	-
	Production	0.032	0.037	1.851	2.104	1.883	2.141
	Closing	0.566	0.598	4.563	6.414	5.129	7.012
AFPC, Syria	Opening	2.206	2.332	-	-	2.206	2.332
	Addition	-	-	-	-	-	-
	Deduction/Adjustment	-	-	-	-	-	-
	Production	-	0.126	-	-	-	0.126
	Closing	2.206	2.206	-	-	2.206	2.206
BC-10, Brazil	Opening	1.626	1.437	0.137	0.155	1.763	1.592
	Addition	2.016	0.480	0.120	(0.006)	2.136	0.474
	Deduction/Adjustment	-	-	-	(0.001)	-	(0.001)
	Production	0.318	0.291	0.013	0.012	0.331	0.303
	Closing	3.324	1.626	0.244	0.138	3.568	1.764
MECL, Colombia	Opening	3.000	3.371	-	-	3.000	3.371
	Addition	0.787	0.181	-	-	0.787	0.181
	Deduction/Adjustment	-	-	-	-	-	-
	Production	0.597	0.552	-	-	0.597	0.552
	Closing	3.190	3.000	-	-	3.190	3.000
IEC, Russia	Opening	4.831	5.391	1.131	-	5.962	5.391
	Addition	-	-	-	1.202	-	1.202
	Deduction/Adjustment	-	-	-	-	-	-
	Production	0.387	0.560	0.036	0.071	0.423	0.631
	Closing	4.444	4.831	1.095	1.131	5.539	5.962
PIVSA, Venezuela	Opening	1.660	1.019	-	-	1.660	1.019
	Addition	1.154	1.440	-	-	1.154	1.440
	Deduction/Adjustment	-	(0.001)	-	-	-	(0.001)
	Production	0.767	0.800	-	-	0.767	0.800
	Closing	2.047	1.660	-	-	2.047	1.660
Carabobo - 1, Venezuela	Opening	0.022	-	-	-	0.022	-
	Addition	0.534	0.023	-	-	0.534	0.023
	Deduction/Adjustment	-	-	-	-	-	-
	Production	0.021	0.001	-	-	0.021	0.001
	Closing	0.535	0.022	-	-	0.535	0.022
BLOCK-XXIV, Syria	Opening	0.049	0.050	-	-	0.049	0.050
	Addition	-	-	-	-	-	-
	Deduction/Adjustment	-	-	-	-	-	-
	Production	-	0.001	-	-	-	0.001
	Closing	0.049	0.049	-	-	0.049	0.049
BLOCK-A1 & A3, Myanmar	Opening	-	-	-	-	-	-
	Addition	-	-	2.815	-	2.815	-
	Deduction/Adjustment	-	-	-	-	-	-
	Production	-	-	0.201	-	0.201	-
	Closing	-	-	2.614	-	2.614	-
ACG, Azerbaijan	Opening	4.267	-	-	-	4.267	-
	Addition	-	4.277	-	-	-	4.277
	Deduction/Adjustment	-	-	-	-	-	-
	Production	0.883	0.010	-	-	0.883	0.010
	Closing	3.384	4.267	-	-	3.384	4.267
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/Adjustment	-	-	-	(0.001)	-	(0.001)
	Production	5.486	4.343	2.677	2.837	8.163	7.180
	Closing	40.981	41.562	18.792	17.846	59.773	59.408

* Crude Oil includes Condensate.

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

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

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).

- 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 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.
- 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 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.
- f. During the year, Reserves of the company as on 1st 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.

9. 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 31st 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.

- (i) 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.
- (ii) The following 2P reserves for the respective CGU considered as a basis for the impairment assessment:-

Projects (CGU)	Proved and Probable Reserves (MMT)
Imperial Energy, Russia	90.063
AFPC, Syria	3.108
Block 5A, South Sudan	4.774
GPOC, South Sudan	5.705

48 Segment Information

(₹ in Million)

	Asia		FSU Countries		Latin America		Africa		Unallocated		Grand Total	
	FY 2013-14	FY 2012-13	FY 2013-14	FY 2012-13	FY 2013-14	FY 2012-13	FY 2013-14	FY 2012-13	FY 2013-14	FY 2012-13	FY 2013-14	FY 2012-13
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
												0.00
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	-	-	-	-	-	-	-	-	173,392.78	50,936.09	173,392.78	50,936.09
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	942,927.93	594,265.04
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	-	-	504,041.46	180,888.48
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	14,863.33	120,631.88	14,863.33	120,631.88
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	518,904.80	301,520.36
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	435.31	519.43	252,959.14	97,131.76
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	52.54	50.67	52,518.84	33,191.41
Non cash Exp.	-	-	-	-	-	-	-	-	-	-	-	-

Information about Secondary Business Segments (Product-wise):

	₹ in Million	
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:

- 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.
- 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.
- 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 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 millions)

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 31st 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 11th October 2011 requiring the Company to show cause why service tax amounting to ₹ 28,163.14 Million (including Education Cess and SHE cess), the interest on such amount and penalty should not be demanded and recovered from the Company. Service Tax Department has calculated these tax amounts based on foreign currency expenditure reported in the Company's financial statements covering the reporting periods from 1 April 2006 to 31 December 2010 and contending that these expenses represent business auxiliary services rendered by OVL's foreign branches and operator of the Joint Venture/ Consortium to the Company. Subsequently, 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

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

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:

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

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

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

The above swap positions were outstanding on 31 March 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	180.96	-	180.96	220.35
Interest Income	90.91	-	90.91	39.26
Remuneration	-	13.78	13.78	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
	OOO 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
Key Management personnel (excludes Joint Venture Company)	Mr D K Sarraf, Managing Director till 28th February 2014
	Mr S P Garg, Managing Director & Director (Finance)
	Mr Anil Bhandari, Director (Exploration) from 6th March 2014
	Mr S Bhattacharya, Director (Operations)
	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

(SB Singh)
Company Secretary

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

(D K Sarra
Chairman

As per our report of even date attached

For S. Mann & Co.
Chartered Accountants

For GSA & Associates
Chartered Accountants

New Delhi
May 20, 2014

(Subhash Mann)
Partner (M No 080500)
Firm Regn Number 000075N

(Sunil Aggarwal)
Partner (M No. 083899)
Firm Regn Number 000257N

S. Mann & Co.
Chartered Accountants

1006, 10th Floor,
Vikrant Tower,
Rajindra Place, New Delhi -110 008

GSA & Associates
Chartered Accountants

16, DDA Flats, Ground Floor,
Panchsheel-Shivalik Mor,
Near Malviya Nagar, New Delhi -110 017

Revised Independent Auditor's Report
On the Consolidated Financial Statements of the Group
(ONGC VIDESH LIMITED, ITS SUBSIDIARIES AND JOINT VENTURES)

To

THE BOARD OF DIRECTORS
ONGC VIDESH LIMITED

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

Report on the Consolidated Financial Statements

1. We have audited the attached Consolidated financial statements of ONGC Videsh Limited ('the Company') and its Subsidiaries and Joint Ventures (hereinafter referred to as 'Group'), which comprises the Balance Sheet as at 31st March, 2013, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

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

Auditor's Responsibility

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

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

Opinion

5. In our opinion and to the best of our information and according to the explanation given to us, and based on the consideration of the reports of the other auditors on the financial statements / consolidated financial statements of the subsidiaries and associates as noted below in note no 8, the consolidated financial statements give a true fair view in conformity with the accounting principles generally accepted in India :
- a) In the case of the Consolidated Balance Sheet, of the state of affairs of the Group as at 31st March 2013;
 - b) In the case of the Consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - c) In the case of the Consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date

Other Matters

6. Considering the fact that actual operations are performed outside India and operator is responsible for maintaining the original books of account on behalf of all the members as per Joint operating agreement, we have conducted our audit by relying on such information furnished by the operator based on the audited statement or where Joint Ventures are not audited, reliance on the information furnished by the Management.
7. We have placed reliance on technical/ commercial evaluation by the management in respect of categorization of expenditure on project in Exploratory & Development Wells in Progress, Producing Properties and Capital Work in Progress, Wells Status, allocation of cost incurred on them, depletion of producing properties on the basis of proved developed hydrocarbon reserves as estimated by REC of the parent company, provision for abandonment costs, allocation of depreciation on fixed assets (including support equipment and facilities) and liabilities against agreed minimum work program. We have also placed reliance on the management's assessment of impairment indicators and impairment results
8. We did not audit the financial statements of the 6 Subsidiaries and 1 Joint venture company which are considered in preparation of "Consolidated Financial Statements" of the Company. Out

of 6 Subsidiaries, consolidated accounts of 4 Subsidiaries were audited by the other auditors. In case of unaudited financial statements of 2 Subsidiary and 1 Joint Venture company, financial information has been derived from the financial statements certified by the Management. (Refer '**Annexure-1**' attached)

Total Assets & Revenue from Subsidiary Companies and Company's shares in the Joint Venture Company for the year ended 31st March, 2013, included in the Audited Consolidated Financial Statements, reflects at ₹ 344,349.44 Million and ₹ 104,135.29 Million, respectively. Our opinion on the financial statements for the year ended 31st March, 2013 to the extent they have been derived from such financial statements is based solely on the report of such other auditors in case of 4 Subsidiaries and unaudited financial statement of 2 Subsidiaries and 1 Joint Venture Company certified by the Management.

Our opinion is not qualified in respect of other matters.

For S Mann & Co.
Chartered Accountants
FRN no. 000075N

For GSA & Associates
Chartered Accountants
FRN no. 000257N

(Subhash Mann)
Partner
M. No. 80500

(Sunil Aggarwal)
Partner
M. No. 83899

Place : New Delhi
Dated : 28th May 2013

Annexure-1

Summary of the Financial Information (*) of Subsidiaries and Joint Venture as of the year ended 31st March 2013:

S.no	Name of the Subsidiaries / Joint Venture	Total Assets as of 31 st March, 2013 (Consolidated)	Total Liabilities as of 31 st March, 2013 (Consolidated)	Total Revenue for the year ended 31 st March, 2013 (Consolidated)	Total Profit/(Loss) after tax for the year ended 31 st March, 2013 (Consolidated)	Name of the auditor and date of audit report
Subsidiaries						
1	ONGC Nile Ganga B.V. (ONGBV)	200,907.85	44,760.16	68,423.23	14,236.30	M/s Ernst & Young Accountants LLP, Amsterdam, the Netherlands Report date 9 th May 2013
2	ONGC Amazon Alaknanda Limited (OAAL)	47,913.68	4,944.48	17,763.31	6,941.75	M/s Ernst & Young Audit S.A., Bogota D.C., Colombia Report date 7 th May 2013
3	Imperial Energy Limited (Earlier Jarpeno Limited)	85,444.84	7,828.72	17,948.75	(5,550.91)	M/s Ernst & Young LLC, Moscow, Russia Report date 14 th May 2013
4	Carabobo One AB (COAB)	8,793.64	1,003.62	-	2.08	M/s Ernst & Young Accountants LLP, Amsterdam, the Netherlands Report date 17 th May 2013
4	ONGC Narmada Limited (ONL)	95.05	1,749.19	-	(13.36)	Unaudited
6	ONGC (BTC) Limited	261.28	1,444.55	-	-	Unaudited
Joint Venture (Company's share figures given below)						
1	ONGC Mittal Energy Limited (OMEL)	933.10	8,178.03	-	(286.65)	Unaudited
	Total	344,349.44	69,908.75	104,135.29	15,329.21	

Note :-

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

ONGC VIDESH LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2013

	Notes	As at 31 March 2013	(₹ in Million) As at 31 March 2012
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share Capital	3	50,000.00	10,000.00
Reserves and Surplus	4	241,666.00	189,411.15
		291,666.00	199,411.15
MINORITY INTEREST		908.59	1,002.53
NON CURRENT LIABILITIES			
Long term borrowings	5	145,871.05	195,161.02
Deferred tax liabilities	6	11,714.50	10,203.88
Liability for abandonment	7	30,203.72	27,504.49
Other long term liabilities	8	107.82	81.86
Long term provisions	9	422.10	551.16
		188,319.19	233,502.41
CURRENT LIABILITIES			
Short term borrowings	10	48,863.46	507.46
Liability for abandonment	11	33.95	104.37
Trade payables	12	25,864.59	25,782.33
Other current liabilities	13	38,240.95	45,507.07
Short term provisions	14	198.55	189.34
		113,201.50	72,090.57
TOTAL		594,095.28	506,006.66
ASSETS			
NON CURRENT ASSETS			
Fixed Assets			
Tangible assets	15	58,636.11	35,590.45
Intangible assets	16	103.78	126.28
Producing properties	17	180,988.33	144,236.09
Development & exploratory wells-in-progress	18	31,642.18	30,740.28
Capital work-in-progress	19	88,587.78	76,255.68
Goodwill	20	80,324.43	75,045.32
Non Current Investment	21	5,017.98	2,927.15
Deferred Tax Assets	22	6,071.65	5,220.65
Long Term Loans and Advances	23	135.07	916.92
Other Non Current Assets	24	10,619.25	17,347.71
		462,126.56	388,406.53
CURRENT ASSETS			
Inventories	25	5,875.65	5,732.91
Trade receivables	26	49,987.81	29,614.55
Cash & Cash Equivalents	27	44,585.75	51,528.33
Short term loans & advances	28	5,574.71	8,226.93
Other current assets	29	25,944.80	22,497.41
		131,968.72	117,600.13
TOTAL		594,095.28	506,006.66

The accompanying notes are integral part of the financial statements

1 to 53

(V Sreedher)
Company Secretary

(S P Garg)
Director (Finance)

(D K Sarraf)
Managing Director

(Sudhir Vasudeva)
Chairman

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

For GSA & Associates
Chartered Accountants

New Delhi
May 21, 2013

(Subhash Mann)
Partner (M No 080500)
Firm Regn Number 000075N

(Sunil Aggarwal)
Partner (M No. 083899)
Firm Regn Number 000257N

ONGC VIDESH LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2013

(₹ in Million)

	Notes	2012-13	2011-12
CONTINUING OPERATIONS			
INCOME			
Revenue from Operations	30	175,578.33	223,473.12
Other Income	31	4,714.76	2,901.13
TOTAL REVENUE		180,293.09	226,374.25
EXPENSES			
Production, Transportation, Selling and Distribution Expenditure	32	71,865.81	101,608.61
Changes in inventories of finished goods	33	148.59	(631.69)
Financing Costs	34	2,414.13	2,969.80
Depreciation, Depletion and Amortisation	35	37,383.82	41,679.13
Other Expenses	36	(1,302.45)	2,141.07
Provisions & Write-Offs	37	2,912.30	27,929.11
Decrease/(increase) due to overlift/underlift quantity	38	546.00	(414.11)
TOTAL EXPENSES		113,968.20	175,281.92
PROFIT BEFORE PRIOR PERIOD, EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		66,324.89	51,092.33
Adjustments relating to Prior Period (Net)	39	(500.80)	(73.48)
PROFIT BEFORE EXCEPTIONAL AND EXTRAORDINARY ITEMS AND TAX		66,825.69	51,165.81
Exceptional and Extraordinary items		-	-
Tax expense			
Current Period Tax		25,098.10	27,385.31
Deferred Tax		376.79	(3,950.76)
Earlier Periods' Tax		2,178.21	192.78
Total Tax Expenses		27,653.10	23,627.33
Less: Share of Profit or (loss) - Minority Interest		(118.83)	326.92
Group Profit After Tax from continuing operations (A)		39,291.42	27,211.56
DISCONTINUING OPERATIONS			
PROFIT / (LOSS) FROM DISCONTINUING OPERATIONS (B)		-	-
GROUP PROFIT AFTER TAX (A + B)		39,291.42	27,211.56
EARNINGS PER EQUITY SHARE (₹)			
(Face Value ₹ 100/- Per Share)			
Basic	40	81.87	76.99 *
Diluted		81.87	76.99 *

The accompanying notes are integral part of the financial statements

1 to 53

* restated for Rights issue during the current year

(V Sreedher)
Company Secretary

(S P Garg)
Director (Finance)

(D K Sarraf)
Managing Director

(Sudhir Vasudeva)
Chairman

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

For GSA & Associates
Chartered Accountants

New Delhi
May 21, 2013

(Subhash Mann)
Partner (M No 080500)
Firm Regn Number 000075N

(Sunil Aggarwal)
Partner (M No. 083899)
Firm Regn Number 000257N

ONGC VIDESH LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2013

(₹ in Million)

	Year Ended 31 March 2013		Year Ended 31 March 2012	
A. CASH FLOW FROM OPERATING ACTIVITIES:				
Net profit before tax and prior period items		66,324.89		51,092.33
Adjustments For:				
- Foreign Currency Translation Reserve	12,914.35		26,573.80	
- Provision for Impairment	-		19,533.69	
- Provisions for Doubtful Debts/Claims	1,206.74		2,269.42	
- Provision for Non Moving Inventory / (Reversal of provision)	139.43		740.62	
- Other Provisions and Write Offs / (Reversal of provision)	1,566.13		5,385.38	
- Unrealized Foreign Exchange Loss/(Gain)	(2,959.91)		1,473.54	
- Hedging (Gain)/Loss	-		48.52	
- Provision for Mark to Market loss on Derivative Contracts	1,606.76		498.56	
- Depreciation on Tangible Assets (Net)	3,180.62		3,137.40	
- Amortisation - Intangibles	77.67		(12.75)	
- Amortisation of Goodwill	4,161.72		5,145.55	
- Depletion on Producing Properties	19,938.23		21,607.06	
- Interest Expenses	2,431.82		2,960.65	
- Foreign Exchange Fluctuation related to borrowing cost	(17.68)		9.15	
- Interest Income	(2,065.11)		(911.39)	
- Profit on Redemption/ Sale of Investment	-		0.00	
- Gain on Foreign Exchange Forward Contract	(704.76)	41,476.01	(222.45)	88,236.74
Operating Profit before Working Capital Changes		107,800.90		139,329.07
Adjustments for:-				
- Decrease/(Increase) in Inventories	(282.17)		(1,774.48)	
- Decrease/(Increase) in Trade Receivables	(20,373.27)		10,428.96	
- Decrease/(Increase) in Short Term Loans and Advances	2,652.22		(3,741.85)	
- Decrease/(Increase) in Long Term Loans and Advances	781.85		(636.32)	
- Decrease/(Increase) in Other Current Assets	(3,447.40)		(6,236.97)	
- Decrease/(Increase) in Other Non Current Assets	5,521.72		(16,961.83)	
- Decrease/(Increase) in Deferred Tax Assets (Net)	(850.99)		(4,018.47)	
- Decrease/(Increase) in Goodwill	(9,440.84)		(12,726.40)	
- Increase/(Decrease) in Short Term Borrowings	48,356.03		291.64	
- Increase/(Decrease) in Trade Payables	82.27		6,054.22	
- Increase/(Decrease) in Other current Liabilities	(7,266.13)		12,027.81	
- Increase/(Decrease) in Other Long Term Liabilities	193.89		(148.97)	
- Increase/(Decrease) in Short Term Provisions	9.21		173.39	
- Increase/(Decrease) in Long Term Provisions	(129.06)		37.88	
- Increase/(Decrease) in Liability for Abandonment	2,628.81		4,747.64	
- Increase/(Decrease) in Deferred Tax Liabilities (Net)	1,510.62	19,946.76	649.04	
Cash generated from/(used in) Operations		127,747.66	(11,834.71)	127,494.36
Direct Taxes Paid (net of refunds)		(27,653.11)		(23,627.32)
Net Cash Flow before Prior period items		100,094.55		103,867.04

Prior period items (Expenditure) / Income	500.80	73.48
Net Cash Flow from/(used in) Operating Activities (A)	100,595.35	103,940.52

B. CASH FLOW FROM INVESTING ACTIVITIES:			
- Purchase of Tangible Assets (Net)	(30,436.06)		(4,419.22)
- Purchase of Intangible Assets (Net)	(55.18)		(76.74)
- Expenditure on Projects	(65,927.68)		(71,136.90)
- Investment with Bank for Site Restoration	(2,090.83)		(2,819.74)
- Interest Income	2,065.11		911.39
- Profit on Redemption/ Sale of Investment	-		-
- Hedging Gain/(Loss)	-		(48.52)
- Gain on Foreign Exchange Forward Contract	704.76		222.45
Net Cash Flow from/(used in) Investing Activities (B)	(95,739.88)		(77,367.28)
C. CASH FLOW FROM FINANCING ACTIVITIES:			
- Proceeds from Issue of Share Capital	40,000.00		-
- Change in Minority Interest	(93.94)		320.54
- Net Long Term Borrowings from ONGC / (Repayments)	(48,678.45)		(4,530.72)
- Change in Finance Lease Obligations (Unsecured)	(365.90)		(216.90)
- Change in Foreign Currency Loans	(245.62)		(4,646.31)
- Interest Expenses	(2,431.82)		(2,960.65)
- Foreign Exchange Fluctuation related to borrowing cost	17.68		(9.15)
Net Cash Flow from/(used in) Financing Activities (C)	(11,798.05)		(12,043.19)
Net Increase/(Decrease) in Cash and Cash Equivalents (A+B+C)	(6,942.58)		14,530.05
Cash and Cash Equivalents as at 31 March, 2012 (Opening Balance)	51,528.33		36,998.27
Cash and Cash Equivalents as at 31 March, 2013 (Closing Balance)	44,585.75		51,528.33

Notes:

- 1 The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
- 2 Bracket indicates cash outflow.
- 3 Previous year figures have been regrouped wherever necessary to confirm the current year's classification.
- 4 Adjustment have not been made to purchase of fixed assets etc. (investing activities), on account of increase / decrease in Capital Creditors. The impact of the above is not readily ascertainable.

(V Sreedher)
Company Secretary

(S P Garg)
Director (Finance)

(D K Sarraf)
Managing Director

(Sudhir Vasudeva)
Chairman

As per our report of even date attached

For S. Mann & Co.
Chartered Accountants

For GSA & Associates
Chartered Accountants

New Delhi
May 21, 2013

(Subhash Mann)
Partner (M No 080500)
Firm Regn Number 000075N

(Sunil Aggarwal)
Partner (M No. 083899)
Firm Regn Number 000257N

ONGC Videsh Limited

Notes to the consolidated financial statements for the year ended 31 March 2013

1 Corporate information

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

A Basis of preparation

A.1 The financial statements are prepared under the historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP), applying the Successful Efforts Method as per the Guidance Note on Accounting for Oil and Gas Producing Activities issued by the Institute of Chartered Accountants of India (ICAI) and Accounting Standards issued under the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act, 1956. The financial statements are presented in Indian Rupees and all values are rounded to the nearest million (₹ Million) except when otherwise indicated.

A.2 Principles of Consolidation:

The Consolidated Financial Statements relate to ONGC Videsh Limited (Company), ONGC Nile Ganga B.V., The Netherlands (Subsidiary), ONGC Narmada Limited, Nigeria (Subsidiary), ONGC Amazon Alaknanda Limited, Bermuda (Subsidiary), Imperial Energy Limited, Cyprus (Subsidiary), Carabobo One AB, Sweden (Subsidiary), ONGC (BTC) Limited, Cayman Island (Subsidiary) and jointly controlled entity ONGC Mittal Energy Limited, Cyprus (Joint Venture Company). The Financial Statements of the Company, its Subsidiaries and Joint Venture Company have been consolidated on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after fully eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses, unless indicated otherwise.

The financial statements of the foreign subsidiaries and Joint Venture Company have been incorporated in the consolidated financial statements by translating to Indian rupees following the principles for translation of the financial statements of Non-integral Foreign Operation as laid down in Accounting Standard (AS) 11 viz. Effects of changes in foreign exchange rates (revised 2003) issued by ICAI.

The consolidated accounts incorporate financial statements of the Company and its Subsidiaries and the Joint Venture Company for the year ended 31 March, 2013 as detailed below:

Sl No.	Name of the Subsidiaries / Jointly Controlled Entities	Country of Incorporation	Proportion of Ownership Interest		Status of Audit as at 31 March 2013
			As at 31st March 2013	As at 31st March 2012	
1.1	ONGC Nile Ganga B.V. (ONGBV)	The Netherlands	Class A and Class B 100%	Class A and Class B 100%	Audited
1.1 (i)	ONGC Campos Ltda.	Brazil	100%	100%	Audited
1.1 (ii)	ONGC Nile Ganga (Cyprus) Ltd.	Cyprus	100%	100%	Audited
1.1 (iii)	ONGC Nile Ganga (San Cristobal) B.V.	The Netherlands	100%	100%	Audited
1.1 (iv)	ONGC Satpayev E&P B.V.	The Netherlands	100%	100%	Audited
1.1 (v)	ONGC Caspian E&P B.V.	The Netherlands	100%	100%	Audited
1.2	ONGC Nile Ganga B.V. (ONGBV)	The Netherlands	Class C 55% direct (balance 45% held by OMEL)	Class C 55% direct (balance 45% held by OMEL)	Audited
2	ONGC Narmada Limited (ONL)	Nigeria	100%	100%	Unaudited
3	ONGC Amazon Alaknanda Limited (OAAL)	Bermuda	100%	100%	Audited
4	Jarpeno Limited*	Cyprus	100%	100%	Audited
4 (i)	Imperial Energy Toms Limited	Cyprus	100%	85%	Audited
4 (ii)	Imperial Energy (Cyprus) Limited	Cyprus	100%	100%	Audited
4 (iii)	Imperial Energy Nord Limited	Cyprus	100%	100%	Audited
4 (iv)	RK Imperial Energy (Kostanai) Limited	Cyprus	100%	100%	Audited
4 (v)	Freshspring Investments Limited	Cyprus	100%	100%	Audited
4 (vi)	Nefsilus Holdings Limited	Cyprus	100%	100%	Audited
4 (vii)	Biancus Holdings Limited	Cyprus	100%	100%	Audited
4 (viii)	Redcliffe Holdings Limited	Cyprus	100%	100%	Audited
4 (ix)	Imperial Energy Gas Limited	Cyprus	100%	100%	Audited
4(x)	Imperial Frac Services (Cyprus) Limited	Cyprus	100%	100%	Audited
4 (xi)	San Agio Investments Limited	Cyprus	100%	100%	Audited
4 (xii)	LLC Sibinterneft (**)	Russia	55.90%	47.52%	Audited
4 (xiii)	LLC Alliancenerftegaz	Russia	100%	100%	Audited
4 (xiv)	LLC Nord Imperial	Russia	100%	100%	Audited
4 (xv)	LLC Imperial Trans service	Russia	100%	100%	Audited
4 (xvi)	LLC Rus Imperial Group	Russia	100%	100%	Audited
4(xvii)	LLC Stratium	Russia	100%	100%	Audited
4(xviii)	LLC Imperial Frac Services	Russia	50%	50%	Audited
5	Carabobo One AB	Sweden	100%	100%	Audited
5 (i)	Petro Carabobo Ganga B.V.	The Netherlands	100%	100%	Audited
6	ONGC (BTC) Limited	Cayman Islands	100%	-	Unaudited
7	ONGC Mittal Energy Limited (OMEL)	Cyprus	49.98%	49.98%	Unaudited

* Jarpeno Limited has been rechristened as Imperial Energy Limited with effect from 19 April 2013

** Although the Company has 47.52 per cent effective ownership interest, it has 55.9 per cent of voting rights in LLC Sibinterneft. LLC Sibinterneft is therefore a subsidiary of the Company, in accordance with the Companies Act, 1956 of India and included in consolidation of accounts accordingly.

A.3 In view of different set of environments in which the Subsidiaries and the Joint Venture Company operate, the accounting policies followed for treatment of depreciation on fixed assets, sales revenue and royalties and retirement benefits in respect of the below mentioned subsidiaries and the Joint Venture Company are different from the accounting policies of the Company. Such different accounting policies have been adopted in respect of the following:

A.3.1 Depreciation on Fixed Asset:

The Subsidiary - OAAL and Joint Venture Company OMEL provide depreciation on fixed assets using the straight line method. The amount involved is ₹981.73 Million (Previous year ₹ 709.36 Million) shown as depreciation under Note 35.

A.3.2 Revenue recognition

The Subsidiary - ONGBV follows the entitlement method for revenue recognition associated with sale of crude oil and liquids for its share of petroleum production as specified in the Exploration Production Sharing Agreement (EPSA) and Crude Oil Pipeline Agreement (COPA). The amount reported using such method is ₹28,534.95 Million (Previous year ₹ 68,757.64 Million) shown as sales under Note 30.

A.3.3 Royalties

The Subsidiary - ONGBV conducts its operations in Sudan jointly with Sudapet the national oil company of Sudan among others. All government stakes other than income taxes are considered to be royalty interest. Royalties on production represent the entitlement of the government of Sudan to a portion of ONGBV's share of crude oil and liquid production and are recorded using the rates in effect under the terms of the contract at the time of production. Royalties / taxes in Syrian concession are accounted similarly by ONGBV. The amount of royalty reported in respect of Sudan and Syrian concession is **₹ 11,833.19 Million** (Previous year ₹ 38,770.10 Million) under the head Royalty in Note 32.

A.3.4 Retirement Benefits

The Subsidiaries and the Joint Venture Company provide for the retirement benefits in accordance with the laws of their respective jurisdictions. The net impact on account of the difference in accounting policy is not ascertainable.

2 Significant Accounting Policies**a.1 Change in accounting Policy**

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

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

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

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

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

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

b Use of Estimates:

The preparation of financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized. Although these estimates are based on the management's best knowledge of current events and actions, 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 involved in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially taken to capital work in progress as exploratory wells in progress till the time these are either capitalized to producing properties when ready to commence commercial production or expensed when determined to be dry or of no further use, as the case may be.**c.3.2** All costs relating to development wells, development type stratigraphic test wells, service wells, are initially taken to capital work in progress as development wells in progress and capitalized to producing properties when ready to commence commercial production.**c.3.3** Exploratory wells in progress which are more than two years old from the date of completion of drilling are charged to Profit and Loss Account except those wells which have proved reserves and the development of the fields in which the wells are located; has been planned.**c.4. Abandonment Costs:**

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

- c.5. Production Costs:**
Production costs include pre-wellhead and post-wellhead expenses including depreciation and applicable operating costs of support equipment and facilities.
- d. Producing Properties:**
- d.1** Producing properties are created in respect of a field/project having proved developed oil and gas reserves when any well in the field/project is ready to commence commercial production. Development wells are capitalized to producing properties when ready to commence commercial production.
- d.2** All acquisition costs, cost of successful exploratory wells and of all development wells, all related development costs including depreciation on support equipment and facilities and estimated future abandonment costs relating to producing properties are capitalized as Producing Properties.
- e. Depletion of Producing Properties:**
Producing properties are depleted using the "Unit of Production Method". The rate of depletion for all capitalized costs is computed with reference to the field/project/amortization base by considering the related proved and developed reserves excepting for acquisition costs which are depleted by considering the proved reserves. These reserves are estimated annually by the Reserve Estimates Committee formed by the parent company Oil and Natural Gas Corporation Limited (ONGC), which follows the International Reservoir Engineering Procedures.
- f. Side tracking:**
- f.1** The cost of abandoned portion of side tracked exploratory wells is charged to Profit and Loss Account as dry wells.
- f.2** The cost of abandoned portion of side tracked development wells is considered as part of cost of development wells.
- f.3** The cost of sidetracking in respect of existing producing wells is capitalized if it increases the Proved Developed Reserve otherwise, charged to Profit and Loss Account as workover expenditure.
- g. Impairment:**
- g.1** Producing Properties, Development Wells in Progress (DWIP) and Fixed Assets (Including Capital Works in Progress) of a "Cash Generating Unit" (CGU) are reviewed for impairment at each Balance Sheet date. In case, events and circumstances indicate any impairment, recoverable amount of these assets is determined, being the higher of net selling price and value in use. An impairment loss is recognized, whenever the carrying amount of such assets exceeds the recoverable amount by writing down such assets to their recoverable amount. In assessing value in use, the estimated future cash flows from the use of assets and from its disposal at the end of its useful life are discounted to their present value at appropriate rate.
- g.2** An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, is allocated to its assets on a pro-rata basis. Subsequent to impairment, depreciation is provided on the revised carrying value of the assets over the remaining useful life.
- h. Joint Ventures:**
- h.1** The Company has entered into overseas joint ventures with others. In such joint ventures as per the contractual arrangements, the Company shares control with other venturers. The financial statements reflect the share of the Company in assets and liabilities as well as income and expenditure of Joint Venture Operations which are accounted for as per various joint venture agreements on a line by line basis along with similar items in the Company's financial statements, except in case of leases, abandonment, impairment, depletion and depreciation which are accounted based on accounting policies of the Company.
- h.2** The reserves of hydrocarbons in the joint ventures are taken in proportion to the participating interest of the Company.
- i. Tangible Assets:**
- i.1** Tangible assets (including those taken on finance lease, support equipment and facilities) are stated at historical cost.
- i.2** All costs relating to acquisition of tangible assets till the time of commissioning of such assets are capitalized.
- j. Intangible Assets:**
- j.1** Costs incurred on intangible assets, resulting in future economic benefits are capitalized as intangible assets.
- k. Depreciation:**
- k.1** Depreciation on tangible assets (including those taken on finance lease) is provided for under the written down value method in accordance with Schedule XIV to the Companies Act, 1956. Low value items not exceeding ₹ 5,000/- are fully depreciated at the time of addition.
- k.2** Intangible Assets: are amortised over the useful life not exceeding five years from the date of capitalisation.
- k.3** Leasehold land (other than perpetual lease and lease over 99 years) is amortized over the lease period.
- k.4** Depreciation on adjustments to tangible assets on account of price variation is provided for prospectively over the remaining useful life of such assets.
- k.5** Depreciation on tangible assets (including those taken on finance lease, support equipment and facilities) used for exploration and drilling activities and on facilities is initially capitalized as part of exploration or development costs and expensed/depleted as stated in policy 3 and 4 above.
- l. Inventories:**
- l.1** Crude oil and condensate are valued at cost or net realizable value, whichever is lower.
- l.2** Natural gas in pipeline and crude oil/condensate stock in flow lines/Gathering Stations are not valued.
- l.3** Inventory of stores and spares is valued at weighted average cost or net realizable value, if available, whichever is lower. Wherever, weighted average cost or net realizable value is not available, the cost made available by the operator is considered for valuation of Stores and Spares. Provisions are made for obsolete and non-moving inventories.
- m. Investments:**
- m.1** Long-term investments are valued at cost. Provision is made for any diminution, other than temporary, in the value of such investments.
- m.2** Current investments are valued at lower of cost or fair value.
- n. Foreign Currency Transactions and Foreign Operations:**
- n.1** Foreign currency transactions on initial recognition in the reporting currency are accounted for at the exchange rates prevailing on the date of transaction.
- n.2** At each Balance Sheet date, foreign currency monetary items are translated using the average of the exchange rates prevailing on the balance sheet date and non-monetary items are translated using the exchange rate prevailing on the date of transaction or on the date when the fair value of such item was determined.
- n.3.1** Long term foreign currency monetary items: In accordance with the paragraph 46A of the Accounting Standards (AS) 11, exchange differences arising on reporting of long term foreign currency monetary items, in so far as they relate to the acquisition of depreciable assets are adjusted against the cost of such assets and depreciated over the balance life of the assets and in other cases amortized over the balance period of the long term foreign currency monetary assets or liabilities.
- n.3.2** Other foreign currency monetary items: All exchange differences arising on the settlement of monetary items other than long term monetary items or on reporting of monetary items other than long term monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements are recognised as income or as expenses in the period in which they arise.
- n.4 In respect of the Company's integral foreign operations:**
- n.4.1** The foreign currency transactions on initial recognition in the reporting currency are recorded following the policy stated in n.1. For practical reasons, the average exchange rate of the relevant month/quarter is taken for the transactions of the month/quarter in respect of joint venture operations, where actual date of transaction is not available.
- n.4.2** At each Balance Sheet date, monetary and non-monetary items are translated following the policy stated in n.2.
- n.4.3** All exchange differences are treated following the policy stated in n.3.
- n.5 The financial statements of the non-integral foreign operations of the Company are incorporated in the financial statements using the following principles:**
- n.5.1** the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the average of the exchange rate prevailing on the date of the balance sheet;

- n.5.2 income and expense items of the non-integral foreign operation are translated at the average exchange rates for the period to which the financial statements relate; and
- n.5.3 all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operation.
- n.6 Exchange differences arising on the company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve until the disposal of such investment, at which time they are recognized as income or as expenses.
- o. **Finance Leases**
- o.1 **Assets given on Lease:**
- o.1.1 Assets given on finance lease are accounted for as per Accounting Standard (AS) 19 "Leases" issued by the Institute of Chartered Accountant of India. Such assets are included as a receivable at an amount equal to the net investment in the lease.
- o.1.2 Initial direct costs incurred in respect of finance leases are recognized in the Statement of profit and loss in the year in which such costs are incurred.
- o.2 **Assets taken on Lease:**
- Assets taken on finance lease are capitalised and recognised at the lower of the fair value of the asset and the discounted value of the minimum lease instalments. The lease payments are bifurcated into repayment and interest components, based on a fixed interest rate and instalment as derived from the underlying agreement. The lease commitments are carried under liabilities exclusive of interest. The interest component is recognised in the profit and loss account in accordance with the lease instalments.
- p. **Revenue Recognition:**
- p.1 Revenue from sale of products is recognized on transfer of custody to customers. Any difference as of the reporting date between the entitlement quantity minus the quantities sold in respect of crude oil (including condensate), if positive (i.e. under lift quantity) the proportionate production expenditure is treated as prepaid expenses and, if negative (i.e. over lift quantity), a liability for the best estimate of the Company's proportionate share of production expenses as per the JOA / PSA is created in respect of the quantity of crude oil to be foregone in future period towards settlement of the overlift quantity of crude oil with corresponding charge to Statement of profit and loss.
- p.2 Sales are inclusive of all statutory levies and any tax liability of the Company that may be paid by the government based on the provisions under agreements governing Company's activities in the respective field/ project.
- p.3 Any payment received in respect of short lifted gas quantity for which an obligation exists to supply such gas in subsequent periods is recognized as Deferred Revenue in the year of receipt. The same is recognized as revenue in the year in which such gas is actually supplied for the quantity supplied or in the year in which the obligation to supply such gas ceases, whichever is earlier.
- p.4 Revenue in respect of fixed price contracts is recognized for the quantum of work done on the basis of percentage of completion method. The quantum of work done is measured in proportion of cost incurred to date to the estimated total cost of the contract or based on reports of physical work done.
- p.5 Finance income in respect of assets given on finance lease is recognized based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.
- p.6 Revenue in respect of interest on delayed realization is recognized when there is reasonable certainty regarding ultimate collection.
- p.7 Dividend income is recognized when the company's right to receive dividend is established by the reporting date.
- q. **Transportation Costs:**
- Any payment made in respect of the quantity of gas short transported, for which the right exists to transport such gas in subsequent periods at no charge, is treated as Deferred Expenditure in the year of payment. The same is treated as cost in the year in which the gas is actually transported for the quantity transported or in the year in which the right to transport such gas ceases, whichever is earlier.
- r. **Employee Benefits:**
- r.1 All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.
- r.2 Contribution to Provident Fund and Composite Social Security Scheme is made as per the rules of the parent company. The same is paid to funds administered through trusts.
- r.3 Provisions for gratuity leave encashment and other employee benefits are made as per actuarial valuation at the end of the financial year. Except for gratuity, the same are not funded.
- r.4 In respect of local staff in overseas offices of the company, employees (other than those on deputation/secondment from the company) of joint ventures (incorporated/unincorporated)/ subsidiaries, the liabilities for employee benefits are recognised in accordance with the applicable laws of their respective jurisdictions and/or the respective labor agreements with the employees.
- s. **Borrowing Costs:**
- Borrowing Costs specifically identified to the acquisition or constructions of qualifying assets are capitalized as part of such asset till such time when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Statement of profit and loss.
- t. **Insurance Claims:**
- The Company accounts for insurance claims as under:-
- t.1 In case of total loss of asset by transferring, either the carrying cost of the relevant asset or Insurance value (subject to deductibles), whichever is lower under the head "Claims Recoverable - Insurance" on intimation to Insurer. In case insurance claim is less than carrying cost, the difference is charged to Statement of profit and loss.
- t.2 In case of partial or other losses, expenditure incurred/payments made to put such assets back into use, to meet third party or other liabilities (less policy deductibles) if any, are accounted for as "Claims Recoverable-Insurance". Insurance Policy deductibles are expensed in the year when the corresponding expenditure is incurred.
- t.3 As and when claims are finally received from Insurer, the difference, if any, between Claims Recoverable – Insurance and Claims received is adjusted to Statement of profit and loss.
- u. **Abnormal Rig days' costs**
- Abnormal Rig days' costs are considered as unallocable and charged to Statement of profit and loss.
- v. **Provisions, Contingent Liabilities and Contingent Assets:**
- Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent Liabilities, if material, are disclosed by way of notes to the accounts.
- w. **Taxes on Income:**
- Provision for current tax is made as per the provisions of the Income Tax Act, 1961/ other applicable tax laws. Deferred Tax Liability / Asset resulting from 'timing difference' between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.
- x. **Accounting for derivatives:**
- As per the ICAI Announcement, accounting for derivatives, other than those covered under AS-11, is done on marked to market basis and the losses are charged to Statement of profit and loss. Unrealized gains are ignored.
- y. **Goodwill Amortization:**
- The Company amortizes Goodwill (on consolidation) based on "Unit of Production Method" considering the related Proved Reserves.

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

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

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

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

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

b. Terms / rights attached to the equity shares:

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

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

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

c. Shares held by holding / ultimate holding company and/or their subsidiaries/ associates:

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

	31 March 2013		31 March 2012	
	No. Million	₹ in Million	No. Million	₹ in Million
Oil and Natural Gas Corporation Limited, the holding company and its nominees	500.00	50,000.00	100.00	10,000.00

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

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

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

f. Shares reserved for issue under options: Nil

(₹ in Million)

4 Reserves and Surplus

	As at 31 March 2013	As at 31 March 2012
Capital Reserve	990.43	941.35
Capital Redemption Reserve	0.09	0.09
Debenture Redemption Reserve		
Balance as per last Financial statement	9,781.27	5,461.83
Add: Transfer from surplus in statement of profit and loss	4,307.64	4,319.44
	14,088.91	9,781.27
General Reserve		
Balance as per last Financial statement	10,499.94	8,623.86
Add: Transfer from surplus in statement of profit and loss	2,644.71	1,876.08
	13,144.65	10,499.94
Foreign Currency Translation Reserve		
Balance as per last Financial statement	24,639.98	(1,933.82)
Additions during the year	12,914.35	26,573.80
	37,554.33	24,639.98
Surplus in the statement of profit and loss		
Balance as per last Financial statement	143,548.52	122,532.48
Add: Addition during the year	39,291.42	27,211.56
Less: Transfer to Debenture Redemption Reserve	4,307.64	4,319.44
Transfer to General Reserve	2,644.71	1,876.08
	175,887.59	143,548.52
TOTAL	241,666.00	189,411.15

a Debentures and Debenture Redemption Reserve:

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

(₹ in million)

Particulars	Amount	Date of issue	Date repayable on
8.54% 10 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures-Series II	3,700.00	6-Jan-10	06-Jan-20
8.40% 5 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures-Series I	19,700.00	23-Dec-09	23-Dec-14

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

The Debenture Redemption Reserve position for above is as under

(₹ in million)

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

b Foreign Currency Translation Reserve

The Company has followed the Accounting Standard (AS) 11 viz. Effects of Changes in Foreign Exchange Rates (revised 2003) issued by the Institute of Chartered Accountants of India for incorporating in the consolidated financial statements following the principles for translation of the financial statements of Non-integral Foreign Operation. Accordingly, the resulting exchange gain of ₹ 12,914.34 Million (Previous Year ₹ 26,573.80 Million) has been accounted as Foreign Currency Translation Reserve and shown above.

	(₹ in million)	
	As at 31 March 2013	As at 31 March 2012
5 Long Term Borrowings		
Non-Convertible Redeemable Debentures	23,400.00	23,400.00
Foreign Currency Loans		
Non-Recourse Deferred Credit (unsecured)	134.98	380.60
(In respect of Joint venture)		
Loans and advances		
from Oil and Natural Gas Corporation Limited	119,576.99	168,255.44
Non-current maturities of finance lease obligations (unsecured)	2,759.08	3,124.98
TOTAL	145,871.05	195,161.02

- a Non-convertible redeemable bonds: Attention is invited to Note: 4(a). The bonds are unsecured.
- b Non-recourse deferred credit: (Non current + current) ₹ 944.87 million (Previous year ₹ 888.06 million) represents the non-recourse deferred credit from contractors of pipeline project executed by the Company in Sudan. The credit is repayable from the instalments of pipeline lease rentals from Ministry of Energy and Mining (MEM), Sudan. Attention is also invited to Note 46.

Non-Recourse Deferred Credit (unsecured)	As at 31 March 2013	As at 31 March 2012
Current (Note 10)	809.89	507.46
Non-Current (Note 5)	134.98	380.60
Total	944.87	888.06

- c The Company has taken loans from ONGC for various projects. The outstanding balance of such loans as at 31 March 2013 was ₹ 119,576.99 Million (as at 31 March 2012 ₹168,255.44 Million). The loan is normally repayable out of the cash flows of the projects for which the respective funds were lent. However, ONGC has the right to demand repayment with a notice period of minimum 15 months. The loan carried no interest during the period. Accordingly, interest expenditure on loan from parent company during the period is ₹ Nil (Previous year: ₹ Nil).
- d During the year, the Company had a rights issue of 400,000,000 Equity Shares of ₹100 each ranking pari passu in all respects with the existing equity shares to Oil and Natural Gas Corporation Limited against consideration adjustable as part of the loan given by ONGC to the Company. Attention is also invited to Note: 3(a).

(₹ in million)

6 Deferred tax liabilities

	As at 31 March 2013	As at 31 March 2012
Deferred tax liabilities	11,714.50	10,203.88
TOTAL	11,714.50	10,203.88

Attention is invited to Note No 42.2

7 Liability for Abandonment

	As at 31 March 2013	As at 31 March 2012
Liability for abandonment	30,203.72	27,504.49
TOTAL	30,203.72	27,504.49

Liability for Abandonment	As at 31 March 2013	As at 31 March 2012
Current (Note 11)	33.95	104.37
Non-Current (Note 7)	30,203.72	27,504.49
Total	30,237.67	27,608.86

The above liability is in respect of Sakhalin-1 project. Against the above liability, funding of ₹ 5017.98 million (Previous year ₹ 2927.15 million) has been made as per Note 21.

8 Other-Long Term Liabilities

	As at 31 March 2013	As at 31 March 2012
Trade payables	107.82	81.86
TOTAL	107.82	81.86

9 Long-Term Provisions

	As at 31 March 2013	As at 31 March 2012
Gratuity	-	170.06
Leave encashment	179.30	147.26
Post retirement medical benefits/Other terminal benefits	242.80	233.84
	422.10	551.16

- Liability for the year ended 31 March, 2013 is provided based on actuarial valuation report.
- Gratuity has now been classified as current since the liability is being funded through the parent company ONGC's trust and the liability as of 31 March 2013 will be paid to the ONGC trust.
- Till previous year, the Company carried out the actuarial valuation based on the Date of joining (DOJ) of employees in ONGC. From 31 March 2013 i.e current year, the valuation is done based on DOJ in OVL.
- The Actuarial Gain of ₹ 198.17 Million arising due to the change in DOJ has been accounted for as prior period revenue.
- The provisions for employee benefits have been classified into current and non-current based on the actuarial valuation.

Particulars	As at 31 March 2013	As at 31 March 2012
Current (Note 14)	198.55	189.34
Non-Current (Note 9)	422.10	551.16
Total Provisions for Employee benefits	620.65	740.50

Attention is also invited to Note No 41

	(₹ in Million)	
10 Short Term Borrowings	As at 31 March 2013	As at 31 March 2012
Foreign currency Loans		
Non-Recourse Deferred Credit - Unsecured*	809.89	507.46
Short term borrowings from banks - Unsecured**	48,053.57	-
TOTAL	48,863.46	507.46

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

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

11 Current Liability for Abandonment	As at 31 March 2013	As at 31 March 2012
Liability for Abandonment	33.95	104.37
TOTAL	33.95	104.37

Attention is also invited to Note No 21 and 7

12 Trade Payables	As at 31 March 2013	As at 31 March 2012
Deferred credit on gas sales*	296.04	229.37
Trade payables for supplies / works	4,327.63	2,516.73
Trade payables for supplies / works (In respect of Joint Ventures)	21,240.92	23,036.23
TOTAL	25,864.59	25,782.33

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

13 Other Current Liabilities	As at 31 March 2013	As at 31 March 2012
Current maturities of Long term debts	522.42	5,050.16
Current maturities of finance lease obligations*	889.04	975.52
Interest accrued but not due on borrowings	89.92	122.33
Interest accrued but not due on Debentures	327.98	526.38
Advance from customers / Income received in advance	239.08	765.60
Amount Payable to Operators	15,152.12	13,528.92
Payable to ONGC	331.79	646.87
Tax Payable by Subsidiaries and JV Companies in foreign Countries	7,006.92	6,231.39
Deposits Unsecured	132.35	115.35
Other Liabilities	13,549.33	17,544.55
TOTAL	38,240.95	45,507.07

* Attention is also invited to Note No 5

14 Short Term Provisions	(₹ in Million)	
	As at 31 March 2013	As at 31 March 2012
Gratuity	59.50	9.84
Leave encashment	102.73	150.99
Post retirement medical benefits/Other terminal benefits	36.32	28.51
	198.55	189.34

Attention is invited to Note No: 9 and 41

15 Tangible Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		₹ in Million	
	As at 1 April 2012	Additions during the year	Foreign Currency Translation Adjustment/Other Adjustments	Deletions / Adjustments during the year	As at 31 March 2013	Up to 31 March 2012	For the year	Foreign Currency Translation Adjustment/Other Adjustment	Deletions / Adjustments during the year	Up to 31 March 2013		As at 31 March 2013
1. Land (Leasehold)	2,161.27	43.73	27.46	110.78	2,121.68	-	-	1.30	0.65	0.65	2,121.03	2,161.27
2. Building	6,750.93	137.82	49.47	(16.98)	6,955.20	1,359.59	297.15	72.92	40.28	1,893.38	5,265.82	5,391.34
3. Plant & Machinery	88,464.20	29,708.49	717.57	65.52	118,824.74	63,493.87	6,234.21	605.77	92.59	70,241.26	48,583.48	24,970.33
4. Computers	796.18	116.63	30.48	2.42	940.87	569.44	106.64	21.38	0.22	697.24	243.63	226.74
5. Vehicles	1,634.67	175.82	34.88	24.13	1,821.24	1,091.89	240.69	18.44	3.24	1,347.78	473.46	542.78
6. Furniture & Fittings and Equipments	7,968.89	133.04	248.09	20.52	8,329.50	5,670.91	511.47	218.98	20.55	6,380.81	1,948.69	2,297.98
TOTAL	107,776.14	30,315.53	1,107.95	206.39	138,993.23	72,185.70	7,390.16	938.79	157.53	80,357.12	58,636.11	35,590.45
Previous year	102,174.56	3,651.66	2,220.06	270.14	107,776.14	59,870.75	10,939.46	1,461.92	86.44	72,185.69	35,590.45	42,303.82
The above includes the company's share in Joint Venture Assets:												
Current year	103,915.87	30,244.37	1,087.65	67.68	135,180.22	71,712.26	7,192.03	168.09	36.89	79,035.48	56,144.73	32,203.61
Previous year	98,593.07	3,450.31	2,071.23	198.74	103,915.87	59,575.22	10,912.40	1,349.70	125.06	71,712.26	32,203.61	39,017.85

a. Title to Fixed Assets under Production Sharing Agreements

The Company, the Subsidiaries and Joint Venture Company, in consortium with other partners (Consortium) carries on its business in respect of exploration, development and production of hydrocarbons under agreements with the host governments. Several of these agreements, governing Company's activities in the fields / projects, provide that the title to the fixed assets and other ancillary installations shall pass to host Government or its nominated entities either upon acquisition / first use of such assets or upon 100% recovery of such assets through allocation of "Cost Oil" and "Cost Gas" or upon relinquishment of the relevant contract areas or termination of the agreement. However, as per the terms of the agreements, the Consortium and / or Operator has the custody of all such assets and is entitled to use, free of charge all such assets for Petroleum Operations throughout the term of the respective agreements. The Consortium also has the custody and maintenance of such assets and bears all risks of accidental loss and damage and all costs necessary to maintain such assets and to replace or repair such damage or loss. Under the circumstances, such assets are kept in the records of the Company during the currency of the respective agreements

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

16 Intangible Assets

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK		
	As at 1 April 2012	Additions during the year	Foreign Currency Translation Adjustment/Other Adjustments	Deletions / Adjustments during the year	As at 31 March 2013	Up to 31 March 2012	For the year	Foreign Currency Translation Adjustment/Other Adjustment	Up to 31 March 2013	As at 31 March 2013	As at 31 March 2012
1. Software	334.07	54.60	(24.28)	(1.33)	365.72	207.80	77.90	(23.92)	261.94	103.78	126.28
TOTAL	334.07	54.60	(24.28)	(1.33)	365.72	207.80	77.90	(23.92)	261.94	103.78	126.28
Previous year	254.67	68.48	7.17	(3.75)	334.07	217.88	(12.57)	2.22	207.80	126.28	36.79
The above includes the company's share in Joint Venture Assets:											
Current Year	175.01	43.43	33.10	(1.33)	252.87	129.02	57.31	13.24	199.73	53.14	45.99
Previous Year	159.06	22.66	0.01	6.72	175.01	143.56	(13.05)	0.00	129.02	45.99	15.50

	(₹ in Million)	
	As at 31 March 2013	As at 31 March 2012
17 Producing Properties		
Gross Cost		
Opening Balance	279,482.27	240,348.24
Expenditure during the year	32,418.91	10,493.91
Transfer from Development & Exploratory Wells-in-Progress	20,557.37	11,723.63
Estimated Abandonment Costs	2,301.08	1,726.67
Foreign Currency Translation Adjustment	5,000.89	15,189.82
Total Gross (A)	339,760.52	279,482.27
Less: Depletion		
Opening Balance	135,246.18	104,208.48
Depletion for the year	19,938.23	21,607.06
Prior period depletion	82.55	-
Adjustment	(28.49)	-
Foreign Currency Translation Adjustment	3,533.72	9,430.64
Total Depletion (B)	158,772.19	135,246.18
NET PRODUCING PROPERTIES (A - B)	180,988.33	144,236.09
	As at 31 March 2013	As at 31 March 2012
18 Development & Exploratory Wells-in-Progress		
A. Development Wells-in-Progress (DWIP)		
Opening Balance	16,733.68	8,270.33
Addition during the year	24,057.49	16,266.08
Less: Transfer to Producing Properties	19,020.63	10,583.51
Foreign Currency Translation Adjustment	254.14	2,780.78
Closing Balance (Gross DWIP)	22,024.68	16,733.68
Less: Provision for Development wells of Block XXIV Syria		
Opening Balance	-	0.00
Provided during the year	83.74	0.00
Development Wells-in-Progress (A)	21,940.94	16,733.68
B. Exploratory Wells-in-Progress(EWIP)		
Opening Balance	15,485.75	18,103.35
Addition during the year	6,190.37	8,916.69
Less: Transfer to Producing Properties	1,536.74	1,140.12
Less: Wells written off during the year	7,615.58	9,264.44
Foreign Currency Translation Adjustment	587.58	(1,129.73)
Closing Balance (Gross EWIP)	13,111.38	15,485.75
Less: Provision for Wells drilled under service contract		
Opening Balance	1,479.15	1,466.86
Provided during the year	16.70	12.29
Provision for Exploratory wells of Block XXIV Syria		
Provided during the year	1,914.29	0.00
Total Provision	3,410.14	1,479.15
Exploratory Wells-in-Progress (B)	9,701.24	14,006.60
TOTAL WELLS-IN-PROGRESS (A + B)	31,642.18	30,740.28

a In respect of Farsi Block, Iran, the Company in consortium with other partners entered into an Exploration Service Contract (ESC) with National Iranian Oil Company (NIOC) on 25 December 2002. After exploratory drilling, FB area of the block proved to be a gas discovery and was later rechristened as Farzad-B. NIOC announced the Date of Commerciality for Farzad-B as 18 August 2008. However, the Development Service Contract is pending. Provision has been made in respect of the Company's investment in exploration in the Farsi Block amounting to ₹ 1,495.85 Million till 31 March 2013 (₹ 1,479.15 Million till 31 March 2012).

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

		(₹ in Million)
	As at	As at
	31 March	31 March
	2013	2012
19 Capital Work-in-Progress		
a Buildings	1,263.65	659.56
Corporate Office Building, Vasant Kunj, New Delhi	1,263.65	659.56
b Plant & Machinery	75,406.66	63,668.23
Block 06.1, Vietnam	40.75	2,503.28
Sakhalin-1, Russia	51,219.29	46,764.05
Block 5A, South Sudan	27.26	27.26
Tamba BV, The Netherlands	4,412.90	2,562.69
MECL, Colombia	144.53	-
Sancristobal Project, Venezuela	1,622.68	2,466.28
Block A1, Myanmar	6,429.52	3,960.76
Block A3, Myanmar	1,201.89	840.95
Petro Carabobo, Venezuela	1,690.12	300.76
Pipeco 1 Offshore Midstream, Myanmar	2,900.66	1,966.65
Pipeco 2 Onshore Midstream, Myanmar	5,717.06	2,275.55
c Acquisition Cost	11,917.47	11,927.89
Block 128, Vietnam	92.54	-
Block 25, 26, 27, 28, 29 and 36, Cuba	-	346.91
Block 1,2,3 & 4 (Area 43), Libya	408.90	408.90
Petro Carabobo, Venezuela	5,982.90	5,623.20
Block OPL 297, Nigeria	679.60	638.74
Block Satpayev, Kazakhstan	4,753.53	4,753.53
Others	-	156.61
Total (a+b+c)	88,587.78	76,255.68
	As at	As at
	31 March	31 March
	2013	2012
20 Goodwill		
Gross Goodwill (A)	133,494.29	122,029.76
Accumulated Amortisation (B)	33,636.17	27,450.75
Provision for impairment (C)	19,533.69	19,533.69
Net Goodwill (A - B - C)	80,324.43	75,045.32

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

	(₹ in Million)	
	As at 31 March 2013	As at 31 March 2012
21 Non Current Investment		
Investment with bank for Site Restoration	5,017.98	2,927.15
TOTAL	5,017.98	2,927.15

- a Investment with Bank for Site Restoration represents the Company's contribution to fund the estimated abandonment costs of Sakhalin-1 Project, in accordance with the provisions contained in the applicable production sharing agreement (Sakhalin PSA). The required amounts are remitted by the Company to the Bank acting as Foreign Party Administrator, appointed pursuant to the Sakhalin PSA, and are invested in accordance with the guidelines stipulated under the relevant funding agreement.

22 Deferred Tax Assets		
	As at 31 March 2013	As at 31 March 2012
Deferred Tax Assets	6,071.65	5,220.65
TOTAL	6,071.65	5,220.65
Refer Note No 42.2		

23 Long Term Loans And Advances		
	As at 31 March 2013	As at 31 March 2012
Secured, considered good		
Other loans and advances (secured)	119.96	899.65
Unsecured, considered good		
Other loans and advances (unsecured)	15.11	17.27
Doubtful		
Other loans and advances - Carry Loan	1,022.10	534.16
Sub Total (A)	1,157.17	1,451.08
Less : Provision for bad and doubtful loans and advances		
Other loans and advances - Carry Loan	1,022.10	534.16
Sub Total (B)	1,022.10	534.16
TOTAL	135.07	916.92

a Loans and advances		
	As at 31 March 2013	As at 31 March 2012
Current (Note 28)	5,574.71	8,226.93
Non-Current (Note 23)	135.07	916.92
Total	5,709.78	9,143.85

b Loans and advances due by directors or other officers		
	31 March 2013	31 March 2012
Current	0.07	0.05
Non-Current	0.41	0.38
Total	0.48	0.43

- c The Company has 25% participating interest (PI) in an exploration Block Satpayev Area Kazakhstan, and 75% PI is held by KMG the national oil company of Kazakhstan. As per the carry agreement, OVL shall finance KMG's share of expenditure in the project during the exploratory period (carry loan). The amount of carry loan will be refunded by KMG along with accrued interest in the event of commercial discovery and production from the project. The KMG's share of expenditure financed by OVL in the Block has been accounted for as loan to KMG. Provision has been made towards the amount of carry loan of ₹ 1022.10 Million as at 31 March 2013 (as at 31 March 2012 ₹ 534.16 Million) to KMG in view of the block being under exploration as there is no certainty of commercial discovery and has been depicted as other loans and advances-Doubtful.

	(₹ in Million)	
	As at 31 March 2013	As at 31 March 2012
24 Other Non-Current Assets		
Secured, considered good		
Investment in Finance Lease realisable beyond 12 months from the end of reporting period *	675.83	1,846.25
Interest Accrued on Loans to Employees	37.03	34.16
Unsecured, considered good		
Trade receivables realisable beyond 12 months from the end of reporting period	9,621.00	15,192.42
Prepaid Expenses	17.32	-
Other Deposits	268.07	274.88
Doubtful		
Trade receivables on deferral credit terms realisable beyond 12 months from the end of reporting period	2.30	2.16
Sub Total (A)	10,621.55	17,349.87
Less : Allowance for bad and doubtful loans and advances		
Trade receivables (sundry debtors) realisable beyond 12 months from the end of reporting period	2.30	2.16
Sub-Total (B)	2.30	2.16
TOTAL (A -B)	10,619.25	17,347.71

* The payment of instalments is guaranteed by Government of Sudan. Attention is invited to Note No 46 a

Other Assets	As at 31 March 2013	As at 31 March 2012
Non-Current (Note No 24)	10,619.25	17,347.71
Current (Note No 29)	25,944.80	22,497.41
Total	36,564.05	39,845.12

	As at 31 March 2013	(₹ in Million) As at 31 March 2012
25 Inventories		
(As taken, valued and certified by the Management)		
Finished Goods	858.56	1,034.71
Stores & Spares	6,253.17	6,275.76
Less: Provision for Non-moving Stores	1,236.08	1,577.56
(In respect of Joint Venture)		
TOTAL	5,875.65	5,732.91

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

	As at 31 March 2013	As at 31 March 2012
26 Trade Receivables		
Secured, considered good		
Trade receivables outstanding for a period exceeding six months:	-	-
Others	108.85	7.48
Unsecured, considered good		
Trade receivables outstanding for a period exceeding six months *	34,583.15	25,191.06
Other receivables	15,295.81	4,416.01
Doubtful		
Trade receivables outstanding for a period exceeding six months:	-	-
Other receivables	172.14	5.19
Sub Total (A)	50,159.95	29,619.74
Less : Allowance for bad and doubtful trade receivables (B)		
Debts outstanding for a period exceeding six months:	172.14	5.19
Other Debts:	0.00	0.00
Sub Total (B)	172.14	5.19
TOTAL (A-B)	49,987.81	29,614.55

* Includes ₹ 8,297.73 Million (US \$ 152.71 Million) (Previous year Nil) being lifting of ONGBV share of oil in GNPOC by Government of Sudan.
Please refer to Note No 30

	As at 31 March 2013	As at 31 March 2012
27 Cash & Cash Equivalents		
A) Balances with Banks		
in current account	5,767.92	10,106.01
in deposit account	35,046.34	36,895.37
B) Cash on hand		
i) At New Delhi	0.23	0.25
ii) At Overseas	8.43	7.05
C) Others		
Cash & Bank Balances	3,762.83	4,519.65
(In respect of Joint Ventures)		
D) Earmarked balances	-	-
TOTAL	44,585.75	51,528.33

	As at 31 March 2013	(₹ in Million) As at 31 March 2012
28 Short Term Loans & Advances		
A. Secured - Considered Good		
Loans & Advances to Employees	46.56	43.27
Loans & Advances to Directors	-	-
Total Secured - Considered Good (A)	46.56	43.27
B. Unsecured - Considered Good		
Carry Finance to JV Partners	-	69.38
Loans & Advances to Employees	13.25	12.34
Loans & Advances to Directors	0.07	-
Advances recoverable in cash or in kind or for value to be received	598.51	920.05
Advances recoverable in cash or in kind or for value to be received (In respect of Joint Ventures)	4,916.32	7,181.89
Total Unsecured - Considered Good (B)	5,528.15	8,183.66
C. Unsecured - Considered Doubtful		
Advances recoverable in cash or in kind or for value to be received	1,902.64	1,741.95
Carry Finance to JV Partners	1,574.30	1,474.04
	3,476.94	3,215.99
Less: Provisions for Doubtful Advances and Claims	3,476.94	3,215.99
Total Unsecured - Considered Doubtful (C)	-	-
LOANS AND ADVANCES (A+B+C)	5,574.71	8,226.93

a Carry Finance to Sudapet:

The Company carried the share of investment of Sudapet, the national oil company of Sudan, for its 3.375% share in Block 5A, Sudan till the commencement of first commercial production. The carried amounts are repayable without interest in form of oil out of the production share of Sudapet as per the terms of the Exploration and Production Sharing Agreement (EPSA). In view of the secession of South Sudan and the transfer of PI of Sudapet of Block 5A to Nilepet the national oil company of South Sudan, the remaining balance of the carry loan of ₹ 58.89 Million has become doubtful and provision has been created for the same.

	As at 31 March 2013	As at 31 March 2012
29 Other Current Assets		
Prepaid expenses for Underlift Quantity	262.92	745.48
Interest Accrued on:		
Deposits with Banks	311.50	313.91
Others	762.08	369.19
Other Deposits	291.53	74.00
Other Current Assets	1,607.62	31.68
VAT Receivable	1,519.93	1,169.94
Investment in Finance Lease *	4,035.15	2,427.35
Advances recoverable in Cash or in kind or for value to be received (In respect of Joint Ventures)	7,943.91	6,532.28
Taxes (Income Tax, Wealth Tax and Fringe Benefit Tax) :		
Advance Payment	22,194.97	22,420.44
Less: Provision	12,984.81	9,210.16
	11,586.86	10,833.58
TOTAL	25,944.80	22,497.41

Attention is invited to Note 24 - Other Non Current Assets

* The Payment of instalments is guaranteed by Government of Sudan (GOS). Attention is invited to Note No 46 a

(₹ in Million)

30 Revenue from Operations	2012-13	2011-12
(A) Sales		
Crude Oil	162,366.48	211,687.47
Gas	11,393.63	9,923.88
Condensate	2,954.69	3,189.04
Total Sales (A)	176,714.80	224,800.39
Less: Value Added Tax	2,333.77	2,567.68
(B) Net Sales	174,381.03	222,232.71
(C) Other Operating Revenue		
Other Operating income	1,197.30	1,240.41
Total Revenue from Operations (B + C)	175,578.33	223,473.12

Government of Sudan's (GOS) is lifting of crude oil entitlement of foreign partners including ONGBV from GNPOC. The Company's share of crude oil taken by GOS, as on as on 31 March 2013, is 1,428,983 barrels with value of ₹ 8,297.73 Million (USD 152.71 Million) which is considered as revenue during the period. The GOS has confirmed the lifting and the draft sale and purchase agreement is under finalization with GOS. In view of the confirmation of the GOS for treating the quantities lifted for local refinery as sales, the same has been accounted for as sales revenue during the current year. The corresponding receivables is considered in Trade receivables in Note No 26.

31 Other Income	2012-13	2011-12
Interest Income on:		
Deposits with Banks	1,097.21	812.22
Loans and Advances to Employees	6.41	5.54
Others	961.49	93.63
Lease Income	491.32	346.95
Gain on Foreign Exchange Forward Contract / Derivatives	704.76	222.45
Miscellaneous Receipts	1,453.57	1,420.34
TOTAL	4,714.76	2,901.13

32 Production, Transportation, Selling and Distribution Expenditure	2012-13	2011-12
Production Expenditure	22,447.23	22,673.78
Transportation Expenditure	5,374.43	5,094.13
Royalty	29,115.32	57,571.23
Staff Expenditure	3,193.47	2,187.13
Service Tax and Other Levies	6,922.67	8,100.89
Rent	1,049.46	1,032.17
Repair to Buildings	124.12	73.48
Repair to Machinery	2.62	3.96
Other Repairs and Maintenance	71.06	124.85
Insurance	43.56	69.90
Idle rig cost	212.59	1,746.75
Crude oil received against Carry Finance	-	231.66
Business Development & Other Expenses	3,309.28	2,698.68
TOTAL	71,865.81	101,608.61

a. Royalty : please see note A.3.3

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

Particulars	2012-13	2011-12
(i) Staff Expenditure		
a. Salaries, Wages, Ex-gratia etc.	2,591.19	1,775.38
b. Contribution to Provident Fund and other Funds	141.48	61.50
c. Provision for Gratuity	95.67	69.97
d. Provision for Leave Encashment	172.84	130.37
e. Provision for medical / Terminal Benefits	19.87	6.19
f. Staff Welfare Expenses	172.42	143.72
Sub Total (A)	3,193.47	2,187.13
ii Rent	1,049.46	1,032.17
iii Electricity, Water and Power	354.12	429.79
iv Repairs to buildings	124.12	73.48
v Repairs to Plant and Machinery	2.62	3.96
vi Other Repairs	71.06	124.85
vii Hire Charges of Vehicles	92.88	260.33
viii Professional Charges	309.60	400.12
ix Telephone and Telex	50.79	71.25
x Printing and Stationery	7.53	13.12
xi Training and Seminar	-	4.76
xii Business Meeting Expenses	13.19	31.15
xiii Traveling Expenses	210.06	254.57
xiv Insurance	43.56	69.90
xv Advertisement and Exhibition Expenditure	21.11	36.64
xvi Contractual Transportation	5,374.43	5,094.13
xvii Miscellaneous Expenditure	1,981.50	2,733.78
xviii Other Operating Expenditure*	17,213.36	23,115.36
xix Royalty	29,115.32	57,571.23
xx Statutory Levies ** (Service Tax and Other Levies, Windfall Tax & VAT)	14,971.40	10,668.57
Sub Total (B)	71,006.11	101,989.16
Total (A+B)	74,199.58	104,176.29

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

* Statutory Levies includes VAT as in Note: 30

- c. The Company is engaged in operations overseas and carries out Corporate Social Responsibility (CSR) activities in its areas of operations. In accordance with DPE Guidelines and MOU with the holding company ONGC, any CSR expenditure in India may be incurred in part or full through ONGC. The Company has incurred an amount of ₹ 208.27 Million during the year (Previous year ₹ 239.41 Million) towards CSR activities overseas directly or through its joint ventures.

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

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

- e. The expenditure incurred by Oil and Natural Gas Corporation Limited or its subsidiaries on behalf of the Company are accounted for on the basis of debit raised by them for which supporting documents are held by the respective companies/subsidiaries.

	(₹ in Million)			
	2012-13		2011-12	
33 Changes in Inventories of Finished Goods				
*As taken, valued and certified by the Management				
Closing Stock		858.56		1,034.71
Opening Stock	1,034.71		564.06	
Less: Adjustment	27.56	1,007.15	161.04	403.02
NET (INCREASE)/DECREASE IN STOCK		148.59		(631.69)
	2012-13		2011-12	
34 Finance Costs				
A. Interest On				
Finance Lease		363.94		371.31
Bonds		1,966.82		1,974.74
Others		101.05		614.60
B. Foreign Exchange Fluctuation related to borrowing costs		(17.68)		9.15
TOTAL		2,414.13		2,969.80
	2012-13		2011-12	
35 Depreciation, Depletion and Amortisation				
Depreciation	7,390.39		11,132.60	
Amortisation -Intangibles	77.67		(12.75)	
Less: Capitalised	4,209.78	3,258.28	7,995.20	3,124.65
Depletion		19,938.23		21,607.06
Survey Expenditure		2,410.01		2,537.43
Dry Wells		7,615.58		9,264.44
Amortisation of Goodwill		4,161.72		5,145.55
TOTAL		37,383.82		41,679.13
Refer to Para No. A 3.1 of Note No 1.				
Amortisation - Intangibles, Refer to Para 2 of Note No 2.				

ONGC Videsh Limited

Notes to the consolidated financial statements for the year ended 31 March 2013

	(₹ in Million)	
	2012-13	2011-12
36 Other Expenses		
Net (gain) or loss on foreign currency transactions and translation (other than considered as finance cost)*	(2,959.89)	1,473.54
Hedging (Gain)/Loss	-	48.52
Other Expenses	50.68	120.45
Provision for Mark-to-Market loss on Derivative Contracts**	1,606.76	498.56
TOTAL	(1,302.45)	2,141.07

* Attention is invited to Note No 2.a.1.

**Please refer to Note No 51

	2012-13	2011-12
37 Provisions & Write-Offs (Net)		
Provision for Impairment	-	19,533.69
Provisions for Doubtful Debts/Claims	1,206.74	2,269.42
Provision for Wells under Service Contract	16.70	12.29
Provision for Non-Moving Inventory	139.43	740.62
Provision for Exploratory & Development wells of Block XXIV Syria*	1,998.02	-
Acquisition Cost Written Off	254.37	3,257.84
Other Write Off	(702.96)	2,115.25
TOTAL	2,912.30	27,929.11

a Provision for Impairment - Attention is invited to Note No 20

b Provision for doubtful debts/claims includes carry loan of ₹ 487.94 Million (Previous year ₹ 534.16 Million) to KMG in view of the block being under exploration and there is no certainty of commercial discovery and hence the recovery of the loan. Attention is invited to Note 23 (c)

c Provision has been made for successful exploration well under service contract in respect of Farsi Block Iran, pending finalisation of Master Development Plan.

d Acquisition cost written off in respect of exploration projects upon relinquishment.

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

*Attention is invited to Note 18.

	(₹ in Million)	
	2012-13	2011-12
38 Decrease/(increase) in overlift/underlift		
UnderLift (OverLift) - Opening Balance	697.44	283.33
Underlift (OverLift) - Closing Balance	151.44	697.44
Decrease/(increase) in overlift/underlift	546.00	(414.11)
39 Adjustments Relating to Prior Period (Net)		
A. Expenses		
Survey Expenses	-	(23.20)
Amortisation of Goodwill	-	11.14
Other Expenses	(554.12)	137.80
Depreciation	(29.23)	(192.98)
Depreciation / Depletion	82.55	-
Sub-Total	(500.80)	(67.24)
B. Income		
Miscellaneous Items	-	6.24
Sub-Total	-	6.24
TOTAL (A - B)	(500.80)	(73.48)
40 Earnings Per Equity Share (EPS)		
Net Profit after Taxation as per Statement of profit and loss	39,291	27,212
Weighted average number of Equity Shares outstanding	445,205,479	100,000,000
Basic and Diluted Earnings Per Equity Share (₹)	81.87	76.99 *
(Face Value of ₹ 100 Per Share)		
* restated for Rights issue during the current year		
During the year, the Company had a Rights Issue of 400,000,000 Equity Shares of ₹100 each ranking pari passu in all respects with the existing equity shares to Oil and Natural Gas Corporation Limited. EPS of previous year has been restated based on the Rights Issue in accordance with the Accounting Standard (AS) 20 viz Earnings Per Share.		

ONGC Videsh Limited

Notes to the consolidated financial statements for the year ended 31 March 2013

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

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

(i) Earned Leave (EL) Benefit

Accrual - 30 days per year

Encashment while in service-75% of Earned Leave balance subject to a maximum of 90 days per calendar year

Encashment on retirement – maximum 300 days.

(ii) Good Health Reward (Half Pay Leave)

Accrual -20 days per year

Encashment while in service –Nil

Encashment on retirement - 50% of Half Pay Leave balance.

(iii) Gratuity

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

(iv) Post-Retirement Medical Benefits

Upon payment of one time prescribed contribution by the employees, full medical benefits on superannuation and on voluntary retirement subject to the completion of minimum 20 years of service and 50 years of age.

(V) Terminal Benefits

At the time of superannuation, employees are entitled to settle at a place of their choice and they are eligible for Transfer Traveling Allowance. Employees are gifted a gold coin as a memento on superannuation, depending upon their level and length of service.

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

Defined Contribution Plans	Expense Recognized during 2012-13	Contribution for Key Management Personnel during 2012-13	Expense Recognized during 2011-12	Contribution for Key Management Personnel during 2011-12
Contributory Provident Fund	38.47	0.72	29.53	0.54
Employee Pension Scheme -95	1.63	0.02	1.40	0.01
Composite Social Security Scheme	8.73	0.08	1.53	0.02

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

Particulars	Gratuity	Leave	Post-Retirement Medical Benefits	Terminals Benefits
Present Value of Funded Obligation	-	-	-	-
Fair Value of Plan Assets	-	-	-	-
Present Value of Unfunded Obligation	59.50	190.82	14.93	19.76
	179.9	166.44	63.49	8.99
Unrecognized Past Service Cost	-	-	-	-
Net Liability	59.50	190.82	14.93	19.76
	179.90	166.44	63.49	8.99

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

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

(E)

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

Particulars	Gratuity	Leave	Post Retirement Medical Benefits	Terminals Benefits
Opening defined benefit obligation	179.90	166.44	63.49	8.99
	169.54	139.67	61.14	7.86
Current Service Cost	12.92	85.27	3.08	7.67
	7.39	6.81	2.48	0.35
Past Service Cost	-	-	-	-
	-	-	-	-
Interest Cost	15.29	14.15	5.40	0.76
	14.41	11.87	5.20	0.67

ONGC Videsh Limited

Notes to the consolidated financial statements for the year ended 31 March 2013

Actuarial Losses (-Gains)*	-134.61 -4.44	-9.74 50.32	-57.04 -5.33	3.22 0.45
Exchange differences on foreign plans	-	-	-	-
Less: Benefits paid	-14.00 -7.00	-65.30 -42.24	0.00 0.00	-0.89 -0.34
Closing defined benefit obligation	59.50 179.90	190.82 166.44	14.93 63.49	19.75 8.99

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

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

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

Particulars	Gratuity	Leave	Post-Retirement Medical Benefits	Terminals Benefits
Discount Rate	8.50% 8.50%	8.50% 8.50%	8.50% 8.50%	8.50% 8.50%
Expected Return on Plan Assets	-	-	-	-
Annual Increase in 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 2013:

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

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

The above information pertains to the Company only and does not include Subsidiaries / Joint Venture Company.

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

42 Taxation

- i. The Company had appealed to Hon'ble Delhi High Court against the decision of Income Tax Appellate Tribunal (ITAT) for the Assessment Years 1981-82 to 1987-88 regarding disallowance of its claim for ₹ 94.04 Million (Previous year: ₹ 94.04 Million) on account of depreciation, development allowance and receipt of interest on delayed payments in respect of Iran Project. However, pending decision the tax demand in this regard was paid by the Company. The matter has been remanded back by the Hon'ble Delhi High Court to the ITAT for fresh hearing vide order dated 30 March 2011 and proceedings are under progress.
- ii. The Company had filed appeals with Commissioner of Income Tax (Appeals) [CIT (Appeals)] against the disallowance of depreciation on acquisition costs of the projects and other expenses as well as addition to income aggregating to ₹ 3,958.54 Million, ₹ 3,006.17 Million, ₹ 3,470.29 Million, ₹ 3,212.03 Million, ₹ 4,683.46 Million, ₹ 5,617.51 Million, ₹ 4,578.92 Million and ₹ 4,072.49 Million for assessment years 2002-03, 2003-04, 2004-05, 2005-06, 2006-07, 2007-08, 2008-09 and 2009-10 respectively by the assessing officer ("AO"). CIT (Appeals), while disposing off the appeals for assessment years 2002-03 and 2003-04 partially deleted the disallowances. The Company filed appeals with the Income Tax Appellate Tribunal (ITAT) against the orders of CIT (Appeals). The Company got a favorable decision from ITAT for AY 2002-03 and all disallowances (depreciation on acquisition cost and pre-acquisition expenses) made by the AO have been deleted by ITAT. While the Department has filed appeal in the High Court of Delhi (the "Delhi HC") against the said order of ITAT for 2002-03, the Company has also approached the Delhi HC against the said order with the appeal that the acquisition cost be treated as revenue expenditure. For the assessment years 2004-05 and 2005-06, CIT(Appeals) has decided the appeals in favor of the Company. However, the Department has filed appeal against the above orders in the ITAT.
- iii. For the assessment year 2004-05, the AO had reassessed the income under u/s 147 of the Income Tax Act, 1961 making additions to income amounting to ₹ 165.98 Million towards exchange gain adjustments and change in method of accounting during the relevant year. The tax demanded due to reassessment is nil. The AO has also initiated penalty proceedings. Company has filed an appeal before CIT(Appeals) against the order of the AO and requested the AO to keep the penalty proceedings in abeyance till the disposal of the appeal by CIT(Appeals).
- iv. For the assessment year 2005-06, the Company had claimed tax credit of ₹ 111.33 Million (increased to ₹ 709.88 Million due to assessment by Department under regular provisions rather than under MAT, as returned) under the India-Vietnam double tax avoidance agreement with respect to tax deemed to be paid. The claim was duly supported by report of a reputed accounting and tax firm in Vietnam and accepted by the AO. The CIT had issued an order dated 29 March 2010 holding the allowance of the credit to be erroneous and directed the AO to re-compute the tax payable and allow credit only on the basis of certificate to be obtained by the Company from Vietnam tax authorities. The Company had filed appeal with the Income Tax Appellate Tribunal (ITAT) to contest the same on the ground that the decision of the CIT is not in accordance with the law. The Company had also approached Vietnam Tax Authorities (VTA) for required certificate. However, the AO vide his order dated 21 December 2010 has withdrawn the credit allowed for ₹ 709.88 Million and the resulting demand for ₹ 958.34 Million has been adjusted by the AO against refunds due to the Company. The Company has filed appeal with CIT (A) against the order of the AO. Further, the VTA vide their notice dated 5 August 2011 have confirmed the tax amounts for the calendar years 2003 to 2006. The Company has filed the documents with CIT (A) and further proceedings before CIT(A) are pending.
- v. For the assessment year 2009-10, the AO has made certain disallowances/additions (depreciation on acquisition costs of the projects, provision in respect of Farsi exploration service contract and other expenses) amounting to ₹ 4,072.49 Million and assessed total income as ₹ 34,116.82 Million against returned income of ₹ 30,044.33 Million. The disallowances/additions include an amount of ₹ 2,119.11 Million on protective basis. In consequence, the AO has raised a demand of ₹ 1,966.39 Million payable by the Company. The Company does not agree with the disallowances made and has filed appeal with CIT (Appeals) against such assessment order. No provision has been made for additional tax liability, if any, on this account.
- vi. For the assessment year 2006-07, AO has initiated action on 18 March 2013 u/s 147 of the Income Tax Act, 1961 for re-assessing company's assessed income. OVL replied to the notice on 11.04.2013 and further proceedings are pending before the AO.
- vii. ITAT vide order dated 16 November 2012 upheld CIT (A) order in the matter of deduction of withholding tax for the payment made for the online subscription of data base from a foreign party. OVL has filed Miscellaneous Application with ITAT as the ITAT omitted to apply the exclusion given in the explanation in section 9(1) (vi) of the Income-tax Act 1961 in respect of royalty paid for business carried outside India. Further OVL had filed appeal against the ITAT order in Delhi High Court. The tax involved is ₹6.33 Million which had been deposited by the Company.

42.2 Deferred Tax Provision

Net consolidated deferred tax liability as at 31st March, 2013 aggregated to ₹ 11,714.50 Million (Previous year: ₹ 10,203.88 Million) and Net consolidated deferred tax asset as at 31 March, 2013 aggregated to ₹ 6,071.65 Million (Previous year: ₹5,220.65 Million).

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

(₹ in Million)		
Particulars	As at 31 March 2013	As at 31 March 2012
Deferred Tax Liability of OVL		
Deferred Tax Assets :		
Carried Forward Expenditure U/S 42 of Income Tax Act, 1961*	14,410.94	11,213.98
Other disallowances under Income Tax Act, 1961	1,950.83	1,043.13
Total Deferred Tax Assets	16,361.77	12,257.11
Deferred Tax Liability :		
Difference in Net Block of Fixed Assets for Tax	20,011.63	16,133.71
Total Deferred Tax Liability	20,011.63	16,133.71
Net Deferred Tax Liability of the Company (OVL)	3,649.86	3,876.60
Net Deferred Tax Liability of ONGBV	7,733.56	6,178.54
Net Deferred Tax Liability of OAAL	261.47	148.74
Net Deferred Tax Liability of Carabobo One AB	69.61	-
Consolidated Net Deferred Tax Liability	11,714.50	10,203.88
Net Deferred Tax Asset of ONGBV	5,840.86	5,049.90
Net Deferred Tax Asset of OAAL	230.79	170.75
Net Deferred Tax Asset of Carabobo One AB	-	-
Consolidated Net Deferred Tax Asset	6,071.65	5,220.65

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

An amount of ₹ 376.79 Million (Previous year: ₹3,950.76 Million credited) has been debited to the Statement of Profit and Loss and ₹ 282.83 Million (Previous year: ₹ 581.34 Million) has been adjusted to foreign currency translation reserve.

43 Details of Joint Ventures:

The details of Company's and its Subsidiaries' significant joint ventures as on 31 March 2013 are as under

Sr. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members	Operator	Status
1	Block 06.1 Vietnam, Offshore	45%	TNK Vietnam B.V. -35% Petrovietnam - 20%	TNK Vietnam B.V.	The project is under development and production
2	Block 2a, 2b & 4, GNPOC. Sudan, Onshore (Through ONGC Nile Ganga B.V.) Onshore	25%	CNPC - 40% Petronas - 30% Sudapet - 5%	Joint Operatorship (GNPOC)	The project is under production.
3	Block 1a, 1b, & 4, GPOC South Sudan, Onshore (Through ONGC Nile Ganga B.V.) Onshore	25%	CNPC - 40% Petronas - 30% Nilepet - 5%	Joint Operatorship (GPOC)	The project is under temporary shut down as per Government of South Sudan directive.
4	Block 5A South Sudan, Onshore	24.125%	Petronas - 67.875% Nilepet - 8%	Joint Operatorship (SPOC)	The project is under temporary shut down as per Government of South Sudan directive.
5	Sakhalin -1 Project, Russia, Offshore	20%	ENL - 30% SODECO - 30% SMNG - 11.5% R N Astra – 8.5%	ENL	The project is under development and production
6	AFPC Project Syria, Onshore (Through ONGC Nile Ganga B.V.) *	38.75%	Fulin – 50% Mittals – 11.25%	SSPD *	The project is under production.
7	MECL Colombia, Onshore (Through ONGC Amazon Alaknanda Limited)	50%	Sinopec – 50%	Joint Operatorship	The project is under exploration, development and production
8	Block BC-10 Brazil, Offshore (Through ONGC Nile Ganga B.V.)	15%	Shell – 50% Petrobras – 35%	Shell	The project is under development and production
9	OOO Imperial Frac Service (Through Imperial Energy Ltd)	50%	Mr. Vladimir Aleksandrovich Borisov – 50%	OVL	The company provides 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%	MOGE- 15% KOGAS – 8.5% GAIL – 8.5%	Daewoo	The project is under development.
12	Block A-3 Myanmar, Offshore	17%	Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE- 15%	Daewoo	The project is under development.
13	Farsi Block Project Iran, Offshore	40%	IOC – 40% OIL – 20%	OVL	The project 's exploration period ended on 24 June 2009. Agreement on MDP and Development service contract is pending.
14	Block XXIV Syria, Onshore	60%	IPRMEL - 25% Trioccean-15%	IPR MEL	The project is under exploration, development and production.
15	Blocks 25-29, & 36 Cuba, Offshore	30%	Repsol YPF – 40% Stat Oil – 30%	Repsol YPF	The project is under exploration.
16	Khartoum-Port Sudan Pipeline Project Sudan, Onshore	90%	OIL – 10%	OVL	The pipeline has been completed and is under lease.
17	Block RC-8 Colombia, Offshore	40%	Ecopetrol - 40% Petrobras – 20%	OVL	The project is under exploration
18	Block RC-9 Colombia, Offshore	50%	Ecopetrol - 50%	Ecopetrol	The project is under exploration

ONGC Videsh Limited

Notes to the consolidated financial statements for the year ended 31 March 2013

19	Block RC-10 Colombia, Offshore	50%	Ecopetrol - 50%	OVL	The project is under exploration
20	Block BM-SEAL-4, Brazil, Offshore (Through ONGC Nile Ganga B.V)	25%	Petrobras- 75%	Petrobras	The project is under exploration
21	Block BM-BAR-1 Brazil, Offshore (Through ONGC Nile Ganga B.V)	25%	Petrobras- 75%	Petrobras	The project is under exploration
22	Block SSJN-7 Colombia, Onshore	50%	Pacific - 50%	Pacific	The project is under exploration
23	Block CPO-5 Colombia, Onshore	70%	Petro Dorado – 30%	OVL	The project is under exploration
24	SHWE Offshore Pipeline Project, Myanmar, Offshore	17%	Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE – 15%	Daewoo	The project is under construction.
25	Onshore Gas Pipeline Project (SEAGPCL), Myanmar, Onshore (Through ONGC Nile Ganga B.V.)	8.35%	CNPC-SEAP– 50.9% Daewoo – 25.041% KOGAS– 4.1735% GAIL – 4.1735% MOGE – 7.365%	CNPC-SEAP	The project is under construction
26	Carabobo Project, Venezuela Onshore (Through Carabobo One AB)	11%	CVP - 60% Petronas Ve-11% Repsol Exp-11% INDOIL-7%	Joint operatorship	The project is under development
27	Satpayev Contract Area 3575, Kazakhstan, Offshore	25%	KMG – 75%	SOLLP	The project is under Exploration
28	Azeri, Chirag, Guneshli fields Azerbaijan, Offshore	2.7213%	BP - 35.79% SOCAR - 11.65% Chevron - 11.27% Inpex - 10.96% Statoil - 8.56% Exxon-Mobil - 8.00% TPAO - 6.75% Itochu - 4.30%	BP	The project is under development and production
29	BTC Pipeline Azerbaijan, Onshore (Through ONGC (BTC))	2.36%	BP - 30.1% SOCAR - 25% Chevron - 8.9% Statoil - 8.71% TPAO - 6.53% Eni - 5% Total - 5% Itochu - 3.40% Inpex - 2.5% Conoco Philips - 2.5%	BP	The project is under operation

Abbreviations used: CNPC – China National Petroleum Corporation; CNPC-SEAP-CNPC South-East Asia Pipeline Co Ltd; CVP – Corporacion Venezolana Del Petroleo S.A.; Daewoo – Daewoo International Corporation; ENL – Exxon Neftegas Limited; Fulin – Fulin Investments Sarl; GAIL – GAIL (India) Limited; GNPOC - Greater Nile Petroleum operating Company; GPOC - Greater Pioneer Operating Company; SPOC - Sudd Petroleum Operating Company; IOC – Indian Oil Corporation Limited; INDOIL- Indoil Netherlands B.V.; IPRMEL – IPR Mediterranean Exploration Limited; KMG KazMunayGas; KOGAS – Korea Gas Corporation; B.V; Mittals – Mittal Investments Sarl; MOGE- Myanmar Oil and Gas Enterprise; Nilepet - Nilepet Limited, South Sudan; OCL – ONGC Campos Ltda.. OIL – Oil India Limited; Pacific - Pacific Stratus Energy, Colombia; Petrobras – Petroleo Brasileiro S.A.; Petro-Dorado - Petro-Dorado South America S.A.; Petronas – Petronas Carigali Overseas Sdn Bhd; Petronas Ve: PC Venezuela Ltd; Petrovietnam – Vietnam Oil and Gas Group; Repsol – Repsol YPF Cuba SA; Repsol Exp- Repsol Exploracion S.A.; SEAGPCL – South East Asia Gas Pipeline Company Ltd.; Shell – Shell Brazil Ltda; Sinopec – Sinopec Overseas Oil and Gas Limited; SMNG – Sakhalinmorneftegas Shelf; SODECO – Sakhalin Oil Development Company Limited; SOLLP – Satpayev Operating Company LLP (100% subsidiary of KMG); SSPD: Syria Shell Petroleum Development B.V.; Sudapet – Sudapet Limited; Triocean: Tri-Ocean Mediterranean; SOCAR: State Oil Company of Azerbaijan Republic; TPAO - Turkish Petroleum Corporation

* OVL has effectively 38.75% interest in Himalaya Energy Syria B.V. (HESBV) with Mittals and Fulin effectively holding 11.25% and 50% interest respectively. HESBV, through its subsidiaries, holds 33.33%, 37.5% and 36% interest in Ash Sham (including deep and lateral) concession, Deir-Ez-Zor and Annexe-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.

ONGC Videsh Limited

Notes to the consolidated financial statements for the year ended 31 March 2013

44 Company's share in Joint Ventures

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

(₹ in Million)									
Project	Net Fixed Assets	Net Producing Property	Capital Work in Progress	Exploratory and Development Wells in Progress	Current Assets	Cash and Bank Balance	Liabilities	Income	Expenditure* (Including depreciation)
A. Audited as of 31 March 2013									
Block 06.1 Vietnam	4,970.35	3,822.31	40.75	-	4,040.37	-	11,027.97	11,266.78	5,684.44
Farsi Block, Iran	0.24	-	-	0.00	-	0.32	114.07	0.20	17.56
Sudan Pipeline, OVL's Share (90%)	-	-	-	-	4,710.95	9.70	3,039.85	164.35	(26.62)
LLC Imperial Frac Service-Jarpeno	103.99	-	-	-	67.99	67.55	16.86	372.79	295.26
Block 1a, 1b, 2a, 2b & 4,	290.92	24,782.70	-	3,377.44	12,244.02	124.56	5,037.71	28,998.79	18,077.08
Block BC-10 & Exploratory Blocks, Brazil	-	17,860.55	-	8,643.30	1,903.35	436.69	485.93	12,139.00	7,282.08
PIVSA (San Cristobal),	955.73	2,354.45	1,622.68	1,997.77	27,669.32	157.85	15,862.35	25,594.57	12,274.28
Pipeco 1 onshore Project, Myanmar (SEAGP)	15.55	-	5,717.06	-	113.25	176.60	411.21	-	-
Tamba	-	-	4,412.90	-	7,921.36	824.13	4,228.90	1,425.34	1.79
AFPC, Syria	0.74	2,000.82	-	68.06	2,157.48	16.46	730.50	-	321.15
MECL, Colombia	5,925.07	8,789.85	144.53	4,872.22	7,272.45	122.57	3,621.68	17,763.31	7,443.55
Petro Carabobo, Venezuela**	-	-	7,673.02	-	171.79	148.35	934.01	-	-
Total (A)	12,262.59	59,610.68	19,610.94	18,958.79	68,272.33	2,084.78	45,511.03	97,725.12	51,370.57
B. Audited as of 31 December 2012									
Sakhalin 1 Russia	30,771.36	55,219.16	51,219.29	1,733.25	14,355.28	308.88	17,615.91	63,378.28	20,412.98
Block RC-8, Colombia	0.22	-	-	-	-	-	550.48	0.17	623.14
Block RC-10, Colombia	0.31	-	-	-	0.09	-	688.74	0.21	992.62
Block RC-9, Colombia	-	-	-	-	-	0.23	1.95	0.20	24.67
Blocks 25-29, & 36, Cuba	4.13	-	-	-	273.42	-	-	0.39	3,322.47
Block A-1, Myanmar	82.39	-	6,429.52	3,620.39	395.46	740.89	2,196.23	-	47.55
Block A-3, Myanmar	0.99	-	1,201.89	3,034.93	17.83	251.33	454.67	-	11.43
CPO 5 Block, Colombia	0.37	-	-	1,166.00	66.49	-	1,020.09	0.56	(2.52)
SHWE Offshore Pipeline Myanmar	4.68	-	2,900.66	-	1.06	354.16	127.03	-	6.07
Total (B)	30,864.45	55,219.16	61,751.36	9,554.57	15,109.64	1,655.49	22,655.10	63,379.80	25,438.40
C. Unaudited									
Block XXIV, Syria	45.40	(42.38)	-	-	362.79	-	413.28	7.18	63.48
Block 6 North Ramadan, Egypt	-	-	-	-	-	-	64.74	-	54.89
Block 5A, Sudan	2,504.19	5,974.80	27.26	1,009.28	1,027.10	21.69	-	-	792.58
Block NC-188, Libya	-	-	-	-	5.24	0.67	-	-	18.64
Block NEMED, Egypt	-	-	-	-	2.00	-	-	-	(0.12)
Satpayev Block, Kazakhstan	2.24	-	4,753.53	-	1,071.18	0.19	-	0.66	627.36
ACG, Azerbaijan	10,519.00	33,848.83	-	-	-	-	12.77	-	20.38
Total (C)	13,070.83	39,781.25	4,780.79	1,009.28	2,468.31	22.55	490.80	7.84	1,577.21
Grand Total	56,197.87	154,611.08	86,143.09	29,522.64	85,850.28	3,762.83	68,656.94	161,112.76	78,386.18

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

** Excludes signature bonus paid by Subsidiary and classified under capital work-in-progress

The Company's share of assets, liabilities, income and expenses has been converted into the reporting currency at the average exchange rate over the period for which the details are provided by the Operators. Generally the details are provided by the operators on monthly basis except in respect of Sakhalin-1, Russia, where the details are provided by the Operator on quarterly basis.

The Company's share of assets, liabilities, income and expenses incorporated in the financial statements in respect of Joint Venture Company - OMEL is given below:

(₹ in Million)	
Particulars	Amount
a) Net Fixed Assets	24.00
b) Net Producing Property	-
c) Capital Work in Progress	679.60
d) Exploratory & Development Wells-in-Progress	-
e) Current Assets	78.01
f) Cash and Bank	29.08
g) Liabilities	298.77
h) Income	-
i) Expenditure	286.65

45.1 Block 5A, Blocks 1,2 & 4 in Republic of South Sudan

Block-5A is located in the Unity State of the Republic of South Sudan (RSS). Block-5A is jointly operated by the partners Petronas Carigali Nile Ltd, ONGC Videsh Limited and Nilepet, the national oil company of RSS. OVL has 24.125% participating interest in Block 5A. A company Sudd petroleum Operating Company (SPOC) was incorporated in Mauritius with shares held in proportion to the participating interest of each partners in Block 5A for acting as operator of the Block.

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

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

Both Governments have reached an Agreement concerning Oil and related economic matters on 27 September 2012. Subsequently in March 2013 both Governments have directed the respective oil companies to resume production in RSS as well as to process and transport crude oil produced in RSS using the facilities of ROS. Consequently limited production from Block 5A in South Sudan has been resumed effective from 6 April 2013 and 13 April 2013 in respect of Blocks 1,2,& 4.

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 aggregating to ₹ 4,753.53 Million (Previous year ₹ 4,753.53 Million) are disclosed as Capital-Work-in-Progress in Note 19, as part of acquisition cost to be treated as per the final status of the project.

45.3 AFPC, Syria

ONGC Nile Ganga BV (ONGBV) and Fulin Investments Sarl, a subsidiary of China National Petroleum Company International (CNPCI), hold 50% shareholding each in the Dutch joint venture company, named Himalaya Energy Syria B.V. (HESBV). HES B.V. in turn through three German entities i.e. HES Sham, HES Dez and HES Gas Syria holds 33.33% to 37.5% Participating Interest (PI) in four Production Sharing Contracts (PSCs) in Syria. The Syria business for the above PSC of ONGBV is structured as separate class of business (Class C).

Effective 1 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 May 2012 the Syrian court (the 1st degree court) ruled in favour of "single management", provided that Contractor will be kept informed of all transactions. In addition the court considered that Contractor's share of profits should be set aside in a separate bank account. AFPC Chairman appealed for three motives (i) to challenge the above two court-determined measures that allows Contractor to monitor the Chairman powers; (ii) to exercise all powers required for running AFPC and solely operate the bank accounts; and to (iii) challenge the requirement to set aside profits. On 28 November 2012, the Court of appeal in Syrian Court rejected the appeal of the Chairman. As a result, the first degree court judgement became final.

As per the financials prepared by HESBV for the year ended 31 March 2013, ONGBV's share of net fixed assets in HESBV is ₹ 2069.54 Million (USD 38.05 Million) ((Previous year ₹ 2248.26 Million (USD 43.98 Million)) and net trade receivables is ₹ 1646.93 Million (USD 30.28 Million) ((Previous year ₹ 3,853.94 Million (USD 75.39 Million)). Due to the political situation in Syria and the EU sanction, this Cash Generating Unit (CGU), including the above mentioned assets and receivables was tested for impairment by comparing the carrying value with the recoverable value as on 31 March 2013. No impairment provision was required in view of the recoverable value being higher than the carrying value.

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

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

The ACG project is under production. As per Note No. 2 (c.1.1) of the significant accounting policy of the company, the net assets less liabilities pertaining to OVL 2.7213% PI in ACG as on 31 March 2013* was accounted for in the respective assets and liabilities. The difference between the purchase price and net book value of assets less liabilities has been accounted as acquisition cost and capitalized in Producing Properties as below:

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

ONGC Videsh Limited

Notes to the consolidated financial statements for the year ended 31 March 2013

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

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

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

46 Disclosure pursuant to Accounting Standard (AS) 19 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 is 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 biannual instalments along with lease rental. The lease period commenced from the date of handing over of the pipeline system and will continue till all payments by GOS are completed. All titles in the works and the transportation system shall vest in the Company and the title shall pass to GOS in proportion to the payments made by GOS against total payments due to Company under the contract. Further, subject to regular payments on due dates by GOS to the Company, GOS shall have the exclusive right to use and operate the pipeline system and the Company shall not assign, transfer, sub-let, sub-contract, mortgage or create any rights to any third party or encumbrances or make any disposition to any third party. Accordingly, the amount of net investment in the lease (i.e. aggregate of Minimum Lease Payments minus Unearned Finance Income) is recognized and recorded as receivables under the lease. The finance income thereon has been recognized based upon the pattern reflecting the constant periodic rate of return on the outstanding net investment in the lease.

The first 11 instalments under the contract due till 30 December 2010 have been received. The 12th, 13th, 14th and 15th instalment of ₹ 3,074.12 Million (Company's share ₹ 2,766.71 Million) due on 30 June 2011, 30 December 2011, 30 June 2012 and 31 December 2012 respectively have not yet been received. Company had taken a political risk insurance policy for the 12th and 13th instalments. As per the insurance policy provision, the company has filed the claim for the 12th and 13th instalments with ECGC. No insurance is available for further instalments (14th to 18th). The Company has been pursuing with the GOS for the payment of the 12th, 13th, 14th and 15th instalments. The GOS has given sovereign guarantee towards the payment of the instalments for the Sudan Pipeline Project and no provision has been made for the above four overdue instalments, amounting to ₹ 3,074.12 Million (Company share ₹ 2,766.71 Million).

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

Particulars	31 March 2013		31 March 2012	
	Gross	Net	Gross	Net
a) Reconciliation between the total gross investment in the lease and the present value of minimum lease payments as at year				
- Not later than one year	2,746.63	2,661.83	2,581.50	2,427.35
- Later than one year and not later than five years	2,059.97	2,049.15	1,936.13	1,846.25
- Later than five years	-	-	-	-
Total	4,806.60	4,710.98	4,517.63	4,273.60
b) Unearned Finance Income	95.62		244.03	
c) Unguaranteed residual value accruing to Company's benefit	Nil		Nil	
d) Accumulated provision for uncollectible minimum lease	Nil		Nil	
e) Contingent rents recognised in the statement of profit and loss for the period	Nil		Nil	
f) General description of the significant leasing arrangement	As described in para above		As described in para above	
g) Accounting Policy followed in respect of initial direct costs	As per Accounting Policy O.1.2		As per Accounting Policy O.1.2	

The EPC contractor executing the project claimed additional costs aggregating to ₹ 2,020.59 Million (as on 31 March 2012 ₹ 1,899.11 Million), Company's share being ₹ 1,818.53 Million (as on 31 March 2012 ₹ 1,709.20 Million) (90%), which have not been accepted by the Company. The Company, in turn has filed a claim as per the contract with GOS for their approval of an aggregate amount of ₹ 2,511.73 Million (as on 31 March 2012 ₹ 2,360.72 Million), Company's share being ₹ 2,260.56 Million (as on 31 March 2012 ₹ 2,124.65 Million). No revenue in this respect has been recognized since the claim has not been accepted by GOS. OVL has served a pre-arbitral notice on GOS which is a requirement prior to initiating any legal proceedings in Sudan. The EPC contractor has initiated arbitration with a claim for ₹ 1,386.40 Million (as on 31 March 2012 ₹ 1,303.05 Million) plus interest against the Company. Pending settlement with the EPC contractor, an amount of ₹ 1,247.76 Million (as on 31 March 2012 ₹ 1,172.69 Million), being the Company's 90% share out of total claim of ₹ 1,386.40 Million (as on 31 March 2012 ₹ 1,303.05 Million) has been accounted as liability in the relevant year of claim. The arbitration proceeding with the contractor is ongoing as of 31 March 2013.

b Financial Lease for BC-10 Project

ONGC Videsh Limited

Notes to the consolidated financial statements for the year ended 31 March 2013

ONGBV owns 15% equity shares in Tamba B.V. The Netherlands; with the balance held by Shell E & P Offshore Services B.V., The Netherlands ("SEPBV"), and Petrobras Netherlands B.V. The Netherlands ("PNBV"). Tamba B.V. has been established to facilitate the development and production of hydrocarbons in the BC-10 concession, Campos Basin area in Brazil. Tamba B.V. has a third party lease for a major oil field equipment (FPSO) and constructed other sub-sea assets for onwards lease to BC-10 Project. Both financial leases commenced on 31 December 2008.

Tamba B.V. leases part of its assets from a third party, Brazilian Deepwater and re-leased these to BC-10 joint venture operated by Shell Brasil Ltda. The risks and rewards incidental to ownership are largely transferred to the lessee. These assets are capitalised and recognised in the balance sheet of BC-10 as from the date the lease contract is concluded, at the lower of the fair value of the asset and the discounted value of the minimum lease instalments. The lease instalments payable are broken down into repayment and interest components, based on a fixed interest rate and instalments as derived from the underlying agreement. The lease commitments are carried under long-term liabilities exclusive of interest. The interest component is recognised in the profit and loss account in accordance with the lease instalments.

Revenue of finance lease contracts represents the transfer of economic ownership from Tamba B.V. (lessor) to the lessee of the asset, being an affiliate. Cost of sales represents the costs associated with the finance lease contracts. The Company's share of the lease liability (at USD 1= ₹ 54.39) are tabulated below:

Lease liability	₹ Million
Opening balance as at 1 April 2012	4,038.66
Interest	363.94
Lease Payments	(1,012.18)
Foreign Currency Translation Adjustment	257.70
Closing balance as at 31 March 2013	3,648.12

The Company's 15% share of future estimated minimum lease expenses in the year and their present values are scheduled to be as follows:

	(₹ In Million)			
	< 1Year	1-5 Years	>5Years	Total
Future minimum lease payments:	919.50	2,532.96	1,532.49	4,984.96
Present value of minimum lease payments	889.04	1,955.86	803.22	3,648.12

Tamba B.V., JV company of ONGBV (15%) has entered into a 15-year lease contract for the supply of the FPSO with a third party. The lease contract contains priced termination options for each of the 15 years and priced extension options for the 4 years following the initial 15-year term. The Company can exercise a priced purchase option during the term of the lease. The interest rate implicit in the lease is 9.5% (Previous year 9.5%).

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

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

Project	Details	Crude Oil (MMt)	Gas (Bcm)	Total MMToe
GNOP, Sudan	Opening	16.971	-	16.971
	Addition	0.176	-	0.176
	Deduction/Adjustment	6.595	-	6.595
	Production	0.596	-	0.596
	Closing	9.956	-	9.956
GPOC, South Sudan	Opening	-	-	-
	Addition	-	-	-
	Deduction/Adjustment	(6.595)	-	(6.595)
	Production	-	-	-
	Closing	6.595	-	6.595
Block 5A, Sudan	Opening	6.348	-	6.348
	Addition	(0.428)	-	(0.428)
	Deduction/Adjustment	(0.001)	-	(0.001)
	Production	-	-	0.000
	Closing	5.921	-	5.921
Sakhalin-1, Russia	Opening	34.261	71.182	105.443
	Addition	0.003	(0.001)	0.002
	Deduction/Adjustment	-	-	-
	Production	1.370	0.650	2.020
	Closing	32.894	70.531	103.425
Block 06.1, Vietnam	Opening	0.635	8.518	9.153
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	0.037	2.104	2.141
	Closing	0.598	6.414	7.012
AFPC, Syria*	Opening	2.707	-	2.707
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	0.126	-	0.126
	Closing	2.581	-	2.581
BC-10, Brazil	Opening	4.778	0.399	5.177
	Addition	0.230	(0.053)	0.177
	Deduction/Adjustment	-	-	-
	Production	0.291	0.012	0.303
	Closing	4.717	0.334	5.051
MECL, Colombia	Opening	3.504	-	3.504
	Addition	0.501	-	0.501
	Deduction/Adjustment	-	-	-
	Production	0.552	-	0.552
	Closing	3.453	-	3.453
IEC, Russia	Opening	15.530	4.683	20.213
	Addition	-	0.109	0.109
	Deduction/Adjustment	-	-	-
	Production	0.560	0.071	0.631
	Closing	14.970	4.721	19.691
PIVSA, Venezuela	Opening	11.766	-	11.766
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	0.800	-	0.800
	Closing	10.966	-	10.966

Carabobo - 1, Venezuela	Opening	-	-	-
	Addition	0.023	-	0.023
	Deduction/Adjustment	-	-	-
	Production	0.001	-	0.001
	Closing	0.022	-	0.022
BLOCK-XXIV, Syria	Opening	1.804	-	1.804
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	0.001	-	0.001
	Closing	1.803	-	1.803
BLOCK-A1 & A3, Myanmar	Opening	-	10.297	10.297
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	-	-	-
	Closing	-	10.297	10.297
ACG, Azerbaijan	Opening	-	-	-
	Addition	9.656	-	9.656
	Deduction/Adjustment	-	-	-
	Production	0.010	-	0.010
	Closing	9.646	-	9.646
Total Reserves	Opening	98.304	95.079	193.383
	Addition	10.161	0.055	10.216
	Deduction/Adjustment	0.003	0.001	0.004
	Production	4.343	2.837	7.180
	Closing	104.119	92.296	196.415

* In AFPC, Minor gas is historically added to Oil production stream to derive balance oil reserves

** For calculating "Oil Equivalent" 1,000M³ 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 2013 is as under:

Project	Details	Crude Oil (MMt)	Gas (Bcm)	Total MMToe
GNOP, Sudan	Opening	6.707	-	6.707
	Addition	1.203	-	1.203
	Deduction/Adjustment	4.530	-	4.530
	Production	0.596	-	0.596
	Closing	2.784	-	2.784
GPOC, South Sudan	Opening	-	-	-
	Addition	-	-	-
	Deduction/Adjustment	(4.530)	-	(4.530)
	Production	-	-	-
	Closing	4.530	-	4.530
Block 5A, Sudan	Opening	2.599	-	2.599
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	-	-	-
	Closing	2.599	-	2.599
Sakhalin-1, Russia	Opening	9.122	10.794	19.916
	Addition	5.638	0.019	5.657
	Deduction/Adjustment	(0.001)	-	(0.001)
	Production	1.370	0.650	2.020
	Closing	13.391	10.163	23.554
Block 06.1, Vietnam	Opening	0.626	4.963	5.589
	Addition	0.009	3.555	3.564
	Deduction/Adjustment	-	-	-
	Production	0.037	2.104	2.141
	Closing	0.598	6.414	7.012

AFPC, Syria*	Opening	2.332	-	2.332
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	0.126	-	0.126
	Closing	2.206	-	2.206
BC-10, Brazil	Opening	1.437	0.155	1.592
	Addition	0.480	(0.006)	0.474
	Deduction/Adjustment	-	(0.001)	(0.001)
	Production	0.291	0.012	0.303
	Closing	1.626	0.138	1.764
MECL, Colombia	Opening	3.371	-	3.371
	Addition	0.181	-	0.181
	Deduction/Adjustment	-	-	-
	Production	0.552	-	0.552
	Closing	3.000	-	3.000
IEC, Russia	Opening	5.391	-	5.391
	Addition	-	1.202	1.202
	Deduction/Adjustment	-	-	-
	Production	0.560	0.071	0.631
	Closing	4.831	1.131	5.962
PIVSA, Venezuela	Opening	1.019	-	1.019
	Addition	1.440	-	1.440
	Deduction/Adjustment	(0.001)	-	(0.001)
	Production	0.800	-	0.800
	Closing	1.660	-	1.660
Carabobo - 1, Venezuela	Opening	-	-	-
	Addition	0.023	-	0.023
	Deduction/Adjustment	-	-	-
	Production	0.001	-	0.001
	Closing	0.022	-	0.022
BLOCK-XXIV, Syria	Opening	0.050	-	0.050
	Addition	-	-	-
	Deduction/Adjustment	-	-	-
	Production	0.001	-	0.001
	Closing	0.049	-	0.049
ACG, Azerbaijan	Opening	-	-	-
	Addition	4.277	-	4.277
	Deduction/Adjustment	-	-	-
	Production	0.010	-	0.010
	Closing	4.267	-	4.267
Total Reserves	Opening	32.654	15.912	48.566
	Addition	13.251	4.770	18.021
	Deduction/Adjustment	-	(0.001)	(0.001)
	Production	4.343	2.837	7.180
	Closing	41.562	17.846	59.408

* In AFPC, Minor gas is historically added to Oil production stream to derive balance oil reserves

** For calculating "Oil Equivalent" 1,000M³ 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.
- In view of secession of South Sudan from Sudan, the contract area of GNPOC straddles Republic of Sudan and Republic of South Sudan. Accordingly in respect of contract area in South Sudan a separate operating company Greater Pioneer Operating Company (GPOC) has been formed, the reserves have been adjusted to reflect the reserves relating to GPOC separately.

48 Segment Information

	Asia		FSU Countries		Latin America		Africa		Unallocated		Grand Total	
	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12	FY 2012-13	FY 2011-12
External sales	11,272.35	28,928.64	81,070.17	80,591.95	54,274.33	59,506.41	28,961.48	54,446.12	-	-	175,578.33	223,473.12
Inter Segment sales	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	11,272.35	28,928.64	81,070.17	80,591.95	54,274.33	59,506.41	28,961.48	54,446.12	-	-	175,578.33	223,473.12
Results	5,841.96	7,058.76	12,188.17	7,278.30	14,973.59	16,056.41	17,069.27	19,220.09	-	-	50,072.99	49,613.55
Segment results	5,841.96	7,058.76	12,188.17	7,278.30	14,973.59	16,056.41	17,069.27	19,220.09	-	-	50,072.99	49,613.55
Unallocated corporate Expenses (Net)	642.54	-	-	-	2,344.48	-	6,993.87	-	2,280.11	1,294.00	12,260.99	1,294.00
Operating profit or (Loss)	5,199.42	7,058.76	12,188.17	7,278.30	12,629.11	16,056.41	10,075.40	19,220.09	(2,280.11)	1,294.00	37,811.99	50,907.55
Interest expenses	-	-	30.45	858.18	423.19	1,308.18	-	-	1,205.76	803.44	2,067.88	2,969.80
Interest and other income	2.46	15.28	285.07	176.37	141.02	24.73	332.92	429.38	5,423.38	2,255.37	6,184.85	2,901.13
Income & other Tax	0.00	-	10.52	93.42	3,474.20	3,257.72	-	-	24,189.42	20,276.19	27,556.90	23,627.33
Profit / (loss) from ordinary activities	5,201.88	7,074.04	28,365.98	6,503.07	20,003.99	11,515.24	10,408.32	19,649.47	(8,406.54)	(17,530.26)	55,573.63	27,211.55
Net profit / (Loss)	5,201.88	7,074.04	28,365.98	6,503.07	19,105.81	11,515.24	10,408.32	19,649.47	(23,620.79)	(17,530.26)	39,557.40	27,211.55
Other information	-	-	-	-	-	-	-	-	-	-	-	-
Segment Assets	100,388.66	48,886.65	267,485.39	250,372.50	85,009.93	74,558.94	97,898.96	89,106.75	-	-	550,782.93	462,924.83
Unallocated Corporate Assets	-	-	-	-	-	-	-	-	-	-	-	-
Total Assets	100,388.66	48,886.65	267,485.39	250,372.50	85,009.93	74,558.94	97,898.96	89,106.75	50,936.09	43,081.82	50,936.09	43,081.82
Segment Liabilities	50,362.42	19,355.89	92,178.40	101,065.82	27,354.27	55,919.73	10,993.39	10,710.02	50,936.09	43,081.82	594,265.04	506,006.65
Unallocated Corporate Liabilities	-	-	-	-	-	-	-	-	-	-	180,888.48	187,051.45
Total Liabilities	50,362.42	19,355.89	92,178.40	101,065.82	27,354.27	55,919.73	10,993.39	10,710.02	120,831.88	118,541.53	120,831.88	118,541.53
Capital Expenditure	55,700.93	19,341.14	25,706.87	36,649.69	11,640.27	11,656.41	3,564.26	6,180.83	120,631.88	118,541.53	301,520.36	305,592.98
Recouped cost	3,008.55	2,516.27	15,097.43	15,772.85	11,345.59	14,159.60	3,689.17	7,890.68	519.43	12,978.75	97,131.76	86,806.82
Non cash Exp.	-	-	-	-	-	-	-	-	50.67	1,530.38	33,191.41	41,869.78

Information about Secondary Business Segments (Product-wise):

	₹ in Million	
	2012-13	2011-12
Revenue from		
Crude Oil* and Natural Gas (Net of VAT)	174,381.03	222,232.71
Transportation Income	1,197.30	1,240.41
Lease Finance Income	491.32	346.95

*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 VAT.

49 Capital Commitments

(₹ in millions)

Particulars	March 31, 2013	March 31, 2012
a. The Company either on its own or in consortium with other partners carries on its business in respect of exploration, development and production of hydrocarbons under agreements with the host governments. Several of these agreements provide for certain minimum work obligations/ certain minimum financial commitments over a period of time. The Company's share of such obligations/ commitments in respect of agreements where such obligations / commitments have not been completed as of the reporting date amounted to USD 408.58 Million (Previous year USD 693.26 Million). The Company is confident of meeting the obligations/ commitments.	22,222.93	35,439.39
b. Contracts remaining to be executed on capital account towards Company's share for building at Vasant Kunj, Delhi wherein the contracts have been awarded by holding company to various agencies and the Company is to share part of the costs.	1,139.00	1,570.00
c. Capital Commitments in respect of Subsidiaries is USD 165.78 million (Previous year USD 225.69 Million).	9,016.85	11,537.44
Total	32,378.78	48,546.83

50 Contingent Liability**(i) Claims against the Company/disputed demands not acknowledged as debt:**

(₹ in millions)

Particulars	March 31, 2013	March 31, 2012
a. Income-tax (Refer (i) below)	6,883.98	7,145.56
b. Service-tax (Refer (ii) below)	39,768.30	28,163.14
c. Claims of contractors in arbitration/court (Refer (iii) below)	577.66	536.25
d. Other contingent liability in respect of subsidiaries is USD 156.06 Million (Previous year USD 84.03 million).	8,487.87	4,295.12
Total	55,717.81	40,140.07

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

(i) Disputed income-tax demands (excluding cases decided in favour of Company and addition made by the AO on protective basis) Against disputed tax demands ₹ 10,366.60 Million (As on 31 March 2012: ₹ 9,438.08 Million) has been paid by the Company or adjusted by the authorities against refunds due to the Company from time-to-time. Attention is invited to Note 46.

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

(iii) A) Claims against the Company by foreign contractor not acknowledged as debt (USD 10.49 Million) (Previous year USD 10.49 Million). (Refer Note No 46).

B) Claims against the Company by local contractor in India not acknowledged as debt ₹ 7.11 Million (Previous year ₹ 7.11 Million).

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

(iii) Contingent Liabilities in respect of Bank Guarantee

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

(iv) Contingent Liabilities in respect of Performance Guarantee

Particulars	March 31, 2013	March 31, 2012
a. The Company has given a Performance Guarantee on behalf of Petro Carabobo Ganga B.V. to Government of Venezuela in respect of Carabobo 1 Project. The total investment commitment is estimated at USD 1,333 Million. The Company is confident that Petro Carabobo Ganga B.V. will be able to honor its obligations.	72,501.87	68,142.96
b. ONGBV has given counter guarantee to the State Bank of India for the issue of performance bonds in favour of Nigerian National Petroleum Corporation, on behalf of ONGC Mittal Energy Limited, with a maximum of 51% of the guaranteed amounts. The outstanding guarantee obligation of the company was USD 76.50 million (Previous year USD 76.50 million).	72,501.87	3,910.68
Total	145,003.74	72,053.64

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

d. ONGBV has given performance guarantee to ANP, the regulatory authority in Brazil, favoring ONGC Campos Ltda (OCL) for BC-10 Project where OCL has a 15% participating interest and Shell Brazil is the operator.

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

51 Derivative instruments and unhedged foreign currency exposure:

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

Underlying	Notional Principal Amount (₹ in Million)	Notional Principal Amount (USD in Million)	Termination Date
8.40% 5 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series I	15000	299.23	23rd Dec 2014
8.54% 10 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series II	3700	73.93	6th Jan 2020
Total	18700	373.16	

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

The above swap positions were outstanding on 31 March 2013 and have been revalued on that date based on Mark-to-market positions reported by counter-party banks. During the year ended 31 March 2013 Mark-to-market loss amounting to ₹ 1606.76 Million (Previous year ₹498.56 Million) has been charged to foreign exchange gain/loss in the Statement of profit and loss.

52 The figures in respect of Subsidiaries / Joint Venture Company have been regrouped / re-arranged based upon the details obtained from their managements, wherever their audited accounts did not provide the break up details required for the consolidated financial statements.

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

(₹ in Million)

	Joint ventures	Key Managerial personnel	Total 2012-13	Total 2011-12
Income from rendering services	220.35	-	220.35	167.29
Interest Income	39.26	-	39.26	34.43
Remuneration	-	29.98	29.98	22.68

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

Joint Ventures	Block 06.1, Vietnam
	Sakhalin-1, Russia
	Block 2a, 2b & 4, Sudan
	Block 1a, 1b, & 4, South Sudan
	Block 5A, South Sudan
	MECL, Colombia
	AFPC, Syria
	Block BC-10, Brazil
	Block BM-SEAL-4, Brazil
	Block BM-BAR-1, Brazil
	Block BM-S-73, Brazil
	Block BM-S-74, Brazil
	Block A-1, Myanmar
	Block A-3, Myanmar
	Block Farsi, Iran
	Block XXIV, Syria
	Block 25-29, 36, Cuba
	Khartoum – Port Sudan Pipeline Project, Sudan
	ONGC Mittal Energy Limited, Cyprus
	Block RC-8, Colombia
	Block RC-9, Colombia
	Block RC-10, Colombia
	Block SSJN-7, Colombia
	Block CPO-5, Colombia
	San Cristobal Project, Venezuela
	Carabobo Project, Venezuela
	ONGC Nile Ganga B.V., The Netherlands
	OOO Imperial Frac Service, Russian Federation
	Salpayev Project, Kazakhstan
	ACG, Azerbaijan
	ONGC (BTC) Ltd, Cayman Island
Key Management personnel (excludes Joint Venture Company)	Mr D K Sarraf, Managing Director
	Mr S P Garg, Director (Finance)
	Mr S. Roychoudhary, Director (Operations) (till 30 June 2012)
	Mr N K Verma, Director (Exploration)
	Mr S Bhattacharya, Director (Operations) (with effect from 1 July 2012)
	Ir. A R Baron Mackay Holding B.V., Director, ONGC Nile Ganga B.V.
	Mr Costas Christoforou, Director, Imperial Energy Limited
	Ms Arlene Nahikian, Director, Imperial Energy Limited
	Ms. K. Antoniadou, Director, Imperial Energy Limited
	Ms. E. Chrysanthou, Director, Imperial Energy Limited
	Mr A. Loizou, Director, Imperial Energy Limited
	Mr. Roland Göransson, Director, Carabobo One AB
	Mr. Richard Chindt, Director, Carabobo One AB

(V Sreedher)
Company Secretary

(S P Garg)
Director (Finance)

(D K Sarraf)
Managing Director

(Sudhir Vasudeva)
Chairman

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

For GSA & Associates
Chartered Accountants

New Delhi
May 21, 2013

(Subhash Mann)
Partner (M No 080500)
Firm Regn Number 000075N

(Sunil Aggarwal)
Partner (M No. 083899)
Firm Regn Number 000257N

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

M/s S Bhandari & Co.
Chartered Accountants
P-7, Tilak Marg, C-Scheme
Jaipur – 302 005

M/s Ray & Ray
Chartered Accountants
6, Church Lane
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M/s Mehra Goel & Co.
Chartered Accountants
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43, Nehru Place
New Delhi – 110 019

M/s G. D. Apte & Co.
Chartered Accountants
9, Komer Building
Cawasji Patel Street
Mumbai – 400 001

To
The Board of Directors
Oil and Natural Gas Corporation Limited

1. Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Oil and Natural Gas Corporation Limited ("the Company") and its subsidiaries, joint ventures and associate (hereinafter referred to as "Group"), which comprise the consolidated Balance Sheet as at March 31, 2014, and the consolidated Statement of Profit and Loss and the consolidated Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

3. Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of the audit reports of the other auditors in case of audited financial statements and management certified accounts in case of unaudited financial statements referred to in "Other Matters" below, the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:

- i. in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2014;
- ii. 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
- iii. in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

5. Emphasis of Matter

We draw attention to Note No. 45.2.4 with regard to the dispute between the company and the Government of Gujarat in respect of payment of Royalty on the crude oil produced in the State. The accrual of the additional liability of ₹ 1,16,326.96 millions, which also includes an amount of ₹ 2,092.23 millions paid with effect from February 1, 2014 and considered as deposit, would depend on the decision of the Hon'ble Supreme Court of India. The amount of ₹ 1,16,326.96 millions has been disclosed as contingent liability.

Our opinion is not qualified in respect of this matter.

6. Other Matters

- i. The consolidated financial statements include the Company's share in the total value of assets, liabilities, expenditure and income of 135 blocks under New Exploration Licensing Policy (NELPs) / Joint Venture (JVs) accounts for exploration and production out of which 8 NELPs / JVs accounts have been certified by other firms of Chartered Accountants and 11 NELP / JVs have been certified by the management in respect of NELPs / JVs operated by other operators. Our opinion is based solely on the reports of the other auditors and management certified accounts
- ii. We did not audit the consolidated financial statements of Mangalore Refinery and Petrochemicals Limited (MRPL), a subsidiary, whose consolidated financial statements reflect total assets of ₹3,96,184.94 million as at March 31, 2014, total revenues of ₹7,18,744.06 million and net cash inflows amounting to ₹90971.86 million for the year then ended. These consolidated financial statements and other financial information of MRPL have been audited by other auditors whose audit report has been furnished to us by the Management, and our opinion is based solely on the report of those auditors. These consolidated financial statements includes total assets of ₹3,562.74 million as at March 31, 2014, total revenues of ₹6,624.37 million and net cash inflows amounting to ₹585.66 million of Shell MRPL Aviation Fuel and Services Limited, a Joint Venture company of MRPL, whose financial statements have been audited by auditor other than the auditors of MRPL.
- iii. We did not audit the consolidated financial statements of ONGC Videsh Limited (OVL), a subsidiary, whose consolidated financial statements reflect total assets of ₹9,42,986.92 million as at March 31, 2014, total revenues of

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

₹2,22,242.00 million and net cash outflows amounting to ₹22,232.89 million for the year then ended. These consolidated financial statements and other financial information of OVL have been audited by other auditors whose audit report has been furnished to us by the Management, and our opinion is based solely on the report of those auditors.

These consolidated financial statements of OVL comprise of:

- a. The consolidated financial statements of the following Subsidiaries / Joint Venture Company which are prepared under respective local laws / Production Sharing Contract / Joint Operating Agreement:

i. Subsidiaries audited by local firm of auditors:

Name of the Subsidiary	Total Assets as at 31.03.2014	Total Liabilities as at 31.03.2014	Total Revenue for the year ended 31.03.2014	(₹ in million)
				Profit/ (loss) after tax for the year ended March 31, 2014 (Consolidated)
ONGC Nile Ganga B.V.	2,49,853.29	66575.02	84904.51	10794.29
ONGC Amazon Alaknanda Limited	52231.18	4916.66	21244.42	7290.88
Imperial Energy Limited (Earlier Jarpeno Limited)	85271.95	8236.18	14131.10	(4447.86)
Carabobo One AB	11644.94	2078.81	810.24	(4.72)
Beas Rovuma Energy Mozambique Limited	22225.73	2666.60	-	(29.00)



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

II. Subsidiaries unaudited, as certified by the Management:

(₹ in million)

Name of the Subsidiary	Total Assets as at 31.03.2014	Total Liabilities as at 31.03.2014	Total Revenue for the year ended 31.03.2014	Profit/ (loss) after tax for the year ended March 31, 2014 (Consolidated)
ONGC Narmada Limited	104.96	1933.12	-	(1.59)
ONGC (BTC) Limited	0.94	395.28	1009.30	918.67

III. Joint Venture Company unaudited, as certified by the Management:

(₹ in million)

Name of the Subsidiary	Total Assets as at 31.03.2014	Total Liabilities as at 31.03.2014	Total Revenue for the year ended 31.03.2014	Profit/ (loss) after tax for the year ended March 31, 2014 (Consolidated)
ONGC Mittal Energy Limited	1003.88	9164.73	-	(161.78)

In Respect of:

- I. Item no. (i) above so far it relates to amounts included, is based solely on the report of the other auditors; and
 - II. Item no. (ii) & (iii) above so far it relates to amounts included, is based solely on the financial statements certified by the management.
- b. Group's share of Assets, Liabilities, Revenues and Expenditure in the joint ventures of OVL include 35 projects held in the books of the respective Subsidiaries / Joint Venture Company as mentioned in 8 (a) above, out of which financial statements of 23 projects certified under respective local laws / Production Sharing Contract/ Joint operating Agreement by local audit firms and financial statements of 12 projects certified by the management.



Page 5 of 7



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

iv. We did not audit the financial statements of the following Joint Ventures, whose financial statements reflect group's total assets as at March 31, 2014, group's total revenues and group's net cash flows for the year then ended as per the table given below. Financial statements of 5 Joint Ventures have been audited by other auditors whose report has been furnished to us by the Management and financial statements of 3 Joint Ventures are unaudited and have been certified by the management of the respective Joint Venture, and our opinion, so far as it relates to the amounts included in respect of these Joint Ventures, is based solely on the report of those auditors or management certified accounts.

(₹ In million)

S No	Name of the Joint Venture	Group's share of Total Assets	Group's share of Total Revenue	Group's share of Net Cash Flows	Audited / Unaudited
I	Petronel LNG Limited	14,890.85	47,289.16	(44.75)	Audited
II	Petronel MHB Limited	1,461.64	378.02	53.94	Audited
III	Mangalore SEZ Limited (Consolidated Financial Statements)	3,402.47	65.98	(125.10)	Unaudited
IV	ONGC Mangalore Petrochemicals Limited	28,146.80	0.12	487.62	Audited
V	ONGC Petro Additions Limited	96,356.62	-	3,375.61	Audited
VI	ONGC Tripura Power Company Limited (Consolidated Financial Statements)	20,322.54	1,123.74	(20.84)	Unaudited
VII	ONGC Teri Biotech Limited	186.42	77.19	31.75	Audited
VIII	Dahej SEZ Limited	4,718.45	279.69	(47.86)	Unaudited

v. For the purpose of considering the investment in Pawan Hans Limited, an associate, in the consolidated financial statements, the share of profit for the year ended March 31, 2014 amounting to ₹118.15 million, is based on unaudited accounts as certified by the management. We did not audit the financial statements of this associate, and our opinion, so far as it relates to the amounts included in respect of this associate, is based solely on the financial statements certified by the management.



Page 6 of 7



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

vi. We have placed reliance on technical / commercial evaluation by the Management in respect of categorization of wells as exploratory, development and producing, allocation of cost incurred on them, depletion of producing properties on the basis of proved developed hydrocarbon reserves, impairment, liability for abandonment costs, liabilities under NELP for under performance against Minimum Work Programme and allocation of depreciation on process platforms to transportation and facilities.

Our opinion is not qualified in respect of other matters.



For M/s S Bhandari & Co.

Chartered Accountants

Firm Reg No. 000560C

(P. D. Baid)

Partner (Mem. No. 072625)



For M/s Ray & Ray

Chartered Accountants

Firm Reg No. 301072E

(B. K. Ghosh)

Partner (Mem. No. 051028)



For M/s Varma & Varma

Chartered Accountants

Firm Reg No. 004532S

(K. M. Sukumaran)

Partner (Mem. No. 015707)



For M/s Mehra Goel & Co.

Chartered Accountants

Firm Reg No. 000517N

(R. K. Mehra)

Partner (Mem. No. 006102)



For M/s G. D. Apte & Co.

Chartered Accountants

Firm Reg No. 100515W

(C. M. Dixit)

Partner (Mem. No. 017532)

Date : May 29, 2014

Place : New Delhi

OIL AND NATURAL GAS CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2014

(₹ in million)

Particulars		Note No.	As at 31st March, 2014	As at 31st March, 2013
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	4	42,777.60	42,777.60
	(b) Reserves and surplus	5	1,678,732.26	1,482,498.10
2	Minority Interest		29,125.42	19,466.49
3	Non-current liabilities			
	(a) Long-term borrowings	6	316,808.58	88,427.47
	(b) Deferred tax liabilities	7	185,521.07	148,490.07
	(c) Other Long term liabilities	8	18,525.31	17,163.11
	(d) Long-term provisions	9	304,098.13	252,962.77
4	Current liabilities			
	(a) Short-term borrowings	10	139,072.72	115,270.96
	(b) Trade payables	11	306,783.08	186,147.80
	(c) Other current liabilities	12	218,193.90	170,869.13
	(d) Short-term provisions	13	9,469.90	10,532.92
	TOTAL		3,249,107.97	2,534,606.42
II.	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	14	462,253.51	406,744.58
	(ii) Producing Properties	15	912,681.47	705,395.44
	(iii) Intangible assets	16	754.36	1,041.25
	(iv) Capital work-in-progress	17	538,269.85	397,449.18
	(v) Exploratory/Development Wells in Progress	18	182,066.98	136,400.94
	(b) Goodwill on consolidation	19	183,544.90	83,254.88
	(c) Non-current investments	20	47,204.63	20,452.81
	(d) Deferred tax Asset	7	6,885.97	6,238.88
	(e) Long-term loans and advances	21	102,208.45	89,229.01
	(f) Deposit under Site Restoration Fund Scheme		120,829.56	106,349.19
	(g) Other non-current assets	22	60,859.14	29,685.30
2	Current assets			
	(a) Current investments	23	254.37	829.02
	(b) Inventories	24	148,014.59	127,725.91
	(c) Trade receivables	25	160,283.56	153,956.09
	(d) Cash and Cash Equivalents	26	244,801.26	196,190.51
	(e) Short-term loans and advances	27	68,199.41	59,766.09
	(f) Other current assets	28	9,995.96	13,897.34
	TOTAL		3,249,107.97	2,534,606.42
	Accompanying Notes are an integral of this Financial Statements.	1 to 50		

For and on behalf of the Board

(N. K. Sinha)
Company Secretary

(A K Banerjee)
Director (Finance)

(D.K.Sarraf)
Chairman & Managing Director

In terms of our report of even date attached

For G D Apte & Co.
Chartered Accountants
Firm Reg. No. 100515W

For Varma & Varma
Chartered Accountants
Firm Reg. No. 004532S

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

(C. M. Dixit)
Partner (M.No. 017532)

(K.M. Sukumaran)
Partner (M. No.015707)

(P.D.Baid)
Partner (M. No. 072625)

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

For Mehra Goel & Co.
Chartered Accountants
Firm Reg. No. 000517N

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

(R.K.Mehra)
Partner (M.No. 006102)

New Delhi
May 29th, 2014

OIL AND NATURAL GAS CORPORATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2014
(₹ in million)

	Particulars	Note No.	2013-14	2012-13
I	INCOME			
	Revenue from Operations (Gross)	29	1,782,051.84	1,658,481.91
	Less Excise Duty		37,281.28	34,456.70
	Revenue from Operations (Net)		1,744,770.56	1,624,025.21
	Other Income	30	68,937.11	54,906.91
	Total Revenue		1,813,707.67	1,678,932.12
II	EXPENDITURE			
	(Increase)/ Decrease in Inventories	31	(7,192.63)	(11,205.01)
	Purchases of stock-in-trade		0.32	0.42
	Production, Transportation, Selling and Distribution Expenditure	32	1,161,692.53	1,067,545.05
	Exploration Costs written off			
	-Survey costs		17,471.47	18,077.72
	-Exploratory well costs		67,409.85	92,378.82
	Depreciation, Depletion, Amortisation and Impairment	33	165,809.04	117,633.04
	Finance Costs	34	6,243.35	4,837.97
	Provisions and Write-offs	35	10,563.05	22,243.59
	Adjustments relating to Prior Period (Net)	36	(2,423.37)	(1.14)
	Total Expenses		1,419,573.61	1,311,510.46
	Profit before Exceptional, Extraordinary items and Tax		394,134.06	367,421.65
	Exceptional items		-	-
	Profit before Extraordinary items and Tax		394,134.06	367,421.65
	Extraordinary items		-	-
	Profit before Tax		394,134.06	367,421.65
	Tax Expenses			
	- Current Tax		90,449.09	112,139.08
	- Earlier years		2,449.89	(4,849.02)
	-MAT Credit		(2,872.04)	19.34
	- Deferred Tax		37,576.92	20,209.62
	Profit after Tax		266,530.20	239,902.63
	Add: Share of Profit/(Loss) in Associate	20.4	118.15	37.94
	Less: Share of Profit - Minority Interest		1,583.02	(2,255.87)
	Group Profit after Tax		265,065.33	242,196.44
	Earning per Equity Share-Basic and Diluted (₹) (Face Value ₹ 5/- per Share)	37	30.98	28.31
	Accompanying Notes are an integral of this Financial Statements.	1 to 50		

For and on behalf of the Board

(N. K. Sinha)
Company Secretary

(A K Banerjee)
Director (Finance)

(D.K.Sarraf)
Chairman & Managing Direct

In terms of our report of even date attached
For G D Apte & Co.
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Firm Reg. No. 100515W

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

(R.K.Mehra)
Partner (M.No. 006102)

New Delhi
May 29th, 2014

OIL AND NATURAL GAS CORPORATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2014

(₹ in million)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax and extraordinary items	394,134.06	367,421.65
Adjustments For:		
- Prior Period Items	(2,423.37)	(1.14)
- Depreciation, Depletion and Amortisation & Impairment	165,809.04	120,942.32
-Exploration Well Costs Written off	67,409.85	92,378.82
-Interest on Borrowings	6,243.35	4,837.97
-Foreign Exchange Loss/Translation Adjustment	21,188.73	11,109.43
-Provision for Employee Benefits	(14,509.31)	9,508.82
-Provision for Abandonment	243.56	-
-Profit/Loss on sale of fixed assets	15.55	27.97
-Lease Income (Net)	-	-
-Other Provision and Write offs	10,563.05	22,243.59
-Excess Provision/Liability written Back	(19,216.85)	(11,002.81)
-Interest Income	(32,434.34)	(31,218.82)
-Deferred Government Grant	(2.87)	(3.28)
-Dividend Received	(3,550.25)	(3,187.34)
- Miscellaneous Expenditure written off	-	0.03
-Provision for Mark to Market loss on Derivative contracts	2,244.85	-
-Profit on sale of investment	(14.50)	-
	201,566.49	215,635.56
Operating Profit before Working Capital Changes	595,700.55	583,057.21
Adjustments for:-		
-Receivables	5,713.05	(44,305.25)
-Loans and Advances	(1,371.97)	(8,810.72)
-Other Current Assets	(148,012.35)	(11,757.97)
-Inventories	(22,016.15)	2,921.88
-Trade Payable and Other Liabilities	207,718.63	1,886.04
	42,031.20	(60,066.02)
Cash generated from Operations	637,731.75	522,991.19
Direct Taxes Paid (Net of tax refund)	(105,666.61)	(124,162.45)
Cash Flow before prior period and Extra ordinary Items	532,065.14	398,828.74
Prior period items	638.65	(86.96)
Net Cash Flow from Operating Activities 'A'	532,703.79	398,741.78
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(149,385.04)	(179,608.84)
Sale of Fixed Assets	29.04	172.44
Acquisition, Exploration and Development Cost	(466,269.90)	(243,193.21)
Purchase of Investments	-	(825.50)
Sale of Investments	651.49	8,791.86
Advance/Investment in Joint Controlled Entities/Associates	(4,664.61)	263.07
Loans to Public Sector Undertakings and Other Bodies Corporate	(26,707.48)	83.03
Gain on Foreign Exchange Forward exchange Contract	797.15	704.76
Deposit in Site Restoration Fund	(14,480.37)	(11,596.32)
Project Development/ Preoperative expenditure (net of advances)	(11,297.24)	(26,125.67)
Dividend Received	3,551.30	3,199.07
Interest Received	31,450.08	35,936.50
Net Cash Flow from Investing Activities 'B'	(636,325.59)	(412,198.81)

(₹ in million)

	Year Ended 31st March, 2014	Year Ended 31st March, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Proceeds from issue of Share Capital	-	574.68
Advance Against Equity	1,781.72	1,462.94
Proceeds from Borrowings	331,987.96	104,318.58
Repayment of Borrowings	(84,764.56)	(58,640.99)
Dividend Paid	(83,453.45)	(94,960.30)
Tax on Dividend	(14,170.69)	(15,060.42)
Interest Paid	(7,090.21)	(6,870.82)
Change in Minority Interest	7,955.45	(93.94)
Net Cash Flow from Financing Activities 'C'	152,246.22	(69,270.27)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	48,624.42	(82,727.30)
Cash and Cash Equivalents as at 1st April, 2013 (Opening Balance)		
Note 26	196,007.99	278,735.07
Add: Other Adjustments to Cash and Cash Equivalent *	0.00	0.23
	196,007.99	278,735.30
Cash and Cash Equivalents as at 31st March, 2014** (Closing Balance)	244,632.41	196,008.00
Note 26	48,624.42	(82,727.30)

*Adjustment on account of increase in shareholding in OPAL & OTPC

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
- Cash and Cash equivalent excludes ₹ 168.85 million (Previous year ₹ 182.51 million) in current account/deposit account of interest warrant/refund accounts, under lien, pledge with banks/Govt. authorities in respect of MRPL.
- ** Cash and Cash equivalent includes restricted amount of ₹ 389.69 million (Previous year ₹ 388.68 million) earmarked for payment of unclaimed dividend.
- Cash Balance includes ₹ 7,769.03 million share of jointly controlled entity. (Previous year ₹ 3,389.43 million)
- Bracket indicates cash outflow.
- Previous years figures have been regrouped wherever necessary to conform to current year's classification.

For and on behalf of the Board

(N. K. Sinha)
Company Secretary

(A. K. Banerjee)
Director(Finance)

(D.K Sarraf)
Chairman & Managing Director

In terms of our report of even date attached

For G D Apte & Co.
Chartered Accountants
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For Mehra Goel & Co.
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Firm Reg. No. 000517N

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

(R.K.Mehra)
Partner (M.No. 006102)

New Delhi
Date : 29th May, 2014



Notes to Financial Statements for the year ended 31st March, 2014

1. Group information

Oil and Natural Gas Corporation Limited ('ONGC' or 'the Company') is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its Shares are listed and traded on Stock exchanges in India. The Consolidated financial statements relate to the Company, its Subsidiaries, Joint Venture Entities and Associate. The Group (comprising of Company and its subsidiaries), Joint Venture Entities and Associate are mainly engaged in Exploration & Production (E&P) of Oil & Gas in India and abroad including refinery, Power Generation, Petrochemicals, LNG supply, pipeline transportation, SEZ development and Helicopter services.

2. Significant Group Accounting Policies

2.1 Principles of Consolidation

The Consolidated Financial Statements have been prepared on the following basis: -

- i) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".
- ii) The financial statements of Joint Venture entities are combined by applying proportionate consolidation method on a line by line basis on like items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 - "Financial Reporting of Interests in Joint Ventures".
- iii) Investments in Associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 – "Accounting for Investments in Associates in Consolidated Financial Statements".
- iv) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements except as otherwise stated.
- v) The difference between the cost of investment in the subsidiaries/associates/Joint ventures, and the net assets at the time of acquisition of shares in the subsidiaries/associates/joint ventures is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be.
- vi) Minorities' share in Net Profit/Loss of subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the Net Profit/Loss attributable to the shareholders of the Company.
- vii) Minorities' share of Net Assets of subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and the equity of the Company's shareholders.



- viii) In case of foreign subsidiaries and joint ventures, foreign currency transactions are translated as per the provisions of Accounting Standard (AS) 11 – “Accounting for Effects of changes in Foreign Exchange Rates” in the Consolidated Financial Statements.
- ix) The difference between the proceeds from disposal of investments in a subsidiary and the carrying amount of its net assets as on the date of disposal is recognized in the Consolidated Statement of Profit and Loss.

2.2 Other significant Accounting Policies

a.	Basis of preparation The financial statements are prepared under the historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP), applying the Successful Efforts Method as per the Guidance Note on Accounting for Oil and Gas Producing Activities (Revised) issued by the Institute of Chartered Accountants of India and Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act, 1956. As the operating cycle cannot be identified in normal course due to the specific nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956. The financial statements are presented in Indian Rupees and all values are rounded to the nearest million except otherwise stated.
b	Use of Estimates The preparation of financial statements requires estimates and assumptions, which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.
c.	Government Grants Government Grant related to acquisition of Fixed Assets is treated as ‘Deferred Government Grant’ and amount equal to proportionate depreciation of such assets is credited to Statement of profit and loss.
d.	Fixed Assets
d.1	Tangible Assets
d.1.1	Fixed assets are stated at historical cost less accumulated depreciation and impairment. Fixed assets received as donations/gifts are capitalised at assessed values with corresponding credit taken to Capital Reserve.
d.1.2	All costs, net of applicable tax credits, relating to acquisition of fixed assets till the time of bringing the assets to working condition for intended use are capitalised.
d.2	Intangible Assets Intangible assets are stated at cost of acquisition, net of applicable tax credits, less accumulated amortization and impairment.



e.	Exploration, Development and Production Costs
e.1	Pre-acquisition cost Expenditure incurred before obtaining the right(s) to explore, develop and produce oil and gas are expensed as and when incurred.
e.2	Acquisition Cost Acquisition costs of an oil and gas property are the costs related to right to acquire mineral interest and are accounted/ treated as follows:- Exploration and Development stage: Acquisition cost relating to projects under exploration or developments are initially accounted as capital work in progress. Such costs are capitalized by transferring to Producing Property when a well is ready to commence commercial production. In case of abandonment/ relinquishment, such costs are written off. Production stage: Acquisition costs of a producing oil and gas property is capitalized as proved property acquisition cost under producing properties and amortized over the production profile of the underlying asset using the unit of production method over proved reserves.
e.3	Survey Cost Cost of Survey and prospecting activities conducted in the search of oil and gas are expensed as exploration cost in the year in which these are incurred.
e.4	Exploratory/ Development Wells in Progress
e.4.1	All exploration costs incurred in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalized as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per Note no. 2.2.f.1 or expensed as exploration cost (including allocated depreciation) as and when determined to be dry or of no further use, as the case may be.
e.4.2	Costs of exploratory wells are not carried unless there are indications of sufficient quantity of reserves; sufficient progress is made in assessing the reserves and the economic & operating viability of the project. All such carried costs are subject to review for impairment as per Note no. 2.2.j.
e.4.3	All costs relating to Development Wells are initially capitalized as 'Development Wells in Progress' and transferred to 'Producing Properties' on completion as per Note no 2.2.f.1 and 2.2.f.2.
f.	Producing Properties
f.1	Producing Properties are created in respect of an area/field having proved developed oil and gas reserves when the well in the area/field is ready to commence commercial production.
f.2	Cost of temporary occupation of land, successful exploratory wells, all development wells, depreciation on related equipment, facilities and estimated future abandonment costs are capitalised and reflected as Producing Properties.
g	Depletion of Producing Properties Producing Properties are depleted using the "Unit of Production Method". The rate of depletion is computed with reference to an area covered by individual lease/license/asset/amortization base by considering the proved developed reserves and



	related capital costs incurred including estimated future abandonment costs net of salvage value. In case of acquisition cost, Producing Properties is depleted by considering the proved reserves. These reserves are estimated annually by the Reserve Estimates Committee of the Company, which follows the International Reservoir Engineering Procedures.
h	Production Costs Production costs include pre-well head and post-well head expenses including depreciation and applicable operating costs of support equipment and facilities.
i	Side tracking
i.1	The cost of abandoned portion of side tracked exploratory wells is expensed as 'Exploratory Well Cost'.
i.2	The cost of abandoned portion of side tracked development wells is considered as part of cost of development wells.
i.3	The cost of sidetracking in respect of existing producing wells is capitalised if it results in additional proved developed oil & gas reserves or increases the future economic benefits therefrom beyond previously assessed standard of performance, otherwise expensed as 'Work over Expenditure'.
j	Impairment
j.1	Producing Properties, Development Wells in Progress (DWIP) and Fixed Assets (including Capital Works in Progress) of a "Cash Generating Unit" (CGU) are reviewed for impairment at each Balance Sheet date. In case, events and circumstances indicate any impairment, recoverable amount of these assets is determined. An impairment loss is recognized, whenever the carrying amount of such assets exceeds the recoverable amount. The recoverable amount is higher of its 'value in use' or 'net selling price' (if determinable). In assessing value in use, the estimated future cash flows from the use of assets and from its disposal at the end of its useful life are discounted to their present value at appropriate rate. An impairment loss is reversed if there is increase in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, is allocated to its assets on a pro-rata basis. Subsequent to impairment, depreciation is provided on the revised carrying value of the assets over the remaining useful life.
j.2	Impairment testing during exploratory phase is carried out at area level when further exploration activities are not planned in near future or when sufficient data exists to indicate that although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or by sale. Impairment is reversed subsequently, to the extent that conditions for impairment are no longer present.
k	Abandonment Cost
k.1	The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities are recognized in respective assets when the well is completed / facilities are installed. The abandonment cost on dry well is expensed as exploratory well cost.
k.2	Provision for abandonment cost is updated based on the technical assessment at current costs. The effects of changes resulting from revisions to estimated liability are adjusted to the carrying amount of the related Asset and considered for depletion on a prospective basis.



1	Jointly Controlled Assets Unincorporated Joint Ventures in the nature of Production Sharing Contracts (PSC) has been entered with the Government of India/other countries and various bodies corporate for exploration, development and production and other activities. These unincorporated joint ventures have been classified as Jointly controlled Asset.
1.1	The share in the assets and liabilities along with attributable income, and expenditure, of the Jointly Controlled Assets is merged on line by line basis with the similar items in the Consolidated Financial Statements and adjusted for depreciation, depletion, survey, dry wells, abandonment, impairment and sidetracking in accordance with the accounting policies.
1.2	Disposal of Interest Gain or loss on sale of interest in a cost centre, is recognized in the statement of profit and loss, except that no gain is recognized at the time of such sale if substantial uncertainty exists about the recovery of the costs applicable to the retained interest or if the company has substantial obligation for future performance. The gain in such situation is treated as recovery of cost related to that cost centre.
1.3	The hydrocarbon reserves in such areas are taken in proportion to the participating interest.
m.	Investments
	Long-term investments are valued at cost. Provision is made for any diminution, other than temporary, in the value of such investments. Current Investments are valued at lower of cost and fair value.
n.	Inventories
n.1	Finished goods (other than Sulphur) and stock in pipelines/tanks and carbon credits are valued at Cost or net realizable value whichever is lower. Cost of Finished goods is determined on absorption costing method. Sulphur is valued at net realizable value. The value of inventories includes excise duty, royalty (wherever applicable) but excludes Cess.
n.2	Crude oil in unfinished condition in flow lines up to Group Gathering Stations/platform and Natural Gas in Pipelines is not valued.
n.3	Inventory of stores and spare parts is valued at Weighted Average Cost or net realizable value, whichever is lower. Provisions are made for obsolete and non-moving inventories.
n.4	Raw material and Stock in Process is valued at lower of cost or net realizable value. Crude oil as raw material is valued based on First in First Out (FIFO) cost, Condensate & LNG as raw material is valued on weighted average cost. Cost of Stock in Process comprise of raw material cost and proportionate Conversion cost.
n.5	Unserviceable and scrap items, when determined, are valued at estimated net realizable value.
o.	Revenue Recognition
o.1	Revenue from sale of products is recognized on transfer of custody to customers.
o.2	Any difference as of the reporting date between the entitlement quantity minus the quantities sold in respect of crude oil (including condensate), if positive (i.e. under lift quantity) the proportionate production expenditure is treated as prepaid expenses and, if negative (i.e. over lift quantity), a liability for the best estimate of the group's proportionate share of production expenses as per the Joint Operating Agreement / Production Sharing Agreement is created in respect of the quantity of crude oil to be foregone in future period towards settlement of the over-lift quantity of crude oil with corresponding charge to statement of Profit & Loss.



o.3	Any payment received in respect of short lifted gas quantity for which an obligation exists to supply such gas in subsequent periods is recognized as Deferred Revenue in the year of receipt. The same is recognized as revenue in the year in which such gas is actually supplied for the quantity supplied or in the year in which the obligation to supply such gas ceases, whichever is earlier.
o.4	Sale of crude oil and gas (net of levies) produced from Wells in Progress is deducted from expenditure on such wells.
o.5	Sales are inclusive of all statutory levies except Value Added Tax (VAT). Any retrospective revision in prices is accounted for in the year of such revision.
o.6	Revenue in respect of fixed price contracts is recognized for the quantum of work done on the basis of percentage of completion method. The quantum of work done is measured in proportion of cost incurred to date to the estimated total cost of the contract or based on reports of physical work done.
o.7	Finance income in respect of assets given on finance lease is recognized based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.
o.8	Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.
o.9	Lease Premium from the lease of land is recognized over primary lease period as per the agreement. Lease rental income is accounted for on the time proportion basis as per the terms agreed with lessees.
o.10	Revenue in respect of the following is recognized when there is reasonable certainty regarding ultimate collection: a. Gas pipeline transportation charges b. Reimbursable subsidies and grants c. Surplus from Gas Pool Account d. Interest on delayed realization from customers e. Liquidated damages from contractors/suppliers
p.	Depreciation and Amortization
p.1	Depreciation on fixed assets is provided for under the written down value method in accordance with the rates specified in Schedule XIV to the Companies Act, 1956.
p.2	Depreciation on additions/deletions during the year is provided on pro rata basis with reference to the date of additions/deletions except items of Plant and Machinery used in wells with 100% rate of depreciation and low value items not exceeding ₹5,000/- which are fully depreciated at the time of addition.
p.3	Depreciation on subsequent expenditure on fixed assets arising on account of capital improvement or other factors is provided for prospectively. Depreciation on refurbished/revamped assets which are capitalized separately is provided for over the reassessed useful life at rates which are not less than the rates specified in Schedule XIV to the Companies Act, 1956.
p.4	Depreciation on fixed assets (including support equipment, facilities and those taken on lease) used for exploratory/ development drilling and on production facilities is initially capitalised as part of drilling cost or producing properties and expensed/depleted as stated in note no 2.2.f & 2.2.g above. Depreciation on equipment/ assets deployed for survey activities is charged to Statement of Profit and Loss.
p.5	Leasehold land is amortized over the lease period except perpetual leases.
p.6	Right of way/ Right of use of land are amortized on Straight Line Method (SLM) over the



	estimated life of associated Asset.
p.7	Other Intangible Assets (software, copy right, patents etc.) are amortized on Straight Line Method (SLM) over the useful life not exceeding ten years from the date of capitalization
q.	Foreign Exchange Transactions
q.1	Foreign currency transactions on initial recognition in the reporting currency are accounted for at the exchange rates prevailing on the date of transaction.
q.2	At each Balance Sheet date, foreign currency monetary items are translated using the mean exchange rates prevailing on the balance sheet date and non-monetary items are translated using the exchange rate prevailing on the date of transaction or on the date when the fair value of such item was determined.
q.3	The loss or gain thereon and also the exchange differences on settlement of the foreign currency transactions during the year are recognized as income or expense and adjusted to the statement of profit & loss except where such liabilities and /or transactions relate to fixed assets/ projects and these were incurred/ entered into before 1.4.2004; in which case, these are adjusted to the cost of respective fixed assets.
q.4	In respect of integral foreign operations:
q.4.1	The foreign currency transactions on initial recognition in the reporting currency are recorded following the note no 2.2.q.1. For practical reasons, the average exchange rate of the relevant month is taken for the transactions of the month in respect of joint venture operations, where actual date of transaction is not available.
q.4.2	At each Balance Sheet date, monetary and non-monetary items are translated following the policy stated in note no. 2.2.q.2.
q.4.3	All exchange differences are treated following the policy stated in note no.2.2.q.3.
q.5	The financial statements of the non-integral foreign operations are incorporated in the financial statements using the following principles:
q.5.1	The assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the average of the exchange rate prevailing on the date of the balance sheet;
q.5.2	Income and expense items of the non-integral foreign operation are translated at the average exchange rates for the period to which the financial statements relate;
q.5.3	The resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operation.
q.5.4	Exchange differences arising on net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve until the disposal of such investment, at which time they are recognized as income or as expenses.
q.6	In the case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortized as income or expense over the life of the contract as well as exchange difference on such contracts, i.e. difference between the exchange rate at the reporting / settlement date and the exchange rate on the date of inception / the last reporting date, is recognized as income / expense for the period.
r.	Employee Benefits
r.1	All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.
r.2	Employee Benefit under defined contribution plans comprising provident fund etc. is



	recognized based on the undiscounted amount of obligations of the group to contribute to the plan. The same is paid to a fund administered through a separate trust.
r.3	Employee benefits under defined benefit plans comprising of gratuity, leave encashment, compensated absences, post-retirement medical benefits and other terminal benefits are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit Method. Actuarial Liability in excess of respective plan assets is recognized during the year. Actuarial gains and losses in respect of post-employment and other long-term benefits are recognized in the statement of profit & loss.
s.	Voluntary Retirement Scheme Expenditure on Voluntary Retirement Scheme (VRS) is charged to statement of profit & loss when incurred.
t.	General Administrative Expenses General administrative expenses which are directly or specifically attributable are allocated to activities and the balance is charged to Statement of Profit & Loss.
u.	Insurance claims The insurance claims are accounted for as under :-
u.1	In case of total loss of asset, by transferring either the carrying cost of the relevant asset or insurance value (subject to deductibles), whichever is lower under the head "Claims Recoverable-Insurance" on intimation to Insurer. In case insurance claim is less than carrying cost, the difference is charged to statement of profit & loss Account.
u.2	In case of partial or other losses, expenditure incurred/payments made to put such assets back into use, to meet third party or other liabilities (less policy deductibles) if any, are accounted for as "Claims Recoverable-Insurance". Insurance Policy deductibles are expensed in the year the corresponding expenditure is incurred.
u.3	As and when claims are finally received from insurer, the difference, if any, between Claims Recoverable-Insurance and claims received is adjusted to statement of profit & loss.
v.	Research Expenditure Revenue expenses on Research are charged to statement of profit & loss, when incurred.
w.	Taxes on Income Provision for current tax is made as per the provisions of the Income Tax Act, 1961/other applicable tax laws. Deferred Tax Liability / Asset resulting from 'timing difference' between book profit and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is recognized and carried forward only to the extent that there is reasonable certainty that the asset will be realized in future.
x.	Borrowing Costs Borrowing Cost specifically identified to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to statement of profit & loss.



y.	Rig Days Costs Rig movement costs are booked to the next location drilled/planned for drilling. Abnormal Rig days' costs are considered as un-allocable and charged to statement of profit & loss.
z.	Unamortized Expenditure
z.1	Dry docking charges of Rigs/ Multipurpose Supply Vessels (MSVs), Geo Technical Vessels (GTVs), Well Stimulation Vessels, Offshore Supply Vessels (OSVs), Rig/equipment mobilization expenses and other related expenditure are amortized over the period of use not exceeding five years and balance is carried under head "Unamortized Expenditure" in the balance sheet.
za	Transportation Costs Transportation Costs in respect of the quantity of gas short transported, for which the right exists to transport such gas in subsequent periods at no charge, is treated as Deferred Expenditure in the year of payment. The same is treated as cost in the year in which the gas is actually transported for the quantity transported or in the year in which the right to transport such gas ceases, whichever is earlier.
zb.	Lease
zb.1	Assets given on Lease:
zb.1.1	Assets given on finance lease are accounted for as per Accounting Standard (AS) 19 "Leases". Such assets are included as a receivable at an amount equal to the net investment in the lease.
zb.1.2	Initial direct costs incurred in respect of finance leases are recognized in the statement of profit and loss in the year in which such costs are incurred.
zb.2	Assets taken on Lease
zb.2.1	Assets taken on finance lease are capitalized and recognized at the lower of the fair value of the asset and the discounted value of the minimum lease installments. The lease payments are bifurcated into repayment and interest components, based on a fixed interest rate and installment as derived from the underlying agreement. The lease commitments are carried under liabilities exclusive of interest. The interest component is recognized in the statement of profit & loss in accordance with the lease installments.
zb.2.2	Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit & loss on accrual basis.
zc	Claims Claims/Surrenders on/to Petroleum Planning and Analysis Cell, Government of India are booked on 'in principle acceptance' thereof on the basis of available instructions/clarifications subject to final adjustments, as stipulated. All other claims and provisions are booked on the merits of each case.
zd	Provisions, Contingent Liabilities and Contingent Assets Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources embodying economic benefits. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are disclosed by way of notes to accounts.



ze	Accounting for derivatives Accounting for Derivatives, other than those covered under Accounting Standard (AS) 11, is done on mark to market basis and the losses are charged to statement of Profit & Loss. Unrealized gains are ignored.
zf	Goodwill on Consolidation Goodwill arising on Consolidation of Companies having Hydrocarbon reserves are amortized based on “Unit of Production Method” considering the related Proved Reserves. Other goodwill on consolidation is not amortized

ONGC Limited, Consolidated Accounts for the year 2013-14


3. The consolidated financial statements represent consolidation of accounts of “Oil and Natural Gas Corporation Limited”, its subsidiaries, Joint ventures entities and associate as detailed below:-

Sly No.	Name of the Subsidiaries/ Joint Venture and Associates	Country of Incorporation	Proportion of Ownership Interest As on		Status of Audit as on 31.03.2014
			31.03.2014	31.03.2013	
A	Subsidiaries				
1	ONGC Videsh Limited (OVL)	India	100%	100%	Audited
1.1	ONGC Nile Ganga B.V. (ONGBV)	The Netherlands	Class A and Class B 100%	Class A and Class B 100%	Audited
1.1 (i)	ONGC Campos Ltda.	Brazil	100%	100%	Audited
1.1 (ii)	ONGC Nile Ganga (Cyprus) Ltd.	Cyprus	100%	100%	Audited
1.1 (iii)	ONGC Nile Ganga (San Cristobal) B.V.	The Netherlands	100%	100%	Audited
1.1 (iv)	ONGC Satpayev E&P B.V.	The Netherlands	100%	100%	Audited
1.1 (v)	ONGC Caspian E&P B.V.	The Netherlands	100%	100%	Audited
1.2	ONGC Nile Ganga B.V. (ONGBV)	The Netherlands	Class C 55% direct (balance 45% held by OMEL)	Class C 55% direct (balance 45% held by OMEL)	Audited
1.3	ONGC Narmada Limited (ONL)	Nigeria	100%	100%	unaudited
1.4	ONGC Amazon Alaknanda Limited (OAAL)	Bermuda	100%	100%	Audited
1.5	Imperial Energy Limited (*)	Cyprus	100%	100%	Audited
1.5 (i)	Imperial Energy Tomsk Limited	Cyprus	100%	100%	Audited
1.5 (ii)	Imperial Energy (Cyprus) Limited	Cyprus	100%	100%	Audited
1.5(iii)	Imperial Energy Nord Limited	Cyprus	100%	100%	Audited
1.5(iv)	RK Imperial Energy (Kostanai) Limited\$	Cyprus	100%	100%	unaudited
1.5(v)	Freshspring Investments Limited (\$)	Cyprus	100%	100%	unaudited
1.5 (vi)	Nefsilius Holdings Limited (\$)	Cyprus	100%	100%	unaudited
1.5(vii)	Biancus Holdings Limited	Cyprus	100%	100%	Audited
1.5(viii)	Redcliffe Holdings Limited	Cyprus	100%	100%	Audited
1.5 (ix)	Imperial Energy Gas Limited (\$)	Cyprus	100%	100%	unaudited
1.5(x)	Imperial Frac Services (Cyprus) Limited	Cyprus	100%	100%	Audited
1.5 (xi)	San Agio Investments Limited	Cyprus	100%	100%	Audited
1.5(xii)	LLC Sibinterneft (**)	Russia	47.52%	47.52%	Audited up to 31.12.13
1.5(xiii)	LLC Allianceneftgaz	Russia	100%	100%	Audited up to 31.12.13
1.5 (xiv)	LLC Nord Imperial	Russia	100%	100%	Audited up to 31.12.13
1.5(xv)	LLC Imperial Trans service (\$\$)	Russia	100%	100%	Audited up to 31.12.13
1.5(xvi)	LLC Rus Imperial Group	Russia	100%	100%	Audited up to 31.12.13
1.5(xvii)	LLC Stratum (\$\$)	Russia	100%	100%	Audited up to 31.12.13
1.5(xviii)	LLC Imperial Frac Services	Russia	50%	50%	Audited up to 31.12.13
1.6	Carabobo One AB	Sweden	100%	100%	Audited
1.6(i)	Petro Carabobo Ganga B.V.	The Netherlands	100%	100%	Audited
1.7	ONGC (BTC) Ltd	Cayman Islands	100%	100%	unaudited
1.8	Beas Rovuma Energy Mozambique	British Virgin island	60%	-	Audited

ONGC Limited, Consolidated Accounts for the year 2013-14


	Ltd				
1.9	ONGC Hydrocarbons Ltd (#)	Mauritius	100%	-	unaudited
1.10	Krishna Rovuma Energy Mozambique Ltd (#)	Mauritius	100%	-	unaudited
2.	Mangalore Refinery and Petrochemicals Ltd. (MRPL)	India	71.63%	71.63%	Audited
B Joint Venture Entities					
1.	Petronet LNG Limited (PLL)	India	12.50%	12.50%	Audited
2.	Petronet MHB Ltd (PMHBL)	India	28.77%	28.77%	Audited
3.	Mangalore SEZ Ltd (MSEZ) (note 3.1)	India	26.46%	26.46%	Unaudited
4.	ONGC Mangalore Petrochemicals Ltd. (OMPL) (note 3.2)	India	48.15%	48.15%	Audited
5.	ONGC Petro Additions Ltd. (OPaL)	India	49.36%	49%	Audited
6.	ONGC Tripura Power Company Ltd. (OTPC)	India	49.52%	49.52%	Unaudited
7.	ONGC Teri Biotech Ltd. (OTBL)	India	49.98%	49.98%	Audited
8.	Dahej SEZ Limited (DSEZ)	India	50.00 %	50.00 %	Unaudited
9.	ONGC Mittal Energy Limited (OMEL) (through OVL)	Cyprus	49.98%	49.98%	Unaudited
10.	Shell MRPL Aviation Fuels & Services Pvt. Limited (SMASL)(through MRPL)	India	50%	50%	Audited
11.	North East Transmission Company Ltd. Limited (NETC) (through OTPC)	India	30.00%	30.00%	Unaudited
12.	Mangalore STP Limited (through MSEZ)	India	70.00%	70.00%	Unaudited
C Associates					
1.	Pawan Hans Ltd. (PHL)	India	49.00 %	49.00 %	Unaudited

(*) Jarpeno Limited has been rechristened as Imperial Energy Limited with effect from 19th 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 companies has been liquidated w.e.f. 23rd March, 2014

(\$\$) These two companies have now merged with LLC Nord Imperial w.e.f 29th November, 2013

(#) These companies are under liquidation.

3.1 Includes holding of 0.96% by OMPL.

3.2 Includes holding of 3% by MRPL

3.3 In view of different sets of environment/prevalent laws in respect of respective countries in which the subsidiaries /JV are operating, the accounting policies followed (for treatment of depreciation of Tangible Assets, sales revenue and royalty etc.) by the subsidiaries/JVs are different from the accounting policies of the Company. For consolidation of financial statement, the transactions reported which have been arrived using such different accounting policies by the group companies have been considered and disclosed at Note no. 9.2, 14.2, 14.5, & 14.6, 15.2, 16.2, 17.1(c),17.1(d), 17.1(e), 17.1(f), 24.3, 24.4, 24.5, 28.2, 29.6, 29.7, 32.2, 32.6, 45.2.3 & 48.

3.4 During the period group has changed the accounting policies to align with the Guidance Note on Accounting for Oil and Gas Producing Activities (Revised) notified by the Institute of Chartered Accountants of India and Expert advisory opinion of ICAI on treatment of right of way. The impact of such changes in policies resulted in net increase of profit before tax by ₹ 10,128.20 million and same has been disclosed in note no. 5.8, 9.3, 15.3, 15.4, 16.1 (c), 18.1(b), 18.1(c) & 18.1(d).



4. Share Capital

(₹ in million)

	As at	As at
	31st March, 2014	31st March, 2013
Authorised:		
30,000,000,000 Equity Shares of ₹ 5 each	150,000.00	150,000.00
(Previous Year 30,000,000,000 Equity Shares of ₹ 5 each)		
Issued and Subscribed:		
8,555,528,064 Equity Shares of ₹ 5 each	42,777.64	42,777.64
(Previous Year 8,555,528,064 Equity Shares of ₹ 5 each)		
Paid up :		
8,555,490,120 Equity Shares of ₹ 5 each	42,777.45	42,777.45
(Previous Year 8,555,490,120 Equity Shares of ₹ 5 each)		
Add: Shares forfeited	0.15	0.15
TOTAL	42,777.60	42,777.60

4.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2014		As at 31st March, 2013	
	No. in million	₹ in million	No. in million	₹ in million
Outstanding at the beginning of the year	8,555.49	42,777.45	8,555.49	42,777.45
Changes during year	-	-	-	-
Outstanding at the end of the year	8,555.49	42,777.45	8,555.49	42,777.45



4.2 Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

4.3 Details of shareholders holding more than 5% shares in the company are as under:-

Name of Share Holder	As at 31st March, 2014		As at 31st March, 2013	
	No. in million.	% holding	No. in million.	% holding
President of India	5,897.76	68.94	5,922.55	69.23
Life Insurance Corporation of India	666.70	7.79	662.85	7.75
Indian Oil Corporation Limited	657.92	7.69	657.92	7.69

4.4 Pursuant to the approval of the members dated 28.01.2011, during the financial year 2010-11, one equity share having face value of ₹ 10/- each had been sub-divided into two equity shares of ₹ 5/- each and bonus shares in proportion of one new equity bonus share of ₹ 5/- each for every one fully paid up equity share of ₹ 5/- each held on 09.02.2011 (record date) had been allotted. The company has issued total 4,277.75 million equity shares of face value of ₹ 5 each issued as fully paid up by way of bonus shares during the period of five years immediately preceding the reporting date.

4.5 Shares reserved for issue under option : Nil (previous year Nil)



5. Reserves and Surplus

(₹ in million)

		As at 31st March, 2014	As at 31st March, 2013	
Capital Reserve (Note 5.1)				
a) As per last Balance Sheet	1,154.05		1,104.97	
b) Addition/(deduction) during the year	80.92	1,234.97	49.08	1,154.05
Capital Redemption Reserve (Note 5.3)				
a) As per Last Balance Sheet	91.95		46.02	
b) Add Transfer from FE Translation Reserve	0.02		-	
b) Add: Transferred from P&L Account		91.97	45.93	91.95
Securities Premium Account				
a) As per last Balance Sheet	144.33		144.33	
b) Less: Bonus Share issued	-	144.33	-	144.33
Debenture Redemption Reserve (Note no. 5.4)				
a) As per Last Balance Sheet	14,088.91		9,781.27	
b) Add: Transferred from Surplus Account	10,399.95	24,488.86	4,307.64	14,088.91
Deferred Government Grant (Note 2.2.c)				
a) As per last Balance Sheet	27.53		30.82	
b) Addition during the year	17.07		-	
c) Less: Deduction during the year (note 5.5)	2.87	41.73	3.29	27.53
Foreign Exchange Translation Reserve (Note 5.6)				
a) As per Last Balance Sheet	37,554.33		24,639.98	
b) Addition/(deletion)	33,209.48		12,914.35	
c) Less: Transfer to Capital Redemption Reserve	0.02	70,763.79	-	37,554.33
Foreign Currency Monetary Item Exchange Account (note 5.7)		(3,925.56)		-
Hedging Reserve (note 32.6)		15.53		-
General Reserve				
a) As per last Balance Sheet	1,223,664.23		1,105,907.56	
Add: Adj. with opening reserve (Note no. 5.8)	(3,143.02)			
c) Add: Transferred from Surplus Accounts	132,250.48	1,352,771.69	117,756.67	1,223,664.23
Surplus				
a) As per last Balance Sheet	205,772.77		179,958.75	
b) Add: Transferred from Statement of Profit and Loss	265,065.33		242,196.44	
c) Add: Adjustment due to change in holding/other adjustment	36.06		58.45	
d) Less: Proposed Dividend (note 5.2)	2,138.87		4,277.75	
e) Less: Interim Dividend	79,138.31		76,999.41	
f) Less: Tax on Dividend	13,841.60		13,053.47	
g) Less: Transfer to Capital Redemption Reserve	-		45.93	
h) Less: Transfer to Debenture redemption Reserve	10,399.95		4,307.64	
j) Less: Transferred to General Reserve	132,250.48	233,104.95	117,756.67	205,772.77
TOTAL		1,678,732.26		1,482,498.10

5.1 Includes ₹ 159.44 million (Previous year ₹ 159.44 million) being assessed value of assets received as gift and ₹ 4.18 million (Previous year ₹ 4.18 million) being Capital Reserve on Consolidation.

ONGC Limited, Consolidated Accounts for the year 2013-14



5.2 The Board of Director has recommended a final dividend of ₹ 0.25 per share (previous year ₹ 0.50 per share) which is subject to the approval of the shareholders in the ensuing Annual General Meeting over and above the interim dividend of ₹ 9.25 per share (Previous year ₹ 9.00 per share).

5.3 Includes ₹ 91.86 Million (Previous year ₹ 91.86 million) Capital Redemption Reserve towards redemption of Preference share capital during 2011-12 and 2012-13 in respect of subsidiary, MRPL.

5.4 Debenture Redemption Reserve: -

Debenture Redemption Reserve includes ₹ 24470.11 million in respect of subsidiary company OVL, as follows:

(₹ in million)			
Particulars	Balance as on 31 st March 2013	Addition during the period	Balance as on 31 st 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
Total (A)	14,088.91	4,307.64	18,396.55
Unsecured 3.75% 10 years USD Bonds	-	3,312.85	3,312.85
Unsecured 2.50% 5 years USD Bonds	-	2,760.71	2,760.71
Total (B)	-	6,073.56	6,073.56
Total (A+B)	14,088.91	10,381.20	24,470.11

5.5 Represents the amount equivalent to depreciation transferred to Statement of Profit and Loss.

5.6 Foreign Currency Translation Reserve:

The subsidiary, ONGC Videsh Limited has followed the Accounting Standard (AS) 11 - Effects of Changes in Foreign Exchange Rates (revised 2003) for incorporating in the consolidated financial statements following the principles for translation of the financial statements of Non-integral Foreign Operations. Accordingly, the foreign exchange difference of ₹ 33,209.46 Million (Previous year ₹ 12,914.34 Million) has been accounted as foreign currency translation reserve.

5.7 Foreign Currency Monetary Item Account:

The subsidiary, ONGC Videsh Limited has foreign exchange difference on the foreign currency bonds till 31.03.2014 amounting to ₹ 4,616.00 million (refer note no. 6.3.2) has been amortized over the outstanding tenure of the loan as per the provision of paragraph 46A of AS 11 as below:-

(₹ in million)

Particulars	As at 31 March 2014	As at 31 March 2013
Opening Balance	-	-
Additions during the year	(4,616.00)	-
Amortized during the year	690.44	-
Closing Balance	(3,925.56)	-

5.8 The Company has implemented the Guidance note on Oil & Gas Producing activities (revised) issued by the Institute of Chartered Accountants of India w.e.f. 01.04.2013. The company has carried out impairment testing of assets in exploratory phase (Exploratory Wells in Progress) as on 01.04.2013 and accordingly, an amount of ₹3,143.01 million (net of deferred tax of ₹1,618.41 million) has been accounted as provision and adjusted against reserve as on 01.04.2013. (Refer note no. 18.1.b)

5.9 Above Reserve and Surplus includes ₹ (-) 3,575.69 million share of jointly controlled entities (Previous year (-) 3,532.52 Million).

6. Long-term borrowings:-

(₹ in million)

		As at		As at
		31st March 2014		31st March 2013
A. Secured				
(a) Zero Coupon Bond (note no. 6.2.1)	3.64		27.29	
(b) Term Loan				
- From Banks	100,654.50		34,089.49	
- From Others	42,450.65		18,323.14	52,439.92
		143,108.79		
B. Unsecured				
(a) Non Convertible Redeemable Bonds (note 6.3.1)	48,423.00		-	
(b) Non Convertible Redeemable Debentures	3,700.00		23,400.00	
(c) Term Loan				
- From Banks	106,606.50		-	
- From Others	8,000.00		6,999.98	
(d) Non - Recourse deferred credit (Note 6.3.4)	-		134.98	
(e) Non-current maturities of finance lease obligations (note 6.3.5)	4,811.12		2,759.08	
g) Sales Tax Deferment Loan (note 6.3.7)	2,159.17		2,693.51	
		173,699.79		35,987.55
Total Long Term Borrowing (A+B)		316,808.58		88,427.47

6.1 Above include Secured long term borrowings include ₹ 112,385.66 million share of jointly controlled entities (Previous year ₹ 43,595.31 million) and Unsecured long term borrowings includes ₹ 7,823.39 million share of jointly controlled entities (Previous year ₹ 6,881.69 million).



6.2 Secured Loan

- 6.2.1 **Zero coupon bond (ZCB):** The Joint Venture, PMHBL has issued Zero Coupon Bonds to Lenders as per Corporate Debt Restructuring (CDR) Approved Scheme, repayable in 36 quarterly installments commencing from Sept 2006 and ending on June 2015. The ZCBs are secured by first mortgage on Immovable Properties - present & future, first charge on movable properties - present & future and charge on all receivables from the project on pari passu basis. Balance outstanding as on 31st March 2014 is ₹ 12.65 million (Previous year ₹ 94.88 million) out of which Group's share is ₹ 3.64 Million (Previous year ₹ 27.29 million).
- 6.2.2 The Subsidiary, MRPL has external commercial borrowing (ECB) of ₹ 38,948.00 million (Previous year ₹ 16,293.00 million), secured by first pari passu charge over immovable and movable fixed assets both present and future. The interest rate for ECB are based on 6 month LIBOR plus spread. The effective interest rate are 3.26%, 3.63%, 2.82%, 2.44% and 2.79% on ₹ 5,992.00 million, ₹ 8,988.00 million, ₹ 17,976.00 million, ₹ 2,996.00 million and ₹ 2,996.00 million respectively to be repaid by 2020-21.
- 6.2.3 The Joint Venture, PLL has outstanding loan from Banks, secured by first ranking mortgage and first charge on pari passu basis on all movable and immovable properties, both present and future including current assets except on trade receivables on which second charge is created on pari passu basis at an average interest rate of 10.02% p.a. applicable on 31st March, 2014. Balance outstanding as on 31st March, 2014 is ₹ 9,706.30 million (Previous year ₹ 10,941.10 million) out of which group's share is ₹ 1,213.29 million (Previous year ₹ 1,367.64 million)
- 6.2.4 The joint venture, OMPL has external commercial borrowing (ECB) arrangement from a consortium of banks for USD 310 million, secured by first charge on all fixed asset and second charge of the current assets. The rate of interest for ECB-I (USD 250 million) and ECB-II(USD 60 million) are LIBOR+3.13% and LIBOR+3.15% respectively. ECB-I & ECB-II are repayable in 14 equal half yearly installments commencing from 1st April, 2015 and 31st October, 2015 respectively. Balance outstanding as on 31st March 2014 is ₹ 18,618.60 million (Previous year ₹ 13,597.50 million) out of which group's share is ₹ 89,64.65 million (Previous year ₹ 6,547.05 million)
- 6.2.5 The Joint venture, OMPL has borrowed Rupee Term Loan from a Consortium of Banks at the interest rate which is "SBI base rate+1.25%" secured by first charge on all fixed assets and second charge on the current assets. The Rupee Term Loan is repayable in 36 equal quarterly installments from 31st December, 2014. Balance outstanding as on 31st March 2014 is ₹ 17,293.90 million (Previous year ₹ 10,000.00 million) out of which group's share is ₹ 8,326.82 million (Previous year ₹ 4,814.89 million).
- 6.2.6 The joint venture, OPaL has borrowed Secured term loan from a Consortium of Banks & external commercial borrowings (ECB) , by first ranking pari passu mortgage / charge on immovable and movable properties and assets both present and future and second ranking pari passu charge on the current assets. The details of rate, repayable period & outstanding amount are as below:-



(₹ in million)

Type of loan	Effective Rate	Repayable period	Outstanding Amount as on		Group's share in outstanding on	
			31.03.2014	31.03.2013	31.03.2014	31.03.2013
Bank-Medium Term loan	11.00%	By 31.12.2014	-	16,740.00		8,262.86
Bank-Long Term Loan	11.75%	41 quarterly installments starting from Q4 FY2015-16 to Q4FY2025-26	110,303.61	-	54,445.86	-
Sub Debt	Base rate+ spread 0.75% (11.00% effectively)	Repayable after 3 year from date of disbursement (i.e. Dec, 2016).	16,434.62	-	8,112.13	-
External commercial borrowings USD 50 Million	6 month USD LIBOR +324 basis points	9 half yearly installment starting from Q4 FY2015-16 to Q4 FY2019-20	3,024.50	-	1,492.89	-
External commercial borrowings USD 250 Million	6 month USD LIBOR +range 347 to 355 basis points	15 half yearly installments starting from Q4 FY2015-16 to Q4 FY 2022-23	10,283.30	-	5,075.84	-
Total			140,046.03	16,740.00	69,126.72	8,262.86

6.2.7 The Joint Venture, MSEZ has term loan from a Consortium of Banks at the interest rate “base rate + agreed spread (i.e. at 11.25%) ” secured by mortgage and hypothecation of immovable and movable assets repayable in 36 unequal quarterly installment commencing after moratorium period of 6 month from commercial operation date (COD is expected to be 1st April, 2015). Balance outstanding as on 31st March, 2014 is ₹ 5,546.62million (Previous year ₹ 4,333.00 million) out of which group's share ₹ 1,467.76 million (Previous year ₹ 1,146.61 million).

6.2.8 The Rupee term loan (RTL) of the Joint Venture, OTPC executed with Power Finance Corporation Ltd (PFC) has been repaid by OTPC on 31st Jan, 2014 and has been taken over by the State Bank of India(SBI). The outstanding loan from SBI is secured by first rank pari-passu charge on all immoveable properties - present and future, relating to the project and first charge by way of hypothecation on all moveable properties - present and future, relating to project and first charge on all the receivables, Letter of credit and Escrow Account. Interest on the RTL is at SBI base rate (floating) + 0.50% (spread) and is repayable in 60 equal quarterly installments commencing from the 31st March, 2014. Balance outstanding for the same on 31st March, 2014 is ₹ 23,131.10 million (Previous year ₹ 20,142.65 million) out of which group's share is ₹ 11,455.49 million (Previous year ₹ 9975.43 million). Further, the Joint venture company NETC of OTPC (NETC), still continue to avail loan from PFC by creating a first charge on its immovable properties acquired for the project along with the revenue and receivables from the



project - present and future against which Group's share is ₹ 1,885.859 million (previous year ₹ 2,035.27 million) as on 31st March, 2014.

- 6.2.9 The Joint Venture, PLL has external commercial borrowings from International Finance Corporation Washington D.C., USA, Proparco, France & Asian Development Bank at an average cost of 8.85% p.a. (inclusive of hedge cost) and loan from Bajaj Allianz Life Insurance Company Ltd (Indian lender) at an average interest rate of 10.02% p.a. as applicable as on 31st March, 2014. In respect of external commercial borrowings from International Finance Corporation Washington D.C., USA, and Proparco, France, PLL, has entered into derivative contracts to hedge the loan including interest. Balance outstanding as on 31st March, 2014, is ₹ 13,771.10 million (Previous year ₹ 16,241.10 million) out of which group's share is ₹ 1,721.39 million (Previous year ₹ 2,030.14 million).

6.3 Unsecured Loan

6.3.1 Non-convertible redeemable debenture (Rupee Bonds:

During the financial year 2009-10, the subsidiary, OVL, had raised funds from the financial markets by issuance of non-convertible redeemable debenture (Rupee Bonds) in the nature of debentures as per following:-

Particulars	Amount (₹ in Million)	Date of issue	Date repayable on
8.54 % 10 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series II	3,700.00	6-Jan-2010	6-Jan-2020
8.40 % 5 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series I (refer note no 12.3)	19,700.00	23-Dec-2009	23-Dec-2014
Total	23,400.00		

The above securities have been listed in National Stock Exchange of India Ltd. (NSE). Further the Company is required to maintain 100% asset cover as per SEBI guidelines. There is no put / call option on these bonds. The bonds are repayable in full (bullet repayment) on maturity date.

6.3.2 Foreign Currency Bonds

During the year 2013-14, the subsidiary, OVL, had raised funds from the international financial markets by issuance of non-convertible redeemable Reg-S foreign currency bonds as per following:

Particulars	Amount (₹ Million)	Date of issue	Date repayable on
USD 500 Million Unsecured Non-Convertible Reg S Bonds (Coupon-3.75% payable semi-annually in arrears)	27,145.00	7-May-2013	7-May-2023
USD 300 Million Unsecured Non-Convertible Reg S Bonds (Coupon-2.50% payable semi-annually in arrears)	16,287.00	7-May-2013	7-May-2018
Foreign Exchange difference (note 5.7)	4,616.00		
Total	48,048.00		



The above securities have been listed in Singapore Exchange (SGX). The USD 300 million Reg S bonds were issued at price of 99.655% and USD 500 million Reg S bonds were issued at price of 99.950% . The bonds have been issued in denomination of USD 200,000 and integral multiples of USD 1,000 in excess thereof. There is no periodical put/call option. The bonds are repayable in full (bullet repayment) on maturity date.

6.3.3 The Subsidiary, MRPL has unsecured term loan from Oil Industry Development Board (OIDB) of ₹ 8,000.00 million (previous year ₹ 6999.98 million). The interest rates on the same are 8.89 %, 9.04%, 8.73% and 8.98%, 8.94%, 9.27%, 9.06%, 9.15% and 9.27% on ₹ 2,737.50 million, ₹ 262.50 million, ₹ 1,250.00 million, 2750.00 million, ₹ 87.90 million, ₹ 1537.50 million, ₹ 399.60 million , ₹ 282.50 million and ₹ 692.50 million respectively, repayment up to 2018-19.

6.3.4 The Subsidiary, OVL has unsecured non-recourse deferred credit ₹ nil (previous year ₹ 134.98 million) from contractors of pipeline project executed in Sudan. The Nonrecourse deferred credit is repayable from the instalments of pipeline lease rentals from the Ministry of Energy and Mining (MEM), Sudan. The position of non-recourse deferred credit is as under:-

(₹ in million)

Non-Recourse Deferred Credit (unsecured)	As at 31st March, 2014	As at 31st March, 2013
Current (Note 12.3)	1,043.37	809.89
Non-Current (Note 6)	-	134.98
Total	1,043.37	944.87

6.3.5 The subsidiary, OVL has unsecured non-current maturity of finance lease obligation of ₹ 4,811.12 million (Previous year ₹ 2,759.08 million).

6.3.6 The subsidiary, OVL has availed a term loan from Bank amounting to ₹ 106606.50 million (USD1775 million) (Previous year ₹ nil) for the purpose of acquisition of block in Mozambique.

6.3.7 The Subsidiary, MRPL, has deferred payment liability on account of sale tax deferment liability of ₹ 2,159.17 million (Previous year ₹ 2,693.51 million) with nil interest rate, to be repaid by 2019-20.

6.3.8 The Joint Venture, PLL has raised the fund by issuing “Bonds- 8.35% Debenture - Series I” which are unsecured, non-convertible debentures repayable in financial year 2018-19. Balance outstanding as on 31st March, 2014 is ₹ 3000.00 million (Previous year Nil) out of which group’s share ₹ 375.00 million (Previous year Nil).



7. Deferred Tax Liabilities

The Deferred Tax Liability/Asset of the company, its subsidiaries and joint ventures as at 31st March, 2014 comprises of the major components of Deferred Tax Liabilities and Deferred Tax Assets under Accounting Standard-22 on 'Accounting for Taxes on Income' the details of the same given here under:

Particulars	(₹ in million)	
	As at	
	31st March, 2014	31st March, 2013
(i) Liabilities		
Depletion of Producing Properties	218,766.58	177,977.15
Depreciation Allocated to Wells in Progress & expenses relating to NELP	23,002.57	14,799.59
Deferred Revenue Expenditure written off	3,718.06	5,050.44
Development wells-in Progress	10,052.58	12,045.58
Depreciation	18,419.18	7,898.11
Others	7,300.79	3,707.51
Deferred tax liability of ONGBV, OAAL- Subsidiary of OVL	7,347.57	11,714.50
Total	288,607.33	233,192.88
(ii) Assets		
Depreciation	22,690.58	13,710.90
Unabsorbed losses and allowances	(1,581.49)	0.00
Dry wells written off	18,340.46	10,650.76
Provision for Non-Moving Inventories	1,876.75	1,584.30
Provision for Doubtful Debts/ Claims /Advances/ Interest	4,270.17	9,501.06
Provision for Abandonment	38,633.84	24,029.48
Provision for Leave Encashment\PRBS	1.73	1.56
Provision toward Additional Profit Petroleum & interest	3,426.45	3,102.97
Statutory duties unpaid u/s 43B	778.74	14,894.44
Others (note no. 7.1)	14,649.07	7,227.40
Deferred tax asset of ONGBV - Subsidiary of OVL	6,885.93	6,238.82
Total	109,972.23	90,941.69

7.1 Includes deferred tax asset of ₹1,618.41 million (Previous Year Nil) created consequent to assessment of impairment during exploration phase as at 01.04.2013 in terms of the Guidance Note on Oil and Gas Producing Activities (Revised) as referred at note no. 5.8 & 18.1(b)



7.2 The above includes Deferred Tax Asset of ₹ 6,885.97 million (Previous year ₹ 6,238.88 million) and Deferred Tax Liability of ₹ 185,521.07 million (Previous Year ₹ 148,490.07 million) in respect of various components of entities consolidated as below.

(₹ in million)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Net Deferred Tax Liability of ONGC	165,786.79	128,879.81
Net Deferred Tax Liability of OVL	6,921.94	3,649.86
Net Deferred Tax Liability of ONGBV	6,965.31	7,733.56
Net Deferred Tax Liability of OAAL	328.23	261.47
Net Deferred Tax Liability of Carabobo One AB	54.02	69.61
Net Deferred Tax Liability of MRPL	4,703.24	7,343.14
Net Deferred Tax Liability of PLL	691.25	488.75
Net Deferred Tax Liability of OTPC	70.29	63.87
Net Deferred Tax Liability of DSL	-	-
Consolidated Net Deferred Tax Liability	185,521.07	148,490.07
Net Deferred Tax Asset of ONGBV	6,763.69	5,840.86
Net Deferred Tax Asset of OAAL	-	230.79
Net Deferred Tax Asset of PMHBL	122.24	167.17
Net Deferred Tax Asset of OTBL	0.04	0.06
Consolidated Net Deferred Tax Asset	6,885.97	6,238.88

8. Other Long Term Liabilities

(₹ in million)

	As at 31st March, 2014	As at 31st March 2013
Trade payables		
- Outstanding dues to Micro & Small Enterprises	-	-
- Outstanding dues to other than Micro & Small Enterprises	1,020.45	1,301.85
Others		
- Advance from customers	3,374.39	3,275.51
- Deposits from Suppliers and Contractors	31.23	52.49
- Liability for Capital Goods	1,773.16	1,662.97
- Liabilities for Liquidated Damages	9,904.05	9,250.07
- Other Liabilities	2,422.03	1,620.22
TOTAL	18,525.31	17,163.11

8.1 Above other long term liabilities includes ₹ 7,261.96 million share of jointly controlled entities (Previous year ₹ 6,244.16 million).



9. Long Term Provisions

(₹ in million)

	As at	As at
	31st March, 2014	31st March 2013
Provision for Employee benefits		
- Unavailed Leave	386.24	18,509.05
- Gratuity	3.52	3.85
- Post Retirement Medical & Terminal Benefits	28,778.25	26,563.42
Provision for Abandonment (Note no. 9.3 & 44)	274266.03	207,255.35
Other Provisions (Note no. 44)	664.09	631.10
TOTAL	304,098.13	252,962.77

- 9.1 Above long term provisions includes ₹ 15.73 million share of jointly controlled entities (Previous year ₹ 11.07 million).
- 9.2 Subsidiaries and the Joint Venture Companies of OVL provide for the retirement benefits in accordance with the laws of Countries of their respective jurisdictions. The net impact on account of the difference in accounting policy is not ascertainable.
- 9.3 Change in policy of accounting in respect of provision for abandonment net of salvage value to gross basis (refer accounting policy no. 2.2.k.1) has resulted in an increase in provision by ₹ 26,969.32 million with corresponding increase in producing property by ₹ 26,729.88 million, Exploratory well in Progress by ₹ 59.04 million, Development well in progress by ₹ 42.97 million as on 31.03.2014 and decrease in profit before tax amounting of ₹ 137.43 million for the year ended 31.03.2014.

**10. Short Term Borrowings**

(₹ in million)

	As at	As at
	31st March 2014	31st March 2013
Secured		
Short Term Loans from Banks	810.75	738.30
Unsecured		
Loans Repayable on demand from Bank	3,868.75	66,479.09
Other Short Term Loans :		
From Banks	133,633.50	48,053.57
From Others	759.72	-
Total	139,072.72	115,270.96

Above Secured short term borrowing includes ₹ 810.75 million (Previous year ₹ 696.46 million) shares of jointly controlled entities and unsecured short term borrowing includes ₹ 3,868.75 million (Previous year ₹ 54,530.89 million) shares of jointly controlled entities.

10.1 Short Term Loan - Secured

10.1.1 The subsidiary, MRPL has outstanding secured short term Loan of ₹ 471.51 million (Previous year ₹ 158.95 million) from Bank secured by way of hypothecation of MRPL's stock of raw materials, finished goods, stock-in-process, stores, spares, components, book debts, outstanding moneys receivable, claim, bills, contracts, engagements, securities, both present and future and further secured by second ranking pari passu charge against company's immovable and movable fixed Asset both present and future. This includes ₹ 471.51 million (Previous year ₹ 117.12 million) in respect of joint venture company of MRPL, Shell MRPL Aviation Fuels & Services Pvt Ltd.

10.1.2 The Joint venture company, OTPC has borrowed short term loan from bank repayable within one year from date of first disbursement, that is by 30th September, 2014 unless otherwise extended further. The short term loan is secured by first rank pari passu charge on all immovable properties, present and future relating to project and first charge on all the receivable, letter of credit and Escrow Account at interest rate SBI base rate (floating)+.75% (spread). The balance outstanding as on 31.03.2014 is of ₹ 685.00 (Previous year ₹ 1,169.84 million) out of which group's share is ₹ 339.24 million (Previous year ₹ 579.35 million).

10.2 Short term Loan-Unsecured

10.2.1 The Joint venture, OPaL has borrowed short term loan from bank repayable on demand of ₹ Nil (Previous year ₹ 104,003.95 million) out of which group's share is ₹ nil (Previous year ₹ 50961.94 million).

10.2.2 The Joint venture, OMPL has borrowed short term loan from bank repayable on demand of ₹ 7,389.26 million (Previous year ₹ 7,412.31 million) out of which group's share is ₹ 3,557.85 million (Previous year ₹ 3,568.95 million).



- 10.2.3 The Joint venture, PLL has borrowed short term buyers credit from bank repayable on demand of ₹ 2487.20 million (Previous year Nil) out of which group's share is ₹ 310.90 million (Previous year Nil).
- 10.2.4 The Subsidiary, MRPL has availed ₹ nil (Previous year ₹ 11,948.20 million) in the form of buyers credit from banks.
- 10.2.5 The subsidiary OVL has availed bridge/short term loan of ₹ 133,633.50 million (Previous year ₹ 48,053.57 million) has taken in current year for the purpose of participating interest in Area 1 offshore, Mozambique. Borrowings in previous year were taken for acquisition of participating interest in ACG fields and BTC pipeline, Azerbaijan which has been repaid in current year.

11. Trade Payables

	(₹ in million)	
	As at	As at
	31st March 2014	31st March 2013
-Outstanding dues to Micro & Small Enterprises	82.20	3.60
-Outstanding dues to other than Micro & Small Enterprises (note 11.3)	2,91,894.47	1,85,848.16
-Deferred Credit on Gas Sale (note 11.2)	14,806.41	296.04
TOTAL	3,06,783.08	1,86,147.80

- 11.1 Above trade payable includes ₹ 3,597.75 million share of jointly controlled entities (Previous year ₹ 5,109.40 million).
- 11.2 Deferred credit on gas sales represents amounts received from gas customers against "Take or Pay" obligations under relevant gas sales agreements. The amounts are to be utilized to supply gas in subsequent year(s) free of charge to such customers.
- 11.3 In case of subsidiary MRPL, the trade payables includes ₹ 79141.99 million being overdue amount payable to National Iranian Oil Company (NIOC) pending settlement due to non finalisation of remittance channel arising out of UN/US/EU backed sanctions .



12. Other current liabilities

(₹ in million)

	As at 31st March 2014	As at 31st March 2013
Current Maturity of Long Term Borrowings (note 12.2 & 12.3)	34,028.47	2,268.60
Current Maturity of Finance Lease Obligations	1,217.72	889.04
Interest Accrued but not due on Borrowings	2,098.79	1,181.89
Interest Accrued and due on Borrowings	135.33	272.99
Advance from Customers	27,087.38	5,184.07
Unclaimed Dividend (note 12.4)	248.59	232.11
Liability for Capital Goods	28,044.22	40,037.21
Liability for Statutory Payments	19,634.39	19,954.87
Liability for Gratuity	18.22	155.98
Deposits from Suppliers and Contractors	7,061.07	4,024.10
Cash Call payable to JV Partners	31,299.06	22,186.46
Liability for Employees	9,641.61	6,586.84
Liability for Superannuation Benefits	427.31	20,204.79
Liabilities for Liquidated Damages	10,666.22	9,061.49
Other Liabilities (note 12.5)	46,585.52	38,628.69
Total	218,193.90	170,869.13

- 12.1 Above other current liabilities includes ₹ 18,812.81 million share of jointly controlled entities (Previous year ₹ 11,812.55 million).
- 12.2 Above includes, outstanding current maturity of unsecured Long Term Borrowings of ₹ 2,534.34 million (Previous year ₹ Nil) in respect of the subsidiary, MRPL. Refer note no.6.3.3.
- 12.3 Above includes, In respect of Subsidiary company, OVL, outstanding current maturity of non-convertible redeemable debentures amounting to ₹ 19,700 million (Previous year Nil), which are due for redemption on Dec 23, 2014 and current maturity of non-recourse deferred credit (unsecured) of ₹ 1043.37 million (Previous year ₹ 809.89 million) (refer note 6.3.1 & 6.3.4).
- 12.4 No amount is due for payment to Investor Education and Protection Fund.
- 12.5 The joint venture OTPC has transferred the equity share (16456000 no. of ₹ 10/- each fully paid-up) of North East Transmission Company Ltd (OTPC's JV Company) to the Govt of Nagaland during current year against amount received of ₹ Nil (Previous year ₹ 164.56 million) from Govt of Nagaland out of which group share included above is ₹ nil (Previous year ₹ 81.66 million) as transfer of these shares were pending, under "other liabilities" above.



13. Short Term provisions

(₹ in million)

		As at		As at
		31st March 2014		31st March 2013
Provision for Employees Benefits				
Unavailed Leave		2,701.14		2,015.05
Gratuity		0.33		59.76
Post Retirement Medical & Terminal Benefits		2,142.42		1,677.22
Provision for Abandonment (note 9.3 & 44)		424.39		436.77
Provision for Others				
Proposed Dividend		2,138.87		4,277.75
Tax on Proposed Dividend		397.92		768.88
Provision for wealth Tax	126.00		102.00	
Less: Paid	58.82		52.27	
		67.18		49.73
Provision for taxation		1.33		1.60
MAT Payable		72.32		44.81
Other Provisions (note no. 13.2 & 44)		1,524.00		1,201.35
TOTAL		9,469.90		10,532.92

13.1 Above short term provisions includes ₹ 324.85 million share of jointly controlled entities (Previous year ₹ 206.76 million).

13.2 Other provisions

The subsidiary, MRPL, had recognized liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March, 2014 for ₹ 1,155.18 Million (Previous year ₹ 961.75 million).



ONGC Limited, Consolidated Accounts for the year 2013-14

14. Tangible Assets

(₹ in million)

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14.1 Above includes:-

- (a) Additions to Tangible Fixed Assets are net of ₹ 2,195.48 million on account of foreign currency translation adjustment during the year (Previous year ₹ 1,107.95 million).
- (b) Land includes land in respect of certain projects for which execution of lease/conveyance deeds are in process.
- (c) Registration of title deeds in respect of certain Buildings is pending execution.
- (d) In respect of subsidiary MRPL, ₹ 249.66 million (Previous year ₹ 253.74 million) which has not been amortized in view of the fact that eventually the ownership will get transferred to the company on expiry of the lease period, of which ₹ 7.75 million (Previous year ₹ 11.52 million) is in the process being surrendered to competent Authority. Net Block ₹ 7.75 million (Previous year ₹ 11.52 million).
- (e) Plant & Equipment includes an amount of ₹ 782.98 million (Previous year ₹ 782.98 million) being MRPL's share of an asset jointly owned with another company. Net Block ₹ 38.04 million (Previous year ₹ 79.39 million).
- (f) In respect of subsidiary MRPL Lease land value ₹ 36.56 million (previous year ₹ 40.34 million) which is in possession of the company towards which formal lease deeds are yet to be executed. Net block ₹ 36.56 million (previous year ₹ 40.34 million).
- (g) Net Tangible Assets include ₹ 30,606.58 million share of jointly controlled entities (Previous year ₹ 16,308.36 million).
- (h) Depreciation for the year includes ₹ (-) 85.79 million pertaining to prior period (Previous year ₹ (-) 20.24 million)
- (i) Plant & Equipment includes Jetty & Trestle having Gross block of ₹ 8,368.90 million (Previous year ₹ 4,543.80 million) (Dahej) and ₹ 3825.20 million (Previous year ₹ Nil) (Kochi) in the books of Joint Venture Company, Petronet LNG Ltd, out of which Group share is ₹ 1046.11 million (Previous year ₹ 567.98 million)(Dahej) and ₹ 478.15 million (Previous year ₹ Nil)(Dahej). As per the agreement, ownership of Jetty & Trestle (Dahej) would be transferred to the Gujarat Maritime Board in the year 2035 and ownership of Jetty & Trestle (Kochi) would be transferred to the Cochin Port Trust in the year 2039.
- (j) Building includes cost of undivided interest in land.
- (k) Vehicles include Survey Ships, Crew Boats and Helicopters. Vehicles also include cost of 10 Immediate support vessels (ISV) amounting to ₹ 1079.50 million (previous year Nil) handed over to Indian Navy for manning, maintenance and operations.
- (l) The subsidiary company, MRPL is in possession of certain land provisionally measuring 39.76 acres ceded by HPCL for use by MRPL Phase III expansion and upgradation work. The consideration for such land is mutually agreed to be by way of swapping land in possession of MRPL. The final documentation in this regards is pending to be executed.

- 14.2 The accounting policies for treatment of depreciation of fixed assets by the subsidiaries/Joint Venture/Associate Entities are different from the accounting policies of the Group. Such different policy of depreciation of Fixed Assets have been adopted in respect of the following:-

(₹ in million)

Names of Subsidiaries / JV / Associate	Accounting Policies		Proportionate Depreciation		Proportionate Net block	
	Company	Subsidiaries / JV	2013-14	2012-13	2013-14	2012-13
MRPL	Written Down Value Method at the rates specified in Schedule XIV.	Straight Line Method	7044.75	6,008.29	59929.42	57,776.45
Petronet LNG Ltd.			381.97	231.47	7826.58	2,939.98
Petronet MHB Ltd.			144.37	140.35	306.25	443.46
Mangalore SEZ Ltd.			0.54	0.52	927.61	926.50
OMPL			30.78	27.95	1230.69	1,252.98
OPaL			202.77	202.72	5008.17	5,159.23
OTPC*			206.57	33.01	11578.79	1,863.17
Total- Proportion			8011.75	6,644.31	86807.51	70,361.77
Group Total			115,612.15	92,804.83	462,303.70	406,857.57

* Depreciation has been provided on the basis of CERC Tariff Regulations 2009 with effect from 1st April 2009, as notified by Central Electricity Regulatory Commission.

14.3 Title to Fixed Assets under Production Sharing Agreements

The Subsidiary OVL and its subsidiaries and joint ventures, in consortium with other partners (Consortium) carries on its business in respect of exploration, development and production of hydrocarbons under agreements with the host governments. Several of these agreements, governing OVL's activities in the fields / projects, provide that the title to the fixed assets and other ancillary installations shall pass to host Government or its nominated entities either upon acquisition / first use of such assets or upon 100% recovery of such costs through allocation of "Cost Oil" and "Cost Gas" or upon relinquishment of the relevant contract areas or termination of the relevant agreement. However, as per the terms of the agreements, the Consortium and/ or Operator has the custody of all such assets and is entitled to use, free of charge all such assets for Petroleum Operations throughout the term of the respective agreements. The Consortium also has the custody and maintenance of such assets and bears all risks of accidental loss and damage and all costs necessary to maintain such assets and to replace or repair such damage or loss. Under the circumstances, such assets are kept in the records of the OVL during the currency of the respective agreements.

- 14.4 Apart from the above assets, the joint venture company, Petronet MHB Limited (PMHBL) has taken lease land from HPCL for its stations at Mangalore, Hassan and Devangonthi on a long term lease basis for the period of 30 years on annual rental basis. Also, there are six pieces of land acquired by PMHBL through KIADB for sectionalized valve stations for which absolute sale deeds are yet to be registered in the name of the PMHBL and the amount paid ₹ 0.28 Million (Previous year ₹ 0.53 million) is shown as capital advance under note 21.

- 14.5 The Subsidiary of OVL “OAAL” and joint venture company of OVL “OMEL” provide depreciation on fixed assets using the straight line method. The amount involved is ₹ 1,132.80 Million (Previous year ₹ 981.73 million) shown as depreciation under Note 33.
- 14.6 Due to different nature of their operation, PHL, an Associate of the Company, follows different accounting policies in respect to depreciation. Depreciation is charged by PHL on straight line method rates specified in Schedule XIV whereas the company provides Written Down Value Method rates specified in Schedule XIV. It is not practicable for the Company to make adjustment for the purposes of applying the equity method.

15. Producing Properties

(₹ in million)

	As at		As at	
	31st March, 2014		31st March, 2013	
Gross Cost				
Opening Balance	1,486,412.69		1,298,462.89	
Expenditure during year	56,865.77		32,418.91	
Transfer from Exploratory Wells-in-Progress	12,159.44		5,417.69	
Transfer from Development Wells-in-Progress	124,450.52		84,202.26	
Depreciation on Facilities	64,756.79		59,741.63	
Increase/(Decrease) in estimated Abandonment costs (note 9.3)	68,078.85		1,168.42	
Foreign Currency Translation Adjustments (note 15.2)	10,825.86		5,000.89	
Other Adjustments	(59.05)		0.00	
		1,823,490.87		1,486,412.69
Less: Depletion & Impairment				
Depletion				
Opening Balance	777,720.44		687,904.12	
Depletion for the year (note 15.5)	121,130.77		86,228.54	
Foreign Currency Translation Adjustments	8,118.80		3,533.72	
Other Adjustments (refer note no. 42.5.4)	241.72		54.06	
		907,211.73		777,720.44
Impairment				
Opening Balance	3,296.81		2,554.40	
Impairment provided for the period	417.20		742.41	
Write back of Impairment	(116.34)		0.00	
		3,597.67		3,296.81
NET PRODUCING PROPERTIES		912,681.47		705,395.44

- 15.1 Above includes ₹ nil share of jointly controlled entities (previous year ₹ nil)

- 15.2 In respect of subsidiary OVL, above includes Foreign currency translation differences in respect of sakhlian-1, in pursuance to para 46A of Accounting standard 11 (change in foreign exchange rate) as follows:-

(₹ in million)

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

- 15.3 Change in policy of capitalizing the cost of side tracking of producing wells, only if it results in increased proved developed reserves, to capitalizing the cost if it results in increased proved developed reserves or future economic benefits therefrom beyond previously assessed standard of performance (refer accounting policy no. 2.2.i.3), has the impact of increase in profit before tax by ₹ 7,879.28 million with corresponding increase in Producing Properties by ₹ 7,328.59 million and Development Wells in Progress by ₹ 550.69 million during the year ended 31.03.2014.
- 15.4 Change in policy of transferring development wells to producing properties upon establishment of proved developed reserves and connectivity for production, to only upon establishment of proved developed reserves irrespective of connectivity, has the impact of decrease in profit before tax by ₹ 247.48 million on account of increase in depletion on Development wells in progress (DWIP) capitalized to Producing Properties with corresponding decrease in DWIP by ₹ 5,444.14 million and increase in net Producing property by ₹ 5,196.66 million for the year ended 31.03.2014. (refer accounting policy no. 2.2.e.4.3)
- 15.5 During the year, in respect of Company's Joint Asset, PMT JV has downgraded reserves for the Mid and South Tapti fields due to geological surprises. As a result, the production profile is envisaged only up to 2015-16 and the sale realization (net of statutory levies) will be transferred to Site Restoration Fund pursuant to the Profit Sharing Contract. Under these circumstances, the field has been fully depleted and depletion aggregating to ₹ 9,090.44 million has been charged to the Statement of Profit and Loss. Similarly, a provision for impairment of ₹ 441.87 million representing the salvage value of Tapti field and Tapti Capital Work in Progress has been made in the financial statements.

ONGC Limited, Consolidated Accounts for the year 2013-14

16. Intangible Assets

(₹ in million)

	Gross Block			Accumulated Depreciation				Accumulated Impairment				Net Block		
	At 1st April, 2013	Additions	Deletion/Adjustment	At 31st March, 2014	At 1st April, 2013	For the year	Deletion/Adjustment	At 31st March, 2014	At 1st April, 2013	For the year	Written back	Reclassification	At 31st March, 2014	At 31st March, 2013
Computer Software	6,795.58	188.65	81.85	6,902.38	5,831.62	509.84	79.49	6,261.97	22.27				618.14	941.69
Copyrights & Patents	-	-	(56.50)	56.50	-	-	(56.50)	56.50	-				-	-
Goodwill (note 16.4)	20.13	-	-	20.13	12.07	2.01	-	14.08	-				6.05	8.06
Right of way	142.10	9.93	5.49	146.54	50.60	14.45	48.68	16.37	-				130.17	91.50
Total	6,957.81	198.58	30.84	7,125.55	5,894.29	526.30	71.67	6,348.92	22.27	-	-	-	754.36	1,041.25
Previous Year	6,667.51	339.92	49.62	6,957.81	5,281.14	664.76	51.61	5,894.29	22.27	-	-	-	1,041.25	
The above includes the Company's share in Joint Venture Assets	508.96	88.95	58.23	539.68	299.63	103.61	49.22	354.02	-	-	-	-	185.66	149.77
Previous Year	303.00	76.09	6.70	372.39	230.79	(6.68)	1.49	222.62	-				149.77	

16.1 Above includes:-

- Addition to Intangible Asset are net of ₹ (-) 24.28 million on account of foreign currency translation adjustment during the year (previous year ₹ (-) 24.28 million)
 - Net Intangible asset include ₹ 91.21 million shares of jointly controlled entities (previous year ₹ 101.72 million)
 - In respect of Joint Venture Company, Petronet MHB Ltd (PMHBL), Cost of Right of way for laying pipeline amounting to ₹ 38.86 million (previous year ₹ 38.86 million) as group share included above is capitalized as intangible asset and said amount is being amortized over period of 35 year being the estimated design life of pipeline. The company has changed its accounting policy on depreciation of intangible asset in case of right of way (refer revised accounting policy no. 2.2.p.6) in line with recent ICAI opinion on "Accounting of right of way". This change in policy has resulted in decrease in profit before tax by ₹ 11.84 million.
- 16.2 The Associate, Pawan Hans Ltd, is charging cost of software purchased/ developed in-house up to ₹ 0.50 million each to statement of profit & loss in the year of purchase.
- 16.3 The Joint Venture Company, OTPC has paid amount of ₹ 197.40 million (previous year ₹ 109.65 million) out of which group's share is ₹ 97.76 million (previous year ₹ 54.29 million) to take possession of Forest land which has been accounted as 'right to use land' by the OTPC. The said amount is being amortized over a period of 25 years being the estimated operating life of the Project.
- 16.4 Represents consideration for purchase of business (Nitrogen Plant) in excess of book value of net assets acquired by subsidiary MRPL.



17. Capital Works In Progress

(₹ in million)

		As at	As at
		31st March, 2014	31st March, 2013
A	Tangible Assets In Progress		
	Buildings	6,935.01	5,331.81
	Plant and Machinery	368,822.19	369,415.20
	Others	4,996.12	7,332.35
	Capital Stores (including in transit)	7,686.30	3,032.07
	Less: Provision for Non-Moving Items	77.51	117.65
		388,362.11	384,993.78
B	Less: Impairment		
	Opening Balance	2,331.14	1,295.90
	Provided for the year	686.78	1,377.05
	Write back of Impairment	(616.69)	(319.68)
	Other adjustments		(22.13)
		2,401.23	2,331.14
C	Intangible Assets In Progress		
	Acquisition Costs-E&P Asset (note no. 17.1.h & 17.1.g)	149,005.00	11,917.47
	Intangible Asset under Development	3,303.97	2,869.07
		152,308.97	14,786.54
	NET CAPITAL WORKS-IN-PROGRESS (A-B+C)	538,269.85	397,449.18

17.1 Above includes:-

- Plant & Equipment includes an amount of ₹ 8,436.64 million (Previous Year ₹ 8,176.05 million) in respect of Capital Works in Progress (CWIP) for C2-C3 plant which is mechanically complete and will be capitalized on completion of test run. Further, C3-C4 blending facility and recycling facility of C2 is mechanically completed in February 2014 and pending test run the same has been carried forward as CWIP.
- CWIP of ₹106,279.69 million share of jointly controlled entities (Previous year ₹ 91,845.88 million).
- In respect of subsidiary company, MRPL, an amount of ₹ 1,710.35 million (previous year ₹ (-) 56.88 million) has been capitalized under CWIP on account of exchange difference arising on reporting of long term foreign currency monetary items pursuant to Notification no GSR (914)E dated 29th December 2011 issued by MCA, from the financial year ending 31st March 2012, to adjust exchange difference arising on reporting of long term foreign currency monetary items, in so far as , they relate to the acquisition of depreciable assets, against the cost of such assets and depreciate the said adjustment, over the balance life of the assets.



- (d) In respect of Joint Venture Company, OPaL, an amount of ₹ 10.28 million (Previous year ₹ 98.70 million) has been capitalized under CWIP on account of exchange difference arising on reporting of long term foreign currency monetary items instead of charging to Statement of profit & loss
- (e) In respect of Joint Venture Company, OMPL, an amount of ₹ 825.05 million (Previous year ₹ nil) has been capitalized under CWIP on account of exchange difference arising on reporting of long term foreign currency monetary items, pursuant to notification no. GSR(914)E dated 29th December, 2011 issued by Ministry of Corporate Affairs, Govt. of India.
- (f) In respect of Joint Venture Company, OTPC, an amount of ₹ 108.51 million (Previous year ₹ 181.87 million) has been capitalized under CWIP on account of exchange difference arising on reporting of long term foreign currency monetary items instead of charging to Statement of profit & loss, pursuant to notification no. GSR(914)E dated 29th December, 2011 issued by Ministry of Corporate Affairs, Govt. of India.
- (g) The subsidiary OVL computes acquisition cost relates to the cost for acquiring property or mineral right of proved or unproved oil and gas properties which are currently under exploration/Development stage, such cost will be transferred to producing property on commercial production from the project or written off in case of relinquishment of project. Accordingly, acquisition cost of ₹ 137,058.94 million (Previous year ₹ 11,917.47 million) has been capitalized during the year under CWIP.
- (h) The company has paid lump sum amount of ₹ 28.59 million (previous year nil) as commercial bonus to MoPNG, Govt. of India which is accounted as acquisition cost for acquiring the right of mining lease in CBM Block (NK-CBM-2001/1 & BK-CBM-2001/1)
- (i) In respect of Joint Venture Company, MSEZ, has an obligation vide Government order no. RD 309REH dated 20.06.2007 to provide various compensation to the Project Displaced Families (PDFs) including one job per family and site for construction. The PDFs can opt for cash in lieu of site and cash in lieu of job. The estimated provision in respect of various compensations is included in capital work in progress of ₹ 59.50 million (previous year ₹ 74.35 million) as group share. Capital work in progress includes of ₹ 168.34 million (previous year ₹ 165.82 million) as group share on account of mandatory and unavoidable expenditure incurred on creation of infrastructure at R&R colony, pursuant to Government of Karnataka Order no. KE309REH, 2006, Bangalore dated 20.06.2007. The expenditure will be transferred to the cost of land in the year in which the obligation is completed.



18. Exploratory/Development Wells In Progress

(₹ in million)

		As at		As at
		31st March, 2014		31st March, 2013
A) EXPLORATORY WELLS-IN-PROGRESS				
Gross Cost				
Opening Balance		99,601.32		82,929.40
Acquisition Cost		-		2,124.44
Expenditure during the year	131,660.13		102,699.83	
Less : Sale proceeds of Oil and Gas (Net of levies)	470.54		123.05	
		131,189.59		102,576.78
Depreciation during the year		2,506.44		1,335.06
		233,297.35		188,965.68
Less :				
Transfer to Producing Properties	12,159.44		5,417.69	
Wells written off during the year	67,473.61		84,592.02	
Foreign Currency Translation Adjustments	(10,828.10)		(587.58)	
Other adjustments	(16.66)	68,788.29	(57.77)	89,364.36
		164,509.06		99,601.32
Less : Provision/Impairment (Note 18.1 (a), (b), (e) & (f))		27,935.56		20,579.93
EXPLORATORY WELLS-IN-PROGRESS		136,573.50		79,021.39
B) DEVELOPMENT WELLS-IN-PROGRESS				
Opening Balance		57,845.32		44,775.19
Expenditure during the year	109,654.09		94,175.85	
Depreciation during the year	1,871.16		2,842.41	
Foreign Currency Translation Adjustments	1,269.70		254.14	
Less: Transfer to Producing Properties	124,450.52	(11,655.57)	84,202.26	13,070.14
		46,189.75		57,845.33
Less: Impairment				
Opening Balance	465.78		260.73	
Provision for the year	264.49		205.05	
Write back during the year	(34.00)		-	
		696.27		465.78
DEVELOPMENT WELLS-IN-PROGRESS		45,493.48		57,379.55
EXPLORATORY/DEVELOPMENT WELLS-IN-PROGRESS (A+B)		182,066.98		136,400.94



18.1 Above includes:-

- (a) During the Financial year 2004-05, the company had acquired 90% Participating Interest in Exploration Block KG-DWN-98/2 from M/s Cairn Energy India Ltd. for a lump sum consideration of ₹ 3,711.22 million which, together with subsequent exploratory drilling costs of wells had been capitalised under exploratory wells in progress. Initial in-place reserves have been established in this block and a conceptual development plan as part of the proposal for Declaration of commerciality (DOC) had been submitted on 21.12.2009 for Southern Discovery Area and on 15.07.2010 for Northern Discovery Area to the Management Committee (MC) for review as per original time lines. The exploration period of this block has been restructured by Government upto 29.12.2013 in accordance with the Rig Holiday Policy and taking into account the delay in grant of PEL. Additional appraisal drilling along with exploratory drilling is in progress. During the financial year 2012-13, the company had acquired the remaining 10% participating interest in the block from M/s Cairn Energy India Ltd. on actual past cost basis for a consideration of ₹ 2124.44 million

Revised DOC has been submitted on 26.12.2013 to Directorate General of Hydrocarbon (DGH) for review. Further, the Operator has applied to DGH for continuation of appraisal / drilling activities for a period of 2 years or till grant of ML. Pending final decision on the DOC by the MC, as a matter of abundant caution, the company has retained a provision of ₹ 17,210.82 million (Previous Year ₹ 17,169.79 million) towards acquisition costs and cost of exploratory wells.

- (b) In accordance with policy no.2.2.j and as per the requirement of the Guidance Note on accounting for oil and gas producing activities (Revised), the company has carried out impairment testing of assets under exploratory phase (Exploratory Wells in Progress) as on 01.04.2013 . Accordingly, an amount of ₹ 4,761.42 million has been accounted as provision for impairment with corresponding amount of ₹ 3,143.01 million (net of deferred tax of ₹ 1,618.41 million) adjusted against reserves as on 01.04.2013.

Further, additional impairment testing of assets under exploratory phase (Exploratory Wells in Progress) has been carried out as on 31.03.2014, and an additional amount of ₹ 2,546.46 million has been provided during the year 2013-14 as impairment loss in the statement of profit & loss.

- (c) Change in policy of expensing the cost of stratigraphic test wells (expendable wells) on their completion irrespective of their status to carrying the cost of only those stratigraphic test wells having indications of sufficient quantity of reserves (refer accounting policy no. 2.2.e.4.1 & 2.2.e.4.2), has an impact of increase in profit before tax by ₹ 2,702.95 million with corresponding increase in Exploratory Wells in Progress during the year ended 31.03.2014.
- (d) Change in policy of expensing the cost of exploratory wells which are more than two years from date of completion of drilling to carrying the cost of only those exploratory wells having indications of sufficient quantity of reserves (refer accounting policy no. 2.2.e.4.2), has an

ONGC Limited, Consolidated Accounts for the year 2013-14

impact of increase in profit before tax by ₹ 2,489.18 million with corresponding increase in Exploratory Wells in Progress during the year ended 31.03.2014.

(e) In respect of Farsi Block, Iran, the Subsidiary company, OVL in consortium with other partners entered into an Exploration Service Contract (ESC) with National Iranian Oil Company (NIOC) on 25 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 OVL's investment in exploration in the Farsi Block amounting to ₹ 1,502.56 million till 31.03.2014 (previous year ₹ 1,495.85 million).

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

18.2 Above Exploratory well in progress/ Development well in progress includes ₹ nil share of jointly controlled entities (previous year ₹ nil).

19. Goodwill on Consolidation:

	(₹ in Million)	
	31.03.2014	31.03.2013
Gross Goodwill	244,982.36	136,424.74
Less :Accumulated Amortization	41,903.77	33,636.17
Less : Provision for Impairment	19,533.69	19,533.69
Total	183,544.90	83,254.88

19.1 The Subsidiary Company, OVL has 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 (Refer note no. 43.5).



20. Non-Current Investments

(₹ in million)

	No. of Shares/ Bonds/Units	Face Value per Share/ Bond/Unit (in Rupees)	As at 31st March, 2014	As at 31st March, 2013
A TRADE INVESTMENTS				
Investment in Equity Instruments				
(i) Investment in Associate				
(a) Pawan Hans Limited- (Unquoted)	120,350	10,000.00	2,189.39	2,082.70
Extent of holding 49% (previous year 49%) (Net of Capital reserve of ₹ 285.32 million) (note 20.3)				
(ii) Investment in Others				
(a) Indian Oil Corporation Limited- (Quoted)	334,303,814 (212,906,190)	10.00	40,427.97	13,720.49
(b) GAIL (India) Limited (Quoted)	61,259,323	10.00	2,451.06	2,451.06
(c) Oil Spill Response Ltd. (Unquoted)	100	(note 20.1)	0.01	0.01
(d) Adani Petronet (Dahej) Port Pvt. Ltd.(Unquoted) (note 20.5)	11,250,000	10.00	112.50	112.50
(e) Bharuch Dahej Railway Company Limited (BDRCL)-(Unquoted)	5,000,000	10.00	50.00	50.00
B NON-TRADE INVESTMENTS				
Investment in Government or Trust Securities (Unquoted)				
(i) 8.40% Oil Co. GOI Spl. Bonds 2025	197,370	10,000.00	1,973.70	1,973.70
(ii) Other Central Govt Securities			-	62.35
Total Non-current Investment			47,204.63	20,452.81
Total Quoted Investments			42,879.03	16,171.55
Total Unquoted Investments			4,325.60	4,281.26
			47,204.63	20,452.81
Total Market value of Quoted Investments			117,188.95	79,450.16

- 20.1 Shares of Oil Spill response limited valued at GBP one each at the time of issuance. Total value in INR at the time of issuance of shares was ₹ 6,885/-
- 20.2 Above includes:-
- (a) Figures in parenthesis relate to previous year.

ONGC Limited, Consolidated Accounts for the year 2013-14



- (b) Long term investment includes ₹ 299.99 million share of jointly controlled entities (previous year ₹ 349.57 million.
- (c) Long-term investments are valued at cost. Provision is made for any diminution, other than temporary, in the value of such investments
- 20.3 In the financial year 2010-11, Company had acquired an additional number of 95,850 equity shares of ₹ 10,000/- each in its Associate Pawan Hans Ltd. (PHL) for ₹ 958.50 million resulting in increase in the holding to 49.00% from 21.54%. The above acquisition has resulted in Capital Reserve of ₹ 285.32 million, computed in accordance with Accounting Standard (AS) 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements'.
- 20.4 In respect of PHL (Associate), the Audited Accounts for the Financial year 2013-14, have not been received. For the purpose of consolidation of PHL, the audited Annual Accounts for the year 2012-13 and unaudited accounts for the year 2013-14 have been considered. The difference in share of profit amounting to ₹ 19.57 million between audited Profit After Tax (PAT) and unaudited PAT for the year 2012-13 has been considered as share of profit in Associate. The share of profit (unaudited) for the year 2013-14 amounting to ₹ 98.58 million has also been considered as share of profit in Associate. During the year, dividend of ₹ 11.46 million has been received from Associate and same has been adjusted against carrying value of investment.
- 20.5 The joint venture company PLL has investment in its joint venture company "Adani Petronet (Dahej) Port Pvt. Ltd. This investment is under lock in for a period of 5 years from the date of commercial operation (i.e. 01.09.2010) of the investee as per the Dahej LNG Port Terminal Concession Agreement dated 20th December 2005 with Gujarat Maritime Board.



21. Long-Term Loans And Advances

(₹ in million)

	As at 31st March, 2014	As at 31st March, 2013
Secured and Considered good		
Loans & Advances to Associates	367.84	745.33
Loans and Advances to Employees	7,612.28	7,253.06
Loans and advances to Others	119.17	119.55
	8,099.29	8,117.94
Unsecured		
(Considered Good unless otherwise stated)		
Capital Advances	19,332.69	22,227.16
Public Sector Undertakings		
Considered Good	-	-
Considered Doubtful	240.50	240.50
Less : Provision for doubtful Advances	240.50	240.50
	-	-
Advances against Equity pending allotment (note 40.3.1)	9,953.78	6,779.42
Loans and Advances to Employees		
Considered Good	739.16	688.79
Considered Doubtful	1.73	7.75
Less : Provision for Doubtful Loan/Advances	1.73	7.75
	739.16	688.79
Adv Recoverable in Cash or in kind		
Considered Good (note no. 21.3)	8,220.40	10,378.73
Considered Doubtful (Note 21.2)	13,141.40	13,044.32
Less : Provision for Doubtful Claims/Advances	13,141.40	13,044.32
	8,220.40	10,378.73
Loans & Advances to Others		
Considered Good	27.67	27.48
Considered Doubtful (Note 21. 4)	1,687.30	1,022.10
Less : Provision for Doubtful Loan/Advances	1,687.30	1,022.10
	27.67	27.48
Cash Call Receivable from Jv partners		
Considered Good	340.27	257.27
Considered Doubtful	6,245.07	5,920.29
Less : Provision for Doubtful cash call	6,245.07	5,920.29
	340.27	257.27
MAT Credit Entitlement	2,909.32	24.65
Advance payment of Tax	329,690.97	382,492.76
Less :Provision for Taxation	281,031.74	345,969.76
	48,659.23	36,523.00
Deposits		
With Customs/Port Trusts etc.	37.89	37.97
Security Deposits	157.81	86.37
Other Deposit		
Considered Good	3,730.94	4,080.23
Considered Doubtful	629.88	608.06
Less: Provision for Doubtful Deposits	629.88	608.06
	3,926.64	4,204.57
TOTAL	102,208.45	89,229.01

21.1 Above long term loan & advances includes ₹ 9,898.49 million share of jointly controlled entities (Previous Year ₹ 13,932.37 million).



- 21.2 In Ravva Joint Venture, the demand towards additional profit petroleum raised by the Government of India (GoI), due to differences in interpretation of the provisions of the Production Sharing Contract (PSC) in respect of computation of Post-Tax Rate of Return (PTRR), based on the decision of the Malaysian High Court setting aside an earlier arbitral tribunal award in favour of operator, was disputed by the operator M/s Cairn Energy India Pty Ltd. The company is not a party to the dispute but has agreed to abide by the decision applicable to the operator. The company had made a provision towards the claim made by the GoI in earlier years and the amount of provision outstanding as on 31st March, 2014 is ₹ 10,080.75 million (equivalent to USD 167.84 million) after adjustments for interest and exchange rate fluctuations. The GoI had recovered the above amount [including interest thereon USD 54.88 million (₹3296.09 million)] from the company in earlier years which has been carried as recoverable under Long Term Loans and advances in the Balance Sheet as at 31st March, 2014.

In subsequent legal proceedings, the Appellate Authority of the Honorable Malaysian High Court of Kuala Lumpur had set aside the decision of the Malaysian High Court and the earlier decision of arbitral tribunal in favour of operator was restored, against which the GoI had preferred an appeal before the Federal Court of Malaysia. The Federal Court of Malaysia, vide its order dated 11th October, 2011, had dismissed the said appeal of the GoI.

The company has taken up the matter regarding refund of the recoveries made in view of the favourable judgment of the Federal Court of Malaysia with MoP&NG. However, according to a communication dated 13th January 2012 received, MoP&NG expressed the view that ONGC's proposal would be examined when the issues of ONGC carry under Ravva PSC is decided in its entirety by the Government along with other partners.

In view of the perceived uncertainties in obtaining the refund at this stage, the provision made in the books as above has been retained and netted off against the amount recoverable as above in the financial statements for the year ended 31st March, 2014.

- 21.3 During the financial year 2010-11, the Oil Marketing Companies, nominees of the GoI recovered USD 32.07 million (₹1,926.28 million), ONGC's share as per directives of GoI in respect of Jointly Controlled Assets-Panna Mukta & Tapti. The recovery is towards certain observations raised by auditors appointed by the Director General of Hydrocarbons (DGH) under Production Sharing Contract (PSC) for the period 2002-03 to 2005-06 in respect of cost and profit petroleum share payable to GoI. BGEPIL along with RIL ("Claimants") have served a notice of arbitration on the GoI in respect of dispute, differences and claims arisen in connection with the term of Panna, Mukta and Tapti PSC's. Since the company is not a party to the arbitration proceedings, it had requested MoP&NG that in case of an arbitral award, the same be made applicable to ONGC also, as a constituent of contractor for both the PSC's. Subsequently, vide letter dated July 4, 2011 MoPNG has advised ONGC not to participate in the arbitration initiated by RIL & BGEPIL under Panna, Mukta & Tapti PSC's. MoP&NG has also stated that in case of an arbitral award, the same will be applicable to ONGC also as a constituent of the contractor for both the PSC's. Pending final arbitral award, the same has been shown as Receivable from GoI under 'Advance Recoverable in Cash or kind or value to be received' under 'Long Term Loans and Advances. (Figures in INR is reinstated).



- 21.4 The subsidiary company OVL has 25% participating interest (PI) in the exploration Block Satpayev Area Kazakhstan, and 75% PI is hold by KMG the national oil company of Kazakhstan. As per the carry agreement, OVL is financing KMG's share of expenditure in the exploration block during the exploratory period (carry loan). The amount of carry loan will be refunded by KMG along with accrued interest in the event of commercial discovery and production from the project. The KMG's share of expenditure financed by OVL in the Block has been accounted for as loan to KMG. The interest on the carry loan has not been accounted for in view of uncertainty of recovery. Provision has been made towards the amount of carry loan of ₹ 1,687.30 Million as on 31 March 2014 (Previous year ₹ 1,022.10 Million) to KMG in view of the block being under exploration as there is no certainty of commercial discovery and has been depicted as other loans and advances-Doubtful. (Refer note 35.2)



22. Other Non-Current Assets

(₹ in million)

		As at 31st March, 2014	As at 31st March, 2013
A Secured and Considered good			
Investment in Lease	-		675.83
Interest accrued on loan & advances			
-Employees	3,029.45		2,934.90
		3,029.45	3,610.73
(Unsecured, Considered Good unless otherwise stated)			
B Trade Receivables			
-Considered Good	38,287.59		10,638.68
-Considered doubtful	3,712.40		16,666.44
Less : Provision for doubtful receivables	3,712.40		16,666.44
		38,287.59	10,638.68
C Other Receivables			
- Considered Good	12,029.84		5,283.30
- Considered Doubtful	4,932.46		4,563.40
Less : Provision for doubtful receivables	4,932.46		4,563.40
		12,029.84	5,283.30
D Interest Accrued			
- On Deposits	26.40		23.58
- On Loans & Advances			
-Considered Good	100.32		86.12
-Considered doubtful	41.89		41.89
Less : Provision for interest Accrued	41.89		41.89
		126.72	109.70
E Unamortised Expenditure			
- Dry Docking Charges	6,621.33		9,026.80
- Mobilisation charges	764.21		1,016.09
		7,385.54	10,042.89
Total Other Non-current Assets		60,859.14	29,685.30

22.1 Above other non-current Asset includes ₹ 29.92 million share of jointly controlled entities (previous year ₹ 3.02 million)



23. Current Investments

(₹ in million)

	As at	As at
(Valued at the lower of Cost and Fair Value)	31st March, 2014	31st March, 2013
Non Trade		
Current Maturity of Long Term Investment		
Other Investments		
Investments in Mutual Funds (Quoted)	-	421.21
Investments in Govt. Securities (unquoted)	62.35	-
Other Investments (unquoted)	192.02	407.81
Total Current investments	254.37	829.02
Total Quoted Investments	-	421.20
Total Unquoted Investments	254.37	407.81

23.1 Above Current investment includes ₹ 254.37 million share of jointly controlled entities (previous year ₹ 829.02 million).



24. Inventories

(₹ in million)

	As at		As at	
	31st March, 2014		31st March, 2013	
Raw Material	26,856.29		4,305.19	
Raw Material in transit	13,515.24		26,029.22	
		40,371.53		30,334.41
Stock in Process		4,661.66		2,351.30
Finished Goods (note 24.2)	42,575.23		39,624.96	
Less: Provision for Stock loss	5.91		5.91	
		42,569.32		39,619.05
Traded Goods		0.61		0.76
Stores and spare parts				
- on hand	62,498.54		57,642.41	
- in transit	5,276.40		3,468.33	
	67,774.94		61,110.74	
Less: Provision for non-moving	7,490.28		5,864.99	
		60,284.66		55,245.75
Unserviceable Items		126.81		174.64
TOTAL		148,014.59		127,725.91

- 24.1 Above inventories includes ₹ 1,930.74 million share of jointly controlled entities (Previous year ₹ 1,354.56 million).
- 24.2 This includes an amount of ₹ 3.66 million (Previous year ₹ 0.56 million) in respect of Carbon Credits.
- 24.3 In respect of joint venture arrangements of OVL, where the property in crude oil produced does not pass on up-to a specific delivery point, the stock of crude oil till such delivery point is not recognized.
- 24.4 The subsidiary company, MRPL has valued its finished good including sulfur at lower of cost or net realizable value of ₹ 19.99 million (previous year ₹ 25.02 million).
- 24.5 The subsidiary company, MRPL does not quantify or value the scrap and unserviceable items.



25. Trade Receivables

(₹ in million)

	As at		As at	
	31st March, 2014		31st March, 2013	
(Unsecured, Considered Good unless otherwise stated)				
Trade Receivables - Outstanding for a period exceeding six months :				
- Considered Good	10,054.53		19,014.97	
- Considered Doubtful	759.35		666.86	
Less Provision for Doubtful debts	759.35		666.86	
		10,054.53		19,014.97
Other:				
- Considered Good	150,229.03		134,941.12	
- Considered Doubtful	126.56		220.84	
Less Provision for Doubtful debts	126.56		220.84	
		150,229.03		134,941.12
TOTAL		160,283.56		153,956.09

- 25.1 Above trade receivable includes ₹ 3,942.17 million share of jointly controlled entities (Previous year ₹ 3,446.69 million).



26. Cash and Cash Equivalents

(₹ in million)

	As at	As at
	31st March, 2014	31st March, 2013
Balance with Bank On Current Accounts	8,533.78	11,655.54
Cash on hand	4,529.90	17.31
Short Term Investment in Mutual Funds	12,372.59	19.75
Bank Deposit	218,904.03	183,322.00
Deposit towards margin money against guarantees issued	66.51	62.44
On Deposit Accounts for more than 12 months maturity	4.76	724.79
Unclaimed Dividend Account (Note 26.2 & 26.3)	389.69	388.68
Total	244,801.26	196,190.51

26.1 Amount deposited in unclaimed dividend account is earmarked for payment of dividend and cannot be used for any other purpose

26.2 Unpaid dividend includes ₹ 140.91 million (previous year ₹ 156.38 million) is pertaining to minority shares in subsidiary company MRPL.

26.3 Above Cash and Bank balance include ₹ 7,769.03 million share of jointly controlled entities (Previous year ₹ 3,389.43 million).

26.4 The deposits maintained by the company with banks comprise time deposit, which can be withdrawn by the company at any point without prior notice or penalty on the principal



27. Short Term Loans And Advances

(₹ in million)

	As at		As at	
	31st March, 2014		31st March, 2013	
(Secured, Considered Good)				
Loan & Advances to Associate	350.45		310.84	
Loans and Advances to Employees	2085.35		1966.37	
		2,435.80		2,277.21
(Unsecured, Considered Good unless otherwise stated)				
Loan to Public Sector Undertakings		2,367.70		-
Loan & advances to Employees		517.38		429.94
Balance with Tax Authorities		228.73		319.21
Cash Call Receivable from JV Partners		8,359.22		10,153.00
Prepaid expenses for underleft		1,667.24		262.94
Adv Recoverable in Cash or in kind				
Considered Good	35,263.56		30,807.31	
Considered Doubtful	3,030.84		3,476.94	
Less: Provision for doubtful	3,030.84		3,476.94	30,807.31
		35,263.56		
Advance payment of Tax	20,419.24		22,227.91	
Less :Provision for Taxation	12,833.84	7,585.40	12,987.79	9,240.12
MAT Credit		28.21		-
Deposits				
With Customs/Port Trusts etc.	3,295.19		3,063.91	
Other Deposits (note no. 27.2)	6,450.98		3,212.45	
		9,746.17		6,276.36
TOTAL		68,199.41		59,766.09

- 27.1 Above, short term loans And advances includes ₹ 362.28 million share of jointly controlled entities (Previous year ₹ 748.92 million).
- 27.2 Includes ₹ 2,092.23 million towards differential royalty being deposited by the company from 1st February 2014 as per the interim order of the Hon'ble Supreme Court of India. (also refer Note no. 45.2.4)



28. Other Current Assets

(₹ in million)

	As at		As at	
	31st March, 2014		31st March, 2013	
Secured and Considered good				
Interest Accrued on Loans & Advances				
- Employee	246.15		216.65	
- Associates	-		9.86	
		246.15		226.51
(Unsecured, Considered Good unless otherwise stated)				
Interest Accrued				
- On Investments	1.38		1.38	
- On Deposits	2,214.85		4,023.11	
- On Loans & Advances	793.02		769.13	
		3,009.25		4,793.62
Other Current Assets (note 28.3)		3,103.32		4,011.55
Cost of Ongoing Project (note 28.2)		62.87		49.97
Unamortised Expenditure				
- Dry Docking Charges	2,933.68		3783.05	
- Mobilisation charges	640.69		1032.64	
		3574.37		4815.69
TOTAL		9,995.96		13,897.34

28.1 Above other current assets includes ₹ 335.08 million share of jointly controlled entities (Previous year ₹ 237.40 million)

28.2 In respect of Joint venture Company OTBL, revenue from projects based on execution and costs attributable and allocable thereto are recognized on full completion or substantial completion. Till the time of completion of project same are being carried as costs of ongoing project.

28.3 The subsidiary company, OVL has lease investment in Khartoum-Port Sudan Pipeline Project.(refer note 41.1)



29. Revenue From Operations

(₹ in million)

	2013-14	2012-13
A. Sale of Products		
Own Product	1,808,736.23	1,681,824.57
Less :		
Transfer to Exploratory Wells in Progress	522.58	164.55
Government of India's (GoI's) share in Profit Petroleum	38,526.99	39,049.57
	1,769,686.66	1,649,073.47
Traded Products Revenue	44.42	43.16
B. Other Operating Revenue		
Pipeline Transportation Receipts	4,170.92	1,057.92
Contractual Short Lifted Gas Receipts	80.21	51.72
Surplus from Gas pool Account (note 29.8)	3,720.47	3,597.73
North-East Gas Subsidy (note 29.7)	2,366.91	2,122.91
SEZ Lease Income	234.77	209.06
Other Operation Income	1,276.16	1,556.35
Processing Charges	414.03	621.69
Production Bonus	57.29	147.90
	12,320.76	9,365.28
TOTAL	1,782,051.84	1,658,481.91

- 29.1 In terms of the decision of Government of India (GOI), the company has shared under-recoveries of Oil Marketing Companies (OMCs) on price sensitive products viz. Diesel, Domestic LPG and PDS Kerosene for the year 2013-14 by extending the discount in the prices of Crude Oil, Domestic LPG and PDS Kerosene based on the rates of discount communicated by Petroleum Planning and Analysis Cell (PPAC) and Ministry of Petroleum and Natural Gas (MoP&NG). The impact of discount is as under:

(₹ in million)

Decrease in	2013-14	2012-13
Gross Revenue	563,842.85	494,206.50
Less: Value Added Tax (VAT)	17,841.84	14,114.40
Sales Revenue	5,46,001.01	480,092.10
Less: Statutory Levies	68,440.26	59,502.49
Profit Before Tax	4,77,560.75	420,589.61

ONGC Limited, Consolidated Accounts for the year 2013-14



- 29.2 For Crude Oil produced in Assam, sales revenue is based on the pricing formula provided by MoP&NG. Revenue from rest of nominated crude is accounted in terms of Crude Oil Sales Agreements (COSAs) already signed and made effective from 01st April 2010.
- 29.3 Based on the directives issued by MoP&NG and Petroleum Planning and Analysis Cell (PPAC) vide letters dated 31st May, 2012 and 1st June, 2012 respectively, w.e.f. 1 April, 2012, refineries started making deductions from ONGC payments towards Octroi/ VAT/ CST on discounts allowed by ONGC to refineries on supplies of crude oil. Total deduction made by refineries on this account from 1st April, 2012 to 30th September, 2013 amounting to Rs.25,032.60 million (includes ₹15,846.70 million for the year 2012-13) was provided for. During the year, the company has decided to revise the sales revenue and corresponding statutory levies w.e.f. 1st April 2012 onwards, considering deductions made by refineries based on MoP&NG directives. Aforesaid provision made by the Company till 30th September, 2013 has also been written back.
- 29.4 Recognition of revenue on account of Short Lifted Gas amounting to ₹ 1,253.74 million (Previous Year ₹ 571.42 million) has been postponed. This will be recognized when there is reasonable certainty regarding ultimate collection.
- 29.5 For APM consumers in North-East, consumer price is 60% of the producer price, i.e., US\$ 2.52/ mmbtu inclusive of royalty and the difference between producer price and consumer price is paid to the company through GoI Budget up to allocated quantity and shown as 'North-East Gas Subsidy'
- 29.6 In respect of Joint venture company PLL, revenue from services of ₹ 253.83 million (previous year ₹ 213.10 million) are net of service tax
- 29.7 The OVL's Subsidiary - ONGBV follows the entitlement method for revenue recognition associated with sale of crude oil and liquids for its share of petroleum production as specified in the Exploration Production Sharing Agreement (EPSA) and Crude Oil Pipeline Agreement (COPA). The amount reported using such method is ₹ 39,747.98 Million (previous year ₹ 28,534.95 million).
- 29.8 The company is supplying majority of Natural gas to Gas Authority of India Limited (GAIL) which also purchases gas from other sources and sells to APM and non-APM consumers. Based on the Government directives, excess in Gas Pool Account at the end of financial year is transferred to ONGC / OIL in accordance with their contribution. Based on the details received from GAIL, an amount of ₹ 3,508.10 million (Previous year ₹3,700.00 million) for Gas Pool Receipts for the current year, ₹ 212.37 million (Previous year ₹339.23 million) on account of interest on Gas Pool Account and a reversal of nil (Previous year ₹441.50 million) has been considered as 'Surplus from Gas Pool Account'.
- 29.9 Above revenue from operation includes ₹ 50,232.74 million share of jointly controlled entities (previous year ₹ 42,411.52 million).



30. Other Income

(₹ in million)

	2013-14		2012-13	
Interest Income				
Long Term Investments	169.59		439.76	
Deposits with Banks/PSUs	18,388.08		20,333.50	
Loans and Advances to Associate	493.81		144.62	
Loans and Advances to Employees	100.92		450.84	
Income Tax Refund	2,395.65		95.00	
Site Restoration Fund Deposit	9,432.74		8,303.24	
Delayed Payment from Customers and Others	523.60		1,250.16	
		31,504.39		31,017.12
Dividend Income				
Long Term Investments	1,938.74		1,658.74	
Short Term -Debt Mutual Funds	2,444.30		1,644.53	
		4,383.04		3,303.27
Other Non Operating Income				
Excess Provisions written back (note 29.3)	16,343.62		5,340.34	
Liabilities no longer required written back	2,873.23		5,663.20	
Profit on sale of investment	38.09		-	
Contractual Receipts	1,486.27		650.06	
Miscellaneous Receipts	12,308.47		8,932.92	
		33,049.68		20,586.52
TOTAL		68,937.11		54,906.91

30.1 Above other income includes ₹ 345.06 million share of jointly controlled entities (previous year ₹ 302.11 million).



31. (Increase)/Decrease in Inventories

(₹ in million)

	2013-14		2012-13	
Closing Stock				
- Stock in Process	4,661.66		2,351.30	
- Finished Goods and Stock in trade	44,471.54		39,625.72	
		49,133.20		41,977.02
Opening Stock				
- Stock in Process	2,351.30		3,525.35	
- Finished Goods and Stock in trade	39,625.72		28,838.12	
Less: Adjustment	36.45		1,591.46	
		41,940.57		30,772.01
NET (INCREASE)/DECREASE IN INVENTORIES		(7,192.63)		(11,205.01)

- 31.1 Above includes ₹ (-) 26.59 million share of jointly controlled entities (previous year ₹ (-) 2,303.21 million)

**32. Production, Transportation, Selling and Distribution Expenditure**

(₹ in million)

	2013-14	2012-13
Royalty (Note 32.2)	150,101.83	137,209.63
Cess	99,733.91	99,970.75
Motor Spirit Cess	2.83	-
Natural Calamity Contingent Duty	1,097.40	1,101.05
Excise Duty on stock (Net) (Note 32.3)	150.76	275.09
Sales Tax	3,122.96	3,834.14
Service Tax	438.76	352.81
Education cess	2,348.31	3,111.09
Octroi and Port Trust Charges	4,896.60	4,057.30
Staff Expenditure	25,308.78	24,579.93
Workover Operations	20,944.08	19,135.41
Water Injection, Desalting and Demulsification	11,794.01	12,854.60
Consumption of Raw Materials, Stores and Spares	682,767.17	617,263.53
Pollution Control	6,133.59	5,810.33
Transport Expenses	9,419.99	8,891.83
Insurance	2,516.25	1,653.25
Power and Fuel	2,865.98	2,182.51
Repairs and Maintenance	10,787.12	9,603.95
Contractual payments including Hire charges etc.	14,407.07	9,418.05
Other Production Expenditure	35,608.46	27,205.00
Transportation and Freight of Products	11,559.67	11,821.98
Research and Development	6,014.37	6,002.02
General Administrative Expenses	38,401.83	33,369.51
Exchange Loss (Net)	(2,894.69)	2,599.04
Provision for mark to market loss on derivative contracts (note-32.7)	2,244.85	1,606.76
Adjustments for overlift/(underlift)	503.46	546.00
Loss on sale of investment	16.12	28.79
Other Expenditure	21,401.06	23,060.70
Total	1,161,692.53	1,067,545.05

- 32.1 Above production, transportation, selling and distribution expenditure includes ₹ 43,919.03 million, share of jointly controlled entities (previous year ₹ 36,997.64 million).
- 32.2 The Subsidiary of OVL- ONGBV conducts its operations in Sudan jointly with Sudapet the national oil company of Sudan among others. All government stakes other than income taxes are considered to be royalty interest. Royalties on production represent the entitlement of the government of Sudan to a portion of ONGBV's share of crude oil and liquid production and

ONGC Limited, Consolidated Accounts for the year 2013-14



are recorded using the rates in effect under the terms of the contract at the time of production. Royalties / taxes in Syrian concession are accounted similarly by ONGBV. The amount of royalty reported in respect of Sudan and Syrian concession is ₹ 15,863.65 Million under Royalty above (previous year ₹ 11,833.19 million).

- 32.3 Excise duty on sale of product has been deducted from Sales revenue and Excise duty shown above represents the difference between excise duty on opening and closing stock of finished goods.
- 32.4 During the previous year, the Company had recognised additional liability of ₹ 5,079.53 million towards revision in Long Service Rewards Scheme. Further, in terms of DPE guidelines, the company had also recognized liability of ₹ 18,504.79 million towards superannuation benefits to employees. These had been allocated to activities as per the policy of the company.
- 32.5 An amount of ₹ 16,108.86 million has been provided during quarter ended 30th June, 2013 (Cumulative ₹ 16,108.86 million till 31st March, 2014) towards contribution for conversion of Post Retirement Benefit Scheme (PRBS) from Defined Benefit Scheme to Defined Contributory Scheme based on guidelines of Department of Public Enterprise. The said amount has been allocated to different activities as per the policy of the Company

32.6 Derivative Contracts

The Joint venture company (SMASL) through subsidiary company MRPL, in line with the its risk management policy, the financial risks mainly relating to changes in the exchange rates are hedged by using forward contracts.

The Joint venture company (SMASL) through subsidiary company MRPL has adopted, during the year under review, the principles of hedge accounting as per the Accounting Standard(AS) 30 "Financial instruments: Recognition and Measurement" in respect of those derivative transactions which are not covered by the existing Accounting Standard(AS) 11. This treatment has resulted in net gain of ₹ 15.53 million (group share) (previous year ₹ nil) arising out of fair valuation of outstanding derivative contracts which has been recognized in "Hedging Reserve" under "Reserve and Surplus".

Particulars of derivative contracts entered into for hedging foreign currency exchange risks, which are outstanding as at 31st March 2014 are as under:-

(₹ in million)	
Category of derivative instruments	Group share as on 31st March, 2014
Forward contracts for receivables including firm commitments and highly probable forecasted transactions	389.45



Un-hedged foreign currency exposures as at 31st March, 2014 are as under :-

(₹ in million)

Particulars	Group share as on 31st March, 2014
Receivables, including firm commitments and highly probable forecasted transactions	3.24

32.7 Derivative instruments and un-hedged foreign currency exposure:

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

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

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

The above swap positions were outstanding on 31 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.

**33. Depreciation, Depletion, Amortization And Impairment**

(₹ in million)

	2013-14	2012-13
Depletion (refer note 15.5)	121,160.69	86,228.54
Amortisation of Goodwill	4,544.99	4,161.72
Depreciation	115,896.63	93,227.56
Less : Allocated to :		
Exploratory Drilling	2,506.43	1,335.06
Development Drilling	1,871.16	2,842.40
Depreciation on Facilities	64,756.79	59,741.63
Others	9,845.15	4,323.72
	36,917.10	24,984.75
Impairment Loss (note 18.1(b) & 43)		
During the year	3,993.34	3,014.50
Less: Reversal during the period	807.08	756.47
	3,186.26	2,258.03
TOTAL	165,809.04	117,633.04

33.1 Above depreciation, depletion, amortization and impairment, includes ₹ 832.44 million share of jointly controlled entities. (previous year ₹ 522.82 Million)

34. Finance Costs

(₹ in million)

	2013-14	2012-13
i) Interest expenses	4,776.07	3,492.98
ii) Other borrowing costs	392.66	175.55
iii) Lease Finance Charges	411.55	388.73
iv) Foreign Exchange Fluctuation considered as Borrowing Cost	663.07	780.71
TOTAL	6,243.35	4,837.97

34.1 Above finance Costs includes ₹ 765.03 million share of jointly controlled entities (previous year ₹ 494.19 Million)



35 Provisions And Write Offs

(₹ in million)

	2013-14		2012-13	
PROVISIONS				
For Doubtful Debts (note-35.2)		3,305.11		16,940.14
For Doubtful Advances		4,483.48		2,461.97
For Non-Moving Inventory		1,780.50		1,066.51
For Others		102.88		2,079.73
Sub-Total		9,671.97		22,548.35
WRITE-OFFS				
Disposal/Condemnation of Fixed Assets (Net)		157.79		56.80
Claims/Advances		1.22		2.18
Inventory		55.31		84.83
Bad debts	129.96		1,101.31	
Less: Provisions	129.96	-	1,101.31	-
Acquisition Cost Written off		-		254.37
Others		676.76		(702.94)
Sub-Total		891.08		(304.76)
TOTAL		10,563.05		22,243.59

- 35.1 Above provisions and write offs includes ₹ 26.68 million shares of jointly controlled entities (previous year ₹ 5.97 million).
- 35.2 In respect of subsidiary company OVL, provision for doubtful debts/claims includes carry loan of ₹ 665.20 Million (previous year ₹ 487.94 million) to KMG in view of the block being under exploration and there is no certainty of commercial discovery and hence the recovery of the loan. (refer note 21.4)



36 Adjustments Relating To Prior Period (Net)

(₹ in million)

	2013-14	2012-13
A. EXPENDITURE		
Statutory levies	-	51.86
Other production, selling & distribution expenditure	(188.93)	(434.96)
Excess Abandonment Provision written back (note no.44)	(2,353.23)	
Interest -Others	343.82	12.43
Exchange Fluctuation	-	(58.47)
Survey	(6.30)	0.47
Dry Wells	82.55	455.38
Depletion	164.56	82.55
Depreciation	(85.79)	(20.24)
	(2,043.32)	89.02
B. INCOME		
Sales	(104.88)	(193.96)
Interest -Others	0.23	3.22
Other Income	484.70	280.90
Sub-Total	380.05	90.16
TOTAL (NET)	(2,423.37)	(1.14)

36.1 Above adjustments relating to prior period include ₹ 64.28 million share of jointly controlled entities (Previous year ₹ 22.04 million).

37 .Earnings per Equity Share

	2013-14	2012-13
Net Profit after Tax (₹ in million)	265,065.33	242,196.44
Weighted Average Number of Shares (Nos. in million)	8,555.49	8,555.49
Basic & Diluted earnings per equity share(₹)	30.98	28.31
Face Value per equity Share (₹)	5.00	5.00



38 Disclosure under Accounting Standard-16 on “Borrowing Costs”

Borrowing cost capitalized during the period is ₹ 13,659.16million (previous year ₹ 8,413.24 million).

39 Disclosure under Accounting Standard -17 on “Segment Reporting”

39.1 The Consolidated Segment Information as per Accounting Standard AS-17 for the Company is given below													(Rs. in million)		
Particulars	2013-14										2012-13				
	In India					Outside India	Unallocated	Grand Total	In India			Outside India	Unallocated	Grand Total	
	E&P		Refining	E&P					Refining						
	Offshore	Onshore		Offshore	Onshore										
Revenue															
External Sales	525,036.94	239,788.50	752,463.76	217,771.52	46,886.24	1,781,946.96	499,727.85	254,709.05	688,329.15	175,578.25	39,943.65	1,658,287.95			
Inter Segment Sales	74,355.85		39.58			74,405.43	76,915.38		30.81	-		76,945.97			
Total Revenue	599,402.79	239,788.50	752,503.34	217,771.52	46,886.24	1,856,352.39	576,643.21	254,709.05	688,359.76	175,578.25	39,943.65	1,735,233.92			
Results															
Segment Result Profit/(+)/Loss(-)	266,862.14	33,957.36	6,603.10	72,991.66		380,414.26	243,196.92	40,217.27	(1,600.02)	68,136.20		349,950.37			
Unallocated Corporate Expenses					15,580.67	15,580.67					11,118.12	11,118.12			
Operating Profit	266,862.14	33,957.36	6,603.10	72,991.66	(15,580.67)	364,833.59	243,196.92	40,217.27	(1,600.02)	68,136.20	(11,118.12)	338,832.25			
Interest Expenses					6,587.18	6,587.18					4,850.40	4,850.40			
Interest/Dividend Income					35,887.65	35,887.65					33,439.77	33,439.77			
Income Tax					127,603.86	127,603.86					127,519.02	127,519.02			
Profit from Ordinary Activities	266,862.14	33,957.36	6,603.10	72,991.66	(113,884.06)	266,530.20	243,196.92	40,217.27	(1,600.02)	68,136.20	(110,047.77)	239,902.60			
Extraordinary Gain															
Net Profit	266,862.14	33,957.36	6,603.10	72,991.66	(113,884.06)	266,530.20	243,196.92	40,217.27	(1,600.02)	68,136.20	(110,047.77)	239,902.60			
Other Information															
Segment Assets	941,100.53	469,170.12	377,393.24	942,986.92		2,730,650.81	843,120.65	410,709.23	254,979.85	594,095.28		2,102,905.01			
Unallocated Corporate Assets					518,457.16	518,457.16					431,668.36	431,668.36			
Total Assets	941,100.53	469,170.12	377,393.24	942,986.92	518,457.16	3,249,107.97	843,120.65	410,709.23	254,979.85	594,095.28	431,668.36	2,534,573.37			
Segment Liabilities	325,744.15	101,389.08	299,210.81	474,171.17		1,200,515.21	291,247.23	100,824.29	184,961.53	182,509.89		759,542.94			
Unallocated Corporate Liabilities					327,082.90	327,082.90					249,750.38	249,750.38			
Total Liabilities	325,744.15	101,389.08	299,210.81	474,171.17	327,082.90	1,527,598.11	291,247.23	100,824.29	182,509.89	249,750.38	249,750.38	1,009,293.32			
Capital Expenditure	151,060.11	137,423.11	19,205.29	214,888.69	34,257.28	556,834.48	177,525.61	91,283.07	28,079.41	73,537.67	42,819.52	413,245.28			
Depreciation*	87,194.91	21,328.19	7,063.03	48,742.40	1,561.28	165,887.81	66,550.20	16,393.35	6,140.16	27,367.22	1,244.42	117,695.35			
Other Non-cash Expenses	1,595.17	645.85	164.54	8,210.01	(52.55)	10,563.02	10,138.48	8,694.15	92.42	2,912.30	406.22	22,243.57			
Also includes Depreciation Amortization and Impairment Loss.															

* Also includes Depletion, Amortization and Impairment Loss.



**39.2 Notes :**

39.2.1 The annexed matrix presentation depicts the geographical segments based on assets as primary segments and business segments as secondary segments.

39.2.2 Segments have been identified and reported taking into account the differing risks and returns, the organization structure and the internal reporting systems. These have been organized into the following main geographical and business segments:

Geographical Segments

- a) In India - Offshore
- Onshore
- b) Outside India.

Business Segments

- a) Exploration & Production
- b) Refining

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

39.2.4 Inter Segment Sales have been priced at prevailing market rates.

39.2.5 Segment Assets includes ₹ 754.36 million of Intangible Assets (Previous year ₹ 1,041.25 million)

39.2.6 Reconciliation of the Segment Revenue with the Revenue as per note 29 & 36 is given below:

(₹ in million)

Particulars	Note	2013-14	2012-13
Revenue from operation (Gross)	29	1,782,051.84	1,658,481.91
Prior period Sales	36	(104.88)	(193.96)
Total		1,781,946.96	1,658,287.95
Segment Revenue as per note no. 39.1		1,781,946.96	1,658,287.95

**40 Disclosure under Accounting Standard -18 on “Related Party Disclosure”****40.1 Name of related parties and description of relationship :****40.1.1 Joint Ventures/Jointly Controlled Entities**

Sly No.	Name	Relationship
A	Jointly Controlled Entities in India	
i	ONGC Mangalore Petrochemicals Ltd	Jointly Controlled Entity in India
ii	Petronet LNG Limited	Jointly Controlled Entity in India
iii	ONGC Teri Biotech Limited	Jointly Controlled Entity in India
iv	Mangalore SEZ Limited	Jointly Controlled Entity in India
v	ONGC Petro-additions Limited	Jointly Controlled Entity in India
vi	ONGC Tripura Power Co. Limited	Jointly Controlled Entity in India
vii	Dahej SEZ Limited	Jointly Controlled Entity in India
viii	North East Transmission Company Ltd. Limited (NETC) (through OTPC)	Jointly Controlled Entity in India
ix	Mangalore STP Limited (through MSEZ)	Jointly Controlled Entity in India
x	Adani Petronet (Dahej) Port Pvt. Ltd	Jointly Controlled Entity in India
xi	Shell MRPL Aviation Fuels & Services Pvt. Limited (through MRPL)	Jointly Controlled Entity in India
xii	Mangalam Retail Services Limited (through MRPL)	Jointly Controlled Entity in India
B	Joint Ventures/Associates of Subsidiary	
i	ONGC Mittal Energy Limited, Cyprus	Joint Venture (Outside India) through OVL

40.2 Key Management Personnel:

Whole-time Functional Directors:	
Parent Company	
i)	Shri D K Sarraf, Chairman and Managing Director from 01.03.2014.
ii)	Shri K.S. Jamestin
iii)	Shri A K Banerjee
iv)	Shri Shashi Shankar
v)	Shri N K Verma
vi)	Shri T K Sengupta from 01.02.2014
vii)	Shri Sudhir Vasudeva, Chairman and Managing Director up to 28.02.14.
viii)	Shri P K Borthakur, up to 31.01.2014.
Subsidiaries and Joint Ventures	
i)	Shri D K Sarraf, Managing Director , OVL (up to 28.02.14)
ii)	Shri S P Garg, Director (Finance) & Managing Director, OVL
iii)	Shri S Bhattacharya, Director (Operations) OVL



iv)	Mr Anil Bhandari, Director (Exploration) from 6th March 2014
v)	Shri P.P.Upadhyaya, Managing Director , MRPL
vi)	Shri. Vishnu Agarwal, Director (Finance) MRPL
vii)	Shri V.G.Joshi, Director (Refinery), MRPL from 04.04.2013
viii)	Ir. A R Baron Mackay Holding B.V., Director, ONGC Nile Ganga B.V.
ix)	Mr Costas Christoforou, Director, Imperial Energy Limited
x)	Ms Arlene Nahikian, Director, Imperial Energy Limited
xi)	Ms. K. Antoniadou, Director, Imperial Energy Limited
xii)	Ms. E. Chrysanthou, Director, Imperial Energy Limited
xiii)	Mr A. Loizou, Director, Imperial Energy Limited
xiv)	Mr. Roland Göransson, Director, Carabobo One AB
xv)	Mr. Richard Chindt, Director, Carabobo One AB
xvi)	Dr. A.K. Balyan (Managing Director & CEO) PLL
xvii)	Shri R K Garg Director – Finance, PLL
xviii)	Shri. Rajendra Singh Director(Technical), PLL
xix)	Shri. Rajiv Banga, Managing Director & CEO, MSEZ
xx)	Shri Anil Khurana, Managing Director, PMHBL
xxi)	Shri Sudhindra Kumar Dube Managing Director, OTPC
xxii)	Dr P. S. V. Rao, CEO, OPaL

40.3 Details of Transactions

40.3.1 Joint Ventures/ Jointly Controlled Entities

(₹ in million)

Details	2013-14	2012-13
Sale of Products to		
a) Shell MRPL Aviation Fuels & Services Pvt. Limited	5,877.10	4,022.24
b) ONGC Mangalore Petrochemicals Ltd	2,564.58	
c) ONGC Tripura Power Co. limited	1236.49	184.79
Services Received from :		
a) ONGC Teri Biotech Ltd	112.42	182.34
b) Dahej SEZ Ltd.	9.12	9.33
c) ONGC Mangalore Petrochemicals Ltd.	1.01	1.03
d) Petronet MHB Ltd	62.57	-
e) Mangalore SEZ Ltd.	13.68	1.42
f) Petronet LNG Ltd	-	0.78
Services Provided to :		
a) ONGC Petro-additions Ltd.	117.63	117.50
b) ONGC Teri Biotech Limited	0.12	-
c) Mangalore SEZ Ltd.	-	5.80
d) ONGC Tripura Power Co. Ltd.	235.96	220.35
e) ONGC Mangalore Petrochemicals Limited	7.16	11.75
f) Petronet MHB Ltd	29.18	-
g) Petronet LNG Ltd	-	1.32
h) Shell MRPL Aviation Fuels & Services Pvt. Limited	0.33	0.29
Advance against Equity during year :		

ONGC Limited, Consolidated Accounts for the year 2013-14


Details	2013-14	2012-13
a) ONGC Petro-addition Ltd	6,985.60	-
b) Dahej SEZ Ltd	-	-
c) ONGC Tripura Power Co. Limited	2,925.10	103.32
Dividend Income		
a) Petronet LNG Limited	234.38	234.38
b) Shell MRPL Aviation Fuels & Services Pvt. Limited	12.00	-
Amount Receivable :		
a) ONGC Petro-additions Limited	54.69	42.96
b) ONGC Tripura Power Co. Ltd	373.80	-
c) Mangalam Retail Services Limited	-	0.05
d) Mangalore SEZ Ltd.	119.37	134.19
e) ONGC Mangalore Petrochemicals Limited	685.32	17.42
f) Shell MRPL Aviation Fuels & Services Pvt. Limited	622.96	406.91
g) Petronet MHB Ltd	6.59	-
Amount Payable :		
a) ONGC Teri Biotech Ltd	51.55	115.98
b) Petronet MHB Ltd	-	1.83
c) Dahej SEZ Ltd.	7.54	7.00
d) ONGC Tripura Power Co. Ltd	.02	-
e) Mangalore SEZ Ltd	0.09	-
Advance against Equity outstanding :		
a) ONGC Petro-addition Limited	6709.24	3,328.69
b) ONGC Tripura Power Co. Ltd	2925.10	-
c) ONGC Mangalore Petrochemicals Ltd.	9,799.76	9,799.76
d) Mangalam Retail Services Ltd	0.50	0.50

40.3.2 Key Management Personnel

Remuneration Paid to Key Management Personnel ₹ 69.08 million (previous year ₹ 70.86 million).

41 Disclosure under Accounting Standard - 19 on 'Leases'
41.1 Khartoum - Port Sudan Pipeline Project:

The subsidiary company , OVL had completed the 12"X741 Kms multi-product pipeline from Khartoum refinery to Port Sudan for the Ministry of Energy and Mining of the Government of Sudan (GOS) on Build, Own, Lease and Transfer (BOLT) basis and handed over the same to GOS during the financial year 2005-06. The project was implemented in consortium with Oil India Limited, Company's share being 90%.

The payment under the contract with GOS were scheduled to be received over a period of 10 years including a moratorium of one year from the date of the contract (30 June, 2004) in 18 equal semi-annual installments along with lease rental. The lease period commenced from the date of handing over of the pipeline system and will continue till all payments by GOS are



completed. All titles in the works and the transportation system shall vest in the Company and the title shall pass to GOS in proportion to the payments made by GOS against total payments due to Company under the contract. Further, subject to regular payments on due dates by GOS to the Company, GOS shall have the exclusive right to use and operate the pipeline system and the Company shall not assign, transfer, sub-let, sub-contract, mortgage or create any rights to any third party or encumbrances or make any disposition to any third party. Accordingly, the amount of net investment in the lease (i.e. aggregate of Minimum Lease Payments minus unearned Finance Income) is recognized and recorded as receivables under the lease. The finance income thereon has been recognized based upon the pattern reflecting the constant periodic rate of return on the outstanding net investment in the lease.

The first 11 installments under the contract due till 30 December 2010 have been received. The 12th, 13th, 14th, 15th, 16th and 17th installment 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 12th and 13th installments from ECGC. No insurance is available for further installments (14th to 18th).

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

(₹ in Million)

Particulars	31 st March, 2014		31 st 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	1,516.48	1,504.53	4806.60	4710.98
b) Unearned Finance Income	11.95		95.62	
c) Unguaranteed residual value accruing to OVL's benefit	Nil		Nil	
d) Accumulated provision for uncollectible minimum lease payments receivable	Nil		Nil	
e) Contingent rents recognised in the statement of profit and loss for the period	Nil		Nil	
f) General description of the significant leasing arrangement	As described in Para above		As described in Para above	
g) Accounting Policy followed in respect of initial direct costs	As per note no. 2.2.zb.1		As per note no. 2.2.zb.1	



The EPC contractor executing the project claimed additional costs aggregating to ₹ 2,231.23 Million (Previous year ₹ 2,020.59 Million), Company's 90% share being ₹ 2,008.11 Million (Previous year ₹ 1,818.53 Million), which have not been accepted by the Company. The Company, in turn has filed a claim as per the contract with GOS for their approval of an aggregate amount of ₹ 2,773.57 Million (Previous year ₹ 2,511.73 Million), Company's share being ₹ 2,496.21 Million (Previous year ₹ 2,260.56 Million). No revenue in respect of the claim on GOS has been recognized since the claim has not been accepted by GOS. OVL has served a pre-arbitral notice on GOS which is a requirement prior to initiating any legal proceedings in Sudan. The EPC contractor has initiated arbitration with a claim for ₹ 1,530.93 Million (Previous year ₹ 1,386.40 Million) plus interest against the Company. Pending settlement with the EPC contractor, an amount of ₹ 1,377.84 Million (Previous year ₹ 1,247.76 Million), being the Company's 90% share out of total claim of ₹ 1,530.93 Million (Previous year ₹ 1,386.40 Million) has been accounted as liability in the relevant year of claim. The arbitration award has been pronounced on 27 March, 2014. The award provides for the payment of ₹ 204.88 Million (US\$ 3.31 Million) and interest ₹ 15.78 Million (US\$ 0.26 Million). The parties have option to go to court within 90 days of the arbitration award. Since the company has already accounted for the claim amount as expenditure for ₹ 2,008.11 Million (Previous year ₹ 1,818.53 Million). The differential of the amount accounted for and award will be adjusted subject to further action on the expiry of 90 days period. The estimated reversal of expenditure is ₹ 1,334.23 Million (US\$ 22.21 Million). The interest amount would be treated on clarity of further action by either parties within 90 days of the arbitration award.

41.2 Financial Lease for BC-10 Project

ONGBV owns 15% equity shares in Tamba B.V. The Netherlands; with the balance held by Shell E & P Offshore Services B.V., The Netherlands ("SEPBV"), and Petrobras Netherlands B.V. The Netherlands ("PNBV"). Tamba B.V. has been established to facilitate the development and production of hydrocarbons in the BC-10 concession, Campos Basin area in Brazil. Tamba B.V. has a third party lease for a major oil field equipment (FPSO) and constructed other sub-sea assets for onwards lease to BC-10 Project. Both financial leases commenced on 31 December 2008.

Tamba B.V. leases part of its assets from a third party, Brazilian Deepwater and re-leased these to BC-10 joint venture operated by Shell Brasil Ltda. The risks and rewards incidental to ownership are largely transferred to the lessee. These assets are capitalised and recognized in the balance sheet of BC-10 as from the date the lease contract is concluded, at the lower of the fair value of the asset and the discounted value of the minimum lease installments. The lease installments payable are broken down into repayment and interest components, based on a fixed interest rate and installments as derived from the underlying agreement. The lease commitments are carried under long-term liabilities exclusive of interest. The interest component is recognized in the profit and loss account in accordance with the lease installments.

Revenue of finance lease contracts represents the transfer of economic ownership from Tamba B.V. (lessor) to the lessee of the asset, being an affiliate. Cost of sales represents the costs

ONGC Limited, Consolidated Accounts for the year 2013-14



associated with the finance lease contracts. The Company's share of the lease liability (at USD 1= ₹ 61.84) are tabulated below:-

Lease liability	₹ Million
Opening balance as at 01.04.2013	3,648.12
Interest	399.19
Lease Payments	1,161.14
Addition of Lease Liabilities due to increase of Shares by 12%	2,776.34
Foreign Currency Translation Adjustment	820.38
Closing balance as at 31.03.2014	6,028.83

The Company's 27% share of future estimated minimum lease expenses in the year and their present values are scheduled to be as follows:

(₹ In Million)

	< 1Year	1-5 Years	>5Years	Total
Future minimum lease payments:	1,258.65	4,827.72	1,994.30	8,080.68
Present value of minimum lease payments	1,217.72	3,768.86	1,042.26	6,028.84

Tamba B.V., JV company of ONGBV (27%) has entered into a 15-year lease contract for the supply of the FPSO with a third party. The lease contract contains priced termination options for each of the 15 years and priced extension options for the 4 years following the initial 15-year term. The Company can exercise a priced purchase option during the term of the lease. The interest rate implicit in the lease is 9.5% (Previous year 9.5%).

- 41.3** The company has certain office/residential premises on Operating Lease which are cancellable by giving appropriate notice as per the respective agreements. During the year ₹ 1,020.78 million (Previous year ₹ 1,011.83 Million) had been paid towards cancellable Operating Lease.
- 41.4** The Joint venture company, OTPC, has certain office premises under operating lease non-cancellable agreements. The lease rental expense recognized in the Statement of Capital Work-in-Progress for the period ended March 31, 2014 is ₹ 9.24 million (previous year ₹ 9.24 million) as group share. Liability amounting to ₹ 3.73 million (previous year ₹ 2.79 million) as group share has been provided for rent equalization reserve till March 31, 2014.

The group share in future minimum lease payments and payment profile under the non-cancelable operating leases are as follows:

(₹ in million)

Particulars	As at 31.03.2014	As at 31.03.2013
Not later than one year	11.55	9.24
Later than one year and not later than five years	43.91	46.22
Later than five years	-	6.93
TOTAL	55.46	62.39



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

42.1 Jointly Controlled Assets in India

In respect of certain blocks, the Company's Joint Ventures (JV) with certain bodies corporate have entered into Production Sharing Contracts (PSCs) with GoI. Details of these blocks and JVs as on 31.03.2014 are as under:

Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
A	Jointly Operated JVs		
1	Panna, Mukta and Tapti	40% (40%)	BGEPIL 30%, RIL 30%
2	AN-DWN-2009/3	60% (60%)	OIL 40%
B	ONGC Operated JVs		
3	CB-OS/1 Development Phase**	55.26% (55.26%)	TPL 6.7%, HOEC 38.04%
4	MN-DWN-98/3**	100% (60%)	(PIBBV 40%)
5	MN-OSN-2000/2	40% (40%)	GAIL 20%, IOC 20%, OIL 20%
6	AA-ONN-2001/2	80% (80%)	IOC 20%
7	AA-ONN-2001/3	85% (85%)	OIL 15%
8	KK-DWN-2002/2	80% (80%)	HPCL 20%
9	CY-ONN-2002/2	60% (60%)	BPRL 40%
10	AA-ONN-2002/4	90% (90%)	OIL 10%
11	CY-DWN-2004/3	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
12	CY-PR-DWN-2004/1	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
13	CB-ONN-2004/1**	60% (50%)	GSPC 40%, (HERA-MEC LTD 10%)
14	CB-ONN-2004/2	55% (55%)	GSPC 45%
15	CB-ONN-2004/3	65% (65%)	GSPC 35%
16	CY-ONN-2004/1	80% (80%)	BPRL 20%
17	CY-ONN-2004/2	80% (80%)	BPRL 20%
18	MB-OSN-2005-1	80% (80%)	GSPC 20%
19	MB-OSN-2005-5	70% (70%)	GSPC 30%
20	MB-OSN-2005-6	80% (80%)	GSPC 20%
21	KG-DWN-2005/1	70% (70%)	IOC 20%, GSPC 10%
22	KK-DWN-2005/2	90% (90%)	GSPC 10%
23	KG-OSN-2005/1	60%(60%)	HMEL 20%, GSPC 20%
24	KG-OSN-2005/2	80% (80%)	HMEL 20%
25	Raniganj	74% (74%)	CIL 26%
26	Jharia	90% (90%)	CIL 10%
27	NK-CBM-2001/1	80% (80%)	IOC 20%

ONGC Limited, Consolidated Accounts for the year 2013-14


Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
28	BK-CBM-2001/1	80% (80%)	IOC 20%
29	CB-ONN-2005/4	51% (51%)	GSPC 49%
30	CB-ONN-2005/10	51% (51%)	GSPC 49%
31	PR-ONN-2005/1	80% (80%)	TPL 20%
32	WB-ONN-2005/4	75% (75%)	OIL 25%
33	AA-ONN-2005/1	60% (60%)	OIL 30%, ACIL -10%
34	GV-ONN-2005/3	80% (80%)	TPL 20%
35	AN-DWN-2009/2	60% (60%)	OIL 40%
36	AN-DWN-2009/1	70% (70%)	OIL 30%
37	AN-DWN-2009/5**	100%(90%)	(GSPC 10%)
38	AN-DWN-2009/13**	80% (70%)	GAIL 10%, NTPC 10%, (GSPC 10%)
39	AN-DWN-2009/18	60% (60%)	OIL 30%, GAIL 10%
40	GK-OSN-2009/1	40%(40%)	AWEL 20%, GSPC 20%, IOC 20%
41	GK-OSN-2009/2	40%(40%)	AWEL 30%, IOC 30%
42	KG-OSN-2009/1	80% (80%)	APGIC 10%, NTPC 10%
43	KG-OSN-2009/2	90% (90%)	APGIC 10%
44	KG-OSN-2009/4	50% (50%)	APGIC 10%, OIL 30%, NTPC 10%
45	AA-ONN-2009/3	50% (50%)	OIL 50%
46	CB-ONN-2009/4	50% (50%)	GSPC 50%
47	GK-OSN-2010/1	60% (60%)	OIL-30%, GAIL-10%
48	GK-OSN-2010/2	90% (90%)	GAIL- 10%
49	CB-ONN-2010/6	80% (80%)	IOC- 20%
	Operated by JV Partners		
50	Ravva	40% (40%)	Cairn India (Operator) 22.5% , VIL 25%, ROPL 12.5%
51	CY-OS-90/1 (PY3)	40% (40%)	HEPI (operator) 18%, HOEC 21% TPL 21%
52	RJ-ON-90/1	30% (30%)	Cairn India (Operator) 35%, CEHL 35%
53	CB-OS/2 -Development Phase	50% (50%)	Cairn India (operator) 40% , TPL 10%
54	CB-ON/7 -Development Phase	30% (30%)	HOEC (Operator) 35%, GSPC 35%
55	CB-ON/3 - Development Phase	30% (30%)	EOL (Operator)70%
56	AA-ONN-2002/3	70% (70%)	OIL (Operator) 30%
57	AN-DWN-2003/2	45%(45%)	ENI (Operator) 40% GAIL 15%
58	KG-ONN-2003/1	51% (51%)	Cairn India 49% (Operator),
59	PR-OSN-2004/1	35% (35%)	Cairn India (Operator) 35%, TPL 30%
60	CB-ON/2- Development phase	30% (30%)	GSPC (Operator) 56%, Geo-Global Resources 14%

ONGC Limited, Consolidated Accounts for the year 2013-14



Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
61	RJ-ONN-2005/3	40% (40%)	GSPC (Operator) 60%
62	AA-ONN-2009/4	50% (50%)	OIL(Operator) 50%
63	CY-OSN-2009/2	50% (50%)	OIL 50% (Operator)
64	KG-DWN-2009/1	45% (45%)	BGEPIL 30%(Operataor), OIL 15%, APGIC 10%
65	RJ-ON/6 - Development phase	30% (30%)	Focus Energy Ltd (Operator) 7% I services Investment Ltd, Mauritius 45.5% , Newbury Oil Co. Ltd, Cyprus 17.5%
66	AA-ONN-2010/2	30% (30%)	OIL -40%, GAIL-20%, EWP-10%
67	AA-ONN-2010/3	40%(40%)	OIL-40%, BPRL-20%

* PI - Participating Interest

**Approval towards assignment of PI is awaited from GoI

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

Abbreviations:- ACL- Assam Company (India) Ltd, APGIC- AP Gas Infrastructure Corporation Ltd, AWEL- Adani Welspun Exploration Ltd, BGEPIL- British Gas Exploration & Production India Ltd, BPRL- Bharat Petro Resources Ltd, Cairn India-Cairn India Ltd, CEHL- Cairn Energy Hydrocarbons Ltd, CIL- Coal India Ltd, ENI- Ente Nazionale Idrocarburi, Ensearch- Enserach, EWP- East west Petroleum Canada, GAIL- Gas Authority of India Ltd, GGR- Geo Global Resources, GSPC- Gujarat State Petroleum Corporation Ltd, HEPI- Hardy Exploration & Production India Ltd, Heramec- Heramec Ltd, HEPI-Hardy Exploration & Production (India), HEIBV-Hydro Oil & Energy India BV, HMEL- HPCL Mittal Energy Ltd, HOEC- Hindustan Oil Exploration Company Ltd, HPCL- Hindustan Petroleum Corporation Ltd, IOC- Indian Oil Corporation Ltd, INPEX- INPEX Offshore East India Ltd, NTPC- National Thermal Power Corporation Ltd, OIL- Oil India Ltd, PIBBV-Petrobras International Braspero BV, VIL- Videocon Industries Ltd, RIL- Reliance Industries Ltd, ROPL- Ravva Oil (Singapore) Private Ltd, SRL- Sunterra Resources Ltd, TPL- Tata Petrodyne Ltd

42.2 List of the blocks surrendered during the year are given below:

Sl. No.	Joint Ventures / PSCs	Company's PI *
1	PA-ONN-2004/1	100% (100%)
2	CB-ONN-2004/4	60%(60%)
3.	CY-DWN-2004/1	70% (70%)
4.	CY-DWN-2004/2	70% (70%)
5.	CY-DWN-2004/4	70% (70%)
6.	CY-PR-DWN-2004/2	70% (70%)
7.	GV-ONN-2004/1	100%(100%)
8.	KG-DWN-2004/1	70% (70%)
9.	KG-DWN-2004/2	60% (60%)

ONGC Limited, Consolidated Accounts for the year 2013-14



10.	KG-DWN-2004/3	70% (70%)
11.	KG-DWN-2004/5	50% (50%)
12.	KG-DWN-2004/6	34% (34%)
13.	AN-DWN-2005/1	90% (90%)

* PI - Participating Interest

42.3 The Financial position of the JV/NELP blocks are as under:

(₹ in million)

	No. of JVs/ NELP Blocks	Assets	Liabilities	Income	Expenditure	Profit / (-) Loss before tax
NELP Block- 100% PI*	19 (21)	37,773.90 (15,654.33)	341.84 (368.09)	96.45 (71.51)	20,154.93 (26,243.39)	-20,058.48 (-26,171.88)
Blocks with other partners	67 (78)	103,668.42 (92,348.44)	44,450.57 (28,134.96)	182,462.92 (170,084.17)	142,405.71 (106,303.27)	40,057.21 (63,780.91)
Surrendered	49 (41)	5,209.85 (3,346.44)	9,565.83 (8,979.16)	0.37 (613.22)	2,045.23 (8,646.73)	-2,044.86 (-8,033.51)
Total	135 (140)	146,652.16 (111,349.21)	54,358.23 (37,482.21)	182,559.73 (170,768.90)	164,605.87 (141,193.38)	17,953.87 (29,575.52)

42.3.1 The financial statements of 124 (previous year 129) out of 135 (previous year 140) JVs/NELP have been incorporated in the accounts to the extent of Company's participating interest in assets, liabilities, income, expenditure and profit / (loss) before tax on the basis of statements certified in accordance with production sharing contract and in respect of balance 11 (previous year 11) JVs/NELP, the figures have been incorporated on the basis of uncertified statements prepared under the production sharing contracts. Both the figures have been adjusted for changes as per Note No. 2.1.1. The financial positions of JV/NELP are as under:

(₹ in million)

	No. of JVs/ NELP Blocks	Assets	Liabilities	Income	Expenditure	Profit / (-) Loss before tax
Audited	124 (129)	145,807.09 (110,369.47)	51,823.77 (34,943.33)	182,255.94 (170,599.99)	163,656.37 (139,865.63)	18,599.58 (30,734.36)
Unaudited	11 (11)	845.07 (979.74)	2,534.46 (2,538.89)	303.79 (168.91)	949.50 (1,327.76)	-645.71 (-1,158.85)
Total	135 (140)	146,652.16 (111,349.21)	54,358.23 (37,482.21)	182,559.73 (170,768.90)	164,605.87 (141,193.38)	17,953.87 (29,575.52)



- 42.3.2** In respect of 12 NELP blocks (previous year 16) which have expired as on 31st March, 2014, the Company's share of Unfinished Minimum Work Programme (MWP) amounting to ₹ 18,014.12 million (previous year to ₹ 19,560.95 million) has not been provided for since the company has already applied for further extension of period in these blocks as 'excusable delay'/ special dispensations citing technical complexities, within the extension policy of NELP Blocks, which are under active consideration of GoI. The delays have occurred generally on account of pending statutory clearances from various Govt. authorities like Ministry of Defense, Ministry of Commerce, environmental clearances, State Govt. permissions etc. The above MWP amount of ₹ 18,014.12 million (previous year ₹ 19,560.95 million) is included in MWP commitment under note no. 45.1.2
- 42.3.3** As per the Production Sharing Contracts signed by the Company with the GoI, the Company is required to complete Minimum Work Programme (MWP) within stipulated time. In case of delay in completion of the MWP, Liquidated Damages (LD) is payable for extension of time to complete MWP. Further, in case the Company does not complete MWP or surrender the block without completing the MWP, the estimated cost of completing balance work programme is required to be paid to the GoI. LD amounting to ₹ 245.65 million (Previous year ₹ 293.30 million) and cost of unfinished MWP (net of reversal) ₹ (-) 59.14 million (Previous year ₹ 217.14 million), paid/payable to the GoI is included in survey and wells written off expenditure..
- 42.3.4** The company had acquired Participating Interest (PI) of British Gas Exploration & Production India Ltd (BGEPIL) in the following blocks, effective from the following dates as approved by the board of directors.

Name of the Block	PI	Date of Transfer of PI
KG OSN 2004/1	45%	25.11.2011
KG DWN 98/4	30%	18.05.2011
MN DWN 2002/2	25%	01.12.2011

British Gas has agreed to pay a lump sum amount of USD 50 Million, towards full and final settlement of carry costs/cash calls due in all the above blocks, subject to government approval for transfer of PI in all the above blocks. Since the government approval in respect of MN DWN 2002/2 is pending, no adjustment is made in the accounts towards the lump sum amount due as above.

42.4 Company's share in Joint Ventures (Outside India) through Subsidiary - OVL

Sr. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members	Operator	Status
1	Block 06.1 Vietnam, Offshore	45%	TNK Vietnam B.V. - 35% Petrovietnam - 20%	TNK Vietnam B.V.	The project is under development and production

ONGC Limited, Consolidated Accounts for the year 2013-14


2	Block 2a, 2b & 4, GNPOC. Sudan, Onshore (Through ONGC Nile Ganga B.V.) Onshore	25%	CNPC - 40% Petronas - 30% Sudapet - 5%	Joint Operatorship (GNPOC)	The project is under production.
3	Block 1a, 1b, & 4, GPOC South Sudan, Onshore (Through ONGC Nile Ganga B.V.) Onshore	25%	CNPC - 40% Petronas - 30% Nilepet - 5%	Joint Operatorship (GPOC)	The project is under production. Currently under temporary shutdown due to security situation.
4	Block 5A South Sudan, Onshore	24.125%	Petronas - 67.875% Nilepet - 8%	Joint Operatorship (SPOC)	The project is under 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.) *	38.75%	Fulin – 50% Mittals – 11.25%	SSPD *	The project is under production.
7	MECL Colombia, Onshore (Through ONGC Amazon Alaknanda Limited)	50%	Sinopec – 50%	Joint Operatorship	The project is under exploration, development and production
8	Block BC-10 Brazil, Offshore (Through ONGC Nile Ganga B.V.)**	27%	Shell – 73%	Shell	The project is under development and production
9	OOO Imperial Frac Service (Through Imperial Energy Ltd)	50%	Mr. Vladimir Aleksandrovich Borisov – 50%	OVL	The company provides Fracking Services
10	San Cristobal Project Venezuela, Onshore (Through ONGC Nile Ganga B.V.)	40%	CVP- 60%	Joint Operatorship	The project is under development and production
11	Block A-1 Myanmar, Offshore	17%	Daewoo – 51% MOGE- 15% KOGAS – 8.5% GAIL – 8.5%	Daewoo	The project is under production.

ONGC Limited, Consolidated Accounts for the year 2013-14


12	Block A-3 Myanmar, Offshore	17%	Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE- 15%	Daewoo	The project is under production.
13	Farsi Block Project Iran, Offshore	40%	IOC – 40% OIL – 20%	OVL	The project's exploration period ended on 24 June 2009. Agreement on MDP and Development service contract is pending.
14	Block XXIV Syria, Onshore	60%	IPRMEL - 25% Triocean-15%	IPR MEL	IPRMEL the Operator declared Force Majeure effective 29 April 2012
15	Khartoum–Port Sudan Pipeline Project Sudan, Onshore	90%	OIL – 10%	OVL	The pipeline has been completed and is under lease.
16	Block RC-8 Colombia, Offshore	40%	Ecopetrol - 40% Petrobras – 20%	OVL	The project is under exploration
17	Block RC-9 Colombia, Offshore	50%	Ecopetrol - 50%	Ecopetrol	The project is under exploration
18	Block RC-10 Colombia, Offshore	50%	Ecopetrol - 50%	OVL	The project is under exploration
19	Block BM-SEAL-4, Brazil, Offshore (Through ONGC Nile Ganga B.V)	25%	Petrobras- 75%	Petrobras	The project is under exploration
20	LLA - 69 (Through MECL)	50%	SINOPEC- 50%	Joint Operatorship	The project is under exploration
21	Block SSJN-7 Colombia, Onshore	50%	Pacific - 50%	Pacific	The project is under exploration
22	Block CPO-5 Colombia, Onshore	70%	Petro Dorado – 30%	OVL	The project is under exploration
23	SHWE Offshore Pipeline Project, Myanmar, Offshore	17%	Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE – 15%	Daewoo	Pipeline is completed and transportation of Block Myanmar A1/A3 Gas

ONGC Limited, Consolidated Accounts for the year 2013-14


24	Onshore Gas Pipeline Project (SEAGPCL), Myanmar, Onshore (Through ONGC Nile Ganga B.V.)	8.35%	CNPC-SEAP– 50.9% Daewoo – 25.04% KOGAS– 4.17% GAIL – 4.17% MOGE – 7.37%	CNPC-SEAP	The project is under operation.
25	Carabobo Project, Venezuela Onshore (Through Carabobo One AB)	11%	CVP - 60% Petronas Ve-11% Repsol Exp-11% INDOIL-7%	Joint operatorship	The project is under development and production.
26	Satpayev Contract Area 3575, Kazakhstan, Offshore	25%	KMG – 75%	SOLLP	The project is under Exploration
27	Azeri, Chirag, Guneshli fields Azerbaijan, Offshore	2.72%	BP - 35.79% SOCAR - 11.65% Chevron - 11.27% Inpex - 10.96% Statoil - 8.56% Exxon-Mobil - 8.00% TPAO - 6.75% Itochu - 4.30%	BP	The project is under development and production
28	BTC Pipeline Azerbaijan, Onshore (Through ONGC (BTC))	2.36%	BP - 30.1% SOCAR - 25% Chevron - 8.9% Statoil - 8.71% TPAO - 6.53% Eni - 5% Total - 5% Itochu - 3.40% Inpex - 2.5% Conoco Phillips - 2.5%	BP	The project is under operation
29	Area 1 offshore Block, Mozambique***	16.00%	Anadarko- 26.5% Mitsui-20% PTTEP-8.5% BPRL-10% OIL-4% ENH-15%	Anadarko	The project is under development
30	Block SS 04, Bangladesh offshore	45.00%	OIL-45% BAPEX-10%	OVL	The project is under exploration
31	Block SS 09, Bangladesh offshore	45.00%	OIL-45% BAPEX-10%	OVL	The project is under exploration

Abbreviations used: CNPC – China National Petroleum Corporation; CNPC-SEAP-CNPC South-East Asia Pipeline Co Ltd; CVP – Corporacion Venezolana Del Petroleo S.A.; Daewoo – Daewoo International Corporation; ENL – Exxon Neftegas Limited; Fulin – Fulin Investments Sarl; GAIL

ONGC Limited, Consolidated Accounts for the year 2013-14



– 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 Kaz Munay Gas; KOGAS – Korea Gas Corporation; B.V; Mittals – Mittal Investments Sarl; MOGE- Myanmar Oil and Gas Enterprise; Nilepet - Nilepet Limited, South Sudan; OCL – ONGC Campos Ltda.. OIL – Oil India Limited; Pacific - Pacific Stratus Energy, Colombia; Petrobras – Petroleo Brasileiro S.A.; Petro-Dorado - Petro-Dorado South America S.A.; Petronas – Petronas Carigali Overseas Sdn Bhd; Petronas Ve: PC Venezuela Ltd; Petrovietnam – Vietnam Oil and Gas Group; Repsol – Repsol YPF Cuba SA; Repsol Exp- Repsol Exploracion S.A.; SEAGPCL – South East Asia Gas Pipeline Company Ltd.; Shell – Shell Brazil Ltda; Sinopec – Sinopec Overseas Oil and Gas Limited; SMNG – Sakhalinmorneftegas Shelf; SODECO – Sakhalin Oil Development Company Limited; SOLLP – Satpayev Operating Company LLP (100% subsidiary of KMG); SSPD: Syria Shell Petroleum Development B.V.; Sudapet – Sudapet Limited; Triocean: Tri-Ocean Mediterranean; SOCAR: State Oil Company of Azerbaijan Republic; TPAO - Turkish Petroleum Corporation; BREML - Beas Rovuma Energy Mozambique Ltd; ENH - Empresa Nacional De Hidrocarbonates, E.P.

Ovl holds 60% shares in BREML

* OVL has effectively 38.75% interest in Himalaya Energy Syria B.V. (HESBV) with Mittals and Fulin effectively holding 11.25% and 50% interest respectively. HESBV, through its subsidiaries, holds 33.33%, 37.5% and 36% interest in Ash Sham (including deep and lateral) concession, Deir-Ez-Zor and Annexure-IV (including deep and lateral) concessions and a gas utilization agreement in Syria; the balance interest in the concessions being held by SSPD- the Operator.

**In case of Block BC-10 Brazil, Offshore additional 12% stake was acquired on 30th December 2013.

***In case of Area 1 offshore Block, Mozambique, 10% is directly held by ONGC Videsh Ltd. and 6% through subsidiary BREML.

ONGC Limited, Consolidated Accounts for the year 2013-14

42.5 Company's share in Joint Ventures

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

(₹ in Million)

Project	Asset	Liabilities	Income	Expenditure* (Including depreciation)	Profit/(-) Loss before Tax
A. Audited as of 31 March 2014					
Block 06.1, Vietnam	10,194.97	1,571.18	8,951.34	5,698.91	3,252.43
Farsi Block, Iran	(0.30)	62.23	0.24	12.59	(12.35)
Sudan Pipeline, OVL's Share (90%)	689.96	4,618.35	93.21	3,372.35	(3,279.14)
LLC Imperial Frac Service- Jarpeno	310.96	11.22	465.95	332.51	133.44
Block 2a, 2b & 4, Sudan	24,736.09	5,967.80	31,872.39	25,491.99	6,380.40
Block 1a, 1b, & 4, South Sudan	6,785.99	1,032.52	8,752.55	6,395.05	2,357.50
Block BC-10 & Exploratory Blocks, Brazil	73,934.48	37,064.75	14,853.02	12,764.99	2,088.03
PIVSA (San Cristobal), Venezuela	22,570.80	38,054.57	27,615.66	17,070.72	10,544.94
Pipeco 1 onshore Project, Myanmar (SEAGP)	5,923.11	681.28	403.30	413.40	(10.10)
Tamba B.V.	26,685.63	7,653.40	7,373.96	5,363.00	2,010.96
AFPC, Syria	5,166.20	742.90	-	202.82	(202.82)
MECL, Colombia	27,344.03	4,916.66	20,104.51	10,143.26	9,961.25
Petro Carabobo, Venezuela**	11,641.94	2,078.81	699.71	851.77	(152.06)
BREML, Mozambique	16,776.06	2,666.60	-	29.00	(29.00)
Total (A)	232,759.93	107,122.28	121,185.84	88,142.36	33,043.48
B. Audited as of 31 December 2013					
Sakhalin 1 Russia	169,247.67	46,714.49	69,417.10	32,601.99	36,815.11
Block RC-8, Colombia	(0.48)	583.08	-	124.29	(124.29)
Block RC-10, Colombia	0.98	789.72	-	183.31	(183.31)
Block RC-9, Colombia	40.49	6.26	0.34	122.76	(122.42)
Blocks 25-29, & 36, Cuba	2.39	(470.59)	0.02	(70.23)	70.25
Block A-1, Myanmar	13,950.01	3,212.85	331.53	1,097.98	(766.45)
Block A-3, Myanmar	4,824.51	745.03	2,091.78	1,270.92	820.86
CPO 5 Block, Colombia	1,004.02	386.55	0.37	718.44	(718.07)

ONGC Limited, Consolidated Accounts for the year 2013-14


SHWE Offshore Pipeline Myanmar	2,006.39	(35.31)	453.92	1,967.31	(1,513.39)
Total (B)	191,075.98	51,932.08	72,295.06	38,016.77	34,278.29
C. Unaudited					
Block XXIV, Syria	28.68	498.93	-	403.21	(403.21)
Block GUA offshore, Colombia	6.71	59.81	-	51.60	(51.60)
Block SSJN-7, Colombia	-	7.58	0.35	56.46	(56.11)
Block 81 (1), Libya	0.03	125.96	-	0.02	(0.02)
Block Area 1, Mozambique	163,373.85	453.82	-	3.91	(3.91)
Block 128, Vietnam	165.41	286.34	-	36.66	(36.66)
Block 6 North Ramadan, Egypt	-	71.49	-	(2.12)	2.12
Block 5A, South Sudan	10,426.66	805.80	744.99	1,464.73	(719.74)
Block NC-188, Libya	1.89	(0.81)	-	3.55	(3.55)
Block NEMED, Egypt	-	(2.21)	-	0.07	(0.07)
Satpayev Block, Kazakhstan	4,838.79	6.83	-	740.61	(740.61)
ACG, Azerbaijan	50,274.72	262,308.30	18,480.13	5,539.22	12,940.91
Total (C)	229,116.74	264,621.84	19,225.47	8,297.92	10,927.55
Grand Total	652,952.65	423,676.20	212,706.37	134,457.05	78,249.32

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

** Excludes signature bonus paid by Subsidiary and classified under capital work-in-progress

42.5.1 The OVL's 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.

42.5.2 Block 5A, Blocks 1,2 &4 in Republic of South Sudan

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

In view of security situation due to internal conflict in the country all petroleum operation in Block 5A is temporarily shut down from 22nd 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.

42.5.3 Satpayev Block, Kazakhstan:

Effective 12 October 2011, the subsidiary Company, OVL has acquired 25% Subsoil use rights from National Company JSC KazMunayGas (KMG) in the Contract for Exploration and Production of Hydrocarbon (Contract) in Satpayev Area which was signed on 15 June, 2010 between Ministry of Oil and Gas (MOG), Kazakhstan and KMG. KMG now holds subsoil use rights of 75% in the Block. The amounts paid toward initial payment and signature bonus amounting to ` 4,753.53 Million (Previous year: ` 4,753.53 Million) are disclosed as Capital-Work-in-Progress in Note 19, as part of acquisition cost to be treated as per the final status of the project.

42.5.4 AFPC, Syria

ONGC Nile Ganga BV (ONGBV) and Fulin Investments Sarl, a subsidiary of China National Petroleum Company International (CNPCI), hold 50% shareholding each in the Dutch joint venture company, named Himalaya Energy Syria B.V. (HESBV). HES B.V. in turn through three German entities i.e. HES Sham, HES Dez and HES Gas Syria holds 33.33% to 37.5% Participating Interest (PI) in four Production Sharing Contracts (PSCs) in Syria. The Syria business for the above PSC of ONGBV is structured as separate class of business (Class C).

Effective 1st December 2011, Al Furat Petroleum Company (AFPC) an Operating Company jointly held by the Syria Shell Petroleum Development B.V. (SSPD) a company acting as an operator for the Contractor and HESBV (collectively the Contractor) and General Petroleum Company (GPC), Syria, which represents Government of Syria in the Operating Company, were included in the list of sanctioned enterprises by the European Union (EU) as part of the strengthening of the sanctions on Syria. Due to the sanctions, HESBV, as an EU company, has been forbidden to directly or indirectly make funds or resources available to or for the benefit of AFPC and GPC

On the 16th May 2012, the Syrian court (the 1st degree court) ruled in favour of “single management”, provided that Contractor will be kept informed of all transactions. In addition the court considered that Contractor’s share of profits should be set aside in a separate bank account. AFPC Chairman appealed for three motives (i) to challenge the above two court-determined measures that allows Contractor to monitor the Chairman powers; (ii) to exercise all powers required for running AFPC and solely operate the bank accounts; and to (iii) challenge the requirement to set aside profits. On 28th 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 31st 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 31st March 2014. No impairment provision was required in view of the recoverable value being higher than the carrying value. Although there is no production due to Force Majeure, a provision towards depletion amounting to USD 3.99 million (₹ 241.72 million) has been made based on the estimated % of depletion for previous year.

42.5.5 Blocks SS-04 & SS-09, Bangladesh:

The subsidiary company, OVL in consortium with Oil India Ltd. (OIL) was awarded two shallow water Blocks SS-04 and SS-09 located in the offshore area in People's Republic of Bangladesh on 20 August 2013 and the Production Sharing Contracts (PSCs) of the Blocks were signed by Government of People's Republic of Bangladesh represented by Ministry of Power, Energy and Mineral Resources, Bangladesh Oil and Gas & Mineral Corporation (PETROBANGLA), consortium of OVL & OIL and Bangladesh Petroleum Exploration and Production Company Limited (BAPEX) on 17 February, 2014. PSCs envisage the exploration, appraisal, development and production of petroleum in contract area of the Blocks SS-04 and SS-09 measuring 7,269 square kilometers and 7,026 square kilometers respectively. The exploration term consists of 8 (eight) consecutive contract years comprising 5 (five) years as Initial exploration term and 3 (three) years as Subsequent exploration term. OVL will act as the Operator of the Blocks and has PI of 45%, OIL holds 45% PI and BAPEX 10% PI. BAPEX's 10% PI shall be carried by OVL and OIL in proportion to their respective interests in respect of all expenditure up to the date of first commercial discovery and shall be re-paid from the first available cost recover Petroleum.

42.5.6 ACG Abandonment Cost:

The subsidiary company, OVL, has provided Abandonment Provisions for ACG project as on 31.03.2014 based on the total Capital Cost incurred on the project since inception till 31.03.2014. The Total Capital Cost till 31.03.2014 is USD 28,397.70 million for the AIOC joint venture. OVL's share of the cost (@ 2.7213 %) is USD 772.78 million. Accordingly, maximum provision of 10 % i.e. USD 77.28 million towards Abandonment Fund as per PSA provisions has been made on 31.03.2014.

42.5.7 Mozambique Offshore Area 1

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

The Rovuma Area 1 offshore Block is in development stage. As per Note No 2.2.e.2 of the significant accounting policies, the net assets less liabilities pertaining to Company's 10% PI in Area 1 offshore block as on 28th 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 2.2.e.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) Capitalization of borrowing cost:

The consideration amount of USD 2,640 million was financed by way of USD 725 million one year term bridge loan, USD 1,775 Million five year term Loan and balance through the Company's internal resources. The total borrowing cost upto to 31 March 2014 with respect to the loans, amounts to ₹ 2,140.58 Million. As per Note No. 2.2.x of the accounting policy of the group, borrowing cost of ₹ 2,092.85 Million directly related to the assets under construction has been capitalised to the related assets.

(c) Foreign exchange variation on long term foreign currency monetary items:

The subsidiary company, OVL, the exchange difference amounting to ₹ 3543.16 million arising on the USD 1,775 Million five year term loan has been capitalised to the related assets.

(d) The subsidiary Company, OVL, in joint venture with Oil India Limited (OIL) acquired 6% PI in the Rovuma Area 1 offshore Block, Mozambique from Videocon Mauritius Energy Limited (Videocon) by acquiring 60% shares and OIL acquiring 40% shares of Videocon Mozambique Rovuma 1 Limited (renamed as Beas Rovuma Energy Mozambique Limited (BREML) with effect from 30th January, 2014). BREML holds 10% PI in the Rovuma Area 1 offshore Block, Mozambique. The transaction was completed on 7th 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 7th May, 2014. Closing Statement has been received from Videocon on 2nd May, 2014. The adjustment to the purchase price of USD 31.457 million payable to seller was received from seller on 2nd May, 2014. The same is under review and the response has to be submitted within 30 days from the date of receipt of statements. Adjustment to the consideration, if any, shall be accounted on finalization of seller's final statement of accounts.

**42.6 Jointly Controlled Entities:**

42.6.1 Group ownership interests in Jointly Controlled Entities are as mentioned in note 3.B.

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

(₹ In million)		
Description	As at 31.03.2014	As at 31.03.2013
i) Assets		
Fixed Assets	136,977.47	108,255.96
Other Non Current Asset	19,929.43	20,815.01
Deferred Tax Assets	256.91	168.92
Current Asset	15,196.41	10,124.66
ii) Liabilities		
Long Term Borrowings	112,760.66	43,595.31
Other Non Current liabilities and provisions	7,431.17	6,369.02
Deferred Tax Liability	896.72	554.18
Current liabilities and provisions	28,271.87	72,775.81
iii) Income	52,520.52	42,832.21
iv) Expenses	50,824.14	40,508.05
v) Contingent liabilities	8,868.61	7,749.88
vi) Capital commitments	18,372.56	29,017.22

43 Disclosure under Accounting Standard – 28 and Guidance note on Accounting for Oil and gas producing Activities (Revised) on “Impairment of Assets”

43.1 The Company is engaged mainly in the business of oil and gas exploration and production in On-shore and Offshore. In case of onshore assets, the fields are using common production/transportation facilities and are sufficiently economically interdependent to constitute a single cash generating unit (CGU). Accordingly, impairment test of all onshore fields are performed in aggregate of all those fields at the Asset Level. In case of Offshore Assets, a field is generally considered as CGU except for fields which are developed as a Cluster, for which common facilities are used, in which case the impairment testing is performed in aggregate for all the fields included in the cluster.

43.2 The Value in Use of producing/developing CGUs is determined under a multi-stage approach, wherein future cash flows are initially estimated based on Proved Developed Reserves. Under circumstances where the further development of the fields in the CGUs is under progress and where the carrying value of the CGUs is not likely to be recovered through exploitation of proved developed reserves alone, the Proved and probable reserves (2P) of the CGUs are also



taken for the purpose of estimating future cash flows. In such cases, full estimate of the expected cost of evaluation/development is also considered while determining the value in use.

- 43.3 In assessing value in use, the estimated future cash flows from the continuing use of the assets and from its disposal at the end of its useful life are discounted to their present value. The present value of cash flows are determined by applying discount rates of 19.10% (previous year 20.10 %) for Rupee transactions and 13.00% (previous year 14.00 %) for crude oil and value added products revenue, which are measured in USD. Future cash inflows from sale of crude oil and value added products are computed using the future prices, on the basis of market-based average prices of the Dated Brent crude oil as per assessment by 'Platt's Crude Oil Marketwire' and its co-relations with benchmark crudes and other petroleum products. Future cash flows from sale of natural gas is also computed based on the expected future prices on the basis of the notification issued by the Government of India.
- 43.4 During the year ₹ 1025.48 million (Previous Year ₹ 3,014.50 million) is provided as impairment loss. Out of this, an amount of ₹ 355.97 million (Previous Year ₹ 45.36 million) has been provided as additional impairment in respect of onshore CGUs – Jodhpur and Silchar. ₹ 91.25 million (Previous Year ₹ 38.00 million) has been provided for already impaired offshore CGU- Ratna, D18, B 121 due to increase in the estimate of abandonment cost has been provided. In addition, ₹ 30.42 million (Previous Year ₹ 23.40 million) pertaining to block CY-OS-90/1 (PY-3) has been provided as presently the field does not have any potential to produce. An amount of ₹ 79.40 million (Previous Year ₹ 453.11 million) mainly represents additional impairment charge in respect of certain onshore Pre- NELP joint venture blocks (RJ ON 6, CB ON 2 and CB ON 3) due to adjustment of cost recovery from revenue and sharing of 100% royalty. Balance amount of ₹ 441.87 million, ₹15.90 million and ₹10.68 million has been provided for Tapti, Hazira Plant and CBX respectively.

Further, ₹ 806.08 million (Previous Year ₹ 756.47 million) impairment loss has been reversed based on the impairment test carried out as at the balance Sheet date. The reversal as at 31.03.2014 is in respect Offshore CGU G1-GS15 and Hazira SBM

The following 2P reserves for the respective CGU considered as a basis for the impairment assessment:-

Name of the CGU	Quantity of Reserves used for Impairment Assessment(In Mmt)
G1-GS 15	6.13
Jodhpur Onshore Asset	1.99
Silchar Onshore Asset	0.80
RJ-ON-06 (Pre NELP PSC Block)	0.88
CB-ON-02 (Pre NELP PSC Block)	0.08
Cluster B-193	13.36



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

The following 2P reserves for the respective CGU considered as a basis for the impairment assessment:-

Projects (CGU)	Proved and Probable Reserves (MMT)
Imperial Energy , Russia	90.063
AFPC, Syria	3.108
Block 5A, South Sudan	4.774
GPOC, South Sudan	5.705



44 Disclosure under Accounting Standard - 29 on “Provisions, Contingent Liabilities and Contingent Assets”:

Movement in Provisions – Abandonment liability & others

For Court cases, arbitration and others, where the timing of expected outflows is upon settlement of the proceedings and in case of provision for abandonment expected out flow after end of :

(₹ in million)

Particulars	Provision for Abandonment		Others	
	2013-14	2012-13	2013-14	2012-13
Opening Balance	207,692.12	204,138.82	1,832.45	1,942.45
Add: Provision made during the year	69,351.54	3,553.30	355.64	351.25
Less: Provision written back/ reclassified/ reduction during the year	2,353.23	-		461.25
Closing Balance	274,690.43	207,692.12	2,188.09	1,832.45

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

45.1 Capital Commitment not provided for:-

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

- In respect of the Company, its subsidiaries and Joint Venture Entities - ₹ 260,496.14 million (previous year ₹ 146,670.94 million)
- In respect of Joint Ventures - ₹ 27,708.70 million (previous year ₹ 27,834.64 million)

45.1.2 Estimated amount of Minimum Work Programme (MWP) committed under various ‘Production Sharing Contracts’:-

- In respect Nominated Blocks ₹ 441.59 million (previous year ₹ 958.54 million).
- In respect of NELP blocks in which the Company has 100% participating interest of ₹ 9,600.47 million (previous year ₹ 12,305.38 million) .
- In respect of NELP blocks in Joint Ventures, company’s share is ₹ 62,247.39 million (previous year ₹ 62,127.36 million).

45.2 Contingent Liabilities:

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

(₹ In Million)

No.	Particulars	As at 31 st March, 2014	As at 31 st March, 2013
I	in respect of Company :		
i.	Income tax matters	63,951.09	39,121.76
ii.	Excise Duty matters	9,702.14	8,840.67
iii.	Custom Duty matters	2,319.33	2,219.95
vi.	Royalty	117,301.90	90,178.00
v.	Cess	6.57	6.57
vi.	Sales Tax	46,118.72	45,853.77
vii.	Octroi	68.54	68.54
viii.	AP Mineral Bearing Land (Infrastructure) Cess	2,211.27	1,986.94
ix.	Specified Land Tax (Assam)	3,528.89	3,194.73
x.	Claims of contractors in Arbitration/Court.	55,814.99	30,583.20
xi.	in respect of other matters	73,906.78	54,182.76
xii.	Service Tax	53,768.09	44,859.97
xiii.	EPF	66.35	66.35
	Sub Total	428,764.66	321,163.21
II	in respect of Joint Ventures :		
i.	Income tax matters	8.91	8.91
ii.	Excise Duty matters	4.17	-
iii.	Custom Duty matters	3,798.73	3744.00
iv.	Cess	-	-
v.	Sales Tax	2,649.81	2,950.00
vi.	Claim of GoI for additional profit petroleum	4,732.63	4286.17
vii.	Claims of contractors in Arbitration/Court	363.31	333.24
viii.	Service Tax	230.02	165.13
ix.	in respect of other matters	854.74	907.67
	Sub Total	12,642.32	12,395.12
	Total (I+II)	441,406.98	333,558.32

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

45.2.2 In addition, in respect of the company, liability for payment to contractual workers for regularization of their services is pending with labor court under civil suit. The amount of liability is not ascertainable.



- 45.2.3 In respect of subsidiary company OVL, all known contingent liabilities have been indicated. The contingent liabilities, if any, in respect of joint ventures, where the Company is the non-operator are not ascertainable except Sakhalin-1 where the Operator has intimated that the status of contingent liability is Nil.
- 45.2.4 In terms of the statutory provisions of Oilfields (Regulation and Development) Act, 1948 (ORDA), Petroleum & Natural Gas (PNG) Rules 1959 and Notifications issued thereunder; the Company is liable to pay royalty to Central Government and State Governments, on production of Crude Oil and Natural Gas from offshore fields and onshore fields, respectively. Since 2008-09, the company has been paying royalty on crude oil at realized price which is net of under-recovery of the OMCs shared by the Company as per GoI directives. On an application filed by the State of Gujarat, the Hon'ble High Court of Gujarat in its order dated 30.11.2013 has directed the company to pay the shortfall of royalty on crude oil produced from the onshore fields in the State of Gujarat on pre-discount prices from 01.04.2008 onwards. Based on the Special Leave Petition filed by the Company, pending further orders, Hon'ble Supreme Court vide order dated 13.02.2014 stayed the operation of the impugned judgment subject to the condition that the company pays royalty to the State of Gujarat on pre-discounted price of crude oil w.e.f. 01.02.2014 onwards. Accordingly, possible obligation on this account for the period from April 2008 to March 2014 has been disclosed as Contingent Liability for ₹ 1,16,326.96 million. Differential royalty (royalty on pre-discount price minus royalty on post-discount price) being deposited w.e.f. Feb'14 in terms of court order has been shown as deposit.
- 45.2.5 In respect of joint venture company, Petronet MHB Limited, there are 127 cases (previous year 127 cases) regarding enhancement of land compensation pending with Karnataka High Court against Order of Principal Judge Bangalore Rural District Court. 34 Cases for enhancement of land and malkies Compensation was dismissed by Hassan District Court, against 15 dismissed cases the petitioners filed their Writ petition in High Court of Karnataka. Out of 3 cases for enhancement of land and malkies compensation & damage outside the ROU pending with Mangalore Distic Court, one case is dismissed and 02 cases are in progress. In the dismissed case petitioner filed the write petition in Hon'ble High Court of Karnataka of which the proceedings is in progress. The contingent liability are not ascertainable at present in above cases.
- 45.2.6 In respect of joint venture company, Petronet MHB Limited, had submitted onetime settlement (OTS) Proposal for payment of balance outstanding Zero Coupon Bond (ZCB) to lenders as per CDR. The Lender Banks have raised the issue of payment of recompense amount. As per Legal Opinion, the liability for the recompense amount has triggered. The liability on this amount is ascertainable only at the time of final acceptance of the proposal.
- 45.2.7 In respect of joint venture company, Petronet MHB Limited, party "Petronet India Ltd (PIL)" has initiated Arbitration proceedings for recovery of their Operationalization Fees. The company has contested the liability on this account.



45.2.8 **Performance Guarantees executed under the contracts:**

- i. The Company has given an undertaking to State bank of India (SBI), for an additional funding up to ₹ 2,223.50 million (previous year ₹ 2,234.00 million) in respect of joint venture company “ONGC Tripura Power Co. Limited (OTPC)” for cost overrun, if any
- ii. The subsidiary, OVL has given a Performance Guarantee on behalf of Petro Carabobo Ganga B.V. to Government of Venezuela in respect of Carabobo 1 Project. The total investment commitment is estimated at USD 1,333 Million. The outstanding guarantee obligation of the OVL was ₹ 80,059.98 Million as at 31st March, 2014 (previous year ₹ 72,501.87 Million) The Company is confident that Petro Carabobo Ganga B.V. will be able to honor its obligations.
- iii. The OVL subsidiary, ONGBV has given counter guarantee to the State Bank of India for the issue of performance bonds in favour of Nigerian National Petroleum Corporation, on behalf of ONGC Mittal Energy Limited, with a maximum of 51% of the guaranteed amounts. The outstanding guarantee obligation of the company was ₹ 4,594.59 Million (USD 76.50 million) (previous year ₹ 72,501.87 Million (USD 76.50 million) as at 31.03.2014.
- iv. The subsidiary company OVL, has issued Performance Guarantee in respect of concessionary contract for Block BC-10, Brazil and Blocks BM-S-73 and BM-ES-42 on behalf of ONGC Campos Ltda (OCL). The Company is confident that OCL will be able to honor its obligations.
- v. The OVL subsidiary, ONGBV has given performance guarantee to ANP, the regulatory authority in Brazil, favoring ONGC Campos Ltda (OCL) for BC-10 Project where OCL has a 27% participating interest (previous year 15%) and Shell Brazil is the operator.



46 Disclosure under Guidance Note on “Accounting for Oil & Gas Producing Activities” (approved by Reserve Estimates Committee):

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

	Details	Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MTOE) (note 46.2.1)	
		As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13
A. In India							
Offshore	Opening	222.98	215.77	203.245	208.179	426.22	423.95
	Addition	4.71	22.79	18.652	14.917	23.36	37.71
	Production	15.54	15.58	19.174	19.851	34.71	35.43
	Closing	212.16	222.98	202.723	203.245	414.87	426.22
Onshore	Opening	190.81	190.46	155.897	156.074	346.71	346.53
	Addition	7.94	9.87	0.020	5.170	7.96	15.04
	Production	9.44	9.51	5.321	5.348	14.76	14.86
	Closing	189.31	190.81	150.595	155.897	339.90	346.71
Total in India	Opening	413.79	406.23	359.142	364.253	772.93	770.48
	Addition	12.65	32.66	18.671	20.087	31.33	52.75
	Production	24.97	25.10	24.496	25.199	49.47	50.29
	Closing	401.47	413.79	353.318	359.142	754.78	772.93
B. Outside India							
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
	Closing	9.501	9.956	-	-	9.501	9.956
GPOC, South Sudan	Opening	6.595	-	-	-	6.595	-
	Addition	-	-	-	-	-	-
	Deduction/ Adjustment	-	(6.595)	-	-	-	(6.595)
	Production	0.218	-	-	-	0.218	-
	Closing	6.377	6.595	-	-	6.377	6.595
Block 5A, South Sudan	Opening	5.921	6.348	-		5.921	6.348
	Addition	-	(0.428)	-		-	(0.428)
	Deduction/ Adjustment	-	(0.001)	-		-	(0.001)
	Production	0.034	-	-		0.034	-
	Closing	5.887	5.921	-	-	5.887	5.921

ONGC Limited, Consolidated Accounts for the year 2013-14


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
	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
Block 06.1, Vietnam	Opening	0.598	0.635	6.414	8.518	7.012	9.153
	Addition	-	-	-	-	-	-
	Deduction/ Adjustment	-	-	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
AFPC, Syria	Opening	2.581	2.707	-	-	2.581	2.707
	Addition	-	-	-	-	-	-
	Deduction/ Adjustment	-	-	-	-	-	-
	Production	-	0.126	-	-	-	0.126
	Closing	2.581	2.581	-	-	2.581	2.581
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
	Closing	7.741	4.717	0.656	0.334	8.397	5.051
MECL, Colombia	Opening	3.453	3.504	-	-	3.453	3.504
	Addition	0.626	0.501	-	-	0.626	0.501
	Deduction/ Adjustment	(0.001)	-	-	-	(0.001)	-
	Production	0.597	0.552	-	-	0.597	0.552
	Closing	3.483	3.453	-	-	3.483	3.453
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
	Closing	14.583	14.970	4.685	4.721	19.268	19.691
PIVSA, Venezuela	Opening	10.966	11.766	-	-	10.966	11.766
	Addition	-	-	-	-	-	-
	Deduction/ Adjustment	-	-	-	-	-	-

ONGC Limited, Consolidated Accounts for the year 2013-14


	Production	0.767	0.800	-		0.767	0.800
	Closing	10.199	10.966	-	-	10.199	10.966
Carabobo - 1, Venezuela	Opening	0.022	-	-	-	0.022	-
	Addition	3.795	0.023	-	-	3.795	0.023
	Deduction/ Adjustment	-	-	-	-	-	-
	Production	0.021	0.001	-	-	0.021	0.001
	Closing	3.796	0.022	-	-	3.796	0.022
BLOCK- XXIV, Syria	Opening	1.803	1.804	-	-	1.803	1.804
	Addition	-	-	-	-	-	-
	Deduction/ Adjustment	-	-	-	-	-	-
	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	-
	Deduction/ Adjustment	-	-	-	-	-	-
	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
	Deduction/ Adjustment	-	-	-	-	-	-
	Production	0.883	0.010	-	-	0.883	0.010
	Closing	8.763	9.646	-	-	8.763	9.646
Total Outside India	Opening	104.122	98.304	92.297	95.079	196.419	193.383
	Addition	13.548	10.161	5.329	0.055	18.877	10.216
	Deduction/ Adjustment	(0.001)	0.003	0.001	0.001	-	0.004
	Production	5.486	4.343	2.677	2.837	8.163	7.180
	Closing	112.185	104.119	94.948	92.296	207.133	196.415

ONGC Limited, Consolidated Accounts for the year 2013-14


46.2 Company's share of Proved Developed Reserves on the geographical basis is as under:

	Details	Crude Oil (MMT)		Gas (Billion Cubic Meter)		Total Oil Equivalent (MTOE) (note 46.2.1)	
		As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13	As at 31.03.14	As at 31.03.13
A. In India							
Offshore	Opening	160.62	153.50	110.254	114.690	270.87	268.19
	Addition	13.90	22.70	41.630	15.431	55.53	38.13
	Production	15.54	15.58	19.174	19.867	34.71	35.45
	Closing	158.99	160.62	132.710	110.254	291.70	270.87
Onshore	Opening	150.81	148.73	110.010	110.364	260.81	259.09
	Addition	5.18	11.57	2.225	4.933	7.40	16.50
	Production	9.39	9.49	5.251	5.287	14.64	14.78
	Closing	146.60	150.81	106.984	110.010	253.58	260.81
Total in India	Opening	311.43	302.23	220.264	225.055	531.69	527.28
	Addition	19.09	34.27	43.855	20.364	62.93	54.63
	Production	24.93	25.07	24.425	25.154	49.36	50.22
	Closing	305.58	311.43	239.694	220.264	545.28	531.69
B. Out Side India							
GNOP, Sudan	Opening	2.784	6.707	-		2.784	6.707
	Addition	0.413	1.203	-		0.413	1.203
	Deduction/ Adjustment	-	4.530	-		-	4.530
	Production	0.741	0.596	-		0.741	0.596
	Closing	2.456	2.784	-	-	2.456	2.784
GPOC, South Sudan	Opening	4.530	-	-	-	4.530	-
	Addition	-	-	-	-	-	-
	Deduction/ Adjustment		(4.530)	-	-	-	(4.530)
	Production	0.218	-	-	-	0.218	-
	Closing	4.312	4.530	-	-	4.312	4.530
Block 5A, South Sudan	Opening	2.599	2.599	-		2.599	2.599
	Addition	-	-	-		-	-
	Deduction/ Adjustment	-	-	-		-	-
	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

ONGC Limited, Consolidated Accounts for the year 2013-14


	Deduction/ Adjustment	-	(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
	Deduction/ Adjustment	-	-	-	-	-	-
	Production	0.032	0.037	1.851	2.104	1.883	2.141
	Closing	0.566	0.598	4.563	6.414	5.129	7.012
AFPC, Syria	Opening	2.206	2.332	-	-	2.206	2.332
	Addition	-	-	-	-	-	-
	Deduction/ Adjustment	-	-	-	-	-	-
	Production	-	0.126	-	-	-	0.126
	Closing	2.206	2.206	-	-	2.206	2.206
BC-10, Brazil	Opening	1.626	1.437	0.137	0.155	1.763	1.592
	Addition	2.016	0.480	0.120	(0.006)	2.136	0.474
	Deduction/ Adjustment	-	-	-	(0.001)	-	(0.001)
	Production	0.318	0.291	0.013	0.012	0.331	0.303
	Closing	3.324	1.626	0.244	0.138	3.568	1.764
MECL, Colombia	Opening	3.000	3.371	-	-	3.000	3.371
	Addition	0.787	0.181	-	-	0.787	0.181
	Deduction/ Adjustment	-	-	-	-	-	-
	Production	0.597	0.552	-	-	0.597	0.552
	Closing	3.190	3.000	-	-	3.190	3.000
IEC, Russia	Opening	4.831	5.391	1.131	-	5.962	5.391
	Addition	-	-	-	1.202	-	1.202
	Deduction/ Adjustment	-	-	-	-	-	-
	Production	0.387	0.560	0.036	0.071	0.423	0.631
	Closing	4.444	4.831	1.095	1.131	5.539	5.962
PIVSA, Venezuela	Opening	1.660	1.019	-	-	1.660	1.019
	Addition	1.154	1.440	-	-	1.154	1.440
	Deduction/ Adjustment	-	(0.001)	-	-	-	(0.001)
	Production	0.767	0.800	-	-	0.767	0.800
	Closing	2.047	1.660	-	-	2.047	1.660

ONGC Limited, Consolidated Accounts for the year 2013-14


Carabobo - 1, Venezuela	Opening	0.022	-	-	-	0.022	-
	Addition	0.534	0.023	-	-	0.534	0.023
	Deduction/ Adjustment	-	-	-	-	-	-
	Production	0.021	0.001	-	-	0.021	0.001
	Closing	0.535	0.022	-	-	0.535	0.022
BLOCK-XXIV, Syria	Opening	0.049	0.050	-	-	0.049	0.050
	Addition	-	-	-	-	-	-
	Deduction/ Adjustment	-	-	-	-	-	-
	Production	-	0.001	-	-	-	0.001
	Closing	0.049	0.049	-	-	0.049	0.049
BLOCK-A1 & A3, Myanmar	Opening	-	-	-	-	-	-
	Addition	-	-	2.815	-	2.815	-
	Deduction/ Adjustment	-	-	-	-	-	-
	Production	-	-	0.201	-	0.201	-
	Closing	-	-	2.614	-	2.614	-
ACG, Azerbaijan	Opening	4.267	-	-	-	4.267	-
	Addition	-	4.277	-	-	-	4.277
	Deduction/ Adjustment	-	-	-	-	-	-
	Production	0.883	0.010	-	-	0.883	0.010
	Closing	3.384	4.267	-	-	3.384	4.267
Total Outside India	Opening	41.563	32.654	17.845	15.912	59.408	48.566
	Addition	4.904	13.251	3.624	4.770	8.528	18.021
	Deduction/ Adjustment	-	-	-	(0.001)	-	(0.001)
	Production	5.486	4.343	2.677	2.837	8.163	7.180
	Closing	40.981	41.562	18.792	17.846	59.773	59.408

46.2.1 MTOE denotes “Million Tone Oil Equivalent” and for calculating Oil equivalent of Gas, 1000 M3 of Gas has been taken to be equal to 1 MT of Crude Oil. Variations in totals, if any, are due to internal summation and rounding off.

46.2.2 The year-end reserves of the company and its subsidiary, OVL have been estimated by the Reserves Estimation Committee (REC) which follows international reservoir engineering procedures consistently.

The company and its subsidiary, OVL has adopted deterministic approach for reserves estimation and is following Society of Petroleum Engineers (SPE) – 1997 guidelines which defines reserves as “estimated volumes of crude oils, condensate, natural gas, natural gas



liquids and associated substances anticipated to be commercially recoverable from known accumulations from a given date forward, under existing economic conditions, by established operating practices, and under current Government regulations.”

Volumetric estimation is the main procedure in estimation, which uses reservoir rock and fluid properties to calculate hydrocarbons in-place and then estimate that portion which will be recovered from it. As the field gets matured with reasonably good production history is available then performance method such as material balance, simulation, decline curve analysis are applied to get more accurate assessments of reserves.

The Company uses the services of third party agencies for due diligence and it gets the reserves of its assets audited by third party periodically by internationally reputed consultants who adopt latest industry practices for their evaluation.

The annual revision of estimates is based on the yearly exploratory and development activities and results thereof. New In place Volume and Ultimate Reserves are estimated for new field discoveries or new pool discoveries in already discovered fields. Also, appraisal activities lead to revision in estimates due to new subsurface data. Similarly, reinterpretation exercise is also carried out for old fields due to necessity of revision in petro-physical parameters, updating of static & dynamic models and performance analysis leading to change in reserves. Intervention of new technology, change in classifications and contractual provisions also necessitates revision in estimation of reserves.

47. The figures in respect of the company, Subsidiaries/Joint Venture Companies have been regrouped/ rearranged based upon the details obtained from the management as part of consolidation process, Audited/unaudited accounts of respective group companies.
48. In view of the several subsidiaries and Joint Ventures of the company, with each entity operating under different regulatory requirements in different countries and adopting different policies and disclosure, the information required under Accounting Standard (AS) -15 on Employee Benefit is not disclosed in Consolidated Financial statement due to impracticability.
49. Disclosure on Foreign currency exposures at year end that have not been hedged by derivative instrument or otherwise:

The Company has receivables and payables in foreign currency as at the balance sheet date. These foreign currency exposures are not hedged by any derivative instruments or otherwise (Refer note 32.6 & 32.7).
50. Some balances of Trade/Other Receivables, Trade/Other Payables and Loans & Advances are subject to confirmation/ reconciliation. Adjustments, if any, will be accounted for on confirmation/ reconciliation of the same, which will not have a material impact.

INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

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To

The Board of Directors of Oil and Natural Gas Corporation Limited

Report on the Consolidated Financial Statements

1. We have audited the accompanying consolidated financial statements of Oil and Natural Gas Corporation Limited ("the Company") and its subsidiaries, joint ventures and associate (hereinafter referred to as "Group") which comprise the consolidated Balance Sheet as at March 31, 2013, the consolidated Statement of Profit and Loss, and the consolidated Cash Flow Statement for the year then ended, with the 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,



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

consolidated financial performance and consolidated cash flows of the Group in accordance with accounting principles generally accepted in India. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' 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 auditors' judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and presentation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. 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.



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Opinion

5. In our opinion and to the best of our information and according to the explanations given to us and on consideration of the audit reports on the financial statements of the company, its subsidiaries, joint ventures and associates, and certification of management in respect of unaudited accounts referred to in "Other Matters" below, we are of the opinion that the consolidated financial statements give a true and fair view in conformity with the accounting principles generally accepted in India:
- a) in the case of the consolidated Balance Sheet, of the state of affairs of the Group as at March 31, 2013;
 - b) in the case of the consolidated Statement of Profit and Loss, of the profit of the Group for the year ended on that date; and
 - c) in the case of the consolidated Cash Flow Statement, of the cash flows of the Group for the year ended on that date.

Other Matters

6. The Consolidated Financial Statements include the company's share in the total value of assets, liabilities, expenditure and income of 140 blocks under New Exploration Licensing Policy (NELPs) / Joint Venture (JVs) accounts for exploration and production out of which 8 NELPs / JVs accounts have been certified by other firms of Chartered Accountants and 11 NELP/JVs have been certified by the management in respect of NELPs/ JVs operated by other operators.
7. We did not audit the Consolidated Financial Statements of Mangalore Refinery and Petrochemicals Limited (MRPL), a subsidiary, whose financial statements reflect total assets of ₹267,928.67 million as at March 31, 2013 and total revenues of ₹656,496.79 million and cash flows amounting to ₹ (6,257.65) million for the year ended on that date. The Consolidated Financial Statements and other financial information of MRPL has been audited by other auditors whose report has been furnished to us, and our opinion, so far as it relates to the amounts included in respect of this subsidiary is based solely on the report of those auditors.



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

8. We did not audit the consolidated financial statements of ONGC Videsh Limited (OVL), a subsidiary, whose financial statements reflect total assets of ₹ 594,095.28 million as at March 31, 2013 and total revenues of ₹ 180,293.09 million and cash flows amounting to ₹ (6,942.58) million for the year ended on that date. These consolidated financial statements and other financial information of OVL has been audited by other auditors whose audit report has been furnished to us, in our opinion, so far as it relates to the amounts included in respect of the above is based solely on the report of those auditors. These consolidated financial statements of OVL comprise of:

- (a) consolidated financial statements of the following Subsidiaries/ Joint Venture Companies which are prepared under respective local laws / Production Sharing Contract / Joint Operating Agreement:
- (i) Subsidiaries audited by local firm of auditors:

(₹ In Millions)

Name of the Subsidiary	Total Assets as at 31.03.2013	Total Liabilities as at 31.03.2013	Total Revenue for the year ended 31.03.2013	Profit/ (loss) after tax for the year ended March 31, 2013 (Consolidated)
ONGC Nile Ganga BV	200,907.85	44,760.16	68,423.23	14,236.30
ONGC Amazon Alaknanda Limited	47,913.68	4,944.48	17,763.31	6,941.75
Imperial Energy Limited (Earlier Jarpeno Limited)	85,444.84	7,828.72	17,948.75	(5,550.91)
Carabobo One AB	8,793.64	1,003.62	-	2.08



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

(ii) Subsidiaries unaudited, as certified by the Management:

(₹ In Millions)

Name of the Subsidiary	Total Assets	Total Liabilities	Total Revenue	Profit/ (loss) after tax for the year ended March 31, 2013 (Consolidated)
ONGC Narmada Limited	95.05	1,749.19	-	(13.36)
ONGC (BTC) Limited	261.28	1,444.55	-	-

(iii) Joint Venture Company unaudited, as certified by the Management:

(₹ In Millions)

Name of the Company	Group's Share in Total Assets	Group's Share in Total Liabilities	Group's Share in Revenue	Profit/ (loss) after tax for the year ended March 31, 2013 (Consolidated)
ONGC Mittal Energy LTD	933.10	8,178.03	-	(286.65)

In respect of:

- Item no. (i) above so far it relates to amounts included, is based solely on the report of the other auditors, and
- Item no. (ii) & (iii) above so far it relates to amounts included, is based solely on the financial statements certified by the management.



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

(b) Group's share of Assets, Liabilities, Revenues and Expenditure in the joint ventures of OVL include 28 projects (as detailed in Note no. 42.4.1 of Consolidated Financial Statements) held in the books of the respective Subsidiaries / Joint Venture Company as mentioned in 8 (a) above, out of which financial statements of 21 projects certified under respective local laws / Production Sharing Contract/ Joint operating Agreement by local audit firms and financial statements of 7 projects certified by the management .

9. We did not audit the financial statements of the following Joint Ventures:

(₹ In Millions)

Sl. No.	Name of the Joint Venture	Group's share of Total Assets	Group's share of Total Revenue	Group's share of Cash Flows
(a)	Petronet LNG Limited	13,853.53	39,561.44	355.78
(b)	Petronet MHB Limited	1,407.90	296.77	29.14
(c)	Mangalore SEZ Limited (Consolidated Financial Statements)	2,961.05	44.40	208.68
(d)	ONGC Mangalore Petrochemicals Limited	21,089.23	0.14	(1,132.23)
(e)	ONGC Petro Additions Limited	74,790.17	-	(1.36)
(f)	ONGC Tripura Power Company Limited - (Consolidated Financial Statements)	17,967.23	224.33	27.88



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

(g)	ONGC Teri Biotech Limited	155.25	72.41	(2.17)
(h)	Dahej SEZ Limited	4,718.27	270.43	337.51

- a) Financial Statements of the above mentioned joint Venture companies have been audited by other auditors except for Dahej SEZ Limited and ONGC Tripura Power Company Limited, whose reports have been furnished to us, and our opinion, so far as it relates to the amounts included in respect of these Joint Venture Companies is based solely on the report of those auditors.
- b) We have relied on the unaudited financial statements of Dahej SEZ Limited and ONGC Tripura Power Company Limited. These unaudited financial statements as certified by the management have been furnished to us and our report, in so far it relates to the amount included in respect of these Companies is based solely on such certified unaudited financial statements.
10. For the purpose of considering the investment in Pawan Hans Limited, an associate, in the consolidated financial statements, the share of profit for the year ended 31st March, 2013 amounting to ₹ 37.94 million, as stated in Note 20.4, based on unaudited accounts has been considered in the current year. We did not audit the financial statements of this associate, and our opinion, so far as it relates to the amounts included in respect of this associate, is based solely on the financial statements certified by the management.
11. We have placed reliance on technical / commercial evaluation by the Management in respect of categorization of wells as exploratory, development and producing, allocation of cost incurred on them, depletion of producing properties on the basis of proved developed hydrocarbon reserves, impairment liability for abandonment costs, liabilities under NELP for under performance against Minimum Work Programme and allocation of depreciation on process platforms to transportation and facilities.



INDEPENDENT AUDITORS' REPORT ON CONSOLIDATED FINANCIAL STATEMENTS

Our opinion is not qualified in respect of other matters.

For M/s Varma & Varma

Chartered Accountants

Firm Reg No. 004532S


(K M Sukumaran)

Partner (Mem. No. 015707)

For M/s S. Bhandari & Co.

Chartered Accountants

Firm Reg No. 000560C


(P. P. Pareek)

Partner (Mem. No. 071213)

For M/s Ray & Ray

Chartered Accountants

Firm Reg No. 301072E


(B. K. Ghosh)

Partner (Mem. No. 051028)

For M/s Mehra Goel & Co.

Chartered Accountants

Firm Reg No. 000517N


(R. K. Mehra)

Partner (Mem. No. 006102)

For M/s G D Apte & Co

Chartered Accountants

Firm Reg No. 100515W


(C. M. Dixit)

Partner (Mem. No. 17532)

Date : May 29, 2013

Place : New Delhi

OIL AND NATURAL GAS CORPORATION LIMITED
CONSOLIDATED BALANCE SHEET AS AT 31ST MARCH, 2013

(₹ in million)

Particulars		Note No.	As at 31st March, 2013	As at 31st March, 2012
I.	EQUITY AND LIABILITIES			
1	Shareholders' funds			
	(a) Share capital	4	42,777.60	42,777.60
	(b) Reserves and surplus	5	1,482,502.45	1,321,613.70
2	Minority Interest		19,466.49	22,240.07
3	Non-current liabilities			
	(a) Long-term borrowings	6	88,427.49	52,085.83
	(b) Deferred tax liabilities	7	148,490.07	127,258.48
	(c) Other Long term liabilities	8	16,224.42	10,758.24
	(d) Long-term provisions	9	252,962.76	241,739.57
4	Current liabilities			
	(a) Short-term borrowings	10	116,080.84	100,538.21
	(b) Trade payables	11	186,188.99	176,035.87
	(c) Other current liabilities	12	170,970.11	202,916.89
	(d) Short-term provisions	13	10,482.14	23,924.21
	TOTAL		2,534,573.36	2,321,888.67
II.	ASSETS			
1	Non-current assets			
	(a) Fixed assets			
	(i) Tangible assets	14	406,744.58	306,079.86
	(ii) Producing Properties	15	705,450.04	608,004.37
	(iii) Intangible assets	16	1,041.25	1,364.10
	(iv) Capital work-in-progress	17	397,396.72	380,428.64
	(v) Exploratory/Development Wells in Progress	18	136,416.88	116,552.62
	(b) Goodwill on consolidation	19	83,254.88	77,975.77
	(c) Non-current investments	20	20,452.81	20,411.78
	(d) Deferred tax Asset	7	6,238.89	5,412.05
	(e) Long-term loans and advances	21	88,333.08	70,455.43
	(f) Deposit under Site Restoration Fund Scheme		106,349.19	94,752.87
	(g) Other non-current assets	22	24,702.62	29,421.30
2	Current assets			
	(a) Current investments	23	829.01	8,795.36
	(b) Inventories	24	127,803.87	131,680.10
	(c) Trade receivables	25	153,956.08	117,180.86
	(d) Cash and Cash equivalents	26	196,190.51	278,914.26
	(e) Short-term loans and advances	27	53,322.96	52,209.53
	(f) Other current assets	28	26,089.99	22,249.77
	TOTAL		2,534,573.36	2,321,888.67
	Notes to Financial Statements	1 to 51		

For and on behalf of the Board

(N. K. Sinha)
Company Secretary

(A K Banerjee)
Director (Finance)

(Sudhir Vasudeva)
Chairman & Managing Director

In terms of our report of even date attached

For G D Apte & Co.
Chartered Accountants
Firm Reg. No. 100515W

For Varma & Varma
Chartered Accountants
Firm Reg. No. 004532S

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

(C. M. Dixit)
Partner (M.No. 017532)

(K.M. Sukumaran)
Partner (M. No.015707)

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

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

For Mehra Goel & Co.
Chartered Accountants
Firm Reg. No. 000517N

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

(R.K.Mehra)
Partner (M.No. 006102)

New Delhi
May 29th, 2013

OIL AND NATURAL GAS CORPORATION LIMITED
CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in million)

	Particulars	Note No.	2012-13	2011-12
I	INCOME			
	Revenue from Operations (Gross)	29	1,658,488.43	1,511,003.25
	Less Excise Duty		34,456.70	38,153.77
	Revenue from Operations (Net)		1,624,031.73	1,472,849.48
	Other Income	30	54,900.37	47,933.77
	Total Revenue		1,678,932.10	1,520,783.25
II	EXPENDITURE			
	(Increase)/ Decrease in Inventories	31	(11,205.01)	(4,641.19)
	Purchases of stock-in-trade		0.42	-
	Production, Transportation, Selling and Distribution Expenditure	32	1,064,235.77	876,086.06
	Exploration Costs written off			
	-Survey costs		18,077.72	14,946.82
	-Exploratory well costs		92,378.82	90,189.41
	Depreciation, Depletion, Amortisation and Impairment	33	120,942.32	131,865.36
	Finance Costs	34	4,837.97	4,349.10
	Provisions and Write-offs	35	22,243.59	11,598.86
	Adjustments relating to Prior Period (Net)	36	(1.15)	(240.76)
	Total Expenses		1,311,510.45	1,124,153.66
	Profit before Exceptional, Extraordinary items and Tax		367,421.65	396,629.59
	Exceptional items		-	31,405.47
	Profit before Extraordinary items and Tax		367,421.65	428,035.06
	Extraordinary items		-	-
	Profit before Tax		367,421.65	428,035.06
	Tax Expenses			
	- Current Tax		112,139.08	140,038.84
	- Earlier years		(4,849.02)	(5,967.19)
	-MAT Credit		19.34	(9.45)
	- Deferred Tax		20,209.62	9,737.89
	-Fringe Benefit Tax		-	(54.09)
	Profit after Tax		239,902.63	284,289.06
	Add: Share of Profit/(Loss) in Associate		37.94	(10.74)
	Less: Share of Profit - Minority Interest		(2,255.87)	2,842.16
	Group Profit after Tax		242,196.44	281,436.16
	Earning per Equity Share-Basic and Diluted (₹) (Face Value ₹ 5/- per Share)	37	28.31	32.90
	Notes to Financial Statements	1 to 51		

For and on behalf of the Board

(N. K. Sinha)
Company Secretary

(A K Banerjee)
Director (Finance)

(Sudhir Vasudeva)
Chairman & Managing Director

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Partner (M. No. 051028)

(R.K.Mehra)
Partner (M.No. 006102)

New Delhi
May 29th, 2013

OIL AND NATURAL GAS CORPORATION LIMITED
CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH, 2013

(₹ in million)

	Year Ended 31st March, 2013	Year Ended 31st March, 2012
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Profit before tax and extraordinary items	367,421.65	428,035.06
Adjustments For:		
- Prior Period Items	(1.15)	(240.76)
- Depreciation, Depletion and Amortisation & Impairment	120,942.32	131,865.36
-Exploration Well Costs Written off	92,378.82	90,189.41
-Interest on Borrowings	4,837.97	4,349.40
-Foreign Exchange Loss/Translation Adjustment	11,109.43	28,928.53
-Provision for Employee Benefits	9,508.82	4,462.15
-Miscellaneous Expenditure written off	0.03	0.30
-Profit/Loss on sale of fixed assets	27.97	12.84
-Lease Income (Net)	-	(91.93)
-Other Provision and Write offs	22,243.59	11,727.65
-Excess Provision/Liability written Back	(11,002.81)	(1,961.63)
-Interest Income	(31,218.82)	(34,216.31)
-Deferred Government Grant	(3.28)	(3.92)
-Dividend Received	(3,187.34)	(3,641.58)
-Profit on sale of investment	-	(3.65)
	215,635.55	231,375.86
Operating Profit before Working Capital Changes	583,057.20	659,410.92
Adjustments for:-		
-Receivables	(44,305.25)	(11,953.27)
-Loans and Advances	(8,810.72)	(11,737.97)
-Other Current Assets	(11,757.97)	(43,218.91)
-Inventories	2,921.88	(46,882.43)
-Trade Payable and Other Liabilities	50,242.08	43,286.83
	(11,709.98)	(70,505.75)
Cash generated from Operations	571,347.22	588,905.17
Direct Taxes Paid (Net of tax refund)	(124,257.31)	(127,786.56)
Cash Flow before prior period and Extra ordinary Items	447,089.91	461,118.61
Prior period items	(86.96)	175.59
Net Cash Flow from Operating Activities 'A'	447,002.95	461,294.20
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(179,608.84)	(191,430.54)
Sale of Fixed Assets	172.44	1,228.36
Acquisition, Exploration and Development Cost	(243,193.21)	(204,259.97)
Purchase of Investments	(825.50)	(29.23)
Sale of Investments	8,791.86	1,838.14
Investment/Advance to Associates and Joint Controlled Entity	263.07	(533.54)
Loans to Public Sector Undertakings and Other Bodies Corporate	83.03	360.94
Foreign Currency Translation Adjustment	704.76	173.93
Deposit in Site Restoration Fund	(11,596.32)	(13,490.40)
Project Development/ Preoperative expenditure (net of advances)	(26,125.67)	(11,045.27)
Dividend Received	3,199.07	3,650.92
Interest Received	36,031.36	29,785.59
Tax paid on Interest Income	-	-
Net Cash Flow from Investing Activities 'B'	(412,103.95)	(383,751.07)

C. CASH FLOW FROM FINANCING ACTIVITIES:

Proceeds from issue of Share Capital	574.68	(45.93)
Advance Against Equity	1,462.94	152.88
Proceeds from Borrowings	55,962.55	98,146.82
Repayment of Borrowings	(58,640.99)	(6,623.36)
Dividend Paid	(94,960.30)	(73,657.15)
Tax on Dividend	(15,060.42)	(11,551.31)
Interest Paid	(6,870.82)	(5,727.05)
Change in Minority Interest	(93.94)	320.54
Net Cash Flow from Financing Activities 'C'	(117,626.30)	1,015.44
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	(82,727.30)	78,558.57
Cash and Cash Equivalents as at 1st April, 2012 (Opening Balance) Note 24	278,735.07	200,173.83
Add: Other Adjustments to Cash and Cash Equivalent *	0.23	2.67
	278,735.30	200,176.50
Cash and Cash Equivalents as at 31st March, 2013** (Closing Balance) Note 24	196,008.00	278,735.07
	82,727.30	(78,558.57)

*Adjustment on account of increase in shareholding in OPAL & OTPC

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard-3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
- Cash and Cash equivalent excludes Rs. 182.51 million (Previous year ₹ 179.19 million) in current account/deposit account of interest warrant/refund accounts, under lien, pledge with banks/Govt. authorities in respect of MRPL.
- ** Cash and Cash equivalent Includes Fixed deposits of NIL (Previous year ₹ 52,380.00 million) pledged to Banks against Short term loan taken from Banks. Also, includes restricted amount of ₹ 388.48 million (Previous year ₹ 416.87 million) earmarked for payment of unclaimed dividend.
- Cash Balance includes ₹ 3,389.43 million share of jointly controlled entity. (Previous year ₹ 3,899.08 million)
- Bracket indicates cash outflow.
- Previous years figures have been regrouped wherever necessary to conform to current year's classification.

For and on behalf of the Board

(N. K. Sinha)
Company Secretary

(A. K. Banerjee)
Director(Finance)

(Sudhir Vasudeva)
Chairman & Managing Director

In terms of our report of even date attached

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Partner (Mem. No. 07

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For Mehra Goel & Co.
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Firm Reg. No. 000517N

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

(R.K.Mehra)
Partner (M.No. 006102)

New Delhi
Date : 29th May, 2013



Notes to Financial Statements for the year ended 31st March 2013

1. Group information

Oil and Natural Gas Corporation Limited ('ONGC' or 'the Company') is a public limited company domiciled in India and incorporated under the provisions of Companies Act, 1956. Its Shares are listed and traded on Stock exchanges in India. The Consolidated financial statements relate to the Company, its Subsidiaries, Joint Venture entities and Associate. The Group is mainly engaged in Exploration & Production (E&P) of Oil & Gas in India and abroad including refinery business, Power Generation, Petrochemicals, LNG supply, pipeline transportation, SEZ development and Helicopter services.

2. Significant Group Accounting Policies

2.1 Principles of Consolidation

The Consolidated Financial Statements have been prepared on the following basis: -

- i) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses after eliminating intra-group balances and intra-group transactions resulting in unrealized profits or losses in accordance with Accounting Standard (AS) 21 – "Consolidated Financial Statements".
- ii) The financial statements of Joint Venture entities are combined by applying proportionate consolidation method on a line by line basis on like items of assets, liabilities, income and expenses after eliminating proportionate share of unrealized profits or losses in accordance with Accounting Standard (AS) 27 - "Financial Reporting of Interests in Joint Ventures".
- iii) Investments in Associates are accounted for using equity method in accordance with Accounting Standard (AS) 23 – "Accounting for Investments in Associates in Consolidated Financial Statements".
- iv) The consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented to the extent possible, in the same manner as the Company's separate Financial Statements except as otherwise stated.
- v) The difference between the cost of investment in the subsidiaries/associates/Joint ventures, and the net assets at the time of acquisition of shares in the subsidiaries/associates/joint ventures is recognized in the Consolidated Financial Statements as Goodwill or Capital Reserve, as the case may be.
- vi) Minorities' share in Net Profit/Loss of subsidiaries for the year is identified and adjusted against the income of the group in order to arrive at the Net Profit/Loss attributable to the shareholders of the Company.
- vii) Minorities' share of Net Assets of subsidiaries is identified and presented in the Consolidated Balance Sheet separately from liabilities and the equity of the Company's shareholders.



- viii) In case of foreign subsidiaries and joint ventures, foreign currency transactions are translated as per the provisions of Accounting Standard (AS) 11 – “Accounting for Effects of changes in Foreign Exchange Rates” in the Consolidated Financial Statements.
- ix) The difference between the proceeds from disposal of investments in a subsidiary and the carrying amount of its net assets as on the date of disposal is recognized in the Consolidated Statement of Profit and Loss.

2.2 Other significant Accounting Policies

a.	Basis of preparation The financial statements are prepared under the historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP), applying the Successful Efforts Method as per the Guidance Note on Accounting for Oil and Gas Producing Activities issued by the Institute of Chartered Accountants of India and Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act, 1956. The financial statements are presented in Indian Rupees and all values are rounded to the nearest million except when otherwise indicated. Since the Operating cycle cannot identified in normal course due to special nature of industry, the same has been assumed to have duration of 12 months.
b	Use of Estimates The preparation of financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.
c.	Government Grants Government Grant related to acquisition of Fixed Assets is treated as deferred income under ‘Deferred Government Grant’ and amount equal to proportionate depreciation of such assets is credited to Statement of profit & loss.
d.	Fixed Assets
d.1	Tangible Assets
d.1.1	Fixed assets are stated at historical cost less accumulated depreciation and impairment. Fixed assets received as donations/gifts are capitalised at assessed values with corresponding credit taken to Capital Reserve.
d.1.2	All costs, net of applicable tax credits, relating to acquisition of fixed assets till the time of bringing the assets to working condition for intended use are capitalised.
d.2	Intangible Assets Intangible assets are stated at cost of acquisition, net of applicable tax credits, less accumulated amortization and impairment.
e.	Exploration, Development and Production Costs
e.1	Acquisition Cost Acquisition cost of an oil and gas property in exploration and development stage is taken to acquisition cost under the respective category. Such costs are capitalized by transferring



	to Producing Property when it is ready to commence commercial production. In case of abandonment, such costs are expensed. Acquisition cost of a producing oil and gas property is capitalized as Producing Property.
e.2	Survey Cost Cost of Survey and prospecting activities conducted in the search of oil and gas are expensed as exploration cost in the year in which these are incurred.
e.3	Exploratory/ Development Wells in Progress
e.3.1	All acquisition costs, exploration costs incurred in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalised as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per note no. 2.2.f.4.1 or expensed as exploration cost (including allocated depreciation) as and when determined to be dry or of no further use, as the case may be.
e.3.2	All wells under 'Exploratory Wells in Progress' which are more than two years old from the date of completion of drilling are expensed as exploration cost (including allocated depreciation) except those wells where it could be reasonably demonstrated that the well has proved reserves and the development of the field in which the wells are located has been planned.
e.3.3	All costs relating to Development Wells are initially capitalized as 'Development Wells in Progress' and transferred to 'Producing Properties' on completion as per note no. 2.2.f.4.1 and 2.2.f.4.2.
f.4	Producing Properties
f.4.1	Producing Properties are created in respect of an area/field having proved developed oil and gas reserves, when the well in the area/field is ready to commence commercial production.
f.4.2	Cost of temporary occupation of land, successful exploratory wells which are used for production of oil and gas, all development wells, depreciation on related equipment, facilities and estimated future abandonment costs are capitalised and reflected as Producing Properties.
g	Depletion of Producing Properties Producing Properties are depleted using the "Unit of Production Method". The rate of depletion is computed with reference to an area covered by individual lease/license/asset/amortization base by considering the proved developed reserves and related capital costs incurred including estimated future abandonment costs. In case of acquisition cost, Producing Properties is depleted by considering the proved reserves. These reserves are estimated annually by the Reserve Estimates Committee of the Company, which follows the International Reservoir Engineering Procedures.
h	Production Costs Production costs include pre-well head and post-well head expenses including depreciation and applicable operating costs of support equipment and facilities.
i	Side tracking
i.1	The cost of abandoned portion of side tracked exploratory wells is expensed as 'Exploratory Well Cost'.
i.2	The cost of abandoned portion of side tracked development wells is considered as part of cost of development wells.
i.3	The cost of sidetracking in respect of existing producing wells is capitalized if it increases the proved developed reserves otherwise, expensed as 'Workover Expenditure'



j	Impairment
	Producing Properties, Development Wells in Progress (DWIP) and Fixed Assets (including Capital Works in Progress) of a “Cash Generating Unit” (CGU) are reviewed for impairment at each Balance Sheet date. In case, events and circumstances indicate any impairment, recoverable amount of these assets is determined. An impairment loss is recognized, whenever the carrying amount of such assets exceeds the recoverable amount. The recoverable amount is its ‘value in use’ or ‘net selling price’ (if determinable) whichever is higher. In assessing value in use, the estimated future cash flows from the use of assets and from its disposal at the end of its useful life are discounted to their present value at appropriate rate. An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, is allocated to its assets on a pro-rata basis. Subsequent to impairment, depreciation is provided on the revised carrying value of the assets over the remaining useful life.
k	Abandonment Cost
k.1	The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring offshore well sites and allied facilities are recognized in respective assets when the well is complete / facilities are installed.
k.2	The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring onshore well sites are recognized when the well is complete. Cost relating to dismantling, abandoning and restoring its allied facilities are accounted for in the year in which such costs are incurred as the salvage value is expected to take care of the abandonment costs. The abandonment cost on dry well is expensed as exploratory well cost.
k.3	Provision for abandonment cost is updated based on the technical assessment at current costs.
l	Joint Ventures
	The Company has Joint Ventures in the nature of Production Sharing Contracts (PSC) with the Government of India/other countries and various bodies corporate for exploration, development and production and other activities.
l.1	The company’s share in the assets and liabilities along with attributable income, and expenditure, of the Jointly Controlled Assets is merged on line by line basis with the similar items in the Financial Statements of the Company and adjusted for depreciation, depletion, survey, dry wells, abandonment, impairment and sidetracking in accordance with the accounting policies of the Company.
l.2	Consideration for the right to participate in operations recoverable from new Joint Venture Partners are : i) Reduced from respective capitalized cost wherever applicable ii) Reduced from current expenditure to the extent it relates to current year. iii) Balance is considered as miscellaneous receipts.
l.3	The hydrocarbon reserves in such areas are taken in proportion to the participating interest of the Company.
m.	Investments
	Long-term investments are valued at cost. Provision is made for any diminution, other than temporary, in the value of such investments. Current Investments are valued at lower of cost and fair value.
n.	Inventories



n.1	Finished goods (other than Sulphur) and stock in pipelines/tanks and carbon credits are valued at Cost or net realisable value whichever is lower. Cost of Finished goods is determined on absorption costing method. Sulphur is valued at net realisable value. The value of inventories includes excise duty, royalty (wherever applicable) but excludes cess.
n.2	Crude oil in unfinished condition in flow lines upto Group Gathering Stations/platform and Natural Gas in Pipelines are not valued.
n.3	Inventory of stores and spare parts is valued at Weighted Average Cost or net realisable value, whichever is lower. Provisions are made for obsolete and non-moving inventories.
n.4	Raw material and Stock in Process is valued at lower of cost or net realizable value. Crude oil as raw material is valued based on First in First Out (FIFO) cost and LNG as raw material is valued on weighted average cost. Cost of Stock in Process comprise of raw material cost and proportionate Conversion cost.
n.5	Unserviceable and scrap items, when determined, are valued at estimated net realizable value.
o.	Revenue Recognition
o.1	Revenue from sale of products is recognized on transfer of custody to customers. Any difference as of the reporting date between the entitlement quantity minus the quantities sold in respect of crude oil (including condensate), if positive (i.e. under lift quantity) the proportionate production expenditure is treated as prepaid expenses and, if negative (i.e. over lift quantity), a liability for the best estimate of the Company's proportionate share of production expenses as per the Joint Operating Agreement / Production Sharing Agreement is created in respect of the quantity of crude oil to be foregone in future period towards settlement of the over-lift quantity of crude oil with corresponding charge to statement of Profit & Loss.
o.2	Any payment received in respect of short lifted gas quantity for which an obligation exists to supply such gas in subsequent periods is recognized as Deferred Revenue in the year of receipt. The same is recognized as revenue in the year in which such gas is actually supplied for the quantity supplied or in the year in which the obligation to supply such gas ceases, whichever is earlier.
o.3	Sale of crude oil and gas (net of levies) produced from Exploratory Wells in Progress is deducted from expenditure on such wells.
o.4	Sales are inclusive of all statutory levies except Value Added Tax (VAT). Any retrospective revision in prices is accounted for in the year of such revision.
o.5	Revenue in respect of fixed price contracts is recognized for the quantum of work done on the basis of percentage of completion method. The quantum of work done is measured in proportion of cost incurred to date to the estimated total cost of the contract or based on reports of physical work done.
o.6	Finance income in respect of assets given on finance lease is recognized based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.
o.7	Revenue in respect of the following is recognized when there is reasonable certainty regarding ultimate collection: a. Short lifted quantity of gas b. Gas pipeline transportation charges c. Reimbursable subsidies and grants d. Surplus from Gas Pool Account e. Interest on delayed realization from customers f. Liquidated damages from contractors/suppliers
p.	Depreciation and Amortization



p.1	Depreciation on fixed assets is provided for under the written down value method in accordance with the rates specified in Schedule XIV to the Companies Act, 1956.
p.2	Depreciation on additions/deletions during the year is provided on pro rata basis with reference to the date of additions/deletions except items of Plant and Machinery used in wells with 100% rate of depreciation and low value items not exceeding Rs.5,000/- which are fully depreciated at the time of addition.
p.3	Depreciation on subsequent expenditure on fixed assets arising on account of capital improvement or other factors is provided for prospectively. Depreciation on refurbished/revamped assets which are capitalized separately is provided for over the reassessed useful life at rates which are not less than the rates specified in Schedule XIV to the Companies Act, 1956.
p.4	Depreciation on fixed assets (including support equipment, facilities and those taken on lease) used for exploratory/ development drilling and on production facilities is initially capitalised as part of drilling cost or producing properties and expensed/depleted as stated in note no 2.2.f & 2.2.g above. Depreciation on equipment/ assets deployed for survey activities is charged to Statement of Profit and Loss.
p.5	Leasehold land is amortized over the lease period except perpetual leases.
p.6	Intangible assets are amortized on Straight Line Method (SLM) over the useful life not exceeding ten years from the date of capitalization.
q.	Foreign Exchange Transactions
q.1	Foreign currency transactions on initial recognition in the reporting currency are accounted for at the exchange rates prevailing on the date of transaction.
q.2	At each Balance Sheet date, foreign currency monetary items are translated using the mean exchange rates prevailing on the balance sheet date and non-monetary items are translated using the exchange rate prevailing on the date of transaction or on the date when the fair value of such item was determined.
q.3	The loss or gain thereon and also the exchange differences on settlement of the foreign currency transactions during the year are recognized as income or expense and adjusted to the statement of profit & loss except where such liabilities and /or transactions relate to fixed assets/ projects and these were incurred/ entered into before 1.4.2004; in which case, these are adjusted to the cost of respective fixed assets.
q.4	In respect of the Company's integral foreign operations:
q.4.1	The foreign currency transactions on initial recognition in the reporting currency are recorded following the note no 2.2.q.1. For practical reasons, the average exchange rate of the relevant month is taken for the transactions of the month in respect of joint venture operations, where actual date of transaction is not available.
q.4.2	At each Balance Sheet date, monetary and non-monetary items are translated following the policy stated in note no. 2.2.q.2.
q.4.3	All exchange differences are treated following the policy stated in note no.2.2.q.3.
q.5	The financial statements of the non-integral foreign operations of the company are incorporated in the financial statements using the following principles:
q.5.1	The assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the average of the exchange rate prevailing on the date of the balance sheet;



q.5.2	Income and expense items of the non-integral foreign operation are translated at the average exchange rates for the period to which the financial statements relate;
q.5.3	The resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operation.
q.5.4	Exchange differences arising on the company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve until the disposal of such investment, at which time they are recognized as income or as expenses.
q.6	In the case of forward exchange contracts, the premium or discount arising at the inception of such contracts, is amortised as income or expense over the life of the contract as well as exchange difference on such contracts, i.e. difference between the exchange rate at the reporting / settlement date and the exchange rate on the date of inception / the last reporting date, is recognized as income / expense for the period. Forward exchange contracts other than those covered under –Accounting Standard-11 on The effect of Changes in Foreign Exchange Rates, are marked to market basis at the reporting date and the losses are charged to statement of Profit & Loss. Unrealized gains are ignored.
r.	Employee Benefits
r.1	All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.
r.2	Employee Benefit under defined contribution plans comprising provident fund etc. is recognized based on the undiscounted amount of obligations of the company to contribute to the plan. The same is paid to a fund administered through a separate trust.
r.3	Employee benefits under defined benefit plans comprising of gratuity, leave encashment, compensated absences, post-retirement medical benefits and other terminal benefits are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit Method. Actuarial Liability in excess of respective plan assets is recognized during the year. Actuarial gains and losses in respect of post-employment and other long-term benefits are recognized in the statement of profit & loss.
s.	Voluntary Retirement Scheme Expenditure on Voluntary Retirement Scheme (VRS) is charged to statement of profit & loss when incurred.
t.	General Administrative Expenses General administrative expenses of Assets, Basins & Services which are identifiable are allocated to activities and the balance is charged to statement of profit & loss. Such expenses relating to Headquarter is charged to statement of profit & loss.
u.	Insurance claims
	The company accounts for insurance claims as under :-
u.1	In case of total loss of asset, by transferring either the carrying cost of the relevant asset or insurance value (subject to deductibles), whichever is lower under the head “Claims Recoverable-Insurance” on intimation to Insurer. In case insurance claim is less than carrying cost, the difference is charged to statement of profit & loss Account.
u.2	In case of partial or other losses, expenditure incurred/payments made to put such assets back into use, to meet third party or other liabilities (less policy deductibles) if any, are accounted for as “Claims Recoverable-Insurance”. Insurance Policy deductibles are



	expensed in the year the corresponding expenditure is incurred.
u.3	As and when claims are finally received from insurer, the difference, if any, between Claims Recoverable-Insurance and claims received is adjusted to statement of profit & loss.
v.	Research Expenditure Revenue expenses on Research are charged to statement of profit & loss, when incurred.
w.	Taxes on Income Provision for current tax is made as per the provisions of the Income Tax Act, 1961/other applicable tax laws. Deferred Tax Liability / Asset resulting from 'timing difference' between book profit and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is recognized and carried forward only to the extent that there is reasonable certainty that the asset will be realized in future.
x.	Borrowing Costs Borrowing Cost specifically identified to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to statement of profit & loss.
y.	Rig Days Costs Rig movement costs are booked to the next location drilled/planned for drilling. Abnormal Rig days' costs are considered as unallocable and charged to statement of profit & loss.
z.	Unamortized Expenditure
z.1	Dry docking charges of Rigs/ Multipurpose Supply Vessels (MSVs), Geo Technical Vessels (GTVs), Well Stimulation Vessels, Offshore Supply Vessels (OSVs), Rig/equipment mobilization expenses and other related expenditure are amortized over the period of use not exceeding five years and balance is carried under head "Unamortized Expenditure" in the balance sheet..
za	Transportation Costs Transportation Costs in respect of the quantity of gas short transported, for which the right exists to transport such gas in subsequent periods at no charge, is treated as Deferred Expenditure in the year of payment. The same is treated as cost in the year in which the gas is actually transported for the quantity transported or in the year in which the right to transport such gas ceases, whichever is earlier.



zb.	Lease
zb.1	Assets given on Lease:
zb.1.1	Assets given on finance lease are accounted for as per Accounting Standard (AS) 19 “Leases”. Such assets are included as a receivable at an amount equal to the net investment in the lease.
zb.1.2	Initial direct costs incurred in respect of finance leases are recognised in the statement of profit and loss in the year in which such costs are incurred.
zb.2	Assets taken on Lease
zb.2.1	Assets taken on finance lease are capitalized and 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 & loss in accordance with the lease installments.
zb.2.2	Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit & loss on accrual basis.
zc	Claims Claims/Surrenders on/to Petroleum Planning and Analysis Cell, Government of India are booked on ‘in principle acceptance’ thereof on the basis of available instructions/clarifications subject to final adjustments, as stipulated. All other claims and provisions are booked on the merits of each case.
zd	Provisions, Contingent Liabilities and Contingent Assets Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are disclosed by way of notes to accounts.
ze	Accounting for derivatives Accounting for Derivatives, other than those covered under Accounting Standard (AS) 11, is done on marked to market basis and the losses are charged to statement of Profit & Loss. Unrealized gains are ignored.
zf	Goodwill on Consolidation Goodwill arising on Consolidation of Companies having Hydrocarbon reserves is amortized based on “Unit of Production Method” considering the related Proved Reserves. Other goodwill on consolidation is not amortized



3. The consolidated financial statements represent consolidation of accounts of “Oil and Natural Gas Corporation Limited”, its subsidiaries, Joint ventures entities and associates as detailed below:-

SI No.	Name of the Subsidiaries/ Joint Venture and Associates	Country of Incorporation	Proportion of Ownership Interest As on		Status of Audit as on 31.03.13
			31.03.2013	31.03.2012	
A. Subsidiaries					
1	ONGC Videsh Limited (OVL)	India	100%	100%	Audited
1.1	ONGC Nile Ganga B.V. (ONGBV)	The Netherlands	Class A and Class B 100%	Class A and Class B 100%	Audited
1.1 (i)	ONGC Campos Ltda.	Brazil	100%	100%	Audited
1.1 (ii)	ONGC Nile Ganga (Cyprus) Ltd.	Cyprus	100%	100%	Audited
1.1 (iii)	ONGC Nile Ganga (San Cristobal) B.V.	The Netherlands	100%	100%	Audited
1.1 (iv)	ONGC Satpayev E&P B.V.	The Netherlands	100%	100%	Audited
1.1 (v)	ONGC Caspian E&P B.V.	The Netherlands	100%	100%	Audited
1.2	ONGC Nile Ganga B.V. (ONGBV)	The Netherlands	Class C 55% direct (balance 45% held by OMEL)	Class C 55% direct (balance 45% held by OMEL)	Audited
1.3	ONGC Narmada Limited (ONL)	Nigeria	100%	100%	Unaudited
1.4	ONGC Amazon Alaknanda Limited (OAAL)	Bermuda	100%	100%	Audited
1.5	Jarpeno Limited*	Cyprus	100%	100%	Audited
1.5 (i)	Imperial Energy Tomsk Limited	Cyprus	100%	85%	Audited
1.5 (ii)	Imperial Energy (Cyprus) Limited	Cyprus	100%	100%	Audited
1.5(iii)	Imperial Energy Nord Limited	Cyprus	100%	100%	Audited
1.5(iv)	RK Imperial Energy (Kostanai) Limited	Cyprus		100%	Audited
1.5(v)	Freshspring Investments Limited	Cyprus	100%	100%	Audited
1.5 (vi)	Nefsilius Holdings Limited	Cyprus	100%	100%	Audited
1.5(vii)	Biancus Holdings Limited	Cyprus	100%	100%	Audited
1.5(viii)	Redcliffe Holdings Limited	Cyprus	100%	100%	Audited
1.5 (ix)	Imperial Energy Gas Limited	Cyprus	100%	100%	Audited
1.5(x)	Imperial Frac Services (Cyprus) Limited	Cyprus	100%	100%	Audited
1.5 (xi)	San Agio Investments Limited	Cyprus	100%	100%	Audited
1.5(xii)	LLC Sibinterneft (**)	Russia	47.52%	47.52%	Audited
1.5(xiii)	LLC Allianceneftegaz	Russia	100%	100%	Audited
1.5 (xiv)	LLC Nord Imperial	Russia	100%	100%	Audited

ONGC Limited, Consolidated Accounts for the year 2012-13


1.5(xv)	LLC Imperial Trans service	Russia	100%	100%	Audited
1.5(xvi)	LLC Rus Imperial Group	Russia	100%	100%	Audited
1.5(xvii)	LLC Stratum	Russia	100%	100%	Audited
1.5(xviii)	LLC Imperial Frac Services	Russia	50%	50%	Audited
1.6	Carabobo One AB	Sweden	100%	100%	Audited
1.6(i)	Petro Carabobo Ganga B.V.	The Netherlands	100%	100%	Audited
1.7	ONGC BTC Ltd	Cayman Islands	100%	-	Unaudited
2.	Mangalore Refinery and Petrochemicals Ltd. (MRPL)	India	71.63%	71.63%	Audited
B. Joint Venture Entities					
1.	Petronet LNG Limited (PLL)	India	12.50%	12.50%	Audited
2.	Petronet MHB Ltd (PMHBL)	India	28.77%	28.77%	Audited
3.	Mangalore SEZ Ltd (MSEZ) (note 3.1)	India	26.46%	26.46%	Audited
4.	ONGC Mangalore Petrochemicals Ltd. (OMPL) (note 3.2)	India	48.15%	48.15%	Audited
5.	ONGC Petro Additions Ltd. (OPaL)	India	49%	41.93%	Audited
6.	ONGC Tripura Power Company Ltd. (OTPC)	India	49.52%	49.52%	Unaudited
7.	ONGC Teri Biotech Ltd. (OTBL)	India	49.98%	49.98%	Audited
8.	Dahej SEZ Limited (DSEZ)	India	50.00 %	50.00 %	Unaudited
10.	ONGC Mittal Energy Limited (OMEL) (through OVL)	Cyprus	49.98%	49.98%	Unaudited
11.	Shell MRPL Aviation Fuels & Services Pvt. Limited (SMASL)(through MRPL)	India	50%	50%	Audited
12.	North East Transmission Company Ltd. Limited (NETC) (through OTPC)	India	30.00%	32.36%	Unaudited
13.	Mangalore STP Limited (through MSEZ)	India	69.99%	69.99%	Audited
C. Associates					
1.	Pawan Hans Ltd. (PHL) (Note 3.3)	India	49.00 %	49.00%	Unaudited

(*) Jarpeno Limited has been rechristened as Imperial Energy Limited with effect from 19th 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.

3.1 Includes holding of 0.96% by OMPL.

3.2 Includes holding of 3% by MRPL

3.3 During the year 2012-13, name of Associate company “Pawan Hans Helicopters Limited (PHHL)” has got changed to “Pawan Hans Limited (PHL)”

3.4 In view of different sets of environment/prevalent laws in respect of respective countries in which the subsidiaries /JV are operating, the accounting policies followed (for treatment of depreciation of Tangible Assets, sales revenue and royalty etc) by the subsidiaries/JVs are different from the accounting policies of the Company. Such different accounting policies have



been adopted and is disclosed in Note no. 9.2,14.2,14.3 14.5, 16.1(c), 16.2, 16.3, 17.1(c),17.1(d), 17.1(e), 17.1(f), 17.1(g), 24.3, 28.2, 29.10, 29.11 & 29.12, 32.2 & 49.

4. Share Capital

(₹ in million)

	As at 31st March, 2013	As at 31st March, 2012
Authorised:		
30,000,000,000 Equity Shares of ₹ 5 each	150,000.00	150,000.00
(Previous Year 30,000,000,000 Equity Shares of ₹ 5 each)		
Issued and Subscribed:		
8,555,528,064 Equity Shares of ₹ 5 each	42,777.64	42,777.64
(Previous Year 8,555,528,064 Equity Shares of ₹ 5 each)		
Paid up :		
8,555,490,120 Equity Shares of ₹ 5 each	42,777.45	42,777.45
(Previous Year 8,555,490,120 Equity Shares of ₹ 5 each)		
Add: Shares forfeited	0.15	0.15
TOTAL	42,777.60	42,777.60

4.1 Reconciliation of the equity shares outstanding at the beginning and at the end of the reporting period

Particulars	As at 31st March, 2013		As at 31st March, 2012	
	No in million.	₹ in million	No in million.	₹ in million
Outstanding at the beginning of the year	8,555.49	42,777.45	8,555.49	42,777.45
Changes during year	-	-	-	-
Outstanding at the end of the year	8,555.49	42,777.45	8,555.49	42,777.45



4.2 Terms/rights attached to equity shares

The company has only one class of equity shares having a par value of ₹ 5 per share. Each holder of equity shares is entitled to one vote per share. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the company, the holders of equity shares will be entitled to receive remaining assets of the company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

4.3 Details of shareholders holding more than 5% shares in the company are as under:-

Name of Share Holder	As at 31st March, 2013		As at 31st March, 2012	
	No in million.	% holding	No in million.	% holding
President of India	5,922.55	69.23	5,922.55	69.23
Life Insurance Corporation of India	662.85	7.75	664.45	7.76
Indian Oil Corporation Limited	657.92	7.69	657.92	7.69

4.4 Pursuant to the approval of the members dated 28.01.2011, during the financial year 2010-11, one equity share having face value of ₹ 10/- each had been sub-divided into two equity shares of ₹ 5/- each and bonus shares in proportion of one new equity bonus share of ₹ 5/- each for every one fully paid up equity share of ₹ 5/- each held on 09.02.2011 (record date) had been allotted. The company has issued total 4,277.75 million equity shares of face value of ₹ 5 each issued as fully paid up by way of bonus shares during the period of five years immediately preceding the reporting date.

4.5 Shares reserved for issue under option : Nil (previous year Nil)



5. Reserves and Surplus

		(₹ in million)	
		As at 31st March, 2013	As at 31st March, 2012
Capital Reserve (Note 5.1)			
a) As per last Balance Sheet	1,104.97		1,008.91
b) Addition/(deduction) during the year	49.08	1,154.05	96.06
			1,104.97
Capital Redemption Reserve (Note 5.3)			
a) As per Last Balance Sheet	46.02		0.09
b) Add: Transferred from P&L Account	45.93	91.95	45.93
			46.02
Securities Premium Account			
a) As per last Balance Sheet	144.33		144.33
b) Less: Bonus Share issued	-	144.33	-
			144.33
Debenture Redemption Reserve (note no. 5.4)			
a) As per Last Balance Sheet	9,781.27		5,461.83
b) Add: Transferred from Surplus Account	4,307.64	14,088.91	4,319.44
			9,781.27
Deferred Government Grant (Note 2.2.c)			
a) As per last Balance Sheet	30.82		34.73
b) Addition during the year	-		-
c) Less: Deduction during the year	3.29	27.53	3.91
			30.82
Foreign Exchange Translation Reserve (Note 5.5)			
a) As per Last Balance Sheet	24,639.98		(1,933.82)
b) Addition/(deletion)	12,914.35	37,554.33	26,573.80
			24,639.98
General Reserve			
a) As per last Balance Sheet	1,105,907.56		961,447.07
c) Add: Transferred from Surplus Accounts	117,756.67		144,460.49
d) Less: Bonus Share issued	-	1,223,664.23	-
			1,105,907.56
Surplus			
a) As per last Balance Sheet	179,958.75		144,331.72
b) Add: Transferred from Statement of Profit and Loss	242,196.44		281,436.16
c) Add: Adjustment due to change in holding/other adjustment	60.76		43.82
d) Less: Proposed Dividend	4,277.75		17,111.01
e) Less: Interim Dividend	76,999.41		66,305.10
f) Less: Tax on Dividend	13,051.43		13,610.98
g) Less: Transfer to Capital Redemption Reserve	45.93		45.93
h) Less: Transfer to Debenture redemption Reserve	4,307.64		4,319.44
j) Less: Transferred to General Reserve	117,756.67	205,777.12	144,460.49
			179,958.75
TOTAL		1,482,502.45	1,321,613.70

5.1 Includes ₹ 159.44 million (previous year ₹ 159.44 million) being assessed value of assets received as gift and ₹ 4.18 million (previous year ₹ 4.18 million) being Capital Reserve on Consolidation.

5.2 The Board of Directors has recommended a final dividend of ₹ 0.50 per share which is subject to the approval of the shareholders in the ensuing Annual General Meeting over and above the interim dividend of ₹ 9.00 (Previous year ₹ 7.75) per share.

5.3 In respect of subsidiary, MRPL, Capital redemption Reserve on redemption of Preference share capital is of ₹ 91.86 Million (previous year ₹ 45.93 Million).

5.4 Debenture Redemption Reserve: -

In respect of subsidiary company OVL, Debenture redemption reserve has been created as follows:

(₹ in million)

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

5.5 Foreign Currency Translation Reserve:

The subsidiary, ONGC Videsh Limited has followed the Accounting Standard (AS) 11 - Effects of Changes in Foreign Exchange Rates (revised 2003) for incorporating in the consolidated financial statements following the principles for translation of the financial statements of Non-integral Foreign Operation. Accordingly, the resulting exchange gain of ₹ 12,914.34 Million (Previous Year ₹ 26,573.80 Million) has been accounted as foreign currency translation reserve.

5.6 Reserve and Surplus includes ₹ (-) 3,530.20 million shares of jointly controlled entities. (Previous Year ₹ (-) 3,868.88 million)

**6. Long-term borrowings:-****(₹ in million)**

	As at		As at	
	31st March 2013		31st March 2012	
A. Secured				
(a) Zero Coupon Bond (note no. 6.2.1)	27.29		91.04	
(b) Term Loan				
- From Banks	38,371.79		3,921.04	
- From Others	14,040.84	52,439.92	10,455.77	14,467.85
B. Unsecured				
(a) Non Convertible Redeemable Bonds (note 6.3.1)	23,400.00		23,400.00	
(b) Term Loan				
- Bank	-		3,969.78	
- From Others	7,000.00		4,000.00	
(c) Long Term maturity of Finance Lease (Note 41.2)	2,759.08		3,124.98	
(c) Non - Recourse deferred credit (Note 6.3.3)	134.98		380.60	
(d) Sales Tax Deferment Loan (Note no.6.3.5)	2,693.51		2,742.62	
		35,987.57		37,617.98
Total Long Term Borrowing (A+B)		88,427.49		52,085.83

6.1 Long Term borrowing includes ₹ 36,146.92 million share of jointly controlled entities (Previous Year ₹ 15,861.13 million)

6.2 Secured Loan

6.2.1 **Zero coupon bond (ZCB):** The Joint Venture, PMHBL has issued Zero Coupon Bonds to Lenders as per Corporate Debt Restructuring (CDR) Approved Scheme, repayable in 36 quarterly installments commencing from Sept 2006 and ending on June 2015. The ZCBs are secured by first mortgage on Immovable Properties, present & future, first charge on movable properties, present & future and charge on all receivables from the project on pari passu basis. Balance outstanding as on 31st March 2013 is ₹ 94.88 million (previous year ₹ 316.48 million) out of which Group's share is ₹ 27.29 million (Previous year ₹ 91.04 million)

6.2.2 The Subsidiary, MRPL has external commercial borrowing (ECB) of ₹ 16,293.00 million (previous year ₹ 2,576.50 million), secured by first pari passu Charge over immovable and movable fixed assets both present and future. Charge/security is in the process of being created. The interest rate for ECB ranges from LIBOR plus 2.54% to LIBOR plus 3.75 % p.a, to be repaid by 2018-19.

6.2.3 The Joint Venture, PLL has outstanding loan from Banks, secured by first ranking mortgage and first charge on pari passu basis on all movable and immovable properties, both present and future including current assets except on trade receivables on which second charge is created on pari passu basis at an average interest rate of 10.41% p.a as applicable on 31st march, 2013. Balance outstanding as on 31st March 2013 is ₹ 10,941.10 million (previous year ₹ 10,756.30 million) out of which group's share is ₹ 1,367.64 million (Previous year ₹ 1,344.54 million)



- 6.2.4 The joint venture, OMPL has external commercial borrowing (ECB) arrangement from consortium of bank for USD 250 million (previous year nil) with bank at interest rate “LIBOR+3.13%”, secured by first charge on all fixed asset and second charge of the current assets. Balance outstanding as on 31st March 2013 is ₹ 13,597.50 million (previous year ₹ nil) out of which group’s share ₹ 6,547.05 million (Previous year ₹ nil)
- 6.2.5 The joint venture, OMPL has borrowed rupee term loan from consortium of Banks at the interest rate “SBI base rate+1.25%” secured by first charge on all fixed asset and second charge of the current assets. Balance outstanding as on 31st March 2013 is ₹ 10,000.00 million (previous year ₹ nil) out of which group’s share ₹ 4,814.89 million (Previous year ₹ nil).
- 6.2.6 The joint venture, OPaL has borrowed term loan from consortium of Banks at the interest rate “SBI base rate+spread 1.00%” secured by first ranking pari passu mortgage / charge on immovable and movable properties and asset both present and future and second ranking pari passu charge on the current assets. Balance outstanding as on 31st March 2013 is ₹ 16,740.00 million (previous year ₹ nil) out of which group’s share ₹ 8,202.60 million (Previous year ₹ nil).
- 6.2.7 The joint venture, MSEZ has term loan from consortium of Banks at the interest rate “base rate+agreed spread (i.e. at 11.50%) ” secured by mortgage and hypothecation of immovable and movable assets repayable in 36 unequal quarterly instalment commencing after moratorium period of 6 month from commercial operation date. Balance outstanding as on 31st March 2013 is ₹ 4,333.00 million (previous year ₹ nil) out of which group’s share ₹ 1,146.61 million (Previous year ₹ nil)
- 6.2.8 The Joint Venture, OTPC has outstanding loan from Power Finance Corporation Limited, secured by, first rank pari-passu charge on all immoveable properties, present and future, relating to the project and first charge by way of hypothecation on all moveable properties, present and future, relating to project and first charge on all the receivables, Letter of credit and Escrow Account. Balance outstanding as on 31st March 2013 is ₹ 24,252.29 million (previous year ₹ 16,424.54 million) out of which group’s share is ₹ 12,010.70 million (Previous year ₹ 8,132.61 million)
- 6.2.9 The Joint Venture, PLL has external commercial borrowings of from International Finance Corporation Washington D.C., USA Proparco, France, Asian Development Bank are borrowed at an average cost of 8.61% p.a (inclusive of hedge cost) and loan from Bajaj Allianz (indian lenders) carry average interest rate of 10.41% p.a as applicable as on 31st March 2013. The Joint Venture, PLL has entered into derivative contract to hedge the loan including interest. Balance outstanding as on 31st March 2013 is ₹ 16,241.10 million (previous year ₹ 18,585.30 million) out of which group’s share ₹ 2030.14 million (Previous year ₹ 2,323.16 million)

6.3 Unsecured Loan

6.3.1 Non-convertible redeemable bonds:

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

Particulars	Amount (₹ Million)	Date of issue	Date repayable on
8.54 % 10 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series II	3,700.00	6-Jan-10	6-Jan-20
8.40 % 5 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series I	19,700.00	23-Dec-09	23-Dec-14
Total	23,400.00		

The above securities have been listed in National Stock Exchange of India Ltd. (NSE). Further the Company is required to maintain 100% asset cover as per SEBI guidelines. There is no put / call option.

6.3.2 The Subsidiary, MRPL has unsecured term loan from Oil Industry Development Board (OIDB) of ₹ 7000.00 million (previous year ₹ 4,000.00 million). The interest rates are 8.89 %, 9.04%, 8.73% and 8.98% on ₹ 3,650.00 million, ₹ 350.00 million ₹ 1,250.00 million and ₹ 2750.00 million respectively, repayment up to 2017-18.

6.3.3 The Subsidiary, OVL has unsecured non-recourse deferred credit ₹ 944.87 Million (Previous Year ₹ 888.06 Million), from contractors of pipeline project executed in Sudan. The credit is repayable from the instalments of pipeline lease rentals from ministry of Energy and mining (MEM), Sudan.

Non-Recourse Deferred Credit (unsecured)	As at 31 March 2013	As at 31 March 2012
Current (Note 10.2.1)	809.89	507.46
Non Current (Note 6)	134.98	380.60
Total	944.87	888.06

6.3.4 The subsidiary, OVL has unsecured non-current maturity of finance lease obligation of ₹ 2,759.08 million (previous year ₹ 3,124.98 million).

6.3.5 The Subsidiary, MRPL, has deferred sale tax payment liability of ₹ 2,693.51 million (previous year ₹ 2,742.62 million) with Nil interest rate, to be repaid by 2019-20.

6.3.6 The Joint Venture, OMPL had an External Commercial Borrowing (ECB) which were repaid during the current year. The rate of interest for ECB is six month LIBOR + 3.13% reset on the last day of the six monthly interest period. There has been no default in payment of interest during the year. Balance outstanding as on 31st March 2013 is ₹ nil (previous year ₹ 8,244.80 million) out of which Group's share is ₹ nil (Previous year ₹ 3,969.78 million)

7. Deferred Tax Liabilities



The Deferred Tax Liability/Asset of the company, its subsidiaries and joint ventures as at 31st March, 2013 comprises of the major components of Deferred Tax Liabilities and Deferred Tax Assets under Accounting Standard-22 on 'Accounting for Taxes on Income' is as under:

(₹ in million)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
(i) Liabilities		
Depletion of Producing Properties	177,977.15	149,985.77
Depreciation Allocated to Wells in Progress & expenses relating to NELP	14,799.59	9,452.84
Unamortized Expenditure	5,050.44	3,804.58
Development wells-in Progress	12,045.58	9,013.47
Depreciation	27,958.99	22,917.62
Others	3,707.51	4,540.08
Deferred tax liability of ONGBV, OAAL, Carabobo one AB-Subsidiary of OVL	8,064.64	6,327.28
Sub Total	249,603.90	206,041.64
(ii) Assets		
Depreciation	13,710.90	9,963.16
Unabsorbed losses and allowances	215.65	265.69
Dry wells written off	10,650.76	10,176.73
Provision for Non Moving Inventories	1,584.30	1,228.89
Provision for Doubtful Debts/ Claims /Advances/ Interest Accrued	9,501.06	5,313.09
Provision for Abandonment	24,029.48	25,718.03
Provision toward Additional Profit Petroleum & interest thereon	3,102.97	2,783.85
Provision unpaid u/s 43B of Income Tax Act, 1961	29,307.72	18,588.77
Others	9,178.23	4,936.35
Deferred tax asset of ONGBV & OAAL - Subsidiary of OVL	6,071.65	5,220.65
Sub Total	107,352.72	84,195.21

7.1 The above includes Deferred Tax Asset of ₹ 6,238.89 million (previous year ₹ 5,412.05 million) and Deferred Tax Liability of ₹ 148,490.07 million (previous Year ₹ 127,258.48 million) in respect of various components of entities consolidated as below.

(₹ in million)

Particulars	As at 31 st March, 2013	As at 31 st March, 2012
Net Deferred Tax Liability of ONGC	128,879.81	111,978.68
Net Deferred Tax Liability of OVL	3,649.86	3,876.60
Net Deferred Tax Liability of ONGBV	7,733.56	6,178.54
Net Deferred Tax Liability of OAAL	261.47	148.74
Net Deferred Tax Liability of Carabobo One AB	69.61	-
Net Deferred Tax Liability of MRPL	7,343.14	4,531.90
Net Deferred Tax Liability of PLL	488.75	453.75
Net Deferred Tax Liability of OTPC	63.87	1.67



Net Deferred Tax Liability of DSL	-	88.60
Consolidated Net Deferred Tax Liability	148,490.07	127,258.48
Net Deferred Tax Asset of ONGBV	5,840.86	5,049.90
Net Deferred Tax Asset of OAAL	230.79	170.75
Net Deferred Tax Asset of PMHBL	167.18	191.34
Net Deferred Tax Asset of OTBL	0.06	0.06
Consolidated Net Deferred Tax Asset	6,238.89	5,412.05

8. Other Long term Liabilities

	(₹ in million)	
	As at 31st March 2013	As at 31st March 2012
Trade payables		
- Outstanding dues to Micro & Small Enterprises	-	-
- Outstanding dues to other than Micro & Small Enterprises	1,301.85	182.72
Others		
- Advance from customers	3,312.73	3,212.86
- Deposits from Suppliers and Contractors	203.92	321.98
- Liability for Capital Goods	688.27	1,220.72
- Liabilities for Liquidated Damages	9,271.47	4,363.48
- Other Liabilities	1,446.18	1,456.48
TOTAL	16,224.42	10,758.24

8.1 Above includes ₹ 5,305.48 million share of jointly controlled entities (Previous Year ₹ 5,322.11 million)



9. Long Term Provisions

	(₹ in million)	
	As at 31st March 2013	As at 31st March 2012
Provision for Employee benefits		
- Unavailed Leave	18,509.05	16,925.99
- Gratuity	3.84	174.68
- Post Retirement Medical & Terminal Benefits	26,563.42	19,644.52
Provision for Abandonment (Note no. 44)	207255.35	203981.37
Other Provisions (Note no. 44)	631.10	1,013.01
TOTAL	252,962.76	241,739.57

9.1 Above includes ₹ 11.06 million share of jointly controlled entities (Previous Year ₹ 10.10 million)

9.2 Subsidiaries and the Joint Venture Companies of OVL provide for the retirement benefits in accordance with the laws of their respective jurisdictions. The net impact on account of the difference in accounting policy is not ascertainable.

10. Short Term Borrowings

	(₹ in million)	
	As at 31st March 2013	As at 31st March 2012
Secured		
Short Term Loans from Banks	158.95	45,119.62
Unsecured		
Loans Repayable on demand from Bank	54,530.88	34,028.59
Other Short Term Loans :		
From Banks	60,581.12	20,882.54
From Others	809.89	507.46
Total	116,080.84	100,538.21

10.1 Secured short term borrowing includes ₹ 117.11 million shares of jointly controlled entities (Previous Year ₹ 72.49 million) and unsecured short term borrowing includes ₹ 55,110.23 million shares of jointly controlled entities (Previous Year ₹ 36,360.33 million).

10.2 Short Term Loan - Secured

10.2.1 During the previous year, the company had taken short term loans of ₹ 45000.00 million, repayable on demand, from various banks with interest rates ranging from 10.08% p.a. to 10.48% p.a.



10.2.2 The subsidiary, MRPL has outstanding secured short term Loan of ₹ 158.95 million (previous year 119.62 million) from Bank (secured by way of hypothecation of MRPL's stocks of raw materials, finished goods, stock-in-process, stores, spares, components, book debts, outstanding moneys receivable, claim, bills, contracts, engagements, securities, both present and future and further secured/to be secured by residual charge on MRPL's immovable and movable properties(save and except Current Assets) both present and future, ranking pari passu inter se and including a lien over MRPL's Fixed Deposit amounting to Nil (Previous Year ₹ Nil). This includes ₹ 117.12 million in respect of joint venture company of MRPL, Shell MRPL Aviation Fuels & Services Pvt Ltd (Previous Year ₹ 72.49 million).

10.3 Short term Loan-Unsecured

10.3.1 The Joint venture, OPaL has borrowed short term loan from bank repayable on demand of ₹ 104,003.95 million (previous year 69,949.15 million) out of which group share included above is ₹ 50,961.94 million (previous year ₹ 29,329.68 million)

10.3.2 The Joint venture, OMPL has borrowed short term loan from bank repayable on demand of ₹ 7412.31 million (previous year 9,500.00 million) out of which group share included above is ₹ 3,568.95 million (previous year ₹ 4,574.25 million).

10.3.3 The Joint venture, PLL has borrowed short term loan from bank repayable on demand of ₹ nil (previous year 998.10 million) out of which group share included above is ₹ nil (previous year ₹ 124.76 million)

10.3.4 The subsidiary OVL has short term borrowing (bridge finance) amounting to ₹ 48,053.57 million (USD 883.50 million) was taken from the consortium of State Bank of India, Royal Bank of Scotland, Singapore and Citi Bank N.A. for financing of acquisition of participating interests in ACG, Azerbaizan Project, and BTC pipeline. The loan is repayable on 28 June 2013 and backed by Company guarantee. After the reporting date, the OVL has issued 5 year (USD 300 Million) and 10 year (USD 500 Million) Notes in international markets aggregating USD 800 Million and the net proceeds of the issue amounting to USD 798.715 Million have been utilised to partly prepay the bridge finance.

10.3.5 The Joint venture, OTPC has borrowed short term loan from bank repayable within one year of ₹ 1,169.84 (previous year 3500.00 million) out of which group share included above is ₹ 579.35 million (previous year ₹ 1733.03 million).

10.3.6 The Joint venture, MSEZ has borrowed short term loan from bank repayable on demand of ₹ nil (previous year 2,262.50 million) out of which group share included above is ₹ nil (previous year ₹ 598.71 million)

10.3.7 Other short term loan from bank includes ₹ 11,948.20 million (previous year ₹ 18,550.80 million) in respect of subsidiary, MRPL in the form of buyers credit.

10.3.8 The subsidiary OVL, has non-recourse deferred credit (unsecured) of ₹ 809.89 million (previous year ₹ 507.46 million). refer note 6.3.3

11. Trade Payables

(₹ in million)



	As at 31st March 2013	As at 31st March 2012
-Outstanding dues to Micro & Small Enterprises	3.60	6.13
-Outstanding dues to other than Micro & Small Enterprises	185,889.35	175,800.37
-Deferred Credit on Gas Sale	296.04	229.37
TOTAL	186,188.99	176,035.87

- 11.1 Above includes ₹ 5,150.59 million share of jointly controlled entities. (Previous Year ₹ 3,340.50 million).
- 11.2 Deferred credit on gas sales represents amounts received from gas customers against "Take or Pay" obligations under relevant gas sales agreements. The amounts are to be utilized to supply gas in subsequent year(s) free of charge to such customers.

**12. Other current liabilities****(₹ in million)**

	As at 31st March 2013	As at 31st March 2012
Current Maturity of Long Term Borrowings (note 12.2)	1,981.13	6,127.18
Current Maturity of Finance Lease Obligations	889.04	975.52
Interest Accrued but not due on Borrowings	987.63	1,130.26
Interest Accrued and due on Borrowings	272.72	303.07
Advance from Customers	4,819.56	29,569.05
Unclaimed Dividend (note 12.3)	232.11	261.08
Liability for Capital Goods	39,879.92	51,085.99
Liability for Statutory Payments	26,961.11	27,994.87
Liability for Gratuity	155.98	451.85
Deposits from Suppliers and Contractors	3,906.92	1,939.39
Cash Call payable to JV Partners	22,186.46	23,795.11
Liability for Employees	6,586.84	10,740.52
Liability for Superannuation Benefits	20,204.79	1,700.00
Liabilities for Liquidated Damages	12,624.63	13,362.80
Other Liabilities (note 12.4)	29,281.27	33,480.20
Total	170,970.11	202,916.89

- 12.1 Above includes ₹ 12,723.4 million share of jointly controlled entities. (Previous Year ₹ 7,450.67 million)
- 12.2 Above includes, outstanding current maturity of Long Term Borrowings of ₹ nil (previous year ₹ 714.05 million) in respect of the subsidiary, MRPL, secured by Equitable mortgage over the immovable properties, both present & future and also by hypothecation over the present and future movable properties of MRPL. These Term Loans are convertible into Equity Shares of MRPL in case of default in repayment of loans.
- 12.3 No amount is due for payment to Investor Education and Protection Fund.
- 12.4 The joint venture OTPC has received the amount ₹ 164.56 million) from Govt of Nagaland for transfer of 16456000 equity share of ₹ 10/- each fully paid up of North East Transmission Company Ltd (Jv Company of OTPC) out of which group share included above is ₹ 81.66 million (previous year ₹ nil). Pending transfer of these shares, the same is shown under "other liabilities" above.

13. Short Term provisions**(₹ in million)**



	As at 31st March 2013	As at 31st March 2012
Provision for Employees Benefits		
Unavailed Leave	2,015.05	1,509.90
Gratuity	59.80	10.07
Post Retirement Medical & Terminal Benefits	1,677.18	1,049.91
Provision for Abandonment	436.77	157.45
Provision for Others		
Proposed Dividend	4,277.75	17,110.98
Tax on Proposed Dividend	766.84	3,100.60
Provision for Taxation	2.11	27.39
Provision for wealth Tax	102.00	74.50
Less: Paid	<u>52.27</u>	<u>46.03</u>
	49.73	28.47
Other Provisions (note no. 13.2 & 44)	1,196.91	929.44
TOTAL	<u>10,482.14</u>	<u>23,924.21</u>

13.1 Above includes ₹ 177.85 million share of jointly controlled entities. (Previous Year ₹ 219.24 million)

13.2 Other provision

The subsidiary, MRPL, had recognized liability based on substantial degree of estimation for excise duty payable on clearance of goods lying in stock as on 31st March 2013 for ₹ 961.75 Million (Previous Year ₹ 692.71 Million).



ONGC Limited, Consolidated Accounts for the year 2012-13

14. Tangible Assets

(₹ in million)

	Gross Block				Accumulated Depreciation				Accumulated Impairment				Net Block	
	At 1st April,2012	Additions	Deletion/ Adjustment	At 31st March, 2013	At 1st April,2012	For the year	Deletion/ Adjustment	At 31st March, 2013	At 1st April,2012	For the year	Written back	Reclassification	At 31st March, 2013	At 31st March, 2012
Land Freehold	3,058.56	299.52	97.64	3,260.44	-	-	-	-	13.50	-	13.50	-	3,260.44	3,045.06
Land Leasehold	16,959.17	125.20	(649.26)	17,733.63	832.64	278.76	(34.83)	1,146.23	-	-	-	-	16,587.40	16,126.53
Building & Bunk Houses	28,995.93	2,579.65	(60.99)	31,636.57	10,387.18	1,132.64	22.80	11,497.02	112.57	9.73	34.08	0.82	20,052.15	18,496.18
Railway Sidings	89.95	-	89.95	-	84.91	-	84.91	-	-	-	-	-	-	5.04
Plant & Equipment	1,037,943.78	187,299.41	71,113.65	1,154,129.54	775,629.10	89,397.54	71,066.21	793,960.43	1,567.34	739.29	389.44	1.50	358,253.42	260,747.34
Furnitures & Fixtures	14,992.85	446.07	77.16	15,361.76	9,454.36	1,092.17	(102.20)	10,648.73	9.74	2.06	-	(0.01)	4,701.22	5,528.75
Office Equipment	5,752.96	932.17	436.42	6,248.71	4,814.84	407.82	727.31	4,495.35	19.67	3.24	0.20	0.06	1,730.71	918.45
Vehicles includes Survey Ships, Crew Boats and Helicopters	6,298.67	1,448.18	132.60	7,614.25	5,076.36	452.85	84.65	5,444.56	9.80	1.03	-	0.38	2,159.24	1,212.51
Total	1,114,091.87	193,130.20	71,237.17	1,235,984.90	806,279.39	92,761.78	71,848.85	827,192.32	1,732.62	755.35	437.22	2.75	406,744.58	306,079.86
Previous Year	993,032.41	126,355.58	5,296.12	1,114,091.87	724,514.56	87,101.72	5,336.90	806,279.38	1,593.49	164.69	28.01	(2.45)	306,079.87	266,924.36
The above includes the company's share in Joint Venture Assets	183,855.28	37,133.99	(751.50)	221,740.77	118,380.73	12,977.62	48.90	131,309.45	182.52	615.01			89,633.79	65,292.04
Previous Year	169,976.16	11,873.23	(2,005.89)	183,855.28	99,278.10	18,532.95	(569.67)	118,380.72	129.32	53.20			65,292.04	

14.1 Above includes:-

- (a) Additions to Tangible Fixed Asset are net of ₹ 1,107.95 million on account of foreign currency translation adjustment during the year (previous year ₹ 2,220.06 million).
- (b) Land includes land in respect of certain projects for which execution of lease/conveyance deeds are in process.
- (c) Registration of title deeds in respect of certain Buildings is pending execution.
- (d) Plant & Equipment includes an amount of ₹ 782.98 million (previous year ₹ 782.98 million) being MRPL's share of an asset jointly owned with another company. Net Block ₹ 79.39 million (previous year ₹ 120.73 million).
- (e) Net Tangible Assets include ₹ 16,308.36 million share of jointly controlled entities. (previous year ₹ 14,308.77 million).
- (f) Depreciation for the year includes ₹ (-) 20.24 million pertaining to prior period. (previous year ₹ (-) 131.33 million)
- (g) Plant & Equipment includes Jetty & Trestle having Gross block of ₹ 45,437.82 million in the books of Joint Venture Company, Petronet LNG Ltd, out of which Group share is ₹ 5679.73 million. As per the agreement, ownership of assets will be transferred to the Gujarat Maritime Board in the year 2035.
- (h) Building includes cost of undivided interest in land

14.2 The accounting policies for treatment of depreciation of fixed assets by the subsidiaries/Joint Venture/Associate Entities are different from the accounting policies of the Group. Such different policy of depreciation of fixed Asset have been adopted in respect of the following:-

Names of Subsidiaries/JV/Associate	Accounting Policies		Proportionate Depreciation		Proportionate Net Block	
	Company	Subsidiaries/ JV	2012-13	2011-12	2012-13	2011-12
MRPL	Written Down Value Method at the rates specified in Schedule XIV.	Straight Line Method	6,008.29	4,316.54	57,776.45	40,251.74
Petronet LNG Ltd.			231.47	229.89	2,939.98	3,146.21
Petronet MHB Ltd.			140.35	44.9	443.46	616.83
Mangalore SEZ Ltd.			0.52	0.35	926.50	2.72
OMPL			27.95	1.06	1252.98	6.58
OPaL			202.72	97.71	5,159.23	3,575.64
OTPC*			33.01	3.01	1,863.17	104.16
PHL			363.92	294.32	4,812.69	4465.26
Total- Proportion			7,008.23	4,987.78	75,174.16	52,169.14
Group Total			92,804.83	87,101.72	406,857.57	306,079.86

* Depreciation has been provided on the basis of CERC Tariff Regulations 2009 with effect from 1st April 2009, as notified by Central Electricity Regulatory Commission.



14.3 Title to Fixed Assets under Production Sharing Agreements

The Subsidiary OVL and its subsidiaries and joint ventures, in consortium with other partners (Consortium) carries on its business in respect of exploration, development and production of hydrocarbons under agreements with the host governments. Several of these agreements, governing OVL's activities in the fields / projects, provide that the title to the fixed assets and other ancillary installations shall pass to host Government or its nominated entities either upon acquisition / first use of such assets or upon 100% recovery of such costs through allocation of "Cost Oil" and "Cost Gas" or upon relinquishment of the relevant contract areas or termination of the relevant agreement. However, as per the terms of the agreements, the Consortium and/ or Operator has the custody of all such assets and is entitled to use, free of charge all such assets for Petroleum Operations throughout the term of the respective agreements. The Consortium also has the custody and maintenance of such assets and bears all risks of accidental loss and damage and all costs necessary to maintain such assets and to replace or repair such damage or loss. Under the circumstances, such assets are kept in the records of the OVL during the currency of the respective agreements.

- 14.4 Apart from the above assets, the joint venture company, Petronet MHB Limited (PMHBL) has taken lease land from HPCL for its stations at Mangalore, Hassan and Devangonthi on a long term lease basis for the period of 30 years on annual rental basis. Also, there are seven pieces of land acquired by PMHBL through KIADB for sectionalized valve stations for which absolute sale deeds are yet to be registered in the name of the PMHBL and the amount paid is shown as capital advance under note 21.
- 14.5 The Subsidiary of OVL "OAAL" and joint venture company of OVL "OMEL" provide depreciation on fixed assets using the straight line method. The amount involved is ₹ 981.73 Million (Previous year ₹ 709.36 Million) shown as depreciation under Note 33.
- 14.6 Hitherto, the casing and tubing were being capitalised under the head "Plant & Equipment" and depreciated at the rate of 100% in the year of addition. With effect from 01.04.2012, the company has changed the accounting method by charging off the same as consumption of stores & spares. Accordingly, casing & tubing capitalised amounting to ₹ 68,732.06 million have been removed from both gross block and accumulated depreciation. However, this has no impact on the profit of the company for the year.



15. Producing Properties

		(₹ in million)	
		As at 31st March, 2013	As at 31st March, 2012
Gross Cost			
Opening Balance	1,298,434.30		1,170,870.96
Acquisition cost	27,472.01		-
Expenditure during year	4,946.90		10,493.91
Transfer from Exploratory Wells-in-Progress	5,417.69		5,077.20
Transfer from Development Wells-in-Progress	84,202.26		53,465.41
Depreciation on Facilities	59,741.63		43,136.69
Increase/(Decrease) in estimated Abandonment costs	1,168.42		368.17
Foreign Currency Translation Adjustments	5,000.89		15,189.82
Other Adjustments	0.00		(167.86)
		1,486,384.10	1,298,434.30
Less: Depletion & Impairment			
Depletion			
Opening Balance	687,875.53		596,281.58
Depletion for the year	86,228.54		82,310.51
Foreign Currency Translation Adjustments	3,533.72		9,430.64
Other Adjustments	54.06		(147.20)
		777,691.85	687,875.53
Impairment			
Opening Balance	2,554.40		2,693.05
Impairment provided for the year	687.81		592.35
Write back of Impairment	0.00		(731.00)
		3,242.21	2,554.40
NET PRODUCING PROPERTIES		705,450.04	608,004.37

15.1 Above includes ₹ nil share of jointly controlled entities. (Previous Year ₹ nil)

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

Sl no.	Particulars	31 st March, 2013	31 st March, 2012
a)	Exchange loss arising on reporting of long-term foreign currency monetary items relating to abandonment liability of Sakhalin-1, Russia Project capitalised in producing properties	1,246.83	Nil
b)	Less: Depletion charged to Profit & Loss A/c for the year on a) above	126.46	Nil
c)	Net impact on Profit & Loss A/c for the year / remaining to be amortized	(1,120.37)	Nil

ONGC Limited, Consolidated Accounts for the year 2012-13



16. Intangible Assets

	At 1st April, 2012	Additions	Deletion/Adjustment	At 31st March, 2013	At 1st April, 2012	For the year	Deletion/Adjustment	At 31st March, 2013	At 1st April, 2012	For the year	Written back	Reclassification	At 31st March, 2013	At 31st March, 2012
Computer Software	6,503.19	285.51	(6.88)	6,795.58	5,165.61	661.12	(4.89)	5,831.62	22.27				941.69	1,315.31
Copyrights & Patents	56.50		56.50	-	56.50		56.50	-	-				-	-
Goodwill (note 16.4)	20.13			20.13	10.06	2.01		12.07	-				8.06	10.07
Right of way	87.69	54.41		142.10	48.97	1.63		50.60	-				91.50	38.72
Total	6,667.51	339.92	49.62	6,957.81	5,281.14	664.76	51.61	5,894.29	22.27	-	-	-	1,041.25	1,364.10
Previous Year	6,460.10	186.31	(21.10)	6,667.51	4,703.83	557.84	(19.47)	5,281.14	21.59	0.67	-	(0.01)	1,364.10	1,734.68
The above includes the Company's share in Joint Venture Assets	372.39	113.76	10.29	475.86	222.62	75.53	11.77	286.38	-	-	-	-	189.48	149.77
Previous Year	303.00	76.09	6.70	372.39	230.79	(6.68)	1.49	222.62	-	-			149.77	

16.1 Above includes:-

- Addition to Intangible Asset are net of ₹ (-)24.28 million on account of foreign currency translation adjustment during the year (previous year ₹ 7.17 million)
 - Net Intangible asset include ₹ 101.72 million shares of jointly controlled entities. (Previous year ₹ 41.55 million)
 - In respect of Joint Venture Company, Petronet MHB Ltd (PMHBL), Cost of Right of way for laying pipeline amounting to ₹ 38.86million (Previous year ₹ 38.72 million) included above is capitalized as intangible asset and being perpetual in nature is not amortized.
- 16.2 The Associate, Pawan Hans Ltd, is charging cost of software purchased/ developed in-house up to ₹ 0.50 million each to statement of profit & loss in the year of purchase.
- 16.3 The Joint Venture Company, OTPC paid amount of ₹ 109.63 million (group share ₹ 54.29 million) to take possession of Forest land which has been accounted as 'right to use land' by the OTPC. The said amount will be amortized from the year of commencement of commercial operation of OTPC over a period of 25 years being the estimated operating life of the Project.
- 16.4 Represents consideration for purchase of business (Nitrogen Plant) in excess of book value of net assets acquired by subsidiary MRPL.



17. Capital Works In Progress

	(₹ in million)	
	31st March, 2013	31st March, 2012
Buildings	5,331.81	4,331.18
Plant and Equipment	372,303.05	344,869.24
Others (note 17.1.g)	19,267.92	30,626.03
Capital Stores (including in transit)	3,032.07	1,991.44
Less: Provision for Non-Moving Items	117.65	93.35
	399,817.20	381,724.54
Less: Impairment		
Opening Balance	1,295.90	1,154.86
Provided during the year	1,466.39	165.21
Write back of Impairment	(319.68)	(22.39)
Other adjustment	(22.13)	(1.78)
	2,420.48	1,295.90
NET CAPITAL WORKS-IN-PROGRESS	397,396.72	380,428.64

17.1 Above includes:-

- (a) Plant & Equipment includes an amount of ₹ 8,176.05 million (Previous Year ₹ 8,159.95 million) in respect of Capital Works in Progress (CWIP) for C2-C3 plant which is mechanically complete and will be capitalized on completion of test run which is pending due to non-receipt of approval for allocation of gas from Ministry of Petroleum and Natural Gas (MoP&NG) for swap arrangement through GAIL.
- (b) CWIP ₹ 91,863.97 million share of jointly controlled entities. (Previous Year ₹ 50,938.75 million)
- (c) In respect of subsidiary company, MRPL, an amount of ₹ (-) 30.73 million (previous year ₹ 26.14 million) has been capitalized under CWIP on account of exchange difference arising on reporting of long term foreign currency monetary items instead of charging to Statement of profit & loss, in pursuant of notification no. GSR(914)E dated 29th December, 2011 issued by Ministry of Corporate Affairs, Govt of India.
- (d) In respect of Joint Venture Company, OPaL, an amount of ₹ 199.95 million (previous year ₹ 208.07 million) has been capitalized under CWIP on account of exchange difference arising on reporting of long term foreign currency monetary items instead of charging to Statement of profit & loss
- (e) In respect of Joint Venture Company, OMPL, an amount of ₹ nil million (previous year ₹ 57.50 million) has been capitalized under CWIP on account of exchange difference arising on reporting of long term foreign currency monetary items instead of

charging to Statement of profit & loss, in pursuant of notification no. GSR(914)E dated 29th December, 2011 issued by Ministry of Corporate Affairs, Govt. of India.

- (f) In respect of of Joint Venture Company, OTPC, an amount of ₹ 181.87 million (previous year ₹ 176.55 million) has been capitalized under CWIP on account of exchange difference arising on reporting of long term foreign currency monetary items instead of charging to Statement of profit & loss, in pursuant of notification no. GSR(914)E dated 29th December, 2011 issued by Ministry of Corporate Affairs, Govt of India.
- (g) The subsidiary OVL computes acquisition cost as the difference between the purchase consideration and net book value of assets less the liability acquired relating to the OVL share of participating interest on the date of acquisition of oil and gas property. Accordingly, acquisition cost of ₹ 11,917.47 million (previous year ₹ 11,927.89 million) has been capitalized during the year under CWIP.

18. Exploratory/Development Wells In Progress

(₹ in million)

	As at 31st March, 2013	As at 31st March, 2012
A) EXPLORATORY WELLS-IN-PROGRESS		
Gross Cost		
Opening Balance	82,929.40	84,214.67
Acquisition Cost	2,124.44	-
Expenditure during the year	102,699.83	90,602.36
Less : Sale proceeds of Oil and Gas (Net of levies)	123.05	296.64
	102,576.78	90,305.72
Depreciation during the year	1,335.06	4,844.42
	188,965.68	179,364.81
Less :		
Transfer to Producing Properties	5,417.69	5,077.20
Wells written off during the year	84,592.02	90,207.17
Foreign Currency Translation Adjustments	(587.58)	1,129.73
Other adjustments	(57.77)	21.31
	99,601.32	82,929.40
Less : Provision (Note 18.1 (a), (b) & (c))	20,579.93	10,891.24
EXPLORATORY WELLS-IN-PROGRESS	79,021.39	72,038.16
B) DEVELOPMENT WELLS-IN-PROGRESS		
Opening Balance	44,775.20	29,332.35
Expenditure during the year	94,175.84	56,482.59
Depreciation during the year	2,842.41	9,644.88
Foreign Currency Translation Adjustments	254.14	2,780.78
Less: Transfer to Producing Properties	84,202.26	53,465.41
	13,070.13	15,442.84
	57,845.33	44,775.19
Less: Impairment		
Opening Balance	260.74	299.88
Provision for the year	189.10	9.90
Transfer to Producing Properties	-	-
Write back during the year	-	(49.05)
	449.84	260.73
DEVELOPMENT WELLS-IN-PROGRESS	57,395.49	44,514.46
EXPLORATORY/DEVELOPMENT WELLS-IN-PROGRESS (A+B)	136,416.88	116,552.62

18.1 Above includes:-

- (a) During the financial year 2004-05, the company had acquired 90% participating interest in exploration block KG DWN 98/2 from M/s Cairn Energy India Ltd for a lump sum consideration of ₹ 3,711.22 million which, together with subsequent exploratory drilling costs of wells had been capitalized under exploratory wells in progress. Initial in-place reserves have been established in this block and a conceptual development plan as part of the proposal for Declaration of Commerciality (DOC) had been submitted on 21.12.2009



for Southern Discovery Area and on 15.07.2010 for Northern Discovery Area to the Management Committee (MC) for review as per original time lines. The exploration period of this block has been restructured by Government upto 29.12.2013 in accordance with the Rig Holiday Policy and taking into account the delay in grant of PEL. Additional appraisal drilling along with exploratory drilling is in progress. Accordingly, the proposal for DOC after completion of drilling shall be revised and presented to the MC for review. During the financial year 2012-13 the company has acquired the remaining 10% participating interest in the block from M/s Cairn Energy India Ltd on actual past cost basis for a consideration of ₹ 2,124.44 million.

Pending final decision on the DOC by the MC, as a matter of abundant caution, the company has made a provision of ₹ 17,169.79 million (including provisions created in earlier years ₹ 9,412.09 million) towards acquisition cost and exploratory wells which are more than two years old from the date of completion of drilling.

- (b) The Subsidiary company OVL, in respect of Farsi Block, Iran, the OVL 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 OVL's investment in exploration in Farsi Block amounting to ₹ 1,495.85 Million till 31st March 2013 (₹ 1,479.15 Million till 31st March 2012).
 - (c) The Subsidiary company OVL, has 60% PI in Block XXIV, Syria where the development rights have been granted by Govt. of Syria in 2012. In view of deteriorating law and order situation in Syria the operator served 'Force Majeure' notice to the Govt. of Syria which is not accepted by the Syrian Govt. The operations of the projects are temporarily suspended since May 2012. In view of the prevailing situation, the cost of successful exploratory wells lying in EWIP amounting to ₹ 1,914.29 Million (Previous year Nil) and development wells (DWIP) amounting to ₹ 83.74 Million (Previous year Nil), provision has been made during the year in respect of block XXIV, Syria.
- 18.2 Exploratory well in progress/ Development well in progress includes ₹ nil share of jointly controlled entities. (Previous Year ₹ nil).

**19. Goodwill on Consolidation:**

	(₹ in Million)	
	31st March, 2013	31st March, 2012
Gross Goodwill	136,424.74	124,960.21
Less :Accumulated Amortization	33,636.17	27,450.75
Less : Provision for Impairment	19,533.69	19,533.69
Total	83,254.88	77,975.77

20. Non-Current Investments

	(₹ in million)			
	No. of Shares/ Bonds/Units	Face Value per Share/ Bond/Unit (in Rupees)	As at 31st March, 2013	As at 31st March, 2012
A TRADE INVESTMENTS				
Investment in Equity Instruments				
(i) Investment in Associates				
(a) Pawan Hans Limited- (Unquoted) (refer note 3.3) Extent of holding 49% (previous year 49%) (Net of Capital reserve of ₹ 285.32 million) (note 20.3)	120,350	10,000.00	2,082.70	2,041.67
(ii) Investment in Others				
(a) Indian Oil Corporation Limited- (Quoted)	212,906,190	10.00	13,720.49	13,720.49
(b) GAIL (India) Limited (Quoted)	61,259,323	10.00	2,451.06	2,451.06
(c) Oil Spill Response Ltd. (Unquoted)	100	(note 20.1)	0.01	0.01
(d) Adani Petronet (Dahej) Port Pvt. Ltd.(Unquoted) (note 20.5)	11,250,000	10.00	112.50	112.50
(e) Bharuch Dahej Railway Company Limited (BDRCL)-(Unquoted)	5,000,000	10.00	50.00	50.00
B NON-TRADE INVESTMENTS				
Investment in Government or Trust Securities (Unquoted)				
(i) 8.40% Oil Co. GOI Spl. Bonds 2025	197,370	10,000.00	1,973.70	1,973.70
(ii) Other Central Govt Securities			62.35	62.35
Total Non-current Investment			20,452.81	20,411.78
Total Quoted Investments			16,171.55	16,171.55
Total Unquoted Investments			4,281.26	4,240.23
			20,452.81	20,411.78
Total Market value of Quoted Investments			79,450.16	78,979.28

20.1 GBP one each, total value ₹ 6,885/-

20.2 Above includes:-

- (a) Figures in parenthesis relate to previous year.
- (b) Long term investment includes ₹ 349.57 million share of jointly controlled entities. (Previous Year ₹ 342.21 million)
- (c) Long-term investments are valued at cost. Provision is made for any diminution, other than temporary, in the value of such investments



- 20.3 In the financial year 2010-11, Company had acquired an additional number of 95,850 equity share of ₹ 10,000/- each in its Associate Pawan Hans Ltd. (PHL) for ₹ 958.50 million resulting in increase in the holding to 49.00% from 21.54%. The above acquisition has resulted in Capital Reserve of ₹ 285.32 million, computed in accordance with Accounting Standard (AS) 23 on 'Accounting for Investments in Associates in Consolidated Financial Statements'.
- 20.4 In respect of PHL (Associate), the audited Annual Accounts for the year 2012-13 have not been received. For the purpose of consolidation of PHL, the audited Annual Accounts for the year 2011-12 and unaudited accounts for the year 2012-13 have been considered. The difference in share of profit amounting to ₹ 0.19 million between audited Profit After Tax (PAT) and unaudited PAT for the year 2011-12 has been considered as share of profit in Associate. The share of profit for the year 2012-13 amounting to ₹ 37.75 million has also been considered as share of loss in Associate. No dividend has been received during the year.
- 20.5 The joint venture company PLL has investment in its joint venture company "Adani Petronet (Dahej) Port Pvt Ltd. This investment is under lock in for a period of 5 year from the date of commercial operation (i.e. 01.09.2010) of the investee as per the Dahej LNG port Terminal Concession Agreement dated 20th December 2005 with Gujarat maritime Board.



21. Long-Term Loans And Advances

(₹ in million)

	As at 31st March, 2013	As at 31st March, 2012
Secured and Considered good		
Loans & Advances to Associates	745.33	1,042.78
Loans and Advances to Employees	7,253.06	6,729.25
Loans and advances to Others	1,304.36	3,044.50
	9,302.75	10,816.53
Unsecured		
(Considered Good unless otherwise stated)		
Capital Advances	20,982.27	19,426.07
Public Sector Undertakings		
Considered Good	-	-
Considered Doubtful	240.50	240.50
Less : Provision for doubtful Advances	240.50	240.50
	-	-
Advances against Equity pending allotment (note 40.3.1)	6,779.42	9,807.82
Loans and Advances to Employees		
Considered Good	687.98	626.86
Considered Doubtful	8.56	14.99
Less : Provision for Doubtful Loan/Advances	8.56	14.99
	687.98	626.86
Adv Recoverable in Cash or in kind		
Considered Good	8,630.87	3,636.82
Considered Doubtful (Note 21.2)	13,044.32	12,345.17
Less : Provision for Doubtful Claims/Advances	13,044.32	12,345.17
	8,630.87	3,636.82
Loans & Advances to Others		
Considered Good	18.70	21.64
Considered Doubtful (Note 21. 3)	1,022.10	534.16
Less : Provision for Doubtful Loan/Advances	1,022.10	534.16
	18.70	21.64
Cash Call Receivable from Jv partners		
Considered Good	257.27	-
Considered Doubtful	5,920.29	6,022.53
Less : Provision for Doubtful cash call	5,920.29	6,022.53
	257.27	-
MAT Credit Entitlement	24.65	9.46
Advance payment of Tax	413,492.20	346,145.05
Less :Provision for Taxation	376,992.92	326,068.30
	36,499.28	20,076.75
Deposits		
With Customs/Port Trusts etc.	37.97	34.02
Security Deposits	86.00	20.16
Other Deposit		
Considered Good	5,025.92	5,979.30
Considered Doubtful	611.46	60.00
Less: Provision for Doubtful Deposits	611.46	60.00
	5,149.89	6,033.48
TOTAL	88,333.08	70,455.43



- 21.1 Long term loan & advances includes ₹ 13,984.11 million share of jointly controlled entities. (Previous Year ₹ 4,011.3 million)
- 21.2 In Ravva Joint Venture, the demand towards additional profit petroleum raised by the Government of India (GoI), due to differences in interpretation of the provisions of the Production Sharing Contract (PSC) in respect of computation of Post Tax Rate of Return (PTRR), based on the decision of the Malaysian High Court setting aside an earlier arbitral tribunal award in favour of operator, was disputed by the operator M/s Cairn Energy India Pty Ltd. The company is not a party to the dispute but has agreed to abide by the decision applicable to the operator. The company had made a provision towards the claim made by the GoI in earlier years and the amount of provision outstanding as on 31st March, 2013 is ₹ 9,129.07 million (equivalent to USD 167.84 million) after adjustments for interest and exchange rate fluctuations. The GoI had recovered the above amount [including interest thereon USD 54.88 million (₹2,984.92 million)] from the company in earlier years which has been carried as recoverable under Long Term Loans and advances in the Balance Sheet as at 31st March, 2013.

In subsequent legal proceedings, the Appellate Authority of the Honorable Malaysian High Court of Kuala Lumpur had set aside the decision of the Malaysian High Court and the earlier decision of arbitral tribunal in favour of operator was restored, against which the GoI had preferred an appeal before the Federal Court of Malaysia. The Federal Court of Malaysia, vide its order dated 11th October, 2011, had dismissed the said appeal of the GoI.

The company has taken up the matter regarding refund of the recoveries made in view of the favourable judgment of the Federal Court of Malaysia with MoP&NG. However, according to a communication dated 13th January 2012 received, MoP&NG expressed the view that ONGC's proposal would be examined when the issues of ONGC carry under Ravva PSC is decided in its entirety by the Government along with other partners.

In view of the perceived uncertainties in obtaining the refund at this stage, the provision made in the books as above has been retained and netted off against the amount recoverable as above in the financial statements for the year ended 31st March, 2013.

- 21.3 The subsidiary company OVL has 25% participating interest (PI) in an exploration Block Satpayev Area Kazakhstan, and 75% PI is held by KMG the national oil company of Kazakhstan. As per the carry agreement, OVL shall finance KMG's share of expenditure in the project during the exploratory period (carry loan). The amount of carry loan will be refunded by KMG along with accrued interest in the event of commercial discovery and production from the project. KMG's share of expenditure financed by OVL in the Block has been accounted for as loan to KMG. Provision has been made towards the amount of carry loan of ₹ 1022.10 Million as at 31 March 2013 (as at 31 March 2012 ₹ 534.16 Million) to KMG in view of the block being under exploration as there is no certainty of commercial discovery and has been depicted as other loans and advances-Doubtful. (refer note 35.2)

22. Other Non Current Assets

		(₹ in million)	
		As at	As at
		31st March, 2013	31st March, 2012
A Secured and Considered good			
Investment in Lease (note no. 22.2)	675.83		1,846.25
Interest accrued on loan & advances			
-Employees	<u>2,934.90</u>		<u>2,710.52</u>
		3,610.73	4,556.77
(Unsecured, Considered Good unless otherwise stated)			
B Trade Receivables			
-Considered Good	10,638.68		15,138.70
-Considered doubtful	16,666.44		5,597.50
Less : Provision for doubtful receivables	<u>16,666.44</u>		<u>5,597.50</u>
		10,638.68	15,138.70
C Other Receivables			
- Considered Good	301.75		319.63
- Considered Doubtful	528.25		535.90
Less : Provision for doubtful receivables	<u>528.25</u>		<u>535.90</u>
		301.75	319.63
D Interest Accrued			
- On Investments	-		0.02
- On Deposits	22.45		17.40
- On Loans & Advances			
-Considered Good	86.12		269.49
-Considered doubtful	41.89		24.20
Less : Provision for interest Accrued	<u>41.89</u>		<u>24.20</u>
		108.57	286.91
E Unamortised Expenditure			
- Dry Docking Charges	9,026.80		8,451.33
- Mobilisation charges	<u>1,016.09</u>		<u>667.96</u>
		10,042.89	9,119.29
Total Other Non-current Assets		<u>24,702.62</u>	<u>29,421.30</u>

- 22.1 Above includes ₹ 4.23 million share of jointly controlled entities. (Previous Year ₹ (-) 49.95 million)
- 22.2 The payment of installments is guaranteed by Government of Sudan. Attention is invited to Note No 41.1

23. Current Investments

	(₹ in million)	
	As at	As at
(Valued at the lower of Cost and Fair Value)	31st March, 2013	31st March, 2012
Non Trade		
Current Maturity of Long Term Investment		
Investments in Government or Trust Securities		
7% Govt. of India Special Bonds 2012 (Unquoted)	-	8,791.85
Other Investments		
Investments in Mutual Funds (Quoted)	421.20	3.51
Other Investments (unquoted)	407.81	-
Total Current investments	829.01	8,795.36
Total Quoted Investments	421.20	3.51
Total Unquoted Investments	407.81	8,791.85

23.1 Above includes ₹ 829.01 million share of jointly controlled entities. (Previous Year ₹ 3.51 million)

24. Inventories

		(₹ in million)	
		As at	As at
		31st March, 2013	31st March, 2012
Raw Material	4,305.19		17,969.05
Raw Material in transit	<u>26,029.22</u>		<u>32,634.97</u>
		30,334.41	50,604.02
Finished Goods (note 24.2)	39,624.96		28,836.97
Less: Provision for Stock loss	<u>5.91</u>		<u>5.91</u>
		39,619.05	28,831.06
Traded Goods		0.76	1.15
Stock in Process		2,351.30	1,961.45
Stores and spare parts			
- on hand	57,642.41		49,045.52
- in transit	<u>3,468.33</u>		<u>6,398.56</u>
	61,110.74		55,444.08
Less: Provision for non-moving	<u>5,864.99</u>		<u>5,344.56</u>
		55,245.75	50,099.52
Unserviceable Items		252.60	182.90
TOTAL		<u>127,803.87</u>	<u>131,680.10</u>

- 24.1 Includes ₹ 1,354.56 million share of jointly controlled entities. (Previous Year ₹ 993.20 million)
- 24.2 This includes an amount of ₹ 0.56 million (previous year ₹ 0.56 million) in respect of Carbon Credits.
- 24.3 In respect of joint venture arrangements of OVL, where the property in crude oil produced does not pass on up-to a specific delivery point, the stock of crude oil till such delivery point is not recognized..

25. Trade Receivables

	(₹ in million)	
	As at 31st March, 2013	As at 31st March, 2012
(Secured, Considered Good)		
Trade Receivables - Outstanding for a period exceeding six months	108.85	7.48
Other	-	-
	108.85	7.48
(Unsecured, Considered Good unless otherwise stated)		
Trade Receivables - Outstanding for a period exceeding six months :		
- Considered Good	38,307.25	30,369.85
- Considered Doubtful	666.86	618.46
Less Provision for Doubtful debts	<u>666.86</u>	<u>618.46</u>
	38,307.25	30,369.85
Other:		
- Considered Good	115,539.98	86,803.53
- Considered Doubtful	220.84	17.81
Less Provision for Doubtful debts	<u>220.84</u>	<u>17.81</u>
	115,539.98	86,803.53
TOTAL	<u>153,956.08</u>	<u>117,180.86</u>

- 25.1 Above includes ₹ 3,446.69 million share of jointly controlled entities. (Previous Year ₹ 2,357.76 million)
- 25.2 Above include in respect of subsidiary OVL share of ₹ 8,297.73 Million (US \$ 152.71 Million) (Previous year Nil) being lifting of ONGBV share of oil in GNPOC by Government of Sudan. Refer Note No 29.12.

**26. Cash and Cash Equivalents**

	(₹ in million)	
	31st March, 2013	31st March, 2012
Balance with Bank On Current Accounts	11,655.55	16,344.09
Cash on hand	17.30	16.54
Short Term Investment in Mutual Funds	19.75	1,092.06
Bank Deposit	183,322.00	260,599.97
Deposit towards margin money against guarantees issued	62.63	56.13
On Deposit Accounts for more than 12 months maturity	724.80	388.60
Unclaimed Dividend Account (Note 26.2 & 26.3)	388.48	416.87
Total	196,190.51	278,914.26

26.1 The deposits maintained by the company with banks comprise time deposit, which can be withdrawn by the company at any point without prior notice or penalty on the principal. Fixed deposits of ₹ Nil (Previous year ₹ 52,380.00 million) has been pledged to Banks against Short term loan taken from Banks.

26.2 Amount deposited in unclaimed dividend account is earmarked for payment of dividend and cannot be used for any other purpose

26.3 Unpaid dividend includes ₹ 156.37 million (previous year ₹ 155.79 million) pertaining to minority shares in subsidiary company MRPL.

26.4 Cash and Cash Equivalents include ₹ 3389.43 million share of jointly controlled entities. (Previous Year ₹ 3,899.08 million)



27. Short Term Loans And Advances

	(₹ in million)	
	As at 31st March, 2013	As at 31st March, 2012
(Secured, Considered Good)		
Loans & Advances to Associates	310.84	276.46
Loans and Advances to Employees	1966.37	1781.49
Loan and advances to others	0.16	1.39
	<u>2,277.37</u>	<u>2,059.34</u>
(Unsecured, Considered Good unless otherwise stated)		
Capital Advances	115.36	-
Loans to Public Sector Undertakings	79.66	92.32
Loans & advances to Employees	430.90	343.37
Balance with Tax Authorities	316.98	147.15
Prepaid expenses for underlift	262.92	745.48
Cash Call Receivable from JV Partners	10,153.00	7,380.52
Advances Recoverable in Cash or kind		
Considered Good (Note 27.2)	24,351.13	23,652.23
Considered Doubtful (note 27.3)	3,476.94	3,215.99
Less : Provision for Doubtful advances	<u>3,476.94</u>	<u>3,215.99</u>
	<u>24,351.13</u>	<u>23,652.23</u>
Advance payment of Tax	22,213.38	22,429.74
Less: Provision for Taxation	<u>13,002.61</u>	<u>11,595.05</u>
	<u>9,210.77</u>	<u>10,834.69</u>
Deposits		
With Customs/Port Trusts etc.	3,063.91	3,128.06
Security Deposits	<u>3,060.96</u>	<u>3,826.37</u>
	<u>6,124.87</u>	<u>6,954.43</u>
Total	<u>53,322.96</u>	<u>52,209.53</u>

27.1 Above includes ₹ 664.61 million share of jointly controlled entities. (Previous Year ₹ 473.42 million)

27.2 During the financial year 2010-11, the Oil Marketing Companies, nominees of the GoI recovered USD 32.07 million (₹ 1,744.29 million), ONGC's share as per directives of GoI in respect of Jointly Controlled Assets – Panna, Mukta & Tapti. The recovery is towards certain observations raised by auditors appointed by the Director General of Hydrocarbons (DGH) under Production Sharing Contract (PSC) for the period 2002-03 to 2005-06 in respect of cost and profit petroleum share payable to GoI. BGEPIL along with RIL ("Claimants") have served a notice of arbitration on the GoI in respect of dispute, differences and claims arisen in connection with the term of Panna, Mukta & Tapti PSC's. Since the company is not a party to the arbitration proceedings, it had requested MoP&NG that in case of an arbitral award, the same be made applicable to ONGC also, as a constituent of contractor for both the PSC's. Subsequently, vide letter dated July 4, 2011

MoP&NG has advised ONGC not to participate in the arbitration initiated by RIL & BGEPIL under Panna, Mukta & Tapti PSC's. MoP&NG has also stated that in case of an arbitral award, the same will be applicable to ONGC also as a constituent of the contractor for both the PSC's. Pending final arbitral award, the same has been shown as Receivable from GoI under 'Advance Recoverable in Cash or in kind or for value to be received'.

- 27.3 The subsidiary, OVL carried the share of investment of Sudapet, the national oil company of Sudan, for its 3.375% share in Block 5A, Sudan till the commencement of first commercial production. The carried amounts are repayable without interest in form of oil out of the production share of Sudapet as per the terms of the Exploration and Production Sharing Agreement (EPSA). In view of the secession of South Sudan and the transfer of PI of Sudapet of Block 5A to Nilepet the national oil company of South Sudan, the remaining balance of the carry loan of ₹ 58.89 Million has become doubtful and provision has been created for the same.

28. Other Current Assets

	(₹ in million)	
	As at 31st March, 2013	As at 31st March, 2012
Secured and Considered good		
Interest Accrued on Loans & Advances		
- Employee	216.65	28.15
- Associates	9.86	12.78
	226.51	40.93
(Unsecured, Considered Good unless otherwise stated)		
Interest Accrued		
- On Investments	1.38	37.83
- On Deposits	4,023.27	8,818.94
- On Loans & Advances	769.12	520.85
	4,793.77	9,377.62
Other Current Assets	12,168.89	7,758.42
Cost of Ongoing Project (note 28.2)	49.98	38.69
Investment in Lease (note 28.3)	4035.15	2427.35
Unamortised Expenditure		
- Dry Docking Charges	3783.05	1891.35
- Mobilisation charges	1032.64	715.41
	4815.69	2606.76
TOTAL	26,089.99	22,249.77

- 28.1 Above includes ₹ 237.42 million share of jointly controlled entities. (Previous Year ₹ 1.35 million)



- 28.2 In respect of Joint venture Company OTBL, revenue from projects based on execution and costs attributable and allocable thereto are recognized on full completion or substantial completion. Till the time of completion of project same are being carried as costs of ongoing project.
- 28.3 The subsidiary company, OVL has lease investment in Khartoum-Port Sudan Pipeline Project for which payment of installments is guaranteed by Government of Sudan. (refer note 41.1)

29. Revenue From Operations

	(₹ in million)	
	2012-13	2011-12
A. Sale of Products		
Own Product	1,681,824.57	1,529,875.09
Less :		
Transfer to Exploratory Wells in Progress	164.55	364.77
Government of India's (GoI's) share in Profit Petroleum	32,586.55	32,751.10
	27,894.84	28,259.61
	1,649,073.47	1,501,615.48
Traded Products Revenue	43.16	33.99
B. Other Operating Revenue		
Pipeline Transportation Receipts	1,057.92	1,082.07
Contractual Short Lifted Gas Receipts	51.72	70.44
Surplus from Gas pool Account (note no. 29.8)	3,597.73	3,946.33
North-East Gas Subsidy	2,122.91	2,007.09
SEZ Lease Income	209.05	179.97
Other Operation Income (note 28.2)	1,561.83	1,387.44
Processing Charges	622.74	550.28
Production Bonus	147.90	130.16
	9,371.80	9,353.78
TOTAL	1,658,488.43	1,511,003.25

- 29.1 In terms of the decision of Government of India (GOI), the company has shared under-recoveries of Oil Marketing Companies (OMCs) on price sensitive products viz. Diesel, Domestic LPG and PDS Kerosene for the year 2012-13 by extending the discount in the prices of Crude Oil, Domestic LPG and PDS Kerosene based on the rates of discount communicated by Petroleum Planning and Analysis Cell (PPAC) and Ministry of Petroleum and Natural Gas (MoP&NG). The impact of discount is as under:

(₹ in million)

Decrease in	2012-13	2011-12
Gross Revenue	494,206.50	444,656.08
Less: Value Added Tax (VAT)	14,114.40	13,533.22
Sales Revenue	480,092.10	431,122.86
Less: Statutory Levies	59,502.49	53,135.43
Profit Before Tax	420,589.61	377,987.43

- 29.2 Crude Oil Sales Agreements (COSA) with Indian Oil Corporation Limited (IOC) has been signed on 20th September, 2012. Since the COSA is made effective from 1st April, 2010, necessary adjustments amounting to ₹ 7,289.50 million (inclusive of VAT ₹ 306.54 million) for 2010-11 and 2011-12 considering revised crude prices for supplies made to IOC for the period from 1st April, 2010 to 31st March, 2012 have been made in books of accounts during 2012-13, by way of issue of credit notes.
- 29.3 COSA with Chennai Petroleum Corporation Limited (CPCL) has been signed on 15th May, 2013. Since the COSA is made effective from 1st April, 2010, necessary adjustments amounting to ₹ 171.03 million (inclusive of VAT ₹ 11.97 million) for 2010-11 and 2011-12 considering revised crude prices for supplies made to CPCL for the period from 1st April, 2010 to 31st March, 2012 have been made in books of accounts during 2012-13, by way of issue of credit notes.
- 29.4 COSA with Bharat Petroleum Corporation Limited (BPCL) and Hindustan Petroleum Corporation Limited HPCL was signed and implemented during 2011-12. Sales revenue in respect of crude Oil supplied to Mangalore Refinery and Petrochemicals Limited (MRPL) is based on the pricing formula agreed with the refinery in terms of erstwhile MoU. For Crude Oil produced in Assam, sales revenue is based on the pricing formula provided by MoP&NG.
- 29.5 Based on the directives issued by MoP&NG and PPAC vide letters dated 31st May, 2012 and 1st June, 2012 respectively, w.e.f. 1 April, 2012, refineries started making deductions from ONGC payments towards Octroi/ VAT/ CST on discounts allowed by ONGC to refineries on supplies of crude oil. Total deduction made by refineries on this account for the period from 1st April, 2012 to 31st March, 2013 works out to ₹ 15,846.70 million. The same amount has been provided for in the accounts.
- 29.6 Recognition of revenue on account of Short Lifted Gas amounting to ₹ 571.42 million (Previous Year ₹ 55.45 million) has been postponed. This will be recognized when there is reasonable certainty regarding ultimate collection as per the policy of the company.
- 29.7 Sales revenue of Natural Gas is based on producer price fixed by GoI vide letter dated 31.05.2010 in respect of APM gas produced by National Oil Companies (NOCs) at US\$ 4.2/mmbtu inclusive of royalty effective from 01.06.2010. For APM consumers, except for consumers in North Eastern states, the consumer price is same as producer price, i.e. US\$ 4.2/ mmbtu inclusive of royalty. For APM consumers in North-East, consumer price is 60% of the producer price, i.e., US\$ 2.52/ mmbtu inclusive of royalty and the



difference between producer price and consumer price is paid to the company through GoI Budget up to allocated quantity and shown as 'North-East Gas Subsidy'.

- 29.8 The company is supplying majority of Natural gas to GAIL (India) Limited (GAIL) which also purchases gas from other sources and sells to APM and non-APM consumers. Based on the Government directives, excess in Gas Pool Account at the end of financial year is transferred to ONGC / OIL in accordance with their contribution. Based on the details received from GAIL, an amount of ₹ 3700.00 million for Gas Pool Receipts for the current year, ₹ 339.23 million on account of interest on Gas Pool Account and reversal of ₹ 441.50 million w.r.t. previous year's balance in Gas Pool Account, has been considered as 'Surplus from Gas Pool Account' as on 31st March, 2013.
- 29.9 Revenue from operation includes ₹ 42,412.56 million share of jointly controlled entities. (Previous Year ₹ 31,335.14 million)
- 29.10 In respect of Joint venture company PLL, revenue from services of ₹ 213.10 million (Previous Year ₹ 306.51 million) are net of service tax.
- 29.11 OVL's Subsidiary - ONGBV follows the entitlement method for revenue recognition associated with sale of crude oil and liquids for its share of petroleum production as specified in the Exploration Production Sharing Agreement (EPSA) and Crude Oil Pipeline Agreement (COPA). The amount reported under sales above using such method is ₹ 28,534.95 Million (Previous year ₹ 68,757.64 Million).
- 29.12 In respect of subsidiary company OVL, Government of Sudan's (GOS) is lifting of crude oil entitlement of foreign partners including ONGBV from GNPOC. The OVL's share of crude oil taken by GOS, as on 31 March 2013, is 1,428,983 barrels with value of ₹ 8,297.73 Million (USD 152.71 Million) which is considered as revenue during the period. The GOS has confirmed the lifting and the draft sale and purchase agreement is under finalization with GOS. In view of the confirmation of the GOS for treating the quantities lifted for local refinery as sales, the same has been accounted for as sales revenue during the current year. The corresponding receivables is considered in Trade receivables (refer Note No 25.2)

**30. Other Income**

	(₹ in million)	
	2012-13	2011-12
Interest Income		
Long Term Investments	439.76	785.05
Deposits with Banks/PSUs	20,326.56	23,785.52
Loans and Advances to Associate	144.62	149.17
Loans and Advances to Employees	450.84	408.02
Income Tax Refund	95.00	384.92
Site Restoration Fund Deposit	8,303.24	7,772.30
Delayed Payment from Customers and Others	373.26	496.79
	30,133.28	33,781.77
Dividend Income		
Long Term Investments	1,658.74	2,543.32
Short Term -Debt Mutual Funds	1,644.53	1,430.91
	3,303.27	3,974.23
Other Non Operating Income		
Excess Provisions written back	5,340.36	392.69
Liabilities no longer required written back	5,663.20	1,989.73
Profit on sale of Investment	-	3.65
Contractual Receipts	158.74	494.17
Miscellaneous Receipts (note 30.2)	10,301.52	7,297.53
	21,463.82	10,177.77
TOTAL	54,900.37	47,933.77

30.1 Above includes ₹ 182.93 million share of jointly controlled entities. (Previous Year ₹ 547.21 million)

30.2 As per the Farm Out agreement dated 5th November, 2012 entered into by the company with INPEX Offshore East India Ltd (INPEX), the company has agreed to transfer 26% Participating Interest (PI) in Block KG-DWN-2004/6 to INPEX for a consideration of USD 9.10 million (₹ 494.95 million), with effect from 1st April, 2012. The approval of the Government of India for the assignment of PI, which is a condition precedent to the above agreement, has been received on 15th April, 2013 and accordingly, the consideration of ₹ 494.95 million has been accounted under the head miscellaneous receipts.

**31. (Increase)/Decrease in Inventories**

	(₹ in million)	
	2012-13	2011-12
Closing Stock		
- Stock in Process	2,351.30	3,525.35
- Finished Goods and Stock in trade	<u>39,625.72</u>	<u>28,838.12</u>
	41,977.02	32,363.47
Opening Stock		
- Stock in Process	3,525.35	2,414.79
- Finished Goods and Stock in trade	28,838.12	25,468.53
Less: Adjustment	<u>1,591.46</u>	<u>161.04</u>
	<u>30,772.01</u>	<u>27,722.28</u>
NET (INCREASE)/DECREASE IN INVENTORIES	<u>(11,205.01)</u>	<u>(4,641.19)</u>

31.1 Above includes ₹ 43.61 million share of jointly controlled entities. (Previous Year ₹ (-) 29.3 million)

**32. Production, Transportation, Selling and Distribution Expenditure**

(₹ in million)

	2012-13	2011-12
Royalty (Note 32.2)	137,209.63	155,316.39
Cess (Note 32.4)	99,970.75	57,830.85
Natural Calamity Contingent Duty	1,101.05	1,097.27
Excise Duty on stock (Net) (Note 32.4)	275.09	-727.20
Sales Tax	3,834.14	3,339.24
Service Tax	7,275.48	8,336.97
Education cess	3,111.09	1,871.44
Octroi and Port Trust Charges	4,057.30	4,184.36
Staff Expenditure	24,585.06	16,958.24
Workover Operations	19,135.41	23,955.18
Water Injection, Desalting and Demulsification	12,854.60	12,113.51
Consumption of Raw Materials, Stores and Spares	617,303.08	467,780.20
Pollution Control	5,810.33	4,881.09
Transport Expenses	3,530.28	3,958.47
Insurance	1,653.25	1,248.84
Power and Fuel	2,182.52	1,858.46
Repairs and Maintenance	9,588.82	8,830.15
Contractual payments including Hire charges etc.	9,417.15	8,081.43
Other Production Expenditure	27,184.19	30,654.23
Transportation and Freight of Products	17,196.41	15,096.07
Research and Development	6,002.02	3,238.11
General Administrative Expenses	33,275.58	22,880.60
Exchange Loss (Net)	2,482.78	11,377.77
Provision for mark to market loss on derivative contracts	1,606.76	498.56
Adjustments for overlift/(underlift)	546.00	-414.11
Hedging (Gain)/Loss (note no. 32.6)	-	48.52
Other Expenditure	13,047.00	11,791.42
Total	1,064,235.77	876,086.06

32.1 Above includes ₹ 39,444.93 million share of jointly controlled entities. (Previous Year ₹ 28,878.68 million)

32.2 The Subsidiary of OVL- ONGBV conducts its operations in Sudan jointly with Sudapet the national oil company of Sudan among others. All government stakes other than income taxes are considered to be royalty interest. Royalties on production represent the entitlement of the government of Sudan to a portion of ONGBV's share of crude oil and liquid production and are recorded using the rates in effect under the terms of the contract at the time of production. Royalties / taxes in Syrian concession are accounted similarly by ONGBV. The amount of royalty reported in respect of Sudan and Syrian concession is ₹ 11,833.19 Million (Previous year ₹ 38,770.10 Million) under Royalty above.



- 32.3** The Government has revised the rate of Cess from ₹ 2,500/MT to ₹ 4,500/MT w.e.f. 17.03.2012, resulting in the material increase in the expenditure.
- 32.4** Excise duty on sale of product has been deducted from Sales revenue and Excise duty shown above represents the difference between excise duty on opening and closing stock of finished goods.
- 32.5** During the year, the Company has recognized additional liability of ₹ 5,079.53 million towards revision in Long Service Rewards Scheme. Further, in terms of DPE guidelines, the company has recognized liability of ₹ 18,504.79 towards superannuation benefits to employees. These have been allocated to activities as per the policy of the company
- 32.6 Derivative instruments and un-hedged foreign currency exposure:**
During the year, subsidiary OVL has entered into cross currency swap transactions with various banks whereby it has swapped the principal and interest amounts payable towards Bonds issued in domestic markets into USD liability as follows:

Underlying	Notional Principal Amount (₹ in Million)	Notional Principal Amount (USD in Million)	Termination Date
8.40% 5 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series I	15000	299.23	23rd Dec 2014
8.54% 10 Years Unsecured Non-Convertible Redeemable Bonds in the nature of Debentures- Series II	3700	73.93	6th Jan 2020
Total	18700	373.16	

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

The above swap positions were outstanding on 31 March 2013 and have been revalued on that date based on Mark-to-market positions reported by counter-party banks. During the year ended 31 March 2013 Mark-to-market loss amounting to ₹ 1606.76 Million (Previous year ₹ 498.56 Million) has been charged to foreign exchange gain/loss in the Statement of profit and loss.

**33. Depreciation, Depletion, Amortization And Impairment**

	(₹ in million)	
	2012-13	2011-12
Depletion	86,228.54	82,310.51
Pre Acquisition Expenditure	3,309.28	2,698.68
Amortisation of Goodwill	4,197.60	5,175.77
Depreciation	93,194.94	87,679.35
Less : Allocated to :		
Exploratory Drilling	1,335.06	4,844.42
Development Drilling	2,842.40	9,644.88
Depreciation on Facilities	59,741.63	43,136.69
Others	4,326.98	8,011.75
	24,948.87	22,041.61
Impairment Loss		
During the year	3,014.50	20,466.52
Less: Reversal during the year	756.47	827.73
	2,258.03	19,638.79
TOTAL	120,942.32	131,865.36

33.1 Above includes ₹ 522.83 million share of jointly controlled entities. (Previous Year ₹ 537.15 million)

34. Finance Costs

	(₹ in million)	
	2012-13	2011-12
Interest		
i) On Fixed Loans - Foreign Currency Loans	211.58	-
ii) On Short Term Loan	276.48	222.34
iv) On Cash Credit	4.02	2.69
iv) Others	3,183.83	3,551.80
v) Lease Finance Charges	388.73	389.71
vi) Foreign Exchange Fluctuation considered as Borrowing Cost	773.33	182.56
TOTAL	4,837.97	4,349.10

34.1 Above includes ₹ 494.18 million share of jointly controlled entities. (Previous Year ₹ 453.14 million)

35. Provisions And Write Offs

	(₹ in million)	
	2012-13	2011-12
PROVISIONS		
For Doubtful Debts	16,940.14	2,109.94
For Doubtful Advances	2,461.97	2,927.98
For Non-Moving Inventory	1,066.51	864.32
For Others	2,079.73	98.99
Sub-Total	22,548.35	6,001.23
WRITE-OFFS		
Disposal/Condemnation of Fixed Assets (Net)	56.80	82.43
Claims/Advances	2.18	2.54
Inventory	84.83	139.45
Bad debts	1,101.31	-
Less: Provisions	<u>1,101.31</u>	<u>-</u>
	-	-
Acquisition Cost Written off	254.37	3,257.84
Others	(702.94)	2,115.37
Sub-Total	(304.76)	5,597.63
TOTAL	22,243.59	11,598.86

- 35.1** Above includes ₹ 5.97 million share of jointly controlled entities. (Previous Year ₹ 2,402.64 million)
- 35.2** In respect of subsidiary company OVL, provision for doubtful debts/claims includes carry loan of ₹ 487.94 Million (Previous year ₹ 534.16 Million) to KMG in view of the block being under exploration and there is no certainty of commercial discovery and hence the recovery of the loan. (refer note 21.3)
- 35.3** In respect of subsidiary company OVL, Other write-back includes ₹ 766.80 Million (Previous year write off : ₹ 766.80 Million) in respect of minimum exploration commitment of Block 128 - Vietnam due to extension of exploration period by the Government of Vietnam for two years.

36. Adjustments Relating To Prior Period (Net)

(₹ in million)

	2012-13	2011-12
A. EXPENDITURE		
Statutory levies	51.86	1.30
Other production, selling & distribution expenditure	(409.48)	237.90
Interest -Others	12.43	-
Exchange Fluctuation	(58.47)	(12.17)
Survey	0.47	38.52
Dry Wells	455.38	28.51
Depletion	82.55	-
Depreciation	(20.24)	(224.90)
Amortisation of Goodwill	-	11.14
	114.50	80.30
B. INCOME		
Sales	(168.47)	13.01
Interest -Others	3.22	0.79
Other Income	280.90	307.26
Sub-Total	115.65	321.06
TOTAL (NET)	(1.15)	(240.76)

- 36.1** Above include ₹ 22.03 million share of jointly controlled entities. (Previous Year ₹ (-) 3.5 million)

37. Earnings per Equity Share

	2012-13	2011-12
Net Profit after Tax (₹ in million)	242,196.44	281,436.16
Weighted Average Number of Shares (Nos. in million)	8,555.49	8,555.49
Basic & Diluted earnings per equity share(₹)	28.31	32.90
Face Value per equity Share (₹)	5.00	5.00

38. Disclosure under Accounting Standard-16 on “Borrowing Costs”

Borrowing cost capitalized during the year is ₹ 8413.24 million (previous Year ₹ 4,654.28 million)

39. Disclosure under Accounting Standard -17 on “Segment Reporting”

39.1 The Consolidated Segment Information as per Accounting Standard AS-17 for the Company is given below												(₹ in million)		
2012-13												2011-12		
Particulars	In India				Outside India	Unallocated	Grand Total	In India				Outside India	Unallocated	Grand Total
	E&P		Refining	E&P				Refining						
	Offshore	Onshore		Offshore					Onshore					
Revenue														
External Sales	499,727.85	254,709.05	688,329.15	175,571.85	39,982.06	1,658,319.96	457,475.55	237,351.08	572,221.93	215,219.29	28,748.40	1,511,016.25		
Inter Segment Sales	76,915.36		30.61	-		76,945.97	71,886.52		24.82	8,253.83		80,165.17		
Total Revenue	576,643.21	254,709.05	688,359.76	175,571.85	39,982.06	1,735,265.93	529,362.07	237,351.08	572,246.75	223,473.12	28,748.40	1,591,181.42		
Results														
Segment Result Profit/(+)/Loss(-)	243,196.92	40,217.27	(1,600.02)	68,136.20		349,950.37	242,988.17	97,941.52	13,096.07	53,224.22		407,243.98		
Unallocated Corporate Expenses					11,118.12	11,118.12					12,685.92	12,685.92		
Operating Profit	243,196.92	40,217.27	(1,600.02)	68,136.20	(11,118.12)	338,832.25	242,988.17	97,941.52	13,096.07	53,224.22	(12,685.92)	394,584.06		
Interest Expenses					4,850.40	4,850.40					4,349.42	4,349.42		
Interest/Dividend Income					33,439.77	33,439.77					37,800.42	37,800.42		
Income Taxes					127,519.02	127,519.02					143,746.00	143,746.00		
Profit from Ordinary Activities	243,196.92	40,217.27	(1,600.02)	68,136.20	(110,047.77)	239,902.60	242,988.17	97,941.52	13,096.07	53,224.22	(122,960.92)	284,289.06		
Extraordinary Gain						-						-		
Net Profit	243,196.92	40,217.27	(1,600.02)	68,136.20	(110,047.77)	239,902.60	242,988.17	97,941.52	13,096.07	53,224.22	(122,960.92)	284,289.06		
Other Information														
Segment Assets	843,120.65	410,709.23	254,979.85	594,095.28		2,102,905.01	745,495.65	370,226.66	262,046.32	512,372.88	426,355.46	1,890,141.51		
Unallocated Corporate Assets					431,668.36	431,668.36						426,355.46		
Total Assets	843,120.65	410,709.23	254,979.85	594,095.28	431,668.36	2,534,573.37	745,495.65	370,226.66	262,046.32	512,372.88	426,355.46	2,316,496.97		
Segment Liabilities	291,247.23	100,824.29	184,961.53	182,509.89		759,542.94	311,343.83	86,444.47	189,468.80	144,039.78	220,808.78	731,296.88		
Unallocated Corporate Liabilities					249,750.38	249,750.38						220,808.78		
Total Liabilities	291,247.23	100,824.29	184,961.53	182,509.89	249,750.38	1,009,293.32	311,343.83	86,444.47	189,468.80	144,039.78	220,808.78	952,105.66		
Capital Expenditure	177,525.61	91,283.07	28,079.41	73,537.67	42,819.52	413,245.28	250,170.67	72,804.44	45,065.91	94,202.10	31,892.86	494,135.98		
Depreciation*	66,550.20	16,393.35	6,140.16	30,720.83	1,200.13	121,004.67	54,618.76	19,614.80	4,487.86	49,419.76	963.99	129,105.17		
Other Non-cash Expenses	10,138.48	8,694.15	92.42	2,912.30	405.22	22,243.57	839.21	2,343.04	1.68	8,395.42	19.51	11,596.66		
* Also Includes Depletion, Amortization and Impairment Loss.														



39.2 Notes :

39.2.1 The annexed matrix presentation depicts the geographical segments based on assets as primary segments and business segments as secondary segments.

39.2.2 Segments have been identified and reported taking into account the differing risks and returns, the organization structure and the internal reporting systems. These have been organized into the following main geographical and business segments:

Geographical Segments

- a) In India - Offshore
 - Onshore
- b) Outside India.

Business Segments

- a) Exploration & Production
- b) Refining

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

39.2.4 Inter Segment Sales have been priced at prevailing market rates.

39.2.5 Segment Assets includes ₹ 1,041.25 million of Intangible Assets (Previous year ₹ 1364.10 million)

39.2.6 Reconciliation of the Segment Revenue with the Revenue as per note 29 & 36 is given below:

(₹ in million)			
Particulars	Note	2012-13	2011-12
Revenue from operation (Gross)	29	1658488.43	1,511,210.96
Prior period Sales	36	(168.47)	10.95
Total		1658,319.96	1,511,221.91
Segment Revenue as per note no. 39.1		1658,319.96	1,511,221.91



40. Disclosure under Accounting Standard -18 on “Related Party Disclosure”

40.1 Name of related parties and description of relationship :

40.1.1 Joint Ventures/Jointly Controlled Entities

Sl No.	Name	Relationship
A	Jointly Controlled Entities in India	
i	ONGC Mangalore Petrochemicals Limited	Jointly Controlled Entity in India
ii	Petronet LNG Limited	Jointly Controlled Entity in India
iii	ONGC Teri Biotech Limited	Jointly Controlled Entity in India
iv	Mangalore SEZ Limited	Jointly Controlled Entity in India
v	ONGC Petro-additions Limited	Jointly Controlled Entity in India
vi	ONGC Tripura Power Co. Limited	Jointly Controlled Entity in India
vii	Dahej SEZ Limited	Jointly Controlled Entity in India
viii	North East Transmission Company Ltd. Limited (NETC) (through OTPC)	Jointly Controlled Entity in India
ix	Mangalore STP Limited (through MSEZ)	Jointly Controlled Entity in India
x	Adani Petronet (Dahej) Port Pvt. Ltd	Jointly Controlled Entity in India
xi	Shell MRPL Aviation Fuels & Services Pvt. Limited (through MRPL)	Jointly Controlled Entity in India
xii	Mangalam Retail Services Limited (through MRPL)	Jointly Controlled Entity in India
B	Joint Ventures/Associates of Subsidiary	
i	ONGC Mittal Energy Limited, Cyprus	Joint Venture (Outside India) through OVL
ii	OOO Imperial Frac Service, Russian Federation	Joint Venture (Outside India) through OVL
iii	ONGC (BTC) Ltd, Cayman Island	Joint Venture (Outside India) through OVL

40.2 Key Management Personnel:

Whole-time Functional Directors:
Parent Company i) Sudhir Vasudeva, Chairman and Managing Director ii) Shri K.S. Jamestin iii) Shri A. K. Banerjee from 22.05.2012 iv) Shri P. K. Borthakur from 30.10.2012 v) Shri Shashi Shanker from 01.12.2012 vi) Shri N. K. Verma from 01.04.2013 vii) Shri S.V. Rao up to 31.03.2013 viii) Shri U. N. Bose up to 30.11.2012 ix) Shri A. K. Hazarika up to 30.09.2012
Subsidiaries and Joint Ventures
i) Shri D K Sarraf, Managing Director , OVL



- ii) Shri S P Garg, Director (Finance) OVL
- iii) Shri S. Roychoudhary, Director (Operations) (till 30 June 2012) OVL
- iv) Shri N K Verma, Director (Exploration) (till 31st March, 2013, OVL
- v) Shri S Bhattacharya, Director (Operations) (with effect from 1 July 2012) OVL
- vi) Ir. A R Baron Mackay Holding B.V., Director, ONGC Nile Ganga B.V.
- vii) Shri Costas Christoforou, Director, Imperial Energy Limited
- viii) Ms Arlene Nahikian, Director, Imperial Energy Limited
- ix) Ms. K. Antoniadou, Director, Imperial Energy Limited
- x) Ms. E. Chrysanthou, Director, Imperial Energy Limited
- xi) Mr A. Loizou, Director, Imperial Energy Limited
- xii) Mr. Roland Göransson, Director, Carabobo One AB
- xiii) Mr. Richard Chindt, Director, Carabobo One AB
- xiv) Shri. U.K.Basu, Managing Director (upto 30/06/2012) MRPL
- xv) Shri P.P.Upadhyaya, Managing Director (from 01/07/2012 with additional charge as Director (Technical) MRPL
- xvi) Shri. Vishnu Agarwal, Director (Finance) MRPL
- xvii) Dr. A.K. Balyan (Managing Director & CEO) PLL
- xviii) Shri R K Garg Director – Finance, PLL
- xix) Shri. Rajendra Singh Director (Technical) (from 14th November, 2012), PLL
- xx) Shri. C S Mani Director-Technica (up to 13th November, 2012)l, PLL.
- xxi) Shri. Rajiv Banga, Managing Director & CEO MSEZ
- xxii) Sri. Anil Khurana Managing Director from 19.04.2012 PMHBL
- xxiii) Shri P.P. Nadkarni, Managing Director, upto 18.04.2012 PMHBL
- xxiv) Shri Sudhindra Kumar Dube Managing Director, OTPCL
- xxv) Dr P. S. V. Rao, CEO, OPaL

40.3 Details of Transactions

40.3.1 Joint Ventures/ Jointly Controlled Entities

(₹ in million)

Details	2012-13	2011-12
Sale of Products to		
a) Shell MRPL Aviation Fuels & Services Pvt. Limited	4022.24	4,647.31
b) ONGC Tripura Power Co. limited	184.79	-
Services Received from :		
a) ONGC Teri Biotech Ltd	182.34	133.67
b) Dahej SEZ Ltd.	9.33	7.36
c) ONGC Mangalore Petrochemicals Ltd.	1.03	0.02
d) Petronet LNG Ltd	.078	-
e) Mangalore SEZ Ltd.	1.42	2.38
Services Provided to :		
a) ONGC Petro-additions Ltd.	117.50	81.63
b) ONGC Teri Biotech Limited	-	0.04
c) Mangalore SEZ Ltd.	5.80	3.82
d) ONGC Tripura Power Co. Pvt. Ltd.	220.35	167.29
e) ONGC Mangalore Petrochemicals Limited	11.75	18.40
f) Petronet LNG Ltd	1.32	-
g) Shell MRPL Aviation Fuels & Services Pvt. Limited	0.29	0.78



Details	2012-13	2011-12
Advance against Equity during year :		
a) Dahej SEZ LTD.	-	230.00
b) ONGC Tripura Power Co. limited	103.32	-
Dividend Income		
a) Petronet LNG Limited	234.38	187.50
Amount Receivable :		
a) ONGC Petro-additions Limited	42.96	55.76
b) ONGC Tripura Power Co. Pvt. Ltd	-	-
c) Mangalam Retail Services Limited	0.05	-
d) Mangalore SEZ Ltd.	134.19	844.23
e) ONGC Mangalore Petrochemicals Limited	17.42	25.06
f) Shell MRPL Aviation Fuels & Services Pvt. Limited	406.91	408.47
Amount Payable :		
a) ONGC Teri Biotech Ltd	115.98	107.49
b) ONGC Mangalore Petrochemicals Limited	1.83	0.02
c) Dahej SEZ Ltd.	7.00	6.63
Advance against Equity outstanding :		
a) ONGC Petro-addition Limited	3,328.69	9702.99
b) ONGC Tripura Power Co. Pvt. Ltd	-	1,233.87
c) ONGC Mangalore Petrochemicals Ltd.	9,799.76	9,799.76
d) Mangalam Retail Services Ltd	0.05	1.00

40.3.2 Key Management Personnel

Remuneration Paid to Key Management Personnel ₹ 70.51 million (Previous year ₹ 60.20 million)



41 Disclosure under Accounting Standard - 19 on 'Leases'

41.1 Khartoum - Port Sudan Pipeline Project:

The subsidiary company, OVL had completed the 12"X741 Kms multi-product pipeline from Khartoum refinery to Port Sudan for the Ministry of Energy and Mining of the Government of Sudan (GOS) on Build, Own, Lease and Transfer (BOLT) basis and handed over the same to GOS during the financial year 2005-06. The project was implemented in consortium with Oil India Limited, OVL's share being 90%.

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

The first 11 installments under the contract due till 30th December 2010 have been received. The 12th, 13th, 14th and 15th installment of ₹ 3,074.12 Million (OVL's share ₹ 2,766.71 Million) due on 30th June 2011, 30th December 2011, 30th June 2012 and 31st December 2012 respectively have not yet been received. OVL had taken a political risk insurance policy for the 12th and 13th installments. As per the insurance policy provision, the OVL has filed the claim for the 12th and 13th installments with ECGC. No insurance is available for further installments (14th to 18th). The OVL has been pursuing with the GOS for the payment of the 12th, 13th, 14th and 15th installments. The GOS has given sovereign guarantee towards the payment of the installments for the Sudan Pipeline Project and no provision has been made for the above four overdue installments, amounting to ₹ 3,074.12 Million (OVL share ₹ 2,766.71 Million).

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

(₹ in Million)

Particulars	31-Mar-13		31-Mar-12	
	Gross	Net	Gross	Net
a) Reconciliation between the total gross investment in the lease and the present value of minimum lease payments as at year end				
- Not later than one year	2,746.63	2,661.83	2,581.50	2,427.35
- Later than one year and not later than five years	2,059.97	2,049.15	1,936.13	1,846.25
- Later than five years	-	-	-	-
Total	4,806.60	4,710.98	4,517.63	4,273.60
b) Unearned Finance Income	95.62		244.03	
c) Unguaranteed residual value accruing to OVL's benefit	Nil		Nil	
d) Accumulated provision for uncollectible minimum lease payments receivable	Nil		Nil	
e) Contingent rents recognised in the statement of profit and loss for the period	Nil		Nil	
f) General description of the significant leasing arrangement	As described in para above		As described in para above	
g) Accounting Policy followed in respect of initial direct costs	As per note no. 2.2.zb.1		As per note no. 2.2.zb.1	

The EPC contractor executing the project claimed additional costs aggregating to ₹ 2,020.59 Million (as on 31 March 2012 ₹ 1,899.11 Million), Company's share being ₹ 1,818.53 Million (as on 31 March 2012 ₹ 1,709.20 Million) (90%), which have not been accepted by the Company. The Company, in turn has filed a claim as per the contract with GOS for their approval of an aggregate amount of ₹ 2,511.73 Million (as on 31 March 2012 ₹ 2,360.72 Million), Company's share being ₹ 2,260.56 Million (as on 31 March 2012 ₹ 2,124.65 Million). No revenue in this respect has been recognized since the claim has not been accepted by GOS. OVL has served a pre-arbitral notice on GOS which is a requirement prior to initiating any legal proceedings in Sudan. The EPC contractor has initiated arbitration with a claim for ₹ 1,386.40 Million (as on 31 March 2012 ₹ 1,303.05 Million) plus interest against the Company. Pending settlement with the EPC contractor, an amount of ₹ 1,247.76 Million (as on 31 March 2012 ₹ 1,172.69 Million), being the Company's 90% share out of total claim of ₹ 1,386.40 Million (as on 31 March 2012 ₹ 1,303.05 Million) has been accounted as liability in the relevant year of claim. The arbitration proceeding with the contractor is ongoing as of 31 March 2013.

41.2 Financial Lease for BC-10 Project

ONGBV owns 15% equity shares in Tamba B.V. The Netherlands; with the balance held by Shell E & P Offshore Services B.V., The Netherlands (“SEPBV”), and Petrobras Netherlands B.V. The Netherlands (“PNBV”). Tamba B.V. has been established to facilitate the development and production of hydrocarbons in the BC-10 concession, Campos Basin area in Brazil. Tamba B.V. has a third party lease for a major oil field equipment (FPSO) and constructed other sub-sea assets for onwards lease to BC-10 Project. Both financial leases commenced on 31 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 OVL’s share of the lease liability (at USD 1= ₹ 54.39) are tabulated below:

Lease liability	₹ In Million
Opening balance as at 1 April 2012	4,038.66
Interest	363.94
Lease Payments	(1,012.18)
Foreign Currency Translation Adjustment	257.70
Closing balance as at 31 March 2013	3,648.12

The OVL’s 15% share of future estimated minimum lease expenses in the year and their present values are scheduled to be as follows:

(₹ In Million)

	< 1Year	1-5 Years	>5Years	Total
Future minimum lease payments:	919.50	2,532.96	1,532.49	4,984.96
Present value of minimum lease payments	889.04	1,955.86	803.22	3,648.12

Tamba B.V., JV company of ONGBV (15%) has entered into a 15-year lease contract for the supply of the FPSO with a third party. The lease contract contains priced termination options for each of the 15 years and priced extension options for the 4 years following the initial 15-year term. The OVL can exercise a priced purchase option during the term of the lease. The interest rate implicit in the lease is 9.5% (Previous year 9.5%).

- 41.3** The company has certain office/residential premises on Operating Lease which are cancellable by giving appropriate notice as per the respective agreements. During the year ₹ 4,600.96 million (Previous year ₹ 4,876.52 million) had been paid towards cancellable Operating Lease.

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

42.1 Jointly Controlled Assets in India

In respect of certain blocks, the Company's Joint Ventures (JV) with certain bodies corporate have entered into Production Sharing Contracts (PSCs) with GoI. Details of these blocks and JVs as on 31.03.2013 are as under:

Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
A	Jointly Operated JVs		
1	Panna, Mukta and Tapti	40% (40%)	BGEPIL 30%, RIL 30%
2	AN-DWN-2009/3	60% (60%)	OIL 40%
B	ONGC Operated JVs		
3	CB-OS/1 Development Phase	55.26% (55.26%)	TPL 6.7%, HOEC 38.04%
4	MN-DWN-98/3	60% (60%)	PIBBV 40%
5	MN-OSN-2000/2	40% (40%)	GAIL 20%, IOC 20%, OIL 20%
6	AA-ONN-2001/2	80% (80%)	IOC 20%
7	AA-ONN-2001/3	85% (85%)	OIL 15%
8	KK-DWN-2002/2	80% (80%)	HPCL 20%
9	CY-ONN-2002/2	60% (60%)	BPRL 40%
10	AA-ONN-2002/4	90% (90%)	OIL 10%
11	CY-DWN-2004/1	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
12	CY-DWN-2004/2	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
13	CY-DWN-2004/3	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
14	CY-DWN-2004/4	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
15	CY-PR-DWN-2004/1	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
16	CY-PR-DWN-2004/2	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
17	KG-DWN-2004/1	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
18	KG-DWN-2004/2	60% (60%)	GSPC 10%, HPCL 10%, GAIL 10%, BPRL 10%
19	KG-DWN-2004/3	70% (70%)	GSPC 10%, HPCL 10%, GAIL 10%
20	KG-DWN-2004/5	50% (50%)	GSPC 10%, HPCL 10%, GAIL 10%, OIL 10%, BPRL 10%
21	KG-DWN-2004/6	34% (60%)	GSPC 10%, HPCL 10%, GAIL 10%, OIL 10%, INPEX 26%
22	CB-ONN-2004/1	50% (50%)	GSPC 40%, HERA-MEC LTD 10%
23	CB-ONN-2004/2**	55% (55%)	GSPC 45%
24	CB-ONN-2004/3	65% (40%)	GSPC 35% (GSPC 35%, ENSEARCH 25%)
25	CB-ONN-2004/4	60% (50%)	GSPC 40% (GSPC 40%, HERA-MEC 10%)
26	CY-ONN-2004/1	80% (80%)	BPRL 20%

ONGC Limited, Consolidated Accounts for the year 2012-13


Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
27	CY-ONN-2004/2	80% (80%)	BPRL 20%
28	MB-OSN-2005-1	80% (80%)	GSPC 20%
29	MB-OSN-2005-5	70% (70%)	GSPC 30%
30	MB-OSN-2005-6	80% (80%)	GSPC 20%
31	AN-DWN-2005/1	90% (90%)	OIL 10%
32	KG-DWN-2005/1	70% (70%)	IOC 20%, GSPC 10%
33	KK-DWN-2005/2	90% (90%)	GSPC 10%
34	KG-OSN-2005/1	60% (60%)	HMEL 20%, GSPC 20%
35	KG-OSN-2005/2	80% (80%)	HMEL 20%
36	Raniganj	74% (74%)	CIL 26%
37	Jharia	90% (90%)	CIL 10%
38	NK-CBM-2001/1	80% (80%)	IOC 20%
39	BK-CBM-2001/1	80% (80%)	IOC 20%
40	CB-ONN-2005/4	51% (51%)	GSPC 49%
41	CB-ONN-2005/10	51% (51%)	GSPC 49%
42	PR-ONN-2005/1	80% (80%)	TPL 20%
43	WB-ONN-2005/4	75% (75%)	OIL 25%
44	AA-ONN-2005/1	60% (60%)	OIL 30%, ACIL 10%
45	GV-ONN-2005/3	80% (80%)	TPL 20%
46	AN-DWN-2009/2	60% (60%)	OIL 40%
47	AN-DWN-2009/1	70% (70%)	OIL 30%
48	AN-DWN-2009/5	90% (90%)	GSPC 10%
49	AN-DWN-2009/13	70% (70%)	GAIL 10%, NTPC 10%, GSPC 10%
50	AN-DWN-2009/18	60% (60%)	OIL 30%, GAIL 10%
51	GK-OSN-2009/1	40% (40%)	AWEL 20%, GSPC 20%, IOC 20%
52	GK-OSN-2009/2	40% (40%)	AWEL 30%, IOC 30%
53	KG-OSN-2009/1	80% (80%)	APGIC 10%, NTPC 10%
54	KG-OSN-2009/2	90% (90%)	APGIC 10%
55	KG-OSN-2009/4	50% (50%)	APGIC 10%, OIL 30%, NTPC 10%
56	AA-ONN-2009/3	50% (50%)	OIL 50%
57	CB-ONN-2009/4	50% (50%)	GSPC 50%
58	GK-OSN-2010/1	60% (60%)	OIL 30%, GAIL-10%
59	GK-OSN-2010/2	90% (90%)	GAIL 10%
60	CB-ONN-2010/6	80% (80%)	IOC 20%
	Operated by JV Partners		
61	Ravva	40% (40%)	Cairn India (Operator) 22.5% , VIL 25%, ROPL 12.5%
62	CY-OS-90/1 (PY3)	40% (40%)	HEPI (operator) 18%, HOEC 21%, TPL 21%
63	RJ-ON-90/1	30% (30%)	Cairn India (Operator) 35%, CEHL 35%
64	CB-OS/2 -Development Phase	50% (50%)	Cairn India (operator) 40% , TPL 10%



Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
65	CB-ON/7 -Development Phase	30% (30%)	HOEC (Operator) 35%, GSPC 35%
66	CB-ON/3 - Development Phase	30% (30%)	EOL (Operator) 70%
67	AA-ONN-2002/3	70% (70%)	OIL (Operator) 30%
68	AN-DWN-2003/2	45% (45%)	ENI (Operator) 40%, GAIL 15%
69	KG-ONN-2003/1	51% (51%)	Cairn India (Operator) 49%
70	PR-OSN-2004/1	35% (35%)	Cairn India (Operator) 35%, TPL 30%
71	CB-ON/2- Development phase	30% (30%)	GSPC (Operator) 56%, Geo-Global Resources 14%
72	RJ-ONN-2005/3	40% (40%)	GSPC (Operator) 60%
73	AA-ONN-2009/4	50% (50%)	OIL (Operator) 50%
74	CY-OSN-2009/2	50% (50%)	OIL (Operator) 50%
75	KG-DWN-2009/1	45% (45%)	BGEPIL (Operator) 30%, OIL 15%, APGIC 10%
76	RJ-ON/6 - Development phase	30% (30%)	Focus Energy Ltd (Operator) 7%, I services Investment Ltd, Mauritius 45.5%, Newbury Oil Co. Ltd, Cyprus 17.5%
77	AA-ONN-2010/2	30% (30%)	OIL 40%, GAIL 20%, EWP 10%
78	AA-ONN-2010/3	40% (40%)	OIL 40%, BPRL 20%

* PI - Participating Interest

** Approval towards PI assignment is awaited from GoI

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

Abbreviations:- ACL- Assam Company (India) Ltd, APGIC- AP Gas Infrastructure Corporation Ltd, AWEL- Adani Welspun Exploration Ltd, BGEPIL- British Gas Exploration & Production India Ltd, BPRL- Bharat Petro Resources Ltd, Cairn India-Cairn India Ltd, CEHL- Cairn Energy Hydrocarbons Ltd, CIL- Coal India Ltd, ENI- Ente Nazionale Idrocarburi, Ensearch- Enserach, EWP- East west Petroleum Canada, GAIL- Gas Authority of India Ltd, GGR- Geo Global Resources, GSPC- Gujarat State Petroleum Corporation Ltd, HEPI- Hardy Exploration & Production India Ltd, Heramec- Heramec Ltd, HEPI-Hardy Exploration & Production (India), HEIBV-Hydro Oil & Energy India BV, HMEL- HPCL Mittal Energy Ltd, HOEC- Hindustan Oil Exploration Company Ltd, HPCL- Hindustan Petroleum Corporation Ltd, IOC- Indian Oil Corporation Ltd, INPEX- INPEX Offshore East India Ltd., NTPC- National Thermal Power Corporation Ltd, OIL- Oil India Ltd, PIBBV- Petrobras International Braspero BV, VIL- Videocon Industries Ltd, RIL- Reliance Industries Ltd, ROPL- Ravva Oil (Singapore) Private Ltd, SRL- Sunterra Resources Ltd, TPL- Tata Petrodyne Ltd

42.2 List of the blocks surrendered during the year are given below:

Sl. No.	Joint Ventures / PSCs	Company's PI *
1	KG-DWN-2002/1	70% (70%)
2	MN-DWN-2002/1	36% (36%)
3.	MN-DWN-2002/2	100% (100%)
4.	AN-DWN-2002/I	100% (100%)
5.	AN-DWN-2003/I	100% (100%)
6.	VN-ONN-2003/1	100% (100%)
7.	KK-DWN-2004/1	45% (45%)
8.	AN-DWN-2002/2	100% (100%)

* PI - Participating Interest

42.3 The Financial position of the JV/NELP blocks are as under:

(₹ in million)

	No. of JVs/ NELP Blocks	Assets	Liabilities	Income	Expenditure	Profit / (-) Loss before tax
NELP Block-100% PI*	21 (21)	15,654.33 (2,702.60)	368.09 (100.74)	71.51 (0.10)	26,243.39 (30,595.61)	-26,171.88 (-30,595.51)
Blocks with other partners	78 (85)	92,348.44 (96,450.27)	28,134.96 (29,995.32)	170,084.17 (155,064.23)	106,303.27 (88,174.76)	63,780.91 (66,889.47)
Surrendered	41 (33)	3,346.44 (316.97)	8,979.16 (8,255.62)	613.22 (2.33)	8,646.73 (3,760.89)	-8,033.51 (-3,758.86)
Total	140 (139)	111,349.21 (99,469.87)	37,482.21 (38,351.68)	170,768.90 (155,066.66)	141,193.38 (122,531.26)	29,575.52 (32,535.40)

42.3.1 The financial statements of 129 (previous year 128) out of 140 (previous year 139) JVs/NELP have been incorporated in the accounts to the extent of Company's participating interest in assets, liabilities, income, expenditure and profit / (loss) before tax on the basis of statements certified in accordance with production sharing contract and in respect of balance 11 (previous year 11) JVs/NELP, the figures have been incorporated on the basis of uncertified statements prepared under the production sharing contracts. Both the figures have been adjusted for changes as per Note No. 2.1.1. The financial positions of JV/NELP are as under::

(₹ in million)

	No. of JVs/ NELP Blocks	Assets	Liabilities	Income	Expenditure	Profit / (-) Loss before tax
Audited	129 (128)	110,369.47 (98,443.56)	34,943.33 (36,418.07)	170,599.99 (154,188.35)	139,865.63 (120,472.85)	30,734.36 (33,715.50)
Unaudited	11 (11)	979.74 (1,026.31)	2,538.89 (1,933.61)	168.91 (878.31)	1,327.76 (2,058.41)	-1,158.85 (-1,180.10)
Total	140 (139)	111,349.21 (99,469.87)	37,482.21 (38,351.68)	170,768.90 (155,066.66)	141,193.38 (122,531.26)	29,575.52 (32,535.40)

42.3.2 In respect of 16 NELP blocks (previous year 16) which have expired as on 31st March, 2013, the Company's share of Unfinished Minimum Work Programme (MWP) amounting to ₹ 19,560.95 million (previous year to ₹ 23,949.27 million) has not been provided for since the company has already applied for further extension of period in these blocks as 'excusable delay'/ special dispensations citing technical complexities, within the extension policy of NELP Blocks, which are under active consideration of GoI. The delays have occurred generally on account of pending statutory clearances from various Govt. authorities like Ministry of Defense, Ministry of Commerce, environmental clearances, State Govt. permissions etc. The above MWP amount of ₹ 19,560.95 million (previous year ₹ 23,949.27 million) is included in MWP commitment under note no. 45.1.2.



42.3.3 As per the Production Sharing Contracts signed by the Company with the GoI, the Company is required to complete Minimum Work Programme (MWP) within stipulated time. In case of delay in completion of the MWP, Liquidated Damages (LD) is payable for extension of time to complete MWP. Further, in case the Company does not complete MWP or surrender the block without completing the MWP, the estimated cost of completing balance work programme is required to be paid to the GoI. LD amounting to ₹ 293.30 million (Previous year ₹ 870.42 million) and cost of unfinished MWP ₹ 217.14 million (Previous year ₹ 146.57 million) paid/payable to the GoI is included in survey and wells written off expenditure.

42.3.4 The company had acquired Participating Interest (PI) of British Gas Exploration & Production India Ltd (BGEPIIL) in the following blocks, effective from the following dates as approved by the board of directors.

Name of the Block	PI	Date of Transfer of PI
KG OSN 2004/1	45%	25.11.2011
KG DWN 98/4	30%	18.05.2011
MN DWN 2002/2	25%	01.12.2011

British Gas has agreed to pay a lump sum amount of USD 50 Million, towards full and final settlement of carry costs/cash calls due in all the above blocks, subject to government approval for transfer of PI in all the above blocks. Since the government approval in respect of MN DWN 2002/2 is pending, no adjustment is made in the accounts towards the lump sum amount due as above.

42.4 Company's share in Joint Ventures (Outside India) through Subsidiary - OVL

Sr. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members	Operator	Status
1	Block 06.1 Vietnam, Offshore	45%	TNK Vietnam B.V. -35% Petrovietnam - 20%	TNK Vietnam B.V.	The project is under development and production
2	Block 2a, 2b & 4, GNPOC. Sudan, Onshore (Through ONGC Nile Ganga B.V.)	25%	CNPC - 40% Petronas - 30% Sudapet - 5%	Joint Operatorship (GNPOC)	The project is under production.
3	Block 1a, 1b, & 4, GPOC South Sudan, Onshore (Through ONGC Nile Ganga B.V.)	25%	CNPC - 40% Petronas - 30% Nilepet - 5%	Joint Operatorship (GPOC)	The project is under temporary shut down as per Government of South Sudan directive.
4	Block 5A South Sudan, Onshore	24.125%	Petronas - 67.875% Nilepet - 8%	Joint Operatorship (SPOC)	The project is under temporary shut down as per Government of South Sudan directive.
5	Sakhalin -1 Project, Russia, Offshore	20%	ENL - 30% SODECO - 30% SMNG - 11.5% R N Astra – 8.5%	ENL	The project is under development and production
6	AFPC Project Syria, Onshore (Through ONGC Nile Ganga B.V.) *	38.75%	Fulin – 50% Mittals – 11.25%	SSPD *	The project is under production.
7	MECL Colombia, Onshore (Through ONGC Amazon Alaknanda Limited)	50%	Sinopec – 50%	Joint Operatorship	The project is under exploration, development and production
8	Block BC-10 Brazil, Offshore (Through ONGC Nile Ganga B.V.)	15%	Shell – 50% Petrobras – 35%	Shell	The project is under development and production
9	OOO Imperial Frac Service (Through Imperial Energy Ltd)	50%	Mr. Vladimir Aleksandrovich Borisov – 50%	OVL	The company provides 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%	MOGE- 15% KOGAS – 8.5% GAIL – 8.5%	Daewoo	The project is under development.
12	Block A-3 Myanmar, Offshore	17%	Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE- 15%	Daewoo	The project is under development.
13	Farsi Block Project Iran, Offshore	40%	IOC – 40% OIL – 20%	OVL	The project 's exploration period ended on 24 June 2009. Agreement on MDP and Development service contract is pending.
14	Block XXIV Syria, Onshore	60%	IPRMEL - 25% Triocean-15%	IPR MEL	The project is under exploration, development and production.
15	Blocks 25-29, & 36 Cuba, Offshore	30%	Repsol YPF – 40% Stat Oil – 30%	Repsol YPF	The project is under exploration.
16	Khartoum–Port Sudan Pipeline Project Sudan, Onshore	90%	OIL – 10%	OVL	The pipeline has been completed and is under lease.
17	Block RC-8 Colombia, Offshore	40%	Ecopetrol - 40% Petrobras – 20%	OVL	The project is under exploration
18	Block RC-9 Colombia, Offshore	50%	Ecopetrol - 50%	Ecopetrol	The project is under exploration
19	Block RC-10 Colombia, Offshore	50%	Ecopetrol - 50%	OVL	The project is under exploration
20	Block BM-SEAL-4, Brazil, Offshore (Through ONGC Nile Ganga B.V)	25%	Petrobras- 75%	Petrobras	The project is under exploration
21	Block BM-BAR-1 Brazil, Offshore (Through ONGC Nile Ganga B.V)	25%	Petrobras- 75%	Petrobras	The project is under exploration
22	Block SSJN-7 Colombia, Onshore	50%	Pacific - 50%	Pacific	The project is under exploration



23	Block CPO-5 Colombia, Onshore	70%	Petro Dorado – 30%	OVL	The project is under exploration
24	SHWE Offshore Pipeline Project, Myanmar, Offshore	17%	Daewoo – 51% KOGAS – 8.5% GAIL – 8.5% MOGE – 15%	Daewoo	The project is under construction.
25	Onshore Gas Pipeline Project (SEAGPCL), Myanmar, Onshore (Through ONGC Nile Ganga B.V.)	8.35%	CNPC-SEAP– 50.9% Daewoo – 25.041% KOGAS– 4.1735% GAIL – 4.1735% MOGE – 7.365%	CNPC-SEAP	The project is under construction
26	Carabobo Project, Venezuela Onshore (Through Carabobo One AB)	11%	CVP - 60% Petronas Ve-11% Repsol Exp-11% INDOIL-7%	Joint operatorship	The project is under development
27	Satpayev Contract Area 3575, Kazakhstan, Offshore	25%	KMG – 75%	SOLLP	The project is under Exploration
28	Azeri, Chirag, Guneshli fields Azerbaijan, Offshore	2.7213%	BP - 35.79% SOCAR - 11.65% Chevron - 11.27% Inpex - 10.96% Statoil - 8.56% Exxon-Mobil - 8.00% TPAO - 6.75% Itochu - 4.30%	BP	The project is under development and production
29	BTC Pipeline Azerbaijan, Onshore (Through ONGC (BTC))	2.36%	BP - 30.1% SOCAR - 25% Chevron - 8.9% Statoil - 8.71% TPAO - 6.53% Eni - 5% Total - 5% Itochu - 3.40% Inpex - 2.5% Conoco Philips - 2.5%	BP	The project is under operation

Abbreviations used: CNPC – China National Petroleum Corporation; CNPC-SEAP-CNPC South-East Asia Pipeline Co Ltd; CVP – Corporacion Venezolana Del Petroleo S.A.; Daewoo – Daewoo International Corporation; ENL – Exxon Neftegas Limited; Fulin – Fulin Investments Sarl; GAIL – GAIL (India) Limited; GNPOC - Greater Nile Petroleum operating Company; GPOC - Greater Pioneer Operating Company; SPOC - Sudd Petroleum Operating



Company; IOC – Indian Oil Corporation Limited; INDOIL- Indoil Netherlands B.V.; IPRMEL – IPR Mediterranean Exploration Limited; KMG KazMunayGas; KOGAS – Korea Gas Corporation; B.V; Mittals – Mittal Investments Sarl; MOGE- Myanmar Oil and Gas Enterprise; Nilepet - Nilepet Limited, South Sudan; OCL – ONGC Campos Ltda.. OIL – Oil India Limited; Pacific - Pacific Stratus Energy, Colombia; Petrobras – Petroleo Brasileiro S.A.; Petro-Dorado - Petro-Dorado South America S.A.; Petronas – Petronas Carigali Overseas Sdn Bhd; Petronas Ve: PC Venezuela Ltd; Petrovietnam – Vietnam Oil and Gas Group; Repsol – Repsol YPF Cuba SA; Repsol Exp- Repsol Exploracion S.A.; SEAGPCL – South East Asia Gas Pipeline Company Ltd.; Shell – Shell Brazil Ltda; Sinopec – Sinopec Overseas Oil and Gas Limited; SMNG – Sakhalinmorneftegas Shelf; SODECO – Sakhalin Oil Development Company Limited; SOLLP – Satpayev Operating Company LLP (100% subsidiary of KMG); SSPD: Syria Shell Petroleum Development B.V.; Sudapet – Sudapet Limited; Triocean: Tri-Ocean Mediterranean; SOCAR: State Oil Company of Azerbaijan Republic; TPAO - Turkish Petroleum Corporation

* OVL has effectively 38.75% interest in Himalaya Energy Syria B.V. (HESBV) with Mittals and Fulin effectively holding 11.25% and 50% interest respectively. HESBV, through its subsidiaries, holds 33.33%, 37.5% and 36% interest in Ash Sham (including deep and lateral) concession, Deir-Ez-Zor and Annexure-IV (including deep and lateral) concessions and a gas utilization agreement in Syria; the balance interest in the concessions being held by SSPD- the Operator.

42.4.1 Company's share in Joint Ventures

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

(₹ in Million)

Project	Net Fixed Assets	Net Producing Property	Capital Work in Progress	Exploratory and Development Wells in Progress	Current Assets	Cash and Bank Balance	Liabilities	Income	Expenditure* (Including depreciation)
A. Audited as of 31 March 2013									
Block 06.1 Vietnam	4,970.35	3,822.31	40.75	-	4,040.37	-	11,027.97	11,266.78	5,684.44
Farsi Block, Iran	0.24	-	-	-	-	0.32	114.07	0.20	17.56
Sudan Pipeline, OVL's Share (90%)	-	-	-	-	4,710.95	9.70	3,039.85	164.35	(26.62)
LLC Imperial Frac Service-Jarpeno	103.99	-	-	-	67.99	67.55	16.86	372.79	295.26
Block 1a, 1b, 2a, 2b & 4, Sudan	290.92	24,782.70	-	3,377.44	12,244.02	124.56	5,037.71	28,998.79	18,077.08
Block BC-10 & Exploratory Blocks, Brazil	-	17,860.55	-	8,643.30	1,903.35	436.69	485.93	12,139.00	7,282.08
PIVSA (San Cristobal), Venezuela	955.73	2,354.45	1,622.68	1,997.77	27,669.32	157.85	15,862.35	25,594.57	12,274.28
Pipeco 1 onshore Project, Myanmar (SEAGP)	15.55	-	5,717.06	-	113.25	176.60	411.21	-	-
Tamba	-	-	4,412.90	-	7,921.36	824.13	4,228.90	1,425.34	1.79
AFPC, Syria	0.74	2,000.82	-	68.06	2,157.48	16.46	730.50	-	321.15
MECL, Colombia	5,925.07	8,789.85	144.53	4,872.22	7,272.45	122.57	3,621.68	17,763.31	7,443.55
Petro Carabobo, Venezuela**	-	-	7,673.02	-	171.79	148.35	934.01	-	-
Total (A)	12,262.59	59,610.68	19,610.94	18,958.79	68,272.33	2,084.78	45,511.03	97,725.12	51,370.57

ONGC Limited, Consolidated Accounts for the year 2012-13



B. Audited as of 31 December 2012									
Sakhalin 1 Russia	30,771.36	55,219.16	51,219.29	1,733.25	14,355.28	308.88	17,615.91	63,378.28	20,412.98
Block RC-8, Colombia	0.22	-	-	-	-	-	550.48	0.17	623.14
Block RC-10, Colombia	0.31	-	-	-	0.09	-	688.74	0.21	992.62
Block RC-9, Colombia	-	-	-	-	-	0.23	1.95	0.20	24.67
Blocks 25-29, & 36, Cuba	4.13	-	-	-	273.42	-	-	0.39	3,322.47
Block A-1, Myanmar	82.39	-	6,429.52	3,620.39	395.46	740.89	2,196.23	-	47.55
Block A-3, Myanmar	0.99	-	1,201.89	3,034.93	17.83	251.33	454.67	-	11.43
CPO 5 Block, Colombia	0.37	-	-	1,166.00	66.49	-	1,020.09	0.56	(2.52)
SHWE Offshore Pipeline Myanmar	4.68	-	2,900.66	-	1.06	354.16	127.03	-	6.07
Total (B)	30,864.45	55,219.16	61,751.36	9,554.57	15,109.64	1,655.49	22,655.10	63,379.80	25,438.40
C. Unaudited									
Block XXIV, Syria	45.40	(42.38)	-	-	362.79	-	413.28	7.18	63.48
Block 6 North Ramadan, Egypt	-	-	-	-	-	-	64.74	-	54.89
Block 5A, Sudan	2,504.19	5,974.80	27.26	1,009.28	1,027.10	21.69	-	-	792.58
Block NC-188, Libya	-	-	-	-	5.24	0.67	-	-	18.64
Block NEMED, Egypt	-	-	-	-	2.00	-	-	-	(0.12)
Satpayev Block, Kazakhstan	2.24	-	4,753.53	-	1,071.18	0.19	-	0.66	627.36
ACG, Azerbaijan	10,519.00	33,848.83	-	-	-	-	12.77	-	20.38
Total (C)	13,070.83	39,781.25	4,780.79	1,009.28	2,468.31	22.55	490.80	7.84	1,577.21
Grand Total	56,197.87	1,54,611.08	86,143.09	29,522.64	85,850.28	3,762.83	68,656.94	1,61,112.76	78,386.18

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

** Excludes signature bonus paid by Subsidiary and classified under capital work-in-progress

42.4.2 The OVL's share of assets, liabilities, income and expenses has been converted into the reporting currency at the average exchange rate over the period for which the details are provided by the Operators. Generally the details are provided by the operators on



monthly basis except in respect of Sakhalin-1, Russia, where the details are provided by the Operator on quarterly basis.

42.4.3 Block 5A, Blocks 1,2 & 4 in Republic of South Sudan

Block-5A is located in the Unity State of the Republic of South Sudan (RSS). Block-5A is jointly operated by the partners Petronas Carigali Nile Ltd, ONGC Videsh Limited and Nilepet, the national oil company of RSS. OVL has 24.125% participating interest in Block 5A. A company Sudd petroleum Operating Company (SPOC) was incorporated in Mauritius with shares held in proportion to the participating interest of each partners in Block 5A for acting as operator of the Block.

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

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

Both Governments have reached an Agreement concerning Oil and related economic matters on 27th September 2012. Subsequently in March 2013 both Governments have directed the respective oil companies to resume production in RSS as well as to process and transport crude oil produced in RSS using the facilities of ROS. Consequently limited production from Block 5A in South Sudan has been resumed effective from 6th April 2013 and 13 April 2013 in respect of Blocks 1,2,& 4.

42.4.4 Satpayev Block, Kazakhstan:

Effective 12th October 2011, OVL has acquired 25% Subsoil use rights from National Company JSC KazMunayGas (KMG) in the Contract for Exploration and Production of Hydrocarbon (Contract) in Satpayev Area which was signed on 15 June, 2010 between Ministry of Oil and Gas (MOG), Kazakhstan and KMG. KMG now holds subsoil use rights of 75% in the Block. The amounts paid toward initial payment and signature bonus aggregating to ₹ 4,753.53 Million (Previous year ₹ 4,753.53 Million) are disclosed as Capital-Work-in-Progress in Note 17, as part of acquisition cost to be treated as per the final status of the project.



42.4.5 AFPC, Syria

ONGC Nile Ganga BV (ONGBV) and Fulin Investments Sarl, a subsidiary of China National Petroleum Company International (CNPCI), hold 50% shareholding each in the Dutch joint venture company, named Himalaya Energy Syria B.V. (HESBV). HES B.V. in turn through three German entities i.e. HES Sham, HES Dez and HES Gas Syria holds 33.33% to 37.5% Participating Interest (PI) in four Production Sharing Contracts (PSCs) in Syria. The Syria business for the above PSC of ONGBV is structured as separate class of business (Class C).

Effective 1 December 2011 Al-Furat Petroleum Company (AFPC) an Operating Company jointly held by the Syria Shell Petroleum Development B.V. (SSPD) a company acting as an operator for the Contractor and HESBV (collectively the Contractor) and General Petroleum Company (GPC), Syria, which represents government of Syria in the Operating Company, were included in the list of sanctioned enterprises by the European Union (EU) as part of the strengthening of the sanctions on Syria. Due to the sanctions, HESBV, as an EU company, has been forbidden to directly or indirectly make funds or resources available to or for the benefit of AFPC and GPC.

On the 16th May 2012 the Syrian court (the 1st degree court) ruled in favour of “single management”, provided that Contractor will be kept informed of all transactions. In addition the court considered that Contractor’s share of profits should be set aside in a separate bank account. AFPC Chairman appealed for three motives (i) to challenge the above two court-determined measures that allows Contractor to monitor the Chairman powers; (ii) to exercise all powers required for running AFPC and solely operate the bank accounts; and to (iii) challenge the requirement to set aside profits. On 28 November 2012, the Court of appeal in Syrian Court rejected the appeal of the Chairman. As a result, the first degree court judgement became final.

As per the financials prepared by HESBV for the year ended 31st March 2013, ONGBV’s share of net fixed assets in HESBV is ₹ 2069.54 Million (USD 38.05 Million) ((Previous year ₹ 2248.26 Million (USD 43.98 Million)) and net trade receivables is ₹ 1646.93 Million (USD 30.28 Million) ((Previous year ₹ 3,853.94 Million (USD 75.39 Million)). Due to the political situation in Syria and the EU sanction, this Cash Generating Unit (CGU), including the above mentioned assets and receivables was tested for impairment by comparing the carrying value with the recoverable value as on 31 March 2013. No impairment provision was required in view of the recoverable value being higher than the carrying value.

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

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

The ACG project is under production. As mentioned in Note No. 17.1(g) accounting of the net assets less liabilities of 2.7213% PI in ACG as on 31st March 2013* was accounted in the respective assets and liabilities as per accounting policy of OVL. The difference between the purchase price and net book value of assets less liabilities has been accounted as acquisition cost and capitalized in Producing Properties as below:

ONGC Limited, Consolidated Accounts for the year 2012-13



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

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

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

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

**42.5 Jointly Controlled Entities:**

42.5.1 Group ownership interests in Jointly Controlled Entities are as mentioned in note 3.B.

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

(₹ In million)		
Description	As at 31.03.2013	As at 31.03.2012
i) Assets		
Fixed Assets	108,274.04	65,289.33
Other Non Current Asset	20,877.86	15,315.24
Deferred Tax Assets	218.18	268.39
Current Asset	10,030.45	7,981.01
ii) Liabilities		
Long Term Borrowings	43,595.31	22,742.82
Other Non Current liabilities and provisions	5,430.325	5,393.07
Deferred Tax Liability	603.43	621.51
Current liabilities and provisions	73,698.92	47,951.33
iii) Income	42,948.46	32,158.76
iv) Expenses	40,624.30	32,237.60
v) Contingent liabilities	7,749.88	6,560.33
vi) Capital commitments	29,017.22	49,098.16

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

43.1 The Company is engaged mainly in the business of oil and gas exploration and production where each cost centre used for depreciation (depletion) purposes is identified as independent Cash Generating Unit (CGU) for assessing the impairment in Producing Properties and fixed assets etc. on the basis of 'value in use'. The Company has tested all its CGUs for impairment as on 31.03.2013 by applying discount rates of 20.10% (previous year 20.40 %) for Rupee transactions and 14.00 % (previous year 13.67 %) for crude oil and value added products revenue measured in USD as on 31.03.2013.

43.2 During the year ₹ 3,014.50 million (Previous Year ₹ 932.83 million) is provided as impairment loss. Out of this an amount of ₹ 2,363.50 million (Previous Year nil) has been provided in respect of Eastern Offshore Asset, Rajahmundry. ₹ 45.36 million (Previous Year ₹ 83.30 million) has been provided as additional impairment in respect of onshore CGUs – Jodhpur and Silchar and for offshore CGU- Ratna, ₹ 31.02 million (Previous Year ₹ 75.83 million) and D 18 ₹ 6.98 million (Previous Year nil) has been

provided on account of increase in the estimate of abandonment liability. In addition, ₹ 23.40 million (Previous Year ₹ 154.99 million) pertaining to block CY-OS-90/1 (PY-3) has been provided as presently the field does not have any potential to produce. An amount of ₹ 453.11 million (Previous Year ₹ 540.14 million) mainly represents additional impairment charge in respect of certain onshore NELP blocks (RJ ON 6 and CB ON 2) due to adjustment of cost recovery from revenue and sharing of 100% royalty. Balance amount of ₹ 91.12 million has been provided in Rajahmundry onshore CGU for CWIP.

Further, ₹ 756.47 million (Previous Year ₹ 827.73 million) has been reversed as impairment loss for Onshore CGU – Silchar and Jodhpur during the year.

44 Disclosure under Accounting Standard - 29 on “Provisions, Contingent Liabilities and Contingent Assets”:

Movement in Provisions – Abandonment liability & others

For Court cases, arbitration and others, where the timing of expected outflows is upon settlement of the proceedings:

(₹ in million)

Particulars	Provision for Abandonment		Others	
	2012-13	2011-12	2012-13	2011-12
Opening Balance	204,138.82	198,503.71	1,942.45	2,432.62
Add: Provision made during the year	3,553.30	5,635.11	350.49	307.27
Less: Provision written back/ reclassified/ reduction during the year	-	-	464.93	797.44
Closing Balance	207,692.12	204,138.82	1,828.01	1,942.45

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

45.1 Capital Commitment not provided for:-

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

- In respect of the Company, its subsidiaries and Joint Venture Entities - ₹ 146,670.94 million (Previous year ₹ 207,824.06 million).
- In respect of Joint Ventures - ₹ 27,834.64 million (Previous year ₹ 33,226.23 million).

45.1.2 Estimated amount of Minimum Work Programme (MWP) committed under various ‘Production Sharing Contracts’:-

- In respect Nominated Blocks ₹ 958.54 million (Previous year ₹ 282.68 million).
- In respect of NELP blocks in which the Company has 100% participating interest – ₹ 12,305.38 million (Previous year ₹ 15,052.01 million).
- In respect of NELP blocks in Joint Ventures, company’s share - ₹ 62,127.36 million (Previous year ₹ 71,183.60 million).

45.2 Contingent Liabilities:

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

(₹ In Million)

No.	Particulars	As at 31 st March, 2013	As at 31 st March, 2012
I	in respect of Company :		
i.	Income tax matters	39,121.76	24,972.99
ii.	Excise Duty matters	8,840.67	6,868.31
iii.	Custom Duty matters	2,219.95	2,104.63
vi.	Royalty	90,178.00	66,123.54
v.	Cess	6.57	6.57
vi.	Sales Tax	1,986.94	38,499.43
vii.	Octroi	45,853.77	66.89
viii.	AP Mineral Bearing Land (Infrastructure) Cess	68.54	1,694.82
ix.	Specified Land Tax (Assam)	3,194.73	2,860.57
x.	Claims of contractors in Arbitration/Court.	30,583.20	37,585.34
xi.	in respect of other matters	54,182.76	29,485.21
xii.	Service Tax	44,859.97	32,530.67
xiii.	EPF	66.35	-
	Sub Total	321,163.21	2,42,798.97
II	in respect of Joint Ventures :		
i.	Income tax matters	8.91	8.91
ii.	Excise Duty matters	-	-
iii.	Custom Duty matters	3744.00	3,620.12
iv.	Cess	-	-
v.	Sales Tax	2,950.00	2,960.23
vi.	Claim of GoI for additional profit petroleum	4286.17	4,028.17
vii.	Claims of contractors in Arbitration/Court	333.24	299.92
viii.	Service Tax	165.13	165.17
ix.	in respect of other matters	907.67	995.80
	Sub Total	12,395.12	12,078.32
	Total (I+II)	333,558.32	2,54,877.29

45.2.1 Contingent liabilities, if any, in respect of JVs where OVL is non-operator, is not ascertainable except where the Operator has intimated.

45.2.2 In respect of joint venture company, Petronet MHB Limited, there are 127 cases (previous year 127 cases) regarding enhancement of land compensation pending with Karnataka High Court against Order of Principal Judge Bangalore Rural District Court. 34 Cases for enhancement of land and malkies Compensation was dismissed by Hassan District Court, against 15 dismissed cases the petitioners filed their Writ petition in High Court of Karnataka. 3 cases for enhancement of land and malkies Compensation & damage outside the ROU pending with Mangalore District Court. Out of 2 cases for



damages outside the ROU pending at Chickmagalur District Court, One case is in final argument stage and in other case final order was passed by Addl. Dist. Judge, Chickmagalur and complied.

45.2.3 In respect of joint venture company, Petronet MHB Limited, had submitted onetime settlement (OTS) Proposal for payment of balance outstanding Zero Coupon Bond (ZCB) to lenders as per CDR. The Lender Banks have raised the issue of payment of recompense amount. As per Legal Opinion, the liability for the recompense amount has triggered. The liability on this amount is ascertainable only at the time of final acceptance of the proposal.

45.2.4 In respect of joint venture company, Petronet MHB Limited, party “Petronet India Ltd (PIL)” has initiated Arbitration proceedings for recovery of their Operationalization Fees. The company has contested the liability on this account.

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

45.2.6 Performance Guarantees executed under the contracts:

- i. Guarantee in respect of Sakhalin Project in favour of Exxonnetgas Ltd., M/s. Roseneft-S, SMNG-S and RN-Astra towards performance of OVL’s obligation under Joint Operating Agreement without any financial ceiling.
- ii. The subsidiary, OVL 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 outstanding guarantee obligation of the OVL was ₹ 72501.87 Million (previous year ₹ 68,142.96 Million) as at March 31, 2013 The Company is confident that Petro Carabobo Ganga B.V. will be able to honor its obligations..
- iii. The OVL subsidiary, ONGBV has given counter guarantee to the State Bank of India for the issue of performance bonds in favour of Nigerian National Petroleum Corporation, on behalf of ONGC Mittal Energy Limited, with a maximum of 51% of the guaranteed amounts. The outstanding guarantee obligation of the company was ₹ 72,501.87Million (USD 76.50 million) (previous year ₹ 3910.68 (USD 76.50 million)) as at March 31, 2013.
- iv. The subsidiary company OVL, has issued Performance Guarantee in respect of concessionary contract for Block BC-10, Brazil and Blocks BM-S-73 and BM-ES-42 on behalf of ONGC Campos Ltda (OCL). The Company is confident that OCL will be able to honor its obligations.
- v. The OVL subsidiary, ONGBV has given performance guarantee to ANP, the regulatory authority in Brazil, favoring ONGC Campos Ltda (OCL) for BC-10 Project where OCL has a 15% participating interest and Shell Brazil is the operator.

46 Disclosure under Guidance Note on “Accounting for Oil & Gas Producing Activities” (approved by Reserve Estimates Committee):

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

	Details	Crude Oil (MMT)*		Gas (Billion Cubic Meter)		Total Oil Equivalent (MTOE)**	
		As at 31.03.13	As at 31.03.12	As at 31.03.13	As at 31.03.12	As at 31.03.13	As at 31.03.12
Offshore	Opening	215.77	210.75	208.179	202.008	423.95	412.76
	Addition	22.79	21.56	14.917	25.694	37.71	47.25
	Production	15.58	16.54	19.851	19.524	35.43	36.06
	Closing	222.98	215.77	203.245	208.179	426.22	423.95
Onshore	Opening	190.46	189.91	156.074	155.688	346.53	345.60
	Addition	9.87	9.91	5.170	6.182	15.04	16.09
	Production	9.51	9.37	5.348	5.796	14.86	15.16
	Closing	190.81	190.46	155.897	156.074	346.71	346.53
Total in india	Opening	406.23	400.66	364.253	357.697	770.48	758.36
	Addition	32.66	31.47	20.087	31.876	52.75	63.35
	Production	25.10	25.91	25.199	25.319	50.29	51.22
	Closing	413.79	406.23	359.142	364.253	772.93	770.48
B. Out side India							
GNOP,Sudan	Opening	16.971	17.425	-	-	16.971	17.425
	Addition	0.176	0.870	-	-	0.176	0.870
	Ded/Adj	6.595	-	-	-	6.595	-
	Production	0.596	1.324	-	-	0.596	1.324
	Closing	9.956	16.971	-	-	9.956	16.971
GPOC,Sudan	Opening						
	Addition						
	Ded/Adj	(6.595)				(6.595)	
	Production						
	Closing	6.595				6.595	
Block 5A, Sudan	Opening	6.348	6.627	-	-	6.348	6.627
	Addition	(0.428)	-0.105	-	-	(0.428)	-0.105
	Ded/Adj	(0.001)	-	-	-	(0.001)	-
	Production	-	0.174	-	-	0.000	0.174
	Closing	5.921	6.348	-	-	5.921	6.348
Sakhalin-1, Russia	Opening	34.261	35.501	71.182	71.537	105.443	107.038
	Addition	0.003	0.258	(0.001)	0.138	0.002	0.396
	Ded/Adj	-	-	-	-	-	-



	Production	1.370	1.498	0.650	0.494	2.020	1.992
	Closing	32.894	34.261	70.531	71.182	103.425	105.442
Block 06.1, Vietnam	Opening	0.635	0.672	8.518	10.540	9.153	11.212
	Addition	-	-	-	-	-	-
	Ded/Adj	-	-	-	-	-	-
	Production	0.037	0.036	2.104	2.023	2.141	2.059
	Closing	0.598	0.636	6.414	8.517	7.012	9.153
AFPC, Syria	Opening	2.707	3.210	-	-	2.707	3.210
	Addition	-	-	-	-	-	-
	Ded/Adj	-	-	-	-	-	-
	Production	0.126	0.503	-	-	0.126	0.503
	Closing	2.581	2.707	-	-	2.581	2.707
BC-10, Brazil	Opening	4.778	5.317	0.399	0.659	5.177	5.976
	Addition	0.230	(0.089)	(0.053)	(0.244)	0.177	(0.333)
	Ded/Adj	-	-	-	-	-	-
	Production	0.291	0.450	0.012	0.015	0.303	0.465
	Closing	4.717	4.778	0.334	0.400	5.051	5.178
MECL, Columbia	Opening	3.504	4.131	-	-	3.504	4.131
	Addition	0.501	(0.065)	-	-	0.501	(0.065)
	Ded/Adj	-	0.001	-	-	-	0.001
	Production	0.552	0.561	-	-	0.552	0.561
	Closing	3.453	3.504	-	-	3.453	3.504
IEC, Russia	Opening	15.530	17.181	4.683	5.309	20.213	22.491
	Addition	-	(0.880)	0.109	(0.626)	0.109	(1.506)
	Ded/Adj	-	-	-	-	-	0.000
	Production	0.560	0.771	0.071	-	0.631	0.771
	Closing	14.970	15.530	4.721	4.683	19.691	20.213
PIVSA, Venezuela	Opening	11.766	12.688	-	-	11.766	12.688
	Addition	-	(0.030)	-	-	-	-0.030
	Ded/Adj	-	(0.001)	-	-	-	(0.001)
	Production	0.800	0.894	-	-	0.800	0.894
	Closing	10.966	11.765			10.966	11.765

ONGC Limited, Consolidated Accounts for the year 2012-13



				-	-		
BLOCK-24, SYRIA	Opening	1.804	1.813	-	-	1.804	1.813
	Addition	-	-	-	-	-	0.000
	Ded/Adj	-	-	-	-	-	0.000
	Production	0.001	0.010	-	-	0.001	0.010
	Closing	1.803	1.803	-	-	1.803	1.803
BLOCK-A1 & A3, Myanmar	Opening	-	-	10.297	10.297	10.297	10.297
	Addition	-	-	-	-	-	0.000
	Ded/Adj	-	-	-	-	-	0.000
	Production	-	-	-	-	-	0.000
	Closing	-	-	10.297	10.297	10.297	10.297
Carabobo - 1, Venezuela	Opening	-				-	
	Addition	0.023				0.023	
	Deductions/ Adjustment	-				-	
	Production	0.001				0.001	
	Closing	0.022				0.022	
ACG, Azerbaijan	Opening	-				-	
	Addition	9.656				9.656	
	Deductions/ Adjustment	-				-	
	Production	0.010				0.010	
	Closing	9.646				9.646	
Total Out side India		98.304	104.566	95.079	98.343	193.383	202.909
		10.161	(0.042)	0.055	(0.732)	10.216	(0.772)
		0.003	-	0.001	-	0.004	0.001
		4.343	6.221	2.837	2.532	7.180	8.754
		104.119	98.303	92.296	95.079	196.415	193.383



46.2 Company's share of Proved Developed Reserves on the geographical basis is as under:

	Details	Crude Oil (MMT)		Gas (Billion Cubic Meter)		Total Oil Equivalent (MTOE) (note 46.2.1)	
		As at 31.03.13	As at 31.03.12	As at 31.03.13	As at 31.03.12	As at 31.03.13	As at 31.03.12
Offshore	Opening	153.50	158.76	114.690	120.549	268.19	279.31
	Addition	22.70	11.27	15.431	13.649	38.13	24.92
	Production	15.58	16.54	19.867	19.508	35.45	36.04
	Closing	160.62	153.50	110.254	114.690	270.87	268.19
Onshore	Opening	148.73	150.77	110.364	110.749	259.09	261.52
	Addition	11.57	7.37	4.933	5.451	16.50	12.82
	Production	9.49	9.41	5.287	5.836	14.78	15.25
	Closing	150.81	148.73	110.010	110.364	260.81	259.09
Total in India	Opening	302.23	309.54	225.055	231.297	527.28	540.83
	Addition	34.27	18.64	20.364	19.101	54.63	37.74
	Production	25.07	25.95	25.154	25.343	50.22	51.29
	Closing	311.43	302.23	220.264	225.055	531.69	527.28
Total out side India							
GNOP, Sudan	Opening	6.707	7.831	-	-	6.707	7.831
	Addition	1.203	0.200	-	-	1.203	0.200
	Ded/Adj	4.530	-	-	-	4.530	0.000
	Production	0.596	1.324	-	-	0.596	1.324
	Closing	2.784	6.707	-	-	2.784	6.707
GNOP, Sudan	Opening	-	-	-	-	-	-
	Addition	-	-	-	-	-	-
	Ded/Adj	(4.530)	-	-	-	(4.530)	-
	Production	-	-	-	-	-	-
	Closing	4.530	-	-	-	-	4.530
Block 5A, Sudan	Opening	2.599	2.467	-	-	2.599	2.467
	Addition	-	0.306	-	-	-	0.306
	Ded/Adj	-	-	-	-	-	0.000
	Production	-	0.174	-	-	-	0.174
	Closing	2.599	2.599	-	-	2.599	2.599
Sakhalin-1, Russia	Opening	9.122	10.620	10.794	11.288	19.916	21.908
	Addition	5.638	-	0.019	-	5.657	-
	Ded/Adj	(0.001)	-	-	-	(0.001)	-

ONGC Limited, Consolidated Accounts for the year 2012-13


			-	-	-		-
	Production	1.370	1.498	0.650	0.494	2.020	1.992
	Closing	13.391	9.122	10.163	10.794	23.554	19.916
Block 06.1, Vietnam	Opening	0.626	0.663	4.963	6.985	5.589	7.648
	Addition	0.009	-	3.555	-	3.564	-
	Ded/Adj	-	-	-	-	-	-
	Production	0.037	0.036	2.104	2.023	2.141	2.059
	Closing	0.598	0.627	6.414	4.962	7.012	5.589
AFPC, Syria	Opening	2.332	2.835	-	-	2.332	2.835
	Addition	-	-	-	-	-	-
	Ded/Adj	-	-	-	-	-	-
	Production	0.126	0.503	-	-	0.126	0.503
	Closing	2.206	2.332	-	-	2.206	2.332
BC-10, Brazil	Opening	1.437	1.931	0.155	0.443	1.592	2.374
	Addition	0.480	(0.044)	(0.006)	(0.273)	0.474	(0.317)
	Ded/Adj	-	-	(0.001)	-	(0.001)	-
	Production	0.291	0.450	0.012	0.015	0.303	0.465
	Closing	1.626	1.437	0.138	0.155	1.764	1.592
MECL, Columbia	Opening	3.371	3.240	-	-	3.371	3.240
	Addition	0.181	0.692	-	-	0.181	0.692
	Ded/Adj	-	-	-	-	-	-
	Production	0.552	0.561	-	-	0.552	0.561
	Closing	3.000	3.371	-	-	3.000	3.371
IEC, Russia	Opening	5.391	4.793	-	-	5.391	4.793
	Addition	-	1.369	1.202	-	1.202	1.369
	Ded/Adj	-	-	-	-	-	-
	Production	0.560	0.771	0.071	-	0.631	0.771
	Closing	4.831	5.391	1.131	-	5.962	5.391
PIVSA, Venezuela	Opening	1.019	1.901	-	-	1.019	1.901
	Addition	1.440	0.012	-	-	1.440	0.012
	Ded/Adj	(0.001)	-	-	-	(0.001)	-
	Production	0.800	0.894	-	-	0.800	0.894

	Closing	1.660	1.019	-	-	1.660	1.019
Carabobo - 1, Venezuela	Opening	-				-	
	Addition	0.023				0.023	
	Ded/Adj	-				-	
	Production	0.001				0.001	
	Closing	0.022				0.022	
ACG, Azerbaijan	Opening	-				-	
	Addition	4.277				4.277	
	Ded/Adj	-				-	
	Production	0.010				0.010	
	Closing	4.267				4.267	
BLOCK-24, SYRIA	Opening	0.050	0.000	-	-	0.050	-
	Addition	-	0.060	-	-	-	0.060
	Ded/Adj	-	-	-	-	-	-
	Production	0.001	0.010	-	-	0.001	0.010
	Closing	0.049	0.050	-	-	0.049	0.050
Total out side India	Opening	32.654	36.281	15.912	18.716	48.566	54.997
	Addition	13.251	2.595	4.770	(0.273)	18.021	2.322
	Ded/Adj	-	-	(0.001)	-	(0.001)	-
	Production	4.343	6.221	2.837	2.532	7.180	8.753
	Closing	41.562	32.655	17.846	15.911	59.408	48.566

46.2.1 MTOE denotes “Million Tonne Oil Equivalent” and for calculating Oil equivalent of Gas, 1000 M3 of Gas has been taken to be equal to 1 MT of Crude Oil.

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

47. Pursuant to the finalization of the agreement between ONGC, Cairns Energy Plc, Vedanta Resources Plc and their associates during the year, the royalty paid by ONGC in respect of RJ-ON-90/1 Block has been treated as contract cost eligible for cost recovery. As a result, an income of ₹ 31,405.47 million received from M/s Cairn India Ltd. towards Royalty paid for the period August 2009 to September 2011 has been disclosed as an exceptional item during the year 2011-12.
48. The figures in respect of Subsidiaries/Joint Venture Companies have been regrouped/ rearranged based upon the details obtained from the management as part of consolidation process & audited accounts of respective group companies..



49. In view of the several subsidiaries and Joint Ventures of the company, with each entity operating under different regulatory requirements in different countries and adopting different policies and disclosure, the information required under Accounting Standard (AS) -15 on Employee Benefit is not disclosed in Consolidated Financial statement due to impracticability.
50. Some balances of Trade/Other Receivables, Trade/Other Payables and Loans & Advances are subject to confirmation/ reconciliation. Adjustments, if any, will be accounted for on confirmation/ reconciliation of the same, which will not have a material impact.
51. Figures in parenthesis as given in these Notes to Financial Statement relate to previous year.

DEGOLYER AND MACNAUGHTON

5001 SPRING VALLEY ROAD

SUITE 800 EAST

DALLAS, TEXAS 75244

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DEGOLYER AND MACNAUGHTON

5001 SPRING VALLEY ROAD
SUITE 800 EAST
DALLAS, TEXAS 75244

January 3, 2014

Oil and Natural Gas Corporation Limited
Jeeven Bharati Tower-II
124, Indira Chowk
New Delhi, India

Gentlemen:

Pursuant to the request of ONGC Videsh Limited (OVL), we have prepared independent estimates of the proved, proved-plus-probable, and proved-plus-probable-plus-possible oil, condensate, and natural gas reserves, as of October 1, 2013, of certain assets located in various countries outside India with interests that OVL has represented that it owns an interest. We also have reviewed estimates of the reserves, as of October 1, 2013, of the same fields, provided by OVL, that OVL has represented are its estimates. The fields evaluated are those that were selected by OVL and are the same as were evaluated in our report entitled "Report as October 1, 2013 on Reserves of Certain Properties for ONGC Videsh Limited" (the Report).

The following is a listing by country and block of the fields evaluated in the Report:

Country	Block	Field
Azerbaijan		Azeri, Chirag, Gunashli
Brazil	BC-10	Abalone, Argonauta, Nautilus, Ostra-C
Colombia	MECL	Abarco, Girasol, Girasol North, Jazmin, Moriche, Moriche Buffer, Nare Sur, Under River, Velasquez
Myanmar	Block A1/A3	Shwe, Shwe Phyu, Mya
Russia	Sakhalin I	Chayvo, Odoptu, Arktun Dag
Venezuela	North Central	Carabobo-1
Venezuela	PIVSA	San Cristobal
Vietnam	Block 06-1	Lan Tay, Lan Do

DEGOLYER AND MACNAUGHTON

Reserves are expressed as working interest reserves and are defined as the total estimated oil, condensate, and gas to be produced from the properties after September 30, 2013, attributable to the interests that OVL represented that it owns before deduction of any associated royalty burdens or production share owed to others under the applicable fiscal terms.

Gas quantities shown herein are separator-gas quantities expressed at a temperature base of 15.6 degrees Centigrade and a pressure base of 760 millimeters of mercury. Separator gas is defined as the gas remaining after field separation but prior to gas processing and shrinkage for fuel use and flare. Condensate is defined as the liquid produced from the gas during normal separation processes.

OVL has represented that its estimates of the working interest proved, proved-plus-probable, and proved-plus-probable-plus-possible oil, condensate, and separator-gas reserves of the fields, as of October 1, 2013, are as follows, expressed in millions of metric tons (MMmt) of oil and condensate, millions of cubic meters (MMm³) of gas, and millions of metric tons of oil equivalent (MMmtoe):

	Working Interest Reserves as of October 1, 2013 Estimated by OVL		
	Oil and Condensate (MMmt)	Separator Gas (MMm ³)	Oil Equivalent (MMmtoe)
Proved	60.32	86,285	146.61
Proved-plus-Probable	126.55	124,022	250.57
Proved-plus-Probable-plus Possible	133.95	143,532	277.48

Notes:

1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. Gas is converted to oil equivalent using a factor of 1 thousand cubic meters of gas per one metric ton of oil equivalent.
3. Working-interest reserves are not equivalent to net entitlement reserves in the case where production sharing agreements exist, or where royalties are paid in kind.

OVL has advised us that its estimates of oil, condensate, and natural gas reserves were prepared in accordance with the reserves definitions adopted by the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Congresses, the American Association of Petroleum Geologists (AAPG), and the Society of Petroleum Evaluation Engineers (SPEE) for all fields except Sakhalin I, which was evaluated according to Russian reserves standards.

DEGOLYER AND MACNAUGHTON

Our estimates of the working interest proved, proved-plus-probable, and proved-plus-probable-plus-possible oil, condensate, and separator-gas reserves, as of October 1, 2013, are as follows, expressed in millions of metric tons (MMmt) of oil and condensate, millions of cubic meters (MMm³) of gas, and millions of metric tons of oil equivalent (MMmtoe):

	Working Interest Reserves as of October 1, 2013 Estimated by DeGolyer and MacNaughton		
	Oil and Condensate (MMmt)	Separator Gas (MMm³)	Oil Equivalent (MMmtoe)
Proved	51.66	64,129	115.79
Proved-plus-Probable	151.11	93,024	244.13
Proved-plus-Probable-plus Possible	183.93	131,043	314.98

Notes:

1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. Gas is converted to oil equivalent using a factor of 1 thousand cubic meters of gas per one metric ton of oil equivalent.
3. Working-interest reserves are not equivalent to net entitlement reserves in the case where production sharing agreements exist, or where royalties are paid in kind.

The reserves estimated by us in the Report and summarized in this letter have also been prepared in accordance with the reserves definitions adopted by the PRMS.

In comparing the detailed reserves estimates prepared by us and those prepared by OVL for the fields involved, we have found differences, both positive and negative, in reserves estimates for individual fields. These differences appear to be compensating to a great extent when considering the proved-plus-probable and proved-plus-probable-plus-possible reserves of OVL in the evaluated fields. It is our opinion that the reserves estimates prepared by OVL, expressed on an oil equivalent basis, on the fields reviewed by us and referred to previously, when compared in total for the evaluated fields, result in overall differences not being substantial, on a proved-plus-probable reserves basis, even though certain of the reserves estimates were prepared using different reserves definitions.

DEGOLYER AND MACNAUGHTON

In preparing the Report and this letter, we have endeavored to provide our services in a professional manner and to use appropriate geologic, petroleum engineering, and evaluation principles and techniques that are in accordance with practices generally recognized by the petroleum industry.

DeGolyer and MacNaughton is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world since 1936. DeGolyer and MacNaughton does not have any financial interest, including stock ownership, in OVL. Our fees were not contingent on the results of our evaluation. This letter report has been prepared at the request of OVL and should not be used for purposes other than those for which it is intended.

ONGC Videsh Limited (OVL) have advised us that this letter/report will be included in the offering circular for the Rule 144A/Regulation S issue of notes by OVL which will be guaranteed by Oil and Natural Gas Corporation Limited, and we consent to the inclusion of our letter/report in such offering circular.

Submitted,

DeGolyer and MacNaughton

DeGOLYER and MacNAUGHTON
Texas Registered Engineering Firm F-716



R. M. Shuck, P.E.

R. M. Shuck, P.E.
Senior Vice President
DeGolyer and MacNaughton

DEGOLYER AND MACNAUGHTON

5001 SPRING VALLEY ROAD

SUITE 800 EAST

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DEGOLYER AND MACNAUGHTON
5001 SPRING VALLEY ROAD
SUITE 800 EAST
DALLAS, TEXAS 75244

January 3, 2014

Oil and Natural Gas Corporation Limited
Jeeven Bharati Tower-II
124, Indira Chowk
New Delhi, India

Gentlemen:

Pursuant to the request of the ONGC Videsh Limited (OVL), we have prepared independent estimates of the proved, proved-plus-probable, and proved-plus-probable-plus-possible oil, condensate, and natural gas reserves, as of December 31, 2012, of certain fields with interests owned by Nord Imperial Ltd. (Imperial) (a wholly owned subsidiary of OVL) in the Tomsk region of western Siberia, Russia. The fields evaluated were included in our report entitled "Report as of December 31, 2012 on Oil, Condensate, and Gas Reserves owned by Nord Imperial Ltd. in Certain Fields Western Siberia, Russia" (the Report).

The following is a listing of the 19 fields evaluated in the Report:

Subsidiary Field	Imperial Ownership Interest in Subsidiary	Subsidiary Ownership Interest in License Block
OOO Alliancenneftegaz	100 percent	100 percent
Chagvinskoye	100 percent	100 percent
Maiskoye	100 percent	100 percent
Middle Glukhovskoye	100 percent	100 percent
Middle Maiskoye	100 percent	100 percent
North Chertalinskoye	100 percent	100 percent
Nyuglinskoye	100 percent	100 percent
South Festivalnoye	100 percent	100 percent
South Maiskoye	100 percent	100 percent
Tamratskoye	100 percent	100 percent
Vodorazdelnoye	100 percent	100 percent
West Kvenseraskoye	100 percent	100 percent
West Maiskoye	100 percent	100 percent

DEGOLYER AND MACNAUGHTON

Table—(Continued)

Subsidiary Field	Imperial Ownership Interest in Subsidiary	Subsidiary Ownership Interest in License Block
OOO Nord Imperial	100 percent	100 percent
Central Festivalnoye	100 percent	100 percent
Dvoinoe	100 percent	100 percent
Festivalnoye (Ai-Kagalskoye)	100 percent	100 percent
Kiev-Eganskoye	100 percent	100 percent
North Festivalnoye	100 percent	100 percent
Snezhnoye	100 percent	100 percent
OOO Sibinterneft	100 percent	100 percent
Buranovskoye	100 percent	100 percent

Reserves are expressed as working-interest reserves and are defined as the total estimated oil, condensate, and gas to be produced from the properties after December 31, 2012, attributable to the interests owned by OVL through Nord Imperial before deduction of any associated royalty burdens or production share owed to others under the applicable fiscal terms.

Gas quantities shown herein are sales-gas quantities expressed at a temperature base of 15.6 degrees Centigrade and a pressure base of 760 millimeters of mercury. Sales gas is defined as the gas remaining after field separation and shrinkage for fuel use and flare. Condensate is defined as the liquid produced from the gas during normal separation processes.

OVL provided interim production data by field between December 31, 2012, and September 30, 2013. The “adjusted” reserves estimates as of October 1, 2013, included herein were calculated as the quantities estimated as of December 31, 2012, and included in the Report, less the interim production between the two dates.

Since the interim production was removed from the proved reserves to determine the adjusted reserves, certain events that may have occurred from December 31, 2012 to October 1, 2013 which might have affected the reserves, such as prices, costs, additional drilling and performance revisions were not taken into account.

OVL represents that its estimates of the working interest proved, proved-plus-probable, and proved-plus-probable-plus-possible oil, condensate, and separator-gas reserves of the fields, as of October 1, 2013, are as follows, expressed in millions of metric tons (MMmt) of oil and condensate, millions of cubic meters (MMm³) of gas, and millions of metric tons of oil equivalent (MMmtoe):

DEGOLYER AND MACNAUGHTON

**Working-Interest Reserves as of
October 1, 2013
Estimated by OVL**

	Oil and Condensate (MMt)	Separator Gas (MMm³)	Oil Equivalent (MMmtoe)
Proved	14.765	4,701	19.466
Proved plus Probable	95.194	14,071	109.265
Proved plus Probable plus Possible	95.194	14,071	109.265

Notes:

1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. Oil equivalent is calculated by dividing gas (MMm³) by 1,000 and adding to oil and condensate.

The reserves estimated by OVL and summarized in this letter have been represented by OVL to have been prepared in accordance with the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers.

Our estimates of the proved, proved-plus-probable, and proved-plus-probable-plus-possible oil, condensate, and separator-gas reserves, as of December 31, 2012, are as follows, expressed in millions of metric tons (MMmt) of oil and condensate, millions of cubic meters (MMm³) of gas, and millions of metric tons of oil equivalent (MMmtoe):

**Working-Interest Reserves as of
December 31, 2012
Estimated by DeGolyer and MacNaughton**

	Oil and Condensate (MMt)	Separator Gas (MMm³)	Oil Equivalent (MMmtoe)
Proved	8.953	1,228	10.18
Proved plus Probable	89.020	17,691	106.71
Proved plus Probable plus Possible	293.942	38,547	332.50

Notes:

1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. Oil equivalent is calculated by dividing gas (MMm³) by 1,000 and adding to oil and condensate.

The reserves estimated by DeGolyer and MacNaughton in the Report and summarized in this letter have also been prepared in accordance with the PRMS.

DEGOLYER AND MACNAUGHTON

At the request of OVL, we have subtracted the interim production from December 31, 2012, through September 30, 2013 from our December 31, 2012 estimated reserves. The resulting adjusted reserves as of October 1, 2013, are as follows:

Working-Interest Reserves Adjusted October 1, 2013			
	Oil and Condensate (MMt)	Separator Gas (MMm³)	Oil Equivalent (MMmtoe)
Proved	8.636	1,195	9.83
Proved plus Probable	88.703	17,658	106.36
Proved plus Probable plus Possible	293.625	38,244	331.87

Notes:

1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. Oil equivalent is calculated by dividing gas (MMm³) by 1,000 and adding to oil and condensate.

DeGolyer and MacNaughton is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world since 1936. DeGolyer and MacNaughton does not have any financial interest, including stock ownership, in OVL. Our fees were not contingent on the results of our evaluation. This letter report has been prepared at the request of OVL and should not be used for purposes other than those for which it is intended.

DeGOLYER AND MACNAUGHTON

OVL have advised us that this letter/report will be included in the offering circular for the Rule 144A/Regulation S issue of notes by ONGC Videsh Limited which will be guaranteed by Oil and Natural Gas Corporation, and we consent to the inclusion of our letter/report in such offering circular.

Submitted,

DeGolyer and MacNaughton

DeGOLYER and MacNAUGHTON

Texas Registered Engineering Firm F-716



R. M. Shuck, P.E.

R. M. Shuck, P.E.
Senior Vice President
DeGolyer and MacNaughton

January 17, 2014

Oil and Natural Gas Corporation Limited
Jeevan Bharati Tower-II
124 Indira Chowk
New Delhi-110 001, India

Re: Reserve Audit of Selected GNPOC, GPOC and SPOC Fields in Sudan and South Sudan, as of October 1, 2013

Dear Sir or Madam:

At the request of ONGC Videsh Limited ("OVL" or "the Company"), we have conducted an independent audit of the estimates as of October 1, 2013 set forth by OVL with respect to the proved (1P), proved plus probable (2P), and proved plus probable plus possible (3P) reserves of the Greater Nile Petroleum Operating Company (GNPOC) of Sudan, Greater Pioneer Operating Company (GPOC) of South Sudan and SUDD Petroleum Operating Co. Ltd. (SPOC) of South Sudan. GNPOC owns and operates Blocks 2b, 2a (all fields excluding Nabaq East) and 4N; GPOC owns and operates Blocks 1a, 1b and 2a (Nabaq East Field only); SPOC owns and operates Block 5a.

It is important to understand that there are events of a material nature that have occurred after the effective date of this audit that affect the reserves estimates reported herein, and that the effects of these events have not been addressed in this audit. Subsequent to the effective date of the audit, political unrest in South Sudan has caused all or a portion of the GPOC and SPOC properties to be shut-in. As the shut-in occurred after the effective date of the audit, reported reserves have not been reclassified or adjusted for the shut-in. Sproule has not been requested by OVL to perform sensitivity analysis to determine the effect of the shut-in on the reported reserves. The effect of the shut-in would be considered by Sproule to be material if it continues for an extended time period. The shut-in will not only have an effect on cashflow timing, but could leave currently booked reserves unrecovered at the end of the contract term. Previous disputes caused the South Sudan government to order a shut-in in early 2012; as a result, the wells were shut in for over 1 year between early 2012 and early 2013.

Political risk is considered as a commercial contingency under reserves guidelines, which may distinguish contingent resources from reserves. Quantifying political risk is not within the reserves evaluator's area of expertise. The decision as to whether the political risk in South Sudan is such that the recoverable volumes, or any portion of the recoverable volumes, are not considered commercially recoverable resides with OVL.

OVL has advised that this letter will be included in the offering circular for the Rule 144A/Regulation S issue of notes by OVL guaranteed by Oil and Natural Gas Corporation Limited (hereinafter 'offering circular'), and we consent to the inclusion of our audit letter in such offering circular. Proper cautionary statements related to the current shut-in must accompany disclosure of the October 1, 2013 reserves estimates.

Sproule specializes in economic evaluations of oil and gas reserves and has been in business for over 60 years. Our clients include international oil and gas companies, financial organizations, and government agencies, which use Sproule reports for investment analysis, technical and financial planning, mergers, acquisitions and divestitures, securities reporting, debt financing, estate settlements, insurance claims, and litigation. Our opinions are highly respected by international banking institutions and securities commissions.

We are independent with respect to OVL as provided in the Standards Pertaining to the Estimating and Auditing of Oil and Gas Reserves Information promulgated by the SPE.

OVL represents that its estimates of 1P, 2P and 3P oil reserves as of October 1, 2013 are shown in Table 1. As instructed by OVL, these estimates were derived by Sproule from OVL's January 1, 2013 reserve estimates, by adjusting for production to October 1, 2013. OVL represents that the reserve estimates shown for the GPOC and SPOC properties were prepared in accordance with the SPE/WPC/AAPG/SPEE 2007 Petroleum Resource Management System (SPE-PRMS). OVL also represents that its GNPOC reserves estimates include "Potential Recovery" volumes. "Potential Recovery" volumes are not defined in the SPE-PRMS guidelines. OVL defines "Potential Recovery" volumes as Discovered Resources that are recoverable but not producible at present due to economic, political, environment or technological reasons, or have yet to be evaluated for production/economic potential. Under SPE-PRMS guidelines, these "Potential Recovery" volumes would be classified as contingent resources; therefore, Sproule has not included these "Potential Recovery" volumes in its estimates of audited reserve volumes. An audit of contingent and prospective resources is outside the scope of work for this audit.

OVL owns a 25 percent interest in the GNPOC and GPOC properties and a 24.125 percent interest in the SPOC properties. The reserve estimates presented in Tables 1 through 4 are presented on a gross (100%) project basis and on a working interest basis, before deduction of government share. Sproule has used an economic limit of 35 bopd per well for

all fields to determine the reserves, based on data provided by OVL and Sproule's experience in the area. The values in the tables may not add exactly due to rounding.

Table 1: Gross Oil Reserve Estimates for Selected Fields in Sudan and South Sudan
Prepared by OVL

As of October 1, 2013

Joint Venture	Block	Gross Oil Reserves ¹ (millions of stock tank barrels)								
		Developed			Undeveloped			Developed plus Undeveloped		
		1P	2P	3P	1P	2P	3P	1P	2P	3P
GNPOC	2a ³ , 2b & 4N	65.9	80.8	99.8	192.8	262.2	447.7	258.7	343.0	547.5
GPOC	1a, 1b & 2a ²	121.6	123.8	142.7	56.4	56.4	56.4	178.0	180.2	199.1
SPOC	5a	69.2	74.8	80.0	93.7	98.9	102.6	162.9	173.7	182.6
TOTAL		256.7	279.4	322.5	342.9	417.5	606.7	599.6	696.9	929.2

1. Gross reserve estimates, not adjusted for OVL's working interest or deduction of government share.

2. Nabaq East Field from Block 2a excluded from GNPOC reserve estimates.

3. Nabaq East Field from Block 2a included in GPOC reserve estimates.

Table 2: Working Interest Oil Reserve Estimates for Selected Fields in Sudan and South Sudan Prepared by OVL

As of October 1, 2013

Joint Venture	Block	Working Interest Oil Reserves ¹ (millions of stock tank barrels)								
		Developed			Undeveloped			Developed plus Undeveloped		
		1P	2P	3P	1P	2P	3P	1P	2P	3P
GNPOC	2a ³ , 2b & 4N	16.5	20.2	25.0	48.2	65.6	111.9	64.7	85.8	136.9
GPOC	1a, 1b & 2a ²	30.4	31.0	35.7	14.1	14.1	14.1	44.5	45.1	49.8
SPOC	5a	16.7	18.0	19.3	22.6	23.9	24.8	39.3	41.9	44.1
TOTAL		63.6	69.2	79.9	84.9	103.5	150.8	148.5	172.7	230.7

1. Working interest reserve estimates, not adjusted for deduction of government share.

2. Nabaq East Field from Block 2a excluded from GNPOC reserve estimates.

3. Nabaq East Field from Block 2a included in GPOC reserve estimates.

Sproule has audited the reserves data prepared by OVL, using Society of Petroleum Engineers (SPE) standards for auditing reserves. Based on these standards and the supporting reserves information supplied by OVL, Sproule considers a reasonable estimate of reserves as of October 1, 2013, consistent with the SPE/WPC/AAPG/SPEE 2007 Petroleum Resource Management System (SPE-PRMS), to be those presented in Tables 3 and 4.

Table 3: Gross Oil Reserve Audit¹ Estimates for Selected Fields in Sudan and South Sudan prepared by Sproule

As of October 1, 2013

Joint Venture	Block	Gross Oil Reserves ⁴ (millions of stock tank barrels)								
		Developed			Undeveloped			Developed plus Undeveloped		
		1P	2P	3P	1P	2P	3P	1P	2P	3P
GNPOC	2a ³ , 2b & 4N	61.7	115.6	144.7	56.5	116.4	204.0	118.2	232.0	348.7
GPOC	1a, 1b & 2a ²	67.9	105.2	119.7	7.0	28.7	41.9	74.9	133.9	161.6
SPOC ⁵	5a	6.5	11.0	39.7	3.2	7.3	36.9	9.7	18.3	76.6
TOTAL		136.1	231.8	304.1	66.7	152.4	282.8	202.8	384.2	586.9

1. An audit does not provide the same assurance as an Evaluation.
2. Nabaq East field from Block 2a excluded from GNPOC reserve estimate.
3. Nabaq East field from Block 2a included in GPOC reserve estimate.
4. Gross reserve estimates, not adjusted for OVL's working interest or deduction of government share.
5. Reserves restricted by export pipeline blending constraints.

Table 4: Working Interest Audit¹ Reserve Estimates for Selected Fields in Sudan and South Sudan prepared by Sproule

As of October 1, 2013

Joint Venture	Block	Working Interest Reserves ⁴ (millions of stock tank barrels)								
		Developed			Undeveloped			Developed plus Undeveloped		
		1P	2P	3P	1P	2P	3P	1P	2P	3P
GNPOC	2a ³ , 2b & 4N	15.4	28.9	36.2	14.1	29.1	51.2	29.5	58.0	87.4
GPOC	1a, 1b & 2a ²	17.0	26.3	29.9	1.7	7.2	10.5	18.8	33.5	40.4
SPOC ⁵	5a	1.6	2.7	9.6	0.8	1.8	8.9	2.4	4.5	18.5
TOTAL		34.0	57.9	75.7	16.6	38.1	70.6	50.7	96.0	146.3

1. An audit does not provide the same assurance as an Evaluation.
2. Nabaq East field from Block 2a excluded from GNPOC reserve estimate.
3. Nabaq East field from Block 2a included in GPOC reserve estimate.
4. Working interest estimates, not adjusted for deduction of government share.
5. Reserves restricted by export pipeline blending constraints.

A Reserves Audit is the process of reviewing certain of the pertinent facts interpreted and assumptions made that have resulted in an estimate of reserves and/or Reserves Information prepared by others and the rendering of an opinion about (1) the appropriateness of the methodologies employed, (2) the adequacy and quality of the data relied upon, (3) the depth and thoroughness of the reserves estimation process, (4) the classification of reserves appropriate to the relevant definitions used, and (5) the reasonableness of the estimated reserves quantities and/or the Reserves Information.

The process involved in the audit included methods for estimating reserves such as (i) the volumetric method, (ii) evaluation of the performance history, (iii) review of computer

simulation techniques, and (iv) analogy to other reservoirs in the same geographic location, which had similar formation characteristics, or similar factors rendering such analogy appropriate. Where possible, combinations of a number of methods which, in our professional judgment, are considered most appropriate were applied. For all methodologies applied, the current reservoir conditions, such as pressures, production, injection and fluid contacts, were given consideration. Our examination included such tests and procedures as we considered necessary under the circumstances to render the opinion set forth herein.

OVL has informed Sproule that the reserves bookings provided were based on an internal evaluation performed effective January 1, 2013. Based on instructions from OVL, Sproule adjusted OVL's estimates to an effective date of October 1, 2013 by deducting production for the period January through September 2013. Performance trends of the existing wells between January 1 and September 30, 2013 have not been considered by OVL. Similarly, the results of drilling, production testing and reservoir studies completed during the first nine months of 2013 have not been incorporated into OVL's reserves estimates. The OVL reserves data adjusted for production to September 30, 2013 are found in Table 1 and 2 for the Gross and Working Interest volumes respectively.

OVL has provided Sproule with geological, geophysical, petrophysical and engineering data for all fields. The technical data was provided in many separate files and at different times throughout the audit period. A single report describing and supporting the procedures, interpretations and assumptions used in the reserves bookings was not provided. The audit performed was based on an examination of the technical data provided, discussions with OVL staff and the parameters used to estimate the 1P, 2P and 3P reserves for the properties listed below.

GNPOC

Sproule examined the developed and undeveloped GNPOC reserves data for 17 producing fields in Blocks 2a, 2b and 4N, and the undeveloped reserves data for 18 discovered and tested fields. In total, 100 % of the developed reserves and 100% of the undeveloped reserves assigned to these fields by OVL were examined.

Our audit of the developed reserves data for the 17 fields was based on an examination of the production performance, geological data and resulting recovery factors. The GNPOC 1P developed reserves were found to be higher than Sproule's testing supported whereas the 2P and 3P developed reserves were found to be lower than Sproule's testing supported. The GNPOC 1P, 2P and 3P undeveloped reserves were found to be higher than Sproule's testing supported.

Enquiries were made to OVL during the course of our audit, and we were informed that OVL

has included significant "Potential Recovery" volumes in their GNPOC reserve estimates. These volumes are not in accordance with SPE-PRMS reserves guidelines and therefore have not been included in Sproule's reserve audit estimates. OVL's estimate of the gross (100%) "Potential Recovery" volumes for 1P, 2P and 3P developed plus undeveloped (millions of stock tank barrels) are 61.9, 107.8 and 232.9 respectively.

A portion of the difference between Sproule and OVL is due to conversion of reserves from undeveloped to developed for new wells brought on production during 2013. These wells would have been included in OVL's undeveloped reserves estimate.

Probable and possible undeveloped wedges were not included in OVL's reported volumes for some fields, and the total field reported volumes were represented as 1P reserves bookings. In most of these cases, Sproule's 3P reserve estimate matched OVL's reported 1P reserve estimate. Consequently, the difference in the 1P reserves estimates between Sproule and OVL is significantly higher in the 1P reserve category compared to the 3P reserve category.

Additionally, we were informed that the expiry date of the contract was not considered by OVL in their developed and undeveloped reserves bookings. Sproule has terminated the developed and undeveloped reserve bookings at the contract expiry for the 1P reserves bookings, and has considered one contract extension of 5 years for the 2P and 3P reserves bookings.

GPOC

Sproule examined the developed and undeveloped GPOC reserves data for 8 producing fields in Blocks 1a, 1b and 2a. In total, 100 % of the developed reserves and 100% of the undeveloped reserves assigned to these fields by OVL were examined.

Our audit of the developed reserves data for the 8 fields was based on an examination of the production performance, geological data and resulting recovery factors. The GPOC 1P, 2P and 3P developed and undeveloped reserves were found to be higher than Sproule's testing supported.

The same observations were made for the GPOC reserves as were made for the GNPOC reserves, in respect to application of the additional probable and possible undeveloped wedges for certain fields. Sproule has terminated the developed and undeveloped 1P reserve bookings at the contract expiry, and has considered 1 contract extension of 5 years with an additional 1 year extension due to the shut-in period in 2012/2013 for the 2P and 3P reserves bookings.

SPOC

Sproule examined the developed and undeveloped SPOC reserves data for 5 producing fields and 4 tested discovered fields in Block 5a. In total, 100% of the developed reserves and 100% of the undeveloped reserves assigned to these fields by OVL were examined.

The SPOC 1P, 2P and 3P developed and undeveloped reserves were found to be higher than Sproule's testing supported.

Production from Block 5a (SPOC) is heavier oil at 14-24 degrees API compared to approximately 40 degrees API produced from the GPOC and GNPOC fields. Therefore, production must be blended with the lighter oil produced from the GPOC and GNPOC fields at the Heglig central processing facility to meet the maximum density requirements of the export pipeline from Heglig to Port Sudan. Historically, production from SPOC has been limited to 15% of the production from GPOC and GNPOC; however, recently the production cap has been reduced to 5%, as heavier non-OVL oil production from offsetting blocks in Sudan is preferentially transported. OVL has indicated that a study is being undertaken to recommend a new production cap percentage. Additionally, OVL has indicated there is potential for new pipelines in South Sudan to counteract the current production restrictions. Government approval and an agreement and commitments with operators in the area is still required to change the production cap percentage. Sproule has considered the current 5% production cap for the 1P and 2P reserve estimates, and a 15% production cap for the 3P reserve estimate. OVL's reserves estimates show a ratio of SPOC to GNPOC plus GPOC between 25 and 40 percent. OVL has not demonstrated that the necessary production and transportation facilities will be made available to transport this heavier crude within the remaining contract term, and Sproule considers the majority of the OVL SPOC reserves as contingent resources. Unconstrained gross volumes, considered as contingent resources plus reserves, estimated by Sproule (in millions of stock tank barrels) are 34.1, 54.8 and 58.7 developed and 59.8, 77.8, 91.3 undeveloped. Unconstrained working interest volumes, considered as contingent resources plus reserves, estimated by Sproule (in millions of stock tank barrels) are 8.2, 13.2 and 14.2 developed and 14.5, 18.8 and 22.0 undeveloped. These volumes are before deduction of government share.

The same observations were made for the SPOC reserves as were made for the GNPOC reserves, in respect to application of the additional probable and possible undeveloped wedges for certain fields.

List of Audited Fields

Sproule audited 100% of the developed reserves and 100% of the undeveloped reserves estimated by OVL.

A list of the fields audited follows. These fields were selected by OVL.

List of Audited Fields							
Producing Fields				Tested and Discovered Fields			
1	Greater Bamboo	2a	GNPOC	1	El Mahafir	2a	GNPOC
2	Simbir West	2a	GNPOC	2	Jamouse*	2a	GNPOC
3	Taiyib	2a	GNPOC	3	Azraq A	4N	GNPOC
4	Umm Batutu	2a	GNPOC	4	Azraq O	4N	GNPOC
5	Greater Heglig	2b	GNPOC	5	Canar A	4N	GNPOC
6	Hamra Cluster	2b	GNPOC	6	Canar North	4N	GNPOC
7	Simbir North	2a	GNPOC	7	Hilba NE	4N	GNPOC
8	Azraq Central	4N	GNPOC	8	Hilba	4N	GNPOC
9	Azraq F	4N	GNPOC	9	Hubara SW	4N	GNPOC
10	Azraq H	4N	GNPOC	10	Neem B	4N	GNPOC
11	Azraq K	4N	GNPOC	11	Neem Deep	4N	GNPOC
12	Azraq North	4N	GNPOC	12	Neem T	4N	GNPOC
13	El Sandal SW	4N	GNPOC	13	Neem West	4N	GNPOC
14	Greater Diffra	4N	GNPOC	14	Shelungo	4N	GNPOC
15	Greater Neem	4N	GNPOC	15	Sunut North	4N	GNPOC
16	Neem F	4N	GNPOC	16	Sutaib East	4N	GNPOC
17	Sutaib	4N	GNPOC	17	Sutaib SW	4N	GNPOC
18	El Harr	1a	GPOC	18	Azraq West	4N	GNPOC
19	El Nar	1a	GPOC	19	Joknyang South East	5a	SPOC
20	El Nar West	1a	GPOC	20	Joknyang(S+CS)	5a	SPOC
21	El Toor	1a	GPOC	21	Joknyang Central	5a	SPOC
22	Greater Munga	1a	GPOC	22	Thoan	5a	SPOC
23	Toma South	1a	GPOC	* Property indicated to be uneconomic in GNPOC 1.1.2012 report			
24	Greater Unity	1b	GPOC				
25	Nabaq East	2a	GPOC				
26	Thar Jath	5a	SPOC				
27	Mala Main	5a	SPOC				
28	Mala Southeast	5a	SPOC				
29	Mala East	5a	SPOC				
30	Mala North	5a	SPOC				

Conclusions

Our conclusions are:

a) the developed plus undeveloped GNPOC reserves estimated by Sproule are lower than OVL's by 54%, 32% and 36% (relative to the OVL estimates) in the 1P, 2P and 3P cases, respectively.

b) the developed plus undeveloped GPOC reserves estimated by Sproule are lower than OVL's by 58%, 26% and 19% (relative to the OVL estimates) in the 1P, 2P and 3P cases, respectively.

c) the developed plus undeveloped SPOC reserves estimated by Sproule are lower than OVL's by 94%, 89% and 58% (relative to the OVL estimates) in the 1P, 2P and 3P cases, respectively.

d) OVL's reserves estimates for SPOC did not include restrictions resulting from the export blending constraints of the pipeline. It is Sproule's opinion that these restrictions prevent the full volumes from being classified as reserves. As it has not been demonstrated that the necessary production and transportation facilities will be made available to transport this heavier crude within the remaining contract term, Sproule considers the majority of the OVL SPOC reserves as contingent resources. The developed plus undeveloped SPOC reserves plus contingent resources estimated by Sproule assuming that production is unconstrained by production and transportation facilities due to blending requirements would lower than OVL by 42%, 24% and 18%, relative to the OVL 1P, 2P and 3P cases, respectively.

e) OVL has calculated its reserves to October 1, 2013 by manually removing the 2013 cumulative production from its January 1, 2013 reported reserves. As a result, OVL's October 1, 2013 estimate of reserves has not been updated to incorporate information that became available during the first nine months of 2013.

f) OVL's reserves estimates did not include restrictions due to contract expiration. Sproule's reserves estimates were terminated by the contract expiry date for the 1P with one 5 year extension for the 2P and 3P cases. In the case of GPOC, Sproule has considered an additional 1 year extension due to the shut-in period in 2012/2013 for the 2P and 3P reserves bookings.

Sproule notes that the variance between its audited estimates and OVL estimates exceeds the recommended SPE audit standards of plus or minus 10 percent and therefore are not "reasonable" within the parameters of PRMS.

It should be understood that our audit does not constitute a complete reserve study of the oil and gas properties of OVL. In the conduct of our report, we have not independently verified the accuracy and completeness of information and data furnished by OVL with respect to ownership interests, oil and gas production, historical costs of operation and development, product prices, agreements relating to current and future operations and sales of production.

This audit letter has been prepared for the exclusive use of ONGC Videsh Limited in conjunction with its offering circular and Sproule hereby consents to its release for that purpose.

The audit letter may not be reproduced, distributed, or made available to any other company or person, regulatory body, or organization without the knowledge and written consent of Sproule International Limited, and without the complete contents of the report being made available to that party.

It was a pleasure to work with OVL on this project and if there are any questions, please contact the undersigned.

Sincerely,

SPROULE INTERNATIONAL LIMITED

Original Signed by Douglas J. Carsted, CD, P.Geol.

Douglas J. Carsted, CD, P.Geol.
Executive Vice-President, Chief Technology
Officer and Director,
Project Manager

Original Signed by Meghan M. Klein, P.Eng.

Meghan M. Klein, P.Eng.
Petroleum Engineer and Partner

Original Signed by Greg D. Robinson, P.Eng.

Greg D. Robinson, P.Eng.
Vice-President, International and Director

DEGOLYER AND MACNAUGHTON
5001 SPRING VALLEY ROAD
SUITE 800 EAST
DALLAS, TEXAS 75244

January 3, 2014

Oil and Natural Gas Corporation Limited
Jeeven Bharati Tower-II
124, Indira Chowk
New Delhi, India

Gentlemen:

Pursuant to the request of the Oil and Natural Gas Corporation of India (ONGC) and according to the terms and conditions of contract number E + D/mm/955/2013-14/ZA4VS13009/P0No: 5010085752, we have prepared independent estimates of the proved, proved-plus-probable, and proved-plus-probable-plus-possible oil, condensate, and natural gas reserves, as of October 1, 2013, of 68 selected fields in India operated by ONGC. We also have reviewed ONGC's estimates of the reserves, as of October 1, 2013, of the same fields. The fields evaluated are those that were selected by ONGC and are the same as were evaluated in our report entitled "Report as October 1, 2013 on Oil, Condensate, and Gas Reserves of Certain Fields in India for Oil and Natural Gas Corporation Limited Executive Summary" (the Report).

The following is a listing of the 68 fields evaluated in the Report:

DEGOLYER AND MACNAUGHTON

Agartala Dome	D-33	KG-DW-S	Sanand
Ahmedabad	Dahanu	Konaban	Santhal
Ankleswar	Dahanu North	Kuthalam	Sobhasan
Annapurna	Demulgaon	Laiplingaon	South Heera
B-28/B-28A	DWN-A	Lakwa Lakhmani	South Kadi
B-55	DWN-D	Lanwa	South Sobhasan
B-105	DWN-U	Limbodra	Tatipaka - Kadali
B-127	G-1	Linch	Vasai West
B-173A	G-4	Mandapeta	Vashishta
B-192	Gandhar	Mumbai High	WO-16
Balol	Geleki	Nandasan	WO-24
Baramura	GK-28	Nawagam	
Bassein	Heera	Neelam	
Bassein East	Jhalora	North Kadi	
Bechraji	Jotana	North Tapti	
Bhuvanagiri	Kalol	Pasarlapudi	
C-24	Kanakdurga	Periyakudi	
C-39	Kanjirangudi	Periyapattinam	
D-1	Kesanapalli West	Rudrasagar	

Reserves are expressed as working-interest reserves and are defined as the total estimated oil, condensate, and gas to be produced from these fields after October 1, 2013, attributable to the interests owned by ONGC, less interests owned by others. ONGC has represented that it owns 100 percent of these fields.

Gas volumes shown herein are separator-gas volumes expressed at a temperature base of 15.6 degrees Centigrade and a pressure base of 760 millimeters of mercury. Separator gas is defined as the gas remaining after field separation but prior to gas processing and shrinkage for fuel use and flare. Condensate is defined as the liquid produced from the gas during normal separation processes.

DEGOLYER AND MACNAUGHTON

ONGC represents that its estimates of the proved, proved-plus-probable, and proved-plus-probable-plus-possible oil, condensate, and separator-gas reserves of the 68 fields, as of October 1, 2013, are as follows, expressed in millions of tons (MMmt) of oil and condensate, millions of cubic meters (MMm³) of gas, and millions of metric tons of oil equivalent (MMmtoe):

Working-Interest Reserves as of October 1, 2013 Estimated by ONGC			
	Oil and Condensate (MMmt)	Separator Gas (MMm ³)	Oil Equivalent (MMmtoe)
Proved	340.71	282,692.2	623.40
Proved-plus-Probable	385.71	434,322.0	820.03
Proved-plus-Probable-plus Possible	478.02	557,387.4	1,035.40

Notes:

1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. Gas is converted to oil equivalent using a factor of 1 thousand cubic meters of gas per one metric ton of oil equivalent.

ONGC has advised us that its estimates of oil, condensate, and natural gas reserves were prepared in accordance with the reserves definitions adopted by the Society of Petroleum Engineers and the World Petroleum Council in 1997.

DEGOLYER AND MACNAUGHTON

Our estimates of the proved, proved-plus-probable, and proved-plus-probable-plus-possible oil, condensate, and separator-gas reserves, as of October 1, 2013, are as follows, expressed in millions of metric tons (MMmt) of oil and condensate, millions of cubic meters (MMm³) of gas, and millions of metric tons of oil equivalent (MMmtoe):

Working-Interest Reserves as of October 1, 2013			
Estimated by DeGolyer and MacNaughton			
	Oil and Condensate (MMmt)	Separator Gas (MMm ³)	Oil Equivalent (MMmtoe)
Proved	317.21	296,551.7	613.81
Proved-plus-Probable	394.02	454,880.9	848.95
Proved-plus-Probable-plus Possible	528.30	629,944.5	1,158.32

Notes:

1. Probable and possible reserves have not been risk adjusted to make them comparable to proved reserves.
2. Gas is converted to oil equivalent using a factor of 1 thousand cubic meters of gas per one metric ton of oil equivalent.
3. Numbers may not add due to rounding.

The reserves estimated by DeGolyer and MacNaughton in the Report and summarized in this letter have been prepared in accordance with the reserves definitions adopted by the Petroleum Resources Management System (PRMS) approved in March 2007 by the Society of Petroleum Engineers, the World Petroleum Council, the American Association of Petroleum Geologists, and the Society of Petroleum Evaluation Engineers.

In comparing the detailed reserves estimates prepared by us and those prepared by ONGC for the fields involved, we have found differences, both positive and negative, in reserves estimates for individual fields. These differences appear to be compensating to a great extent when considering the reserves of ONGC in the evaluated fields. It is our opinion that the reserves estimates prepared by ONGC, expressed on an oil equivalent basis, on the fields reviewed by us and referred to previously, when compared in total for the evaluated fields, result in overall differences not being substantial, and are within the permissible limit as per industry practices even though the reserves estimates were prepared using different vintages of reserves definitions.

In preparing the Report and this letter, we have endeavored to provide our services in a professional manner and to use appropriate geologic, petroleum engineering, and evaluation principles and techniques that are in accordance with practices generally recognized by the petroleum industry.

DeGOLYER AND MACNAUGHTON

DeGolyer and MacNaughton is an independent petroleum engineering consulting firm that has been providing petroleum consulting services throughout the world since 1936. DeGolyer and MacNaughton does not have any financial interest, including stock ownership, in ONGC. Our fees were not contingent on the results of our evaluation. This letter report has been prepared at the request of ONGC and should not be used for purposes other than those for which it is intended.

Oil and Natural Gas Corporation Limited have advised us that this letter/report will be included in the offering circular for the Rule 144A/Regulation S issue of notes by ONGC Videsh Limited which will be guaranteed by ONGC, and we consent to the inclusion of our letter/report in such offering circular.

Submitted,

DeGolyer and MacNaughton

DeGOLYER and MacNAUGHTON

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