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Auditors' Report - Stand Alone

Balance Sheet and Statement of Profit and Loss - Stand Alone

Cash Flow Statement - Stand Alone

Notes to Accounts - Stand Alone

Auditors' Report

To

The Members of Oil And Natural Gas Corporation Limited

1. Report on the Financial Statements

We have audited the accompanying financial statements of Oil And Natural Gas Corporation Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2014, and the Statement of Profit and Loss and Cash Flow Statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

2. Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the Accounting Standards notified under the Companies Act, 1956 ('the Act') read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. This responsibility includes the design, implementation and maintenance of internal control relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is

sufficient and appropriate to provide a basis for our audit opinion.

4. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India:

- In the case of the Balance Sheet, of the state of affairs of the Company as at March 31, 2014;
- In the case of the Statement of Profit and Loss, of the profit of the Company for the year ended on that date; and
- In the case of the Cash Flow Statement, of the cash flows of the Company for the year ended on that date.

5. Emphasis of Matter

We draw attention to Note No. 42.3.2 with regard to the dispute between the company and the Government of Gujarat in respect of payment of Royalty on the crude oil produced in the State. The accrual of the additional liability of ₹ 1,16,326.96 millions, which also includes an amount of ₹ 2,092.23 millions paid with effect from February 1, 2014 and considered as deposit, would depend on the decision of the Hon'ble Supreme Court of India. The amount of ₹ 1,16,326.96 millions has been disclosed as contingent liability.

Our opinion is not qualified in respect of this matter.

6. Other Matters

- The financial statements include the Company's share in the total value of assets, liabilities, expenditure and income of 135 blocks under New Exploration Licensing Policy (NELPs) / Joint Venture (JVs) accounts for exploration and production out of which 8 NELPs / JVs accounts have been certified by other firms of Chartered Accountants and 11 NELP / JVs have been certified by the management in respect of NELPs / JVs operated by other operators. Our opinion is based solely on the reports of the other auditors and management certified accounts.
- We have placed reliance on technical / commercial evaluation by the management in respect of categorization of wells as exploratory, development, producing and dry well, allocation of cost incurred on them, depletion of producing properties on the basis of proved developed hydrocarbon reserves, impairment, liability for abandonment costs, liability under NELP and nominated blocks for under-performance against agreed Minimum Work Programme and allocation of depreciation on process platforms to transportation and facilities.

Our opinion is not qualified in respect of these matters.

7. Report on Other Legal and Regulatory Requirements

- As required by the Companies (Auditor's Report) Order, 2003 ("the Order"), as amended, issued by the Central Government of India in terms of sub-section (4A) of section 227 of the Act, we give in the Annexure a statement on the matters specified in paragraphs 4 and 5 of the said Order.
- As required by section 227(3) of the Act, we report that:
 - We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
 - In our opinion proper books of account as required by law have been kept by the Company so far as appears from our examination of those books;

- The Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;
- In our opinion, the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report, comply with the Accounting Standards notified under the Act read with the General Circular 15/2013 dated September 13, 2013 of the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013;
- Disclosure in terms of clause (g) of sub-section (1) of section 274 of the Act is not required as per notification number GSR 829(E) dated October 21, 2003 issued by the Department of Company Affairs, Government of India.

For M/s S Bhandari & Co.
Chartered Accountants
Firm Reg No. 000560C

For M/s G. D. Apte & Co.
Chartered Accountants
Firm Reg No. 100515W

For M/s Mehra Goel & Co.
Chartered Accountants
Firm Reg No. 000517N

(P. D. Baid)
Partner (Mem. No. 072625)

(C. M. Dixit)
Partner (Mem. No. 017532)

(R. K. Mehra)
Partner (Mem. No. 006102)

For M/s Varma & Varma
Chartered Accountants
Firm Reg No. 004532S

For M/s Ray & Ray
Chartered Accountants
Firm Reg No. 301072E

(K. M. Sukumaran)
Partner (Mem. No. 015707)

(B. K. Ghosh)
Partner (Mem. No. 051028)

Date : May 29, 2014
Place : New Delhi

Annexure to the Auditors' Report (Referred to in paragraph 7 (i) of our report of even date)

- i. a) The Company has generally maintained proper records showing full particulars including quantitative details and situation of fixed assets.
- b) As per information and explanations given to us, the fixed assets having substantial value, other than those which are underground / submerged / under joint venture have been physically verified by the management in a phased manner, which in our opinion is reasonable, having regard to the size of the Company and nature of its business. The reconciliation of physically verified assets with the book records is in progress. Discrepancies noticed on physical verification and consequential adjustments are carried out on completion of reconciliation. According to the information and explanation given by the management and in our opinion, the same is not material.
- c) The Company has not disposed off a substantial part of fixed assets during the year.
- ii. a) According to the information and explanations given by the management, the inventory has been physically verified in a phased manner (excluding inventory lying with third parties, at some of the site- locations, inventory with joint ventures and intra site material in transit) during the year by the management. In our opinion, the frequency of verification is reasonable.
- b) In our opinion, the procedures of physical verification of inventory followed by the management were generally reasonable and adequate in relation to the size of the Company and nature of its business.
- c) The Company has generally maintained proper records of inventory. According to the information and explanations given by the management and in our opinion, the discrepancies noticed on physical verification between the physical stock and book records were not material having regard to the size of the Company and nature of its business. In case where discrepancies noticed on physical verification have been identified with inventory records, necessary adjustments have been carried out in the books. In respect of cases where the reconciliation is not complete, the management has stated that the effect of the same on the accounts would be adjusted on completion of reconciliation.
- iii. a) The Company has granted secured loans to three parties covered in the register maintained under section 301 of the Companies Act, 1956. The amount outstanding at the year-end is ₹ 0.50 million and the maximum amount outstanding at any time during the year was ₹ 0.90 million.
- b) The rate of interest and other terms and conditions of the loans granted are not prima facie prejudicial to the interest of the Company.
- c) The receipt of principal amount and interest are regular.
- d) There is no overdue amount in respect of loans granted to the above parties.
- e) The Company has not taken any loans, secured or unsecured, from companies, firms or other parties covered in the register maintained under section 301 of the Companies Act, 1956 and consequently, the reporting requirements of clause (iii) (f) and (iii) (g) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable.
- iv. In our opinion, and according to the information and explanations given to us, the internal control procedures are generally adequate and commensurate with the size of the Company and the nature of its business with regard to purchases of inventory, fixed assets and sale of goods and services. During the course of our audit we have not observed any continuing failure to correct major weaknesses in internal controls.
- v. a) In our opinion and according to the information and explanations given to us, there is no contract or arrangement that needs to be entered in the register required to be maintained in pursuance of section 301 of the Companies Act, 1956.
- b) Accordingly, the reporting requirement of clause (v) (b) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 is not applicable.
- vi. The Company has not accepted any deposits from the public.
- vii. In our opinion, the Company has an internal audit system commensurate with the size and nature of its business.
- viii. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Accounting Records) Rules, 2011 prescribed by the Central Government under section 209 (1)(d) of the Companies Act, 1956 and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with the view to determine whether they are accurate or complete.
- ix. a) According to records of the Company, undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income Tax, Sales Tax, Service Tax, Wealth Tax, Custom Duty, Excise Duty, Cess and other statutory dues have been generally regularly deposited with the appropriate authorities. According to the information and explanations given to us, no undisputed amounts payable in respect of the aforesaid dues were outstanding as at March 31, 2014 for a period more than six months from the date of becoming payable.

- b) According to the information and explanations given to us, the disputed statutory dues in respect of Income Tax, Excise Duty, Customs Duty, Cess, Sales Tax, Service Tax, and Wealth Tax are as under:

Nature of the statute	Nature of the dues	Amount Involved (₹ in million)	Amount Paid under Protest (₹ in million)	Period to which the amount relates (financial year)	Forum where dispute is pending
Income Tax Act, 1961	Income tax/ Penalty/ Interest	50,644.75	32,528.47	2006-2013	Commissioner (Appeals)
		2,748.61	556.50	1995-2011	Income Tax Appellate Tribunal
		947.18	51.27	1991-2012	Hon. High Court
		723.61	-	1983-1987	Hon. Supreme Court
Total		55,064.15	33,136.24		
Central Excise Act, 1944	Central excise duty / Interest / Penalty	494.16	108.54	2001-2010	Commissioner (Appeals) of Central Excise, Customs and Service Tax
		4,838.14	109.37	2003-2013	Custom, Excise and Service Tax Appellate Tribunal
		1,317.46	-	1996-2014	Hon. High Court
		1,773.30	490.00	1980-2005	Hon. Supreme Court
Total		8,423.06	707.91		
The Customs Act, 1962	Customs duty / Penalty / Interest	2,324.87	-	1996-2003	Central Board of Excise and Customs
		1,437.47	-	1995-1997	Commissioner of Central Excise, Customs & Service Tax
		5.00	1.00	2007-2008	Custom, Excise and Service Tax Appellate Tribunal
Total		3,767.34	1.00		
Oil Industries (Development) Act, 1974	Cess / Interest	6.75	-	2004-2010	Custom, Excise and Service Tax Appellate Tribunal
Total		6.75			
Central Sales Tax Act, 1956 and respective States Sales Tax Act	Sales tax / Turnover Tax / Penalty / Interest	3,108.59	34.48	2000-2010	Joint Commissioner/ Commissioner CT - Appeals
		7,880.43	220.92	1993-2009	Appellate Tribunal
		37,639.98	596.77	1978-2013	Hon. High Court
Total		48,629.00	852.17		
Finance Act, 1994	Service Tax / Interest / Penalties	2,550.06	4.10	2003-2014	Custom, Excise and Service Tax Appellate Tribunal
		0.11	-	2004-2005	Deputy Commissioner of Central Excise, Customs and Service Tax
		637.40	-	2006-2008	Directorate General of Central Excise Intelligence
		32.48	-	2006-2008	Hon. High Court
Total		3,220.05	4.10		

- x. The Company does not have accumulated losses at the end of the current financial year and has not incurred cash losses either during the year or during the immediately preceding financial year.
- xi. The Company has not issued any debentures and has not defaulted in repayment of dues to financial institutions or banks.
- xii. In our opinion and according to the information and explanations given to us, the Company has not granted loans and advances on the basis of security by way of pledge of shares, debentures and other securities.
- xiii. The Company is not a chit fund or a nidhi/mutual benefit fund/ society. Accordingly, the reporting requirements of clause (xiii) of paragraph 4 of the Companies (Auditor's Report) Order, 2003 are not applicable to the Company.
- xiv. In our opinion and according to the information and explanations given to us, the Company is not dealing or trading in shares, securities, debentures and other investments.
- xv. In our opinion and according to the information and explanations given to us, the terms and conditions on which the Company has given guarantees for loans taken by others from banks or financial institutions are not prima facie prejudicial to the interest of the Company.
- xvi. The company has not availed any term loan during the year.
- xvii. According to the information and explanations given to us and on an overall examination of the balance sheet of the Company, we report that no funds raised on short terms basis have been used for long term investment.
- xviii. The Company has not made any preferential allotment of shares during the year.
- xix. The Company has not issued any debentures.
- xx. The Company has not raised any money by way of public issue during the year.
- xxi. According to the information and explanations given to us, no fraud on or by the Company has been noticed or reported during the year.

For M/s S Bhandari & Co.
Chartered Accountants
Firm Reg No. 000560C

(P. D. Baid)
Partner (Mem. No. 072625)

For M/s Varma & Varma
Chartered Accountants
Firm Reg No. 004532S

(K. M. Sukumaran)
Partner (Mem. No. 015707)

For M/s G. D. Apte & Co.
Chartered Accountants
Firm Reg No. 100515W

(C. M. Dixit)
Partner (Mem. No. 017532)

For M/s Ray & Ray
Chartered Accountants
Firm Reg No. 301072E

(B. K. Ghosh)
Partner (Mem. No. 051028)

For M/s Mehra Goel & Co.
Chartered Accountants
Firm Reg No. 000517N

(R. K. Mehra)
Partner (Mem. No. 006102)

Date : May 29, 2014
Place : New Delhi



Balance Sheet as at 31st March, 2014

(₹ in million)

Particulars	Note No.	As at 31 st March, 2014	As at 31 st March, 2013
I. EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	4	42,777.60	42,777.60
(b) Reserves and surplus	5	1,324,472.45	1,201,754.64
2 Non-current liabilities			
(a) Deferred tax liabilities (Net)	6	165,786.78	128,879.81
(b) Other Long term liabilities	7	11,850.17	11,241.67
(c) Long-term provisions	8	257,199.64	221,874.45
3 Current liabilities			
(a) Trade payables	9	63,724.81	53,410.06
(b) Other current liabilities	10	119,261.65	112,226.56
(c) Short-term provisions	11	7,811.19	9,101.88
TOTAL		1,992,884.29	1,781,266.67
II. ASSETS			
1 Non-current assets			
(a) Fixed assets			
(i) Tangible assets	12	302,291.89	274,036.80
(ii) Producing Properties	13	657,832.64	524,407.11
(iii) Intangible assets	14	500.61	797.95
(iv) Capital work-in-progress	15	116,450.34	144,153.69
(v) Exploratory/Development Wells in Progress	16	139,127.59	104,758.75
(b) Non-current investments	17	172,043.06	91,730.54
(c) Long-term loans and advances	18	181,783.61	221,728.46
(d) Deposit under Site Restoration Fund Scheme	19	113,101.59	101,331.21
(e) Other non-current assets	20	11,319.96	14,053.53
2 Current assets			
(a) Inventories	21	58,825.41	57,043.94
(b) Trade receivables	22	81,656.70	68,637.21
(c) Cash and Cash Equivalents	23	107,988.77	132,185.86
(d) Short-term loans and advances	24	43,669.60	37,021.24
(e) Other current assets	25	6,292.52	9,380.38
TOTAL		1,992,884.29	1,781,266.67

The accompanying notes are an integral part of these financial statements 1 to 50

For and on behalf of the Board

(N. K. Sinha) Company Secretary	(A. K. Banerjee) Director (Finance)	(D.K.Sarraf) Chairman & Managing Director
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In terms of our report of even date attached

For G D Apte & Co. Chartered Accountants Firm Reg. No. 100515W (C. M. Dixit) Partner (M.No. 017532)	For Varma & Varma Chartered Accountants Firm Reg. No. 004532S (K.M. Sukumaran) Partner (M. No. 015707)	For S. Bhandari & Co. Chartered Accountants Firm Reg. No. 000560C (P.D. Baid) Partner (M. No. 072625)
For Ray & Ray Chartered Accountants Firm Reg. No. 301072E (B.K.Ghosh) Partner (M. No. 051028)	For Mehra Goel & Co. Chartered Accountants Firm Reg. No. 000517N (R.K.Mehra) Partner (M.No. 006102)	

New Delhi
May 29, 2014Statement of Profit & Loss
for the year ended 31st March, 2014

(₹ in million)

Particulars	Note No.	2013-14	2012-13
I REVENUE			
Revenue from operations (Gross)	26	842,027.80	833,089.58
Less: Excise Duty		3,125.09	3,036.25
Revenue from operations (Net)		838,902.71	830,053.33
Other Income	27	67,131.99	54,367.42
Total Revenue		906,034.70	884,420.75
II EXPENSES			
(Increase)/ Decrease in inventories	28	1,042.80	(230.22)
Purchases of Stock-in-Trade		31.80	31.04
Production, Transportation, Selling and Distribution Expenditure	29	393,334.90	375,338.89
Exploration Costs written off			
- Survey Costs		15,911.62	15,667.71
- Exploratory well Costs		62,445.15	84,763.24
Depreciation, Depletion, Amortisation and Impairment	30	109,258.90	83,735.71
Financing Costs	31	3.57	276.36
Provisions and Write-offs	32	2,188.50	18,863.20
Adjustments relating to Prior Period (Net)	33	(2,501.86)	531.49
Total Expenses		581,715.38	578,977.42
Profit before Exceptional, Extraordinary items and Tax		324,319.32	305,443.33
Exceptional items		-	-
Profit before Extraordinary items and Tax		324,319.32	305,443.33
Extraordinary items		-	-
Profit before Tax		324,319.32	305,443.33
Tax Expense			
- Current Tax		65,500.00	86,300.00
- MAT Credit Entitlement		(2,800.00)	-
- Earlier years		2,145.87	(7,014.76)
- Deferred Tax		38,525.38	16,901.13
- Fringe Benefit Tax		-	-
Profit after Tax		220,948.07	209,256.96
Earnings per Equity Share - Basic and Diluted (₹)	34	25.83	24.46
(Face Value ₹ 5/-Per Share)			

The accompanying notes are an integral part of these financial statements 1 to 50

For and on behalf of the Board

(N. K. Sinha) Company Secretary	(A. K. Banerjee) Director (Finance)	(D.K.Sarraf) Chairman & Managing Director
------------------------------------	--	--

In terms of our report of even date attached

For G D Apte & Co. Chartered Accountants Firm Reg. No. 100515W (C. M. Dixit) Partner (M.No. 017532)	For Varma & Varma Chartered Accountants Firm Reg. No. 004532S (K.M. Sukumaran) Partner (M. No. 015707)	For S. Bhandari & Co. Chartered Accountants Firm Reg. No. 000560C (P.D. Baid) Partner (M. No. 072625)
For Ray & Ray Chartered Accountants Firm Reg. No. 301072E (B.K.Ghosh) Partner (M. No. 051028)	For Mehra Goel & Co. Chartered Accountants Firm Reg. No. 000517N (R.K.Mehra) Partner (M.No. 006102)	

New Delhi
May 29, 2014

Cash Flow Statement for the year ended 31st March, 2014

(₹ in million)

	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
A. CASH FLOW FROM OPERATING ACTIVITIES:		
Net Profit before tax and extraordinary items	324,319.32	305,443.33
Adjustments For:		
- Prior Period Items	(2,501.86)	531.49
- Depreciation, Depletion, Amortisation & Impairment	109,258.90	83,735.71
- Exploratory Well Costs Written off	62,445.15	84,763.24
- Interest on Borrowings	3.57	276.36
- Unrealized Foreign Exchange Loss/(Gain)	341.11	(103.02)
- Provision for Leave Encashment	(17,273.47)	1,998.87
- Provision for other Employee benefits	2,764.16	7,509.95
- Other Provision and Write offs (Net)	2,188.50	18,863.20
- Excess Provision written back	(16,328.86)	(5,323.57)
- Provision for Abandonment	243.56	-
- Interest Income	(33,006.23)	(31,428.20)
- Excess Liability written Back	(2,836.39)	(5,522.81)
- Amortization of Government Grant	(2.87)	(3.28)
- Dividend Income	(3,744.37)	(4,614.75)
	101,550.90	150,683.19
Operating Profit before Working Capital Changes	425,870.22	456,126.52
Adjustments for:-		
- Receivables	2,779.65	(18,667.58)
- Loans and Advances	(2,677.53)	(12,007.98)
- Other Current Assets	3,515.95	(3,709.17)
- Inventories	(2,704.45)	(6,336.33)
- Trade Payable and Other Liabilities	29,225.79	1,711.89
	30,139.40	(39,009.17)
Cash generated from Operations	456,009.63	417,117.35
Direct Taxes Paid (Net of tax refund)	(78,080.58)	(94,582.60)
Cash Flow before prior period	377,929.05	322,534.75
Prior period items (Cash items)	166.71	(522.50)
Net Cash Flow from Operating Activities 'A'	378,095.76	322,012.25
B. CASH FLOW FROM INVESTING ACTIVITIES:		
Purchase of Fixed Assets	(101,082.42)	(115,789.59)
Sale of Fixed Assets	7.28	140.00
Exploratory and Development Drilling	(199,047.62)	(166,340.67)
Sale of Investments	-	8,519.07
Advance/Investment in Joint Controlled Entities	(9,910.69)	(103.32)
Loan to Associates	337.88	263.07
Loan and advances to Subsidiary	6,941.01	5,566.41
Investments/Loans to Public Sector Undertakings and Other Bodies Corporate	(26,707.47)	83.03
Deposit in Site Restoration Fund	(11,770.38)	(9,505.49)
Dividend Received from Subsidiary/Associates	11.46	1,255.35
Dividend Received from Others	3,732.91	3,359.40
Interest Received	32,768.93	35,958.20
Net Cash Flow from Investing Activities 'B'	(304,719.11)	(236,594.54)

Cash Flow Statement for the year ended 31st March, 2014

(₹ in million)

	Year Ended 31 st March, 2014	Year Ended 31 st March, 2013
C. CASH FLOW FROM FINANCING ACTIVITIES:		
Repayment of Short Term Borrowings	-	(45,000.00)
Dividend Paid	(83,399.48)	(94,140.71)
Tax on Dividend	(14,170.69)	(15,060.43)
Interest Paid	(3.57)	(276.36)
Net Cash Flow from Financing Activities 'C'	(97,573.74)	(154,477.50)
Net increase/(decrease) in Cash and Cash Equivalents (A+B+C)	(24,197.09)	(69,059.79)
Cash and Cash Equivalents as at 1 st April, 2013 (Opening Balance)	132,185.86	201,245.65
Cash and Cash Equivalents as at 31 st March, 2014* (Note 24) (Closing Balance)	107,988.77	132,185.86
	(24,197.09)	(69,059.79)

* Includes restricted amount of ₹ 242.01million (Previous period ₹ 225.43 million) earmarked for payment of unclaimed dividend.

Notes:

- The above Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Accounting Standard (AS) 3 on Cash Flow Statements issued by The Institute of Chartered Accountants of India.
- Brackets indicate cash outflow/ deduction.
- Previous year figures have been re-grouped/re-classified wherever necessary to confirm to the current years presentation.

For and on behalf of the Board		
(N. K. Sinha) 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 29, 2014		

Notes to Financial Statements for the year ended 31st March, 2014

1. Corporate information

Oil and Natural Gas Corporation Limited ('ONGC' or 'the Company') is a public limited company domiciled in India and incorporated under the provisions of the Companies Act, 1956. Its shares are listed and traded on Stock Exchanges in India. The Company is engaged in exploration, development and production of crude oil and natural gas.

2. Significant Accounting Policies

a. Basis of preparation

The financial statements are prepared under the historical cost convention on accrual basis in accordance with Generally Accepted Accounting Principles (GAAP), applying the Successful Efforts Method as per the Guidance Note on Accounting for Oil and Gas Producing Activities (Revised) issued by the Institute of Chartered Accountants of India and Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 and provisions of the Companies Act, 1956.

As the operating cycle cannot be identified in normal course due to the special nature of industry, the same has been assumed to have duration of 12 months. Accordingly, all assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Revised Schedule VI to the Companies Act, 1956.

The financial statements are presented in Indian Rupees and all values are rounded to the nearest million except otherwise stated.

b. Use of Estimates

The preparation of financial statements requires estimates and assumptions which affect the reported amount of assets, liabilities, revenues and expenses of the reporting period. The difference between the actual results and estimates are recognized in the period in which the results are known or materialized.

c. Government Grant

Government Grant related to acquisition of Fixed Assets is treated as 'Deferred Government Grant' and an amount equal to proportionate depreciation of such assets is credited to the Statement of Profit and Loss.

d. Fixed Assets

d.1 Tangible Assets

d.1.1 Fixed assets are stated at historical cost less accumulated depreciation and impairment. Fixed assets received as donations/gifts are capitalised at assessed values with corresponding credit taken to Capital Reserve.

d.1.2 All costs, net of applicable tax credits, relating to acquisition of fixed assets till the time of bringing the assets to working condition for intended use are capitalised.

d.2 Intangible Assets

Intangible assets are stated at cost of acquisition, net of applicable tax credits, less accumulated amortization and impairment.

e. Exploration, Development and Production Costs

e.1 Pre-acquisition cost

Expenditure incurred before obtaining the right(s) to explore, develop and produce oil and gas are expensed as and when incurred.

e.2 Acquisition Cost

Acquisition costs of an oil and gas property are costs related to right to acquire mineral interest and are accounted/treated as follows:-

Exploration and Development stage:

Acquisition cost relating to projects under exploration or developments are initially accounted as capital work in progress. Such costs are capitalized by transferring to Producing Property when a well is ready to commence commercial production. In case of abandonment/ relinquishment, such costs are written off.

Production stage:

Acquisition costs of a producing oil and gas property are capitalized as proved property acquisition cost under producing properties and amortized over the production profile of the underlying asset using the unit of production method over proved reserves.

e.3 Survey Cost

Cost of Survey and prospecting activities conducted in the search of oil and gas are expensed as exploration cost in the year in which these are incurred.

e.4 Exploratory/ Development Wells in Progress

e.4.1 All exploration costs incurred in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially capitalized as Exploratory Wells in Progress till the time these are either transferred to Producing Properties on completion as per note no.2.f.1.1 or expensed as exploration cost (including allocated depreciation) as and when determined to be dry or of no further use, as the case may be.

e.4.2 Costs of exploratory wells are not carried unless there are indications of sufficient quantity of

reserves and sufficient progress is being made in assessing the reserves and the economic and operating viability of the project. All such carried costs are subject to review for impairment as per note no. 2.j.

e.4.3 All costs relating to Development Wells are initially capitalized as 'Development Wells in Progress' and transferred to 'Producing Properties' on "completion" as per note no.2.f.

f. Producing Properties

f.1.1 Producing Properties are created in respect of an area/field having proved developed oil and gas reserves, when the well in the area/field is ready to commence commercial production.

f.1.2 Cost of temporary occupation of land, successful exploratory wells, all development wells, depreciation on related equipment, facilities and estimated future abandonment costs are capitalised and reflected as Producing Properties.

g. Depletion of Producing Properties

Producing Properties are depleted using the "Unit of Production Method". The rate of depletion is computed with reference to an area covered by individual lease/license/asset/ amortization base by considering the proved developed reserves and related capital costs incurred including estimated future abandonment costs net of salvage value. Acquisition cost of Producing Properties is depleted by considering the proved reserves. These reserves are estimated annually by the Reserve Estimates Committee of the Company, which follows the International Reservoir Engineering Procedures.

h. Production Costs

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

i. Side tracking

i.1 The cost of abandoned portion of side tracked exploratory wells is expensed as 'Exploratory Well Cost'.

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

i.3 The cost of sidetracking in respect of existing producing wells is capitalised if it results in additional proved developed oil & gas reserves or increases the future economic benefits therefrom beyond previously assessed standard of performance, otherwise, expensed as 'Work over Expenditure'.

j. Impairment

j.1 Producing Properties, Development Wells in

Progress (DWIP), and Fixed Assets (including Capital Works in Progress) of a "Cash Generating Unit" (CGU) are reviewed for impairment at each Balance Sheet date. In case, events and circumstances indicate any impairment, recoverable amount of these assets is determined. An impairment loss is recognized, whenever the carrying amount of such assets exceeds the recoverable amount. The recoverable amount is higher of its 'value in use' or 'net selling price' (if determinable). In assessing value in use, the estimated future cash flows from the use of assets and from its disposal at the end of its useful life are discounted to their present value at appropriate rate.

An impairment loss is reversed if there is increase in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, is allocated to its assets on a pro-rata basis. Subsequent to impairment, depreciation is provided on the revised carrying value of the assets over the remaining useful life.

j.2 Impairment testing during exploratory phase is carried out at area level when further exploration activities are not planned in near future or when sufficient data exists to indicate that although a development in the specific area is likely to proceed, the carrying amount of the exploration asset is unlikely to be recovered in full from successful development or by sale. Impairment is reversed subsequently, to the extent that conditions for impairment are no longer present.

k. Abandonment Cost

k.1 The full eventual estimated liability towards costs relating to dismantling, abandoning and restoring well sites and allied facilities are recognized in respective assets when the well is complete / facilities are installed. The abandonment cost on dry well is expensed as exploratory well cost.

k.2 Provision for abandonment cost is updated based on the technical assessment at current costs. The effects of changes resulting from revisions to estimated liability are adjusted to the carrying amount of the related Asset and considered for depletion on a prospective basis.

l. Jointly Controlled Asset

The Company has Joint Ventures in the nature of Production Sharing Contracts (PSC) with the Government of India and various body corporates for exploration, development and production activities.

l.1 The company's share in the assets and liabilities along with attributable income and expenditure of

- the Jointly Controlled Assets is merged on line by line basis with the similar items in the Financial Statements of the Company and adjusted for depreciation, depletion, survey, dry wells, abandonment, impairment and sidetracking in accordance with the accounting policies of the Company.
- l.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.
- 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 up to Group Gathering Stations/platform and Natural Gas in Pipelines is not valued.
- n.3** Inventory of stores and spare parts is valued at weighted average cost or net realisable value, whichever is lower. Provisions are made for obsolete and non-moving inventories.
- n.4** Unserviceable and scrap items, when determined, are valued at estimated net realisable value.
- o. Revenue Recognition**
- o.1** Revenue from sale of products is recognized on transfer of custody to customers.
- o.2** Sale of crude oil and gas (net of levies) produced from Wells in Progress is deducted from expenditure on such wells.
- o.3** Sales are inclusive of all statutory levies except Value Added Tax (VAT). Any retrospective revision in prices is accounted for in the year of such revision.
- o.4** Revenue in respect of the following is recognized when there is a reasonable certainty regarding ultimate collection:
- Short lifted quantity of gas
 - Gas pipeline transportation charges
 - Reimbursable subsidies and grants
 - Surplus from Gas Pool Account
 - Interest on delayed realization from customers
 - Liquidated damages from contractors/suppliers
- o.5** Dividend income is recognized when right to receive is established. Interest income is recognized on time proportion basis taking into account the amount outstanding and rate applicable.
- p. Depreciation and Amortisation**
- p.1** Depreciation on fixed assets is provided for under the written down value method in accordance with the rates specified in Schedule XIV to the Companies Act, 1956.
- p.2** Depreciation on additions/deletions during the year is provided on pro rata basis with reference to the date of additions/deletions except items of plant and machinery used in wells with 100% rate of depreciation and low value items not exceeding ₹ 5,000/- which are fully depreciated at the time of addition.
- p.3** Depreciation on subsequent expenditure on fixed assets arising on account of capital improvement or other factors is provided for prospectively. Depreciation on refurbished/revamped assets which are capitalized separately is provided for over the reassessed useful life at rates which are not less than the rates specified in Schedule XIV to the Companies Act, 1956.
- p.4** Depreciation on fixed assets (including support equipment and facilities) used for exploratory/development drilling and on production facilities is initially capitalised as part of drilling cost or producing properties and expensed/depleted as stated in Note no. 2. f and 2.g above. Depreciation on equipment/ assets deployed for survey activities is charged to the Statement of Profit and Loss.
- p.5** Leasehold land is amortized over the lease period except perpetual leases.
- p.6** Intangible assets are amortized on Straight Line Method (SLM) over the useful life not exceeding five years from the date of capitalization.
- q. Foreign Exchange Transactions**
Transactions in foreign currencies are accounted for at the exchange rate prevailing on the date of the transaction. Foreign currency monetary assets and liabilities at the year-end are translated using mean exchange rate prevailing on the last day of the financial year. The loss or gain thereon and also the exchange differences on settlement of the foreign currency transactions during the year are recognized as income or expense and adjusted to the Statement of Profit & Loss except where such liabilities and/or transactions relate to fixed assets/ projects and these were incurred/ entered into before 1.4.2004 in which case, these are adjusted to the cost of respective fixed assets.
- r. Employee Benefits**
- r.1** All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.
- r.2** Employee benefits under defined contribution plans comprising provident fund etc. is recognized based on the undiscounted amount of obligations of the company to contribute to the plan. The same is paid to a fund administered through a separate trust.
- r.3** Employee benefits under defined benefit plans comprising of gratuity, leave encashment, compensated absences, post-retirement medical benefits and other terminal benefits are recognized based on the present value of defined benefit obligation, which is computed on the basis of actuarial valuation using the Projected Unit Credit Method. Actuarial Liability in excess of respective plan assets is recognized during the year. Actuarial gains and losses in respect of post-employment and other long-term benefits are recognized during the year.
- s. Voluntary Retirement Scheme**
Expenditure on Voluntary Retirement Scheme (VRS) is charged to the Statement of Profit & Loss when incurred.
- t. General Administrative Expenses**
General administrative expenses which are directly attributable are allocated to activities and the balance is charged to the Statement of Profit & Loss.
- u. Insurance claims**
The company accounts for insurance claims as under:-
- u.1** In case of total loss of asset, by transferring either the carrying cost of the relevant asset or insurance value (subject to deductibles), whichever is lower under the head "Claims Recoverable-Insurance" on intimation to Insurer. In case insurance claim is less than carrying cost, the difference is charged to the Statement of Profit & Loss.
- u.2** In case of partial or other losses, expenditure incurred/payments made to put such assets back into use, to meet third party or other liabilities (less policy deductibles) if any, are accounted for as "Claims Recoverable-Insurance". Insurance Policy deductibles are expensed in the year the corresponding expenditure is incurred.
- u.3** As and when claims are finally received from insurer, the difference, if any, between Claims Recoverable-Insurance and claims received is adjusted to the Statement of Profit & Loss.
- v. Research Expenditure**
Revenue expenses on Research are charged to the Statement of Profit & Loss, when incurred.
- w. Taxes on Income**
Provision for current tax is made as per the provisions of the Income Tax Act, 1961. Deferred Tax Liability / Asset resulting from 'timing difference' between book profit and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is recognized and carried forward only to the extent that there is reasonable certainty that the asset will be realized in future.
- x. Borrowing Costs**
Borrowing Cost specifically identified to the acquisition or construction of qualifying assets is capitalized as part of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to the Statement of Profit & Loss.
- y. Rig Days Costs**
Rig movement costs are booked to the next location drilled/planned for drilling. Abnormal Rig days' costs are considered as unallocable and charged to the Statement of Profit & Loss.
- z. Unamortised Expenditure**
Dry docking charges of Rigs/ Multipurpose Supply Vessels (MSVs), Geo Technical Vessels (GTVs), Well Stimulation Vessels, Offshore Supply Vessels (OSVs), Rig/equipment mobilization expenses and other related expenditure is amortized over the period of use not exceeding five years and the balance is carried under head "Unamortized Expenditure" in the Balance Sheet.
- za. Provisions, Contingent Liabilities and Contingent Assets**
Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an

outflow of resources embodying economic benefits. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent liabilities are disclosed by way of notes to account.

3. The company has changed the accounting policies to align with the Guidance Note on Accounting for Oil and Gas Producing Activities

(Revised) notified by the Institute of Chartered Accountants of India, with effect from 01.04.2013. This has resulted in an increase in profit before tax by ₹ 10,140.04 million. The detailed impact and adjustments resulting from such changes in policies have been disclosed in Note no. 8.1, 13.1, 13.2, 16.1(a), 16.1(b) and 16.1(c).

4. **Share Capital** (₹ in million)

Particulars	As at 31 st March, 2014	As at 31 st 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 31 st March, 2014		As at 31 st 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 the Share Holders	As at 31 st March, 2014		As at 31 st March, 2013	
	No. in million	% holding	No. in million	% holding
President of India	5,897.76	68.94	5,922.55	69.23
Life Insurance Corporation of India	666.70	7.79	662.85	7.75
Indian Oil Corporation Limited	657.92	7.69	657.92	7.69

- 4.4 Pursuant to the approval of the members dated 28.01.2011, during the financial year 2010-11, one equity share having face value of ₹ 10/- each had been sub-divided into two equity shares of ₹ 5/- each and bonus shares in proportion of one new equity bonus share of ₹ 5/- each for every one fully paid up equity share of ₹ 5/- each held on

09.02.2011 (record date) had been allotted. The company has issued total 4,277.75 million equity shares of face value of ₹ 5 each issued as fully paid up by way of bonus shares during the period of five years immediately preceding the reporting date.

- 4.5 **Shares reserved for issue under option** : Nil (previous year nil)

5. **Reserves and Surplus**

(₹ in million)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Capital Reserve (Note-5.1)		
As per last Balance Sheet	159.44	159.44
Deferred Government Grant (Note-2.c)		
a) As per last Balance Sheet	27.53	30.81
b) Less: Deduction during the year**	2.87	3.28
	24.66	27.53
General Reserve		
a) As per last Balance Sheet	1,201,567.67	1,086,599.46
b) Less: Impairment loss (net of deferred tax) [Note 16.1(a)]	3,143.02	-
c) Add: Transferred from Surplus	125,863.70	114,968.21
	1,324,288.35	1,201,567.67
Surplus		
a) As per last Balance Sheet	-	-
b) Add: Profit after Tax for the year	220,948.07	209,256.96
c) Less: Proposed Dividend (Note 5.2)	2,138.87	4,277.75
d) Less: Interim Dividend	79,138.31	76,999.41
e) Less: Tax on Dividend	13,807.19	13,011.59
f) Less: Transferred to General Reserve	125,863.70	114,968.21
	-	-
Total	1,324,472.45	1,201,754.64

** Represents the amount equivalent to depreciation transferred to the Statement of Profit and Loss.

- 5.1 Represents assessed value of assets received as gift.

- 5.2 The Board of Directors has recommended a final dividend of ₹ 0.25 per share (previous year ₹ 0.50 per share) which is subject to the approval of the shareholders in the ensuing Annual General Meeting over and above the interim dividend of ₹ 9.25 per share (Previous year ₹ 9.00 per share).

6. Deferred Tax Liabilities (Net)

Disclosure under Accounting Standard-22 on 'Accounting for Taxes on Income' is as under:

(₹ in million)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
(i) Liabilities		
Depletion of Producing Properties	218,766.58	177,977.15
Depreciation Allocated to Wells in Progress and expenses relating to NELP blocks	23,002.57	14,799.59
Unamortised Expenditure written off	3,718.06	5,050.44
Development Wells-in-Progress	10,052.58	12,045.58
Others	7,300.79	3,707.52
Total (i)	262,840.58	213,580.28
(ii) Assets		
Depreciation	19,978.75	13,710.84
Dry wells written off	18,340.46	10,650.76
Provision for Non Moving Inventories	1,876.75	1,584.30
Provision for Doubtful Debts/Claims/Advances/ Interest Accrued	4,270.17	9,501.06
Provision for Abandonment	38,633.84	24,029.48
Provision towards Additional Profit Petroleum & interest thereon	3,426.45	3,102.97
Provisions unpaid u/s 43B of Income Tax Act, 1961	766.87	14,894.03
Others*	9,760.51	7,227.03
Total (ii)	97,053.80	84,700.47
Deferred Tax Liability (Net) (i - ii)	165,786.78	128,879.81

*Includes ₹1,618.41 million (Previous Year Nil) created consequent to assessment of impairment during exploration phase as at 01.04.2013 in terms of the Guidance Note on Oil and Gas Producing Activities (Revised) as referred to in note no. 16.1

7. Other Long term Liabilities

(₹ in million)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Trade payables		
- Outstanding dues to Micro & Small Enterprises (Note 45)	-	-
- Outstanding dues to other than Micro & Small Enterprises	998.01	1,171.14
Others		
- Deposits from Suppliers and Contractors	31.23	52.48
- Liability for Capital Goods	88.60	79.70
- Liquidated Damages deducted	9,904.05	9,250.07
- Other Liabilities	828.28	688.28
Total	11,850.17	11,241.67

8. Long Term Provisions

(₹ in million)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Provision for Employee benefits (Note 35)		
Unavailed Leave (Note-35.1.2 & 35.1.3)	-	17,963.52
Post Retirement Medical & Terminal Benefits	28,536.99	26,228.20
Provision for Abandonment (Note 41 & 8.1)	228,022.08	177,051.63
Provision for Others (Note 41)	640.57	631.10
Total	257,199.64	221,874.45

8.1 Change in policy of accounting in respect of provision for abandonment net of salvage value to gross basis (refer accounting policy no. 2.k.1 has resulted in an increase in provision by ₹ 26,969.32 million with corresponding increase in producing

property by ₹ 26,729.88 million, Exploratory wells in Progress by ₹ 59.04 million, Development well in progress by ₹ 42.97 million and increase in expenditure of ₹ 137.43 million as at and for the year ended 31.03.2014.

9. Trade Payables

(₹ in million)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
- Outstanding dues to Micro & Small Enterprises (Note - 45)	81.44	3.60
- Outstanding dues to other than Micro & Small Enterprises	63,643.37	53,406.46
Total	63,724.81	53,410.06

10. Other current liabilities

(₹ in million)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Advance from Customers	26,202.83	3,910.08
Unclaimed Dividend (Note-10.1)	242.01	225.43
Liability for Capital Goods	18,926.10	27,977.03
Liability for Statutory Payments	18,110.13	18,622.15
Deposits from Suppliers and Contractors	6,914.34	3,759.73
Liability for Gratuity	-	60.84
Liability for Employees	9,414.76	6,511.95
Liability for Superannuation Benefits (Note 35.1.6)	427.31	20,204.79
Cash call payable to JV Partners	9,927.26	7,034.34
Liquidated damages deducted	10,666.22	9,061.49
Other Liabilities	18,430.69	14,858.73
Total	119,261.65	112,226.56

10.1 No amount is due for deposit in Investor Education and Protection Fund.

11. Short term provisions

(₹ in million)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Provision for Employees Benefits (Note-35)		
Unavailed Leave (Note- 35.1.2 & 35.1.3)	2,566.68	1,876.63
Post Retirement Medical & Terminal Benefits	2,092.56	1,637.19
Provision for Abandonment (Note-41 & 8.1)	417.11	402.82
Provision for Others		
Proposed Dividend	2,138.87	4,277.75
Tax on Proposed Dividend	363.50	727.00
Provision for Wealth tax	126.00	102.00
Less: Paid	58.82	67.18
		52.27
		49.73
Other Provisions (Note-41)	165.29	130.76
Total	7,811.19	9,101.88

Description	Gross Block			Accumulated Depreciation			Accumulated Impairment			Net Block		
	At 1 st April, 2013	Additions	Deletion/Adjustments	At 31 st March, 2014	For the year	Deletion/Adjustments	At 1 st April, 2013	For the year	Reclassification/Adjustments	Written back/Adjustments	At 31 st March, 2014	At 31 st March, 2013
Land Freehold	3,237.89	1,040.26	21.49	4,256.66	-	-	-	-	-	-	4,256.66	3,237.89
Land Leasehold	5,689.65	95.07	3.96	5,780.76	106.18	4.71	-	-	-	-	5,152.57	5,162.93
Building & Bunk Houses	18,767.39	3,965.76	92.11	22,641.04	1,118.52	14.43	87.40	38.45	0.01	-	12,632.73	9,901.61
Plant & Equipment	918,409.21	109,103.68	2,159.08	1,025,363.81	87,002.28	2,166.64	1,934.22	38.70	6.36	39.38	272,164.72	250,048.72
Furniture & Fixtures	6,802.37	392.00	219.59	6,974.78	503.81	141.74	11.95	0.59	0.07	0.18	2,424.67	2,614.67
Vehicles#	5,681.15	1,875.99	242.42	7,314.72	483.98	238.62	10.61	-	-	0.36	3,003.89	1,615.32
Office Equipment	5,253.01	1,886.79	774.96	6,364.84	686.26	774.20	22.65	0.69	1.78	0.13	2,656.65	1,455.66
Total	963,840.67	118,359.55	3,513.61	1,078,686.61	89,901.03	3,340.34	2,066.83	78.43	8.22	40.05	302,291.89	274,036.80
Previous Year	899,072.22	137,532.36	72,763.91	963,840.67	78,640.01	72,564.37	1,732.62	774.14	-	439.98	2,066.78	-
Share in Joint Ventures	67,697.26	6,421.52	29.24	74,089.54	5,749.19	13.14	797.53	24.20	-	-	18,756.30	-
Previous Year	62,754.08	4,998.97	55.79	67,697.26	5,060.87	54.77	182.52	615.01	-	-	797.53	18,124.27

Vehicles includes Survey Ships, Crew Boats and Helicopters. Vehicles also include cost of 10 immediate support vessels (ISV) amounting to ₹ 1,079.50 million (Previous year Nil) handed over to Indian Navy for manning, maintenance and operations.

Notes

- 12.1 Land includes lands in respect of certain projects for which execution of lease/conveyance deeds are in process.
 12.2 Registration of title deeds in respect of certain Buildings is pending execution.
 12.3 Depreciation for the year includes ₹ 48.02 million pertaining to prior period (Previous Year ₹ 8.99 million).
 12.4 Building includes cost of undivided interest in land.

13. Producing Properties

Particulars	As at		As at	
	31 st March, 2014		31 st March, 2013	
Gross Cost				
Opening Balance	1,146,652.17		1,018,980.62	
Transfer from Exploratory Wells-in-Progress	8,950.30		3,880.95	
Transfer from Development Wells-in-Progress	92,576.75		65,181.63	
Depreciation on Facilities	64,756.79		59,741.63	
Increase/(Decrease) in estimated Abandonment costs	52,578.56		(1,132.66)	
Other Adjustments	(59.05)	1,365,455.52	-	1,146,652.17
Less: Depletion & Impairment				
Depletion				
Opening Balance	618,948.25		552,657.94	
Depletion for the year (Note 13.3, 30 & 33)	85,076.96	704,025.21	66,290.31	618,948.25
Impairment				
Opening Balance	3,296.81		2,554.40	
Impairment provided during the year	417.20		742.41	
Write back of Impairment	(116.34)	3,597.67	-	3,296.81
Net Producing Properties		657,832.64		524,407.11

- 13.1 Change in policy of capitalising the cost of side tracking of producing wells, only if it results in increased proved developed reserves, to capitalising the cost if it results in increased proved developed reserves or future economic benefits therefrom beyond previously assessed standard of performance (refer accounting policy no. 2.i.3), has the impact of increase in profit before tax by ₹ 7,879.28 million with corresponding increase in Producing Properties by ₹ 7,328.59 million and Development Wells in Progress by ₹ 550.69 million for the year ended 31.03.2014.
- 13.2 Change in policy of transferring development wells to producing properties upon establishment of proved developed reserves and connectivity for production, to only upon establishment of proved developed reserves irrespective of connectivity, has the impact of decrease in profit before tax by ₹ 247.48 million on account of increase in depletion on Producing Properties capitalized from such
- 13.3 During the year, PMT JV has downgraded reserves for the Mid and South Tapti fields due to geological surprises. As a result, the production profile is envisaged only up to 2015-16 and the sale realization (net of statutory levies) will be transferred to Site Restoration Fund pursuant to the Profit Sharing Contract. Under these circumstances, the field has been fully depleted and depletion aggregating to ₹ 9,090.44 million has been charged to the Statement of Profit and Loss. Similarly, a provision for impairment of ₹ 441.87 million representing the salvage value of Tapti field and Capital Work in Progress in Tapti field has been made in the financial statements.
- 13.4 Development Wells in Progress (DWIP) 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.e.4.3)

14. Intangible Assets (₹ in million)

Application Software	Share in Joint Venture			
	As at 31 st March, 2014	As at 31 st March, 2013	As at 31 st March, 2014	As at 31 st March, 2013
Gross Block				
Opening Balance	6,300.68	6,051.08	92.76	99.61
Additions during the year	112.03	264.08	7.20	5.15
Deletions/Adjustments	54.92	14.48	-	12.00
Closing Balance	6,357.79	6,300.68	99.96	92.76
Amortisation				
Opening Balance	5,480.46	4,905.53	38.29	36.98
Provided during the year	409.37	589.39	16.64	13.29
Deletions/Adjustments	54.92	14.46	-	11.98
Closing Balance	5,834.91	5,480.46	54.93	38.29
Impairment				
Opening Balance	22.27	22.27	-	-
Provided during the year	-	-	-	-
Closing Balance	22.27	22.27	-	-
Net Block as at the year end	500.61	797.95	45.03	54.47

15. Capital Works-In-Progress (₹ in million)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
Acquisition Costs-E&P Asset (Note no.15.1)	28.59	
Buildings	4,605.30	3,641.65
Plant and Equipment (Note-15.2)	106,608.89	139,928.76
Capital Stores (including in transit)	7,686.30	3,032.07
Less: Provision for Non-Moving Items	77.51	117.65
	118,822.98	146,484.83
Less: Impairment		
Opening Balance	2,331.14	1,295.90
Provided during the year	686.78	1,377.05
Other adjustments	-	(22.13)
Write back of Impairment	(616.69)	(319.68)
	2,401.23	2,331.14
Net Capital Works-In-Progress	116,450.34	144,153.69

- 15.1 The company has paid a lump sum amount of ₹ 28.59 million (Previous year nil) as commercial bonus to MoP&NG, Government of India which is accounted as acquisition cost for acquiring the right of mining lease in CBM Block (NK-CBM-2001/1 & BK-CBM-2001/1)
- 15.2 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.

16. Exploratory/Development Wells in Progress (₹ in million)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
A) Exploratory Wells-In-Progress		
Gross Cost		
Opening Balance	86,489.94	67,443.65
Acquisition cost (Note - 16.2)	-	2,124.44
Expenditure during the year	116,872.08	96,509.46
Less : Sale proceeds of Oil and Gas {(Net of levies ₹ 148.65 million) (Previous year ₹ 53.60 million)}	470.54	123.05
	116,401.54	96,386.41
Depreciation during the year	2,506.44	1,335.06
	205,397.92	167,289.56
Less :		
Transfer to Producing Properties	8,950.30	3,880.95
Wells written off during the year	62,508.91	76,976.44
Other adjustments	(16.66)	(57.77)
	71,442.55	80,799.62
	133,955.37	86,489.94
Less : Provisions (Note-16.2)/Impairment (Note-16.1)	24,518.71	17,169.78
Exploratory Wells-In-Progress (A)	109,436.66	69,320.16
B) Development Wells-In-Progress		
Opening Balance	35,820.64	28,041.51
Expenditure during the year	85,188.40	70,118.36
Depreciation during the year	1,871.16	2,842.40
Less: Transfer to Producing Properties	92,576.75	65,181.63
	30,303.45	35,820.64
Less: Impairment		
Opening Balance	382.05	260.74
Provided during the year	264.47	121.31
Write back during the year	(34.00)	-
	612.52	382.05
Development Wells-In-Progress (B)	29,690.93	35,438.59
Exploratory/Development Wells-In-Progress (A+B)	139,127.59	104,758.75

- 16.1 (a) In accordance with policy no.2.j and as per the requirement of the Guidance Note on accounting for oil and gas producing activities (Revised), the company has carried out impairment testing of assets under exploratory phase (Exploratory Wells in Progress) as on 01.04.2013. Accordingly, an amount of ₹ 4,761.42 million has been accounted as provision for impairment with corresponding amount of ₹ 3,143.01 million (net of deferred tax of ₹ 1,618.41 million) has been adjusted against general reserves as on 01.04.2013.
- Further, impairment testing of assets under exploratory phase (Exploratory Wells in Progress) has been carried out as on 31.03.2014, and an additional amount of ₹ 2,546.46 million has been provided during the year 2013-14 as impairment

loss in the Statement of Profit & Loss.

- (b) Change in policy of expensing the cost of stratigraphic test wells (expendable wells) on their completion irrespective of their status, to carrying the cost of only those stratigraphic test wells having indications of sufficient quantity of reserves (refer accounting policy no. 2.e.4.1 & 2.e.4.2), has an impact of increase in profit before tax by ₹ 2,702.95 million with corresponding increase in Exploratory Wells in Progress during the year ended 31.03.2014.
- (c) Change in policy of expensing the cost of exploratory wells which are more than two years from date of completion of drilling to carrying the cost of only those exploratory wells having indications of sufficient quantity of reserves (refer accounting policy no. 2.e.4.2), has an impact of

16.2 increase in profit before tax by ₹ 2,489.18 million with corresponding increase in Exploratory Wells in Progress during the year ended 31.03.2014. During the Financial year 2004-05, the company had acquired 90% Participating Interest in Exploration Block KG-DWN-98/2 from M/s Cairn Energy India Ltd. for a lump sum consideration of ₹ 3,711.22 million which, together with subsequent exploratory drilling costs of wells had been capitalised under exploratory wells in progress. Initial in-place reserves have been established in this block and a conceptual development plan as part of the proposal for Declaration of commerciality (DOC) had been submitted on 21.12.2009 for Southern Discovery Area and on 15.07.2010 for Northern Discovery Area to the Management Committee (MC) for review as per original time lines. The exploration period of this block has been restructured by

Government upto 29.12.2013 in accordance with the Rig Holiday Policy and taking into account the delay in grant of PEL. Additional appraisal drilling along with exploratory drilling is in progress. During the financial year 2012-13, the company had acquired the remaining 10% participating interest in the block from M/s Cairn Energy India Ltd. on actual past cost basis for a consideration of ₹ 2,124.44 million. Revised DOC has been submitted on 26.12.2013 to Directorate of Hydrocarbon (DGH) for review. Further, the Company has applied to DGH for continuation of appraisal / drilling activities for a period of 2 years or till grant of ML. Pending final decision on the DOC by the MC, as a matter of abundant caution, the company has retained a provision of ₹ 17,210.82 million (Previous Year ₹ 17,169.79 million) towards acquisition costs and cost of exploratory wells.

17. Non-Current Investments

(₹ in million)

Particulars	No. of Shares/ Bonds/Units (fully paid)	Face Value per Share/ Bond/Unit (in ₹)	As at 31 st March, 2014	As at 31 st March, 2013
A. Trade Investments				
Investment in Equity Instruments				
(i) Investment in Subsidiaries				
(a) ONGC Videsh Limited-(Unquoted) (Note 17.3)	1,000,000,000 (500,000,000)	100	100,000.00	50,000.00
(b) Mangalore Refinery and Petrochemicals Limited (Quoted)	1,255,354,097 (1,255,354,097)	10	10,405.73	110,405.73
(10,405.73)				60,405.73
(ii) Investment in Associate				
(a) Pawan Hans Limited (formerly known as "Pawan Hans Helicopter Ltd") (Unquoted) Extent of holding 49% (previous year 49%)	120,350 (120,350)	10,000	1,203.50	1,203.50
(iii) Investment in Joint Venture Companies Unquoted				
(a) Petronet MHB Limited.	157,841,000 (157,841,000)	10	1,578.41	1,578.41
(b) Mangalore SEZ Limited.	13,000,000 (13,000,000)	10	130.00	130.00
(c) ONGC Mangalore Petrochemicals Limited (Note-17.1)	23,000 (23,000)	10	0.23	0.23
(d) ONGC Petro Additions Limited (Note-17.1)	997,955,639 (637,450,640)	10	9,979.55	6,374.51

Particulars	No. of Shares/ Bonds/Units (fully paid)	Face Value per Share/ Bond/Unit (in ₹)	As at 31 st March, 2014	As at 31 st March, 2013
(e) ONGC Teri Biotech Limited	24,990 (24,990)	10	0.25	0.25
(f) ONGC Tripura Power Company Limited (Note-17.1) - Fully Paid	267,489,998 (267,489,998)	10	2,674.90	2,674.90
(g) Dahej SEZ Limited	23,025,000 (23,025,000)	10	230.25	230.25
Quoted				
Petronet LNG Limited.	93,750,000 (93,750,000)	10	987.50	15,581.09
987.50				11,976.05
(iv) Investment in Others				
(a) Indian Oil Corporation Limited (Quoted)	334,303,814 (212,906,190)	10	40,427.97	13,720.49
(b) GAIL (India) Limited (Quoted)	61,259,323 (61,259,323)	10	2,451.06	2,451.06
(c) Oil Spill Response Limited (Unquoted) (Note-17.2)	100 (100)		0.01	42,879.04
0.01				16,171.56
Total (A)			170,069.36	89,756.84
B. Non-trade investments Investment in Government or Trust Securities (Unquoted)				
8.40% Gol Special Bonds 2025	197,370 (197,370)	10,000	1,973.70	1,973.70
Total (B)			1,973.70	1,973.70
Total Non-current Investment (A+B)			172,043.06	91,730.54
Total Quoted Investments			54,272.26	27,564.78
Total Unquoted Investments			117,770.80	64,165.76
			172,043.06	91,730.54
Total Market Value of Quoted Investments			189,917.38	154,356.08

- 17.1 Company is restrained from diluting the investment in the respective companies till the sponsored loans are fully repaid as per the covenants in the loan agreements.
- 17.2 Shares of Oil Spill response limited valued at GBP one each at the time of issuance. Total value in INR at the time of issuance of shares was ₹ 6,885/-.
- 17.3 Loan to ONGC Videsh limited (wholly owned subsidiary) amounting to ₹ 50,000 million (previous year ₹ 40,000 million) has been converted into 500 million (previous year 400 million) fully paid Equity Shares of ₹ 100 each.

Particulars	(₹ in million)	
	As at 31 st March, 2014	As at 31 st March, 2013
18. Long Term Loans and Advances		
(Unsecured, considered good unless otherwise stated)		
Capital Advances	65.39	274.96
Deposits		
With Customs/Port Trusts etc.	22.96	23.25
Others		
- Considered Good	3,251.90	3,623.35
- Considered Doubtful	629.88	608.06
	3,904.74	4,254.66
Less : Provision for Doubtful Deposits	629.88	608.06
	3,274.86	3,646.60
Advances to Related Party against Equity pending allotment (Note 37.3.1)	18,834.11	12,528.46
Loans & Advances to Subsidiaries (Note 17.3)	92,343.43	151,398.41
Loans to Public Sector Undertakings		
- Considered Good	-	-
- Considered Doubtful	240.50	240.50
Less : Provision for Doubtful Loans	240.50	240.50
Loans & Advances to Associate (Secured)	367.84	745.33
Loans and Advances to Employees (Note-18.1)		
- Secured and Considered Good	7,612.28	7,253.06
- Unsecured and Considered Good	502.58	492.70
- Unsecured and Considered Doubtful	1.73	7.75
Less : Provision for Doubtful Loans/Advances	1.73	7.75
	8,114.86	7,745.76
Advance Recoverable in Cash or in kind or value to be received		
- Considered Good (Note 18.3)	7,354.33	9,690.80
- Considered Doubtful (Note-18.2)	13,141.40	13,044.32
Less : Provision for Doubtful Claims/Advances	13,141.40	13,044.32
	7,354.33	9,690.80
Cash Call Receivable from JV Partners		
- Considered Good	340.27	257.27
- Considered Doubtful	6,245.07	5,920.29
Less : Provision for Doubtful Claims/Advances	6,245.07	5,920.29
	340.27	257.27
MAT Credit Entitlement	2,800.00	-
Advance Payment of Income Tax	329,320.26	381,410.63
Less: Provision for Income Tax	281,031.74	345,969.76
	48,288.52	35,440.87
Total	181,783.61	221,728.46

18.1 Loans and advances to employees include an amount of ₹ 0.37 million (Previous Year ₹ 0.50 million) outstanding from whole time directors.

18.2 In Ravva Joint Venture, the demand towards additional profit petroleum raised by the Government of India (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 (₹ 3,296.09 million)] from the company in earlier years which has been carried as recoverable under Long Term Loans and advances in the Balance Sheet as at 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.

18.3 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. BGEPIIL 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 MoP&NG has advised ONGC not to participate in the arbitration initiated by RIL & BGEPIIL under Panna, Mukta & Tapti PSC's. MoP&NG has also stated that in case of an arbitral award, the same will be applicable to ONGC also as a constituent of the contractor for both the PSC's. Pending final arbitral award, the same has been shown as Receivable from GoI under 'Advance Recoverable in Cash or kind or value to be received' under Long Term Loans and Advances. (Figures in INR is reinstated)

19. Deposit under Site Restoration Fund Scheme:

A sum of ₹ 113,101.59 million till 31.03.2014 (previous year ₹ 101,331.21 million) has been deposited with banks under section 33ABA of the Income Tax Act, 1961 and can be withdrawn only for the purposes specified in the Scheme i.e. towards removal of equipments and installations in a manner agreed with Central Government pursuant to an abandonment plan to prevent hazards to life, property, environment etc. This amount is considered as restricted cash and hence not considered as 'cash and cash equivalents'.

20. Other Non-Current Assets (₹ in million)				
Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
(Unsecured, Considered Good unless otherwise stated)				
A. Long Term Trade Receivables				
- Considered Good	863.62		1,017.68	
- Considered Doubtful	947.99		16,664.14	
Less : Provision for doubtful receivables	947.99	863.62	16,664.14	1,017.68
B. Other Receivables				
- Considered Good	14.17		14.01	
- Considered Doubtful	521.48		528.25	
Less : Provision for doubtful receivables	521.48	14.17	528.25	14.01
C. Interest Accrued				
- On Employee Loans and Advances (Secured)		2,951.13		2,872.26
On Deposits	26.40		20.57	
On Other Loans & Advances				
- Considered Good	100.32		86.12	
- Considered Doubtful	41.89		41.89	
	168.61		148.58	
Less : Provision for doubtful interest accrued	41.89	126.72	41.89	106.69
D. Unamortised Expenditure				
- Dry Docking Charges	6,621.33		9,026.80	
- Mobilisation Charges	742.99	7,364.32	1,016.09	10,042.89
Total Other Non-Current Assets		11,319.96		14,053.53

21. Inventories* (₹ in million)				
Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
Raw Materials (Condensate)	4.61		2.64	
Finished Goods (Note 21.1)	6,997.45		8,040.10	
Traded Goods	0.61		0.76	
Stores and spare parts				
- on hand	51,995.52		50,070.09	
- in transit (including inter-project transfers)	5,111.51		3,299.14	
	57,107.03		53,369.23	
Less: Provision for non-moving items	5,411.10	51,695.93	4,543.43	48,825.80
Unserviceable Items		126.81		174.64
Total		58,825.41		57,043.94

*valued as per accounting policy no. "n"

21.1 This includes an amount of ₹ 3.66 million (previous year ₹ 0.56 million) in respect of Carbon Credits.

22. Trade Receivables (₹ in million)				
Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
(Unsecured, Considered Good unless otherwise stated)				
- Outstanding for a period exceeding six months from the due date	3,396.05		3,634.93	
- Others	78,260.65		65,002.28	
Total		81,656.70		68,637.21

23. Cash and Cash Equivalents (₹ in million)				
	As at 31 st March, 2014		As at 31 st March, 2013	
Balances with Banks	1,388.09		1,742.54	
Cash on Hand	6.27		7.90	
Short Term Investment in Mutual Funds	12,052.40		-	
Bank Deposits (Note-23.1)	94,300.00		130,210.00	
Unclaimed Dividend Account (Note-23.2)	242.01		225.42	
Total		107,988.77		132,185.86

23.1 The deposits maintained by the company with banks comprise time deposit, which can be withdrawn by the company at any point without prior notice or penalty on the principal.

23.2 Amount deposited in unclaimed dividend account is earmarked for payment of dividend and cannot be used for any other purpose.

24. Short Term Loans and Advances (₹ in million)				
Particulars	As at 31 st March, 2014		As at 31 st March, 2013	
(Unsecured, Considered Good unless otherwise stated)				
Deposits				
With Customs/Port Trusts etc.	4.49		4.84	
Others (Note no. 24.1)	4,809.69	4,814.18	1,376.02	1,380.86
Loans to Associate (Secured)		350.45		310.84
Loans to Subsidiaries		6,857.20		4,778.57
Receivable from Subsidiaries		810.87		775.53
Loans to Public Sector Undertakings		-		-
Loans and Advances to Employees (Note 24.2)				
Secured and Considered good	2,030.47		1,919.81	
Unsecured and Considered good	473.78	2,504.25	391.51	2,311.32
Cash Call Receivable from JV Partners		8,389.09		10,153.00
Advance Recoverable in Cash or in kind or value to be received		19,943.56		17,311.12
Total		43,669.60		37,021.24

24.1 Includes ₹ 2,092.23 million towards differential royalty being deposited from 1st February, 2014 as per the interim order of the Hon'ble Supreme Court of India. (also refer Note no. 42.3.2)

24.2 Loans and advances to employees include an amount of ₹ 0.13 million (Previous Year ₹ 0.39 million) outstanding from whole time directors.

25. Other Current Assets		(₹ in million)	
Particulars	As at 31 st March, 2014	As at 31 st March, 2013	
Secured, considered good			
Interest on Loan to Associate	-	9.86	
Interest accrued on Employee Loans and Advances	<u>246.15</u>	<u>216.65</u>	226.51
Unsecured, considered good			
Interest Accrued			
- On Investments	<u>1.38</u>	<u>1.38</u>	
- On Deposits	<u>1,270.20</u>	<u>3,566.23</u>	
- On Loans & Advances	<u>24.92</u>	<u>5.62</u>	3,573.23
Unamortised Expenditure			
- Dry Docking Charges	<u>2,933.68</u>	<u>3,783.05</u>	
- Mobilisation Charges	<u>640.69</u>	<u>1,032.64</u>	4,815.69
Other Current Assets *		<u>1,175.50</u>	764.95
Total		<u>6,292.52</u>	<u>9,380.38</u>

* Includes receivable of ₹ 442.80 million from gratuity trust as funded status is more than obligation.

26. Revenue From Operations		(₹ in million)	
Particulars	2013-14	2012-13	
A. Sale of Products			
Own Products	<u>873,702.43</u>	<u>858,422.19</u>	
Less :- Transfer to Wells in Progress {includes levies of ₹148.65 million (Previous year ₹53.60 million)}	<u>522.58</u>	<u>164.55</u>	
Less :- Government of India's (Gol's) share in Profit Petroleum	<u>38,526.99</u>	<u>32,586.55</u>	
	<u>834,652.86</u>	<u>825,671.09</u>	
Traded Products	<u>44.42</u>	<u>43.16</u>	825,714.25
B. Other Operating Revenue			
Contractual Short Lifted Gas Receipts (Note 26.5)	<u>80.21</u>	<u>51.72</u>	
Pipeline Transportation Receipts	<u>691.61</u>	<u>826.90</u>	
North-East Gas Subsidy (Note 26.6)	<u>2,366.91</u>	<u>2,122.91</u>	
Surplus from Gas Pool Account (Note 26.7)	<u>3,720.47</u>	<u>3,597.73</u>	
Production Bonus	<u>57.29</u>	<u>147.90</u>	
Processing Charges	<u>414.03</u>	<u>628.17</u>	7,375.33
Total	<u>842,027.80</u>	<u>833,089.58</u>	

26.1 In terms of the decision of Government of India (GOI), the company has shared under-recoveries of Oil Marketing Companies (OMCs) on price sensitive products viz. Diesel, Domestic LPG and PDS Kerosene for the year 2013-14 by extending the discount in the prices of Crude Oil, Domestic LPG and PDS Kerosene based on the rates of discount communicated by Petroleum Planning and Analysis Cell (PPAC) and Ministry of Petroleum and Natural Gas (MoP&NG). The impact of discount is as under:

Decrease in		(₹ in million)	
	2013-14	2012-13	
Gross Revenue	<u>563,842.85</u>	<u>494,206.50</u>	
Less: Value Added Tax (VAT)	<u>17,841.84</u>	<u>14,114.40</u>	
Sales Revenue	<u>546,001.01</u>	<u>480,092.10</u>	
Less: Statutory Levies	<u>68,440.26</u>	<u>59,502.49</u>	
Profit Before Tax	<u>477,560.75</u>	<u>420,589.61</u>	

- 26.2 Crude Oil Sales Agreements (COSA) with Mangalore Refinery and Petrochemicals Ltd. (MRPL) has been signed on 31st July, 2013. Since the COSA is made effective from 1st April, 2010, necessary adjustments amounting to ₹ 1,118.85 million for the years 2010-11 to 2012-13 considering the revised crude price for supplies made to MRPL for the period from 1st April, 2010 to 31st March, 2013 have been made in books of accounts during Financial Year 2013-14, by way of issue of credit notes.
- 26.3 For Crude Oil produced in Assam, sales revenue is based on the pricing formula provided by MoP&NG. Revenue from rest of nominated crude is accounted in terms of Crude Oil Sales Agreements (COSAs) already signed and made effective from 1st April 2010.
- 26.4 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. 1st 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 ₹ 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.
- 26.5 Recognition of revenue on account of Short Lifted Gas amounting to ₹ 1,253.74 million (Previous Year ₹ 571.42 million) has been postponed. This will be recognized when there is reasonable certainty regarding ultimate collection as per the policy of the company.
- 26.6 For APM consumers in North-East, consumer price is 60% of the producer price, i.e., US\$ 2.52/ mmbtu inclusive of royalty and the difference between producer price and consumer price is paid to the company through Gol Budget up to allocated quantity and shown as 'North-East Gas Subsidy.'
- 26.7 The company is supplying majority of Natural gas to Gas Authority of India Limited (GAIL) which also purchases gas from other sources and sells to APM and non-APM consumers. Based on the Government directives, excess in Gas Pool Account at the end of financial year is transferred to ONGC / OIL in accordance with their contribution. Based on the details received from GAIL, an amount of ₹ 3,508.10 million (Previous year ₹ 3,700.00 million) for Gas Pool Receipts for the current year, ₹ 212.37 million (Previous year ₹ 339.23 million) on account of interest on Gas Pool Account and a reversal of nil (Previous year ₹ 441.50 million) has been considered as 'Surplus from Gas Pool Account'.

26.8 Quantitative Details of Sales Revenue

Products	Unit	2013-14		2012-13	
		Quantity	Value (₹ in million)	Quantity	Value (₹ in million)
Crude Oil*	MT	23,605,821	561,680.71	23,685,176	562,494.60
Less: From Exploratory areas		2,339	61.63	6,372	122.10
Less: Government of India's share in Profit Petroleum			35,885.46		29,103.95
Natural Gas*	000M ³	19,632,724	186,393.70	20,160,374	168,925.00
Less: From Exploratory areas		51,398	460.95	5,274	42.45
Less: Government of India's share in Profit Petroleum			2,641.53		3,482.60
Liquified Petroleum Gas	MT	1,073,413	30,145.14	1,004,721	31,483.86
Naphtha	MT	1,378,894	75,742.79	1,519,702	76,804.48
Ethane/Propane	MT	428,399	14,836.58	425,450	13,439.58
Superior Kerosene Oil	MT	85,187	2,779.17	105,623	3,686.34
Low Sulphur Heavy Stock	MT	28,455	1,295.06	24,394	1,062.53
High Speed Diesel (HSD)	MT	8,369	522.43	2,861	170.22
HSD incl. ULS HSD (Trading)	KL	54	2.95	21	1.16
Motor Spirit (Trading)	KL	542	41.06	559	41.56
Aviation Turbine Fuel (ATF)	MT	3,301	220.03	5,400	317.50
Liquid Diesel Oil		26	1.70	-	-
Mineral Turpentine Oil	MT	1,137	78.02	474	31.29
Others			7.51		7.23
Total			834,697.28		825,714.25

*Quantity includes share from Joint Ventures

27. Other Income

(₹ in million)

Particulars	2013-14	2012-13
Interest on:		
Long Term Investments	165.79	427.52
Deposits with Banks/PSUs	15,125.80	18,474.71
{(Tax deducted at source ₹ 1,511.30 million; Previous year ₹ 1,855.29 million)}		
Loans and Advances to Subsidiaries and Associate	4,937.52	3,508.58
{(Tax deducted at source ₹ 944.11 million; Previous year ₹ 343.91 million)}		
Loans and Advances to Employees	473.44	433.94
Income Tax Refund	2,395.49	94.86
Site Restoration Fund Deposit	9,432.74	8,303.24
Delayed Payment from Customers and Others	475.45	185.34
{(Tax deducted at source ₹ 126.14 million; Previous year ₹ 58.00 million)}		
Dividend Income from:		
Investment in Subsidiaries/Associates	11.46	1,255.35
Other Long Term Investments	2,173.11	1,893.12
Short Term -Debt Mutual Funds	1,559.80	1,466.28
	3,744.37	4,614.75
Other Non Operating Income		
Excess Provisions written back (Note 26.4)	16,328.86	5,323.57
Liabilities no longer payable written back	2,836.39	5,522.81
Contractual Receipts	1,310.16	158.74
Profit on sale of Investments	23.59	-
Miscellaneous Receipts	9,882.39	7,319.36
	30,381.39	18,324.48
Total	67,131.99	54,367.42

28. (Increase)/Decrease in Inventories

(₹ in million)

Particulars	2013-14	2012-13
Closing Stock- Finished Goods and Stock in Trade	6,998.06	8,040.86
Opening Stock- Finished Goods and Stock in Trade	8,040.86	7,810.64
(Increase)/Decrease in Inventories	1,042.80	(230.22)

28.1 Details of Opening and Closing Inventories:

Particulars	Unit	As at 31.03.2014		As at 31.03.2013	
		Quantity	Value (₹ in million)	Quantity	Value ₹ in million)
Opening stock					
Crude Oil*	MT	977,410	7,341.29	1,013,741	7,371.16
Liquefied Petroleum Gas	MT	15,529	108.60	11,997	74.44
Naphtha	MT	91,829	482.04	75,868	294.64
Ethane/Propane	MT	477	7.32	586	8.47
Superior Kerosene Oil	MT	9,520	28.26	6,765	1.66
Aviation Turbine Fuel	MT	1,204	8.60	1,192	9.08
Low Sulphur Heavy Stock	MT	565	9.34	456	7.31
High Speed Diesel	MT	4,286	37.95	4,102	25.79
Propane	MT	90	0.34	120	0.43
Mineral Turpentine Oil	MT	164	3.24	76	1.35
High Speed Diesel **	KL	5	0.26	15	0.62
Motor Spirit**	KL	8	0.49	9	0.53
Carbon Credits	Units	10,508	0.56	10,508	0.56
Others			12.57		14.60
Total			8,040.86		7,810.64
Closing stock					
Crude Oil*	MT	1,091,633	6,554.46	977,410	7,341.29
Liquefied Petroleum Gas	MT	10,230	49.39	15,529	108.60
Naphtha	MT	70,545	294.70	91,829	482.04
Ethane/Propane	MT	650	11.01	477	7.32
Superior Kerosene Oil	MT	8,690	30.95	9,520	28.26
Aviation Turbine Fuel	MT	1,775	11.83	1,204	8.60
Low Sulphur Heavy Stock	MT	102	1.64	565	9.34
High Speed Diesel	MT	2,463	20.55	4,286	37.95
Propane	MT	-	-	90	0.34
Mineral Turpentine Oil	MT	144	2.79	164	3.24
High Speed Diesel **	KL	10	0.48	5	0.26
Motor Spirit**	KL	1	0.13	8	0.49
Carbon Credits	Units	140,277	3.66	10,508	0.56
Others			16.48		12.57
Total			6,998.06		8,040.86

* Includes Corporation's share in stock of Joint venture.

** Purchased for trading.

29. Production, Transportation, Selling And Distribution Expenditure

(₹ in million)

Particulars	2013-14	2012-13
Royalty	114,889.79	108,094.31
Cess	99,736.74	99,970.75
National Calamity Contingent Duty	1,097.40	1,101.05
Excise Duty on stock (Net) (Note-29.1)	(48.87)	57.10
Sales Tax	3,122.96	3,834.14
Service Tax	438.76	352.81
Education cess	2,348.31	3,111.09
Octroi and Port Trust Charges	4,896.60	4,057.30
Staff Expenditure	19,356.57	19,452.24
Work over Operations	20,944.08	19,135.41
Water Injection, Desalting and Demulsification	11,794.01	12,854.60
Consumption of Stores and Spares	5,753.24	4,219.45
Consumption of Raw Materials	887.53	1,878.42
Pollution Control	6,189.78	5,901.46
Transport Expenses	3,971.37	3,517.40
Insurance	2,090.83	1,444.17
Power and Fuel	1,935.40	1,705.52
Repairs and Maintenance	9,143.15	8,454.43
Contractual payments including Hire charges etc.	14,403.13	9,365.62
Other Production Expenditure	5,100.75	4,740.74
Transportation and Freight of Products	11,559.67	11,821.98
Research and Development	6,014.37	6,002.02
General Administrative Expenses	38,236.23	33,257.04
Exchange Loss (Net)	1,020.68	921.53
Other Expenditure	8,452.42	10,088.31
Total	393,334.90	375,338.89

29.1 Excise duty on sale of product has been deducted from Sales revenue and Excise duty shown above represents the difference between Excise duty on opening and closing stock of finished goods.

29.2 Details of Nature wise Expenditure

Particulars	₹ in million	
	2013-14	2012-13
Manpower Cost (Note - 29.2.1)		
(a) Salaries, Wages, Ex-gratia etc.	64,241.44	68,170.10
(b) Contribution to Provident and other funds	9,026.52	4,459.99
(c) Provision for gratuity	(495.95)	61.15
(d) Provision for leave	5,153.04	5,321.12
(e) Provision for Post Retirement Medical & Terminal Benefits	2,721.44	7,487.18
(f) Staff welfare expenses	23,404.04	17,802.12
Sub Total:	104,050.53	103,301.65
Consumption of Raw materials, Stores and Spares (Note - 42.6)	51,246.56	41,960.50
Cess	99,737.56	99,971.66
National Calamity Contingent Duty	1,097.39	1,101.05
Excise Duty	3,076.23	3,093.46
Royalty	114,889.82	108,166.71
Sales Tax	3,122.99	3,836.02
Octroi and Port Trust Charges	4,896.64	4,057.75
Service Tax	438.76	352.81
Education cess	2,349.09	3,115.73
Rent	3,454.80	3,634.99
Rates and taxes	93.86	88.45
Hire charges of equipments and vehicles	142,686.33	121,363.98
Power, fuel and water charges	3,807.67	3,349.63
Contractual drilling, logging, workover etc.	58,279.47	44,013.36
Contractual security	4,030.52	3,532.55
Repairs to building	726.24	961.99
Repairs to plant and machinery	5,737.39	5,987.84
Other repairs	2,410.41	1,906.75
Insurance	4,064.91	3,055.39
Expenditure on Tour / Travel	3,709.08	3,381.32
Contribution	1,805.31	2,073.91
Exchange Loss (Net)	1,020.68	921.53
Miscellaneous expenditure (Note - 29.2.2)	15,369.70	14,252.06
	632,101.94	577,481.10
Less:		
Allocated to exploration, development drilling, capital jobs, recoverables etc.	233,032.75	198,880.04
Excise duty adjusted against sales revenue	3125.09	3,036.25
Prior Period Adjustment	2609.21	225.92
Production, Transportation, Selling and Distribution Expenditure	393,334.90	375,338.89

29.2.1 During the previous year, the Company had recognised additional liability of ₹ 5,079.53 million towards revision in Long Service Rewards Scheme. Further, in terms of DPE guidelines, the company had also recognized liability of ₹ 18,504.79 million towards superannuation benefits to employees. These had been allocated to activities as per the policy of the company.

29.2.2 An amount of ₹ 16,108.86 million has been provided during quarter ended 30th June, 2013 (Cumulative ₹ 16,108.86 million till 31st March, 2014) towards contribution for conversion of Post Retirement Benefit Scheme (PRBS) from Defined Benefit Scheme to Defined Contributory Scheme based on guidelines of Department of Public Enterprise. The said amount has been allocated to different activities as per the policy of the Company.

29.2.3 Miscellaneous Expenditure in Note no 29.2 includes Statutory Auditors Remuneration as under:

Particulars	₹ in million	
	2013-14	2012-13
Payment to Auditors (including service tax)		
Audit Fees	11.24	11.24
Certification and Other Services	11.68	8.97
Travelling and Out of Pocket Expenses	21.44	16.02
Total	44.36	36.23

29.3 The expenditure incurred by various in house R&D institutes on scientific research eligible for deduction under section 35(2AB) of Income Tax Act, 1961 is as under:

Particulars	₹ in million	
	2013-14	2012-13
Capital Expenditure	213.31	118.66
Revenue Expenditure	5,296.06	5,263.16

30. Depreciation, Depletion, Amortization and Impairment

Particulars	₹ in million	
	2013-14	2012-13
Depletion	85,106.88	66,290.31
Depreciation & Amortisation	90,262.39	79,220.40
Less : Allocated to :		
Exploratory Drilling (Note - 16)	2,506.43	1,335.06
Development Drilling (Note - 16)	1,871.16	2,842.40
Depreciation on Facilities (Note - 13)	64,756.79	59,741.63
Others	162.25	113.94
	20,965.76	15,187.37
Impairment Loss (Note - 40 & 13.3)		
Provided during the year	3,993.34	3,014.50
Less: Reversed during the year	807.08	756.47
	3,186.26	2,258.03
Total	109,258.90	83,735.71

31. Finance Cost

Particulars	₹ in million	
	2013-14	2012-13
i) Interest Expense	3.18	276.04
ii) Others	0.39	0.32
Total	3.57	276.36

32. Provisions and Write Offs (₹ in million)

Particulars	2013-14	2012-13
Provisions		
For Doubtful Debts	130.55	16,855.66
For Doubtful Claims/Advances	771.45	1,247.72
For Diminution in value of Investment	-	(375.68)
For Non-Moving Inventories	976.04	927.08
For Others	96.16	65.01
Sub-Total	1,974.20	18,719.79
Write-offs		
Disposal/Condemnation of Fixed Assets (Net)	157.79	56.80
Claims/Advances	1.20	1.76
Inventory	55.31	84.83
Bad debts	129.96	1,101.31
Less: Provisions	129.96	1,101.31
Others	-	0.02
Sub-Total	214.30	143.41
Total	2,188.50	18,863.20

33. Adjustments Relating to Prior Period (Net) (₹ in million)

Particulars	2013-14	2012-13
A. Expenditure		
Statutory levies	-	40.47
Other production, selling & distribution expenditure	(255.98)	173.02
Excess Abandonment Provision written back (Refer Note No. 41)	(2,353.23)	-
Exchange Rate Difference	-	(58.47)
Interest -Others	-	12.43
Survey	(6.30)	0.47
Dry Wells	82.55	455.38
Depletion	(29.93)	-
Depreciation	48.02	8.99
Sub-Total	(2,514.87)	632.29
B. Income		
Sales	(13.36)	(193.96)
Interest -Others	0.22	3.22
Other Income	0.13	291.54
Sub-Total	(13.01)	100.80
Total (A-B)	(2,501.86)	531.49

34. Earning Per Equity Share

Particulars	2013-14	2012-13
Net Profit after Tax (₹ in million)	220,948.07	209,256.96
Weighted average number of equity shares (No. in million)	8,555.49	8,555.49
Basic & Diluted earnings per equity share (₹)	25.83	24.46
Face Value per equity share (₹)	5.00	5.00

35. Disclosure under the Revised Accounting Standard -15 on "Employee Benefits"

35.1 Brief Description: A general description of the type of Employee Benefits Plans is as follows:

35.1.1 All the employee benefit plans of the Company are run as Group administration plans (Single Employer Scheme) including employees seconded to ONGC Videsh Limited (OVL), 100% subsidiary.

35.1.2 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

During the year, the Company has changed the Earned leave benefit scheme from unfunded to funded scheme. Scheme is funded through Life Insurance Corporation of India. (LIC).

35.1.3 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.

During the year, the Company has changed the Earned leave benefit scheme from unfunded to funded scheme. Scheme is funded through Life Insurance Corporation of India. (LIC).

35.1.4 Gratuity

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

35.1.5 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.

35.1.6 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 gold coins also, depending upon their level and years of service.

35.1.7 In terms of DPE Guidelines, The Company has formulated a Post-Retirement Benefit Scheme (PRBS) as a defined contribution scheme.

35.2 The amounts recognized in the financial statements for defined contribution plans are as under:

(₹ in million)

Defined Contribution Plans	Amount recognized during the period	Contribution for Key Management Personnel
Contributory Provident Fund (CPF)	3,544.51 (3,287.18)	1.27 (1.12)
Employee Pension Scheme-95 (EPF)	208.54 (209.54)	0.02 (0.01)
Composite Social Security Scheme (CSSL)	633.09 (963.27)	0.14 (0.16)
Post Retirement Benefit Scheme (PRBS)	20,747.66 (18,504.79)	1.59 (NA)

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

(₹ in million)

SI No.	Particulars	Gratuity	Leave	Post-Retirement Medical Benefits	Terminal Benefits
1.	Present Value of Funded Obligation	20,890.48 (21,067.89)	21,867.14 (19,840.15)	NA	NA
2.	Present Value of Unfunded Obligation	-	-	24,319.03 (21,562.76)	6,310.52 (6,302.64)
3.	Fair Value of Plan Assets	21,333.28 (21,079.98)	19,300.46	NA	NA
4.	Unrecognized Past Service Cost	-	-	-	-
5.	Net Obligation	-442.80 (-12.09)	2,566.68 (19,840.15)	24,319.03 (21,562.76)	6,310.52 (6,302.64)
6.	Total Provision	-442.80 (-12.09)	2,566.68 (19,840.15)	24,319.03 (21,562.76)	6,310.52 (6,302.64)

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

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

(₹ in million)

SI No.	Particulars	Gratuity	Leave	Post-Retirement Medical Benefits	Terminal Benefits
1.	Opening defined benefit obligation	20,990.07 (20,534.66)	20,030.97 (17,841.28)	21,518.98 (19,203.33)	6,277.36 (1,152.11)
2.	Current Service Cost	861.99 (843.88)	1,076.57 (869.42)	393.04 (329.58)	400.75 (371.02)
3.	Past Service Cost	-	-	-	-
4.	Interest Cost	1,784.16 (1,745.45)	1,752.71 (1,516.51)	1,882.87 (1,632.28)	533.58 (97.93)
5.	Actuarial losses/(-) gains	-1,432.31 (-1,052.98)	2,946.96 (2,943.62)	1,729.36 (1,714.98)	-884.01 (4,695.45)
6.	Exchange differences on foreign plans	-	-	-	-
7.	Benefits paid	1,313.43 (1,003.12)	-3,940.06 (3,330.67)	1,205.22 (1,317.41)	17.15 (13.87)
8A	Current Obligation	20,890.48 (21,067.89)	2,195.06 (1,876.64)	1,403.44 (1,296.03)	689.11 (341.17)
8B	Non-Current Obligation	-	19,672.08 (17,963.52)	22,915.59 (20,266.73)	5,621.41 (5,961.48)
	Total (8A+8B)	20,890.48 (21,067.89)	21,867.14 (19,840.16)	24,319.03 (21,562.76)	6,310.52 (6,302.64)

35.6 The total amount recognized in the financial statements before allocation is as follows:

(₹ in million)

SI No.	Particulars	Gratuity	Leave	Post-Retirement Medical Benefits	Terminal Benefits
1.	Current Service Cost	861.99 (843.88)	1,076.57 (869.42)	393.04 (329.58)	400.75 (371.02)
2.	Interest on Obligation	1,784.16 (1,745.45)	1,752.71 (1,516.51)	1,882.87 (1,632.28)	533.58 (97.93)
3.	Expected return on plan assets	1,825.97 (1,772.05)	1,752.71 (NA)	NA	NA
4.	Net actuarial Losses/ (-) Gains recognized in period	-1,432.31 (-830.25)	4,231.68 (2,943.61)	1,729.36 (1,714.98)	-884.01 (4,695.45)
5.	Past Service Cost	-	-	-	-
6.	Losses (Gains) on curtailments and settlement	-	-	-	-
7.	Total included in 'employee benefit expense'	-462.78 (-12.97)	5,308.25 (5,329.55)	4,005.27 (3,676.84)	50.31 (5,164.41)
8.	Actual return on plan assets	1,676.61 (1,549.33)	467.99 (NA)	NA	NA

35.7 Statement of Reconciliation of balance of Fair Value of Plan Assets in respect of Gratuity:-

(₹ in million)

Particulars	2013-14	2012-13
Fair Value of Plan Asset at Beginning	21,079.98	20,114.96
Adjustment in opening corpus consequent to audit	(115.90)	(0.88)
Expected Return on Plan Assets	1,825.97	1,772.05
Contribution by employer	-	419.69
Benefits Paid	-1,307.41	-1,003.12
Actuarial gain/loss on Plan Assets	-149.36	-222.72
Fair Value of Plan Asset at the end of the period (Unaudited)	21,333.28	21,079.98

35.8 Other disclosures:-

(₹ in million)

Gratuity	As at 31-03-2014	As at 31-03-2013	As at 31-03-2012	As at 31-03-2011	As at 31-03-2010
Present Value of Funded obligation as at the end of the period	20,890.48	21,067.89	20,534.65	19,674.39	17,772.42
Fair Value of plan assets as at the end of the period	21,333.28	21,079.98	20,114.96	18,171.17	17,469.42
Surplus/(Deficit)	442.80	12.09	(419.69)	(1,503.22)	(303.00)
Experience Adjustment on plan Liabilities (loss)/gain	1,107.26	1,052.97	526.08	(903.84)	(234.16)
Experience Adjustment on plan Assets (loss)/gain	-170.32	(164.39)	(217.84)	(118.25)	(176.08)

Expected Contribution in respect of Gratuity for next year will be ₹ 318.68 million (Previous Year ₹ 651.86 million)
The company has recognized a gratuity liability of ₹ 75.28 million as on 31.03.2014 (Previous year ₹ 72.92) as per actuarial valuation for 589 Contingent Employees engaged in different work centres.

(₹ in million)

Leave Encashment	As at 31-03-2014	As at 31-03-2013	As at 31-03-2012	As at 31-03-2011	As at 31-03-2010
Present Value of Funded obligation as at the end of the period (Note No. 35.1.2 & 35.1.3)	21,867.14	NA	NA	NA	NA
Experience Adjustment on plan Liabilities (loss)/gain	(2,946.96)	-	-	-	-

(₹ in million)

Leave Encashment	As at 31-03-2014	As at 31-03-2013	As at 31-03-2012	As at 31-03-2011	As at 31-03-2010
Present Value of unfunded obligation as at the end of the period (Note No. 35.1.2 & 35.1.3)	NA	19,840.16	17,841.28	16,180.23	13,740.85
Experience Adjustment on plan Liabilities (loss)/gain	NA	(2,943.61)	(2,062.27)	(2,917.77)	(2,440.88)

(₹ in million)

Post Retirement Medical Benefits	As at 31-03-2014	As at 31-03-2013	As at 31-03-2012	As at 31-03-2011	As at 31-03-2010
Present Value of Unfunded obligation as at the end of the period	24,319.03	21,562.76	19,203.33	16,495.66	14,077.09
Experience Adjustment on plan Liabilities (loss)/gain	(1,729.36)	(1,714.98)	(2,072.83)	(2,010.67)	(3,392.32)

(₹ in million)

Sensitivity Analysis (In respect of Post-Retirement Medical Benefits)	As at 31-03-2014	
	1.00 % (+)	1.00 % (-)
Effect on service and interest cost	338.82	(218.01)
Effect on PBO (Closing)	3,281.81	(2,207.33)

(₹ in million)

Terminal Benefits	As at 31-03-2014	As at 31-03-2013	As at 31-03-2012	As at 31-03-2011	As at 31-03-2010
Present Value of Unfunded obligation as at the end of the period	6,310.52	6,302.64	1,152.11	1,058.67	642.39
Experience Adjustment on plan Liabilities (loss)/gain	884.01	(4,695.45)	(23.05)	(356.15)	(132.45)

35.9 Investments of Gratuity Trust

Particulars	% of Investment	
	As at 31.03.2014	As at 31.03.2013
Central Govt. Securities	28.83	29.54
State Govt. Securities	15.47	14.53
PSU Bonds	28.82	30.25
Treasury Bills	0.11	0.33
Insurance Investment	26.55	24.92
Equity Mutual Fund	0.22	0.43
Total	100.00	100.00

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

SI No.	Particulars	Gratuity	Leave	Post-Retirement Medical Benefits	Terminal Benefits
1.	Discount rate	8.75% (8.5%)	8.75% (8.5%)	8.75% (8.5%)	8.75% (8.5%)
2.	Expected return on plan assets	8.71% (8.81%)	9.50% (NA)	NA	NA
3.	Annual increase in costs	NA	NA	6.00% (6.00%)	6.00% (6.00%)
4.	Annual Increase in Salary	6.00% (6.00%)	6.00% (6.00%)	NA	NA

The discount rate is based upon the market yield available on Government bonds at the Accounting date with a term that matches. The salary growth rate takes account of inflation, seniority, promotion and other relevant factor on long term basis. Expected rate of return on plan assets is based on market expectation, at the beginning of the year, for return over the entire life of the related obligation.

36. Disclosure under Accounting Standard -17 on "Segment Reporting"

The segment information is presented under the Notes to the Consolidated Financial Statements as required under the standard.

37. Disclosure under Accounting Standard -18 on "Related Party Disclosure":**37.1** Name of related parties and description of relationship:

Jointly Controlled Entity			
i.	ONGC Mangalore Petrochemicals Limited	v.	ONGC Petro-additions Limited
ii.	Petronet LNG Limited	vi.	ONGC Tripura Power Co. Limited
iii.	ONGC Teri Biotech Limited	vii.	Dahej SEZ Limited
iv.	Mangalore SEZ Limited		

37.2 Key Management Personnel:**Whole-time Functional Directors:**

- i) Shri D K Sarraf, Chairman and Managing Director from 01.03.2014
- ii) Shri K.S. Jamestin
- iii) Shri A. K. Banerjee
- iv) Shri Shashi Shanker
- v) Shri N. K. Verma
- vi) Shri T K Sengupta from 01.02.2014
- vii) Shri Sudhir Vasudeva Chairman and Managing Director up to 28.02.2014
- viii) Shri P.K. Borthakur up to 31.01.2014

37.3 Details of Transactions:**37.3.1 Joint Ventures / Jointly Controlled Entities**

(₹ in million)

Details	2013-14	2012-13
Sale of Gas- ONGC Tripura Power Co. limited	1,236.49	184.79
Services Received from :		
a) ONGC Teri Biotech Limited	112.42	182.34
b) Dahej SEZ Ltd.	9.12	9.33
c) ONGC Mangalore Petrochemical Limited	-	0.02
d) Petronet LNG Limited	-	0.78
e) Mangalore SEZ Limited	0.09	0.09
f) ONGC Tripura Power Co. Limited	0.10	-
Services Provided to :		
a) ONGC Petro-additions Limited	117.63	117.50
b) ONGC Teri Biotech Limited	0.12	-
c) ONGC Mangalore Petrochemical Limited	5.90	5.01
d) Petronet LNG limited	-	1.32
e) Mangalore SEZ Limited	-	2.27
f) ONGC Tripura Power Co. Limited	235.96	-
Dividend Income - Petronet LNG Limited	234.38	234.38
Advance against Equity during Year:		
a) ONGC Petro-additions Limited	6,985.60	-
b) ONGC Tripura Power Co. Limited	2,925.10	103.32
Amount Receivable :		
a) ONGC Petro-additions Limited	54.69	42.96
b) ONGC Mangalore Petrochemical Limited	1.85	4.97
c) Mangalore SEZ Limited	-	0.64
d) ONGC Tripura Power Co. Limited	373.80	-
Amount Payable :		
a) ONGC Teri Biotech Limited	51.55	115.98
b) Dahej SEZ Ltd.	7.54	7.00
c) ONGC Tripura Power Co. limited	0.02	0.86
d) Mangalore SEZ Limited	0.09	-
Advance towards equity pending allotment :		
a) ONGC Petro-addition Limited	6,709.24	3,328.69
b) ONGC Tripura Power Co. Limited	2,925.10	-
c) ONGC Mangalore Petrochemicals Limited	9,199.77	9,199.77

37.3.2 Key Management Personnel

(₹ in million)

Particulars	2013-14	2012-13
Remuneration to Directors	33.75	21.55
Amount Receivable	1.25	1.47
Amount Payable	10.32	6.33

38. Disclosure under Accounting Standard - 19 on 'Leases'

The company has certain office/residential premises on Operating Lease which are cancellable by giving appropriate notice as per the respective agreements. During the year ₹ 934.64 million (Previous year ₹ 914.03 million) had been paid towards cancellable Operating Lease.

39. Disclosure under Accounting Standard - 27 on 'Financial Reporting of Interest in Joint Ventures':**39.1 Jointly Controlled Assets**

In respect of certain blocks, the Company's Joint Ventures (JV) with certain bodies corporate have entered into Production Sharing Contracts (PSCs) with Govt. 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%

Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
27	NK-CBM-2001/1	80% (80%)	IOC 20%
28	BK-CBM-2001/1	80% (80%)	IOC 20%
29	CB-ONN-2005/4	51% (51%)	GSPC 49%
30	CB-ONN-2005/10	51% (51%)	GSPC 49%
31	PR-ONN-2005/1	80% (80%)	TPL 20%
32	WB-ONN-2005/4	75% (75%)	OIL 25%
33	AA-ONN-2005/1	60% (60%)	OIL 30%, ACIL -10%
34	GV-ONN-2005/3	80% (80%)	TPL 20%
35	AN-DWN-2009/2	60% (60%)	OIL 40%
36	AN-DWN-2009/1	70% (70%)	OIL 30%
37	AN-DWN-2009/5**	100%(90%)	(GSPC 10%)
38	AN-DWN-2009/13**	80% (70%)	GAIL 10%, NTPC 10%, (GSPC 10%)
39	AN-DWN-2009/18	60% (60%)	OIL 30%, GAIL 10%
40	GK-OSN-2009/1	40%(40%)	AWEL 20%, GSPC 20%, IOC 20%
41	GK-OSN-2009/2	40%(40%)	AWEL 30%, IOC 30%
42	KG-OSN-2009/1	80% (80%)	APGIC 10%, NTPC 10%
43	KG-OSN-2009/2	90% (90%)	APGIC 10%
44	KG-OSN-2009/4	50% (50%)	APGIC 10%, OIL 30%, NTPC 10%
45	AA-ONN-2009/3	50% (50%)	OIL 50%
46	CB-ONN-2009/4	50% (50%)	GSPC 50%
47	GK-OSN-2010/1	60% (60%)	OIL-30%, GAIL-10%
48	GK-OSN-2010/2	90% (90%)	GAIL- 10%
49	CB-ONN-2010/6	80% (80%)	IOC- 20%
C	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),

Sl. No.	Blocks	Company's PI *	Others Partners and their PI in the JV/Operatorship***
59	PR-OSN-2004/1	35% (35%)	Cairn India (Operator) 35%, TPL 30%
60	CB-ON/2- Development phase	30% (30%)	GSPC (Operator) 56%, Geo-Global Resources 14%
61	RJ-ONN-2005/3	40% (40%)	GSPC (Operator) 60%
62	AA-ONN-2009/4	50% (50%)	OIL(Operator) 50%
63	CY-OSN-2009/2	50% (50%)	OIL 50% (Operator)
64	KG-DWN-2009/1	45% (45%)	BGEPIL 30%(Operataor), OIL 15%, APGIC 10%
65	RJ-ON/6 - Development phase	30% (30%)	Focus Energy Ltd (Operator) 7% I services Investment Ltd, Mauritius 45.5% Newbury Oil Co. Ltd, Cyprus 17.5%
66	AA-ONN-2010/2	30% (30%)	OIL -40%, GAIL-20%, EWP-10%
67	AA-ONN-2010/3	40%(40%)	OIL-40%, BPRL-20%

* PI - Participating Interest

** Approval towards assignment of PI is awaited from Gol

*** There is no change in previous year details unless otherwise stated.

Abbreviations:- ACL- Assam Company (India) Ltd, APGIC- AP Gas Infrastructure Corporation Ltd, AWEL- Adani Wels pun Exploration Ltd, BGEPIL- British Gas Exploration & Production India Ltd, BPRL- Bharat Petro Resources Ltd, Cairn India-Cairn India Ltd, CEHL- Cairn Energy Hydrocarbons Ltd, CIL- Coal India Ltd, ENI- Ente Nazionale Idrocarburi, Ensearch- Enserach, EWP- East west Petroleum Canada, GAIL- Gas Authority of India Ltd, GGR- Geo Global Resources, GSPC- Gujarat State Petroleum Corporation Ltd, HEPI- Hardy Exploration & Production India Ltd, Heramec- Heramec Ltd, HEPI-Hardy Exploration & Production (India), HEIBV-Hydro Oil & 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

39.2 List of the blocks surrendered during the year are given below:

Sl. No.	Joint Ventures / PSCs	Company's PI *
1.	PA-ONN-2004/1	100% (100%)
2.	CB-ONN-2004/4	60%(60%)
3.	CY-DWN-2004/1	70% (70%)
4.	CY-DWN-2004/2	70% (70%)
5.	CY-DWN-2004/4	70% (70%)
6.	CY-PR-DWN-2004/2	70% (70%)
7.	GV-ONN-2004/1	100%(100%)
8.	KG-DWN-2004/1	70% (70%)
9.	KG-DWN-2004/2	60% (60%)
10.	KG-DWN-2004/3	70% (70%)
11.	KG-DWN-2004/5	50% (50%)
12.	KG-DWN-2004/6	34% (34%)
13.	AN-DWN-2005/1	90% (90%)

* PI - Participating Interest

39.3 The Financial position of the JV/NELP blocks are as under:

(₹ in million)

	No. of JVs/ NELP Blocks	Assets	Liabilities	Income	Expenditure	Profit / (-) Loss before tax
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)

39.3.1 The financial statements of 124 (previous year 129) out of 135 (previous year 140) JVs/NELP have been incorporated in the accounts to the extent of Company's participating interest in assets, liabilities, income, expenditure and profit / (loss) before tax on the basis of statements certified in accordance with production sharing contract and in respect of balance 11 (previous year 11) JVs/NELP, the figures have been incorporated on the basis of uncer tified 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)

39.3.2 In respect of 12 NELP blocks (previous year 16) which have expired as on 31st March, 2014, the Company's share of Unfinished Minimum Work Programme (MWP) amounting to ₹ 18,014.12 million (previous year ₹ 19,560.95 million) has not been provided for since the company has already applied for further extension of period in these blocks as 'excusable delay/ special dispensations citing technical complexities, within the extension policy of NELP Blocks, which are under active consideration of Gol. The delays have occurred generally on account of pending statutory clearances from various Govt. authorities like Ministry of Defense, Ministry of Commerce, environmental clearances, State Govt. permissions etc. The above MWP amount of ₹ 18,014.12 million (previous year ₹ 19,560.95

million) is included in MWP commitment under note no. 42.2.1.

39.3.3 As per the Production Sharing Contracts signed by the Company with the Gol, the Company is required to complete Minimum Work Programme (MWP) within stipulated time. In case of delay in completion of the MWP, Liquidated Damages (LD) is payable for extension of time to complete MWP. Further, in case the Company does not complete MWP or surrender the block without completing the MWP, the estimated cost of completing balance work programme is required to be paid to the Gol. LD amounting to ₹ 245.65 million (Previous year ₹ 293.30 million) and cost of unfinished MWP (net of reversal) ₹ (-) 59.14 million (Previous year ₹ 217.14 million), paid/payable to the Gol is included in survey and wells written off expenditure respectively.

39.3.4 The company had acquired Participating Interest (PI) of British Gas Exploration & Production India Ltd (BGEPI) in the following blocks, effective from the following dates as approved by the board of directors.

Name of the Block	PI	Date of Transfer of PI
KG OSN 2004/1	45%	25.11.2011
KG DWN 98/4	30%	18.05.2011
MN DWN 2002/2	25%	01.12.2011

British Gas has agreed to pay a lump sum amount of USD 50 Million, towards full and final settlement of carry costs/cash calls due in all the above blocks, subject to government approval for transfer of PI in all the above blocks. Since the government approval in respect of MN DWN 2002/2 is pending, no adjustment is made in the accounts towards the lump sum amount due as above.

39.4 **Jointly Controlled Entities:**

39.4.1 **Company has ownership interest in following Jointly Controlled Entities:**

Name	Country of Incorporation	Ownership Interest (%)	
		As at 31.03.2014	As at 31.03.2013
Petronet LNG Limited	India	12.50	12.50
Petronet MHB Limited	India	28.77	28.77
Mangalore SEZ Limited	India	26.00	26.00
ONGC Mangalore Petrochemicals Limited	India	46.00	46.00
ONGC Petro-additions Limited	India	49.36	49.00
ONGC Tripura Power Co. Limited	India	49.52	49.52
ONGC Teri Biotech Limited	India	49.98	49.98
Dahej SEZ Limited	India	50.00	50.00

39.4.2 **The Company's share in assets, liabilities, income, expenses, contingent liabilities and capital commitments of Jointly Controlled Entities:**

(₹ in million)

Description	As at 31.03.2014	As at 31.03.2013
i) Assets		
Fixed Assets	136,189.25	107,541.52
Other Non-Current Asset	19,794.25	20,755.45
Deferred Tax Assets	256.91	218.05
Current Asset	13,334.56	8,478.52
ii) Liabilities		
Long Term Borrowings	104,535.79	36,146.92
Other Non-Current liabilities and provisions	6,819.94	4,998.55
Deferred Tax Liability	896.17	603.43
Current liabilities and provisions	26,507.16	72,212.46
iii) Income	49,208.33	40,469.92
iv) Expenses	47,442.17	37,924.79
v) Contingent liabilities	8,868.61	7,749.88
vi) Capital commitments	18,372.56	29,017.22

40. **Disclosure under Accounting Standard - 28 and Guidance note on Accounting for Oil and gas producing Activities (Revised) on "Impairment of Assets"**

40.1 The Company is engaged mainly in the business of oil and gas exploration and production in On-shore and Offshore. In case of onshore assets, the fields are using common production/transportation facilities and are sufficiently economically interdependent to constitute a single cash generating unit (CGU). Accordingly, impairment test of all onshore fields are performed in aggregate of all those fields at the Asset Level. In case of Offshore Assets, a field is generally considered as CGU except for fields which are developed as a Cluster, for which common facilities are used, in which case the impairment testing is performed in aggregate for all the fields included in the cluster.

40.2 The Value in Use of producing/developing CGUs is determined under a multi-stage approach, wherein future cash flows are initially estimated based on Proved Developed Reserves. Under circumstances where the further development of the fields in the CGUs is under progress and where the carrying value of the CGUs is not likely to be recovered through exploitation of proved developed reserves alone, the Proved and probable reserves (2P) of the CGUs are also taken for the purpose of estimating future cash flows. In such cases, full estimate of the expected cost of evaluation/development is also considered while determining the value in use.

40.3 In assessing value in use, the estimated future cash flows from the continuing use of the assets and from its disposal at the end of its useful life are discounted to their present value. The present value of cash flows are determined by applying discount rates of 19.10% (previous year 20.10%) for Rupee transactions and 13.00% (previous year 14.00 %) for crude oil and value added products

revenue, which are measured in USD. Future cash inflows from sale of crude oil and value added products are computed using the future prices, on the basis of market-based average prices of the Dated Brent crude oil as per assessment by 'Platt's Crude Oil Marketwire' and its co-relations with benchmark crudes and other petroleum products. Future cash flows from sale of natural gas is also computed based on the expected future prices on the basis of the notification issued by the Government of India.

40.4 During the year ₹ 1,025.48 million (Previous Year ₹ 3,014.50 million) is provided as impairment loss. Out of this, an amount of ₹ 355.97 million (Previous Year ₹ 45.36 million) has been provided as additional impairment in respect of onshore CGUs - Jodhpur and Silchar. ₹ 91.25 million (Previous Year ₹ 38.00 million) has been provided for already impaired offshore CGU- Ratna, D18, B 121 due to increase in the estimate of abandonment cost has been provided. In addition, ₹ 30.42 million (Previous Year ₹ 23.40 million) pertaining to block CY-OS-90/1 (PY-3) has been provided as presently the field does not have any potential to produce. An amount of ₹ 79.40 million (Previous Year ₹ 453.11 million) mainly represents additional impairment charge in respect of certain onshore Pre- NELP joint venture blocks (RJ ON 6, CB ON 2 and CB ON 3) due to adjustment of cost recovery from revenue and sharing of 100% royalty. Balance amount of ₹ 441.87 million, ₹ 15.90 million and ₹ 10.68 million has been provided for Tapti, Hazira Plant and CBX respectively.

40.5 Further, ₹ 806.08 million (Previous Year ₹ 756.47 million) impairment loss has been reversed based on the impairment test carried out as at the balance Sheet date. The reversal as at 31.03.2014 is in respect Offshore CGU G1-GS15 and Hazira SBM.

40.6 The following 2P reserves for the respective CGU considered as a basis for the impairment assessment.

Name of the CGU	Quantity of Reserves used for Impairment Assessment(In Mmt)
G1-GS 15	6.13
Jodhpur Onshore Asset	1.99
Silchar Onshore Asset	0.80
RJ-ON-06 (Pre NELP PSC Block)	0.88
CB-ON-02 (Pre NELP PSC Block)	0.08
Cluster B-193	13.36

**41. Disclosure under Accounting Standard - 29 on "Provisions, Contingent Liabilities and Contingent Assets":
Movement in Provisions for Abandonment and others:**

Other provisions represent provision for Court cases, arbitration and others, where the timing of expected outflows is upon settlement of the proceedings:

(₹ in million)

Particulars	Provision for Abandonment		Others	
	2013-14	2012-13	2013-14	2012-13
Opening Balance	177,454.45	176,529.96	761.86	914.57
Add: Provision made during the year	53,337.97	924.49	96.16	65.01
Less: Provision written back/ reclassified/ reduction during the year	2,353.23	-	52.16	217.72
Closing Balance	228,439.19	177,454.45	805.86	761.86

42. Other Disclosures under Schedule VI to the Companies Act, 1956:

42.1 Capital Commitments:

Estimated amount of contracts remaining to be executed on capital account:-

- i) In respect of Company - ₹ 83,351.44 million (Previous year ₹ 87,601.57 million).
ii) In respect of Joint Ventures - ₹ 4,367.54 million (Previous year ₹ 5,611.71 million).

42.2 Other Commitments

42.2.1 Estimated amount of Minimum Work Programme (MWP) committed under various 'Production Sharing Contracts' with Government of India/ Nominated Blocks:

- l) In respect of Nominated Blocks ₹ 441.59 million (Previous year ₹ 958.54 million).

ii) In respect of NELP blocks in which the Company has 100% participating interest - ₹ 9,600.47 million (Previous year ₹ 12,305.38 million).

iii) In respect of NELP blocks in Joint Ventures, company's share - ₹ 62,247.39 million (Previous year ₹ 62,127.36 million).

42.2.2 The Company has given an undertaking to The State Bank of India, for a Rupee term loan agreement amounting to ₹ 30,350 million (previous year ₹ 2,223.80 million through Power Finance Corporation limited) in respect of ONGC Tripura Power Co. Limited (OTPC) for not to dilute the shareholding till two years after Commercial Operation Date (COD) of the project and to bear any cost overrun to the extent of 10% of the estimated project cost of ₹ 40,470 million.

42.3 Contingent Liabilities:

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

(₹ in million)

Particulars	As at 31 st March, 2014	As at 31 st March, 2013
I. In respect of Company		
i. Income Tax	55,087.45	30,315.36
ii. Excise Duty	9,406.06	8,498.82
iii. Custom Duty	1,599.77	1,452.76
iv. Royalty (Note - 42.3.2)	117,301.90	90,178.00
v. Cess	6.57	6.57
vi. AP Mineral Bearing Lands (Infrastructure) Cess	2,211.27	1,962.84
vii. Sales Tax	46,086.36	45,853.77
viii. Service Tax	4,225.07	5,036.08
ix. Octroi	68.54	68.54
x. Specified Land Tax (Assam)	3,528.89	3,194.73
xi. Claims of contractors (Incl. LAQ) in Arbitration / Court	50,783.08	29,270.46
xii. Employees Provident Fund	66.35	66.35
xiii. Others	53,911.41	36,596.25
Sub Total (A)	344,282.72	252,500.53
II. In respect of Joint Ventures		
i. Income Tax	8.91	8.91
ii. Excise Duty	4.17	-
iii. Custom Duty	3,798.73	3,744.00
iv. Sales Tax and Service Tax	2,879.82	3,115.13
v. Claims of contractors in Arbitration / Court	5,095.94	333.24
vi. Others	854.74	5,193.84
Sub Total (B)	12,642.31	12,395.12
Total (A + B)	356,925.04	264,895.65

42.3.1 The above claims / demands are at various stages of appeal. In the opinion of the management, these claims / demands are not tenable.

42.3.2 In terms of the statutory provisions of Oilfields (Regulation and Development) Act, 1948 (ORDA), Petroleum & Natural Gas (PNG) Rules 1959 and Notifications issued thereunder; the Company is liable to pay royalty to Central Government and State Governments, on production of Crude Oil and Natural Gas from offshore fields and onshore fields, respectively. Since 2008-09, the company has been paying royalty on crude oil at realized price which is net of under-recovery of the OMCs shared by the Company as per GoI directives. On an application filed by the State of Gujarat, the Hon'ble High Court of Gujarat in its order dated 30.11.2013 has directed the company to pay the shortfall of royalty on crude oil produced from the onshore fields in the State of Gujarat on pre-discount prices from 01.04.2008 onwards. Based on the Special Leave Petition filed by the Company, pending further orders, Hon'ble

Supreme Court vide order dated 13.02.2014 stayed the operation of the impugned judgment subject to the condition that the company pays royalty to the State of Gujarat on pre-discounted price of crude oil w.e.f. 01.02.2014 onwards. Accordingly, possible obligation on this account for the period from April 2008 to March 2014 has been disclosed as Contingent Liability for ₹ 116,326.96 million. Differential royalty (royalty on pre-discount price minus royalty on post-discount price) being deposited w.e.f. Feb'14 in terms of court order has been shown as deposit.

42.4 Corporate Guarantees executed by the Company on behalf of its wholly owned subsidiary, ONGC Videsh Limited (OVL) and Mangalore refinery and Petrochemical Limited (Subsidiary):

42.4.1 Guarantees executed for financial obligations:

- i) Amount of Guarantee ₹ 321,657.40 million (Previous year ₹ 91,285.50 million)
ii) Amount outstanding ₹ 314,417.66 million (Previous year ₹ 73,774.85 million)

42.4.2 Corporate Guarantees executed by the Company on behalf of its subsidiary, MRPL:

- i) Amount of Guarantee ₹ 13,513.50 million (Previous year ₹ 12,237.75 million)
 ii) Amount outstanding ₹ 7,370.56 million (Previous year ₹ 11,262.75 million)

42.5 Quantitative Details**42.5.1 Production Quantities (Certified by the Management):**

Products	Unit	2013-14	2012-13
Crude Oil	MT	25,994,105	26,127,115
Natural Gas	000 M ³	24,851,248	25,335,211
Liquefied Petroleum Gas	MT	1,067,230	1,006,623
Ethane/Propane	MT	430,447	427,708
Naphtha	MT	1,358,414	1,533,817
Superior Kerosene Oil	MT	84,305	108,326
Aviation Turbine Fuel	MT	9,658	11,466
Low Sulphur Heavy Stock	MT	27,992	24,503
High Speed Diesel	MT	36,311	36,786
Mineral Turpentine Oil	MT	1,117	562
Light Diesel Oil	MT	50	-

Notes:

- Production includes internal consumption and intermediary losses.
- Production of 1,521 MT (Previous year 0.206 MT) Crude Oil and 26,596 TM³ (Previous year 16,436 TM³) of Natural Gas is included being the difference between participating interest and entitlement interest in respect of CB-ON/3, CB-ON/2 and RJ-ON/6 JVs.
- Crude oil production includes condensate of 1.819 MMT (Previous year 2.076 MMT).

42.5.2 Purchases (Traded Products):

Particulars	Unit	2013-14		2012-13	
		Quantity	Value (₹ in million)	Quantity	Value (₹ in million)
High Speed Diesel	KL	59	2.68	12	0.57
Motor Spirit	KL	541	28.80	562	30.05
Others			0.32		0.42
Total			31.80		31.04

42.5.3 Raw Material Consumed:

For production of Liquefied Petroleum Gas, Ethane/Propane, Naphtha, Superior Kerosene Oil, Low Sulphur High Stock, Aviation Turbine Fuel and High Speed Diesel.	Unit	2013-14		2012-13	
		Quantity	Value at cost (₹ in million)	Quantity	Value at cost (₹ in million)
Out of own production:					
Crude Oil	MT	89,117	654.94	90,334	601.12
Natural Gas	000M ³	864,774	5,671.75	784,446	4,636.50
Gas Equivalent Condensate	000M ³	482,772	2,132.78	506,778	1,631.74
Purchases					
Gas Equivalent Condensate	MT	20,329	889.73	39,008	1,878.42

42.6 Consumption of Raw Material, Stores and Spare Parts:

	2013-14		2012-13	
	Amount (₹ in million)	%	Amount (₹ in million)	%
Imported	10,766.35	21.01	11,819.27	28.17
Indigenous	40,480.21	78.99	30,141.23	71.83
Total	51,246.56	100.00	41,960.50	100.00

42.7 Value of Imports on CIF Basis :

(₹ in million)

	2013-14	2012-13
Capital items *	182,105.92	177,094.61
Stores and Spare Parts	18,009.91	16,768.58
Total	200,115.83	193,863.19

*Includes stage payments made against capital works.

42.8 Expenditure in Foreign Currency:

(₹ in million)

Particulars	2013-14	2012-13
Services	182,380.14	178,750.38
Others	1,348.49	3,695.73
Total	183,728.64	182,446.11

42.9 Earnings in Foreign Currency:

(₹ in million)

Particulars	2013-14	2012-13
Interest	-	58.92
Services	53.46	2.14
FOB value of Sales	74,818.30	74,121.51
Others	18.08	540.81
Total	74,889.85	74,723.38

43. Disclosure under Guidance Note on Accounting for "Oil & Gas Producing Activities" (Revised)
Company's share of Proved Reserves on the geographical basis is as under:

	Details	Crude Oil (MMT)		Gas (Billion Cubic Meter)		Total Oil Equivalent (MMTOE)*	
		As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Offshore	Opening	222.98	215.77	203.245	208.179	426.22	423.95
	Addition	4.71	22.79	18.652	14.917	23.36	37.71
	Production	15.54	15.58	19.174	19.851	34.71	35.43
	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	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

43.1 Company's share of Proved Developed Reserves on the geographical basis is as under:

	Details	Crude Oil (MMT)		Gas (Billion Cubic Meter)		Total Oil Equivalent (MMTOE)*	
		As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013	As at 31.03.2014	As at 31.03.2013
Offshore	Opening	160.62	153.50	110.254	114.690	270.87	268.19
	Addition	13.90	22.70	41.630	15.431	55.53	38.13
	Production	15.54	15.58	19.174	19.867	34.71	35.45
	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	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

*MMTOE denotes "Million Metric Tonne Oil Equivalent" and for calculating Oil equivalent of Gas, 1000 M3 of Gas has been taken to be equal to 1 MT of Crude Oil.

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

43.2 The year-end reserves of the company have been estimated by the Reserves Estimation Committee (REC) which follows international reservoir engineering procedures consistently.

The company has adopted deterministic approach for reserves estimation and is following Society of Petroleum Engineers (SPE) - 1997 guidelines which defines reserves as "estimated volumes of crude oils, condensate, natural gas, natural gas liquids and associated substances anticipated to be commercially recoverable from known accumulations from a given date forward, under existing economic conditions, by established operating practices, and under current Government regulations."

Volumetric estimation is the main procedure in estimation, which uses reservoir rock and fluid properties to calculate hydrocarbons in-place and then estimate that portion which will be recovered from it. As the field gets matured with reasonably good production history is available then performance method such as material

balance, simulation, decline curve analysis are applied to get more accurate assessments of reserves.

The Company uses the services of third party agencies for due diligence and it gets the reserves of its assets audited by third party periodically by internationally reputed consultants who adopt latest industry practices for their evaluation.

The annual revision of estimates is based on the yearly exploratory and development activities and results thereof. New In place Volume and Ultimate Reserves are estimated for new field discoveries or new pool discoveries in already discovered fields. Also, appraisal activities lead to revision in estimates due to new subsurface data. Similarly, reinterpretation exercise is also carried out for old fields due to necessity of revision in petro-physical parameters, updating of static & dynamic models and performance analysis leading to change in reserves. Intervention of new technology, change in classifications and contractual provisions also necessitates revision in estimation of reserves.

44. Disclosure pursuant to clause 32 of the Listing Agreement:

(₹ in million)

Particulars	Outstanding as at 31.03.2014	Maximum Amount Outstanding during the year 2013-14	Outstanding as at 31.03.2013	Maximum Amount Outstanding during the year 2012-13
a) Loans to Subsidiaries:*				
i) ONGC Videsh Limited (OVL)*	52,914.93	119,576.99	119,576.99	170,619.29
ii) Mangalore Refinery & Petrochemicals Limited (MRPL)	46,285.70	50,700.00	36,600.00	37,500.00
b) Loan to Associate:				
i) Pawan Hans Limited (formerly Pawan Hans Helicopter Ltd) (PHL)	718.17	1,056.17	1,056.17	1,319.24
c) Where there is no repayment schedule:				
i) ONGC Videsh Limited (OVL)	52,914.93	119,576.99	119,576.99	170,619.29
d) Having repayment schedule of beyond seven years :				
i) Employees	10,379.28	10,379.28	9,854.79	9,854.79
e) Where no interest or interest below Section 372A of Companies Act:				
i) ONGC Videsh Limited (OVL)*	52,914.93	119,576.99	119,576.99	170,619.29
ii) Mangalore Refinery & Petrochemicals Limited (MRPL)	Nil	Nil	Nil	Nil
f) In the nature of loans to Firms/ companies in which directors are interested:	Nil	Nil	Nil	Nil

*Excludes Current account transactions

g) Investments by the ONGC Videsh Limited (OVL), loanee:

Name of Subsidiary	As at 31 st March, 2014		As at 31 st March, 2013	
	No. of Shares	₹ in million	No. of Shares	₹ in million
a) ONGC Nile Ganga B.V. Equity Shares				
Class A	40	8,462.12	40	8,462.12
Class B	100	21,155.29	100	21,155.29
Class C	880	234.25	880	234.25
b) ONGC Narmada Limited Equity Shares	20,000,000	6.94	20,000,000	6.94
c) ONGC Amazon Alaknanda Limited Equity Shares	12,000	0.56	12,000	0.56
Preference Shares	227,216,319	10,486.04	306,611,613	14,150.13
d) Imperial Energy Limited (formerly Jarpeno Limited) Equity Shares	1,450	15,574.46	1,450	15,574.46
Preference Shares	192,210	86,744.37	192,210	86,744.37
e) Carabobo One AB Equity Shares	377,678	2,822.02	377,678	2,822.02
f) ONGC (BTC) Limited	8,000,001	2,529.66	8,000,001	2,519.86
g) Beas Rovuma Energy Mozambique Limited	7,680	94,289.92	-	-

Notes :

1. Loan to OVL is repayable within a notice period of minimum one year and carries no interest during the year 2012-13 and 2013-14.
2. Loan to MRPL carries interest @ SBI Prime Lending Rate (SBAR) with a spread of minus 385 basis points. Repayment of the loan will start in 28 equal instalment starting from 31.03.2014. ONGC can call these loans on notice of 90 days. MRPL can also prepay whole or part of the loan to ONGC as per its requirement.
3. The Company has not advanced any money to its employees for the purposes of investment in the securities of the Company.

45. Disclosure under Micro, Small and Medium Enterprises Development Act, 2006:

Company had sought confirmation from the vendors whether they fall in the category of Micro or Small Enterprises. Based on the information available, the required disclosure for Micro & Small Enterprises under the above Act is given below:

Particulars	₹ in million	
	2013-14	2012-13
a) Principal amount remaining unpaid but not due as at year end	81.44	3.60
b) Interest due thereon as at year end	-	-
c) Interest paid by the Company in terms of Section 16 of Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during the year	-	-
d) Interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro, Small and Medium Enterprises Development Act, 2006	-	-
e) Interest accrued and remaining unpaid as at year end	-	-
f) Further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise	-	-

46. Disclosure on Foreign currency exposures at year end that have not been hedged by derivative instrument or otherwise:
The Company has receivables and payables in foreign currency at the balance sheet date. These foreign currency exposures are not hedged by any derivative instruments or otherwise.
47. The Company has a system of physical verification of Inventory, Fixed Assets and Capital Stores in a phased manner to cover all items over a period of three years. Adjustment of differences, if any, is carried out on completion of reconciliation.
48. Some balances of Trade/Other Receivables, Trade/Other Payables and Loans & Advances are subject to confirmation/ reconciliation. Adjustments, if any, will be accounted for on confirmation/ reconciliation of the same, which will not have a material impact.
49. Previous year's figures have been regrouped/ reclassified, wherever necessary, to conform to current year's classification.
50. Figures in parenthesis as given in these Notes to Financial Statement relate to previous year.

Segment Information - Stand Alone

(₹ in million)

Particulars	2013-14				2012-13				Grand Total
	Offshore	Onshore	Total Segments	Unallocated	Offshore	Onshore	Total Segments	Unallocated	
Segment Revenue	599,403	242,612	842,015	-	576,643	256,252	832,895	-	832,895
Segment Results									
Segment Result Profit(+)/Loss(-)	266,862	35,847	302,709		243,197	40,953	284,150		284,150
Unallocated Corporate Expenses				15,137				14,464	14,464
Operating Profit	266,862	35,847	302,709	(15,137)	243,197	40,953	284,150	(14,464)	269,686
Interest Expenses				4				289	289
Interest/Dividend Income				36,751				36,046	36,046
Income Taxes				103,371				96,186	96,186
Profit from Ordinary Activities	266,862	35,847	302,709	(81,761)	243,197	40,953	284,150	(74,893)	209,257
Extraordinary Gain									
Net Profit	266,862	35,847	302,709	(81,761)	243,197	40,953	284,150	(74,893)	209,257
Other Information									
Segment Assets	941,101	469,261	1,410,362		843,121	410,941	1,254,062		1,254,062
Unallocated Corporate Assets				582,522				527,205	527,205
Total Assets	941,101	469,261	1,410,362	582,522	843,121	410,941	1,254,062	527,205	1,781,267
Segment Liabilities	325,744	101,478	427,222		291,247	100,901	392,148		392,148
Unallocated Corporate Liabilities				198,412				144,586	144,586
Total Liabilities	325,744	101,478	427,222	198,412	291,247	100,901	392,148	144,586	536,734
Capital Expenditure	151,060	137,440	288,500	4,328	177,526	91,298	268,824	2	268,826
Depreciation, Depletion, Amortisation & Impairment	87,195	21,326	108,521	756	66,550	16,487	83,038	707	83,745
Non-cash Expenses	1,595	646	2,241	(53)	10,138	8,694	18,833	31	18,863

