

OIL AND NATURAL GAS CORPORATION LIMITED

CIN No. L74899DL1993GO1054155

Regd. Office : Deendayal Urja Bhawan, 5, Nelson Mandela Marg, Vasant Kunj, New Delhi-110 070

Tel: 011-26754002, Fax: 011-26129091, E-mail: secretarial@ongc.co.in

STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31ST MARCH, 2018

(₹ in Crore unless otherwise stated)

Sl. No.	Particulars	Financial results for					
		Quarter ended 31.03.2018	Quarter ended 31.12.2017	Quarter ended 31.03.2017	Year ended 31.03.2018	Year ended 31.03.2017	
		Audited	Unaudited	Audited	Audited	Audited	
I	Revenue from operations	23,969.83	22,995.88	21,714.02	85,004.10	77,907.73	
II	Other income	3,733.71	1,179.06	4,647.76	7,863.55	7,676.34	
III	Total Income (I+II)	27,703.54	24,174.94	26,361.78	92,867.65	85,584.07	
IV	EXPENSES						
	Cost of materials consumed*	417.39	301.32	616.43	1,209.22	1,655.62	
	Purchase of stock-in-trade	-	-	-	-	2.60	
	Changes in inventories of finished goods, stock-in-trade and work in progress	(12.43)	(4.50)	20.79	(63.02)	(132.84)	
	Employees benefits expense**	747.88	639.44	918.56	2,503.02	2,398.66	
	Statutory levies	5,764.00	5,343.40	7,492.05	20,098.34	20,865.69	
	Exploration costs written off						
	a. Survey Costs	565.69	273.51	830.32	1,480.07	1,754.90	
	b. Exploratory well Costs	2,470.18	1,332.01	1,352.30	5,551.73	3,299.56	
	Finance costs	594.17	309.93	320.15	1,508.47	1,221.74	
	Depreciation, depletion, amortisation and impairment	3,245.45	4,255.88	3,204.83	14,470.17	12,189.54	
	Other expenses	5,670.75	4,244.00	6,069.25	17,237.18	17,113.09	
	Total expenses (IV)	19,463.08	16,994.99	20,824.68	63,995.18	60,368.56	
V	Profit before exceptional items and tax (III-IV)	8,240.46	7,479.95	5,537.10	28,892.47	25,215.51	
VI	Exceptional items	-	-	-	-	-	
VII	Profit before tax (V+VI)	8,240.46	7,479.95	5,537.10	28,892.47	25,215.51	
VIII	Tax expense:						
	(a) Current tax relating to:						
	- current year	1,313.00	1,880.92	155.35	6,354.92	4,810.00	
	- earlier years	-	(225.95)	(120.40)	(221.80)	(518.54)	
	(b) Deferred tax	1,012.34	810.31	1,161.97	2,814.09	3,024.08	
	Total tax expense (VIII)	2,325.34	2,465.28	1,196.92	8,947.21	7,315.54	
IX	Profit for the period (VII-VIII)	5,915.12	5,014.67	4,340.18	19,945.26	17,899.97	
X	Other comprehensive income (OCI)						
	(a) Items that will not be reclassified to profit or loss						
	(i) Re-measurement of the defined benefit obligations	(39.62)	(24.81)	(113.41)	(136.82)	(456.95)	
	- Deferred Tax	15.86	8.59	39.25	49.50	158.14	
	(ii) Equity instruments through other comprehensive income	(2,666.53)	(140.66)	4,533.76	(1,764.04)	13,615.88	
	- Deferred Tax	(1,331.35)	-	-	(1,331.35)	-	
	Total other comprehensive income (X)	(4,221.64)	(156.88)	4,459.60	(3,182.71)	13,317.07	
XI	Total comprehensive income for the period (IX+X)	1,693.48	4,857.79	8,799.78	16,762.55	31,217.04	
XII	Paid-up Equity Share Capital (Face value of ₹ 5/- each)	6,416.63	6,416.63	6,416.63	6,416.63	6,416.63	
XIII	Other equity				186,968.05	179,121.75	
XIV	Earnings Per Share (Face value of ₹ 5/- each) - not annualised						
	(a) Basic (₹)	4.61	3.91	3.38	15.54	13.95	
	(b) Diluted (₹)	4.61	3.91	3.38	15.54	13.95	

* Represents consumption of raw materials and stores & spares. ** Employee benefits expense shown above is net of allocation to different activities.

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STATEMENT OF STANDALONE AUDITED ASSETS & LIABILITIES AS AT 31ST MARCH, 2018

(₹ in Crore)

Particulars	As at March 31, 2018	As at March 31, 2017
	Audited	Audited
I. ASSETS		
(1) Non-current assets		
(a) Property, Plant and Equipment		
(i) Oil and Gas Assets	110,264.83	95,531.23
(ii) Other Property, Plant and Equipment	9,250.71	9,187.48
(b) Capital work in progress		
(i) Oil and Gas Assets		
1) Development wells in progress	2,245.18	3,235.63
2) Oil and gas facilities in progress	9,136.71	8,701.48
(ii) Others	2,163.18	3,845.70
(c) Intangible assets	112.86	88.34
(d) Intangible assets under development		
(i) Exploratory wells in progress	21,838.53	19,173.09
(e) Financial assets		
(i) Investments	85,730.80	50,515.42
(ii) Loans	2,133.47	2,807.11
(iii) Deposits under site restoration fund	15,991.20	14,538.69
(iv) Others	164.66	141.80
(f) Non-current tax assets (net)	9,946.37	8,776.33
(g) Other non-current assets	733.13	799.91
Total non-current assets	269,711.63	217,342.21
(2) Current assets		
(a) Inventories	6,688.91	6,165.32
(b) Financial assets		
(i) Investments	-	3,634.33
(ii) Trade receivables	7,772.64	6,476.21
(iii) Cash and cash equivalents	29.60	42.66
(iv) Other bank balances	983.10	9,468.12
(v) Loans	1,402.11	1,426.95
(vi) Others	3,041.81	1,134.67
(c) Other current assets	1,598.38	1,559.02
Total current assets	21,516.55	29,907.28
Total assets	291,228.18	247,249.49
II. EQUITY AND LIABILITIES		
EQUITY		
(a) Equity share capital	6,416.63	6,416.63
(b) Other equity	186,968.05	179,121.75
Total equity	193,384.68	185,538.38
LIABILITIES		
(1) Non-current liabilities		
(a) Financial liabilities		
(i) Finance lease obligation	38.29	38.29
(ii) Others	111.09	220.00
(b) Provisions	21,301.84	19,285.29
(c) Deferred tax liabilities (net)	26,259.16	22,163.21
(d) Other non-current liabilities	771.26	770.86
Total non-current liabilities	48,481.64	42,477.65
(2) Current liabilities		
(a) Financial liabilities		
(i) Borrowings	25,592.21	-
(ii) Trade payables	7,334.55	5,154.80
(iii) Finance lease obligation	3.50	3.50
(iv) Others	12,247.76	9,493.36
(b) Other current liabilities	2,289.32	1,836.12
(c) Provisions	1,258.19	2,132.78
(d) Current tax liabilities (net)	636.33	612.90
Total current liabilities	49,361.86	19,233.46
Total liabilities	97,843.50	61,711.11
Total equity and liabilities	291,228.18	247,249.49

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SEGMENT WISE REVENUE, RESULTS, ASSETS & LIABILITIES

Sl. No.	Particulars	Quarter ended 31.03.2018	Quarter ended 31.12.2017	Quarter ended 31.03.2017	Year ended 31.03.2018	Year ended 31.03.2017
		Audited	Unaudited	Audited	Audited	Audited
1	Segment Revenue					
	Revenue from Operations					
	a) Offshore	16,077.79	15,920.99	14,984.38	58,179.17	54,381.44
	b) Onshore	7,892.04	7,074.89	6,729.64	26,824.93	23,526.29
	Total	23,969.83	22,995.88	21,714.02	85,004.10	77,907.73
	Less: Inter Segment Operating Revenue	-	-	-	-	-
	Revenue from operations	23,969.83	22,995.88	21,714.02	85,004.10	77,907.73
2	Segment Result Profit(+) / Loss(-) before tax and interest from each segment					
	a) Offshore	4,811.59	6,630.78	6,413.87	22,165.27	23,647.63
	b) Onshore	1,544.48	766.69	(1,494.85)	3,959.12	641.67
	Total	6,356.07	7,397.47	4,919.02	26,124.39	24,289.30
	Less:					
	i. Finance Cost	594.17	309.93	320.15	1,508.47	1,221.74
	ii. Other unallocable expenditure net of unallocable income.	(2,478.56)	(392.41)	(938.23)	(4,276.55)	(2,147.95)
	Profit before Tax	8,240.46	7,479.95	5,537.10	28,892.47	25,215.51
3	Segment Assets					
	a) Offshore	121,420.98	120,701.18	108,290.28	121,420.98	108,290.28
	b) Onshore	55,346.50	52,139.50	49,584.26	55,346.50	49,584.26
	c) Other Unallocated	114,460.70	91,027.25	89,374.95	114,460.70	89,374.95
	Total	291,228.18	263,867.93	247,249.49	291,228.18	247,249.49
4	Segment Liabilities					
	a) Offshore	30,017.14	28,554.07	25,073.21	30,017.14	25,073.21
	b) Onshore	10,923.98	9,930.26	9,409.33	10,923.98	9,409.33
	c) Other Unallocated	56,902.38	30,447.57	27,228.57	56,902.38	27,228.57
	Total	97,843.50	68,931.90	61,711.11	97,843.50	61,711.11

Note:- Above segment information has been classified based on Geographical Segment.

Notes:

1. The above standalone financial results of the Company for the quarter and year ended March 31, 2018 have been reviewed and recommended by the Audit & Ethics Committee held on May 30, 2018 and approved by the Board of Directors in its meeting held on the same date.
2. The audited accounts are subject to review by the Comptroller and Auditor General of India under section 143(6) of the Companies Act, 2013.
3. The figures for the quarter ended March 31, 2018 are the balancing figures between audited figures in respect of the full financial year and the reviewed year-to-date figures upto the third quarter of the financial year.
4. (a) The company has acquired 51.11% shareholding held by the President of India (778,845,375 equity shares of face value ₹ 10 per share) in Hindustan Petroleum Corporation Limited (HPCL) on January 31, 2018, at ₹ 473.97 per share for a total cash consideration of ₹ 36,915 Crore. By virtue of this investment, HPCL has become a subsidiary of the Company.

(b) Petronet MHB Limited, a joint venture, has been reclassified as a subsidiary during the year as the Company holds 32.72% ownership interest and its subsidiary HPCL holds 32.72% ownership interest.
5. The Company, with 40% Participating Interest (PI), is a Joint Operator in Panna-Mukta and Mid and South Tapti Fields along with Reliance Industries Limited (RIL) and BG Exploration and Production India Limited (BGEPI), each having 30% PI. The Production Sharing Contracts (PSCs) with respect to Panna-Mukta and Mid and South Tapti contract areas were signed between the Contractors and Government of India on December 22, 1994 for a period of 25 years. In December 2010, RIL & BGEPI invoked an arbitration proceeding against the Union of India in respect of certain disputes, differences and claims arising out of or in connection with both the PSCs in respect to Panna-Mukta and Mid and South Tapti contract areas pursuant to the provisions of Article 33 of the PSCs and UNCITRAL Rules, 1976. Ministry of Petroleum and Natural Gas (MoP&NG), vide letter dated July 4, 2011, had advised the Company not to participate in the arbitration initiated by RIL and BGEPI under Panna-Mukta & Tapti PSCs. However, in case of an arbitral award, the same will be applicable to the Company also as a constituent of the contractor for both the PSCs. On October 12, 2016, a Final Partial Award (FPA) was pronounced by the Tribunal in the arbitration matter between RIL, BGEPI and Union of India. However, details of proceedings in this regard are not known to the Company since the Company is not a party to this arbitration. Directorate General of Hydrocarbons (DGH), vide letter dated May 25, 2017 marked to all Joint Venture Partners (RIL, BGEPI & the Company) has asked for payment of differential GOI share of Profit Petroleum and Royalty alleged to be payable by contractor pursuant to Government's interpretation of the FPA (40% share of the Company amounting to US\$ 1,574.76 million equivalent to ₹ 10,223 Crore including interest upto November 30, 2016). However, in response to letter dated May 25, 2017 of DGH, RIL and BGEPI the JV partners (with a copy marked to all Joint Venture Partners) had stated that demand of DGH is



premature as the FPA does not make any money award in favour of GOI as quantification of liabilities are to be determined during the final proceedings of the arbitration and the same has been challenged before the English Commercial Court.

Further, subsequent to London High Court Orders dated April 16, 2018 and May 2, 2018, DGH vide letter dated May 4, 2018 and May 15, 2018 has asked for re-casting of accounts of the JV and for remitting the respective PI share of balance dues including interest till the date of remittance. Details of proceedings thereof and the London High Court orders are not known to the company since the company is not a party to the arbitration. In response to the letter of DGH, RIL & BGEPIL have responded (with a copy marked to all Joint Venture Partners) that FPA of October 2016 does not make any money award in favour of the Government. Further it has also been stated by RIL & BGEPIL that the English Court has upheld challenge 4 of the claimants (RIL & BGEPIL) in relation to "Agreement Case" and held that there had been a serious irregularity in the Award of the Tribunal. Further in the court order of May 2, 2018, the English Court has directed the Tribunal to re-consider the "Agreement Case" and issue a fresh award within three months of that date. The "Agreement Case" is closely linked with the Cost recovery limit (CRL) increase application filed by the contractor with the Management Committee and Tribunals re-consideration of this issue necessarily impacts the re-computation of accounts. Re-computation of accounts and consequential determination of any amount due and payable by the contractor (Constituents of the JV including the company) are to be determined during the final stage of the arbitration proceedings after determination of all substantive issues by the Tribunal (including any application for an increase in the Tapti and Panna Mukta CRL and an award on the Agreement Case). The Company has also responded to DGH that as of now, neither the Arbitral Tribunal nor the Court has passed any order or quantified any amount due and payable by the Company. In the circumstances, the demand of DGH from the Company for any sum or interest thereon is premature and not justified. The company has requested DGH to keep the issue in abeyance till finality in the award is achieved.


Pending the final quantification of liabilities by the Arbitration Tribunal, no provision for the same has been considered necessary. However, the same has been considered as contingent liability.

6. During the year, the Company has received show-cause notices at various work centers on account of service tax along with interest and penalty, on royalty on Crude oil and Natural gas levied under Oil Field (Regulation & Development) Act, 1948. The Company has worked out service tax (including interest) of ₹ 1,983 Crore for the period from April 1, 2016 to June 30, 2017. Further, the Company has worked out GST (including interest) of ₹ 1,432 Crore for the period from July 1, 2017 to March 31, 2018. Penalty in respect of the same is not quantifiable. Based on legal opinion obtained by the Company, Service Tax / GST on royalty is not applicable. The Company is contesting the same at appropriate authorities and accordingly the same has been shown as contingent liability. However, as an abundant caution, the company has deposited Service tax, GST and interest under protest in May, 2018 amounting to ₹ 2,515 Crore.



7. The Board of Directors has recommended a final dividend of ₹ 1.35 per share (27%) which works out to ₹ 1,732 Crore over and above the interim dividend of ₹ 5.25 per share (105%) in two phases (₹ 3.00 and ₹ 2.25 per share).
8. The Financial Results have been audited by the Statutory Auditors as required under Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements), Regulation, 2015. The Statutory Auditors have issued unmodified opinion on the Standalone Financial Results for the year ended March 31, 2018.
9. Previous period's figures have been regrouped by the Company, wherever necessary, to conform to current period's grouping.

By order of the Board


(Subhash Kumar)
Director (Finance)

Place: New Delhi

Date: 30th May, 2018