

India's  
energy  
anchor



# *Exploring New Horizons*



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Annual Report 2012-13

Annual Report 2012-13

# ongc

is on a mission

To find more energy and to deliver energy for national growth.

The challenges are many.

But we have the Courage, the Knowledge, the Vision and the alchemy to transform uncertainty into value.

It has been a journey marked by uncommon grit, resilience and the power to turn adversity into opportunity. Starting from scratch, we have put India on the world energy map.

With our energy footprint in 16 countries, we are geared to anchor India's energy security.





## CHAIRMAN'S MESSAGE

Dear Shareholders,

It is a matter of immense satisfaction for me to inform that despite operating in a turbulent economic environment and an uncertain business ecosystem, your Company, ONGC, has been able to demonstrate operational excellence, uphold high standard of corporate governance and bring in remarkable business growth in the reporting fiscal year 2012-13.

It is my privilege to share with you that your Company received 'Excellent' MoU Performance rating for the year 2011-12 with a score of 1.222 (which was declared during 2012-13); the highest since adoption of the MoU system in 1988.

In its core area of operations, with 22 discoveries during FY'13, your Company shored up its already dominant position in the Indian hydrocarbon space and retained its competitive advantage in what is now an extremely dynamic sector. In the process, the Company accreted 84.84 MMtoe of Ultimate Reserves in the domestic fields (ONGC operated); the highest in the last twenty two years. With this, it is the 8th consecutive year for your Company to have maintained the Reserve Replacement Ratio (RRR) of more than one.

We maintain our position as the largest producer of oil and gas in the country contributing 69% of oil production and 62% of natural gas production. Innovative technological solutions helped us to sustain production levels from domestic as well as overseas fields. Total production during FY'13 (including overseas assets) has been 58.71 MMtoe; slightly lower than the production during FY'12 (61.18 MMtoe) mainly on account of lower production from South Sudan and Syria; two countries badly affected by the geo-political unrest. Besides, the natural decline in domestic matured fields has also contributed a little to the overall dip in production.

The repercussions of the global economic turmoil continue to roil the economic fortunes of most of the major countries and the expected turnarounds have been slow to manifest. Considering this conservative and capital-strained macroeconomic ecosystem largely characterised by a mediocre growth outlook, we performed well, by most standards, registering the highest-ever turnover of ₹ 833.09 billion (up 8.35% from FY'12). The turnover of the ONGC Group at ₹ 1,658.49 billion has also been the highest-ever. The Net Profit stood at ₹ 209.257 billion. This was 16.7% less than previous year primarily due to sharing the highest-ever under-recovery burden of ₹ 494.21 billion which is 11.1% higher than the previous year. Payment of additional Cess of ₹ 42.14 billion was also another factor that contributed to the fall in our profit.

The dynamism of the oil & gas industry is its hallmark. It has always contested and surmounted challenges that it had to contend with throughout its significantly eventful history. Today, the industry is in a position to scale the inaccessible which was hard to visualize even a few years ago. Geologically and logistically challenging frontiers - like Deep & ultra-deep-waters, Arctic,



## CHAIRMAN'S MESSAGE

unconventional - have now become the 'Hot Spots', abundant with opportunities. Your Company is also aggressively engaged in pursuing such opportunities to ensure its sustained growth.

We have undertaken structured initiatives towards deep-water exploration and have made 35 deep-water discoveries so far. Seven of these discoveries were made in NELP block KG-DWN-98/2 in the East Coast. During appraisal we have discovered substantial quantity of oil and gas which have given a fillip to our efforts towards monetizing the discoveries.

Your Company is developing 37 marginal fields through 13 projects with an estimated investment of ₹ 342.23 billion. Production from the fields under projects G-1&GS-15, B-22 Cluster, B-46 Cluster, C-Series, North Tapti and additional development of N.B.Prasad (D-1) field has already commenced. Seven out of these 13 projects are expected to be completed this year and the remaining five in subsequent years. Monetization of these fields is going to ramp up Oil and Gas production during the ensuing fiscal year.

Prudent reservoir management has been one of our strong areas of focus. Today, more than 70 per cent of ONGC's domestic production is contributed by 15 major fields which are 25 to 50 years vintage. Technology intensive Improved Oil Recovery (IOR), Enhanced Oil Recovery (EOR) and Redevelopment schemes have helped in achieving incremental oil and gas gain of 80 MMT (as of March 2013) against the targeted gain of around 172 MMT by 2030. Buoyed by this success, ONGC has adopted a policy of rolling redevelopment scheme for its major fields.

Committed to grow as an integrated energy company, we have prioritized exploration and development of unconventional sources and development of alternate sources of energy. Three pilots for shale gas exploration, one in Cambay Basin in 2013-14 and one each in KG Basin and Cauvery Basin in 2014-15, have been planned. We are also pursuing CBM and UCG opportunities.

Your Company is also pursuing green energy options. We are setting up another Wind Farm (102 MW) in Rajasthan which is likely to be commissioned in 2014. Alternate sources like - Geothermal energy and Kinetic hydro power generation projects are also being pursued.

Sustained growth remains the *mantra* for your Company. It is my privilege to inform you that we have progressed well against the milestones set as per the Perspective Plan 2030, which we adopted last year. Overseas growth has been the first shaping move of the Plan. We have made three big acquisition deals strengthening the position of your Company as one of the formidable global energy players. We finalised an acquisition of 2.72% stake in Azerbaijan's giant producing Azeri-Chirag-Guneshli (ACG) field (and 2.36% stake in Baku-Tbilisi-Ceyhan (BTC) pipeline in Azerbaijan in March 2013. We have also finalized definitive agreements for acquisition of 20% PI in Rovuma Area 1 Offshore block in Mozambique (with a potential of 35-65 tcf of gas reserves) in association with Oil India Limited.

As far as domestic exploration is concerned, your Company has identified six priority plays - conventional, HP-HT/Tight Reservoirs, Basement, Deep-water, Shale gas and CBM. We have established four Centers of Delivery (CoDs) to focus on identified areas of Basement, Shale gas, CBM and HP/HT. We have also identified 10 fields for accelerated redevelopment that will significantly contribute to production.

Integration in value-chain and creating a healthy mix of non-E&P business portfolio remains our commitment for integrated growth. Your Company is considering further expansion in petrochemicals at MRPL, LNG re-gasification, fertilizer, CGD, retail marketing, commercialization of stranded gas and building capacities in alternate energy like Solar, Wind and Nuclear.

We believe in meaningful cooperation for leveraging mutual strengths for growth. This year we inked cooperation agreements with industry majors like - ConocoPhillips, CNPC, Ecopetrol and Mitsui.

We have received widespread acknowledgement for our proven commitment towards sustained growth and strategically driven pursuits from leading peer-and-public evaluations. Your company is world's no. 3 E&P company, as per Platts ranking. Compared to last year, our position moved up 16 notches to 155<sup>th</sup> position in the 2013 Forbes Global 2000 list of world's biggest companies. ONGC is ranked 23<sup>rd</sup> among global oil and gas companies by Forbe's list. '2012 EU Industrial R&D Scoreboard' listed ONGC at 36<sup>th</sup> position in the list of oil & gas companies based on Research and Development (R&D) expenditure; the only company in this list from India.

As has been evidenced by the results, your Company, through an efficacious combination of aggressive business pursuits, deployment of cost-effective technology and human resource & strategic operational roadmaps, has not just grown in terms of business volume over the preceding financial year, but has also delivered significant shareholder value in the process; all with a clearly espoused corporate agenda of promoting sustainable energy practices. It has also displayed an uncompromising and exemplary commitment to industry benchmarks on Health, Safety & Environment (HSE) standards.

Moreover, your Company, as a pioneering practitioner of balancing business growth with meaningful social and environmental contributions, has further extended its outreach and impact in key focal areas through its well-considered CSR interventions. Our overall efforts and results are a worthy testament of centrality to the overarching national goals of inclusive growth and prosperity.

I believe corporate entities and industry must work in cohesion to build stakeholders' trust. Every new technological advancement and the accompanying opportunities come dovetailed with a renewed obligation to address concomitant concerns. That is why your Company continues to engage with its varied stakeholders on how to systematically mitigate risk in our operations, meaningfully enhance value of our business and foster a more rewarding and equitable energy universe.

Your continued support and confidence in us is a source of inspiration to propel the growth of your Company to new heights and create value for all stakeholders.



Sudhir Vasudeva  
Chairman & Managing Director



# Vision

To be the global leader in integrated energy business through sustainable growth, knowledge excellence and exemplary governance practices.

# Mission

## World Class

- Dedicated to excellence by leveraging competitive advantages in R&D and technology with involved people.
- Imbibe high standards of business ethics and organizational values.
- Abiding commitment to safety, health and environment to enrich quality of community life.
- Foster a culture of trust, openness and mutual concern to make working a stimulating and challenging experience for our people.
- Strive for customer delight through quality products and services.

## Integrated In Energy Business

- Focus on domestic and international oil and gas exploration and production business opportunities.
- Provide value linkages in other sectors of energy business.
- Create growth opportunities and maximize shareholder value.

## Dominant Indian Leadership

- Retain dominant position in Indian petroleum sector and enhance India's energy availability.





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# ongc

*Every Indian's Energy*

BOARD OF DIRECTORS

NOTICE

PERFORMANCE AT A GLANCE

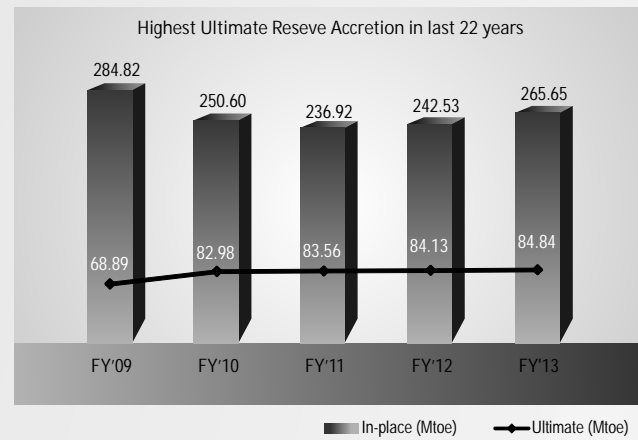




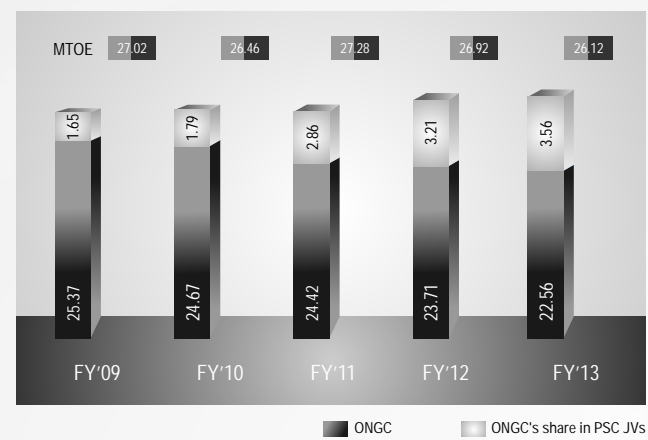
## Operational Highlights FY '13

## Financial Highlights FY '13

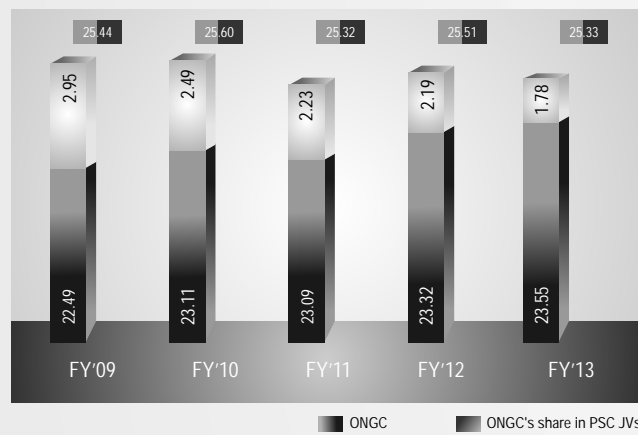
Highest Ultimate Reserve Accretion in last two decades



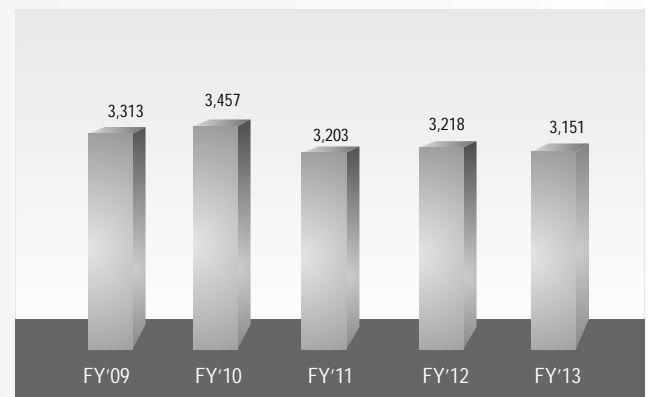
Oil & Gas Production (MMT)



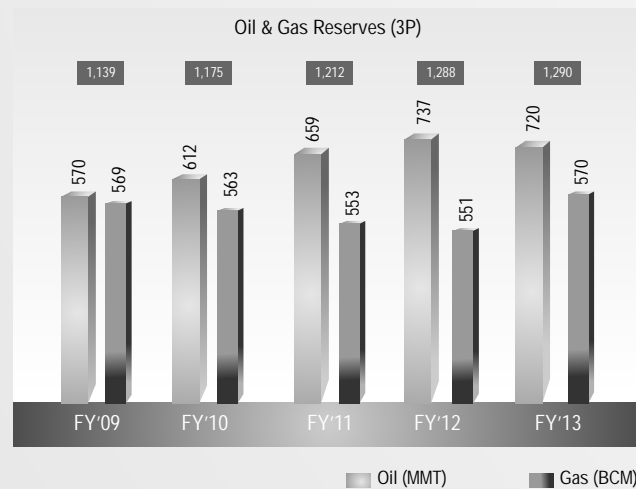
Oil & Gas Production (BCM)



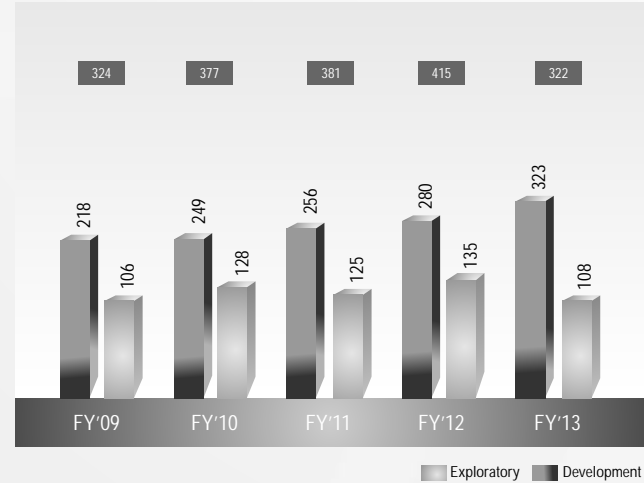
VAP Production (KT)



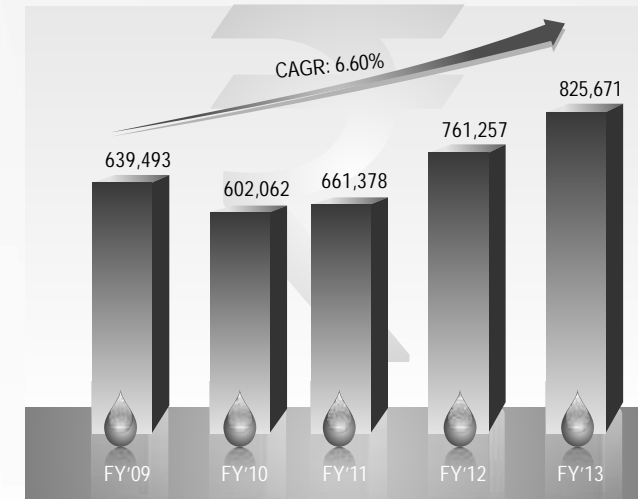
Wells Drilled (Nos.)



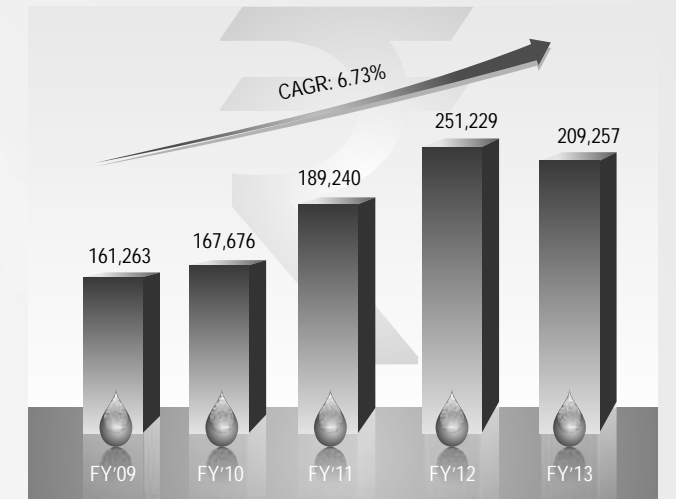
Wells Drilled (Nos.)



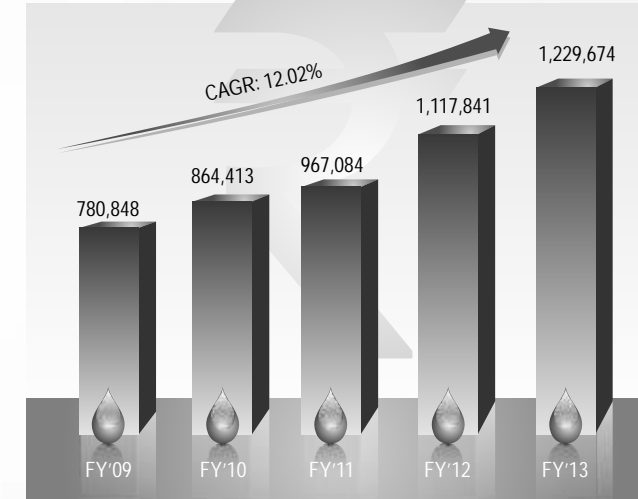
Sales Income (₹ Million)



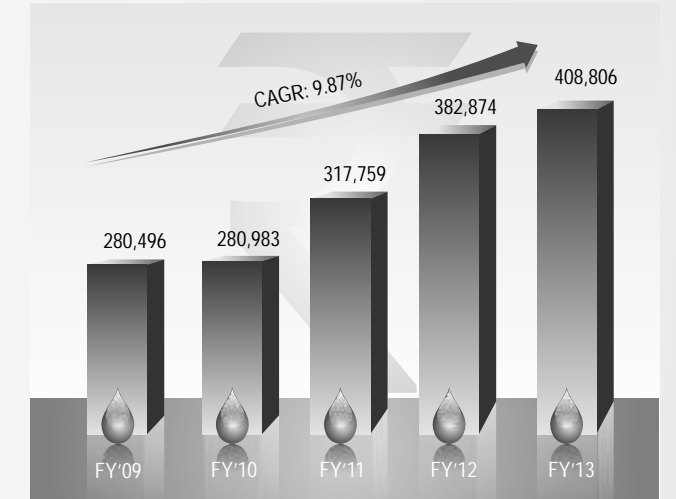
Net Profit (₹ Million)



Net Worth (₹ Million)



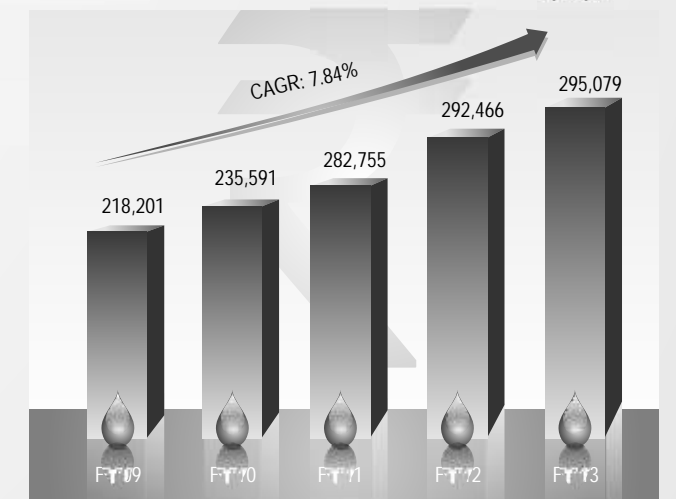
Contribution of exchequer (₹ Million)



Dividend (₹ Million)



Capex (₹ Million)



# Board of Directors

As on 31<sup>st</sup> July, 2013



K N Murthy O P Bhatt Arun Ramanathan Shaktikanta Das D K Sarraf Shashi Shanker K S Jamestin



Sudhir Vasudeva A K Banerjee P K Borthakur N K Verma A Giridhar D Chandrasekharam S K Barua Deepak Nayyar

## Chairman & Managing Director



Shri Sudhir Vasudeva is the Chairman & Managing Director of Oil and Natural Gas Corporation Ltd (ONGC), India's most valuable Maharatna public sector enterprise and one of the most premier E&P companies in the world. ONGC is the highest Profit making and highest Dividend paying company of India; it is also one of the Fortune's Most Admired Companies.

He is also the Chairman of ONGC Videsh Limited (OVL) which is operating across 16 countries. He is also Chairman of Mangalore Refinery and Petrochemicals Ltd (MRPL) and four other ONGC Group companies (OPaL- ONGC Petro-additions Ltd, OMPL - ONGC Mangalore Petrochemicals Ltd, MSEZ- Mangalore SEZ Ltd, OTPC- ONGC Tripura Power Company Ltd.

Mr. Vasudeva, President of Global Compact Network, India is the first business leader from Indian Public Sector Enterprises to be a Member of the Board of the United Nations Global Compact.

Mr. Vasudeva, a Chemical Engineer with Advanced Diploma in Management, has been conferred with Distinguished Fellowship of Institute of Directors, CEPM-PMA Fellowship for Excellence in Project Management, Honorary Fellowship of the Indian Institute of Chemical Engineers (IICChE) and Fellowship of Indian National Academy of Engineering (FNAE).

He is the Chairperson of Indian Council of Society of Petroleum Engineers (SPE) as well as Director At-large in SPE International Board of Directors, a first by any Indian.

Mr. Vasudeva has charted and is driving a Perspective Plan 2030 to maintain ONGC's leadership position in Indian energy sector in coming decades. By this plan, it envisages, among other things, to double its production, treble its revenue and quadruple its market cap by 2030.

Mr. Vasudeva, Chairman of Petrotech Society, champions active Industry-Academia relationship through his various active associations with the academia. He is the Chairperson of the Board of Governors of NIT, Raipur; Special Invitee in the Board of Governors of Pandit Deendayal Petroleum University, Gujarat, Member in the Board of Doon University and a Member of the CSIR Society.

An enthusiastic supporter of sports, Mr. Vasudeva is also the President of All India Public Sector Sports Promotion Board.

## Functional Directors

**Shri K. S. Jamestin** is the Director (HR), of your Company. He holds a Bachelors' degree in Electronics and Telecommunications Engineering from University of Kerala, MBA in Finance, Diploma in Operations Management and is a Certified Project Management Professional through PMI, USA. He has 36 years of experience to his credit in the petroleum and natural gas sector. He joined ONGC Board as Director (HR) on 25.05.2011. Prior to becoming Director (HR) of ONGC he served as Chief HRD where he re-engineered and e-enabled all HR processes in ONGC. He had also served as Head Regional Office, Mumbai and as Project leader for Project ICE, ONGC's award winning SAP-ERP implementation Project, rated as one of the biggest and most successful SAP implementations in the world.



Shri Alope Kumar Banerjee is the Director (Finance) of your Company and joined the ONGC Board on 22.05.2012. He holds a Master's degree in Commerce from University of Calcutta. He is a Fellow Member of the Institute of Chartered Accountants of India, Associate Member of the Institute of Company Secretaries of India and Associate Member of Institute of Cost Accountants of India. He has 31 years of diversified experience to his credit and rich knowledge in Financial Management and Strategic Planning in upstream Oil & Gas Industry with specialization in Corporate Accounts, Corporate Budget, Cost Management, Risk Analysis & Financial Planning, Procurement & Contracts, Performance Benchmarking & Evaluation, Audit, Corporate Governance, Insurance, etc. He had introduced & implemented Financial Benchmarking Concept and Zero-base Budgeting in ONGC. Prior to becoming Director (Finance) he served as ED- Chief Corporate Finance in ONGC.

Shri Pronip Kumar Borthakur, is the Director (Offshore) of your Company and joined the Board of the Company on 30th October, 2012. He has more than 35 years of experience in Oil Industry. He holds a degree in Mechanical Engineering from Guwahati University and has completed his General Management Training from IIM, Lucknow and Leadership Development Programme at ISB, Hyderabad. Prior to taking charge as Director (Offshore), he was the Asset Manager of Mumbai High Asset and was responsible for production, maintenance & development of biggest oil field in India located at Mumbai Offshore. Shri Borthakur has gained vast experience in the monetization of marginal assets with minimal facilities & cost with his exposure in developing satellite fields in Western Offshore. He has acquired operational experience from sub surface to surface activities of E&P business. He is also a distinguished member of the Society of Petroleum Engineers, an International society of over 75,000 professionals and is actively associated with its functioning.



Shri Shashi Shanker, is the Director (T&FS) of your Company and joined the Board of the Company on 1st December, 2012. He has more than 30 years of experience in Oil Industry.

He holds a B Tech degree in Petroleum Engineering from Indian School of Mines, Dhanbad and MBA with specialization in Financial Management from IGNOU. He undertook Management Development programme from IIM, Lucknow and Leadership Development Programme at ISB, Hyderabad.

Prior to appointment as Director (T&FS), ONGC, he was Head-Deep Water, MDT of Mumbai Region and was responsible for spearheading the deep/ultra-deep water drilling campaign of ONGC. He has wide exposure in diverse E&P activities in onshore & offshore operations and R&D activities.

**Shri Narendra Kumar Verma** is the Director (Exploration) of your Company and joined the Board of the Company on 1st April, 2013. He has more than 30 years of experience. He holds a Masters Degree in Applied Geology, an M. Tech degree in Petroleum Exploration and MBA in Finance. He has also completed One Year Global Manager's Program at IIM, Kolkata.

Recipient of many national awards and international commendations, the crowning moment of his technical career came with the prestigious 'National Mineral Award', the highest recognition by the Government of India in the field of geosciences, mining and allied areas, that was conferred upon him for his outstanding contribution to Petroleum Exploration in Mumbai Offshore.

Shri N K Verma has demonstrated remarkable competence in challenging roles in the domain of 'Exploration' and technological research, ranging from management of overseas exploration and Business Development as Director (Exploration), ONGC Videsh Limited; Management of exploration activities in Frontier Basin, Mumbai Offshore and Assam-Arakan Basin; and Head of Interpretation Group at the prestigious Geodata Processing and Interpretation Centre (GEOPIC) of ONGC.

He has worked extensively on Western Offshore, Assam & Assam-Arakan, NW Himalaya, Ganga, Rewa-Satpura and Vindhyan Basins in India. He was also involved in assessing the blocks / basins in Vietnam Offshore, Indonesian Offshore, Myanmar Offshore, Qatar, Iran Onland /Offshore, Middle and North Caspian.





## Government Nominee Directors

Shri Shaktikanta Das, Additional Secretary (EA), Ministry of Finance, Department of Economic Affairs, Govt of India, joined the ONGC Board as a Government Nominee Director on 28th August, 2012. He holds Masters Degree from St. Stephen's College, Delhi University. Belonging to 1980 batch of IAS, he held various positions in the Govt of Tamil Nadu including Secretary, Commercial Taxes Department, Secretary, Social Welfare Department, Secretary, Revenue Department, Secretary, Industries Department, Special Commissioner and Commissioner of Revenue Administration. Further he held the positions of Joint Secretary, Ministry of Finance, Department of Expenditure, Govt of India, Joint Secretary (Budget), Ministry of Finance, Department of Economic Affairs, Govt of India.



Dr. D. Chandrasekharam, aged 65 years, an Independent Director of your Company, joined the ONGC Board on 11th March, 2011. He holds a Bachelor's degree in Geology, a Master's degree in Applied Geology and a Doctor of Philosophy degree in Volcanology and Geochemistry from the Indian Institute of Technology, Mumbai. He has over 32 years of research and teaching experience in the field of Earth Sciences, including, inter alia, officiating as the Head of the Department of Earth Sciences, Head, Centre of Studies in Resource Engineering at the Indian Institute of Technology Bombay, Mumbai. He has served as a Senior Scientist at the Centre for Earth Science Studies, Trivandrum and served as a Senior Scientist at the Centre for Water Resources Development, Kerala. He is also currently a member of the International Geothermal Association (serving in its Board of Directors), the Geothermal Resources Council, USA, the Current Science Association, India and the International Association for Hydrogeologists. Dr. Chandrasekharam has over 20 years of experience in petroliferous basins of India.



Shri A. Giridhar, Joint Secretary (Exploration), Ministry of Petroleum & Natural Gas, Govt of India, joined the ONGC Board as a Government Nominee Director on 3rd August, 2012. He Holds a Bachelor's degree in Civil Engineering and a Master's degree in Industrial Management and Economics. Belonging to 1988 Batch of IAS (AP Cadre) he was Sub Divisional Magistrate, Gadwal (1990-92), Project Officer, Integrated Tribal Development Agency, Seetampet (1992-94), Additional District Magistrate & District Development Officer, Nizamabad (1994-95), Additional District Magistrate, Nellore (1995-96), Additional District Magistrate, Kadapa (1996-97), State Project Director, Primary Education Programme, (1997-98), DM, Khamman (1998-2002), Transport Commissioner, Govt of Andhra Pradesh (2002-2003), DM, Chittoor (2003-04), Secretary to Govt. of Andhra Pradesh, Finance Deptt (2004-07), Managing Director, A P State Financial Corporation (2007-09), Executive Director, Insurance Regulatory and Development Authority, Hyderabad (2009-12).



Prof. Deepak Nayyar, aged 66 years, an Independent Director of your Company, joined the ONGC Board on 20th June, 2011. He holds a Master's degree in Economics from Delhi University and a doctorate of Philosophy degree in Economics from Oxford University. He is a Professor of Economics at Jawaharlal Nehru University, New Delhi. Earlier, he has taught at the University of Oxford, the University of Sussex, the Indian Institute of Management, Calcutta and the New School for Social Research, New York. Professor Nayyar was Vice Chancellor of the University of Delhi from 2000 to 2005. He also served as Chief Economic Adviser to the Government of India and Secretary in the Ministry of Finance. As a Rhodes Scholar, he studied at Balliol College, University of Oxford. He has received the V.K.R.V. Rao Award for his contribution to research in Economics. Professor Nayyar served as Chairman of the Board of Governors of the UNU World Institute for Development Economics Research, Helsinki, a Member of the Board of Directors of the Social Science Research Council in the United States, and Chairman of the Advisory Council for the Department of International Development, Queen Elizabeth House, University of Oxford. He also served as a member of the National Knowledge Commission in India and Vice President of the International Association of Universities, Paris.

## Independent Directors

Shri Om Prakash Bhatt, aged 62 years, an Independent Director of your Company, joined the ONGC Board on 14th December, 2011. He started his career as a probationary officer with SBI in 1972. During his career span of 36 years with SBI, he has held several important assignments in India and abroad including stints at the Bank's London and Washington offices. Under the leadership of Shri Bhatt, SBI steadily improved its global ranking in the list of Fortune 500 companies. Shri Bhatt made rapid strides arresting falling market share, rapid branch expansion with the bank opening 11,000th branch under him, the first Indian bank and only the second in the world to do so, and entering a number of new businesses.



Shri K. Narasimha Murthy, aged 56 years, an Independent Director of your Company, joined the ONGC Board on 21st March, 2013. He has a brilliant academic record, getting ranks in both CA & ICWA courses. He entered the Profession of Cost & Management Accountancy in 1983. He is associated with the development of Cost & Management Information Systems for more than 150 Companies covering more than 45 Industries. In addition, he is closely associated with turning around of many large Corporates, focusing on systems improvement with Cost Reduction approach.

He is closely involved with several National level Financial Institutions and is on the Board of various companies. Earlier he was associated as a Director with IDBI Bank Ltd. (2001-'11), UTI Bank Ltd., (presently AXIS Bank) (1999-2004), Unit Trust of India (UTI) (2002-'03), IFCI Ltd. (2008-'09), APIDC Ltd., Bombay Stock Exchange etc.



Shri Arun Ramanathan, aged 64 years, an Independent Director of your Company, joined the ONGC Board on 20th June, 2011. He holds a Master's degree in Nuclear Physics, Business Administration and Development Economics. He is also an Associate Member of the Institute of Cost Accountants of India. He joined the IAS in July 1973 where he held several assignments in Industry, Finance, Food, Consumer Protection, Transport and General Administration. In the GOI, he was Secretary (Chemicals & Petrochemicals), Secretary (Financial Services) and finally the Union Finance Secretary. Shri Ramanathan was the Finance Secretary at the time of the global financial crisis and was nominated by the Prime Minister to Chair the Group of Secretaries to recommend measures needed to counter the meltdown in the financial and industrial sectors.



Prof. Samir Kumar Barua, aged 61 years, an Independent Director of your Company, joined the ONGC Board on 14th December, 2011. He Holds a Master's degree in Industrial Engineering and Operations Research and holds a Doctorate degree in Management. He joined the faculty of Indian Institute of Management, Ahmedabad in 1980. His specific areas of interest include Capital Market, International Finance, Operations Research, Decision Support System and Corporate Financial Management. He is a visiting professor to academic institutions in USA, Netherlands, Singapore & Cyprus. He has authored a number of books and case studies in Management. He is a consultant to many public and private organizations in the manufacturing, banking and financial services sectors. He has handled various assignments as advisor to Reserve Bank of India, FICCI and the Bombay and National Stock Exchanges.

## Special Invitee



**Shri D. K. Sarraf** is presently Managing Director, ONGC Videsh Limited. He is an Associate Member of Institute of Cost Accountants of India and Institute of Company Secretaries of India. He was Director (Finance) ONGC from 27th December, 2007 till 15th September, 2011. He has around 32 years of rich and varied experience in the Oil Industry. He had also served in Oil India Ltd., ONGC Videsh Ltd. He possesses regulatory experience of serving in Oil Co-ordination Committee under MoP&NG.

## Directors whose term ceased since last Annual General Meeting

**Smt. Sushama Nath**, an Independent Director of your Company, joined the ONGC Board on 14th December, 2011. Smt. Sushama Nath holds a Bachelor's degree in Chemistry from Institute of Science, University of Bombay, and also possesses LLB (General) degree from University of Bombay. She joined IAS in 1974. In the GOI, she was Secretary Expenditure and Finance Secretary in the Ministry of Finance. She has wide and enriched experience in Finance. She resigned from the ONGC Board on 21.01.2013.



**Shri A. K. Hazarika** superannuated as Director (Onshore) from your company on 30.09.2012. He also held additional charge of CMD, ONGC from 1st February, 2011 till 2nd October, 2011. He holds of Bachelor's degree in Mechanical Engineering from Assam Engineering College, Guwahati. He has more than 35 years of enriched and wide experience in various areas of upstream oil industry, including regional cementing In-charge, Head/Chief Well Services etc. As Director (Onshore), Shri Hazarika held the responsibility as Director (Incharge), Health, Safety, Environment & Sustainability Development of ONGC's operations. In addition, he was also heading the Carbon Management Group (CMG) of ONGC pursuing different CDM projects through reduction of GHG emissions.

**Shri U. N. Bose** superannuated as Director (Technology & Field Services) of your Company on 30.11.2012. He holds a Bachelor's degree in Mechanical Engineering from the University of Nagpur. He has more than 36 years of experience in various fields including deviation/horizontal drilling. He implemented drilling programmes in high pressure/high temperature conditions and provided technology solutions to resolve difficult area of drilling problems; initiated deep water drilling campaign in deep and ultra-deep areas; contributed technical papers and developed high-end training facilities for rig supervisors.



**Shri S. V. Rao**, superannuated as Director (Exploration) of your Company on 31.03.2013. He holds a Bachelor's degree in Science and a Master's Degree in Applied Geology from the University of Bombay. He has more than 35 years of experience in the exploration and exploitation of oil and gas fields, well-site investigation, and handled geological and geophysical assessment of the KG-PG and Western Offshore Basins, supervision and monitoring of geological operations at the oil and gas wells of ONGC at Ankleshwar Asset and Cauvery basin. He officiated as the Head of the Exploration and Development Directorate, Dehradun.

## Chief Vigilance Officer

**Shri Sanjeeva Kumar** joined Indian Administrative Service in 1986. He belongs to the Assam Meghalaya Cadre and is on deputation to ONGC as Chief Vigilance Officer since September 2011.

He is a post-graduate in Development Studies from the International Institute of Social Studies (ISS), Erasmus University, The Hague, Netherlands and also an alumnus of Jawahar Lal University, New Delhi; Eastern Management Development Center, West Virginia and Asia-Pacific Center for Security Studies, Honolulu, Hawaii.

Shri Kumar has an illustrious and distinguished career spanning more than 25 year in Civil Service, both in the State Government and Government of India. He started his career as the Sub Divisional Officer and subsequently held a number of important assignments including Deputy Commissioner in several districts of Assam; Director in the Department of Economic Affairs, Ministry of Finance and Company Affairs; Commissioner and Secretary in several Departments such as Labour, Home and Finance in Government of Meghalaya; and Joint Secretary in the Ministry of Defence, Government of India, before joining as CVO, ONGC.

A multi-faceted person, he keenly follows the public policy issues, especially in the realm of environment and forest and has published a number of papers in international journals. His paper on community forestry in Meghalaya was acclaimed widely and was selected for the prestigious Best Research Paper Award by the ISS out of 170 research papers from participants spread over nearly 60 countries for the academic year 2005-2006. A sports enthusiast, he successfully completed ITBP half-marathon-a distance of more than 21 kms- last year. He has also anchored a documentary titled "Pushpanjali" on the contribution made by our brave Ex-servicemen in the Nation building which was telecast on several TV channels.

Shri Kumar brings to ONGC vigilance his wide-ranging and rich experience as Civil Servant, both at execution and policy-making levels.



Registered Office  
Tower II, Jeevan Bharati Building,  
124, Indira Chowk, New Delhi - 110 001

Corporate Office  
Tel Bhavan, Dehradun - 248 003  
Uttarakhand

#### Statutory Auditors

M/s Varma & Varma, Chennai  
M/s S. Bhandari & Co., Mumbai  
M/s Ray & Ray, Kolkata  
M/s Mehra Goel & Co., New Delhi  
M/s G D Apte & Co. Mumbai

#### Cost Auditors

M/s A. B. K. Associates, Mumbai  
M/s N. D. Birla & Co., Ahmedabad  
M/s M. Krishnaswamy and Associates, Chennai  
M/s Bandyopadhyaya Bhaumik & Co., Kolkata  
M/s A. C. Dutta & Co., Kolkata  
M/s N.I. Mehta & Co. Mumbai  
M/s. Ramanath Iyer & Co., Delhi

#### Bankers

State Bank of India

#### Subsidiaries

ONGC Videsh Ltd.  
Mangalore Refinery and Petrochemicals Ltd.

#### Registrar & Share Transfer Agent

M/s Karvy Computershare Private Ltd.  
Plot No.17-24, Vittal Rao Nagar,  
Madhapur, Hyderabad - 500081.

#### Listed at

Bombay Stock Exchange Ltd.  
National Stock Exchange of India Ltd.

#### Depositories

National Securities Depository Ltd.  
Central Depository Services (India) Ltd.

Company Secretary  
N. K. Sinha

Notice is hereby given that the 20th Annual General Meeting of the Members of OIL AND NATURAL GAS CORPORATION LIMITED will be held on Wednesday, the 25th September, 2013 at 10:00 hrs. at NDMC Indoor Stadium, Talkatora Garden, New Delhi , to transact the following business:

#### ORDINARY BUSINESS:

1. To receive, consider and adopt the audited Balance Sheet as at 31st March, 2013, Profit & Loss Account for the year ended 31st March, 2013 together with the Reports of the Directors and the Auditors' thereon and comments of the Comptroller & Auditor General of India in terms of Section 619 of the Companies Act, 1956.
2. To confirm the payment of two interim dividends and declare final dividend on equity shares for the year 2012-13.
3. To appoint a Director in place of Dr. D Chandrasekharam, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri K S Jamestin, who retires by rotation and being eligible, offers himself for re-appointment.
5. To authorise Board of Directors of the Company to fix the remuneration of the Joint Statutory Auditors of the Company for the Financial Year 2013-14, in terms of the provisions of section 619(2) read with section 224(8)(aa) of the Companies Act, 1956 and to pass the following resolution, with or without modification(s), as Ordinary Resolution:

"RESOLVED THAT the Board of Directors of the Company be and are hereby authorised to decide and fix the remuneration of the Joint Statutory Auditors of the Company for the Financial Year 2013-14, as may be deemed fit by the Board"

#### SPECIAL BUSINESS:

##### ITEM No. 6

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

"RESOLVED THAT Shri Pronip Kumar Borthakur, who was appointed as an Additional Director and designated as Director (Offshore) under Section 260 of the Companies Act, 1956, effective 30th October, 2012 and holds office upto the 20th Annual General meeting and in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

##### ITEM No. 7

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

"RESOLVED THAT Shri Shashi Shanker, who was appointed as an Additional Director and designated as Director (T&FS) under Section 260 of the Companies Act, 1956, effective 1st December, 2012 and holds office upto the 20th Annual General meeting and in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

##### ITEM No. 8

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

"RESOLVED THAT Shri K. Narasimha Murthy, who was appointed as an Additional Director (part-time non-official





Director) under Section 260 of the Companies Act, 1956, effective 21st March, 2013 and holds office upto the 20th Annual General meeting and in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

ITEM No. 9

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

"RESOLVED THAT Shri Narendra Kumar Verma, who was appointed as an Additional Director and designated as Director (Exploration) under Section 260 of the Companies Act, 1956, effective 1st April, 2013 and holds office upto the 20th Annual General meeting and in respect of whom, the Company has received a notice in writing, under Section 257 of the Companies Act, 1956, from a member proposing his candidature for the office of director, be and is hereby appointed as a Director of the Company, liable to retire by rotation."

By Order of the Board of Directors

Regd. Office:  
Jeevan Bharti Building  
Tower II, 124 Indira Chowk,  
New Delhi - 110 001.

(N K SINHA)  
Company Secretary

August 12, 2013

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. THE PROXY FORM SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS (48 HRS.) BEFORE THE TIME OF COMMENCEMENT OF THE MEETING. BLANK PROXY FORM IS ATTACHED.
2. Relevant Explanatory Statement pursuant to Section 173(2) of the Companies Act, 1956, in respect of Special Business, as set out above is annexed hereto.
3. Brief resume of the Directors seeking re-appointment as mandated under Clause 49 of the Listing Agreement with the Stock Exchanges is annexed hereto and forms part of the Notice.
4. The Register of Members and Share Transfer Books of the Company will remain closed from Thursday, the 19th September, 2013 to Wednesday, the 25th September, 2013 (both days inclusive).
5. The Board had recommended a final Dividend of ` 0.50 per equity share of ` 5/- each, fully paid up at its meeting held on 29th May, 2013. The dividend, if approved by the Members at the said Annual General Meeting, will be paid before 24th October, 2013 to the members whose names appear on the Register of Members of the Company after giving effect to all valid share transfers in physical form lodged with the Company on or before Wednesday, the 18th September, 2013, and the respective Beneficial Owners as at the close of business hours on Wednesday, the 18th September, 2013, as per details thereof to be furnished by the depositories.
6. Share transfer documents and all correspondence relating thereto, should be addressed to the Registrar and Transfer Agent of the Company - M/s. Karvy Computershare Private Ltd. (Karvy), Plot No. 17-24, Vittal Rao Nagar, Madhapur, HYDERABAD - 500 081 Phone Nos. 040-44655152 & 1800-345-4001 (Toll Free), Fax No. 040-23420814; e-mail: e-inward.ris@karvy.com. Karvy is also the depository interface of the Company with both NSDL and CDSL.  
  
However, keeping in view the convenience of the Shareholders, documents relating to shares will continue to be accepted at Karvy Computershare Private Ltd. 305, 3rd Floor, New Delhi House, 27, Barakhamba Road, Connaught Place, New Delhi-110001, Phone Nos. 011-43681700, Fax No.011-43681710; and at the Registered Office of the Company at 8th Floor, Jeevan Bharati, Tower-II, 124, Indira Chowk, New Delhi- 110001, Phone No.011-23301277/23301299; e-mail: secretariat@ongc.co.in.
7. The Company has designated an exclusive e-mail ID called secretariat@ongc.co.in for redressal of shareholders'/investors' complaints/grievances. In case you have any queries/complaints or grievances, then please write to us at the above e-mail address.
8. Members holding shares in electronic form may please note that the bank account details and 9-digit MICR Code of their Bankers, as noted in the records of their depository, shall be used for the purpose of remittance of dividend through Electronic Clearing Service (ECS), or for printing on dividend warrants wherever applicable. Members are therefore requested to update their bank account particulars, change of address and other details with their respective Depository Participants for shares held in demat mode and to the Registrar and Share Transfer Agent for shares held in physical form.
9. Reserve Bank of India (RBI) is providing ECS/NECS facility for payment of dividend in select cities. Members holding shares in physical form are advised to submit particulars of their bank account, viz., names and address of the branch of the bank, 9 digit MICR code of the branch, type of account and account number latest by 18 September, 2013 to M/s Karvy Computershare Private Ltd.
10. Pursuant to Section 205A(5) and 205C of the Companies Act, 1956, the Company has transferred the unpaid/unclaimed amount of dividend declared on 21st September, 2005 for the financial year 2004-05 and interim dividend declared on 23rd



December, 2005 for the financial year 2005-06, to the Investor Education and Protection Fund of the Central Government. The unpaid/unclaimed amount of Final Dividend declared on 19.09.2006 and Interim Dividend declared on 28.12.2006 will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government by 18th October, 2013 and 27th January, 2014 respectively. Members who have not encashed their dividend warrants pertaining to the said year may approach the Company or its Registrar & Share Transfer Agent for obtaining payment thereof.

11. In order to avoid the incidence of fraudulent encashment of dividend warrants, the Members holding shares in physical form are requested to provide their Bank Account Number, Name and Address of the Bank/Branch to the Company or Karvy to enable them to incorporate the same in the dividend warrant.
12. Members desirous of obtaining any information/clarification (s) concerning the accounts and operations of the Company or intending to raise any query are requested to forward the same at least 10 days before the date of the meeting to Company Secretary at the Registered Office of the Company, so that the same may be attended to appropriately.
13. Members who have not encashed their dividend warrants within its validity period may write to the Company at its Registered Office or M/s Karvy Computershare Private Limited, Registrar & Share Transfer Agent of the Company, for revalidating the warrants or payment in lieu of such warrants in the form of demand draft.
14. In terms of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. Members holding shares in physical form may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares in individual name are advised to avail of the nomination facility by filing Form No. 2B in their own interest. Blank form can be had from Karvy on request. Members holding shares in dematerialised form may contact their respective DPs for registration of nomination.
15. Members holding physical shares in multiple folios in identical names are requested to send their share certificates to Company's Registrar and Share Transfer Agent, M/s Karvy Computershare Private Ltd. for consolidation.
16. Pursuant to Section 619(2) read with Section 224(8)(aa) of the Companies Act, 1956, the Auditors of a Government Company are appointed or re-appointed by the Comptroller and Auditor General (C&AG) of India and their remuneration is to be fixed by the Company in the Annual General Meeting. The General Meeting may authorise the Board to fix up an appropriate remuneration of Auditors for the year 2013-14 after taking into consideration the increase in volume of work and prevailing inflation etc.
17. Members are requested:
  - i) to bring their copies of Annual Report and Attendance Slip duly completed and signed at the meeting.
  - ii) to quote their Folio/DP & Client identification No. in all correspondence.
  - iii) Not to bring brief case, bags, eatables, cell phone etc. as they are prohibited inside the meeting hall for security reasons.
  - iv) to notify immediately any change of their address and bank particulars to the Company or its Share Transfer Agent, in case shares are held in physical form.

AND

In case their shares are held in dematerialised form, information should be passed on directly to their respective Depository Participants and not to the Company/Share Transfer Agent, without any delay.

- v) to note that no gift will be distributed at the meeting.

## EXPLANATORY STATEMENT PURSUANT TO SECTION 173(2) OF THE COMPANIES ACT, 1956

Item No.6

### APPOINTMENT OF SHRI PRONIP KUMAR BORTHAKUR

Shri Pronip Kumar Borthakur was appointed as an Additional Director and designated as Director (Offshore) on the Board of ONGC effective 30th October, 2012. In terms of Section 260 of the Companies Act, 1956 he holds office upto the 20th Annual General meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Shri Pronip Kumar Borthakur as candidate for the office of Director. Shri Pronip Kumar Borthakur, if appointed, will be liable to retire by rotation under Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company.

Born on 1st February, 1954, Shri Borthakur, did his Mechanical Engineering from Guwahati University. He did his General Management Training from IIM, Lucknow and Leadership Development Programme at ISB, Hyderabad. He has 35 years of experience in Oil Industry.

Prior to taking charge as Director (Offshore), he was Asset Manager of Mumbai High Asset and was responsible for production, maintenance & development of the biggest oil field in India located at Mumbai Offshore. Mr..Borthakur has gained vast experience of monetization in marginal assets with minimal facilities & cost with his exposure in developing satellite fields in Western Offshore. With exposure to several challenging assignments in his career, he has acquired operational experience from sub surface to surface activities of E&P business.

Shri Pronip Kumar Borthakur holds directorship in Pawan Hans Ltd and and ONGC Petro-additions Ltd.

He holds 6228 equity shares of ` 5 each in ONGC.

None of the Directors except Shri Pronip Kumar Borthakur is interested or concerned in the resolution.

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

Item No.7

### APPOINTMENT OF SHRI SHASHI SHANKER

Shri Shashi Shanker was appointed as an Additional Director and designated as Director (T&FS) on the Board of ONGC effective 1st December, 2012. In terms of Section 260 of the Companies Act, 1956 he holds office upto the 20th Annual General meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Shri Shashi Shanker as candidate for the office of Director. Shri Shashi Shanker, if appointed, will be liable to retire by rotation under Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company.

Born on 2nd March, 1961, Shri Shanker did his B Tech in Petroleum Engineering from Indian School of Mines, Dhanbad and MBA with specialization in Financial Management from IGNOU. He undertook Management Development programme from IIM, Lucknow in Leadership Development Programme at ISB, Hyderabad, and possess 30 years of experience in Oil Industry.

Prior to appointment as Director (T&FS), ONGC, he was Head-Deep Water, MDT of Mumbai Region and was responsible for spearheading the deep/ultra-deep water drilling campaign of ONGC. He had wide exposure in diverse E&P activities both in onland & offshore operations and R&D Activities.

Shri Shashi Shanker does not hold any directorship.

He holds 3712 equity shares of ` 5 each in ONGC.



None of the Directors except Shri Shashi Shanker is interested or concerned in the resolution.

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

Item No.8

#### APPOINTMENT OF SHRI K. NARASIMHAMURTHY

Shri K. Narasimha Murthy, was appointed as an Additional Director (part time non-official Director) on the Board of ONGC effective 21st March, 2013 for a period of 3 years. In terms of Section 260 of the Companies Act, 1956 he holds office upto the 20th Annual General meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Shri K. Narasimha Murthy as candidate for the office of Director. Shri K. Narasimha Murthy, if appointed, will be liable to retire by rotation under Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company.

Born on 13.08.1957, Shri K. Narasimha Murthy had a brilliant academic record and held ranks in both CA & ICWA courses. He entered the Profession of Cost & Management Accountancy in 1983. He is associated with the development of Cost & Management Information Systems for more than 150 Companies covering more than 45 Industries. In addition, he is closely associated with turning around of many large Corporates, focusing on systems improvement with Cost Reduction approach.

He is closely involved with several National level Financial Institutions. Earlier, he was associated as Director with IDBI Bank Ltd from 2001 to 2011. Shri K. Narasimha Murthy is a director on the Board of LIC Housing Finance Limited, AP State Financial Corporation, STCI Finance Ltd, Max Healthcare Institute Ltd., Infiniti Retail Ltd. and Srikari Management Consultants Pvt. Ltd.

He holds NIL equity shares in ONGC.

None of the Directors except Shri K. Narasimha Murthy is interested or concerned in the resolution.

The Board of Directors considers that in view of the background and experience of Shri K. Narasimha Murthy, it would be in the interest of the Company to appoint him as a Director of the Company. The Board recommends the resolution for your approval.

Item No.9

#### APPOINTMENT OF SHRI NARENDRA KUMAR VERMA

Shri Narendra Kumar Verma was appointed as an Additional Director and designated as Director (Exploration) on the Board of ONGC effective 1st April, 2013. In terms of Section 260 of the Companies Act, 1956 he holds office upto the 20th Annual General meeting of the Company. The Company has received a notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, signifying intention to propose Shri Narendra Kumar Verma as candidate for the office of Director. Shri Narendra Kumar Verma, if appointed, will be liable to retire by rotation under Sections 255 and 256 of the Companies Act, 1956 and the Articles of Association of the Company.

Born on 02.01.1959, Shri Narendra Kumar Verma did his Masters Degree in Applied Geology. He holds an M. Tech in Petroleum Exploration and MBA in Finance. He has also completed one Year Global Manager's Program at IIM, Kolkata. Prior to appointment as Director (Exploration), ONGC, he was Director (Exploration) of ONGC Videsh Limited, the wholly owned subsidiary of ONGC. In a career spanning over 30 years, he has demonstrated remarkable competence in challenging roles in the domain of 'Exploration' and technological research, ranging from management of overseas exploration and Business Development, Management of exploration activities in Frontier Basin, Mumbai Offshore and Assam-Arakan Basin, Head of Interpretation Group at the prestigious Geodata Processing and Interpretation Centre (GEOPIC) of ONGC. He has worked extensively on Western Offshore, Assam & Assam-Arakan,

NW Himalaya, Ganga, Rewa-Satpura and Vindhyan Basins in India. He has also involved in assessing the blocks / basins in Vietnam Offshore, Indonesian Offshore, Myanmar Offshore, Qatar, Iran Onland/Offshore, Middle and North Caspian.

Recipient of many national awards and international commendations, the crowning moment of his technical career came with the prestigious 'National Mineral Award', the highest recognition by the Government of India in the field of geosciences, mining and allied areas, that was conferred upon him for his outstanding contribution to Petroleum Exploration in Mumbai Offshore.

Shri Narendra Kumar Verma holds directorship in ONGC Teri Biotech Ltd..

He holds NIL equity shares in ONGC.

None of the Directors except Shri Narendra Kumar Verma is interested or concerned in the resolution.

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

By Order of the Board of Directors

Regd. Office:

Jeevan Bharti Building  
Tower II, 124 Indira Chowk,  
New Delhi - 110 001.

  
(N K SINHA)  
Company Secretary

August 12, 2013



Dear Shareholder,

With a view to reduce the carbon foot print, your company being a responsible Corporate Citizen had undertaken Green initiatives last year and could save printing of more than 2.00 lac Annual Reports of 2011-12 consisting of 284 pages. During the year, your company has already taken the following steps in furtherance of its resolve to Go Green:

- All public notices to Shareholders contain a request to the shareholders to register their email id with their respective Depository Participant / M/s Karvy, RTA of the Company.
- Emails have been sent to all new shareholders who have registered their email ids with CDSL, NSDL or our Share Transfer Agent intimating them that all future communications including the notice of Annual General Meeting and the Annual Report, shall only be sent to them at their registered email.
- After seeking response of the shareholders, individual emails have been sent to all shareholders who have not exercised the option to receive the Annual Report for 2012-13 in physical mode. They have been provided with a link (URL) to the website of ONGC and KARVY / CDSL for downloading of the Annual Report for 2012-13.

Those Members, who have not registered their e-mail ID may download the copy of Annual Report from Company's website i.e. [www.ongcindia.com](http://www.ongcindia.com).

In case you have not yet registered your email id, we urge you to kindly furnish your e-mail id to M/s Karvy Computershare Pvt Ltd (R&T Agent of ONGC) at their address indicated in Reference page or email at [mailmanager@karvy.com](mailto:mailmanager@karvy.com). Please ensure that you have indicated your Folio No. / DP & client ID No as well as your consent to receive future communications from ONGC including Annual Reports etc through email at your registered email address.

Please help us to save the environment.



(N. K. Sinha)

Company Secretary

Name	Dr. D. Chandrasekharam	Shri K S Jamestin
Date of Birth & Age	March 14, 1948, 65 Years	July 16, 1954, 59 Years
Date of Appointment	March 11, 2011	May 25, 2011
Qualifications	Bachelor's degree in Geology, Master's degree in Applied Geology and Doctor of Philosophy degree in Volcanology and Geochemistry from the Indian Institute of Technology, Mumbai.	B. Sc (Engg) in Electronics and Telecommunications from Faculty of Engineering, University of Kerala, MBA in Finance, Diploma in Operations Management and a Certified Project Management Professional through PMI, USA . Also done an Advanced Leadership Programme from Indian School of Business, Hyderabad.
No. of Shares held	NIL	3600
Experience in Specific Functional Areas	Dr. Chandrasekharam has over 32 years of research and teaching experience in the field of Earth Sciences, including, inter alia, officiating as the Head of the Department of Earth Sciences, Head, Centre of Studies in Resource Engineering at the Indian Institute of Technology, Bombay, besides 20 years of experience in petroliferous basins of India.  He has served as a Senior Scientist at the Centre for Earth Science Studies, Trivandrum & Centre for Water Resources Development, Kerala. Member, International Geothermal Association, Geothermal Resources Council, USA, Current Science Association, India and International Association for Hydrogeologists.	Currently holding the position of Director (HR) and has to his credit, experience of about 36 years in various fields in the petroleum and natural gas sector. He joined ONGC as a Graduate trainee in March 1977 and has served the organisation in various capacities. He had also served as Head Regional Office, Mumbai and as Project leader for Project ICE, ONGC's award winning SAP-ERP implementation Project, rated as one of the biggest and most successful SAP implementations in the world.
Directorship held in other Public companies	a) Indian Rare Earths Limited. b) Western Coalfields Limited c) Mangalore Refinery and Petrochemicals Ltd.	a) ONGC Mangalore Petrochemicals Limited b) Petronet MHB Limited c) Mangalore SEZ Limited d) ONGC Petro-additions Limited e) ONGC Tripura Power Company Limited f) Dahej SEZ Limited
Chairmanship/ Membership of Committees across all Public companies	ONGC CHAIRMAN a) HSE & Sustainable Development Committee b) Remuneration Committee MEMBER a) Audit & Ethics Committee b) Project Appraisal Committee c) Human Resource Management Committee. d) Committee on Dispute Resolution OTHER COMMITTEE MEMBERSHIP Audit Committee, Shareholders'/ investors' Grievance Committee and Remuneration Committee- Mangalore Refinery and Petrochemicals Ltd.	ONGC MEMBER a) Human Resource Management Committee. b) HSE & Sustainable Development Committee  OTHER COMMITTEE MEMBERSHIP Audit Committee ONGC Tripura Power Company Limited- ONGC Mangalore Petrochemicals Ltd.



## Performance at a Glance

(` in million unless otherwise stated)	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
<b>PHYSICAL</b>										
Quantity Sold (Other than Trading)										
- Crude Oil (MMT)	23.69	23.09	22.94	22.33	22.88	24.08	24.42	22.45	24.09	23.94
- Natural Gas (MMM3)	20,160	20,202	20,288	20,598	20,534	20,432	20,306	20,500	20,644	21,103
- LPG (000'Tonnes)	1,005	1,033	1,057	1,108	1,029	1,037	1,033	1,084	1,086	1,161
- Naptha/ARN (000'Tonnes)	1,520	1,557	1,600	1,598	1,545	1,442	1,442	1,578	1,567	1,656
- Ethane/Propane (000'Tonnes)	425	461	387	533	497	520	548	535	528	534
- Superior Kerosene Oil (000'Tonnes)	106	79	118	166	153	168	156	176	177	218
Quantity Sold (Trading)										
- Superior Kerosene Oil (000'KL)	-	-	-	-	441	308	563	432	970	-
- HSD (000'KL)	-	-	3	4	1,742	1,539	1,394	874	1,538	-
- Motor Spirit (000'KL)	1	1	1	1	273	232	121	110	262	-
<b>FINANCIAL</b>										
Revenue from Operations	833,090	768,871	686,488	619,832	650,494	615,426	590,575	494,397	472,454	329,270
Other Non Operating Income	54,367	44,529	34,069	121,841	118,013	129,768	122,516	99,738	103,258	89,156
Total Revenues	887,457	813,400	720,557	126,297	123,812	106,823	102,016	76,762	71,397	58,848
Statutory Levies	223,615	169,902	142,368	(4,033)	3,819	(1,070)	177	(172)	2	36
Operating Expenses	173,925	139,812	142,379	139	85,166	65,115	59,401	34,338	51,013	-
Exploration Costs written off#	100,431	93,334	82,490	375,588	319,684	314,790	306,465	283,731	246,784	181,230
Purchases	31	25	138	146,588	120,849	97,979	94,994	84,573	62,016	55,881
Profit Before Interest, Depreciation & Tax (PBITD)	389,455	410,327	353,182	229,000	198,835	216,811	211,471	199,158	184,768	125,349
Depreciation, Depletion, Amortisation and Impairment	83,736	74,959	76,767	(20,839)	(40,314)	(35,535)	(20,480)	(12,808)	(11,887)	(10,741)
Profit Before Interest & Tax (PBIT)	305,720	335,368	276,415	249,839	239,149	252,346	231,951	211,966	196,655	136,090
Interest Payments	276	348	251	-	658	-	4,751	6,405	-	-
Profit before Tax and Exceptional Items	305,443	335,020	276,164	249,839	239,807	252,346	236,702	218,371	196,655	136,090
Exceptional items	-	31,405	-	82,163	78,544	85,330	80,273	74,063	66,825	49,446
Profit before Tax	305,443	366,425	276,164	167,676	161,263	167,016	156,429	144,308	129,830	86,644
Corporate Tax	96,186	115,196	86,924	70,583	68,444	68,444	66,305	64,167	57,037	34,222
Net Profit (PAT)	209,257	251,229	189,240	11,616	11,632	11,632	10,125	9,000	7,763	4,385
Dividend	81,277	83,416	74,861	21,389	21,389	21,389	14,259	14,259	14,259	14,259
Tax on Dividend	13,012	13,286	12,156	864,413	780,848	699,435	614,099	535,934	463,142	400,024
Share Capital	42,778	42,777	42,777	50	267	369	696	1,069	1,490	2,118
Reserve & Surplus	1,201,755	1,086,790	932,267	342,714	334,949	322,248	304,021	265,664	212,895	191,535
Net Worth (Equity)	1,229,674	1,117,841	967,084	738,014	640,583	604,844	540,744	493,763	419,926	395,299
Borrowings	-	-	-	228,068	172,449	185,158	242,253	142,847	117,120	93,069
Working Capital	126,459	97,739	65,392	235,591	218,201	176,510	133,050	114,210	106,813	68,520
Capital Employed	1,017,636	908,848	796,972	280,983	280,496	300,200	286,596	234,086	228,117	168,582
Internal Resources Generation	217,402	352,088	311,191	57,191	47,396	60,484	48,833	30,147	27,465	25,619
Plan Expenditure	295,079	292,466	282,755	32,826	33,035	32,996	33,810	34,722	36,185	38,033
Contribution to Exchequer	408,806	382,874	317,759							
Expenditure on Employees	103,302	67,960	67,282							
Number of Employees	32,923	32,909	33,273							
<b>FINANCIAL PERFORMANCE RATIOS</b>										
PBITD to Turnover (%)	46.7	53.4	51.4	60.6	49.1	51.2	51.9	57.4	52.2	55.0
PBDT to Turnover (%)	46.7	53.3	51.4	64.0	55.3	56.9	55.4	60.0	54.8	58.3
Profit Margin(%)- incl. exceptional item	25.1	32.7	27.6	27.1	24.8	27.1	26.5	29.2	27.5	26.3
Contribution to Exchequer to Turnover (%)	49.1	49.8	46.3	45.3	43.1	48.8	48.5	47.3	48.3	51.2
ROCE(PBITD to Capital Employed) (%)	38.3	45.1	44.3	50.9	49.9	52.0	56.7	57.5	58.8	45.8
Net Profit to Equity (%) - incl. exceptional item	17.0	22.5	19.6	19.4	20.7	23.9	25.5	26.9	28.0	21.7
<b>BALANCE SHEET RATIOS</b>										
Current Ratio	1.72:1	1.41:1	1.34:1	2.38:1	2.26:1	2.47:1	2.77:1	3.08:1	2.62:1	2.79:1
Debt Equity Ratio	-	-	-	0.00006:1	0.0003:1	0.001:1	0.001:1	0.002:1	0.003:1	0.01:1
Debtors Turnover Ratio(Days)	30	30	21	19	23	26	17	27	29	26
<b>PER SHARE DATA</b>										
Earning Per Share (`)- before extraordinary items(Restated)**	24.46	29.36	22.12	19.60	18.80	19.52	17.92	16.37	15.18	10.13
Earning Per Share (`)- after extraordinary items(Restated)**	190	195	175	330	18.85	19.52	18.29	16.87	15.18	10.13
Dividend (%)	144	131	113	101	320	320	310*	450	400	240
Book Value Per Share (`)(Restated)**					91	82	72	63	54	47

#Exploration Costs written off towards Survey & Dry Wells have been regrouped from Depreciation, Depletion and Amortization and shown as a separate item.

\*\* Post Bonus & Split

In view of the Notification no. S.O 447(E) dated 28.02.2011, issued by Ministry of Corporate Affairs, the Balance sheet of the Company is mandatorily required to be prepared in Revised Schedule VI w.e.f 1st April 2011 onwards. Accordingly, the figures of FY 2012-13, 2011-12 and FY 2010-11 are given as per the requirement of Revised Schedule VI and earlier years figures are as per Old Schedule VI.



(` in million unless otherwise stated)	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
<b>REVENUES</b>										
Sales										
Crude Oil(Including Condensate)	533,269	507,873	448,645	445,053	391,718	386,805	372,090	317,357	311,824	222,124
Natural Gas (incl. Gas Marketing Margin)	165,400	141,397	127,544	73,797	75,528	71,780	72,113	66,701	53,206	52,039
Liquified Petroleum Gas (LPG)-Domestic Market	31,484	23,711	18,369	21,924	22,752	20,168	14,866	16,293	12,066	16,352
Eathane/Propane (C2-C3)	13,440	12,741	8,796	47,137	48,406	43,849	37,907	35,679	29,260	22,538
Naphtha	76,804	72,167	56,342	10,249	9,890	9,291	9,095	7,401	5,705	4,779
Kerosene (SKO)	3,686	1,520	679	3,256	16,701	10,775	15,754	10,605	16,896	2,658
HSD	170	100	-	156	61,910	48,621	42,037	23,403	29,277	85
LSHS (Low sulphur heavy stock)/RCO (Residual Crude oil)	1,063	1,250	473	27	11,062	9,159	4,530	3,797	6,846	-
Aviation Turbine Fuel	318	436	527	463	1,526	925	634	617	1,434	1,060
Others	38	62	3	-	-	-	11	156	584	3,461
Sub -Total	825,671	761,257	661,378	602,062	639,493	601,373	569,037	482,009	467,098	325,096
Sale of Traded Products	43	34	171	1,078	2,329	1,522	82	15	23	24
Other Operating Income	7,375	7,580	24,939	15,512	7,861	11,390	21,653	10,257	5,034	4,262
				1,180	811	1,141	(197)	2,116	299	(112)
Revenue from Operations	833,090	768,871	686,488	619,832	650,494	615,426	590,575	494,397	472,454	329,270
Other Non Operating Income	54,367	44,529	34069	54,832	44,934	60,707	53,428	46,181	37,911	28,451
Total Revenues	887,457	813,400	720,557	56,752	59,174	61,106	62,024	44,302	46,498	46,302
<b>EXPENSES</b>										
Royalty	108,094	97,745	71,373	1,062	1,081	1,127	1,149	1,081	1,138	1,117
Cess	99,971	57,831	56,963	2,990	6,910	772	1,380	5,727	14,580	11,050
Natural Calamity Contingent Duty	1,101	1,097	1,114	1,719	1,784	1,861	1,303			
Excise Duty	3,093	3,599	3,228	4,486	4,130	4,195	3,232	2,447	3,131	2,236
Sales Tax	3,834	3,339	3,113	121,841	118,013	129,768	122,516	99,738	103,258	89,156
Service Tax	353	236	227	7,975	6,963	7,318	6,460	5,907	8,982	5,717
Education cess	3,111	1,871	1,828	118,322	116,849	99,505	95,556	70,855	62,415	53,131
Octroi and Port Trust Charges	4,057	4,184	4,522	(4,033)	3,819	(1,070)	177	(172)	2	36
Sub-total	223,615	169,902	142,368	139	85,166	65,115	59,401	34,338	51,013	-
Operating Expenses	153,839	134,110	136058	45,302	42,148	36,776	33,849	29,702	24,851	23,323
Exchange Loss	922	3,613	-	12,312	14,491	14,060	16,249	23,759	5,437	6,057
Purchases	31	25	138	89,407	67,320	47,580	43,167	31,437	31,588	26,339
(Accretion) / Decretion in stock	(230)	(913)	(129)	(433)	(3,110)	(437)	1,729	(325)	140	162
Exploration Costs written off#				146,588	120,849	97,979	94,994	84,573	62,016	55,881
-Survey Costs	15,668	12,409	16,675	390,832	451,659	398,615	379,104	295,239	287,686	203,921
-Exploratory well Costs	84,763	80,925	65,815	229,000	198,835	216,811	211,471	199,158	184,768	125,349
Depreciation, Depletion, Amortisation and Impairment	83,736	74,959	76,767	Interest						
Provisions and Write-offs	18,863	3,097	6,114	-Payments	686	1,190	215	470	377	468
Prior Period Expenses (Net)	531	(95)	336	-Receipts	41,504	36,125	20,695	13,278	12,264	11,209
Total Expenses	581,737	478,032	444,142	-Net	(40,314)	(35,535)	(20,480)	(12,808)	(11,887)	(10,741)
Operating Income Before Interest & Tax	305,720	335,368	276,415	Profit before Tax and Extraordinary Items	239,149	252,346	231,951	211,966	196,655	136,090
Interest Payments	276	348	251	Extraordinary Items	658	-	4,751	6,405	-	-
Profit before Tax and Exceptional Items	305,443	335,020	276,164	Profit before Tax	239,807	252,346	236,702	218,371	196,655	136,090
Exceptional items	-	31,405	-	Corporate Tax ( Net)	78,544	85,330	80,273	74,063	66,825	49,446
Profit before Tax	305,443	366,425	276,164	Net Profit	161,263	167,016	156,429	144,308	129,830	86,644
Corporate Tax ( Net)	96,186	115,196	86,924	Dividend	68,444	68,444	66,305	64,167	57,037	34,222
Profit after Tax	209,257	251,229	189,240	Tax on Dividend	11,632	11,632	10,125	9,000	7,763	4,385
Dividend	81,277	83,416	74,861	Retained Earnings For The Year	81,187	86,940	79,999	71,141	65,030	48,037
Tax on Dividend	13,012	13,286	12,156							
Retained Earnings For The Year	114,968	154,527	102,223	*Upto 2005-06, education cess is included in respective heads of levies.						

# Exploration Costs written off towards Survey & Dry Wells have been regrouped from Depreciation, Depletion and Amortization and shown as a separate item

In view of the Notification no. S.O 447(E) dated 28.02.2011, issued by Ministry of Corporate Affairs, the Balance sheet of the Company is mandatorily required to be prepared in Revised Schedule VI w.e.f 1st April 2011 onwards. Accordingly, the figures of FY 2012-13, 2011-12 and FY 2010-11 are given as per the requirement of Revised Schedule VI and earlier years figures are as per Old Schedule VI.





(` in million unless otherwise stated)		Ast at March 31, 2012	Ast at March 31, 2011		As at March 31, 2010	As at March 31, 2009	As at March 31, 2008	As at March 31, 2007	As at March 31, 2006	As at March 31, 2005	As at March 31, 2004
<b>RESOURCES</b>				<b>RESOURCES</b>							
A. Own				A. Own							
1. Net Worth				1. Net Worth							
(a) Equity				(a) Equity							
i) Share Capital	42,778	42,777	42,777	i) Share Capital	21,389	21,389	21,389	21,389	14,259	14,259	14,259
ii) Reserves & Surplus	1,201,755	1,086,790	932,267	ii) Reserves & Surplus	851,437	765,965	684,785	597,851	525,338	454,195	391,172
Sub-Total (a)	1,244,532	1,129,567	975,044	Sub-Total	872,826	787,354	706,174	619,240	539,597	468,454	405,431
(b) Less Deferred Revenue Expenditure	14,859	11,726	7,960	(b) Less : Deferred Revenue Expenditure	8,413	6,506	6,739	5,141	3,663	5,312	5,407
Net Worth (a)-(b)	1,229,674	1,117,841	967,084	Net Worth	864,413	780,848	699,435	614,099	535,934	463,142	400,024
B. Deferred Tax Liability	128,880	111,979	99,504	2. Long Term Liabilities							
TOTAL RESOURCES (A+ B)	1,358,553	1,229,820	1,066,588	Deferred Tax Liability	89,182	78,023	73,708	65,227	63,551	54,438	58,420
<b>DISPOSITION OF RESOURCES</b>				Total Own Funds (1 + 2)	953,595	858,871	773,143	679,326	599,485	517,580	458,444
A. Non-current assets				B. Outside							
1) Block Capital				Unsecured Loans							
a). Fixed Assets (Net)	274,835	216,801	186,395	a) Indian Loans	-	-	-	202	404	607	809
b). Producing Properties (Net)	524,407	463,768	435,757	b) Foreign Loans	50	267	369	494	665	883	1,309
Total Block Capital	799,242	680,569	622,152	Total Outside Resources	50	267	369	696	1,069	1,490	2,118
2) Long-term loans and advances (excl. capital advances)	219,709	254,482	239,392	TOTAL RESOURCES (A+ B)	953,645	859,138	773,512	680,022	600,554	519,070	460,562
3) Deposit under Site Restoration Fund Scheme	101,331	91,826	81,155	<b>DISPOSITION OF RESOURCES</b>							
4) Other non-current assets (excl. DRE)	4,011	2,983	2,941	A. Block Capital							
Subtotal (A)	1,124,293	1,029,860	945,640	1. Fixed Assets	156,485	104,144	105,180	88,391	78,422	58,365	56,684
B. Non-current Liabilities				2. Producing Properties (Net)	402,822	361,580	301,874	295,685	275,833	229,607	227,372
1) Long-term provisions:				less: Liability for Abandonment Cost	164,007	160,090	124,458	147,353	126,156	80,941	80,292
a) Provision for Abandonment	177,052	176,477	175,608	Total Block Capital	395,300	305,634	282,596	236,723	228,099	207,031	203,764
b) Other Long Term provisions	44,823	36,654	32,627	B. Working Capital							
2) Other Non-current liabilities	11,242	5,620	5,825	a) Current Assets							
Subtotal (B)	233,116	218,751	214,060	i) Inventories	46,786	40,607	34,806	30,338	30,385	25,692	24,057
C. Net Non Current Assets (A)-(B)	891,177	811,109	731,580	ii) Debtors (Net of Provision)	30,586	40,838	43,604	27,594	37,043	37,293	23,178
D. Working Capital				iii) Cash & Bank Balances	108,279	121,405	160,143	136,704	42,792	58,488	55,735
a) Current Assets				iv) Deposit with Bank Under Site Restoration Fund Scheme	74,031	69,557	64,033	56,103	45,336	36,181	31,682
i) Inventories	57,044	51,654	41,190	v) Loans & Advances and Others	278,031	273,593	195,745	193,214	216,059	164,004	145,963
ii) Trade receivables	68,637	61,948	39,947	Sub-Total	537,713	546,000	498,331	443,953	371,615	321,658	280,615
iii) Cash and Cash Equivalents	132,186	201,246	144,811	Less							
iv) Short-term loans and advances	38,766	31,237	26,734	b) Current Liabilities and Provisions and Short Term Loans							
v) Other current assets (excl. DRE)	4,565	8,633	4,276	(excl. Abandonment & Impairment)	194,999	211,051	176,083	139,932	105,951	108,763	89,080
Subtotal (a)	301,197	354,718	256,958	Working Capital	342,714	334,949	322,248	304,021	265,664	212,895	191,535
b) Current liabilities				C. CAPITAL EMPLOYED	738,014	640,583	604,844	540,744	493,763	419,926	395,299
i) Short-term borrowings	-	45,000	-	D. INVESTMENTS	57,720	50,903	58,995	57,021	48,885	40,367	44,217
ii) Trade payables	53,410	52,612	52,253	E. CAPITAL WORKS IN PROGRESS	102,414	116,965	70,745	48,251	28,303	41,419	9,826
iii) Other current liabilities	112,227	136,941	130,055	F. EXPLORATORY/DEVELOPMENT WELLS IN PROGRESS	55,497	50,687	38,928	34,006	29,603	17,358	11,220
iv) Short-term provisions	9,102	22,426	9,258	TOTAL DISPOSITION (C+D+E+F)	953,645	859,138	773,512	680,022	600,554	519,070	460,562
Subtotal (b)	174,739	256,979	191,566								
Working Capital (D) = (a)-(b)	126,459	97,739	65,392								
E. CAPITAL EMPLOYED (C+D)	1,017,636	908,848	796,972								
F. Investments											
i) Current investments	-	8,519	1								
ii) Non-current investments	91,731	43,644	51,827								
G. Capital work-in-progress (incl. capital advances)	144,429	182,997	140,316								
H. Exploratory/Development Wells in Progress	104,759	85,812	77,472								
TOTAL DISPOSITION (E+F+G+H)	1,358,553	1,229,820	1,066,588								

In view of the Notification no. S.O 447(E) dated 28.02.2011, issued by Ministry of Corporate Affairs, the Balance sheet of the Company is mandatorily required to be prepared in Revised Schedule VI w.e.f 1st April 2011 onwards. Accordingly, the figures of FY 2012-13, 2011-12 and FY 2010-11 are given as per the requirement of Revised Schedule VI and earlier years figures are as per Old Schedule VI.



(` in million unless otherwise stated)	2012-13	2011-12	2010-11	2009-10	2008-09	2007-08	2006-07	2005-06	2004-05	2003-04
DETAILS OF DEPRECIATION ALLOCATED TO:										
Survey	567	756	1,052	1,181	1,555	1,029	863	722	575	760
Exploratory Drilling	1335	4,844	5,415	4,842	3,005	2,151	1,672	1,885	1,503	1,517
Development	62584	52,782	41,734	34,098	24,426	21,924	14,251	13,605	10,623	9,322
Profit & Loss Account	14620	13,395	19,993	12,201	14,434	13,984	16,094	22,226	5,435	6,056
Others	114	16	156	105	136	70	48	89	106	25
Total	79,220	71,793	68,350	52,427	43,556	39,158	32,928	38,527	18,242	17,680
CONTRIBUTION TO EXCHEQUER										
CENTRAL										
1. Excise Duty	3,093	3,599	3,228	2,214	3,386	2,887	2,768	2,707	3,445	4,375
2. OID Cess	99,993	57,852	57,005	54,545	55,799	58,216	59,260	41,595	43,056	41,939
3. Natural Calamity Contingent Duty	1,101	1,098	1,115	1,062	1,082	1,127	1,149	1,081	1,138	1,117
4. Royalty	39,407	36,144	36,519	32,190	31,394	30,631	27,920	23,056	21,811	16,202
5. Education Cess *	3,112	1,872	1,830	1,719	1,784	1,863	1,303			
6. Corporate Tax	-									
a) On ONGC's Account	79,285	102,722	76,628	71,203	79,770	80,720	78,403	64,025	69,817	43,516
b) For Foreign Contractors	11	73	27	7	277	32	34	3	23	20
7. Dividend	56,268	60,372	55,502	52,330	50,744	50,744	49,159	47,573	42,287	27,364
8. Tax on Dividend	13,012	13,286	12,156	11,616	11,632	11,632	10,125	8,999	7,763	4,385
9. Customs Duties	75	96	44	125	354	815	1,441	888	2,423	4,114
10. Mumbai Port Trust Charges	923	855	891	793	657	742	691	710	2,999	364
Sub Total	296,280	277,969	244,945	227,803	236,879	239,409	232,253	190,637	194,762	143,396
STATE										
1. Sales Tax/VAT	40,144	39,393	33,711	26,355	26,258	26,899	25,998	18,263	14,581	11,060
2. Royalty	68,699	61,648	34,890	22,649	13,551	30,078	25,513	23,126	16,103	12,249
3. Octroi Duties etc.	3,683	3,863	4,213	4,176	3,808	3,814	2,832	2,060	2,671	1,877
Sub Total	112,526	104,904	72,814	53,180	43,617	60,791	54,343	43,449	33,355	25,186
Grand Total	408,806	382,873	317,759	280,983	280,496	300,200	286,596	234,086	228,117	168,582

\* Upto 2005-06, education cess is included in respective heads of levies.



## A. Energy Terms

**Appraisal Well:** A well drilled as part of an appraisal drilling programme, which is carried out to determine the physical extent of oil and gas reserves & characteristics thereof and the quantity of recoverable Petroleum therein.

**Condensates:** Liquid hydrocarbons produced with natural gas, separated by cooling and other means.

**Development:** Following discovery, drilling and related activities necessary to begin production of oil or natural gas.

**Development Well:** A well drilled within the proved area of an Oil and Gas reservoir to the depth of a horizon known to be productive.

**Enhanced Recovery:** Techniques used to increase or prolong production from oil and natural gas fields.

**Exploration:** Searching for oil and/or natural gas, including topographical surveys, geologic studies, geophysical surveys, seismic surveys and drilling wells.

**Exploratory Well:** A well that is not a development well, a service well, or a stratigraphic test well i.e. well drilled not in a proved area for the purpose of obtaining information pertaining to a specific geologic condition.

**Heavy Cut:** These are heavier hydrocarbons obtained in fractionation unit of Kerosene Recovery Process, where NGL is processed to yield Aromatic Rich Naphtha and Superior Kerosene Oil.

**Integrated Petroleum Company:** A company engaged in all aspects of the industry from exploration and production of crude oil and natural gas (upstream) to refining, marketing and transportation products (downstream).

**Liquefied Natural Gas (LNG):** Gas that is liquefied under extremely cold temperatures and high pressure to facilitate storage or transportation in specially designed vessels.

**Liquefied Petroleum Gas (LPG):** Light gases, such as butane and propane that can be maintained as liquids while under pressure.

**Mining Lease:** The license issued for offshore and onshore properties for conducting development and production activity.

**Natural Gas Liquids (NGL):** Separated from natural gas, these include ethane, propane, butane and natural gasoline.

**Oil Equivalent Gas (OEG):** The volume of natural gas that can be burnt to give the same amount of heat as a barrel of oil (6,000 cubic feet of gas equals one barrel of oil).

**Petroleum Exploration License:** The license issued for offshore and onshore properties for conducting exploration activity.

**Producing Property:** These may be defined as the value assigned to crude oil or gas reserves which can be produced from existing facilities.

**Reserves:** Oil and Natural Gas contained in underground rock formations called reservoirs. Proved reserves are the estimated quantities that geologic and engineering data demonstrate can be produced with reasonable certainty from known reservoirs under existing economic and operating conditions. Reserve estimates change as additional information becomes available. Recoverable reserves are those that can be produced using all known primary and enhanced recovery methods.

**Unit Of Production Method:** The method of depreciation (depletion) under which depreciation (depletion) is calculated on the basis of the number of production or similar units expected to be obtained from the asset by the enterprise.

**Work-Over:** Remedial work to the equipment within a well, the well pipe work or relating to attempts to increase the rate of flow.

## B. Financial Terms

**Accounting Policies:** The specific accounting principles and the methods of applying those principles adopted by an enterprise in the preparation and presentation of financial statements.

**Accrual Basis of Accounting:** The method of recording transactions by which revenues, expenses, assets and liabilities are reflected in the accounts in the period in which they accrue. The 'accrual basis of accounting' includes considerations relating to deferrals, allocations, depreciation and amortization. This basis is also referred to as mercantile basis of accounting.

**Acquisition Costs:** These cover all costs incurred to purchase, lease or otherwise acquire a property or mineral right proved or unproved. These include lease/ signature bonus, brokers' fees, legal costs, cost of temporary occupation of the land including crop

compensation paid to farmers, consideration for firm-in arrangements and all other costs incurred in acquiring these rights. Acquisition Costs are recognized in the accounts note no.2.e.1 on Significant Accounting Policies under Notes to Financial Statements.

**Abandonment Cost:** Abandonment costs are the costs incurred on discontinuation of all operations and surrendering the property back to the owner. These costs relate to plugging and abandoning of wells, dismantling of wellheads, production and transport facilities and to restoration of producing areas. Abandonment Cost is recognized in the accounts note no.2.k on Significant Accounting Policies under Notes to Financial Statements.

**Absorption Costing:** A method whereby the cost is determined so as to include the appropriate share of both variable and fixed costs.

**Balance Sheet:** A statement of the financial position of an enterprise as at a given date, which exhibits its assets, liabilities, capital, reserves and other account balances at their respective book values.

**Book Value:** The amount at which an item appears in the books of account or financial statements. It does not refer to any particular basis on which the amount is determined e.g. cost, replacement value etc.

**Capital Commitment:** Future liability for capital expenditure in respect of which contracts have been made.

**Capital Employed:** The finances deployed by an enterprise in its net fixed assets, investments and working capital. Capital employed in an operation may, however, exclude investments made outside that operation.

**Capital Reserve:** A reserve of a corporate enterprise which is not available for distribution as dividend.

**Contingent Asset:** An asset the existence, ownership or value of which may be known or determined only on the occurrence or non-occurrence of one or more uncertain future events.

**Contingent Liability:** An obligation relating to an existing condition or situation which may arise in future depending on the occurrence or non-occurrence of one or more uncertain future events.

**Current Asset:** An asset shall be classified as current when it satisfies any of the following criteria:

- it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
- it is held primarily for the purpose of being traded,
- it is expected to be realized within twelve months after the reporting date, or
- it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

**Current Liability:** A liability shall be classified as current when it satisfies any of the following criteria:

- it is expected to be settled in the company's normal operating cycle;
- it is held primarily for the purpose of being traded,
- it is due to be settled within twelve months after the reporting date, or
- the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

**Cess:** It is a levy imposed under The Oil Industry (Development) Act, 1974 on Crude oil acknowledged & received in the refinery and payable to the Central Government.

**Development Costs:** Costs incurred in preparing proved reserves for production i.e. costs incurred to obtain access to prove reserves and to provide facilities for extracting, treating, gathering and storing oil and gas.

**Diminishing Balance Method:** It is a method under which the periodic charge for depreciation of an asset is computed by applying a fixed percentage to its historical cost or substituted amount less accumulated depreciation (net book value). This is also referred to as written down value method.

**Dividend:** A distribution to shareholders out of profits or reserves available for this purpose.





**Earnings Per Share:** The earnings in monetary terms attributable to each equity share, based on net profit for the period, before taking into account prior period items, extraordinary items and adjustments resulting from changes in accounting policies but after deducting tax appropriate thereto and preference dividends, divided by the number of equity shares issued and ranking for dividends in respect of that period.

**Expenditure:** Incurring a liability, disbursement of cash or transfer of property for the purpose of obtaining assets, goods and services.

**Expense:** A cost relating to the operations of an accounting period or to the revenue earned during the period or the benefits of which do not extend beyond that period.

**Extraordinary Item:** Gain or loss which arises from events or transactions that are distinct from ordinary activities of the enterprise and which are both material and expected not to recur frequently or regularly. This would also include material adjustments necessitated by circumstances, which, though related to previous periods, are determined in the current period.

**Exploration Costs:** Costs incurred in exploring property. Exploration involves identifying areas that may warrant examination and examining specific areas, including drilling exploratory wells.

**Exploration Costs written off:** It refers to the Survey expenditure and Dry wells expensed in the accounts in line with note no.2.e.2 and 2.e.3.1 on Significant Accounting Policies under Notes to Financial Statements.

**First In, First Out (FIFO):** Computation of the cost of items sold or consumed during a period as though they were sold or consumed in order of their acquisition.

**Fixed Assets:** Assets held for the purpose of providing or producing goods or services and that is not held for resale in the normal course of business

**Fixed Cost:** The cost of production which, by its very nature, remains relatively unaffected in a defined period of time by variations in the volume of production.

**Fundamental Accounting Assumptions:** Basic accounting assumption which underline the preparation and presentation of financial statements. They are going concern, consistency and accrual. Usually, they are not specifically stated because their acceptance and use are assumed. Disclosure is necessary if they are not followed.

**Inventory:** Tangible property held for sale in the ordinary course of business, or in the process of production for such sale, or for consumption in the production of goods or services for sale, including maintenance supplies and consumables other than machinery spares.

**Investment:** Expenditure on assets held to earn interest, income, profit or other benefits.

**Materiality:** An accounting concept according to which all relatively important and relevant items, i.e., items the knowledge of which might influence the decisions of the user of the financial statements are disclosed in the financial statements.

**Net Assets:** The excess of the book value of assets of an enterprise over its liabilities. This is also referred to as net worth or shareholders' funds.

**Net Profit:** The excess of revenue over expenses during a particular accounting period. When the result of this computation is negative, it is referred to as net loss. The net profit may be shown before or after tax.

**Net Realisable Value:** The actual/ estimated selling price of an asset in the ordinary course of the business less cost of completion and cost necessarily to be incurred in order to make the sale.

**Non Current Asset:** All assets other than Current assets are classified as Non Current asset.

**Non Current Liability:** All liabilities other than Current liabilities are classified as non-current liability.

**Net Present Value:** NPV is the present (discounted) value of future cash inflows minus the present value of the cash outflows.

**Obsolescence:** Diminution in the value of an asset by reason of its becoming out-of-date or less useful due to technological changes, improvement in production methods, change in market demand for the product or service output of the asset, or legal or other restrictions.

**Operating Cycle:** An Operating cycle is the time between the acquisition of assets for processing and their realization in cash or Cash equivalents.

**Prior Period Item:** A material charge or credit which arises in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods.

**Provision:** An amount written off or retained by way of providing for depreciation or diminution in value of assets or retained by way of providing for any known liability the amount of which cannot be determined with substantial accuracy.

**Provisions for Doubtful Debts:** A provision made for debts considered doubtful of recovery.

**Participating Interest:** The share expressed as a percentage in the rights and obligations of each party to a Production Sharing Contract (PSC).

**Production Costs:** Costs incurred in lifting the oil and gas to the surface and in gathering, treating and storing the oil and gas.

**Royalty:** It is a levy imposed under The Petroleum and Natural Gas Rules, 1959 payable to the respective State or Central Government granting the lease (Central Government in case of offshore) on crude oil and natural gas.

**Recouped Cost:** It refers to Depreciation, Depletion, Impairment and Amortization charged in accounts. These are non-cash costs.

- Depreciation:** A measure of the wearing out, consumption or other loss of value of a depreciable asset arising from use, efflux of time or obsolescence through technology and market changes. It is provided for and allocated as mentioned in note no. 2.p on Significant Accounting Policies under Notes to Financial Statements.
- Depletion:** A measure of exhaustion of a wasting asset (Producing Properties) represented by periodic write off of cost. It is computed with reference to the amortization base by taking the related capital cost incurred divided by hydrocarbon reserves and multiplied by production.
- Impairment:** An impairment loss is the amount by which the carrying amount of an asset exceeds its recoverable amount. Impairment Loss is recognized in the accounts as per note no. 2.j on Significant Accounting Policies under Notes to Financial Statements.
- Amortization:** It refers to the amount amortized in respect of Intangible Assets in line with note no.2.p.6 on Significant Accounting Policies under Notes to Financial Statements.

**Statement of Profit and Loss:** A financial statement which presents the revenues and expenses of an enterprise for an accounting period and shown the excess of revenues over expenses (or vice versa).

**Straight Line Method:** The method under which the periodic charge for depreciation is computed by dividing the depreciable amount of a depreciable asset by the estimated number of years of its useful life.

**Trade Receivable:** A Receivable is classified as "Trade Receivable" if it is in respect of amount due for goods sold or services rendered in the normal course of business.

**Trade Payable:** A payable is classified as "trade payable" if it is in respect of amount due on account of goods purchased or services received in normal course of business.

**Useful life:** Life which is either (i) the period over which a depreciable asset is expected to be used by the enterprise; or (ii) the number of production or similar units expected to be obtained from the use of the asset by the enterprise.

**Wasting Asset:** Natural resource which is subject to depletion through the process of extraction or use e.g. mines, quarries.

**Working Capital:** The funds available for conducting day-to-day operations of an enterprise. Also it is represented by the excess of current assets over current liabilities including short-term loans.

**Work in Process:** Work in Process includes all materials which have undergone manufacturing or processing operations, but upon which further operations are necessary before the product is ready for sale.

# ongc

*Every Indian's Energy*

**DIRECTORS' REPORT**

**ANNEXURES TO DIRECTORS' REPORT**

**COMMENTS OF C&AG**



# Directors' Report

Dear Shareholders,

On behalf of the Board of Directors of your company it is my privilege to present before you the, 20<sup>th</sup> Annual Report on the business and operations of Oil And Natural Gas Corporation Ltd. (ONGC) and its Audited Statements of Accounts for the year ended March 31, 2013, together with the Auditors' Report and Comments on the Accounts by the Comptroller and Auditor General (CAG) of India.

The fiscal 2012-13 has been yet another year of sustained performance, success and growth for your Company, which along with the other group companies, excelled in its endeavours; particularly in its core activities of Exploration and Production (E&P) of crude oil and natural gas. Your company scaled new heights and created a world record by drilling the well NA7-1 in KG-DWN-2004/1 block in the East Coast at a water depth of 3,165 meters (10,385 feet); the deepest in the world. The significant milestones achieved by your Company during the year are:

- Your Company accreted 84.84 Mtoe of ultimate reserves in the domestic fields (ONGC operated); the highest in the last twenty two years.
- For the 8<sup>th</sup> consecutive year your company maintained the Reserve Replacement Ratio (RRR) of more than 1. RRR during the year has been 1.84.
- The Turnover of the Company stood at ` 833,090 million, the highest-ever. The turnover of the ONGC Group at ` 1,658,488 million has also been the highest-ever.
- Your Company recorded a net profit of ` 209,257 million during the year under review.
- During 2012-13, ONGC had to share the highest-ever under-recovery of ` 494,207 million (an increase of ` 49,550 million over the previous year) towards the under-recoveries of Oil Marketing Companies (OMCs). Further, there has been increase in Cess by ` 42,140 million during the year. This trend of high under-recoveries and burden of Cess, if continued, is likely to draw down the cash reserves of the Company and impact the exploration, production and acquisition plans of ONGC and OVL apart from affecting the bottom line in near future.
- ONGC Videsh Limited (OVL), wholly owned subsidiary of your Company, recorded highest-ever Net Profit of ` 39,291 million.
- Mangalore Refinery and Petrochemicals Limited (MRPL), a subsidiary of your Company, recorded highest-ever thru'put of 14.40 MMT.
- Your Company received 'Excellent' MoU performance rating for the year 2011-12 with a score of 1.222; the highest since adoption of the MoU system in 1988.

These achievements reflect your Company's proven commitment towards sustained growth and performance excellence. Consistently driven by well-defined growth strategies, your company delivers and improves performance year-on-year basis. Our performance is the benchmark of excellence in various facets of our activities and has been well recognized through peer-and-public evaluations.

## Global Recognition

Your Company moved up 16 positions to be ranked 155<sup>th</sup> in the 2013 Forbes Global 2000 list of world's biggest companies and is ranked 23<sup>rd</sup> among global oil and gas companies based on sales, profits, assets and market value. It is my privilege to bring to your kind notice that the '2012 EU Industrial R&D Scoreboard' listed ONGC at the 36<sup>th</sup> position in the list of oil and gas companies based on Research and Development (R&D) expenditure. You will be pleased to know that ONGC is the only company in this list from India. As per the Platts 2012 rankings, your Company is ranked as the 3<sup>rd</sup> largest listed E&P Company in the world.

As a fitting acknowledgment of your Company's motto to 'Grow GREEN' and a testament of its green credentials, ONGC has been ranked at 386 by the Newsweek Green Ranking 2012 and 15<sup>th</sup> among the energy companies, above global energy majors like Chevron, Lukoil, ConocoPhillips, Gazprom, Sinopec, Exxon Mobil and Petro China. Top rankers in the list are mostly the companies from retail, IT or Banking sectors which have minimal carbon footprints due to the inherent nature of their businesses.

Performance: 2012-13

## Exploration

During the year, your company made 22 oil and gas discoveries in domestic fields (operated by ONGC). Out of these, 12 discoveries were made in the new prospects whereas 10 were new pool discoveries. Nine discoveries were made in NELP blocks and thirteen in the nomination blocks.

- **22 New Discoveries: 12 new prospects, 10 new pools; 9 in NELP, 13 in Nominated blocks; 14 onshore, 8 offshore**
- **New pool discovery (D1-D-1) in N.B. Prasad (D-1) has increased in-place volume to 147 MMtoe**

The 12 new discoveries made during the year are:

- Phulani-1 (Oil) in Assam & Assam Arakan basin,
- Vadatal-5 (Oil & Gas) in Cambay basin,
- Koravaka-1 (Oil & Gas), Bantumilli South-1 (Gas), Mukkamala-1 (Gas) and Vanadurru South-1 (Oil & Gas) in onland Krishna-Godavari basin,
- KGOSN041NASA-1 (Saveri#1, Gas) in KG Offshore,
- KGD051NAA-1 (Gas) in KG deep-water offshore,
- Pandanallur-8 (Oil & Gas), Madanam-3 (Oil & Gas) and Pandanallur-7 (Gas) in onland Cauvery basin and
- MBS051NBA-A (Gas) in Western Offshore basin.

The 10 new pool discoveries made during the year are:

- Agartala Dome-37 (Gas) in Assam & Assam-Arakan Fold belt,
- Mandapeta West-12 (Gas) in onland KG basin,
- KG-DWN-98/2-A-2 (Oil & Gas) in KG deep-water offshore,
- C-39-14 (Oil & Gas), BH-68 (Oil & Gas), D1-D-1 (Oil) in Mumbai Offshore
- Aliabet-4 (Gas) in Gulf of Cambay, &
- Ankjav-9 (Oil), Motera-36 (Oil) and Mansa-36 (Oil) in Western onland.

Discoveries in Bantumilli South-1 (Gas) and Vanadurru South-1 (Oil & Gas) have strengthened the prospectivity of the area and have opened up the entire adjoining tract for hydrocarbon exploration. Basement oil and gas discoveries in Madanam-3 (the first hydrocarbon strike in ONGC operated NELP blocks in Cauvery onshore Basin) and Pandanallur-8 (Oil & Gas) discovery in Cauvery onshore Basin and BH-68 (Oil & Gas) in Mumbai offshore has given huge impetus towards basement being a prolific play. KG-DWN-98/2-A-2 (Oil & Gas) discovery in NELP deep-water block KG-DWN-98/2 has given a definite positive fillip to ONGC's efforts towards monetizing discoveries in the Northern Discovery Area (NDA) of this block. This is the first time that a substantial amount of oil has been established in the block. At the same time, the well DWN-U-3 has given the highest quantity of commercial gas i.e., 7 LCMD.

New pool discovery (D1-D-1) in N.B. Prasad (D-1) field has been a significant discovery and with this, oil and gas in-place volume of the field has increased to 149 MMT of oil and oil equivalent gas (O+OEG); making it the third largest field after Mumbai High and Neelam-Heera fields. This discovery has already been put on production. In addition to these discoveries, 23 more exploratory wells drilled for delineation/ appraisal of known pays in existing fields proved to be hydrocarbon bearing and have resulted in field growth.

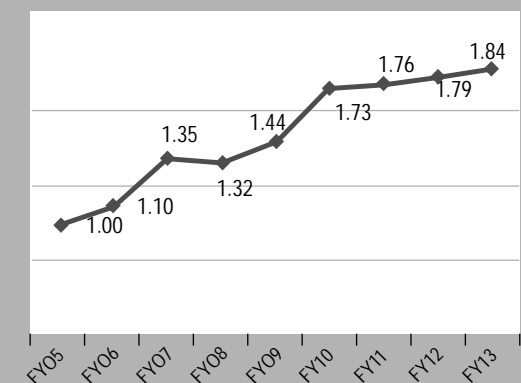
Out of 14 onshore discoveries made during 2012-13, four discoveries (Ankjav-9, Motera-36, Mandapeta West-12 & Phulani-1) have already been put on production and one discovery (Mansa-36) is under trial production. Efforts are on for bringing the other discoveries on production at the earliest. One discovery in offshore sector (D1-D-1) has also been put on production.

## Reserve accretion & RRR

Your Company accreted 265.65 million metric tonnes of oil equivalent (MMtoe) of In-place volume of hydrocarbon in the domestic basins (operated by ONGC). The ultimate reserves accretion of 84.84 MMtoe is the highest in last 22 years. Total reserve accretion in domestic basins including ONGC's share in PSC JVs stands at 89.08 MMtoe. With a Reserve Replacement Ratio (RRR) of 1.84 (with 3P Reserves), it was the 8<sup>th</sup> consecutive that your Company has maintained a RRR of more than one.

Voluntary disclosures in respect of Oil & Gas Reserves, conforming to SPE classification 1994 and US Financial Accounting Standards Board (FASB-69) were also made by your Company. The Ultimate Reserve accretion during the year (84.84 MMtoe) has surpassed the record breaking performance of previous fiscal (84.13 MMtoe).

Reserve Replacement Ratio (RRR)







A snapshot of ONGC's Reserve Accretion Profile:

Ultimate Reserve (3P) accretion O+OEG					(in MMtoe)
Year	Domestic Assets	ONGC's share in Domestic JVs	Total Domestic Reserve	OVL's Share in Foreign Assets	Total
	(1)	(2)	(3)=(1)+(2)	(4)	(5)=(3)+(4)
2008-09	68.90	2.82	71.72	135.08	206.80
2009-10	82.98	4.39	87.37	0.35	87.72
2010-11	83.56	0.29	83.85	46.23	130.08
2011-12	84.13	1.31	85.44	-0.31	85.13
2012-13	84.84	4.24	89.08	14.16	103.24

#### Statement of Reserve Recognition Accounting

The concept of Reserve Recognition Accounting attempts to recognize income at the point of discovery of reserves and seeks to demonstrate the intrinsic strength of an organization engaged with exploration and production of hydrocarbons with reference to its future earning capacity in terms of current prices for income as well as expenditure. This information is based on the estimated net proved reserves (developed and undeveloped) as determined by the Reserves Estimates Committee.

As per FASB-69 on disclosure about Oil and Gas producing activities, publicly traded enterprises that have significant Oil and Gas producing activities, are to disclose with complete set of annual financial statements, the following supplemental information:

- Proved Oil and Gas reserve quantities
- Capitalized costs relating to Oil and Gas producing activities
- Cost incurred for property acquisition, exploration and development activities
- Results of operations for Oil and Gas producing activities
- A standardized measure of discounted future net cash flows relating to proved Oil and Gas reserve quantities

Your Company has disclosed information in respect of (a) to (d) above in the Annual Financial Statements.

Your Company has also made voluntary disclosure on standardized measure of discounted future net cash flows relating to proved oil and gas reserve at Annexure-A to this report as statement of Reserve Recognition Accounting (RRA).

#### Oil & Gas production

It is my pleasure to inform you that during FY'13, your Company has been the largest producer of oil and gas in the country (from its domestic operations) contributing 69 per cent of oil and 62.28 per cent of natural gas production.

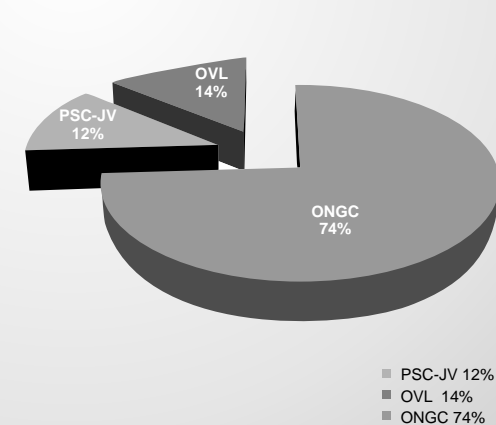
Oil & Gas production of ONGC Group, including PSC-JVs and from overseas Assets has been 58.71 MMtoe (against 61.18 MMtoe during FY'12). The major reason for this relative drop in production during FY'13 is the geopolitical situation and unrest in Sudan, South Sudan and Syria which directly affected production from our assets in these countries. At the same time, natural decline in domestic fields has also been a contributing factor to this year's lower production figures.

Out of the total production of 30.46 MMT of crude oil, 74 per cent production came from the ONGC operated domestic fields, 14 per cent from the overseas assets and balance 12 percent from domestic joint ventures. As far as natural gas production is concerned majority of production (84 per cent) came from ONGC operated domestic fields and of the remaining, 10 per cent came from overseas assets and 6 per cent from domestic joint ventures.

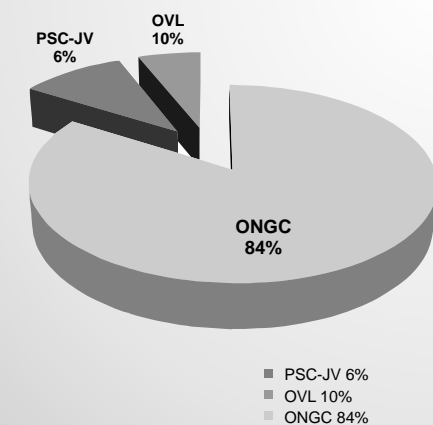
Oil & Gas production: FY '13				
	ONGC	JV	OVL	Total
Oil (MMT)*	22.56	3.56	4.34	30.46
Gas (BCM)	23.55	1.78	2.92	28.25
O+OEG (MMtoe)	46.11	5.34	7.26	58.71

\*(including gas condensate)

#### Crude Oil Production (MMT)



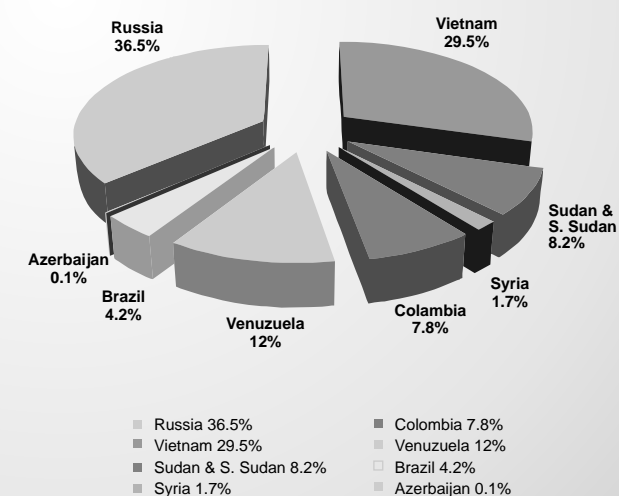
#### Natural Gas Production (BCM)



#### Production from overseas assets

ONGC Videsh Limited (OVL), the wholly owned subsidiary of your Company, has eleven producing assets in eight countries - Venezuela (1), Brazil (1), Colombia (1), Sudan (1), South Sudan (2), Syria (1), Vietnam (1), Russia (2) and Azerbaijan (1).

Total production from these overseas assets during FY'13 has been 7.26 MMtoe of O+OEG (Crude oil: 4.34 MMT & Gas: 2.92 BCM). 74 percent of the production was contributed by the assets in Russia (36.5 per cent), Vietnam (29.5 per cent), Sudan & South Sudan (8.3 per cent), and the remaining 26 per cent from the assets in Syria, Colombia, Venezuela, Brazil and Azerbaijan.



#### New projects

The Board of your Company approved redevelopment of Western Periphery of Mumbai High South and Integrated development of Bassein field during the year with an investment of ₹ 41,132 million. Besides this, pipeline replacement Phase-III project in the west coast was also approved with an investment of ₹ 25,473 million.

During the year, your Company completed four major projects - Construction of new MHN Platform, Revamping of WIN Platform, Low pressure gas processing and compression at Rajahmundry and Additional gas processing facility at Hazira Plant.





#### Overall Production and Sales Performance

Presented below are the highlights of production and sales of Crude Oil, Natural Gas and Value Added Products (VAP):

	Unit	Production Qty		Sales Qty		Value (₹ in million)	
		FY' 13	FY' 12	FY' 13	FY' 12	FY' 13	FY' 12
Direct							
Crude Oil	(MMT)	26.13	26.93	23.69	23.09	533,268	507,873
Natural Gas	(BCM)	25.34	25.51	20.16	20.20	165,400	141,396
Ethane/Propane	000 MT	428	463	425	461	13,440	12,741
LPG	000 MT	1,006	1,037	1,005	1,033	31,484	23,711
Naphtha	000 MT	1,534	1,557	1,520	1,557	76,804	72,167
SKO	000 MT	108	79	106	79	3,686	1,520
Others						1,589	1,850
Sub Total						825,671	761,258
Trading							
Motor Spirit	000 KL			0.56	0.43	42	30
HSD	000 KL			0.02	0.07	1	3
Others						0	0
Sub Total						43	33
Total						825,714	761,291

#### 1. Financial Results

Despite volatile markets and sharing of highest-ever under-recoveries of ₹ 494,207 million during the year, your Company has earned a Profit After Tax (PAT) of ₹ 209,257 million (₹ 251,229 million in 2011-12), down 16.70 per cent. During the year under review, your Company registered Gross revenue of ₹ 833,090 million (₹ 768,871 million in 2011-12), up 8.35 per cent.

### Highlights

- Gross Revenue** : ₹ 833,090 million
- Profit After Tax (PAT)** : ₹ 209,257 million
- Contribution to Exchequer** : ₹ 408,806 million
- Return on Capital Employed** : 38.27%
- Debt-Equity Ratio** : 0.00
- Earnings Per Share (₹)** : 24.46
- Book Value Per Share (₹)** : 144

(₹ in million)

Particulars	2012-13	2011-12
Revenue from operations	833,090	768,871
Other Income	54,367	44,529
Total Revenues	887,457	813,400
Profit Before Interest Depreciation & Tax (PBITD)	389,455	410,327
Profit Before Tax (PBT)	305,443	366,425
Profit After Tax (PAT)	209,257	251,229
APPROPRIATION		
Interim Dividend	76,999	66,305
Proposed Final Dividend	4,278	17,111
Tax on Dividend	13,012	13,286
Transfer to General Reserve	114,968	154,527
TOTAL	209,257	251,229

Previous year figures have been regrouped wherever necessary.

Reduction in FY 12 -13 profit as compared to FY 11-12 is primarily due to increase in share of under recoveries (₹ 49,550 Million), additional Cess (₹ 42,140 Million) and exceptional income accounted for in FY 11-12 on account of Royalty adjustment for JV Block with M/s Cairn in Rajasthan, partly offset by increase in gross revenue.

It would also be pertinent to mention that the stand-alone PAT of ONGC for 2012-13 contribute more than 86% of the Group's PAT whereas ONGC (stand alone) accounts for just 50.2% of the Group's revenues. However, if the present trend of under-recoveries and Cess burden on ONGC continues, the profitability and surplus generating capacity of the Company would be affected adversely; thereby may have impact on future growth of the group.

#### 2. Dividend

Your Company paid interim dividend of ₹ 9.00 per share (180 per cent) in two phases (₹ 5.00 and ₹ 4.00). The Board of Directors have recommended a final dividend of ₹ 0.50 per share (10 per cent) making the aggregate dividend at ₹ 9.50 per share (190 per cent) as compared to ₹ 9.75 per share (195 per cent) paid in 2011-12. The total dividend will absorb ₹ 81,277 million, besides ₹ 13,012 million as tax on dividend and works out to 45.06 percent of PAT against 38.49 percent in 2011-12

#### 3. Management Discussion and Analysis Report

As per the terms of Clause 49(IV) (F) of the Listing Agreement with the Stock Exchanges, a Management Discussion and Analysis Report (MDAR) has been included and forms part of the Annual Report of the Company.

#### 4. Financial Accounting

The Financial Statements have been prepared in accordance with the Generally Accepted Accounting Principles (GAAP) and in compliance with all applicable Accounting Standards (AS-1 to AS-29) and Successful Efforts Method as per the Guidance Note on Accounting for Oil & Gas Producing Activities issued by The Institute of Chartered Accountants of India (ICAI) and provisions of the Companies Act, 1956. Further, as per Ministry of Corporate Affairs (MCA) notification, the financial statements have been prepared under the Revised Schedule VI format of the Companies Act, 1956.

#### 5. Subsidiaries



##### I. ONGC Videsh Limited (OVL)

ONGC Videsh Limited (OVL), the wholly-owned subsidiary of your Company for E&P activities outside India, achieved the highest-ever profit (PAT) of ₹ 39,291 Million during FY' 13, an increase of 44.4 per cent as compared to the PAT of ₹ 27,211



Million during FY'12. OVL's share in production of oil and oil equivalent gas (O+OEG), together with its wholly-owned subsidiaries ONGC Nile Ganga B.V., ONGC Amazon Alaknanda Limited, Imperial Energy Limited and Carabobo One AB, was 7.260 MMtoe during FY'13 as compared to 8.753MMtoe during FY' 12. The oil production decreased from 6.214 MMT during FY'12 to 4.341 MMT during FY'13 primarily due to the geopolitical situation in Sudan, South Sudan and Syria and the natural decline in different matured fields in Sakhalin-1, Russia, San Cristobal Project, Venezuela and BC-10, Brazil.

OVL has resumed its production from Block 5A, South Sudan on April 6, 2013 and from Blocks 1, 2 & 4, South Sudan on April 13, 2013. However, the operations of Al Furat Project (AFPC), Syria would resume only after improvement in geopolitical situations and softening of sanctions. OVL Furat Project presently has participation in 32 assets in 16 countries out of which 11 are producing assets, 5 discovered/ under-development assets, 14 exploratory assets and 2 pipelines.

Significant highlights of OVL during FY'13 are:

- Acquisition of Hess Corporation's 2.7213 per cent participating interest in the Azeri, Chirag and the Deep Water Portion of Guneshli Fields in the Azerbaijan sector of the Caspian Sea ("ACG") and 2.36 per cent interest in the Baku-Tbilisi-Ceyhan ("BTC") Pipeline was completed on March 28, 2013. The acquisition would bring about 9 per cent additional proved reserves to the portfolio of OVL and daily oil production of about 19,000 barrels (about 0.9 MMT per annum).
- OVL has won two exploration blocks in Colombia under Colombian Bid Round 2012 (i) Offshore block Guaoff-2 in Guajira Basin with 100 per cent Participative Interest (PI) and (ii) Onshore Llanos-69 (LLA-69) block in prolific Llanos basin of Colombia was won by Mansarovar Energy Colombia Limited (MECL); a 50:50 joint venture between OVL and Sinopec of China.
- OVL discovered Oil in the first well of the onshore exploration block CPO-5 in Colombia in which it is the Operator with 70 per cent participating interest. The first of the two commitment wells i.e. Kamal-1 was spudded on October 29, 2012 and drilled up to the target depth of 10,500 feet with oil discovery. The second well is currently under testing with encouraging results.
- The development of Lan-Do field in Block 06.1, Vietnam, where OVL has 45 per cent PI, has been completed and the field was put to production on October 7, 2012. The completion of Lan-Do field enhanced the production capacity of the Block 06.1 by 0.20 BCM.
- OVL has relinquished/ surrendered its interest from three non-operated exploration blocks namely N-25 to 29 & N-36 in Cuba; BM-S-74 and BM-BAR-1, both in Brazil due to unsuccessful exploratory wells.
- Project Carabobo-1 in Venezuela is under development and had started early production in January 2013.
- OVL made an inaugural US\$ bond offering in international capital market with a dual tranche US\$ 800 million Notes in April, 2013 to part finance the ACG and BTC acquisition. The offering was well received with the order book closing at about US\$ 3 billion. The 5 year tranche of US\$ 300 million was priced at a spread of 190 basis point above the 5 year US treasury at yield of 2.574 per cent per annum and the 10 year tranche of US\$ 500 million was priced at a spread of 210 basis point above the 10 year US treasury at yield of 3.756 per cent per annum. This inaugural bond offering, guaranteed by the parent company ONGC, represents the largest REG-S only issuance by an Indian issuer in the US\$ bond markets at the lowest coupon rates and has set a benchmark in pricing by Indian issuer.

#### Direct Subsidiaries and Joint Ventures of OVL



##### i. ONGC Nile Ganga B.V. (ONGBV)

ONGBV, a subsidiary of OVL, is engaged in E&P activities in Sudan, South Sudan, Syria, Venezuela, Brazil and Myanmar. ONGBV holds 25 per cent Participating Interest (PI) in Greater Nile Oil Project (GNOP), Sudan with its share of oil production of about 0.596 MMT during 2012-13. ONGBV holds 25 per cent Participating Interest (PI) in Greater Pioneer Operating Company (GPOC), South Sudan but due to adverse geo-political conditions, OVL could not produce any oil in GPOC, South Sudan during FY'13.

ONGBV holds 16.66 per cent to 18.75 per cent PI in four Production Sharing Contracts in Al Furat Project (AFPC), Syria with its share of oil and gas production of about 0.126 MMtoe during FY' 13. ONGBV holds 40 per cent PI in San Cristobal Project in Venezuela through its wholly owned subsidiary ONGC Nile Ganga (San Cristobal) BV with its share of oil production of about 0.800 MMT during FY' 13. ONGBV holds 15 per cent PI in BC-10 Project in Brazil through its wholly owned subsidiary ONGC Campos Ltda with its share of oil and gas production of about 0.303 MMtoe during FY' 13. ONGBV held 43.5 per cent PI in exploratory block BM-S-74 and 25 per cent PI in exploratory block BM-BAR-1 and holds Block BM-SEAL-4 all located in deep-water offshore, Brazil through its wholly owned subsidiary ONGC Campos Ltda. ONGBV also holds 8.347 per cent PI in South East Asia Gas Pipeline Co. Ltd., (SEAGP) Myanmar for Pipeline project, through its wholly owned subsidiary ONGC Caspian E&P B.V.



##### ii. ONGC Narmada Limited (ONL)

ONL has been retained for acquisition of future E&P projects in Nigeria.

##### iii. ONGC Amazon Alaknanda Limited (OAAL)

OAAL, a wholly-owned subsidiary of OVL, holds stake in E&P projects in Colombia, through Mansarovar Energy Colombia Limited (MECL), a 50:50 joint venture company with Sinopec of China. During FY' 13, OVL's share of oil production in MECL was about 0.552 MMT.

##### iv. Imperial Energy Limited (Erstwhile Jarpeno Limited)



Imperial Energy

Imperial Energy Limited (Name changed from Jarpeno Limited with effect from April 19, 2013), a wholly-owned subsidiary of OVL incorporated in Cyprus, holds Operatorship with 100 per cent PI in Imperial Energy having its main activities in the Tomsk region of Western Siberia, Russia. During FY' 13, Imperial Energy's oil production was about 0.560 MMT.

##### v. Carabobo One AB

Carabobo One AB, a wholly-owned subsidiary of OVL incorporated in Sweden, holds 11 per cent PI in Carabobo-1 Project, Venezuela. The early production has already started from first well (CGO005) on 27<sup>th</sup> December 2012 @ 300 bopd.

##### vi. ONGC (BTC) Limited

ONGC (BTC) Limited holding 2.36 per cent interest in the Baku-Tbilisi-Ceyhan Pipeline ("BTC") with effect from 28<sup>th</sup> March, 2013 owns and operates 1,768 km oil pipeline running through Azerbaijan, Georgia and Turkey. The pipeline mainly carries crude from the ACG fields from Azerbaijan to Mediterranean Sea.

##### vii. ONGC Mittal Energy Limited (OMEL)



OVL along with Mittal Investments Sarl (MIS) promoted OMEL, a joint venture company incorporated in Cyprus. OVL and MIS together hold 98 per cent equity shares of OMEL in the ratio of 49.98 per cent (OVL) and 48.02 per cent (MIS) with the balance 2 per cent shares held by SBI Capital Markets Ltd. OMEL held 45.5 per cent PI in exploration Block OPL 279, Nigeria and holds 64.33 per cent PI in exploration Block OPL 285, Nigeria. OMEL also holds 1.11 per cent of the issued share capital of ONGBV by way of Class-C shares issued by ONGBV exclusively for AFPC Syrian Assets; such investment being financed by Class-C Preference Shares issued by OMEL in the ratio of 51:49 to OVL and MIS respectively.

#### II. Mangalore Refinery and Petrochemicals Limited (MRPL)



Your Company continues to hold 71.62 per cent equity stake in MRPL, a Schedule A Mini Ratna, which is a single location 15 MMTPA Refinery on the west coast.

#### Performance Highlights FY 2012-13

- MRPL achieved the highest-ever thru'put of 14.40 MMT and it produced 13.4 MMT of petroleum products, the highest-ever.
- MRPL exported 6.82 MMT of products against 5.59 MMT in the previous year.
- Crude sourcing: 14.2 MMT; Iran (28.8 per cent), Saudi Arabia (19.4 per cent), ADNOC (15.9 per cent), Kuwait (8.9 per cent), Mumbai High (12.3 per cent), Azeri (4.2 per cent) & Spot (10.6 per cent).
- MRPL achieved all its MOU targets.

MRPL incurred a net loss of ` 7,569.10 million during FY'13 mainly on account of reduced gross margins and foreign exchange fluctuation loss of ` 5,364.9 million. Accordingly, no dividend has been declared for the FY'13.

#### Marketing

In view of the continued under recoveries in retail marketing of Auto fuels, the Company operated in a limited way, thereby keeping the under recoveries to the minimum. The Company is in all readiness to take up retail marketing within a short time, if the under recoveries are eliminated.

#### Retail Operations

Govt. has announced complete decontrol of HSD prices for bulk consumers and MRPL has already made inroads in the bulk HSD



market. In line with the Govt. policy towards eventual decontrol of HSD in retail segment, MRPL has taken cautious steps to set up few retail outlets in select markets and the advertisement for the same has been released. MS prices remain decontrolled and market determined and sales from existing retail outlets continue to grow.

#### Phase III - Brownfield expansion Project & SPM

Under Phase-III expansion of MRPL, Hydrogen generation unit and Diesel Hydro-Treater Unit have been commissioned along with Amine Treating Unit and Stripped sour water units. At the same time, SBM/SPM trial run was also undertaken. Commissioning of SRU-3 will be done after the replacement of the gaskets. The Phase-III project is expected to be complete by this year end.

#### 6. Exemption in respect of Annual Report of Subsidiaries and Consolidated Financial Statement

Ministry of Corporate Affairs (MCA) vide circular dated February 8, 2011 and clarification dated February 21, 2011 decided to grant a general exemption from the applicability of Section 212 of the Companies Act, 1956 from attaching the Balance Sheet and Profit & Loss Account prepared regarding the financial year ending on or after March 31, 2011, in relation to subsidiaries of those companies which fulfil various conditions including inter-alia approval of the Board of Directors for not attaching the balance sheet and profit & loss account of the subsidiary concerned. Your Board has accorded necessary approval in this regard for not attaching the Balance Sheet and Profit & Loss Account of its subsidiaries (i) ONGC Videsh Limited (OVL) and (ii) Mangalore Refinery and Petrochemicals Ltd. (MRPL). All the conditions mentioned in the circular are being complied with by ONGC. Full Annual Report of ONGC including its subsidiaries will be made available to any shareholder, if he/she desires. Further, Annual Reports of MRPL and OVL are also available on website www.mrpl.co.in and www.ongcvidesh.com respectively.

In accordance with the Accounting Standard (AS)-21 on "Consolidated Financial Statements" read with AS-23 on "Accounting for Investments in Associates" and AS-27 on "Financial Reporting of Interests in Joint Ventures", audited Consolidated Financial Statements for the year ended March 31, 2013 of the Company and its subsidiaries form part of the Annual Report.

### 7. Joint Ventures/ Associates

#### i. ONGC Petro-additions Limited (OPaL)



Your Company has promoted OPaL, a Joint Venture (JV) Company, with envisaged equity stake of 26% along with GAIL (15.5%) and GSPC (5%); the balance equity is to be tied up from Strategic Partners / FIs / IPO. It is a mega downstream petrochemical integrated project at Dahej SEZ put in place for utilizing the in-house production of C2-C3 and Naphtha from various units of ONGC. It is scheduled to be completed by Q1 2014.

##### Present status

- Overall Cumulative progress is 77.65 per cent as on March 31, 2013.
- Total cumulative expenditure as on March 31, 2013 is ₹ 137,081 million. Approved project cost is ₹ 213,960 million.
- Debt closure has been attained with the execution of Rupee Term Loan agreement, for ₹ 149,770 million on 29.01.2013.

#### ii. ONGC Mangalore Petrochemicals Limited (OMPL)



OMPL is a value-chain integration project for manufacturing Para-Xylene and Benzene from the Aromatic streams of MRPL promoted by ONGC with an envisaged equity participation of 46% along with MRPL (3%) with balance equity being tied up.

##### Present status

- Overall cumulative progress is 91.83 per cent as on March 31, 2013.
- Total cumulative expenditure on the project is ₹ 40,170 million. Approved project cost is ₹ 57,500 million.
- The scheduled completion of the project is slated for Q3 of FY 2013-14.

#### iii. Dahej SEZ Ltd (DSL)



It is envisioned as a multi-product SEZ at Dahej in coastal Gujarat for setting up world-class mega infrastructure facilities which would anchor ONGC's upcoming C2-C3 Extraction Plant and a value-chain integration project (OPaL).

Paid up capital: ONGC: 49.99% & GIDC: 49.99%

Envisaged equity structure: ONGC: 23%; GIDC: 26%; balance equity is being tied up.

##### Present status

- SEZ is already operational and units in SEZ have clocked export of ₹ 8,640 million in the FY'12 and ₹ 14,200 million in FY'13.
- 92 per cent of the leasable land has already been allotted and the remaining land is expected to be leased in the next two years.

#### iv. ONGC Tripura Power Company Ltd (OTPC)



OTPC is setting up a 726.6 MW (2 X 363.3 MW) gas based Combined Cycle Power Plant at Palatana, Tripura. The basic objective of the project has been to monetize idle gas assets of ONGC in land-locked Tripura state and to give further boost to exploratory efforts in the region. Your Company has promoted OTPC with an envisaged stake of 50% along with Govt. of Tripura (0.5%) and IL&FS Energy Development Co. Ltd. (IEDCL - an IL&FS subsidiary) (24.5%); the balance is proposed to be tied up through IPO.

##### Present status

- The total expenditure incurred on the project till March 31, 2013 is ₹ 28,353 million against approved project cost of ₹ 34,180 million.
- Entire debt for the project has been tied up with Power Finance Corporation at a Debt: Equity ratio of 3:1.
- Physical Progress: In Unit-I, unforeseen technical problems had arisen since first full-load trial operations in early Jan 2013. The same have been attended and the Unit-I has been restarted to commence trial operations to achieve commercial operations by July 2013. Unit-II commissioning is now scheduled in August 2013.
- The Palatana-Bongaigaon transmission line being implemented by NETC is now commissioned up to Byrnihat. This would facilitate full evacuation of power generated from Unit-I. For complete evacuation of Unit-II power, the Byrnihat-Bongaigaon section of the line needs to be completed by December 2013 subject to resolution of certain issues related to forest clearance in Assam state.

#### v. Mangalore Special Economic Zone Limited (MSEZ)



With an envisaged equity stake of 26% along with KIADB (23%), IL&FS (50%), OMPL (0.96%) and KCCI (0.04%), ONGC has proposed to set up MSEZ to serve as site for development of necessary infrastructure to facilitate and locate ONGC / MRPL's Aromatic complex being promoted by ONGC.

##### Present status

- In respect of Pipeline Corridor development, Ministry of Environment & Forest (MoEF) clearance is awaited for construction works at Reach 2 (about 1.8 km). Pursuant to the presentation made by MSEZ to Expert Committee of MoEF on Feb 18-19, 2013, the committee has favourably recommended the case to MoEF.
- As far as land acquisition issues at Reach 3 (about 1.5 km) is concerned, Gazette notification has already been issued by the Government of Karnataka; however, land price fixation is yet to be done by the Government.
- Required work for river water infrastructure has been completed. Trial runs to MRPL and OMPL have also been conducted successfully. Facilities are ready for supply of water. Water supply agreement is under finalization.

#### vi. ONGC TERI Biotech Limited (OTBL)



OTBL is a Joint Venture company of ONGC which was incorporated on March 26, 2007, in association with 'The Energy Research Institute' (TERI) with shareholding of 49 per cent each. Balance 2 per cent equity is held by the Financial Institutions. The JV has been promoted for addressing the requirement of Bioremediation of oily sludge, Microbial Enhanced Oil Recovery, prevention of wax deposition in tubulars and solution for other oil field problems. The turnover of OTBL in FY'13 is ₹ 136.61 million and Profit after Tax is ₹ 40.05 million as against turnover of ₹ 129.96 million and Profit after Tax is ₹ 32.78 million in FY'12.

#### vii. Petronet MHB Limited (PMHBL)



##### Petronet MHB Limited

PMHBL is a JV company where in ONGC (28.766%), HPCL (28.7%) and PIL (7.898%) have equity stakes. Balance 34.57 per cent of equity is held by leading banks. It owns and operates a multi-product pipeline to transport MRPL's products to hinterland of Karnataka. Throughput in FY'13 is 2.816 MMT against 2.771 MMT during the last year. As per audited results for the year 2012-13, the turnover and PAT of PMHBL are ₹ 834.53 million and ₹ 273.09 million, respectively.



viii. Petronet LNG Limited (PLL)



ONGC has 12.5 per cent equity stake in PLL, identical to stakes held by other Oil PSU co-promoters viz., IOCL, GAIL and BPCL. Dahej LNG terminal of PLL having a capacity of 10 MMTPA is currently meeting around 20 per cent of the total gas demand of the country. A new LNG terminal of 5 MMTPA capacity is under construction at Kochi and is expected to be completed by the 2<sup>nd</sup> quarter of FY'13. The turnover of PLL during 2012-13 is ` 314,674 million (previous year ` 226,959 million) and net profit is ` 11,493 million (previous year ` 10,575 million).

ix. Pawan Hans Limited (PHL)



ONGC has 49 per cent equity stake in PHL (previously known as Pawan Hans Helicopters Limited). Balance 51 per cent equity is held by the Government of India. PHL is one of Asia's largest helicopter operators having a well-balanced operational fleet of 40 helicopters. It provides helicopter support for ONGC's offshore operations. PHL was successful in providing all the 12 Dauphin N and N3 helicopters fully compliant with AS-4 as per the new contract with ONGC. The accounts of PHL for 2012-13 are under finalisation.

8. Other Projects/ Business initiatives

a. C2-C3-C4 Extraction Plant

Your company has set up a C2-C3-C4 extraction plant at Dahej with LNG from Petronet LNG Limited (PLL) as the feed stock. This plant will be supplying C2-C3-C4 extracts as feedstock to OPaL. Presently, the plant systems are under preservation and periodic inspection of static and rotary equipment is continuing as per Preservation Plan.

b. Urea Fertilizer Business

ONGC signed a Memorandum of Understanding (MoU) with M/s Chambal Fertilizers and Chemicals Ltd. (CFCL) and the Government of Tripura for setting up a 1.3 MMTPA capacity urea fertilizer plant in Tripura. MoU was signed on April 9, 2013 at Agartala in presence of Shri Manik Sarkar, Hon'ble Chief Minister of Tripura. Feedstock for the proposed plant (Natural gas) will be supplied from Khubal field in AA-ONN-2001/1 block where substantial gas reserves have been established. Gas requirement for the plant is estimated to be 2.4 mmscmd. The project cost is estimated to be ` 50,000 million. Government of Tripura will have 10 per cent equity in the venture.

c. LNG terminal

ONGC along with its consortium partners BPCL and Japanese conglomerate Mitsui signed an MoU with the New Mangalore Port Trust (NMPT) on March 18, 2013. The MoU documents the Port's No-Objection to carry out the feasibility studies and intention to extend all cooperation to the consortium in this regard. The MoU was executed in presence of Hon'ble Minister of Petroleum & Natural Gas Dr. M. Veerappa Moily and the erstwhile Chief Minister of Karnataka Shri Jagadish Shettar. The consortium expects to commission the facility by 2018.

9. Alliances & Partnerships for Business Growth

a. MoU with Ecopetrol

ONGC signed a MoU with Ecopetrol, Ecuador for collaboration on jointly studying the fan belt traps of the Cachar Region in India and cooperating on studying and developing EOR and IOR technologies during 7<sup>th</sup> National Oil Companies (NOC) Forum held during May 25-27, 2012 at Istanbul.

b. Collaboration Agreements with GAIL

ONGC signed the following four agreements with GAIL on July 21, 2012:

1. Gas Cooperation Agreement,
2. Gas Swap Agreement for C2-C3 Plant,
3. OPaL Shareholders' Agreement,
4. Side Letter for polymer marketing rights for GAIL.

While the Gas Cooperation agreement bestows rights on GAIL to market gas produced from ONGC fields on a case-by-case basis, the gas swap agreement is of importance for C2+ extraction plant at Dahej as it facilitates swapping of domestic non-APM gas for shrinkage due to extraction of C2+ components from PLL's LNG. The Shareholders' Agreement spells out the ownership pattern in the OPaL project wherein ONGC and GAIL are inter-alia sponsors and the Side Letter bestows marketing rights on GAIL, which is running/expanding petrochemical plant at Pata and is in the process of setting up another one in Assam, for partial quantity of polymers produced by OPaL facility.

c. Farm-out agreement with M/s INPEX for block KG-DWN-2004/6

ONGC entered into a strategic partnership with M/s INPEX CORPORATION (INPEX), Japan's largest national oil company. ONGC signed a Farm-Out Agreement (FOA) on November 5, 2012, at New Delhi for handing over 26 per cent participating interest to M/s INPEX in the deep water exploration Block KG-DWN-2004/6 of Krishna-Godavari Basin, which was awarded to ONGC-led consortium under the NELP-VI licensing round. ONGC continues to remain as the operator with 34 per cent participating interest. The existing consortium partners GAIL (India) Limited (10%), Gujarat State Petroleum Corporation Limited (10%), Hindustan Petroleum Corporation Limited (10%) and Oil India Limited (10%) have given their consent to this farm out.

10. Information Technology

ONGC has strived to be at the forefront with regard to adoption, deployment and integration of Information Technology in the organisation, with special reference to its needs. In a knowledge-driven and technology-intensive industry such as oil & gas E&P, information technology establishes the vital links across the company's many locations and varied workforce, essentially serving as its operation's lifeline. Many of the IT achievements of the Company are regarded as benchmarks in the industry in terms of implementation of widespread systems integration and process automation. Some of the highlights for the FY'13 are:

- Achieved over 99 per cent IT system availability.
- Under "IT Skill & Proficiency Development Programme through Project Chetna", 8,100 training man-days were achieved.
- "Lotus notes e-Mail System" was upgraded.
- Optimization of ONGC domain architecture along with up-gradation of "Enterprise Active Directory Services", with new hardware and software was also completed.
- "Online Complaints Portal" for Corporate Vigilance was launched.
- Deployment of standardized corporate version of Health Information System (HIS) at all the locations (except at Delhi), completed.
- Surveillance audit of "ISO 20000 Certification" for ITIL based IT services and acquisition of "ISO 27000 Certification" for Infocom Data centers completed.
- A Point-to-Multipoint "Broadband Wireless Access (BWA) Radio System" Project covering Western Onshore and Neelam Offshore completed which resulted in adequate bandwidth availability at remote field locations.
- Point-to-Multipoint "Broadband Wireless Access (BWA) Radio System" for remaining sites of North East & Southern Assets of ONGC is under execution.
- An LSTK project for the revamping of existing Info-com Datacenter in Chennai was completed at a cost of ` 20,320 million with seamless shifting of critical operational equipment to the new center in the same area and without any disruption to the existing services.
- Project "Augmentation of Communication Infrastructure of Western Offshore on Turnkey basis" completed at Mumbai.
- New 8 Mbps Lease line connectivity established between 11 High and Priyadarshini at Mumbai for Logging applications and 2 Mbps Lease line for 24x7 Medical control rooms at Poonam Nagar Colony, Mumbai.

11. Health, Safety and Environment (HSE) accreditations

ONGC attaches the highest priority to safety, occupational health and protection of environment in and around its working areas and

**Project ICE (Information Consolidation for Efficiency) of ONGC is a landmark example of 'Business Process Re-Engineering' India. It is also SAP AG's one of the largest Projects in India**





**HSE Quotient Snapshot:  
Ringal Bamboo Plantation in  
Upper Himalayas, 412 QHSE  
certified installations, 5 Oil  
Industry Safety Awards**

affirms strict adherence to globally recognized and industry accredited best practices in its domain. In accordance with this commitment, ONGC has implemented globally recognized QHSE Management System conforming to the requirements of QHSE Certifications ISO 9001, ISO 14001 and ISO 18001 (OHSAS) at ONGC facilities.

Corporate guidelines on incident reporting, investigation and monitoring of recommendations was developed and implemented for maintaining uniformity throughout the organization in line with international practices. Some of the standout features of the Company's exemplary HSE practices are - Regular QHSE internal audits, Fire safety measures, regular fire and earthquake mock drills, Health Awareness programs, water and electricity conservation, Material Safety Data Sheets (MSDS), Personal Protective Equipment (PPE), and

identification and implementation of Environment Management Programmes (EMP) and Occupation Health & Safety (OHS) programs as per need of the units, near miss and Governance, Risk & Compliance (GRC) reporting.

## 12. Sustainability Development

The world today has only two options, either to stop generating GHGs (Green House Gases) and stop development as a corollary or synergise development with environment. ONGC, similar to the leading energy majors of the world, is striving to position itself as a leading organisation in sustainable management and is aiming to achieve sustainable development through a holistic approach to carbon management. Carbon Management Group synergises ONGC's all business activities in terms of sustainable development.

All the six Sustainability Development (SD) projects undertaken as per the MoU with MoP&NG have been completed ahead of the schedule. All these SD projects have been assessed by an External agency (Ramky Enviro Engineers Ltd), which has submitted its report on April 15, 2013. As per the assessment, ONGC has achieved excellent grades in all the six SD projects. As a part of its Sustainability Development agenda, the following efforts have been undertaken by ONGC.

### a. Water Management

- Sustainable water management: Water foot printing is being implemented at two locations (Tripura & Cauvery Assets) and an amount of ₹ 0.5 million was expended towards water mapping during the year.
- Rainwater Harvesting Programme (RWH): The programme is being actively undertaken in Vadodara and at Tripura Asset. Additionally, a number of wells have been planned for recharging ground water table in Agartala.

### b. Global Methane Initiative (GMI)

Global Methane Initiative (GMI) program activities have been carried as per the ONGC-USEPA ongoing MoU. Leak survey and estimation of fugitive emission was carried out at 13 installations across ONGC. This initiative has helped in recovery of around 3.88 MMSCM of fugitive methane which was added back to the production main stream.

### c. Carbon Dioxide mitigation and low carbon initiatives

ONGC is in the process of finding an R&D solution to the vent CO<sub>2</sub> at Hazira Plant with a view to mitigating emission of CO<sub>2</sub> to the environment.

### d. Clean Development Mechanism (CDM)

ONGC has registered 10 CDM projects with UNFCCC (United Nations Framework Convention on Climate Change). This is probably the highest number of projects registered by any single entity in India. During the year, around 1,28,000 Certified Emission Reductions (CERs) (Carbon credits) have been issued, taking the overall CER tally to more than 1,40,000. Issuances being an annual activity after annual verification, more issuances are in the offing as four of the registered projects have already been successfully verified during the year under consideration.

**ONGC Corporate  
Sustainability Report for  
2011-12, developed as per  
globally accepted GRI-G3  
guidelines, accorded A+ level  
by the assurance agency**

ONGC ranked 15<sup>th</sup>  
among the global  
energy companies by  
the Newsweek Green  
Ranking 2012

The ten registered CDM projects with UNFCCC are:

- Waste heat recovery from Process Gas Compressors (PGCs), of Mumbai High South (offshore platform) and using the recovered heat to heat process oil (Regn Ref No 0814).
- Upgradation of Gas Turbine 1 (GT 1) and Gas Turbine 2 (GT 2) at co-generation plant of Hazira Gas Processing Complex (HGPC) (Regn. Ref No 0847)
- Flare Gas Recovery project at Uran Plant( Regn. Ref No 1220) and Hazira Plant (HGPC) (Regn. Ref No 1354)
- Energy Efficiency of Amine Circulation Pumps at Hazira plant (Regn. No 2648).
- 51 MW wind power project at Bhuj, Gujarat.
- Green Building projects at Mumbai and Dehradun
- Gas Flaring Reduction at Neelam & Heera Asset
- ONGC Tripura Power Company Ltd. (726 MW natural gas based power plant)

### e. Carbon footprint

Your Company has initiated an organization wide carbon footprint activity in the year 2011-12 as a part of carbon and energy management. The carbon footprint is ready and eight types of mitigation possibilities have been identified, which may reduce the emission significantly (almost 34%).

### Business Responsibility Report

Securities & Exchange Board of India has introduced Clause 55 to the Listing Agreement with the Stock Exchanges, which states that Listed entities shall submit, as part of their Annual Report, Business Responsibility Report, describing the initiatives taken by them from an environmental, social and governance perspective. Accordingly, the first Business Responsibility Report - 2012-13 has been drawn up and forms part of the Annual Report for 2012-13.

## 13. Internal Control System

Your Company has a well-established and efficient internal control system and procedures. The Company has a well-defined delegation of the financial powers to its various executives through Book of Delegated Powers (BDP). The Integrated BDP is updated from time-to-time in line with the needs of the organisation as well as to bring further delegation. The Company has in-house Internal Audit Department commensurate with its size of operations. Audit observations are periodically reviewed by the Audit & Ethics Committee of the Board and necessary directions are issued whenever required.

## 14. Human Resources

ONGC cares and values for its human resource which is the bedrock of ONGC's success story. To keep the employees' morale high, your Company extends several welfare benefits to them and their families by way of comprehensive medical care, education, housing and social security. During the year 2012-13, your Company implemented various new and revised welfare policies for its employees.

## 15. Human Resource Development

32,923 ONGCians (as on March 31, 2013) dedicated themselves and contributed their efforts towards the excellent performance of your company. In response to the highly knowledge-driven and extremely competitive industry that your Company operates in, it has devised an effective and progressive workforce intake strategy that is suited well to counter the varied complexities and uncertainties of the business environment as well as aligned to overarching business plans of the organization. During the year, adequate number of people with requisite skill-sets were inducted to meet the requirements of the Company as well as replenish the manpower loss on account of high superannuation.

Your company believes that continuous development of its human resource fosters engagement and drives competitive advantage. One such initiative towards that end was the innovatively designed and highly popular 'Business Games', an organization wide contest that puts to test the managerial and business acumen of the executives. During the year 2012-13, a total of 200 teams and 800 executives participated in the event.

Fun Team Games (FTGs) were organized for E0 and staff level employees to inculcate MDT (Multi-disciplinary Team) concept and a spirit of camaraderie and belongingness to the organization, which was very well received by the participants. During the year, 129 teams and 516 employees participated in FTGs. Your Company also conducted the Assessment Development Centre (ADC) for approximately 300 E-6 (DGM) level executives and provided them developmental inputs.

During the year, Mentoring Initiative was launched in a big way in your Company. Mentoring has been initiated for the motivation of

**Randstad Awards 2013:**  
Your Company is the 'Most  
Attractive Employer' in the  
Energy Sector in India



the senior employees as well as to provide guidance and support to the younger employees. Your Company has partnered with global HR consulting firms to create a pool of accredited mentors in the organization. These mentors will support organization's effort to hone young minds to successfully respond to the emerging business needs of your Company. As part of this Initiative, in the year 2012-13, over 900 senior level executives (E5 & E6) were selected and trained to be mentors for young mentees.

During the year, your Company launched a Suggestion Scheme, ESSENCE (Employees Suggestion Scheme for Engagement, Commitment and Efficiency) aimed at facilitating achievement of Organisational excellence by encouraging employees to put forth suggestions for improvement in various functional areas of the Corporation's business and operations.

#### Training

Skill up-gradation is a vital component for driving excellence through Human Resource. Your Company has recently branded the spectrum of its training activities as EXPONENT- a comprehensive programme which nurtures the energy leaders of tomorrow. The program is facilitated by the ONGC Academy, Regional Training Institutes (RTIs), other in-house Institutes and through tie-ups with globally recognized trainers.

During the year, your Company continued its endeavour of equipping the employees with the latest knowledge in the specialized fields of upstream oil and gas sector by organizing training programs with the best of faculty from both India and abroad. A total of 16,255 executives and 3,712 non-executives were imparted appropriate training, spanning 207,447 training man-days, during 2012-13.

During 2012-13, five batches of Graduate Trainees, totalling 691 in all, were imparted induction training. In order to keep the executives abreast of the latest advancements in cutting edge concepts and technologies in oil and gas exploration and production, 84 programmes were organized during 2012-13, including foreign faculty programmes. Around 250 senior level officers were exposed to Advanced Management Programmes with overseas learning component through tie-ups with leading B-schools of the country.

#### 16. Employee Welfare

Your Company continues to extend welfare benefits to the employees and their dependants by way of comprehensive medical care, education, housing and social security. Your Company continues to align company policies with the changing economy and business environment. Some of the key facets of ONGC's Employee Welfare model are mentioned herein -

##### (i) Employee Welfare Trusts

Your Company has established the following major Trusts for welfare of employees:

- Employees Contributory Provident Fund (ECPF) Trust: Manages Provident Fund accounts of employees of your Company.
- The Post Retirement Benefit Scheme (PRBS) Trust: Manages the pension fund of employees of your company and settled 1,333 cases of withdrawal benefits during the year
- The Composite Social Security Scheme (CSSS): It provides an assured ex-gratia payment in the event of unfortunate death or permanent disability of an employee in service. During the year, assistance to families of deceased employees under this scheme was revised to between ₹ 3 to 5 million. Under the Composite Social Security Scheme, 1,249 Cases were settled during the year 2012-13. Support to parent has been extended in case of Death/ Disability - 25 per cent of the admissible support amount shall be paid to surviving parents of the deceased employee. The balance 75 per cent amount shall be released as per the nominations recorded by the employee.
- Gratuity Fund Trust: This has been created to take care of payment of gratuity as per the provisions of the Gratuity Act.
- Sahayog Trust: Your Company's 'Sahayog Yojana' instituted under this Trust provides ex-gratia financial grant for sustenance, medical assistance, treatment, rehabilitation, education, marriage of female dependent and alleviation of any hardship or distress to secure the welfare of the secondary workforce and their kin, who do not have adequate means of support. Under the scheme, an amount of ₹ 19 million was disbursed by the Trust during the year.
- Extension of Benefits under the Agrani Samman Scheme to retired employees: During the year, your Company relaxed the provisions of the Agrani Samman Scheme to cover those ex-employees who separated from the service of ONGC on account of premature retirement due to disability or medical deficiency suffered while on duty.

##### (ii) Implementation of Govt. Directives for Priority Section

Your Company complies with the Government directives for Priority Section of the society. The percentage of Scheduled Castes (SC) and Scheduled Tribe (ST) employees were 15.68 percent and 8.98 percent respectively as on 31<sup>st</sup> March, 2013.

Your Company is fully committed for the welfare of SC and ST communities. The following welfare activities are carried out by your Company for their upliftment in and around its operational areas:-

- Annual Component Plan

Under Annual Component Plan for SC/ST, every year an allocation of ₹ 200 million is made. The amount under component plan is utilised for taking up various welfare measures for the welfare and upliftment of the needy people of SC/ST communities. This fund is especially meant for providing help and support in Education and Training, Community Development & Medical and Health Care.

- Scholarship to SC/ST meritorious students for pursuing higher professional courses at different Institutes and Universities in the country.

Your Company has recently enhanced scholarships for meritorious SC & ST students from 100 to 500 for pursuing higher professional courses at different Institutes and Universities across the country in Graduate, Engineering, MBBS, PG courses of Geo-Sciences and MBA. The major feature of the scheme is that the scholarships have been divided equally for both male and female students and the allotted amount of scholarship per student is ₹ 4,000/- per month subject to the conditions of the scheme. The annual budget for the scheme, considering its total implementation, is ₹ 76 million per annum.

#### 17. Industrial Relations

Your company has maintained harmonious industrial relations throughout the Corporation. During the year, no man days were lost due to internal industrial action. During the illegal strike of the contract labourers in Hazira Plant, from July 18, 2012 to October, 2012, operations were continued uninterrupted and production was maintained without any adverse effect on the Company's performance.

Your Company has evolved cutting edge industrial relations policies in addressing the aspirations of the contract labour deployed by contractors performing jobs and services for ONGC. During the year, your Company extended several benefits to its secondary workforce such as:

- Your Company adopted the "Fair Wage Policy". The policy enjoins the Contractors to pay 35% higher wages as compared to minimum wage. This will also have a salutary effect on all statutory liabilities towards various social security schemes. The policy also provides that the contractors will obtain Group Gratuity cover and Group Insurance cover from LIC for the labour deployed in ONGC operations. The policy was rolled out during the year with your Company facilitating the signing of tripartite settlements between contractors and unions representing the contract labour in the presence of Labour Authorities on July 18, 2012.
- During the year, your Company effected upward revision of the daily wages, house rent subsidy (₹ 1,000 to ₹ 3,000 per month) and education support for children of contingent workers (₹ 1,000 per month). Besides, an ex-gratia amount of ₹ 24,000/- each year has also been extended to the contingent workers.

#### 18. Women Empowerment

Women employees constitute approximately 6.37 per cent of your Company's workforce. During the year, programmes on women empowerment and development, including programmes on gender sensitization were organized. Your Company actively supported and nominated its lady employees for programmes organized by "Women in Public Sector (WIPS) and "Women in Leadership Roles". Also, a new award, 'Woman Executive of The Year', was introduced by the Company during the year, as part of its Annual Award Scheme.

#### 19. Grievance Management System (GMS)

Your Company provides an easily accessible machinery to the employees for redressal of their grievances, either through an informal channel (open hearing day) or through a formal channel. In this regard, a new GMS has been introduced in the Company, during the year.

##### Public Grievance Management System

All Key Executives of your Company have designated a publicized time slot thrice in a week to meet public representatives in order to speedily redress their grievances.

#### 20. Implementation under the Right to Information Act

An elaborate mechanism has been set up throughout the organization to deal with the requests received under the RTI Act, 2005. Central Assistant Public Information Officer (CAPIO) have been appointed at every work centre to redress the issues under RTI Act. 40 applications received in March, 2012 were carried forwarded to the year 2012-13. 1,552 applications were received during the year; making a total of 1,592 applications. In addition to 6 first appeals received in March, 2012, 320 were received during the year.



## 21. Implementation of Official Language Policy

Your Company makes concerted efforts to spread and promote the Official Language. Some of the important steps taken in this regard during the year were:

- Introduction of new Unicode Hindi software in all the offices,
- Hindi workshops conducted at regular intervals,
- Two International Hindi seminars and 'Kavi Gosthies' were organized in Dehradun and Delhi,
- ONGC actively contributed in publishing bilingual Petroleum Terminology, initiated by MoP&NG, and
- Hindi Teaching Scheme of the Government of India is effectively implemented at all regional work centres

## 22. Improvement in Living and Working Conditions

As a testimony to its commitment for a cleaner tomorrow, your Company has undertaken the 'Green Building' initiative for its upcoming offices at Chennai, Dehradun, Delhi, Hyderabad, Kolkata and Mumbai.. During the year, the 'Green Building' at Dehradun was inaugurated.

Bachelor Accommodation facilities in Nazira, Sivasagar, Jorhat, Mumbai and renovation of existing offices, colonies and guest houses was successfully completed at many work-centres to make the facilities more in synchronization with present day requirements thus making the infrastructure energy efficient. Energy supply through alternate sources of energy - wind energy and solar panels - has been commenced in some of the townships.

### Work-Life Balance

Your Company continued in its endeavours to ensure a desirable work-life balance for its employees. The townships at many work-centres were provided facilities like gymnasiums, music rooms etc.

The newly launched executive rejuvenation programme, called "Nav-Utsah" aims at educating the senior executives on stress management, conflict resolution, good parenting, besides Yoga, and Ayurvedic therapies. Some outbound team-building programmes like - family events at work centres and cultural programmes involving employees and their families - are routinely conducted for work-life balance. Mahila Samitis and Resident Welfare Associations (RWAs) play an active role in organizing these social and cultural events.

Your Company has a dedicated adventure wing named ONGC Himalayan Association which organizes adventure programme like mountaineering, trekking, white water rafting, snow skiing, desert safari, aero sports, etc. which adds towards moral engagement, team spirit, stress management, etc., among the employees.

## 23. Sports

Your Company continues to extend support to the sportspersons under its fold by way of extensive assistance towards training and participation in tournaments within the country and overseas for deserving performers. The scope for benefits to aspiring and promising sportspersons under the scholarship scheme has been further widened with the inclusion of games like squash, archery, ice-skating and equestrian sports. The total number of disciplines supported by ONGC by way of jobs or scholarship is 23 as on date.

Your Company has also sponsored many prestigious sporting events during the year. ONGC was the "Principal Sponsor" of the Indian Contingent for the Olympic Games 2012. ONGC's contribution for Team India was not only restricted to the monetary support of ` 10 million but also the 15 ONGCians making the qualifying mark and getting selected to represent India at this most prestigious event. Mr. Sudhir Vasudeva, CMD, ONGC & Mr. K S Jamestin, Director-HR took over the charge as President and Vice President respectively of All India Public Sector Sports Promotion Board (AIPSSPB), the largest conglomerate of public sector undertakings, in July 2012. It is a pleasure to inform you that two more ONGCians were conferred with National Awards - Arjuna Award to Ms. Kavita Raut (Athletics) and Ms. Aswini Ponnappa (Badminton). Today your Company boasts for fifteen Arjuna Awardees besides one Khel Ratna and two Padmashrees. Sports achievements during the year are detailed in Annexure-B.

ONGC fosters a holistic outlook on 'life' and 'work' at its offices. 'Nav-Utsah' Programme aims to instil that balanced view in ONGC

ONGC becomes the 'Principal Sponsor' of the Indian Contingent for London Olympics 2012

## 24. Corporate Social Responsibility (CSR)

ONGC's vision of sustainable growth drives both business decisions as well as Corporate Social Responsibility (CSR) initiatives. The CSR activities are essentially guided by project based approach in line with the guidelines issued by the Department of Public Enterprises (DPE) and Ministry of Corporate Affairs (MCA) of the Government of India. Seeking to herald an inclusive business paradigm, ONGC has CSR interventions that are based on social, environmental, and economic considerations and are well-integrated into the decision-making structures and processes of the organization.

The CSR efforts are primarily focused on protection of environment; providing infrastructure support in our operation al areas, water management, women empowerment, initiatives for physically and mentally challenged people, protection and preservation of our heritage, arts and culture, promotion of sports, entrepreneurship building and sponsorship of seminars, conferences, workshops etc.

During 2012-13, some of the landmark CSR initiatives undertaken by your Company include:

1. ONGC Specialist Palliative and Geriatric Care Out-patient Clinic: Initiated in 2012-13 in association with Dean Foundation, this project intends to help the terminally ill cancer patients in Chennai by providing palliative care. It supports patients by comforting them and relieving them of pain during the final stage of their life. It also provides counselling to the patients and their families. The targeted beneficiaries are selected by the implementing agency in association with various Medical centres providing oncological treatment based on their socio-economic criteria.
2. ONGC Hope Foundation: This CSR project was initiated with the intent to "Bandage the ulcers of 96 leprosy patients every day" for one year in the Village of Hope, (VOH). This is situated in the leprosy complex, Tahirpur, adjacent to Leprosy Mission Hospital at Nandnagri in the outskirts of Delhi.
3. ONGC The Akshaya Patra Foundation: This unique CSR initiative aims at setting up of a centralized fully automated mechanized kitchen with a capacity to provide mid-day meals to two lakh school going children (enrolled in Govt. schools) per day in the District of Surat, Gujarat. The Kitchen has already started feeding about 75,000 students from an interim kitchen. It will become operational in phases and intends to reach its full capacity of two lakh children per day within two years.
4. Aantayodaya Prakash: The project implemented through Bhartiya Kushtha Niwarak Sangh (BKNS) and Adivasi Development Initiative (ADI) aims to undertake eradication of malnutrition, especially among children. It will conduct sick cell disease detection, counseling and prevention, with appropriate treatment. Medical treatment will be provided through a resource centre/ hospital and surgical centre. The project will also provide education to 20 students from the tribal populations of Western & Eastern Melghat in the Amravati District of Maharashtra, Betul District of Madhya Pradesh and Bastar District of Chhattisgarh at Halbras.
5. Aids & Appliances to the physically challenged: This is a pan India project in collaboration with Artificial Limbs Manufacturing Corporation of India (ALIMCO). The objective is to cater the needs of Orthopaedic, Hearing and visually challenged people by providing aids and appliances. 750 people have already benefitted from this project in Hazira, Gujarat and Karaikal, Puducherry in 2012-13.
6. ONGC Adharshila Entrepreneurship and Skill Development Initiative: The CSR project initiated in 2012-13 aims at providing vocational training for 360 students. These students are from the slums of New Delhi. The training will be in the fields of beauty and healthcare, cutting and tailoring, and computer education.
7. Udaan: This is a special Initiative taken up by the Ministry of Home Affairs, Govt. of India for the educated youth of Jammu & Kashmir in association with National Skill Development Corporation (NSDC). The project aims to train Graduates/ Post Graduates from J&K to improve their technical knowledge and soft skills and enhance their scope for employability.
8. UTKARSH An ONGC AROH effort for Economic Upliftment of People in Sivasagar: The project aims to create sustainable livelihood opportunities through training and skill development. It targets different sections and age-groups in 18 villages in ONGC operational area in Geleki field.

ONGC conferred 'SCOPE Meritorious Award for CSR & Responsiveness'



9. Preservation of heritage monuments: Your Company has also dedicated itself towards preservation of Heritage Monuments. Six monuments - Taj Mahal at Agra, Red Fort at Delhi, Ellora & Eliphanta Caves in Maharashtra, Golkonda Fort at Hyderabad and Shore Temple in Mahabalipuram near Chennai - have been taken up under Clean India Campaign of Ministry of Tourism with the help of Archaeological Survey of India (ASI).

10. Other notable CSR Initiatives: Hortoki Water Supply Scheme (aimed at creating a sustainable source of safe drinking water to the people of Hortoki Village, Kolasib District, Mizoram); Assistance to St Joseph of Annecy (India) Society, Tripura (infrastructure support for residential hostel for tribal girls - St Joseph of Annecy (India) Society is running a residential hostel for more than 125 Tribal girls of Kamalpur Dhalia) and Support to Adoration Charitable Trust, Cochin (financial assistance to Cochin to cover educational & health expenses of 100 school children of sex workers/HIV/AIDS affected, drug users etc.) Tailoring machines and candle mould dice were provided to underprivileged women to provide livelihood to them.

In addition to the above new CSR initiatives undertaken in 2012-13, ONGC continued to support the major CSR interventions initiated in previous years. Some of the continued CSR initiatives are Varishtajana Swasthya Sewa Abhiyan (provision of healthcare support to elderly through Mobile Medicare units); ONGC-GICEIT Computer Centre (Employment-related computer training to underprivileged youth); Harit Moksha (green cremation systems to reduce wood consumption during traditional cremations) and ONGC-Eastern Swamp Deer Conservation Project in Kaziranga National Park.

## 25. Accolades

Consistent with the trend in preceding years your Company, its various operating units and its senior management officials have been recipients of various awards and recognitions. Details of such accolades are placed at Annexure - B.

## 26. Directors' Responsibility Statement

Pursuant to the requirement under Section 217 (2AA) of the Companies Act, 1956, with respect to Directors' Responsibility Statement, it is hereby confirmed that:

- In the preparation of the annual accounts, the applicable accounting standards have been followed and there are no material departures from the same;
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent, so as to give a true and fair view of the state of affairs of the Company as at 31<sup>st</sup> March, 2013 and of the profit of the Company for the year ended on that date;
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 1956, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities; and
- The Directors have prepared the annual accounts of the Company on a 'going concern' basis.

## 27. Corporate Governance

Your Company has taken structured initiatives towards Corporate Governance and its practices are valued by the various stakeholders. The practices evolve around multi-layered checks and balances to ensure transparency.

In terms of Clause 49 of the Listing Agreement, a report on Corporate Governance for the year ended March 31, 2013, supported by a certificate from the Company's Statutory Auditors confirming compliance of conditions, forms part of this Report.

Guidelines of Department of Public Enterprises (DPE), Government of India, on Corporate Governance have been made mandatory from May, 2010. ONGC has implemented the DPE guidelines to the maximum extent possible.

Your Company has voluntarily got its Secretarial Compliance Audit conducted for the financial year ended 31<sup>st</sup> March, 2013 from M/s A.N. Kukreja & Co., Company Secretaries in whole-time practice; their report forms part of this Annual Report.

In line with global practices, your Company has made available all information, required by investors, on the Company's corporate website [www.ongcindia.com](http://www.ongcindia.com)

Apart from the mandatory measures required to be implemented as a part of Corporate Governance, ONGC has gone the extra mile in this regard for the benefit of the stakeholders:

- Whistle Blower Policy:** A Whistle Blower Policy has been implemented and is functional from December 01, 2009. The policy ensures that a genuine Whistle Blower is granted due protection from any victimization. The Policy is applicable to all employees of the Company and has been uploaded on the intranet of the Company.
- Annual Report on working of the Audit & Ethics Committee:** With a view to apprise the Board of the working of the Audit & Ethics Committee annual report on the working of the Audit & Ethics Committee for FY'12 and FY'13 are under finalisation.
- MCA Voluntary Guidelines on Corporate Governance:** ONGC has implemented the voluntary guidelines on Corporate Governance issued by Ministry of Corporate Affairs to the extent feasible and within the competency domain of the management.
- Enterprise-wide Risk Management (ERM) framework:** In line with the requirements of Clause 49 (of the Listing Agreement) your Company has developed a comprehensive Enterprise-wide Risk Management (ERM) framework. Under the framework Risk Register portfolio has been compiled and an ERM Policy has been firmed up. The Risk Register and the Risk Management policy of ONGC has been reviewed by the Audit and Ethics Committee and approved by the Board of Directors. The ERM framework has been rolled throughout the organization and the risk policy adopted by the company is being displayed at all the Assets/Basins/Plants/Institutes across all the locations of ONGC. The risk policy of ONGC is stated below:  
"ONGC shall identify the possible risks associated with its business and commits itself to put in place a Risk Management Framework to address the risks involved on an ongoing basis to ensure achievement of the business objectives without any interruptions.  
ONGC shall optimize the risks involved by managing their exposure and bringing them in line with the acceptable risk appetite of the company".  
The risk reporting structure has already been put in place and all the stake holders are being trained to enumerate risks in their functional area. The Risk Management Cell is receiving reports from the various functional areas. The Risk Management Committee is reviewing the same on a periodical basis.
- Board Charter:** In line with the requirements of mandatory Guidelines of Department of Public Enterprises (DPE), Government of India, on Corporate Governance a detailed charter of the Board has been firmed up. The same has been finalised by the Independent Directors and will be implemented shortly.
- Evaluation of Performance of the Board:** A draft policy on evaluation of performance of the Board / Committees / Independent Directors is being drawn up.
- Lead Independent Director:** Mr. Arun Ramanathan has been elected as the Lead Independent Director.
- Meeting of Independent Directors:** The Independent Directors met three times during the FY 2012-13.

## 28. Statutory Disclosures

Section 274(1)(g) of the Companies Act, 1956, is not applicable to the Government Companies. Your Directors have made necessary disclosures, as required under various provisions of the Act and Clause 49 of the Listing Agreement.

### Particulars of Employees

As per Notification No. GSR 289(E) dated March 31, 2011 issued by the Ministry of Corporate Affairs, amending the provisions of the Companies (Particulars of Employees) Rules, 1975 issued in terms of Section 217(2A) of the Companies Act, 1956, it is not necessary for Government companies to include the particulars of employees drawing salaries of ` 6 million or more per annum, employed throughout the financial year or, ` 0.5 million per month, if employed for part of the financial year. As your company being a Government company, the information has not been included as a part of the Directors' Report.





## 29. Energy Conservation

The information required under section 217(1)(e) of the Companies Act, 1956, read with the Companies (Disclosure of Particulars in the Report of Board of Directors) Rules, 1988, is annexed as Annexure - 'C'.

## 30. Auditors

The Statutory Auditors of your Company are appointed by the Comptroller & Auditor General of India (C&AG). M/s Mehra Goel & Co., M/s S. Bhandari & Co, M/s Ray & Ray, M/s Varma & Varma and M/s G D Apte & Co., Chartered Accountants were appointed as joint Statutory Auditors for the financial year 2012-13. The Statutory Auditors have been paid a remuneration of ₹ 20.21 million (previous year ₹ 16.20 million) towards audit fee and certification of Corporate Governance Report. The above fees are exclusive of applicable service tax and reimbursement of reasonable travelling and out of pocket expenses actually incurred.

## 31. Auditors' Report on the Accounts

The Comments of Comptroller & Auditor General of India (C&AG) form part of this Report as per Annexure-D. There is no qualification in the Auditors Report and there are no supplementary comments by C&AG under section 619(4) of the Companies Act, 1956. Notes to the Accounts referred to in the Auditors Report are self-explanatory and therefore do not call for any further comments.

You would be pleased to know that your Company has received Nil comments from C&AG and Statutory Auditors for the year 2012-13. This is the seventh time in a row that the organization has received Nil comments

## 32. Cost Audit

Pursuant to the directions of the Central Government for audit of Cost Accounts, the proposal for appointment of 7 firms of Cost Accountants as Cost Auditors for auditing the cost accounts of your Company for the year ended 31<sup>st</sup> March, 2013 was approved by the Central Government and they have accordingly been appointed. The Cost Audit Report for the year 2011-12 has been filed under XBRL mode for the first time on January 15, 2013 i.e. within the due date of filing.

## 33. Directors

During the year under report, Shri A K Hazarika, ex-Director (Onshore) superannuated on September 30, 2012. Shri P K Borthakur was appointed as Director (Offshore) on October 30, 2012. Shri Shashi Shanker assumed charge as Director (T&FS) on December 01, 2012 in place of Shri U N Bose who superannuated on November 30, 2012. Smt. Sushama Nath resigned from the Board with effect from January 21, 2013. Shri K Narasimha Murthy was appointed as Non-official part-time Director (Independent Director) on March 21, 2013. Shri N K Verma took over as Director (Exploration) on April 01, 2013 in place of Shri S V Rao who superannuated on March 31, 2013.

The Board places on record its deep appreciation for the excellent contributions made by Shri A K Hazarika, Shri U N Bose, Smt. Sushama Nath and Shri S V Rao.

The strength of the Board of Directors of ONGC as on August 01, 2013 is 14, comprising 6 Executive Directors (Functional Directors including CMD) and 8 Non-Executive Directors, two Government nominees and six Independent Directors. Ministry of Petroleum & Natural Gas has been requested to appoint requisite number of independent Directors to comply with the Listing Agreement.

Pursuant to the provisions of Section 255 and 256 of the Companies Act, 1956 and Clause 104(I) of the Articles of Association of the Company, Dr. D Chandrasekharam and Shri K S Jamestin retire by rotation at the 20<sup>th</sup> Annual General Meeting (AGM) and being eligible, offer themselves for reappointment.

Shri P K Borthakur, Shri Shashi Shanker, Shri K Narasimha Murthy and Shri N K Verma who were appointed as Additional Directors after the last AGM, hold office up to the 20<sup>th</sup> AGM. The Company has received notice in writing from a member pursuant to the provisions of Section 257 of the Companies Act, 1956, proposing their candidature for appointment as Directors of the Company liable to retire by rotation.

## 34. Acknowledgement

Your Directors are highly grateful for all the help, guidance and support received from the Ministry of Petroleum and Natural Gas, Ministry of Finance, DPE, MCA, MEA, and other agencies in Central and State Governments. Your Directors acknowledge the constructive suggestions received from Statutory Auditors and Comptroller & Auditor General of India and are grateful for their continued support and cooperation.

Your Directors thank all share-owners, business partners and members of the ONGC Family for their faith, trust and confidence reposed in ONGC.

Your Directors wish to place on record their sincere appreciation for the unstinting efforts and dedicated contributions put in by the ONGCians at all levels, to ensure that the Company continues to grow and excel.

On behalf of the Board of Directors

(Sudhir Vasudeva)  
Chairman and Managing Director

Place: New Delhi

Date: 12.08.2013

Standardised measure of Discounted Future Net Cash Flows relating to Proved Oil and Gas Reserve quantities as on 31<sup>st</sup> March, 2013.

(₹ in million)

Particulars	Gross Value as at		Present value (Discounted at 10%) as at	
	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012	31 <sup>st</sup> March 2013	31 <sup>st</sup> March 2012
Revenues				
Oil	8,365,018.68	8,021,602.76	3,802,873.44	3,793,474.05
Gas	2,562,165.68	2,214,027.71	1,061,892.70	985,831.64
Total Revenues	10,927,184.36	10,235,630.47	4,864,766.14	4,779,305.69
Costs				
Operating, Selling & General	5,923,512.72	5,360,829.67	2,630,041.15	2,488,889.96
Corporate Tax	1,216,293.82	1,151,068.78	506,371.04	502,726.61
Sub Total	7,139,806.54	6,511,898.45	3,136,412.19	2,991,616.57
Evaluated Cost of Acquisition of Assets, Development and Abandonment				
a) Assets	541,735.26	522,607.10	364,859.94	381,722.85
b) Development	340,930.56	354,503.85	235,196.37	254,946.58
c) Abandonment	177,454.45	176,530.00	6,314.56	10,116.68
Sub Total	1,060,120.27	1,053,640.95	606,370.87	646,786.11
Total Cost	8,199,926.81	7,565,539.40	3,742,783.06	3,638,402.68
Net future earnings from Proved Reserves	2,727,257.55	2,670,091.07	1,121,983.08	1,140,903.01

Notes:

- 1) The Revenues on account of crude oil & gas have been worked out on the basis of average price (net of profit Petroleum) for the year 2012-13. The average price for crude oil is net of Subsidy Discount.
- 2) Expenditure on Development, Acquisition of capital assets, Abandonment costs and Operating Expenditure have been considered at current costs i.e as on 31.03.2013. Taxes and Levies have been considered at prevailing rates as on 31.03.2013.
- 3) The reserves have been estimated by ONGC's Reserve Estimates Committee following the standard international reservoir engineering practices.
- 4) Only Proved Reserves of ONGC share have been considered. Probable or Possible reserves have not been considered.
- 5) Both revenues and costs have been discounted to present value using 10% discounting factor. The Net future earnings, therefore, represent the net expected future cash inflows from production of recoverable reserves of crude oil and gas.
- 6) However, neither the estimated net reserves nor the related present value should be taken as a forecast of future cash flows or value of these reserves because (a) future estimated production schedules used in the valuation process are subject to change, (b) up-gradation of Probable and Possible reserves would significantly affect the gross and net present value of the expected future cash inflows, (c) future crude oil and natural gas prices are subject to change and (d) future expenditure on production (operating), development, acquisition cost of capital assets, abandonment costs and rates of taxes and levies, which may be at variance from those assumed herein.

Awards in Corporate Category

1. ONGC ranks 155, climbs 16 ranks in Forbes Global 2000 list 2013

ONGC has made an impressive jump of 16 places from last year's position to be ranked 155 globally in the latest list of "The Forbes Global 2000" released on April 17, 2013. The ranking is based on Sales (US\$ 28.9 billion), Profits (US\$ 5.5 billion), Assets (US\$ 52.1 billion) and Market Value (US\$ 50.5 billion). The top 2 ranks are taken up by Chinese banks, ICBC and China Construction Bank. ONGC is listed third among 56 Indian companies finding place in the list after Reliance Industries (RIL) and State Bank of India (SBI). However, in terms of profit (56<sup>th</sup>) and market value (68<sup>th</sup>), among first 200 companies, it is ranked above RIL and SBI. In the industry ranking of the list, ONGC stands at 23, globally, under the Oil and Gas Operations industry.

2. ONGC among top global energy companies as per Platts Survey 2012

ONGC, ranked 22, leads the pack among the 12 Indian companies ranked in the top 250 global energy firms, according to Platts Survey 2012. The other two Indian companies in the top 50 are Reliance Industries and Coal India, both placed at 27 and 48 spot, respectively. The rankings were announced at Singapore on October 24, 2012. The 2012 rankings reflect fiscal 2011 financial performance in four key areas: asset value, revenues, profits and Return On Invested Capital (ROIC). American energy company ExxonMobil maintained its number one position in the list for the last eight year in a row. Royal Dutch Shell took the second spot. Chinese major PetroChina came in on the ninth spot.

3. ONGC ranked at 386 in Newsweek Green Ranking 2012

ONGC has been ranked at 386 in the Newsweek Green Rankings 2012 Global 500 list published by the international magazine Newsweek. The rankings provide cross-industry framework for comparing the environmental commitment and performance of major companies. The ranking methodology uses publicly disclosed environmental data from sources such as company's Sustainability Report etc. Among 13 Indian companies featured in this list ONGC is placed at 9<sup>th</sup> position. However, most of the companies ranked above ONGC are mostly from IT and banking sector which have lesser environmental footprint and impacts. Among global petroleum companies ONGC (global#386) has been ranked at 15 behind Petrobras (global#309), Shell (global#348), and BP (global # 371). While Energy majors Chevron and Conoco Philips are ranked at # 409 and # 425 respectively.

4. ONGC bags SCOPE Meritorious Award for CSR & Responsiveness for the year 2011-12

ONGC was awarded the Gold Trophy of SCOPE Meritorious Award for Corporate Social Responsibility & Responsiveness for the year 2011-12 on the occasion of Public Sector Day on April 26, 2013 at New Delhi.

5. ONGC gets elected for the SCOPE Award for Excellence & Outstanding contribution to the Public Sector Management

ONGC has been selected by the SCOPE (jointly with GAIL) for the prestigious SCOPE Award for Excellence & Outstanding contribution to the Public Sector Management.

6. ONGC bags five OISD awards

ONGC won five safety awards in different categories and one individual award instituted by Oil Industry Safety Awards (OISD), MoP&NG:

1. Cauvery Asset as the Best Performer in Onshore Oil & Gas Asset category amongst All India E&P Operators for 2010-11.
2. SH Platform as the Best Performer in Offshore Production Platform - PSUs category for 2009-10.
3. Sagar Shakti as the Best Performer in Offshore Drilling Rig - PSUs category for 2009-10.
4. Rajahmundry Asset as the Most Consistent Safety Performer amongst Onshore Oil & Gas Assets for 2009-10.
5. MRPL as the Most Consistent Performer amongst Refineries for 2009-10.



In the category of Individual contribution towards Safety, Mr. V K Goyal, Dy. SE (P), Neelam Complex won cash award for showing exceptional alacrity by alerting the pilot of a helicopter that the wheels were not opened and hence preventing a major disaster.

7. ONGC bags a Rich Haul at the National Safety Awards

ONGC won 10 awards in the Oil Mines Category at the prestigious National Safety Awards (Mines) for the years 2008, 2009 and 2010 held at New Delhi on November 21, 2012. Details of the awards won by ONGC installations are:

- Krishna Godavari Production Mine (Runners up on LAFP in 2008 & Winner on LIFR in 2010) and Drilling Mine (Winner on LIFR in 2008 & Winner on LAFP in 2009) of Rajahmundry Asset - 4 Awards.
- Cauvery Production Mine (Winner on LAFP in 2008 & Winner on LAFP in 2009) and Drilling Mine (Winner on LAFP in 2009) of Karaikal Asset - 3 Awards.
- Production (Runners Up on LAFP in 2009) and Drilling Mine (Runners Up on LAFP in 2008) of Tripura Asset - 2 Awards.
- Oil Project of Mehsana Asset (Runners Up on LIFR in 2009) - 1 Award.

8. ONGC bags Randstad Award-2013 for the Most Attractive Employer in the Energy Sector in India

ONGC has bagged the coveted Randstad Award 2013 for being the Most Attractive Employer in the Energy Sector in India.

9. ONGC sweeps PetroFed Oil & Gas Industry awards 2012

ONGC clinched 3 prestigious awards in the categories of 'Exploration & Production Company of the year', 'Project Management (above ₹ 2,000 Crore) Company of the year' and team award 'Innovator of the year' which was won by ONGC's institute IOGPT. Mangalore Refinery and Petrochemicals Limited (MRPL), a subsidiary of ONGC, was awarded 'Refinery of the year'.

10. ONGC gets AajTak Care Award in Environment Category

ONGC has bagged the maiden AajTak Care Award under category of environment for outstanding contributions in the environmental domain in and around its operational areas.

11. ONGC gets DSIJ Award

ONGC was conferred with the "Most Efficient Company" in the Heavyweight Maharatna - Non-Manufacturing category at the Dalal Street Investment Journal (DSIJ) PSU Awards 2012 on March 23, 2013 at New Delhi.

12. ONGC conferred with the prestigious SKOCH Digital Inclusion Award

ONGC has been awarded the Gold prize in the Skoch Digital Inclusion Award - 2012 in the Process Automation category, on 18th September 18, 2012 at New Delhi for implementation of SCADA (Supervisory Control and Data Acquisition) System, which has been rated amongst the Top-100 ICT Projects in India during 2012.

13. ONGC bags "12<sup>th</sup> ICSI National Award for Excellence in Corporate Governance for 2012" - Certificate of Recognition

ONGC was bestowed with 'Certificate of Recognition' on April 5, 2013 for adopting exemplary corporate governance practices, instituted by the Institute of Company Secretaries of India. This is the third year in a row that ONGC has received this prestigious award from the Institute of Company Secretaries of India.

14. ONGC wins WIP's 'Best Enterprise Award'

ONGC bagged the 'Best Enterprise Award' in the Maharatna and Navratna category at WIPS (Women in Public Sector) Award of excellence for the second consecutive year.

15. ONGC bagged Good Corporate Citizen Award

ONGC bagged 'Good Corporate Citizen Award' instituted by PHD Chamber for 2012.

16. ONGC recognized as the "Most Caring Organization"

ONGC was recognized as the "Most Caring HR Organization" in the 19<sup>th</sup> World HRD Congress at Mumbai on February 18, 2013 for having the "Best CSR Practices" by the World CSR Congress.

17. ONGC wins two CII-ITC Sustainability Award 2012

ONGC's has been bestowed with two CII-ITC Sustainability Awards 2012. Under corporate category it received the "Commendation for Significant Achievement". The Hazira Plant of ONGC received the award under unit category.

18. ONGC bags India's Pride Award for Excellence in the Oil & Gas Sector

ONGC bagged the 'India's Pride Award' for Excellence in the Oil & Gas Sector, instituted by Dainik Bhaskar Group.

19. ONGC wins 3 PSE Excellence Awards instituted by ICC

ONGC won three PSE Excellence Awards 2012 for "Best Financial Performance", "Best Corporate Governance" and "Environmental Excellence & Sustainable Development" instituted by the Indian Chamber of Commerce (ICC).

20. ONGC gets Best Environmental Excellence & Concern for Health Awards

ONGC has been conferred with two Awards - Best Environmental Excellence, Concern for Health - by the Subir Raha Centre for Corporate Governance of Institute of Public Enterprise, Hyderabad.

21. ONGC receives Dun & Bradstreet PSU Awards

ONGC received D&B PSU Award 2012 in two categories; one for the "Best Public Sector in Oil & Gas Category" and the other for the "Best Maharatna" Award.

22. Greentech Safety Awards for ONGC

ONGC has won gold trophy of Greentech Safety Management Award 2012.

23. ONGC receives BT-Star PSE Excellence Awards

ONGC received Bureaucracy Today (BT) - Star PSE Excellence Award in two categories; one for the highest "Market Capitalization" and the other for 'The Best PSU'.

24. ONGC bags Golden Peacock National Quality Award 2012 and Golden Peacock Environment Management Award 2012

ONGC was awarded Golden Peacock National Quality Award (second time in a row) and Golden Peacock Environment Management Award, by Institute of Directors (IoD).

25. Two business units of ONGC win excellence award for Cost Management

Two of business units of ONGC - Karaikal and Western Offshore – were bestowed with Excellence Awards for cost management under the category 'Public Manufacturing: Unit (Large)' instituted by the Institute of Cost Accountants of India.



## 26. FICCI Sports Award to ONGC - 'Best Sports Promoting Company'

Federation of Indian Chambers of Commerce and Industry (FICCI) has bestowed ONGC with the award 'Best Sports Promoting Company' in the country.

## 27. ONGC awarded Trophy for excellence in Sports by AIPSSPB

ONGC has been awarded "Trophy for Excellence in Sports" for the year 2011-12. The award has been instituted by the All India Public Sector Sports Promotion Board (AIPSSPB).

### Individual Awards/ accolades

#### Shri Sudhir Vasudeva, CMD & Chairman ONGC Group of Companies

- Appointed on the Board of the United Nations Global Compact (UNGC) by the UN Secretary General, BAN Ki-moon for a period of three years. He is the first business leader from Indian PSUs to join the UNGC Board. The UNGC is a strategic policy initiative for businesses that are committed to aligning their operations and strategies with universally accepted Ten Principles in the areas of human rights, labour, environment and anti-corruption.
- Nominated as 'Member' to the prestigious Council of Scientific & Industrial Research (CSIR) Society by the Hon'ble Prime Minister of India Manmohan Singh.
- Conferred 'Lifetime Fellowship' on September 25, 2012 by the All India Management Association (AIMA).
- Felicitated with the Honorary Fellowship of Indian Institute of Chemical Engineers (IICChE) on December 27, 2012.
- Selected as the Fellow of the Indian National Academy of Engineering (INAE) by its Council.
- Conferred with 'Distinguished Fellowship' for 2012 by The Institute of Directors (IOD) on August 17, 2012.
- Conferred with 'Basant Samman' award by Indian School of Mines, Dhanbad on February 9, 2013.
- Conferred the 'Pride of Nation' award, instituted by Doon Citizens Council, at Dehradun on January 16, 2013.
- Conferred with the "Man of the Year" award in the Oil and Gas Category in the 6th Enertia Awards 2012 on November 22, 2012.
- Nominated as a Member of the Executive Council of Doon University, Dehradun by H.E Governor of Uttarakhand.
- Took over as Chairman of National Council of Hydrocarbons, Confederate of Indian Industry (CII).
- Co-opted as 'Member' to the National Council (CII).
- Took over as the President of All India Public Sector Sports Promotion Board (AIPSSPB) on July 14, 2012.
- Appointed as the Chairman of the Board of Governors of NIT, Raipur by the Hon'ble President of India in June 2012 for a period of 3 years.

#### Shri K.S. Jamestin, Director (HR & I/C BD-JV)

- Conferred with Fellowship of All India Management Association (AIMA) on August 14, 2012.
- Bestowed with the "Top Rankers Excellence HR Leadership" award in the JGBS Top Rankers Excellence Awards 2013 on January 18, 2013.
- Conferred with the 'HR Leadership Award' for the year 2012 by Palakkad Group of the Kerala chapter of the National Institute of Personnel Management (NIPM) on January 12, 2013.
- Honoured with the 'Corporate Leadership' Award for HR Excellence in IPE Excellence Awards on December 14, 2012.
- Conferred with the "HR Leadership Award" at the India Human Capital Awards 2012 on December 14, 2012.
- Recognised as "Thought Leader" by the World Education Congress Global Awards, under the category "Stars of the Industry Awards" for Excellence in Education and Leadership on June 30, 2012.
- Awarded the "HR Leadership Award" at the 11<sup>th</sup> edition of the Asia Pacific HRM Conference 2012 September 6-7, 2012.

#### Shri Alok Kumar Banerjee, Director (Finance)

- Conferred with the best CFO Award instituted by CNBC on March 15, 2013.

#### National Honours for ONGC Fire Personnel

- Shri Sanjay Kumar, Chief Manager (Fire Services) Rajahmundry and Shri Satya Ram, Asstt. Chief Inspector (Fire) Ankleshwar,

were bestowed with Fire Service medal for Meritorious Service announced by the Government of India on the occasion of Independence Day 2012.

### Sports Achievements

#### 1. Tenth Successive Petroleum Minister's Sports Award for ONGC

ONGC has retained the "Petroleum Minister's Trophy" for a record tenth consecutive year. Hon'ble Union Minister for Petroleum & Natural Gas Dr M. Veerappa Moily presented the prestigious sports award along with the "Trophy for Excellence" to ONGC Team led by CMD Mr. Sudhir Vasudeva on July 1, 2013. This year, ONGC has created a record of sorts winning the title garnering 171 points from the 15 disciplines covered under the PSPB Calendar

#### 2. ONGC felicitates Olympic medal-winners

ONGC, the Principal Sponsor of the Indian Contingent to London Olympics 2012, felicitated the Indian medal winners in London Olympics 2012. In an event organized in Delhi on August 21, 2012. Mr. Vijay Kumar and Susheel Kumar, the silver medal winners were presented cheques worth ` 1.5 million. Four Bronze medal winners Gagan Narang, Saina Nehwal, M C Mary Kom and Yogeshwar Dutt were presented cheques worth ` 1.0 million each. ONGC also paid cheques worth ` 200,000 each to 15 ONGCians who participated in the event.

#### 3. ONGC clinches all India PSSPB athletic championship

ONGC athletics team dominated recently held All India Public Sector Athletics Meet held at Ranchi during November 26-28, 2012. Medal tally for ONGC stood at: Gold-23, Silver-12 and Bronze-5. ONGCian Ms. M V Poovamma was declared as the best female athlete.

#### 4. ONGC Volleyball team wins National Club Championship

ONGC Volleyball team emerged victorious in the National Club Volleyball Championship on March 24, 2013; the second time in a row. With this title win, the team booked a berth in the Asian Club Championship held at Iran from April 21-28, 2013.

#### 5. ONGCian win two World billiards titles

ONGCian Mr. Pankaj Advani won his 8<sup>th</sup> World billiards title on October 28, 2012 held at Leeds, England. Another ONGCian, Mr. Rupesh Shah, won the 150-up point format World Billiards 2012 held at the same venue.

#### 6. ONGCians win Gold & Silver medals in the 2013 ONGC Asian Billiards Championship

ONGCians Mr. Rupesh Shah and Mr. Alok Kumar won the Gold and Silver medals respectively in the ONGC Asian Billiards Championship held at Indore from April 1-7, 2013. Mr. Rupesh Shah with his maiden Asian Billiards title provided India its 10<sup>th</sup> Asian Billiards Title.

#### 7. ONGC athletes win Federation Cup two times in a row

ONGC athletics team was crowned as champions at the 17<sup>th</sup> Federation Cup National Athletic Championship held at Patiala from April 23-26, 2013. The team finished with an impressive medal tally of 13 Gold, 5 Silver and 4 Bronze medals.

#### 8. ONGC Basketball team triumphs in All India tournament

The ONGC Basketball team has won the prestigious All India Advani Memorial Basketball Tournament held at Jaipur during October 17-21, 2012.

#### 9. Accolades for the ONGC hockey team

ONGC hockey team recently lifted the coveted Karnataka State Hockey Association (KSHA) National Hockey League title concluded at Bangalore on May 31, 2012.

#### 10. ONGCian bags World Champion title in Carom

Ms. Rashmi of ONGC is the new world champion in carom. She won the coveted title at Colombo, Sri Lanka on 4<sup>th</sup> November, 2012. Ms. Rashmi will hold the world champion title for four years.

#### 11. ONGC golfers win Championship

ONGC golfers lifted the coveted ONGC Cup in the golf tournament held at Dehradun during April 6-7, 2013.





#### A. Energy Conservation

The following measures were taken towards energy conservation during 2012-13

- 208 energy audits were carried out against a target of 195.
- Gas flaring in Onshore Assets has gradually been reduced from 555 MMSCM in 2001-02 to 88 MMSCM in 2012-13 by taking various measures like creating necessary infrastructure i.e. pipelines, compressors etc., direct marketing of isolated low volume and low pressure gas and adopting innovative measures as GTW (Gas to Wire). Considering 2001-02 as the base year, these measures have resulted in meaningful utilization of 467 MMSCM of gas in 2012-13 alone.
- For the first time your Company implemented Pilot project of Bi-fuel technology for utilization of associated gas @ 1,000 SCMD from the well MSAA for running drilling rig power packs deployed at MSDB (cluster well). This has resulted in 40% reduction of HSD consumption and additionally helped in reduction of gas flaring.
- Improvement of power factor in Uran Plant led to savings of ` 3.12 million
- Replacement of RGT with a synchronous motor of 3.35 MW in LPG-1. Savings- Gas saving of 0.4 MMSCM/month.
- Installation of Steam based VAM at Cogen Plant ensured savings of 342,000 KWH/year.
- In Hazira Gas Processing Plant replaced 24 numbers of old 160 Watt MLL lights fittings with energy efficient 125 W HPMV fittings at IG Plant & IAEC Boiler. Energy saving per year is around 3.68 MWHr.
- Due to newly replaced nine Air handling units energy saver double skin Air Handling Units, 249,660 KWh of electricity is saved which is equivalent to ` 1.373 million per year.
- 12 numbers of compressor houses lighting has been made on auto mode (Timer mode) with in-house efforts. Total power saved is 273,312 KWh resulting into energy savings equivalent to ` 1.503 million. (Energy rate: ` 5.5/Unit).
- Continued replacement of existing conventional fluorescent tube light fittings with energy efficient T-5 type fluorescent fittings with electronic ballasts on failure and need basis.
- Electrical Load Power Factor maintained at 0.98 and above of Electricity supplied by UPCL at 33 KV Substation and up to 0.92 of DG Sets through APFC (Automatic Power Factor Correction) Panel to conserve Electricity Energy.
- LED based street light fixtures have been installed in place of 250 WHPSV light fixtures in KDMIPE to save Electricity consumption. New LED based Signage board of institutes have been installed and commissioned in place of old Signage board to save electricity consumption.
- Energy Efficient light fixtures introduced (LED based, 1x36 W, 2x36 W, 3x36 W, CFL and 28W T5-Tube light fixtures) in All New/Renovation/Revamping Electrical works in KDMIPE.
- Transformer Rationalization continues: All three transformers at IRS are optimally loaded so as to increase transformer efficiency taking cognizance of seasonal variation in temperature.
- Variable Frequency Drive starters (8 nos.) were incorporated in lift motors of CBM wells instead of conventional electrical starters. Estimated energy saving is 15 to 20%.
- Contract finalized for supply and installation of 2 x 250 KVA Gas Gen Set for installation at CBM sites to be operated from CBM gas as the alternate fuel.

#### B. Renewable energy developments:

- 102 MW Wind Power Project in Rajasthan has been awarded to M/s Suzlon Energy Limited, Ahmedabad on January 03, 2013. The awarded cost for setting up this project is ` 6,780 million including operating expenditure of ` 1,160 million. The project is scheduled to be completed by mid-2014.
- A project work has been initiated for 25 KW Solar Power Plant for lighting of street light in KDMIPE Campus.
- Another project work has also been initiated for 15 KW Solar Power Plant for lighting of front area garden, staircase and signage board lighting of GEOPIC.
- Installed 10 Solar Street Light poles with 2 x 11W CFL fittings.
- 12 KW Solar power plant for main library in IRS complex is being installed resulting in savings of approximately 20,000 units (KWh) per annum.
- 18 solar lights commissioned for illumination of remotely located CBM wells, thereby, avoiding deployment of DG sets.

Impact of measures for reduction of energy consumption and consequent impact on the cost of production of goods

ONGC has saved ` 4,288.5 million, by adopting different energy conservation measures at various installations. Further the above measures have resulted in reduction of significant quantity of fuel consumption (HSD, Natural Gas and electricity).

#### C. RESEARCH AND DEVELOPMENT

##### 1. Specific areas in which R&D was carried out

- High Resolution Molecular Stratigraphy in depositional sequences with mature source rocks in key wells in Indian sedimentary basins.
- Identification of suitable chemical additives for flow assurance of crude oil from major surface flow line to CTF of Mehsana Asset.
- Assessment of Disproportionate Permeability Reduction (DPR) by various pore filling polymer gels for rig-less water shut off jobs.
- Integrated geological and geophysical studies for depositional framework and hydrocarbon prospectivity of Cretaceous and older sediments to the south of Poduru-Draksharama high in Vygreswaram North Pasarlapudi- Kottalanka area and Amlapuram Block in Krishna Godavari (KG) basin.
- Depositional architecture and Sediment dispersal pattern in the deep and ultra-deep-water in KG Basin and its integration with shallow water and onshore.
- Sedimentation pattern, morphology and their distribution within different stratigraphic levels in Mahanadi Basin based on understanding of interpretation of 3D & 2D data.
- Gravity atlas of India has been prepared for onshore and offshore areas consisting of one integrated map and 82 smaller maps.
- 2D & 3D Move-based structural modeling along key profiles in Kutch Offshore.
- 2D-Move based structural modeling of Chambal and Son Valley sectors of Vindhyan Basin.
- Petroleum systems modeling in western NELP-VIII Blocks west of Accretionary Prism in Andaman Basin.
- Tectono-Sedimentary evolution of Kutch-Saurashtra Basin involving onshore and offshore areas depicting relationships to Cambay rift & Nagar Parkar fault.
- Software development using CUDA-GPU Technology.
- Evaluation of thin pays/ invasion for better productivity with the application of log-data recorded in four wells of HP/HT regime of KG Basin using UTAP WeLS Simulation software.
- Demarcation of, otherwise difficult to identify, top of Olpad formation from Log-data.
- Development of methodology for resistivity independent saturation computation using NMR log of Charali Field.
- Field application of various MEOR processes in the different fields like Mehsana and Ankleshwar area. Jobs included Paraffin Degrading Bacterial (PDB), mitigation of Wax deposition problem and field trial of high temperature (96°C) microbial system for enhanced oil recovery.
- Developing specifications for composite material downhole casing for highly corrosive wells in onshore Assets.
- Specifications for fiberglass pipelines for oil field applications in onshore - Revision 2012.
- Studies on Binary Hydrates for application in storage and transportation of methane gas.
- Studies on the effects of gas hydrate dissociation on sea floor stability.
- Studies on the thermodynamics and kinetics of Carbon Dioxide Hydrate formation and dissociation and its structural characterization.
- Nonlinear dynamic analysis of flexible risers in shallow waters of Indian western offshore.
- Soil classification from PCPT DATA with special reference to Indian offshore areas.
- Evaluation of soil design parameters using PCPT data with emphasis on application in Indian waters.
- CPT/PCPT based methods for pile capacity.
- Sampling and characterization of calcareous sands
- Development of Viscoelastic Surfactants Based Self-diverting Acid (VSDA)
- Application of new Well bore cleaning system in Horizontal wells
- Gelled emulsified acid system for carbonate reservoir"- Patent applied for



- Indigenous development and installation of Venturi type Surface Chokes for stabilized flow in Oil & Gas wells
- Development of Low Temperature Demulsifier through a JIP with NCL, Pune
- Eco-friendly solvent for removal of organic deposits for production enhancement
- IDT has completed a total of 50 projects in the area of well planning, drilling fluids, cementing etc. prominent among them are as follows:
  - Patent applied for Microbubble Cement Composition and its uses
  - Well design for STP – 1 well in Kazakhstan for OVL
  - Well bore stability and Mud weight window for Balol / Santhal Field.
  - Ultra High Density Cement Slurry Designing for HT/HP oil & gas Wells.
  - Solution for improving ROP in Marl Section of Parh Formation in Jaisalmer Basin.
  - Identification of suitable shale stabilizers and lubricants for HTHP mud system in Rajahmundry Asset.
  - Formulation of Baryte free NDDF system for low permeability/HT/HP reservoir.
  - Baryte free NDDF for drilling of fractured/Low permeability Rohtas limestone of Vindhyan basin (Sone valley).
  - Clay mineralogical study & formulation of suitable mud system for drilling RS-16#9 of MR.

2. Benefits derived as result of above R&D:

The R&D projects undertaken by your Company facilitated speedier and effective E&P activities of the Company.

3. Expenditure on Research & Development

(₹. in million)

	2012-13	2011-12
Capital	118.66	164.53
Recurring	5,263.16	3,136.69
Total	5,381.82	3,301.22
Total R&D Expenditure as a percentage of Total Turnover	0.65%	0.43%

Note: Previous year figure has been regrouped in view of preparation of accounts under Revised Schedule VI.

D. Technology absorption and adaptation

- FPSO technology implemented at N.B. Prasad field (D-1) and is under implementation for Cluster-7 fields development.
- Twin Screw Horizontal Surface Multiphase Pump was implemented at a platform in NB Prasad field (D-1).
- Visco-elastic foam acid system was implemented in Heera field.
- Field trial for H<sub>2</sub>S scavenger in gas lift lines of MH Asset is under implementation.
- Modified acid fracturing system implemented in 3 wells of Heera field.
- Developed innovative structural concepts for minimum facility platforms for marginal fields through analysis of guyed tower platform.
- CPT/PCPT based methods used for estimating pile capacity.
- The state of the art Gas Hydrate Cell System for Gas Hydrate prediction and characterization has been acquired and put in use after extensive training of engineers.
- IDT procured one advanced Portable Simulator for Well Control School.
- "Sodium/ Potassium Format & Non Damaging Drilling Fluid (NDDF) System" developed by Institute of Drilling Technology (IDT) has been successfully implemented in Mumbai fields like - B149-A#1H & 2H, WI- 4#2ZH, N-18#2H, NTP-2#1H, NTP-2#2H wells.
- A new state-of-the-art dating facility Sm-Nd (Samarium-Neodymium) has successfully been setup at KDMIPE. It will be used to date hard rocks(Igneous and metamorphic) and to ascertain the provenance age in sedimentary rocks and correlation of reservoir lithology.

- H<sub>2</sub>S generation problem mitigated for wells in Mumbai High fields.
- Microbial consortium (NJS4-96) developed for high temperature reservoirs (above 900 C) in carbonate environment.
- Use of slow release fertilizer in bioremediation of oil.
- Technologies like - Converted wave processing, 3D beam processing, CGG, Quantum Technology, Seismic Guided Drilling, Q-technology, Low frequency passive seismic, ROTOR, Passive Seismic Tomography (Landtech), Amplified Geochemical Imaging, M/s GORE, Pore pressure prediction(drillwork), Micro CT scanner, OBM, Well Shuttle, Resistivity Imager, Sonic scanner, Flow Scan Imager, MR Scanner, Sea Bed Logging, Airborne EM survey, Fugro Airborne survey and Controlled Source EM, Rock Source - adopted for better G&G imaging.

E. Information regarding imported technology for the last five years

S.No.	Technology Imported	Year of Import
A. (i)	<ul style="list-style-type: none"> <li>• Latest releases of Landmark/ Hampson Russell/ Jason/ GeoQuest/ Paradigm/ Midland Valley/ GOCAD Interpretation Software installed.</li> <li>• Corporate licensing of existing Petrel and Geoframe suit of interpretation software from M/s Schlumberger</li> <li>• Induction of Basin modeling software "Petromod" from M/s IES Germany and pore pressure prediction software "Drill works Predict" from M/s Knowledge systems/</li> <li>• Thrustline software for imaging in thrust fold areas and complex geology terrain from M/s GEOTOMO.</li> <li>• FASTVEL software for automatic residual move out application from M/s PARADIGM.</li> <li>• 22 high end Workstations inducted for interpretation and Processing.</li> <li>• Long-term Technical Services by M/s Midland Valley Exploration (MVE), U.K. for Structural Modelling.</li> <li>• IES Basin Modelling Technology.</li> <li>• STAR Structural Analogues for Reservoirs, U.K.</li> <li>• State-of-the-art automatic fission track dating system in Geochronology and fission track division.</li> <li>• ProbE-Global E&amp;P database from Petroconsultant S.A.</li> <li>• Magnetotelluric System (MT).</li> <li>• Integrated PVT Package from M/s Chandler Engineering, Houston, USA.</li> </ul>	2008-09
(ii)	<ul style="list-style-type: none"> <li>• Latest releases of Landmark/ Hampson Russell/ Jason/ GeoQuest/ Paradigm/ Midland Valley/ GOCAD/ Drill Works/ Petromod/ Kingdom suite/ OpendTect/ PANSYSTEM &amp; PANMESH Interpretation Software installed.</li> <li>• Unlimited site specific license of PANSYSTEM s/w for all ONGC offices within corporate deal and 3 licenses of PANMESH s/w under corporate license from M/s EPS.</li> <li>• 100% corporate licensing of Geoframe/ Petrel s/w from M/s GeoQuest and finalization of its corporate AMC.</li> <li>• 100% corporate licensing of Paradigm interpretation s/w and finalization of its corporate AMC.</li> <li>• RokDoc software (1D/ 2D/ 3D / Chronoseis) from M/s ICON SCIENCE has been inducted in GEOPIC.</li> <li>• IES Basin Modelling Technology</li> <li>• Auto Counting FT system.</li> <li>• Landmark's R5000 software was successfully installed in Linux Based workstation.</li> <li>• Pipe conveyed logging system.</li> </ul>	2009-10

(iii)	<ul style="list-style-type: none"><li>Continuous Flow Isotope Ratio Mass Spectrometer (CF-IRMS).</li><li>COREVAL-30.</li><li>SKUA software from M/s Paradigm.</li><li>Fugro Jason Work Bench Software.</li><li>SATA-II disks based SAN storage systems.</li><li>PERISCOPE.</li></ul>	2010-11
(iv)	<ul style="list-style-type: none"><li>3D Visualisation Centre.</li><li>The Fluid Eval.</li><li>Induction of CRAM software from M/s Paradigm.</li><li>Induction of Geo-science core system and seismic interpretation module of petrel software from M/s Geoquest Systems B.V.</li><li>Induction of MATLAB Software from M/s Designtech Systems Ltd.</li><li>Petrel software for Processing of seismic data from M/s Geoquest Systems B.V.</li><li>Multi-Component Seismic Survey - 3D – 3C</li><li>TuffTRAC- a new generation wire line-conveyed tractor, used for carrying out perforations.</li><li>Ultra HP/HT TCP-DST to test wells in very High temperature &amp; Pressure conditions having temperatures beyond 450°F.</li><li>RF Safe perforating System.</li></ul>	2011-12
(v)	<ul style="list-style-type: none"><li>Sm-Nd Dating facility to date hard rocks like Igneous and metamorphic. It is also helpful in ascertaining the provenance age in sedimentary rocks and correlation of reservoir lithology.</li></ul>	2012-13
B	Has the technology been fully absorbed?	Yes
C	If not fully absorbed, areas where this has not taken place, reasons thereof, and future plans of action.	Not applicable

COMMENTS OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA UNDER SECTION 619(4) OF THE COMPANIES ACT,1956 ON THE ACCOUNTS OF OIL AND NATURAL GAS CORPORATION LIMITED FOR THE YEAR ENDED 31<sup>st</sup> MARCH 2013

"The preparation of financial statements of Oil and Natural Gas Corporation Limited for the year ended 31<sup>st</sup> March 2013 in accordance with the financial reporting framework prescribed under the Companies Act, 1956 is the responsibility of the management of the company. The statutory auditors appointed by the Comptroller and Auditor General of India under Section 619 (2) of the Companies Act, 1956 are responsible for expressing opinion on these financial statements under section 227 of the Companies Act, 1956 based on independent audit in accordance with the auditing assurance standards prescribed by their professional body the Institute of Chartered Accountants of India. This is stated to have been done by them vide their Audit Report dated 29<sup>th</sup> May 2013.

I, on the behalf of the Comptroller and Auditor General of India, have conducted a supplementary audit under section 619 (3) (b) of the Companies Act, 1956 of the financial statements of Oil and Natural Gas Corporation Limited for the year ended 31<sup>st</sup> March 2013. On the basis of my audit nothing significant has come to my knowledge which would give rise to any comment upon or supplement to Statutory Auditors' report under section 619 (4) of the Companies Act, 1956."

F. Information on Foreign Exchange Earnings and Outgo (₹ . in million)

	2012-13	2011-12
Foreign Exchange Earnings	74,723.38	63,152.73
Foreign Exchange Outgo	182,446.11	191,490.41

G. Environment Protection and Conservation, ecological conservation, Renewable energy developments

Some of the steps taken towards environment protection and conservation are:

Oil Spill Management: Indian Coast Guard conducted fourth national level pollution response exercise NATPOLREX-IV during December 13-14, 2012 at Kochi. The first ever exercise at Kochi involved one day table top exercise on Dec 13, 2012 by creating a mock scenario of oil spill from a tanker Motilal Nehru off Kochi with consequence of spilled oil reaching various sensitive location nearby including beaches and port. The stake holders, including Oil Spill Response Limited (OSRL) participated in Table Top exercise followed by Mock drill.

Bioremediation of Oily Sludge: An environmentally sound technique of bioremediation is being employed effectively in ONGC since 2007. About 25000 tons of oily sludge has been treated through bioremediation till date.

Bamboo Plantation: 3.75 Lakh ringal bamboo saplings have been planted by your Company in Uttarakhand for protecting environment.

Mangrove Plantation: Massive plantation drive undertaken with a total of 28.85 lakh saplings and propagules covering an area of 500 hectares to be planted in the Gandhar and Hazira area of Coastal Gujarat to prevent the rampant soil erosion in the area.

6<sup>th</sup>National Health Safety & Environment Workshop: ONGC and Petrotech Society in collaboration with Oil Industry Safety Directorate organized two days 6<sup>th</sup> National Health Safety & Environment Workshop at New Delhi during March 12-13, 2013. 168 delegates from 15 oil & gas companies in upstream and downstream sectors participated in the workshop.

Sd/-  
Parama Sen  
Principal Director of Commercial Audit  
& *ex-officio* Member Audit Board II, Mumbai

Place : Mumbai  
Dated : 12<sup>th</sup> July, 2013

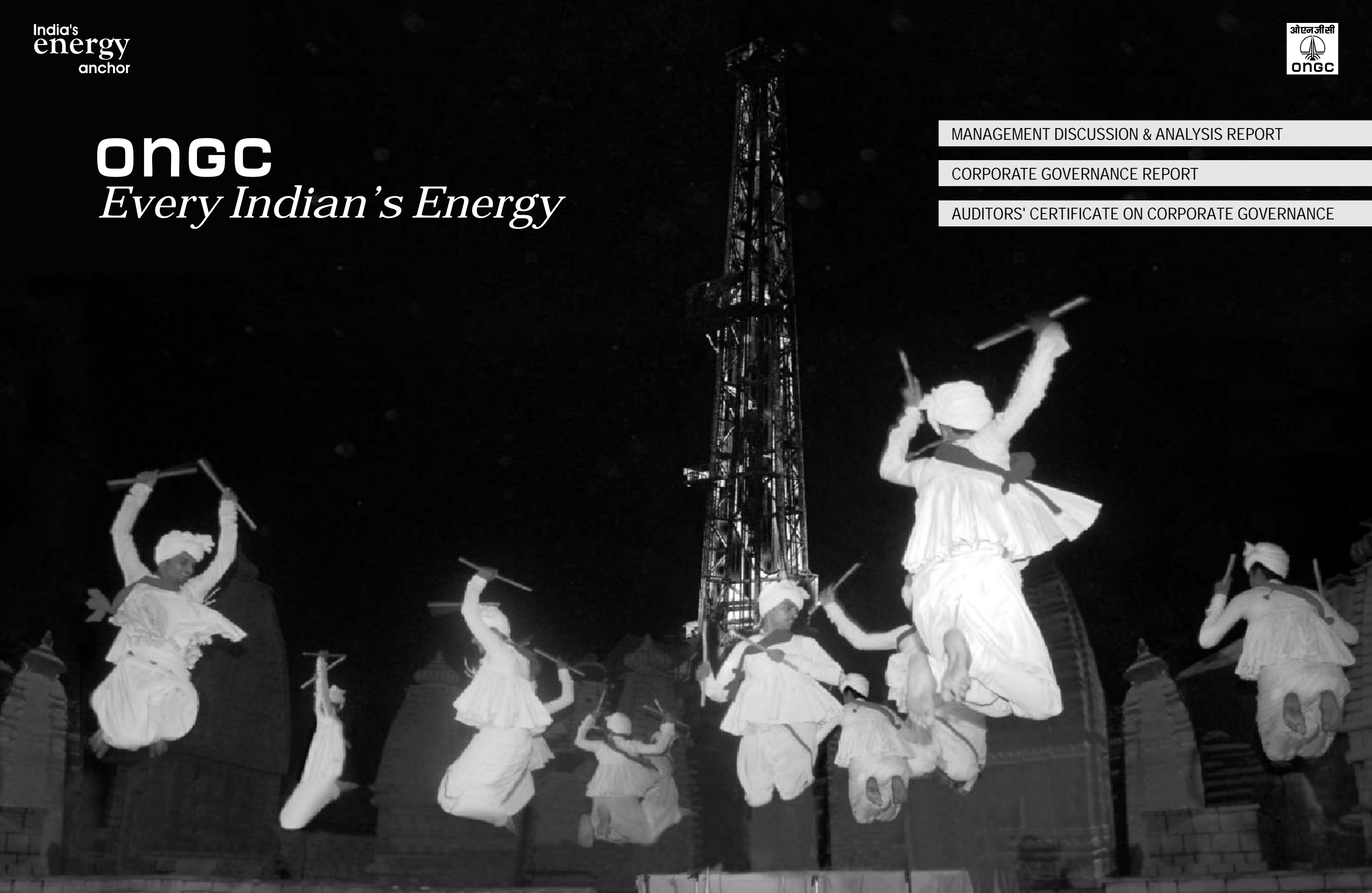
# ongc

*Every Indian's Energy*

MANAGEMENT DISCUSSION & ANALYSIS REPORT

CORPORATE GOVERNANCE REPORT

AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE





## 1. The Economy

Post 2008 global economic crisis, the growth and direction of recovery of the economies of the world manifested a clear dichotomy - if, on one hand, the recovery in developed world has been weak and hesitant on the other hand, the economic reality and outlook in emerging countries remained comparatively stronger and more stable. However, in the wake of the on-going Euro zone crisis, another dimension has emerged in the current context of the global economic order as owing to the distinctive nature of its collective economy, Euro zone seems to be gradually decoupling from the US and rest of the developed world.

Global economy, which grew by 3.2% in 2012, mainly driven by the emerging markets and developing economies, is forecasted to grow at a rate of 3.3% in 2013. However, maintaining this growth rate may be a challenge due to impediments and deeper-than-expected complexities in Euro zone. A recession-gripped Euro economy has the potential for bearing significant political risks in peripheral economies.

The three biggest economies of the world - USA, China and Japan are at economic crossroads despite fiscal and monetary policy initiatives. In USA, fiscal tightening and the planned withdrawal of Fed Bank stimulus runs the risk of curtailing growth. China's policy dilemma of maintaining GDP growth has its own complexities. Despite rapid credit expansion, Chinese GDP witnessed a slow start in 2013. Japanese government's money creation move may look to be necessary; however, it carries with it the risk of adversely affecting global economy.

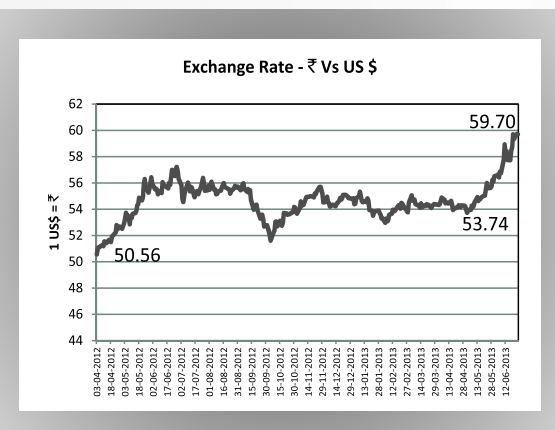
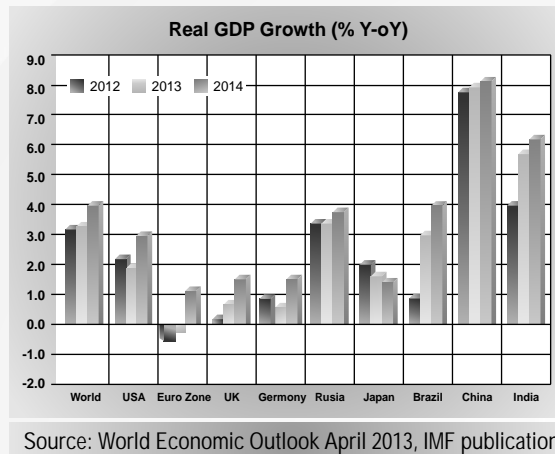
World Economic Outlook, April 2013 (International Monetary Fund publication) projects that the global economy will grow @ 4% during 2014. USA is expected to grow @ 1.9% in 2013 and its growth rate is expected to move up to 2.8% in 2014 and further to 3% in 2015. Some good expansion in Euro zone and acceleration of the Japanese economy (projected to grow at a rate of 1.6% in 2013) may also buoy the recovery.

Emerging economies are projected to lead the global recovery. China, though witnessed slowing of growth in Q1 2013 to 7.7% and thereby sparking off the weakening of global expansion, it is expected to achieve 8% growth in 2013 and 8.2% in 2014, both better than what was targeted in 2012 (@7.8%). India is expected to steer South Asia's regional growth. It is projected to grow at 5.7% and 6.2% in 2013 and 2014 respectively.

However, the recent US Federal Reserves' announcement of winding up of US\$ 85 billion-a-month bond-buying programme has resulted in the exit of hot money from the emerging markets. Due to the exit of foreign investors, local currencies in most of the emerging economies have depreciated alarmingly. India is not an exception. Compared to beginning of April 2013, Rupee depreciated by more than 11% against US Dollar within a period of less than three months (April to late June 2013); and compared to beginning of the fiscal 2012-13 it slipped by more than 18% in June 2013. Depreciation of local currencies has wide ramifications not only on the national economy but also on global economy. All growth forecasts, even for the BRICS countries (Brazil, Russia, India, China and South Africa), may require a downward revision.

As far as India is concerned, strengthening of exports and private investment (which slowed down in 2012) now becomes imperative. At the same time structural policy and fiscal reforms are must as Rupee devaluation may have a cascading effect on current account deficit in view of increasing oil import bills. Weakening of the manufacturing sector, stubbornly high inflationary pressures and structural bottlenecks have all the potential to adversely impact investment and growth.

However, some of the recent moves of the Government such as the newly instituted Cabinet Committee on Investments to expedite decisions on approvals/ clearances for implementation of major infrastructure projects, proposed increase of gas prices and gradual decontrol of diesel prices have infused optimism and confidence about the overall economic climate. These reforms could well contribute effectively towards addressing the fiscal deficit situation of the country.



## 2. Oil and Gas Industry Developments

### Global liquid supply & consumption remains balanced

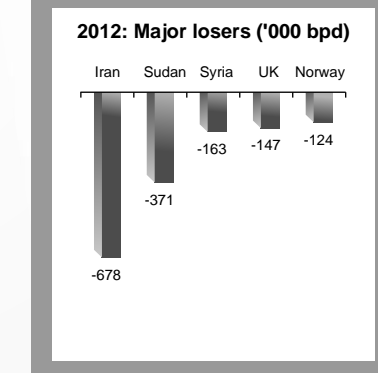
During 2012 and even at present (June 2013), the market remained well supplied with liquid hydrocarbons (crude oil including natural gas liquid). It is projected that in 2013 and 2014 as well market will remain so and will not have wide gaps in demand and supply affecting oil prices.

The major reason for this well supplied market is that the comfortable price regime for resource holders and producers has opened up new resources particularly shale oil, heavy oil and tar sands. It is expected that the non-OPEC production, led by USA and Canada, will meet the global oil demand growth, in turn exerting pressure on OPEC crude.

### Oil production & consumption

During 2012, crude oil production stood at 86.15 million barrels per day (mbpd), registering a 2.2% increase over the corresponding figure in 2011 (84.21 mbpd). (Source: BP Statistical Review of World Energy, June 2013; annual changes and shares of total are calculated using mmtpa figures and are adjusted to Leap years). OPEC accounted for about 75% of global production increase (about 1.4 mbpd; despite decline in Iran by 678,000 bpd due to international sanctions). The OPEC output surge was largely driven by increase in Libyan output by about 1 mbpd (1.5 mbpd in 2012 against 0.48 mbpd in 2011); record output levels in Saudi Arabia, the UAE and Qatar, and significant production increase in Iraq and Kuwait also helped ramping up production.

Non-OPEC countries also witnessed a net increase in crude oil production by 0.49 mbpd. USA emerged as the biggest contributor where production increased by around 1 mbpd (from 7.9 mbpd in 2011 to 8.9 mbpd in 2012). Canada, Russia and China also registered an increase in production.

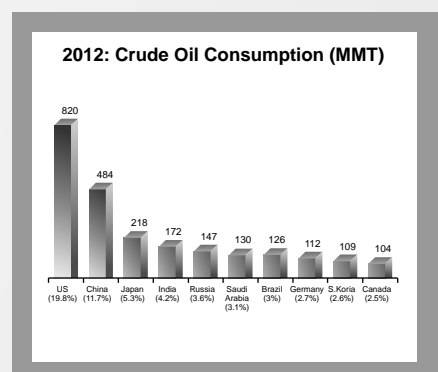
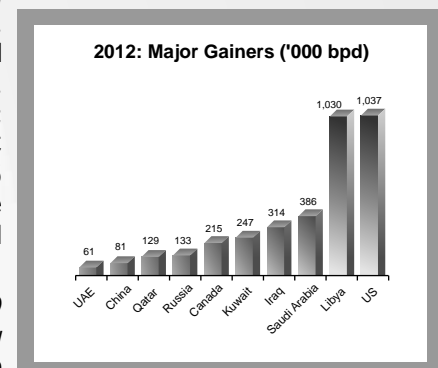
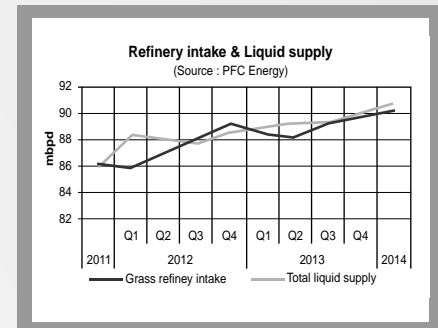


However, production from Sudan declined by around 371,000 bpd. Similarly, Syria witnessed a production loss of 163,000 bpd. Production decline has also been a part of the story in mature provinces such as the United Kingdom (by 147,000 bpd) and Norway (by 124,000 bpd). (Source: BP Statistical Review of World Energy, June 2013; annual changes and shares of total are calculated using mmtpa figures and are adjusted to Leap years).

Overall global oil consumption grew by 890,000 barrels per day (bpd). However, OECD consumption declined by 1.3% (decline of 530,000 bpd), the sixth such decrease in the past seven years; the OECD now accounts for just 50.2% of global consumption. Outside the OECD, consumption grew by 1.42 mbpd, 3.3% higher than the previous year. China again accounted for the largest increase in global consumption (471,000 bpd; increase of 5%) although the growth rate was below its 10-year average. Japanese consumption grew by 249,000 bpd (higher by 6.3%), the strongest growth increment since 1994. India remained the fourth largest consumer of crude oil (including the crude used for exporting petroleum products) with a consumption of 172 MMT (3.65 mbpd), which translates to 4.2% of total consumption in the world. In India, oil consumption increased by 163,000 bpd, an increase of 5% over the previous year.

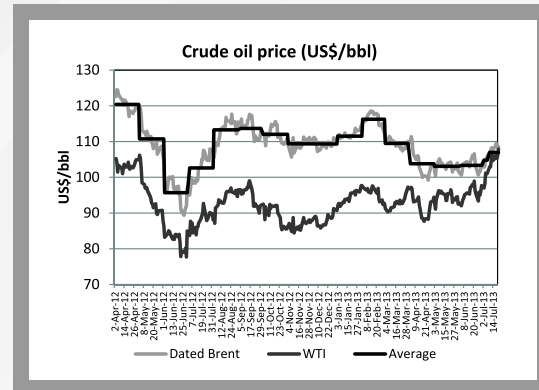
### Crude oil prices

Average crude oil prices in FY'13 were at historically high levels for the second year in a row. Brent crude oil averaged \$110.29 per barrel (bbl), slightly lower than the FY'12 average of \$114.29/bbl. Having averaged more than US\$120/bbl in the beginning of the fiscal (April'2012), crude witnessed a drop in its prices mostly precipitated by overriding market perception that the world economy will continue to remain subdued; this and also the continued optimism about an oversupplied market based on the consistent



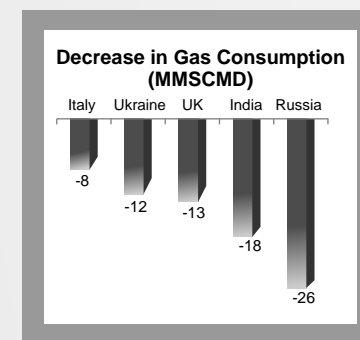


improvements in non-OPEC crude oil production, particularly the USA, combined to bring the prices down. It slumped below US\$90/bbl on June 22, 2012. However, after this slump the prices rebounded in July 2012 on expectations that policymakers in the United States, Europe, and China would take action to stimulate economic growth, which could increase oil demand. Disruptions in oil production in Sudan, South Sudan, Yemen, Syria, and the North Sea reduced available global supplies, thereby exerting upward pressure on oil prices. After falling in the last half of February 2013 owing to geopolitical factors (Italian elections and Cyprus worries), Brent has been stable in the range of US\$ 100-112/bbl. A significant development in the oil market has been the strengthening of WTI which narrowed the spread between Brent and WTI from around US\$ 20/bbl in the beginning of the last fiscal to less than US\$ 1/bbl presently (on July 19, 2013). The main reason for this narrowing has been the start of crude flow from Cushing to the US Gulf through the reversed Seaway pipeline in May 2012 and increased rail transportation of crude. By 2014, several pipeline projects from the midcontinent to the Gulf Coast refining centers are expected to come on line which will further reduce the spread.



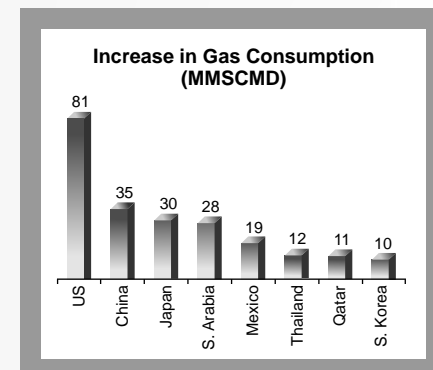
#### Gas Production & consumption

Total natural gas production during 2012 has been 3,364 BCM (9,191 mmscmd); which translates to an increase of around 1.9% from 3,291 BCM (9,017 mmscmd) in 2011. USA maintained its position as the largest natural gas producer and registered a growth of 4.7% (681.4 BCM compared to 648.5 BCM in 2011). Russia witnessed gas production decline by 2.7% (592.3 BCM compared to 607 BCM in 2011). Besides, Norway, Qatar, Saudi Arabia, Iran and China also registered impressive gains in terms of natural gas production.



Saudi Arabia, Iran and China also registered impressive gains in terms of natural gas production.

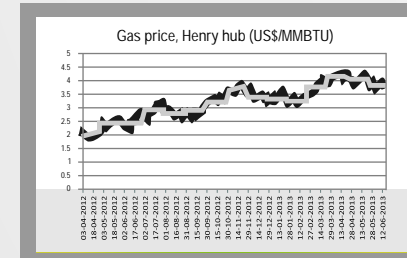
Global natural gas consumption increased by 2.2% (3,314 BCM in 2012 against 3,232 BCM in 2011). USA witnessed the largest increase in natural gas consumption by 4.1% in 2012; China registered an increase of 9.9% whereas India's natural gas consumption declined by 11% due to decrease in domestic production despite about 20% increase in LNG import. With an import of 20.5 MMT during 2012, India is now the fourth largest importer of LNG in the world. (Source: BP Statistical Review of World Energy, June 2013; annual changes and shares of total are calculated using million tonnes of oil equivalent figures and are adjusted to Leap years).



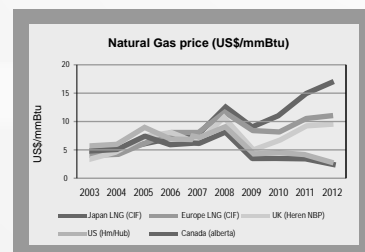
LNG in the world. (Source: BP Statistical Review of World Energy, June 2013; annual changes and shares of total are calculated using million tonnes of oil equivalent figures and are adjusted to Leap years).

#### Gas prices

Natural gas prices rose in Europe and Asia, but fell in North America, where rising US natural gas output pushed gas prices to record discounts against both crude oil and international gas prices.



Average landed price for LNG at Japan during 2012, including cost, insurance & freight (cif), increased by 13.7% (from US\$ 14.73 to 16.75 mmBtu). European Union LNG price (cif) increased by more than 5% (from US\$ 10.48 to 11.03/mmBtu). Spot natural gas price in UK (Heren NBP Index) increased by 4.6%. However, gas prices in USA (Henry Hub) decreased by over 31% and averaged US\$ 2.76/mmBtu in 2012 against US\$ 4.01/mmBtu in 2011. However, gas price in USA started increasing since October 2012 and now it is in the range of US\$ 3-4.3/mmBtu due to increased domestic consumption.



New frontiers ensure comfortable energy supplies

In recent years, significant conventional and unconventional hydrocarbon discoveries have been made the world over. Gulf of

Mexico, Colombia basin, Brazil (Santos, Solimoes & Campos), Australia (Cooper/Eromanga), Egypt, East Coast Africa - Mozambique (Rovuma) & Tanzania, Indonesia (Kutei), North Sea etc., emerged as the hot spots of E&P activities. Deep-water is emerging as the most prominent play accounting for more than 50% of all conventional new reserves and these discoveries are much larger than the onshore and shallow water discoveries.

The size of the deep-water discovery and economic threshold of development is forcing E&P operators globally to focus on such prospects. At present deep-water accounts for about 7% of total conventional production compared with onshore and shallow water offshore, both at 60% and 33% respectively. However, only 38% of deep-water discovered reserves are currently producing and more than 60% have appraisal or discovery status. Once these discoveries are brought on stream, it could potentially double production to about 6 billion boe by 2020 (Source: IHS-CERA).

Substantial oil reserves have been discovered in pre-salt deposits of Santos basin in Brazil. Analogous pre-salt play is an exploration target in Kwanza basin of Angola. In addition, large oil discoveries have been made in deep-water Gulf of Mexico, Angola and Ghana. Giant gas discoveries have been made in Mozambique, Tanzania, Israel and Cyprus. These would ensure long-term stability of Gas supply.

Unconventional sources: EIA-sponsored study released in June 2013 estimates that shale plays have potential of 10% of the world's crude oil (345 billion barrels) and 32% (7,299 tcf) of the world's natural gas technically recoverable resources. The estimates are based on the assessment of shale formations in USA and in 41 other countries. The United States is ranked second after Russia for shale oil resources and fourth after China, Argentina and Algeria for shale gas resources.

The unconventional boom which started from USA and Canada may be replicated at other geographies to the comfort of energy starved world. Several countries have initiated development of unconventional resources; the front runners are - Poland, Argentina, Australia, China, etc. Unconventional resource development will have wide ramifications and it has the potential of changing global oil and gas business dynamics as well as significantly alter trade directions. At present the US shale oil production is becoming a new key challenge for some OPEC members such as Algeria, Nigeria and Angola, which produce oil of similar grade to shale oil. India, with an estimated 96 tcf of technically recoverable shale gas reserves (as per EIA estimates in June 2013), also has significant future interests attached to the development of these resources.

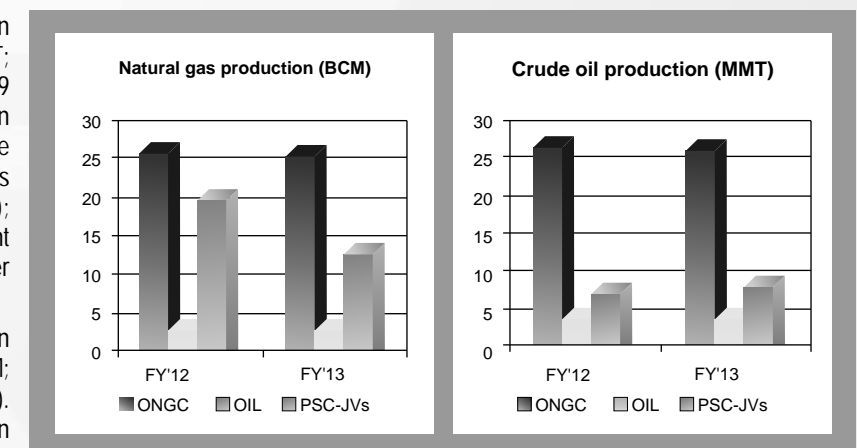
Liquefied Natural Gas (LNG): The large established gas resources (conventional as well unconventional) have brought new hopes for the energy starved nations in terms of LNG. A massive amount of new LNG capacity has been proposed (as much as 350 MMTA) by 2025 which will be more than double the current capacity (of less than 300 MMTA). In the last five decades LNG supply base has broadened with three waves of suppliers. Algeria, Malaysia and Indonesia dominated the first wave, while Qatar and Australia dominated the second. The third wave could come from as many as 25 other countries, many of which currently have little or no capacity, but by 2020, these countries could provide as much as 30% of the world's LNG capacity.

#### 3. Indian Oil and Gas Industry

##### Crude oil & Natural gas production

During FY'13, total crude oil production in the country has been 37.86 MMT; 0.6 per cent less than FY'12 (38.09 MMT). Less production has been mainly due to natural decline in the matured fields of your Company as well as Oil India Limited (OIL); however, production from PSC Joint Ventures increased by about 10 per cent.

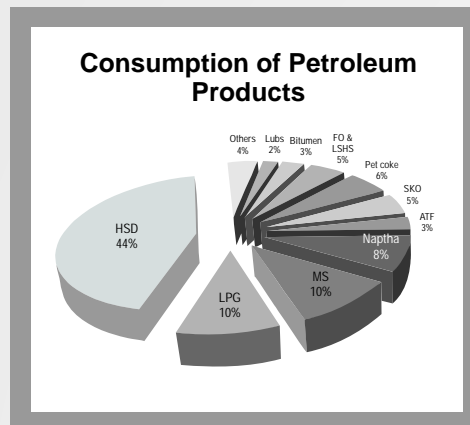
Natural gas production during FY'13 in the country has been 40.68 BCM; 14.5% less than FY'12 (47.56 BCM). ONGC and OIL performed better than the previous year; however, sharp production decline was observed in the East Coast field, operated by a private consortium (Source: MoP&NG and ONGC data).







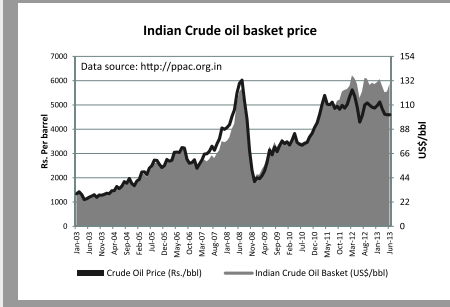
## Consumption of Petroleum Products increases



During FY'13, total consumption of the petroleum products in the country has been 155.42 MMT; 5.02% more than the previous year (147.99 MMT). The petroleum products consumption growth rate i.e., 5.02% during the year has been the highest for the last 5 years.

Total crude oil import during FY'13 has been 184.45 MMT; 7.7% higher than the previous year (FY'12: 171.32 MMT). At the same time 15.07 MMT of petroleum products were also imported (1.1% higher than previous year). As refinery's and fractionators throughput (220.29 MMT) is more than the consumption in the country, 63.76 MMT of products were exported; with a net increase of 6% over that of the previous year which makes it the highest-ever. As such, the net import (crude import plus products import minus products export) has been 135.76 MMT; 7.7% higher than the previous year's figure of 126.07 MMT.

Net import bill for the crude oil during 2012-13 has been ₹ 7,829.5 billion (US\$ 143.914 billion) against ₹ 6,690.7 billion (US\$ 139.097 billion) during the previous year. In Rupee term the import bill increased by 17% (against 3.5% in Dollar terms) mainly on account of depreciation of Rupee against Dollar. The crude import bill has almost doubled in the last 5 years.



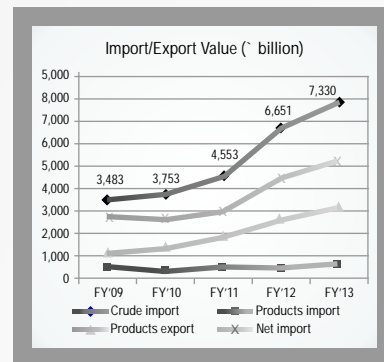
## Under Recoveries

Rising consumption of petroleum products, exponential increase of crude oil import bill and controlled pricing of sensitive products - High Speed Diesel (HSD), Liquefied Petroleum Gas (LPG) and Superior Kerosene Oil (SKO) - resulted into more than 16 per cent increase in under-recovery incurred by the Public Sector Oil Marketing Companies (OMCs) on these products. Total under recovery during the year has been ₹ 1,610 billion against ₹ 1,385 billion during FY'12. Out of the total under-recovery of ₹ 1,610 billion, Government of India's share has been ₹ 1,000 billion (62.1%), the share of upstream companies (ONGC, Oil India Ltd & GAIL) has been ₹ 601 billion (37.3%) and that of Oil Marketing Companies (OMCs) has been ₹ 9 billion.

Your Company shared ₹ 494.21 billion towards the reported under-recoveries of OMCs during FY'13 against ₹ 444.66 billion in FY'12 (an increase of 11.1%) as per the instruction(s) of the Government of India (GoI). This amount translates into 31% of the total under-recovery and 82% of the upstream companies' share.

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## Crude oil price Indian Basket

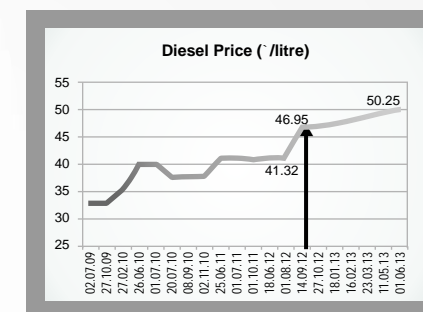
Crude oil price of the Indian basket averaged US\$ 107.97 during FY'13; 3.6% less compared to the previous year. Presently it is about US\$ 101/bbl (June, 2013). However, in real terms, on account of the depreciation of the rupee, crude oil (Indian Basket) currently is trading at a higher level as compared to the highest level in July 2008 of US\$132.37/bbl. Crude oil price of Indian Basket is ₹ 5,875/bbl (June'13 average) against ₹ 5,667/bbl in July 2008. Same is the case for most of the developing economies where local currencies have depreciated resulting into crude oil price reaching close to the record levels last seen in mid-2008.

**Mechanism of Under-recovery** To protect the interest of the people of India, the Government controls the retail selling prices of sensitive petroleum products like - HSD, Kerosene and LPG. The basic objective of the Government has been to make these products available at affordable price and keep the inflation under control. As a result, Oil Marketing Companies (OMCs) - IOCL, BPCL & HPCL - are incurring under-recoveries by selling these price-sensitive products at regulated prices. The total under-recoveries are shared amongst OMCs, Upstream Companies and the Government of India (GoI). GoI contributes its share towards subsidy in the form of Oil Bonds issued to the OMCs. Upstream companies (ONGC, Oil & GAIL) absorb their share of under-recoveries by extending discount on crude oil, domestic LPG and PDS SKO sold to refineries/OMCs. Since FY'04 total under-recovery has been ₹ 7,240 billion out of which GoI shared 54%, upstream companies 36% and OMCs 10%.

The average gross price for ONGC's crude oil during FY'13 has been US\$ 110.74/bbl (US\$ 117.40/bbl in FY'12). However, as per the instructions of the GoI, your Company gave a discount of US\$ 62.89/bbl (US\$ 62.69/bbl in FY'12) on crude oil sold to the OMCs. As such, net realized price for crude oil in FY'13 has been US\$ 47.85/bbl; 12.6% lower than in FY'12 (US\$ 54.72/bbl).

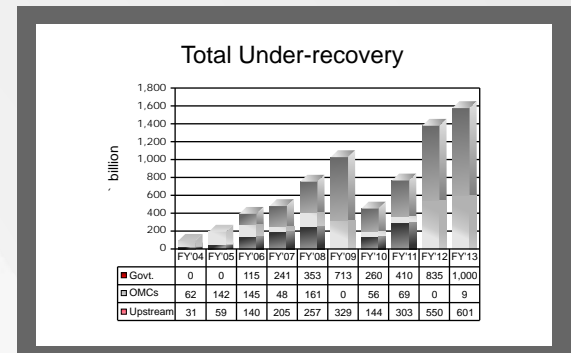
## Positive policies to reduce under-recovery

Fuel subsidy reform has been on the Indian government's policy reform agenda for a long period of time with the basic objective to reduce fiscal deficit. In June 2010, petrol prices were decontrolled. The 2012-13 budget set out the Government's intention to maintain total subsidies under 2 per cent of GDP in 2012-13 and reducing to under



## Indian Union Budget 2013-14

"On the pricing issue, especially on petroleum, side the most important commodity which poses the greatest risk to the fiscal consolidation process is diesel. The basic problem with diesel pricing that the Government has been facing is that any delay in price correction makes further required price corrections steeper and hence even more difficult. This triggers a vicious cycle of high subsidy and rigidity in the administered prices. To resolve this issue, after effecting a substantial price hike of ₹ 5 per litre, the Government has allowed Oil Marketing Companies to apply a 'small' price corrections on a frequent basis. This approach will ensure that the consumer will not feel the pinch of upward revisions as revisions will be small and at the same time it will help the Government move towards eventual decontrol. It will also ensure that the impact of diesel price increase on inflation is minimised. If there are no international shocks in the oil sector, it is expected that in a year or two the Government will be able to decontrol diesel fully".



1.75 per cent of GDP over the following three years, although food subsidies will continue to be fully provided for.

Diesel and LPG which accounted for 57 and 25 per cent respectively of fuel subsidy in FY'13 have been the major concerns. In response to these, diesel prices were hiked w.e.f Sept 13, 2012 by ₹ 5 per litre (which included an excise duty hike of ₹ 1.5 per litre) and the number of domestic LPG cylinders on subsidized rate was capped at nine. At the same time, excise duty on petrol was cut by ₹ 5.3 per litre to reduce the under-recovery. In January 2013, the government announced that oil-marketing companies would have greater flexibility in setting diesel prices and that bulk users of diesel would pay unsubsidized prices. Furthermore, the 2013-14 Budget established the government's intention to decontrol diesel prices. Subsequently, with six small but gradual hikes, diesel prices have been increased to ₹ 50.25 per litre (Delhi price). Despite these measures, diesel still has an under-recovery of ₹ 9.45 per litre and LPG cylinders have under-recovery of ₹ 368.58 per cylinder (as on July 16, 2013). However, it is expected that the government will be taking further suitable policy decisions to minimize under-recovery with the end objective of narrowing fiscal deficits. The management is in constant dialogue with the government to reduce the pressure of under-recovery on your Company.

## Gas price revision

The government has taken yet another major policy decision by revising natural gas prices as per the recommendations of the Rangarajan Committee with effect from April 1, 2014. As the Rangarajan Committee formula has significant weightage for Henry Hub prices, National Balancing Point (UK) and Japanese LNG, a recovery from the currently depressed US gas prices will have an impact on Indian gas prices as well. This positive move may help in attracting investments and endeavours for exploration and development of gas assets even in challenging frontier areas.

## Proposed changes in PSCs

Rangarajan Committee has proposed drastic modifications in the Production Sharing Contracts (PSCs) and bidding process for the NELP blocks. The Committee has proposed sharing of revenue with the government without offsetting cost in place of existing 'Cost Recovery' mechanism. As per current

terms of PSC, the contractor is allowed to recover its capex first and only after recovery is complete does profit sharing with the government starts. However, the proposal recommends that government revenue sharing starts from day one of production and is linked to production volumes.

As far as bidding criteria for the NELP blocks are concerned, the Committee has recommended that companies will be required to bid for the Government share of production, after royalty, as per the defined matrix. Separate bids will be required for oil and gas. The production share for each combination of price-class and incremental production tranche in the matrix would be biddable by



the Contractor. The bid has to be progressive and incremental in terms of the Government take, i.e., the Government take will be in ascending order for corresponding increases in production and price. As such as per the proposed criteria, Government will get progressively higher revenue, and its interest will be safeguarded in case of windfall gains due to price surge or a surprise geological find.

Further, to boost the overall investment in E&P space, the committee recommended increasing the tax holiday from 7 years to 10 years for blocks with substantial portions that require offshore drilling at a depth of more than 1,500 meters. The committee has recommended extending the timeframe for exploration in future PSCs for frontier, deep-water (offshore, at more than 400 m depth) and ultra-deep-water (offshore, at more than 1,500 m depth) blocks from 8 years currently to 10 years. The committee has also extended the Force majeure notice period to thirty business days from the present seven days period.

#### 4. Operational performance

Your company has yet again retained its dominant position in FY'13 in E&P business in India. During FY'13, ONGC has been the largest producer of oil and gas in the country contributing 69% of oil production and 62% of natural gas production.

Your company has been able to sustain production levels from domestic as well as overseas fields through innovative solutions. Total production during FY'13 (including overseas assets) has been 58.71 MMtoe of oil and oil equivalent gas; slightly lower than the production during FY'12 (61.18 MMtoe) mainly on account of lower production from South Sudan and Syria due to geo-political reasons. Natural decline in domestic matured fields have also been the reason for lower production.

Oil and gas production profile from domestic as well as overseas assets during last five years are as given below:

Oil and gas production	FY'13	FY'12	FY'11	FY'10	FY'09
Crude Oil Production (MMT)	30.466	33.13	34.04	32.95	33.58
ONGC	22.560	23.71	24.42	24.67	25.37
ONGC's share in JV	3.565	3.21	2.86	1.79	1.65
OVL	4.341	6.21	6.76	6.49	6.56
Natural Gas Production (BCM)	28.253	28.05	28.01	27.98	27.65
ONGC	23.549	23.32	23.09	23.11	22.48
ONGC's share in JV	1.785	2.19	2.23	2.49	2.95
OVL	2.919	2.54	2.69	2.38	2.22

#### Proved reserves

In FY'13, your company has made 22 oil and gas discoveries in the areas operated by ONGC. Out of these 12 discoveries were made in the new prospects whereas 10 were new pool discoveries. Out of these 22, 9 discoveries were made in NELP blocks and 13 in nomination blocks. These efforts helped your company to maintain a healthy reserve position in its various basins.

Proved Reserves (MMTOE)	FY'13	FY'12	FY'11	FY'10	FY'09
Estimated Net Proved O+OEG Reserves	968.81	963.86	961.27	962.90	949.53
ONGC	741.00	737.36	723.56	737.31	720.18
JV share	31.39	33.12	34.80	39.60	39.12
OVL	196.42	193.38	202.91	185.99	190.23

#### 5. Financial performance:

##### ONGC (Standalone)

(` in million)

Particulars	FY'13	FY'12	% Increase/ (Decrease)
Revenue:			
Crude Oil	533,269	507,873	5.00
Natural Gas	165,400	141,397	16.98
Value Added Products	127,046	112,021	13.41
Other Operating revenue	7,375	7,580	(2.70)
Total Revenue from Operations:	833,090	768,871	8.35
Other Income	54,367	44,529	22.09
EBIDTA	389,455	410,327	(5.09)
PBT	305,443	366,425	(16.64)
PAT	209,257	251,229	(16.71)
EPS	24.46	29.36	(16.71)
Dividend per share	9.50	9.75	(2.56)
Net Worth	1,229,674	1,117,841	10.00
% Return on net worth	17.02	22.47	(24.28)
Capital Employed	1,017,636	908,848	11.97
% Return on capital employed	38.27	45.15	(15.23)
Capital Expenditure	295,079	292,466	0.89

##### ONGC Group

(` in million)

Particulars	FY'13	FY'12	% Increase/ (Decrease)
Revenue:			
Crude Oil	619,341	640,041	(3.23)
Natural Gas	176,794	151,320	16.83
Value Added Products	852,982	710,288	20.09
Other Operating revenue	9,372	9,354	0.19
Total Revenue from Operations:	1,658,489	1,511,003	9.76
Other Income	54,900	47,934	14.53
EBIDTA	493,202	532,845	(7.44)
PBT	367,421	428,035	(14.16)
PAT	242,196	281,436	(13.94)
EPS	28.31	32.90	(13.95)
Net Worth	1,510,421	1,352,666	11.66
% Return on net worth	16.03	20.81	(22.93)
Capital Employed	1,184,489	1,003,223	18.07
% Return on capital employed	41.64	53.11	(21.60)

**Note: Segment information as per Accounting Standard - AS 17, is detailed elsewhere in the report.**





## 6. Opportunities & Threats

Energy will remain the prime mover of the economic growth and its consumption can be easily indexed with development and prosperity. Rising middle class and increasing urbanization in emerging economies will continue to drive energy demand which in turn offers immense opportunities for the energy companies.

As per IEA estimates, world primary energy demand will increase by one-third between 2010 and 2035. Over the next 25 years, 90% of the projected growth in global energy demand is expected to come from non-OECD economies like China & India.

India will require an additional 271 MMT of oil and 97 MMtoe of gas per annum by 2030 (as per IEA estimates) if it wishes to have an average GDP growth rate of 4.6% between 2000 to 2030, the period in which energy consumption requirement is expected to increase @ 3.5% per annum. This huge demand-supply gap offers an enormous opportunity for all the stakeholders in the energy sector in India.

World over, the energy matrix will continue to be dominated by fossil fuels for quite some time in future. While oil will dominate the energy basket globally; natural gas will see itself occupying a bigger slice of the pie in that matrix in times to come. In near to medium terms, renewable does not offer big comfort due to its high cost of production. However, greener concerns will continue to push "renewable" forward and all countries including India will remain engaged sufficiently to lend their energy baskets a greener composition.

The oil & gas industry, in view of its unprecedented dynamism and as a critical contributor to the country's growth engine, will continue to play a dominant role in the economy. Add to this, newer technologies and innovations have made it possible to scale the inaccessible, hard to visualize, geologically complex & challenging frontiers and the unconventional - such developments definitely fit well within the optimistic outlook for the industry in the long term. Geologically and logistically challenging frontiers - like Deep & ultra-deep-waters, Arctic, unconventional - have become 'Hot Spots' due to significant discoveries and provide tremendous opportunities. ONGC Videsh Limited (OVL), the overseas growth vehicle of your Company, is scouting for such opportunities.

With more than 28 billion tonnes of prognosticated reserves, Indian sedimentary basins have good potential. However, with 12% areas still unexplored and 22% areas which are poorly explored, huge pools of prognosticated resources are waiting to be converted into in-place volume. In India, only 7 basins are producing (out of 26) and exploration is yet to be initiated in 11 basins. This provides a huge opportunity for all explorers, like your Company, to convert these remaining basins into a producible proposition.

World over, existing assets are getting a new life. Majority of global oil production comes from matured fields; however, a lot of oil is still left in those reservoirs. But, the question remains how much we can invest to extract that marginal barrel of oil from the existing assets. Much has already come and more may come with sincere efforts being made to improve recovery factor with tertiary recovery still to take place. Development of new, specific and affordable technology is steering this dynamism further forward.

Your Company also has many matured fields with a current recovery factor of 25-33%. ONGC is increasingly pursuing the agenda of improving recovery factor through technology and capital intensive interventions, and aims to increase recovery factor to 40% by 2020.

E&P industry still offers relatively high returns and the exciting discoveries in recent years are attracting huge investments. The trend is expected to continue in the future also. The acceptance of high oil price regime, even by developing nations which rely mostly on imports, provides a major push for this trend. All major players are in the process of recasting their portfolio with substantial portion of core E&P reserves and acreages. Indian players are doing the same and pursuing many such opportunities across the world.

The industry is witnessing some new emerging centres in East Coast Africa and Latin America. However, clarity on key issues of energy policies, fiscal & regulatory regimes is yet to evolve there. On top of this, there is the rise of soft resource nationalism that is slowly gathering enough momentum to come in the way of getting concessionaire in host nations. In this backdrop, mutual interests of the host countries, their national players and international players will continue to be under rough strain owing to varied objectives and divergent business models.

Shale gas success in USA has been unprecedented and many countries are now engaged in shale plays exploration. However, Shale gas revolution in the USA is characterized by two vitals - access to technology and uniquely favourable regulatory regime. It may be difficult to replicate the similar success in other geographies owing to a host of regulatory and environmental regulations but it is not impossible and future may see some more big successes. Hence, a big opportunity is waiting to be unlocked. Your company has taken structured initiatives towards shale gas exploration and exploitation. Based on the prospectivity Cambay basin has been prioritized for initiating a pilot project. In addition, one pilot each in KG Basin and Cauvery Basin has also been planned.

India offers a big opportunity as far as unconventional resources are concerned; however, the industry is still at a very nascent stage. Driven by its incessant energy requirement and its huge import dependency, India is pushing hard to capitalize on these huge potentials. Your company is pursuing all such opportunities and hopes to enlarge its portfolio.

## 7. Risks and Concerns

E&P business is characterized by inherent uncertainties, geological surprises and complexities which makes it highly risky business; but most rewarding at the same time. The challenges of the sector demand that the industry to be accurate, cost-effective and precise. Therefore, technology, knowledge and skills gain utmost priority for mitigating exploration risks and improving success ratio.

Globally exploration and development of complex and frontier plays is challenging and requires capital and technology intensive engagement. Technology is evolving fast and at the same time investments can also be mobilized; however, skewed social and political priorities of host nations, constraining regulations and unstable fiscal & regulatory regimes are emerging as the biggest threats on the domain.

Your Company has intensified its exploratory efforts in challenging areas and is also pursuing emerging opportunities in identified plays particularly High Pressure/ High Temperature (HP/HT) plays. Improving seismic imaging and reservoir characterization remains a challenge particularly for the deep-water, ultra deep-water, basement plays and HP/HT reservoirs and subtle traps. As such, viable price realisation is central to economic success of exploration and development in these areas. Economic viability of the small to medium sized discoveries, which have become almost the trend of the new discoveries made in the Indian basins, remains a concern.

More than seventy per cent of your Company's production comes from matured fields. Maintaining production levels and increasing recovery factor is again cost and technology driven and a stable fiscal regime as well as returns on investment remain as abiding concerns; particularly ad hoc under recovery sharing mechanism. Increasing under-recovery, reducing net realization and increasing cost of production for crude oil remain the biggest stumbling blocks on the road to an equitable and transparent regime, much necessary in a risk-prone industry.

Uncertainties in the global oil market, which has become its hallmark and a depreciating Rupee are valid concerns for your Company as they increase the quantum of under-recoveries and may lead to higher share of under-recoveries for your Company.

Your Company is developing a number of small and marginal fields. Cost of production from these fields is going to be higher than the current net realised crude price of US\$ 47.85/bbl (FY'13) due to tailor-made facilities and short life of these fields, coupled with the increased OID Cess. Further, it would be pertinent to mention that if the present trend of under recoveries, net realisation and the decreasing margins continue, viability of future projects for monetisation of discoveries may get affected.

Greener proponents continue to be a challenge for all of us. Though the world appears to be committed towards greener options of energy, the cost and affordability in terms of grid-price parity will continue to be areas of concern as no path-breaking technologies that offer mass-solution appear in the pipeline. Though a lot of research and development are underway, their applicability and commercial success will continue to be an area of concern.

One more concern that has emerged is the acute scarcity of skilled and qualified personnel across all the spectrum of E&P operations. For the industry to get the desired pace in frontiers and unconventional sources, it is imperative to have a ready pool of deployable talent or 'industry technical professional' in sufficient numbers that can come in to replace the 'aging oilmen'. ONGC has also been witnessing a large number of retirements over the last few years. Though it is very difficult to replace such a huge pool of experience, your Company has taken it as a challenge and has been taking all-out efforts to address the situation through redeployment of its manpower and also through induction of sizeable number of young executives to take care of the future.

Inherent risks are associated with oil and gas field operations like - spillage, rupture, blowout of wells, earthquake, tsunami, terrorist activities, etc. These risks are being mitigated right from design stage; however probability of emergency situations cannot be totally eliminated. In the event of any such unfortunate events the risk of significant liabilities increases manifold. However, ONGC has implemented improved OISD Standards to improve contingency combat capabilities. ONGC offshore assets have been rated under 'acceptable risk' by international underwriters, enabling a lower-than-peer insurance premium for these assets.

Land acquisition for exploration and development projects and particularly for new sources of energy like CBM, UCG, Shale gas, etc., remains an area of major concern. Further, overlapping of CBM blocks with the mining blocks remain a concern. Your Company is waiting for the award of mining lease (ML) for its UCG pilot project in 'Vastan block' for the last three years. As such, policy framework for exploration and exploitation of new sources of energy remains a concern and it is affecting ONGC's endeavours for unconventional sources.



## 8. Outlook

### a. Exploration acreage & mining Lease

Your Company holds the largest exploration acreage in India as an operator. It has 16 nomination blocks (43,056 Sq.Km) and is presently operating 74 NELP blocks (308,296 Sq.Km) and 4 CBM blocks covering an area of 875 Sq.Km. In addition ONGC has participative interest in 10 NELP blocks where it is not the operator. Exploration/ appraisal of all these blocks is underway except for four blocks falling in the state of Nagaland/ DAB area where activities have been suspended awaiting signing of MOU with the Nagaland State government/ resolution of border dispute between Nagaland and Assam states and 19 offshore blocks where Ministry of Defence (MoD) clearance is conditional or denied. Your Company is also the largest Mining Lease holder in the country with 348 blocks with total area of 54,879 Sq.Km.

### b. NELP discoveries

Your Company has made 35 discoveries in 18 NELP blocks operated by ONGC (as on March 31, 2013); 15 in deep-water, 8 in shallow water and 12 in onshore areas. Out of these 35, nine discoveries were made during FY'13. Commencement of production from these discoveries is governed by stipulations laid down in the respective PSCs and is to be taken up after successful completion of appraisal programme followed by submission of commerciality and approval of Field Development Plan.

### c. Deep-water exploration

Your Company has taken structured initiatives towards deep-water exploration. So far ONGC has made 35 deep-water discoveries (7 oil & gas and 28 gas discoveries) and has drilled 104 deep-water wells as on March 31, 2013. In FY'13 alone, 14 wells have been drilled and 7 out of that were found to be hydrocarbon bearing.

Your company has made 7 significant discoveries in the NELP block KG-DWN-98/2 which has been divided into two discovery areas - Northern Discovery Area (NDA) and Southern Discovery Area (SDA). Proposals for Declaration of Commerciality (DOC) for both the areas were submitted on July 15, 2010 and December 21, 2009 respectively. However, for further appraisal of the block, on ONGC's request, exploration period has been extended up to December 29, 2013. Your Company has already drilled 4 out of 8 wells planned under appraisal programme. A-2 (oil & gas) discovery in the block has given a big positive fillip to the ONGC's efforts towards monetizing discoveries in Northern Discovery Area (NDA) of this block. This is the first time that substantial amount of oil has been established in this block. At the same time the well DWN-U-3 has given the highest quantity of commercial gas i.e., 7 LCMD. Revised DOCs would be submitted after completion of the additional drilling programme. After approval of the DOCs, your Company will prepare detailed Field Development Programme (FDP).

Your Company has also made significant discoveries in NELP block MN-DWN-98/3 in Mahanadi Basin. As per the request of ONGC, exploration programme of the block has been extended up to November 18, 2013. Two wells have already been drilled against the plan of 5 wells and both the wells have indicated presence of gas. Based on the results of the appraisal of the block, your Company will revisit the DOC and after necessary approvals go ahead with preparation of FDP for the block.

### d. Development of new fields

Your company is developing 37 new fields through 13 projects with an estimated investment of ₹ 342.23 billion. G-1 and GS-15 fields, off Eastern offshore, are being developed in an integrated manner. Production from GS-15 has already started and G-1 field is expected to be on commence production by Sept' 2013. Production from the fields under projects B-22 Cluster, B-46 Cluster, C-Series, North Tapti and additional development of N.B.Prasad (D-1) field has already commenced. In FY'13 North Tapti field development project was completed. Seven out of 13 projects are expected to be completed this year and the remaining five in subsequent years.

In addition, Vasistha (VA) and S-1 fields have been planned to be developed in integrated manner and are likely to come on stream by 2015. Considering the potential of C-23, C-26 and B-12 fields (Daman project) ONGC revisited the development schedule of the project and prioritized it to put the field on stream three years earlier than scheduled and now it is expected to come on stream by 2014-15. G-4 field is planned to be developed by sharing the spare capacity available in the existing infrastructure of Reliance Industries in KG D6 field and production from this project is likely to commence by end of the 12th Plan.

### e. IOR/EOR and Redevelopment projects

Prudent reservoir management is the cornerstone of success for an E&P company. Your Company is aware of it and the same has been one of its strong areas of focus. Today, more than 70 per cent of ONGC's domestic production is contributed by 15 major fields which are of vintage of 25 to 50 years. Technology intensive Improved Oil Recovery (IOR) and Enhanced Oil Recovery (EOR) and Redevelopment schemes have been adopted for these 15 major fields since 2000 with the objective to maintain production levels and improve recovery factor, and encouragingly enough, these efforts have produced the

desired results. In the case of Mumbai High field, the second phase of redevelopment is nearing completion. In the two phases of redevelopment of Mumbai high, your Company targeted an incremental oil gain of around 93 MMT by 2030 against which we have already achieved around 47 MMT (up to March 31, 2013). Buoyed by this success, ONGC has adopted a policy of rolling redevelopment scheme for the major fields. The third phase of Mumbai High field redevelopment, with an estimated investment of around ₹ 170 billion, is under finalization. Besides that, continuous efforts in the areas of MEOR (Microbial Enhanced Oil Recovery) application in high temperature reservoirs, development of reservoir specific and crude oil specific thermophilic, anaerobic bacterial culture bank for enhanced oil recovery, exploitation of basement reservoirs, exploitation of tight plays, cyclic steam stimulation to strengthen In-situ combustion process, MEOR flooding, etc., are being made towards prudent reservoir management.

During FY'13 two more IOR projects- development of Western Periphery of Mumbai High South (MHS) Field and IOR of B-173A field have been taken up. By the end of FY'13, 16 out of 24 IOR/EOR and redevelopment projects have been completed. During FY'13 these projects contributed an incremental oil gain of 7.94 MMT. Cumulative incremental gain so far has been 79.94 MMT. As of March 31, 2013 your Company has invested ₹ 310.81 billion in these schemes against planned investment of ₹ 413.16 billion.

### f. Infrastructure creation

Acknowledging the significance of its existing infrastructure and production pursuits, your company is also investing towards improving the integrity of existing facilities and creating new facilities as well to handle additional production volumes. At present your company is implementing 20 projects with an investment of ₹ 206.74 billion.

### g. Unconventional & alternate sources of energy

Committed to grow as an integrated energy company, ONGC has prioritized exploration and development of unconventional sources and development of alternate sources of energy. The major thrust areas are -

#### i. Exploration of shale plays

Your company was the first to establish shale gas presence in India and has also supported Govt. of India in assessing shale gas potential in the country. ONGC has prioritized Cambay basin for initiating a pilot for shale gas exploration which is planned to be carried out in 2013-14. Concurrently two more pilots, one in KG Basin and another in Cauvery Basin, have also been planned in 2014-15. Anticipating positive results from the initial pilots, shale exploration and exploitation activities are likely to pick up from 2015-16 onwards.

#### ii. Coal Bed Methane (CBM)

Your Company is operating four CBM blocks in Jharia, Bokaro, North Karanpura and Raniganj. For all the 4 blocks, development plans have been submitted; however, approval from the Government of India is awaited. Nearly 400 wells completion and 2,000 hydro-fracturing jobs have to be carried out in the coming 4-5 years as per timelines of the CBM Contract. In view of the mammoth and time bound task, ONGC has decided to farm-in experienced partners to execute the operations, the process for which is at an advanced stage.

#### iii. Underground Coal Gasification (UCG)

Your company is also pursuing Underground Coal Gasification (UCG) and for this, Vastan Mine block in Surat district of Gujarat has been identified for the pilot project. Environmental clearance for the project has been obtained from Ministry of Environment and Forest, Government of India and request has been submitted to Ministry of Coal for award of Mining Lease which is awaited. Your company in association with Neyveli Lignite Corporation Limited (NLC) has identified Tadkeshwar in Gujarat and Hodu-Sindhari & East Kurla in Rajasthan, for UCG pursuits. One more site has been identified in association with GMDC at Surkha in Bhavnagar district, Gujarat. The data of all the fields have already been analysed for evaluating the suitability of these sites for UCG and all the sites have been found suitable for UCG.

#### iv. Alternate sources of energy

Your Company is also pursuing green energy options. Though your Company is already generating wind power of 51 MW, another 102 MW wind farm is likely to be commissioned in 2014. ONGC Energy Centre (OEC), a trust set up by your Company, has contemplated a Geothermal Pilot Project in association with technology partner M/s. Talboom, Belgium in Cambay Basin, which has a high geothermal gradient. Further, OEC in association with M/S Natural Power Concepts (NPC), Hawaii, USA has identified a site near Koyna Dam in Maharashtra for Kinetic Hydro Power Generation project. In this project, North Eastern Electrical Power Corporation (NEEPCO) has agreed to facilitate OEC in conducting field trials in the tail-races of their dams in Assam and Nagaland.



v. Uranium exploration

ONGC Energy Center (OEC) is exploring for uranium prospects, suitable for exploitation by "In-situ Leaching" (ISL) in collaboration with Atomic Minerals Directorate (AMD), the exploratory arm of Department of Atomic Energy, Government of India. Ten parametric wells have been completed in KG Basin and Cauvery Basin. In addition, 12 wells have further been planned - 7 wells in Suket Region near Jhalawar in Rajasthan and 5 wells in Kaikalur-Lingala area of KG Basin.

9. Perspective Plan 2030

Your Company adopted long-term 'Perspective Plan 2030' in May 2012. During the intervening period, your Company has progressed well against the milestones set as per the Perspective Plan 2030 and focused on the five shaping moves.

i. Grow OVL six-fold to 60 MMtoe/year production by 2030

ONGC Videsh Limited finalised an acquisition of 2.72 % stake in ACG field (producing asset) and 2.36% stake in BTC pipeline in Azerbaijan in March 2013, and also finalized definitive agreements for acquisition of 10% PI in Area-I in Mozambique (discovered asset with huge potential). OVL also acquired two exploration blocks each in Colombia and Bangladesh, and is actively pursuing exploration bid rounds in Myanmar, Sri Lanka and Lebanon. Opportunities are also being pursued proactively in the identified focus areas like - Unconventional oil/gas in Canada and US, LNG opportunities in East/West Africa & US, Conventional oil/gas in CIS (Commonwealth of Independent States) countries, Asia Pacific and Exploration Bid Rounds in Asia-Pacific and West Asia.

ii. Unlock more than 400 MMtoe of cumulative production from domestic exploration

Six Priority plays identified for exploration - conventional, HP-HT/Tight Reservoirs, Basement, Deep-water, Shale gas and CBM. Accretion of 3.5 Billion Tonnes of oil and oil equivalent gas is envisaged by 2030 from these six high priority plays with production potential of more than 400 MMtoe. Recent exploration results in known and new plays, new basins and new resources augur well for yet-to-find reserves. Four Centers of Delivery (CoDs) have been established to focus on identified plays. The CoDs are - for CBM at New Delhi, for Shale Gas at Vadodara, for basement exploration at Mumbai and for HP/HT at Chennai. At the same time, Centre of Excellence for unconventional plays is being established in association with Schlumberger.

iii. Accelerate (re)development of discovered domestic assets to produce more than 300 MMtoe of cumulative production by 2030

10 fields have been identified for accelerated (re)development that may contribute significantly to production volumes and involve major CAPEX spend. Rigorous Stage Gate Project Management Process (PMP) is being implemented for project evaluation and monitoring. All future and current development projects are proposed to be executed with Stage-gate PMP.

iv. Secure alliances to develop new resource types

Your Company has established meaningful alliances with a number leading companies.

- MOU with ConocoPhillips for cooperation in Shale gas and deep-water exploration
- MOU with CNPC for cooperation in hydrocarbon sector.
- MOU with Ecopetrol for jointly studying the fan-belt traps of Cachar Region in India & for cooperation in developing EOR/IOR technologies
- MOU with Mitsui for LNG
- Alliance with Blade energy for HP/HT
- Alliance with University of New South Wales for Basement plays

v. Grow non-E&P business to 30 per cent of revenue by 2030

As per the shaping move, your Company is considering further expansion in petrochemicals at MRPL, LNG re-gasification, Commercialization of stranded gas and building capacities in alternate energy like Solar, wind, Nuclear, etc.

Refining

Your Company is considering further expansion of MRPL Refinery to 18 MMTA and then to 21 MMTA by 2018. At the same time, your company is looking for other opportunities in refining business in the country or even overseas through merger or acquisition route.

Petrochemicals

Your Company is promoting two world class petrochemicals plant one at Dahej in Gujarat and another at Mangalore in Karnataka. The Dahej plant is being developed through a joint venture company ONGC Petro-additions Limited (OPaL) in which your Company has 26% stake. The Mangalore plant is being developed through the joint venture ONGC Mangalore Petrochemicals Limited (OMPL) in which your Company has 46% stake.

Further, your Company is considering a 120 KTPA Linear Alkyl Benzene (LAB) plant, integrating Kerosene from MRPL refinery and Benzene from Petrochemical Complex OMPL. Further, OMPL has plans to tie-up long-term sales agreement for Paraxylene and Benzene with off-takers interested in setting up Purified Terephthalic Acid (PTA) & Phenol plants with option of OMPL's equity participation. Your Company along with GAIL is examining the viability of implementing a 100 KTPA Poly Butadiene Rubber (PBR) project by utilizing Butadiene, available from OPaL, as feedstock. Ethylene Cracker and Pet-coke gasification project are also under consideration at MRPL.

Gas & LNG

ONGC along with Mitsui and BPCL is considering setting up a 2.5 MMTA LNG regasification terminal (expandable to 5 MMTA) at Mangalore and is aiming to source LNG from Mozambique. Your Company has signed an MOU with BPCL for CGD (City Gas Distribution) and aims for organic growth. Your Company is also pursuing Greenfield or Brownfield opportunities for participation in LNG value chain projects in several countries like - Mozambique, Russia, Canada, USA, Papua New Guinea etc.

Power

After commissioning of ONGC Tripura Power Corporation (OTPC) 726.6 MW gas based power plant at Palatana in Tripura, your Company is pursuing further opportunities for gas based power plants. In renewable/ alternate energy, your Company has target of 2 GW-Wind Power, 1.5 GW-solar Power and 3 GW-Nuclear Power. On nuclear energy front, ONGC is in discussion with Nuclear Power Corporation (NPCIL) to jointly set up nuclear plants in the country. For wind power, your Company has already set up a 51 MW wind farm in Gujarat in 2008. Another wind project of 102.9 MW is under implementation and scheduled to be commissioned in FY13-14. Your Company is also scouting for a partner in offshore wind technology for tapping the offshore wind potential in the country. Investment in ultra-thin crystalline silicon based solar technology firm is also being pursued. Your Company is also examining a pilot canal-top 5 MW solar PV project on Indira Gandhi canal in Rajasthan.

Fertilizer

Your Company has signed a Memorandum of Understanding (MoU) with M/s Chambal Fertilizers and Chemicals Ltd (CFCL) and the Government of Tripura for setting up a 1.3 MMTA capacity urea fertilizer plant in Tripura which aims to monetize recent gas discovery in Tripura.

Marketing

Considering the existing approval for Retail outlets (ROs) for ONGC (1100) and MRPL (500), your Company is planning to gear up for marketing of petroleum products from MRPL, as soon as HSD prices are totally deregulated.

10. Internal Control Systems

Energy business, particularly oil & gas business, has always been very dynamic business, not just because of its 'ever-needed' status but also because of the inherent risks which this business has. The business is challenged by uncertainties, geological surprises, volatile markets and number of external factors like - geo-political uncertainties, fiscal & regulatory regime, etc. In such scenario, where the uncertainties are the rule, it becomes imperative to have a balanced portfolio. Keeping these in view, your Company adopted the vision to grow as an integrated global energy company. Exploration and production of oil and gas remains the core business of your Company; however, keeping in view the business imperatives, ONGC has meaningfully integrated itself in the hydrocarbon value chain. Now the portfolio of your Company (including overseas assets) is large, diversified and assuring. To manage this large portfolio, your Company has institutionalized robust internal control systems to continuously monitor critical businesses, functions and operations; particularly field operations.

The top management of your Company monitors and reviews the various activities on continuous basis. A set of standardised procedures and guidelines have been issued for all the facets of activities to ensure that best practices are adopted even up to ground level. Performance of every business unit is monitored by the respective directorates for suitable corrective measures, if any, in time. Your Company has a dedicated Performance Management and Benchmarking Group (PMBG) which monitors the performance of each business unit against the Key Performance Indicators (KPIs) defined in the Performance Contracts between the top management and the Key Executives. These performance contracts are aligned to the goals and objectives of the organization.

Occupational health, safety and environmental protection are the adopted motto of your Company. Achieving highest standards in these areas remain the priority for your Company. Internal and external audits have been institutionalised and are conducted on continuous basis to ensure compliance of the norms, waste prevention, improving efficiency, etc. Your Company has dedicated Internal Audit (IA) group which carries out audits in-house. At the same time, based on requirement, specialized agencies are engaged to carry out audit in the identified areas. Statutory auditors are appointed by Comptroller and Auditor General (CAG) of India for fixed tenures. Audit and Ethics committee of the Board oversees the functioning of Internal Audit and control systems.

Third party audits are conducted regularly for offshore and onshore installations by established national and international HSE agencies such as Oil Industry Safety Directorate ("OISD"), an organization under the control of the MoPNG, which issues safety guidelines. Further, subject to the safety regulations prescribed by the Directorate General of Mines and Safety (DGMS), each work center has teams dedicated to HSE, which execute the safety guidelines prescribed by OISD as well as DGMS. HSE teams are also responsible for obtaining necessary licenses and clearances from the State Pollution Control Boards.

All transactions in the company are carried out on SAP R/3 ERP based business portal. Proper and adequate system of internal control exists to ensure that all aspects are safeguarded and protected against loss from unauthorized use or disposition and that each transaction is authorized, recorded and reported. The system further ensures that financial and other records are reliable for preparing the financial statements.

## 11. Human Resource Development

Your organization values its most critical asset - the 'Human Resource' and cares for their development and growth. Today, ONGC can boast of a vast pool of experienced and talented scientists, engineers and professionals which it has created through dynamic and progressive HR development policies. This year we focused on shaping a 'Future Ready' organization. Accordingly, sincere efforts were made to identify, groom and nurture the future leaders keeping in view the imminent large crew change at senior positions.

Your Company has identified 'Talent Replenishment' and 'Bridging Competency Gap' as the priority areas keeping in view the emerging complexities in the business, and the growing and diversified portfolio of ONGC business. In this regard the following actions have been initiated:

- Rejuvenating the workforce by infusing young blood
- Infusion of newer skills, expertise for the upcoming domains and technologies
- Nurturing talent to form a pool for internal sourcing for future technical and leadership roles
- Staffing of sensitive and entrepreneurial areas in Joint Ventures, Partnerships and Alliances

Your company believes that continuous development of its human resource fosters engagement. The training programmes have been designed to equip the executives with latest knowledge in the respective areas of specialization as well as honing their managerial skills. Your Company also took structured initiatives to provide a desirable work-life balance to the employees as well as improving the living and working conditions.

This year your Company introduced 'ESSENCE'- Employees Suggestion Scheme for Engagement, Commitment and Efficiency - to leverage the creative potential of the employees towards improving performance and effectiveness at ONGC. As per the scheme, the employees, whose 'suggestions' are accepted, will be rewarded.

The endeavours of your Company, towards Human Resource development, are well recognized in the industry. This year ONGC has been bestowed with the "Most Attractive Employer" in the energy sector in India, Award instituted by Ma Foi Randstad, in acknowledgement of its sustained efforts to encourage best practices and of building the "Employer Brand".

## 12. Corporate Governance

The initiatives taken by your Company are detailed in the Corporate Governance report, a part of the Annual report.

## 13. Corporate Social Responsibility (CSR)

Initiatives taken by your Company towards CSR are detailed in Directors' Report.

## 14. Cautionary Statement

Statements in the Management Discussion and Analysis and Directors Report describing the Company's strengths, strategies, projections and estimates, are forward-looking statements and progressive within the meaning of applicable laws and regulations. Actual results may vary from those expressed or implied, depending upon economic conditions, Government Policies and other incidental factors. Readers are cautioned not to place undue reliance on the forward looking statements.

Corporate Governance may be defined as a set of systems, processes and principles which ensure that a company is governed in the best interest of all stakeholders.

ONGC firmly believes that Corporate Governance is a culture under which an organization is nurtured and flourishes by using its core values and the means by which it fulfills the public trust and its stakeholders' expectations.

At ONGC, it is not just a compliance with laws and ethical standards instead it is an important business investment which is not only necessary to preserve our reputation but also crucial for obtaining and retaining our business.

The prime objectives that drive Corporate Governance in ONGC are as follows:

- Adherence to ethical standards for effective management and distribution of wealth and discharge of social responsibility for sustainable development of all stakeholders including customers, employees and society at large.
- A sound system of internal control to mitigate the risks for achievement of business objectives both short term and long term.
- Compliance of law, rules & regulations in true letter and spirit.
- Independent verification of the Company's financial reporting.
- Strategic supervision by the Board of Directors of appropriate composition, size, varied experience and commitment to discharge their responsibilities.
- Timely and balanced disclosure of all material information to all the stakeholders.
- Clearly defined standards against which performance of responsibilities can be measured.
- A clear delineation of shareholders' rights.
- Accuracy and transparency in disclosures regarding operations, performance, risk and financial position.

Based on the aforesaid objectives and in compliance with the disclosure requirements of Clause 49 of the Listing Agreement executed with the stock exchanges as well as the Guidelines on Corporate Governance for Public Sector Enterprises, issued by the Department of Public Enterprises (DPE), the detailed Corporate Governance Report of ONGC is as follows:

## 1. CORPORATE GOVERNANCE RECOGNITIONS

At the outset, it may be mentioned that many organisations have recognised the excellence in Corporate Governance in ONGC and the following accolades have been conferred on ONGC in recent years:

- 'ICSI National Award for Excellence in Corporate Governance for 2012'- Certificate of Recognition by the Institute of Company Secretaries of India. This is the third year in a row that ONGC has bagged this award.
- 'Best Corporate Governance Award-2012' by the Indian Chamber of Commerce;
- 'Golden Peacock Global Award' for Corporate Governance by World Council for Corporate Governance, U.K. in the years 2005, 2007, 2008 and 2009

## 2. BOARD OF DIRECTORS

### 2.1 COMPOSITION

The Company is managed by its Board of Directors, which formulates strategies, policies and reviews its performance periodically. The Chairman & Managing Director (CMD) and Six Whole-Time Directors viz. Director (Onshore), Director (Technology & Field Services), Director (Finance), Director (Offshore), Director (Exploration) and Director (Human Resource), manage the business of the Company under the overall supervision, control and guidance of the Board.

The Board of Directors has an adequate combination of Executive (Functional) and Non-executive Directors. As on 31st March, 2013, the Board of Directors had 14 members, comprising of 6 Functional Directors (including the Chairman & Managing Director) and 8 Non-Executive Directors (comprising 2 part-time official nominee Directors and 6 part-time non-official Directors) nominated by the Government of India. To share the global experience and business strategies, Managing Director, ONGC Videsh Limited (OVL) is a permanent invitee to the meetings of the Board.

Except that for the period from 1<sup>st</sup> April, 2012 to 21<sup>st</sup> May, 2012, the composition of the Board of Directors of ONGC during the year 2012-13, does not comply with the provisions of Clause 49 of the Listing Agreement i.e., the Board of Directors did not comprise of the required number of Independent Directors as per the terms of the above mentioned Listing Agreement.





## 2.2 BOARD/COMMITTEE MEETINGS AND PROCEDURES

### (A) Institutionalised decision making process

With a view to institutionalize all corporate affairs and setting up systems and procedures for advance planning for matters requiring discussion/ decisions by the Board, the Company has defined guidelines for the meetings of the Board of Directors and Committees thereof. These guidelines seek to systematize the decision making process at the meetings of Board/ Committees, in an informed and efficient manner. Company's guidelines relating to Board Meetings are applicable to Committee Meetings as far as practicable.

### (B) Scheduling and selection of Agenda items for Board / Committee Meetings

- (i) A tentative schedule of the Board Meetings to be held during the upcoming financial year is drawn up and after seeking convenience of the Directors and after approval of the Board, the same is circulated among all the Directors. This helps the management in ensuring that the various agenda items are kept ready in advance and further facilitates the Directors to plan their schedule well in advance. The meetings of the Committees of the Board are held prior to the Board Meeting after seeking convenience of the members.
- (ii) The meetings are convened by giving appropriate advance notice after obtaining approval of the Chairman of the Board/ Committee. To address specific urgent need, meetings are also being called at a shorter notice. In case of any exigency, resolutions are passed by circulation.
- (iii) Detailed agenda containing the management reports and other explanatory statements are circulated in advance in the agenda format amongst the members for facilitating meaningful, informed and focused decisions at the meetings. Where any document or the agenda is of confidential nature, the same is tabled with the approval of CMD. Sensitive subject matters are discussed at the meeting without written material being circulated. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted.
- (iv) The agenda papers are prepared by the concerned officials, sponsored by the concerned Functional Directors and approved by the CMD. Duly approved agenda papers are circulated amongst the members of the Board/ Committee by the Company Secretary or by the convener of the Committee.
- (v) The meetings of the Board/ Committees are generally held at the Company's Registered Office in New Delhi.
- (vi) Presentations are made to the Board/ Committee covering Finance, Production, Operations, major Business Segments, Human Resources, Marketing, Joint Venture operations, whenever required.
- (vii) The members of the Board/ Committee have complete access to all information of the Company and are also free to recommend inclusion of any matter in agenda for discussion. Senior officials are called to provide additional inputs to the items being discussed by the Board/Committee, as and when required.
- (viii) Each Committee has the authority to engage outside experts, advisers and counsels to the extent it considers appropriate to assist the Committee in its work.

#### SAFETY SNAPSHOTS

Considering the fact that ONGC is in hydrocarbon business, safety is paramount for continued operations within the organisation. With a view to apprise the Board regarding various safety measures being taken throughout the length and breadth of ONGC, as well as to seek their guidance in the implementation of these measures, periodic presentations are made to the Board of Directors in the form of Safety Snapshots.

#### Industry Updates & Presentation

With a view to keep the members of the Board apprised with the latest developments in the Industry, Industry updates are tabled and presentations on the subjects relevant to E&P business are being made periodically to the Board. This also ensures that the Directors are constantly in touch with the problems being faced by the Industry in general and ONGC in particular in its operations.

### (C) Recording minutes of proceedings at the Board Meeting

Minutes of the proceedings of each Board/Committee meeting are recorded. Draft minutes are circulated amongst all members of the Board/ Committee for their critical appreciation and comments. The comments are incorporated in the minutes, which are finally approved by the Chairman of the Board/ Committee. These minutes are confirmed in the next Board/ Committee Meeting. Minutes of the meetings of the Committees are also noted by the Board in its next meeting. The finalized minutes are entered in the Minutes Book.

### (D) Follow-up mechanism

The guidelines for the Board/ Committee meetings provide for an effective post-meeting follow-up, review and reporting process for the action taken on decisions/instructions/directions of the Board and Committee. As per the Board's decision, the Company Secretary intimates the Action Points arising from deliberation during the meeting to the concerned Functional Directors who in turn provide updates to be apprised to the Board on the areas of their responsibilities in the next meeting. Functional Directors submit follow-up Action Taken Report (ATR) once in a quarter.

### (E) Compliance

Functional Directors are responsible to ensure adherence to all the applicable provisions of law, rules, guidelines etc. A Quarterly Compliance Report (collected from all work centres) confirming adherence to all the applicable laws, rules, guidelines and internal instructions/ manuals, including Corporate Governance, is reviewed by the Audit & Ethics Committee and the Board.

### (F) Training and Evaluation of non-executive Board members

- (a) In line with Clause 3.7 of the Guidelines on Corporate Governance for Central Public Sector Enterprises 2010, issued by Government of India, Ministry of Heavy Industries and Public Enterprises, Department of Public Enterprises with regard to Training of Directors and Non-Mandatory Requirements as per Annexure I D to Clause 49 of the Listing Agreement with the Stock Exchanges the Board of Directors have approved a three tier training policy for Independent Directors:

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

The non-executive Board members are eminent personalities having wide experience in the field of business, education, industry, commerce and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions.

### (b) Policy on Performance Evaluation of Directors

CRISIL had conducted a study on Governance and Value Creation in ONGC and one of the Key recommendations of the aforesaid study was that there should be a formal appraisal process for Board as a whole. Further, there is a non-mandatory requirement in Annexure ID of clause 49 of the Listing Agreement as well as the Corporate Governance Voluntary Guidelines, 2009 issued by the Ministry of Corporate Affairs, with regard to Performance evaluation of the Board and of Independent directors.

Accordingly, with a view to comply with the aforesaid non-mandatory recommendations as well as to put in place a policy in this regard, a Policy on Performance Evaluation of Directors was approved by the Board in principle. This is under consideration of Independent Directors.

### (c) Board Charter

As per Clause 3.5 of the guidelines on corporate governance for CPSEs, a clear definition of the roles and the division of responsibilities between the Board and the management is necessary to enable the Board to effectively perform its role.

The Board of ONGC has approved in principle a Board Charter and same has been finalised by Independent Directors. This will be implemented shortly.

## 2.3 BOARD MEETINGS

During 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013, Twelve Board meetings were held on 25<sup>th</sup> April, 15<sup>th</sup> May, 29<sup>th</sup> May, 10<sup>th</sup> July, 11<sup>th</sup> August, 12<sup>th</sup> September, 24<sup>th</sup> September, 8<sup>th</sup> November and 21<sup>st</sup> December, 2012 and 17<sup>th</sup> January, 11<sup>th</sup> February and 20<sup>th</sup> March, 2013.

The minimum and maximum interval between any two Board meetings was 12 days and 45 days respectively.

The details of number of Board Meetings attended by Directors, attendance at the last Annual General Meeting, Number of other Directorship/Committee Membership in various companies held by them during the year 2012-13 are tabulated below:-



Attendance:

Names & Designation	No. of Board meetings held during 1 <sup>st</sup> April, 2012 to 31 <sup>st</sup> March, 2013	No. of Board meetings attended	Whether attended last AGM held on 24.09.2012	As on 31.03.2013			
				No. of Directorships in other companies#		No. of Committees Memberships in companies*	
				Listed	Others	As Chairman	As Member

**a) Executive Directors**

Shri Sudhir Vasudeva (Chairman & Managing Director) also holding Additional Charge of Director (Onshore) from 01.10.2012)	12	12	Yes	2	6	Nil	Nil
Shri A.K. Hazarika Director (Onshore) (up to 30.09.2012)	7	7	Yes	Nil	3	Nil	Nil
Shri U.N. Bose Director (T&FS) (up to 30.11.2012)	8	8	Yes	1	Nil	Nil	Nil
Shri S.V. Rao Director (Exploration) (up to 31.03.2013)	12	11	Yes	Nil	1	Nil	Nil
Shri K. S. Jamestin Director (HR)	12	11	Yes	Nil	6	Nil	2
Shri A. K. Banerjee Director (Finance) (from 22.05.2012)	10	10	Yes	Nil	1	Nil	Nil
Shri P. K. Borthakur Director (Offshore) (from 30.10.2012)	5	5	N.A.	Nil	2	Nil	Nil
Shri Shashi Shanker Director (T&FS) (from 01.12.2012)	4	4	N.A.	Nil	Nil	Nil	Nil

**(i) Part-time Official Directors- Govt. Nominees**

Shri Bimal Julka Addl. Secretary, DEA, Ministry of Finance (up to 28.08.2012)	5	4	N.A.	Nil	1	Nil	Nil
Shri Sudhir Bhargava Addl. Secretary, MoP&NG (up to 03.08.2012)	4	4	N.A.	2	Nil	Nil	Nil
Shri Shaktikanta Das, Addl. Secretary, MoP&NG (from 28.08.2012)	7	4	No	Nil	1	Nil	Nil
Shri Aramane Giridhar Jt. Secretary (E), MoP&NG (from 03.08.2012)	8	3	No	Nil	Nil	Nil	Nil

(ii) Part-time Non official Independent Directors							
Smt Anita Das (up to 04.08.2012)	4	4	N.A.	Nil	1	Nil	1
Prof. Deepak Nayyar	12	4	No	2	Nil	1	2
Dr D. Chandrasekharam	12	9	Yes	1	2	Nil	1
Shri Arun Ramanathan	12	8	Yes	1	3	4	3
Prof. S.K.Barua	12	10	Yes	3	2	Nil	7
Shri O.P. Bhatt	12	11	Yes	2	Nil	Nil	5
Smt. Sushama Nath (up to 21.01.2013)	10	10	Yes	1	Nil	1	1
Shri K.N. Murthy (from 21.03.2013)	-	-	N.A.	1	4	3	2

# Does not include Directorships of Foreign Companies, Section 25 Companies and Private Limited Companies.

\*Chairmanship/Membership of the Audit Committee and Shareholders'/Investors' Grievance Committee of Public Limited Companies (including ONGC).

Notes:

- The Company being a PSU, all Directors are appointed/nominated by the President of India;
- Directors are not per se related to each other;
- Directors do not have any pecuniary relationships or transactions with the Company;
- The Directorships/Committee Memberships are based on the latest disclosure received;
- None of the Director is a Member of more than 10 Committees or Chairman of more than 5 Committees, across all the companies in which he is a Director.

**3 STRATEGY MEET**

The Strategy Meet is organised every year where all members of the Board and senior officials of the Ministry of Petroleum & Natural Gas participate. Intense discussions and deliberations take place during the meet covering areas of concerns and growth for ONGC.

**4. CONCLAVE**

To have the benefit of cumulative knowledge and experience of the elders of the ONGC family, an assembly of the past and present members of the erstwhile Oil & Natural Gas Commission and Board is organized every year. To focus on action plan for Perspective Plan 2030 and future growth strategy, 11<sup>th</sup> ONGC Conclave was organized during 2<sup>nd</sup>-3<sup>rd</sup> February, 2013 at Kollam, Kerala.

**5. 12<sup>th</sup> KEY EXECUTIVES' MEET (VICHAR VISHLESHAN)**

The Key Executives In-charges of Assets, Basins, Services, Institutes and Corporate Functions meet periodically with CMD and the Functional Directors to review performance and to formulate future plans. During the year under review, 12<sup>th</sup> Key Executives Meet (Vichar Vishleshan XII) was organized during 23<sup>rd</sup>-24<sup>th</sup> March, 2013 at Jaipur on the theme "Cultural Change: the Priority". The meet saw wide ranging discussion with special focus on organizational process and HR practices. Two key HR initiatives too were launched, "Exponent" and "DISHA". While Exponent is a branding exercise of ONGC's training regimen bringing all the training programmes and systems in ONGC under one umbrella, DISHA is a Succession Planning initiative and stands for Developing Inspired Successors for Higher Learning.

**6. CHANGE AGENTS' MEET**

With an intent to connect with the Gen-next of ONGCians billed as 'Change Agents' and engaging and preparing them for the challenges and for realization of the dream of ONGC PP-2030, that the Change Agent Meet was held at Jaipur on March 22, 2013. A select group of 100 individuals, from level E1 to E6, spread across ONGC, were called for a candid discussion with the apex management. A LENS exercise was also conducted focused at collecting fresh ideas.



## 7. RESUME OF DIRECTORS PROPOSED TO BE RE-APPOINTED

The brief resume of Directors retiring by rotation and Additional Director seeking appointment including nature of their experience in specific functional areas, names of companies in which they hold directorship and membership/ chairmanship of Board/ Committee is appended to the notice of the 20th Annual General Meeting.

## 8. BOARD COMMITTEES

The Company has the following Committees of the Board:

### 8.1 AUDIT & ETHICS COMMITTEE

The terms of reference of the Audit & Ethics Committee are in accordance with Section 292A of the Companies Act, 1956, guidelines set out in Clause 49(II) of the Listing Agreement and the Guidelines on Corporate Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises in May, 2010.

#### Composition

Smt Sushama Nath, an Independent Director was the Chairperson of the Committee upto 21.01.2013. Thereafter, The Committee was headed by Shri Arun Ramanathan, Independent Director with effect from 11.02.2013.

All members of the Committee have requisite financial and management experience and have held or hold senior positions in other reputed organizations.

Director (Finance) and Chief Internal Audit are the permanent invitees. Representatives of Statutory Auditors and Cost Auditors are invited to attend and participate in the meetings, whenever required. Functional Directors, Executives of Finance and other departments are invited on need basis.

The Chairman of the Audit & Ethics Committee was present at the last AGM of the Company.

Company Secretary acts as the Secretary to the Committee.

The role of the Audit & Ethics Committee includes the following:

- (i) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees of the Statutory Auditors.
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (iv) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
  - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of Section 217 of the Companies Act, 1956
  - Changes, if any, in accounting policies and practices and reasons for the same
  - Major accounting entries involving estimates based on the exercise of judgment by management
  - Significant adjustments made in the financial statements arising out of audit findings
  - Compliance with listing and other legal requirements relating to financial statements
  - Disclosure of any related party transactions
  - Qualifications in the draft audit report.
- (v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval.
- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- (vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- (viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

(ix) Discussion with internal auditors on any significant findings and follow up there on.

(x) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.

(xi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.

(xii) To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non payment of declared dividends) and creditors.

(xiii) To review the functioning of the Whistle Blower Mechanism.

(xiv) The Audit Committee should have discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.

(xv) To review the Audit paras referred to A&EC by the Internal Audit / Board and / or Govt. of India and to provide its suggestions / guidance / comments on the issues referred to it.

(xvi) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(xvii) The Audit Committee shall review the financial statements, in particular, the investments made by the unlisted subsidiary company

#### Annual Report on the working of the Audit Committee

The Report on Working of Audit & Ethics Committee briefly gives a background about the constitution, the legal framework, terms of reference, items considered by the Audit Committee and the details of observation / suggestion of Audit Committee and action taken thereon during the year. The Annual Report for FY '12 and FY '13 are under finalisation.

#### Audit & Ethics Committee Meetings

During 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013, Twelve meetings of Audit & Ethics Committee were held on 18<sup>th</sup> April, 29<sup>th</sup> May, 10<sup>th</sup> July, 11<sup>th</sup> August, 12<sup>th</sup> & 24<sup>th</sup> September, 22<sup>nd</sup> October, 08<sup>th</sup> & 28<sup>th</sup> November, 22<sup>nd</sup> December, 2012 and 11<sup>th</sup> February and 19<sup>th</sup> March, 2013.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

#### Attendance:

Members	No. of Meetings held during the tenure	No. of Meetings Attended
Smt Anita Das (up to 04.08.2012)	3	3
Smt Sushama Nath (from 29.05.2012 upto 21.01.2013)	9	9
Dr. D. Chandrasekharam	12	10
Shri Arun Ramanathan	12	8
Shri O. P. Bhatt	12	11
Prof. S. K. Barua	12	11
Permanent Invitees:		
Shri A. K. Banerjee, GGM-CCF (up to 18.04.2012)	1	1
Shri A. K. Banerjee, Director (Finance) (from 22.05.2012)	11	11
Shri A. K. Tayal, Chief IA (upto 18.04.2012)	1	1
Shri Pradeep Prasad, Chief I.A (from 29.05.2012)	11	11



## 8.2 REMUNERATION COMMITTEE

ONGC, being a Central Public Sector Undertaking, the appointment, tenure and remuneration of directors are decided by the Government of India. However, as per the DPE Guidelines, a Remuneration Committee was constituted to decide the annual bonus/variable pay pool and policy for its distribution within the prescribed limits. The Remuneration Committee of ONGC was headed by Smt. Sushama Nath, Independent Director up to 21.01.2013, thereafter, Dr. D. Chandrasekharam, an Independent Director became the Chairman of Committee from 11.02.2013. Shri Arun Ramanathan and Prof. Deepak Nayyar, Independent Directors are the other members of the Committee. Director (HR) and Director (Finance) are the permanent Invitees.

One meeting of the above Committee was held on 21<sup>st</sup> December, 2012.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-  
Attendance:

Members	No. of Meetings held during the tenure	No. of Meeting Attended
Smt Sushama Nath (Chairperson up to 21.01.2013)	1	1
Shri Arun Ramanathan	1	1
Dr. D. Chandrasekharam (Chairman from 11.02.2013)	1	1
Prof. Deepak Nayyar	1	-
Permanent Invitees:	1	1
Shri A. K. Banerjee, Director (Finance) (from 22.05.2012)	1	1
Shri K.S.Jamestin, Director (HR)	1	1

### 8.2.1 DIRECTORS' REMUNERATION

ONGC being a Government Company, terms and conditions of appointment and remuneration of Executive (whole-time functional) Directors are determined by the Government through administrative ministry, the Ministry of Petroleum & Natural Gas. Non-executive (part-time official) Directors do not draw any remuneration. The Non-executive (part-time non-official) Directors are paid sitting fees ` 20,000/- for each Board/ Committee meeting attended by them.

Remuneration of Directors during 1<sup>st</sup> April 2012 to 31<sup>st</sup> March, 2013 was as follows:

#### (a) Executive Directors

(` In Million)

S. No	Names	Salary including DA	Other benefits & perks	Perform-ance Incentives	Contribut-ion to PF & other Funds	Provision for Leave, Gratuity & PRBS as per AS- 15	Grand Total	Term
1.	Shri Sudhir Vasudeva	1.64	1.33	1.18	0.24	0.24	4.63	28.02.2014
2.	Shri A.K. Hazarika*	0.84	0.97	-1.07	0.1	0	0.84	30.09.2012
3.	Shri U.N.Bose*	1.13	1.2	-0.91	0.14	0	1.56	30.11.2012
4.	Shri S.V.Rao*	1.62	1.16	1.34	0.23	0	4.35	31.03.2013
5.	Shri K. S. Jamestin	1.67	1.09	1	0.24	0.31	4.31	31.07.2014
6.	Shri A. K. Banerjee (from 22.05.2012)	1.3	0.64	1.12	0.18	0.20	3.44	30.04.2015
7.	Shri P. K. Borthakur (from 30.10.2012)	0.68	0.31	0.36	0.09	0.10	1.54	31.01.2014
8.	Shri Shashi Shanker (from 01.12.2012)	0.52	0.26	0.28	0.07	0.08	1.21	30.11.2017
9.	Shri D.K. Sarraf**	0	0.40	-0.73	0	0	-0.33	

\* Superannuated.

\*\*Separated

Note:

1. Performance related pay of Functional Directors (including CMD) is paid as per DPE norms.

2. Notice period of 3 months or salary in lieu thereof is required for severance of service.

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

Non-Executive non-official Directors were paid sitting fee @ ` 20,000/-for attending each meeting of the Board/ Committees thereof. Details of sitting fees paid during the period of 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013 under review are as follows:

Names	Sitting fees (` In Million)
Smt Anita Das (up to 04.08.2012)	0.26
Dr D.Chandrasekharam	0.84
Shri Arun Ramanathan	0.74
Prof Deepak Nayyar	0.22
Prof. S.K.Barua	0.88
Shri O.P. Bhatt	0.88
Smt. Sushama Nath (up to 21.01.2013)	0.76
Total	4.58

### 8.2.2 STOCK OPTIONS

The Company has not issued any Stock Options to its Directors/ Employees.

### 8.2.3 EQUITY SHARES HELD BY DIRECTORS

Except as stated hereunder, none of the Directors, hold any Equity Shares in the Company as per the declarations made by them to the Company:

Name of Directors	No. Of Shares held
Shri Sudhir Vasudeva	2,580
Shri A.K.Hazarika (upto 30.09.2012)	4,640
Shri U.N.Bose (upto 30.11.2012)	1,192
Shri S. V. Rao (Upto 31.03.2013)	2,880
Shri K. S. Jamestin	3,600
Shri A. K. Banerjee	3,172
Shri P. K. Borthakur	6,228
Shri Shashi Shanker	3,712
Shri Sudhir Bhargava (upto 03.08.2012)	360
Shri Deepak Nayyar	200





### 8.3 SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/Investors' Grievances Committee specifically looks into redressal of Shareholders' and Investors' complaints/ grievances pertaining to transfer/transmission of shares, non-receipt of annual reports, dividend payments, issue of duplicate share certificates and other miscellaneous complaints. The Committee oversees and reviews performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of Company's Code of Conduct for Prevention of Insider Trading in ONGC's securities.

The Committee is headed by Prof. Deepak Nayyar, an Independent Director. Smt. Sushama Nath, Shri Arun Ramanathan, Prof. S.K. Barua and Shri O.P. Bhatt were/ are the Members of the Committee.

Director (HR) & Director (Finance) are the permanent invitees of the Committee. The Company Secretary acts as a Secretary to the Committee.

During the year 2012-13, two meetings were held on 10<sup>th</sup> August and 21<sup>st</sup> December, 2012.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

Attendance:

Members	Meetings held during the tenure	Meetings attended
Prof. Deepak Nayyar	2	-
Shri Arun Ramanathan	2	2
Prof. S. K. Barua	2	2
Shri O. P. Bhatt	2	2
Smt. Sushama Nath (up to 21.01.2013)	2	2
Permanent Invitees		
Director ( HR)	2	1
Director (Finance)	2	2

#### 8.3.1 COMPLIANCE OFFICER

Shri N. K. Sinha, Company Secretary is the Compliance Officer. The Company Secretary is primarily responsible to ensure compliance with applicable statutory requirements and is the interface between the management and the regulatory authorities for governance matters.

#### 8.3.2 REDRESSAL OF INVESTORS' GRIEVANCE

The Company addresses all complaints, suggestions and grievances of the investors expeditiously and usually resolves the issues within 7 days except in case of dispute over facts or other legal constraints.

Except for the complaints pertaining to 'Offer for Sale' by Government of India, the Company received 9087 shareholders' complaints from Stock Exchanges/ SEBI which inter-alia includes non-receipt of dividend/ annual report, issue of Bonus Shares etc. The complaints were duly attended to and the Company/ RTA have furnished necessary documents / information to the shareholders. As far as the Investors' Grievances on "ONGC Offer for Sale-2004" is concerned, considerable progress has been made by constant interaction with SEBI and MCS.

No request for share transfer is pending beyond 30 days except those that are disputed or sub-judice. All requests for dematerialization of shares are likewise processed and confirmation communicated to investors and Depository Participants within 10 working days.

The total number of complaints/ queries/ correspondence received and replied/ attended to the satisfaction of the shareholders was 9032. The number of complaints pending as on 1st April, 2013 were only 55, which were since resolved.

### 8.3.3 SETTLEMENT OF GRIEVANCES

Investors may register their complaints in the manner stated below:

S.No.	Nature of Complaint	Contact Office	Action to be taken
1.	Complaint regarding allocation of Shares, Refund order under Offer for Sale, 2004 by Govt. of India	MCS Limited, F-65, Okhla Industrial Area, Phase-I, Delhi- 110020. PhoneNos.011-41406149,51-52 Fax Nos. 011-41709881. e-mail: admin@mcsdel.com	Application giving details of Application No, No. of shares applied, No. of Shares allotted, DP ID, Client ID, Nature of complaint, Applicant Name(s) and complete postal address.
2.	Dividend from financial years 2005-06 (final) to 2012-13 (2nd interim) and all matters pertaining to Bonus Shares and shares held in Physical mode;  For Physical Shares- Change of address, status, Bank account, mandate, ECS mandate etc.	M/s Karvy Computershare Private Ltd., Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081. Phone Nos. 040- 4465152 Fax No: 040- 23420814. e-mail: e-inward.ris@karvy.com	Letter on plain paper stating the nature of complaint, Folio/ DPID/ Client ID No; lodging of original shares and other documents/ instruments as the case may be.  Members are requested to apply for renewal or issue of duplicate dividend warrants for the Final Dividend 2005 -06 and Interim Dividend 2006-07 before 18 <sup>th</sup> October, 2013 and 27 <sup>th</sup> January, 2014 respectively as the same will be transferred by the Company to the Investor Education & Protection Fund (IEPF) set up by Govt. of India and no claim will lie against IEPF or the Company.
3.	For Dematted Shares- Change of address, status, Bank account, mandate, ECS mandate etc.	Concerned Depository Participant (DP) where the Shareholder is maintaining his/her account	As per instructions of DP
4.	All complaints except of Sl.no.1 & 3.	Company Secretary Oil and Natural Gas Corporation Ltd.,124, Indira Chowk, New Delhi- 110001 Phone: 011-23301299 & 23301257 e-mail: secretariat@ongc.co.in	On plain paper stating nature of complaint, folio/DPID/Client ID No., Name and address.



#### 8.3.4 INVESTOR RELATIONS CELL

In line with global practices, the Company is committed to maintain, the highest standards of Corporate Governance, reinforcing the relationship between the Company and its Shareholders. 'Investor Service Center' with information frequently required by investors and analysis is available on the Company's corporate website [www.ongcindia.com](http://www.ongcindia.com). This website provides updates on financial statements, investor-related events and presentations, annual reports, dividend information and shareholding pattern along with media releases, company overview and report on Corporate Governance etc. Existing and potential investors are able to interact with the Company through this link for their queries and seeking information.

A Core Team comprising of senior, experienced officials, headed by Director (Finance) have been assigned the responsibilities for up-keep of the said link and also to serve as a platform for the shareholders to express their opinions, views, suggestions, etc. to understand the influencing factors in their investment decision-making process. Besides, the said team is also instrumental in maintaining close liaison and to share information through periodic meets including tele-conferencing in India and abroad, regular interactions with investment bankers, research analysts and institutional investors. The Company is committed to take such other steps as may be necessary to fulfil the expectations of the stakeholders.

#### 8.4 HUMAN RESOURCE MANAGEMENT COMMITTEE

The terms of reference include consideration of all issues/areas concerning Human Resource Planning & Management, HR policies & initiatives and Promotions for the post of Group General Manager (GGM) and Executive Director (ED) and appeals of officers in terms of CDA Rules of ONGC.

Prof. S. K. Barua is the Chairman of the Committee. Smt. Sushama Nath, Shri A. Giridhar, Dr. D. Chandrasekharam, Shri Sudhir Bhargava, Prof. Deepak Nayyar, CMD and all Functional Directors were/are the members of the Committee. Director (HR) is the Member-Convener of the Committee.

During 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013, Six meetings were held on 18<sup>th</sup> April, 09<sup>th</sup> July, 28<sup>th</sup> November and 21<sup>st</sup> December, 2012, 11<sup>th</sup> January and 20<sup>th</sup> March, 2013.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

Members	No. of Meetings held during the tenure	No. of Meetings attended
Shri A. K. Hazarika (up to 30.09.2012)	2	2
Shri U. N. Bose (up to 30.11.2012)	3	3
Shri K. S. Jamestin	6	6
Shri Sudhir Vasudeva	6	6
Shri S. V. Rao	6	5
Shri A. K. Banerjee (from 22.05.2012)	5	5
Shri P. K. Borthakur (from 30.10.2012)	4	4
Shri Shashi Shanker (from 01.12.2012)	3	3
Shri Sudhir Bhargava (up to 03.08.2012)	2	1
Shri A. Giridhar (from 03.08.2012)	4	-
Dr. D. Chandrasekharam	6	6
Smt. Sushama Nath (up to 21.01.2013)	5	4
Prof S.K. Barua	6	6
Prof. Deepak Nayyar	6	1

#### 8.5 PROJECT APPRAISAL COMMITTEE

The Project Appraisal Committee examines and makes recommendations to the Board on projects/capital investment exceeding ` 2500 million. Proposals upto ` 2500 million are appraised in-house, while the proposals exceeding ` 2500 million are first appraised by Financial Institutions and thereafter considered by the Project Appraisal Committee which recommends the proposal to the Board with its views. The Project Appraisal Committee also monitors IOR/ EOR Schemes.

Shri O.P. Bhatt, an Independent Director is the Chairman of the Committee. Shri Sudhir Bhargava, Smt. Anita Das, Shri A. Giridhar, Dr. D. Chandrasekharam, Shri Arun Ramanathan, Prof. S.K. Barua, Smt. Sushama Nath, Shri P.K.Borthakur, Shri A.K.Banerjee & Concerned Functional Director were/are the members of the Committee. Director (Offshore) is the Member-Convener of the Committee.

During 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013, Nine meetings were held on: 25<sup>th</sup> April, 15<sup>th</sup> May, 10<sup>th</sup> July, 10<sup>th</sup> August, 24<sup>th</sup> September, 28<sup>th</sup> November, 2012 and 17<sup>th</sup> January, 11<sup>th</sup> February and 18<sup>th</sup> March, 2013.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

Members	No. of meetings held during the tenure	No. of meetings Attended
Smt Anita Das (up to 04.08.2012)	3	3
Shri Sudhir Bhargava (upto 03.08.2012)	3	3
Shri O. P. Bhatt	9	9
Prof. S. K. Barua	9	8
Smt. Sushama Nath (up to 21.01.2013)	7	7
Shri Sudhir Vasudeva, Holding Additional Charge of Director (Offshore) (upto 29.10.2012)	6	6
Shri U. N. Bose* (upto 30.11.2012)	2	2
Shri K. S. Jamestin*	2	2
Dr. D. Chandrasekharam	9	8
Shri Arun Ramanathan	9	7
Shri S. V. Rao* (up to 31.03.2013)	1	1
Shri P. K. Borthakur (from 30.10.2012)	4	4
Shri A. K. Banerjee (from 22.05.2012)	7	7
Shri A Giridhar (from 03.08.2012)	6	2
Shri Shashi Shanker (from 01.12.2012)	3	3

\*These Directors attended the meetings as member concerning the Projects of their responsibilities.

#### 8.6 HEALTH SAFETY & ENVIRONMENT AND SUSTAINABLE DEVELOPMENT COMMITTEE (HSE&SD)

The terms of reference includes review of policy, processes and systems on Safety, Health, Environment and Ecology aspects, approve Sustainable Development (SD) policy and revise the same at periodic intervals, approve SD plan (short, medium and long term) in the context of the SD guidelines, provide apex level guidance for SD projects and targets, oversee SD performance, approve annual SD evaluation report, approve annual SD budget and help and oversee alignment of SD projects/activities with the organization's business goals and the National and International trends.

Dr. D. Chandrasekharam, an Independent Director is the Chairman of the Committee. The other members of the Committee were/are Smt. Anita Das, Shri Sudhir Bhargava, Prof. Deepak Nayyar, Prof. S.K.Barua, Shri O.P.Bhatt, Smt. Sushama Nath, Shri A. Giridhar, CMD and all Functional Directors. Director (Onshore) acts as a Member-Convener

During 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013, Two meetings were held on 29<sup>th</sup> May, 2012 and 11<sup>th</sup> January, 2013.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-



Members	No. of meetings held during the tenure	No. of meetings Attended
Dr. D. Chandrasekharam	2	2
Smt Anita Das (up to 04.08.2012)	1	1
Prof. Deepak Nayyar	2	-
Prof. S. K. Barua	2	1
Shri O. P. Bhatt	2	1
Shri Sudhir Bhargava ( upto 03.08.2012)	1	-
Shri A. Giridhar ( from 03.08.2012)	1	-
Smt Sushama Nath (up to 21.01.2013)	2	1
Shri A. K. Hazarika (up to 30.09.2012)	1	1
Shri U.N. Bose (up to 30.11.2012)	1	1
Shri S.V.Rao (up to 31.03.2013)	2	2
Shri K. S. Jamestin	2	1
Shri Sudhir Vasudeva, CMD also Holding Additional Charge of Director (Onshore) from 01.11.2012.	2	2
Shri A. K. Banerjee (from 22.05.2012)	2	2
Shri P. K. Borthakur (from 30.10.2012)	1	1
Shri Shashi Shanker (from 01.12.2012)	1	1

#### 8.7 FINANCIAL MANAGEMENT COMMITTEE

Mandate of the Committee includes looking into the matters pertaining to Budget, Delegation of Powers (Empowerment), Commercial Issues, Forex and Treasury Management, Investments, Risk Management, Capital Structure, Issue of Securities, Short and Long Term Loans.

Shri Arun Ramanathan, an Independent Director is the Chairman of the Committee. Smt Anita Das, Prof. Deepak Nayyar, Prof. S.K. Barua, Shri O.P.Bhatt, Smt Sushama Nath, Director (Finance) and Concerned Functional Directors were / are the members and Company Secretary is the Member –Convener.

During 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013, Three meetings of the Committee were held on 25<sup>th</sup> April, 8<sup>th</sup> November, 2012 and 11<sup>th</sup> February, 2013.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

Members	No. of meetings held during the tenure	No. of meetings Attended
Shri Arun Ramanathan	3	1
Smt Anita Das (up to 04.08.2012)	1	1
Prof Deepak Nayyar	3	2
Prof. S. K. Barua	3	2
Shri O. P. Bhatt	3	3
Smt. Sushama Nath (up to 21.01.2013)	2	2
Shri. Sudhir Vasudeva, holding additional charge of Director (Finance) upto 21.05.2012	1	1
Shri A. K. Banerjee (from 22.05.2012)	2	2

#### 8.8 COMMITTEE ON DISPUTE RESOLUTION

The Committee has been constituted to review the dispute between ONGC and its vendors / contractors for suitable redressal.

Smt Anita Das, an Independent Director was Chairperson of the Committee up to 04.08.2012. Thereafter, Prof. Deepak Nayyar became the Chairman of the Committee w.e.f 11.02.2013. Other members of the Committee are Dr. D. Chandrasekharam, Shri Arun Ramanathan, Shri O. P. Bhatt, Director (Finance), Director (Onshore), Director (T&FS) and Concerned Functional Director. Director (T&FS) is the Member-Convener of the Committee.

During 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013, Four meetings of the committee were held on April 25, October 22, 2012 & January 17 and March 20, 2013.

The details of meetings attended by the members and their tenure as member of the above Committee is reflected in the table below:-

Members	No. of Meetings held during the tenure	No. of Meetings Attended
Smt Anita Das (up to 04.08.2012)	1	1
Dr. D. Chandrasekharam	4	3
Prof. Deepak Nayyar	4	2
Shri Arun Ramanathan	4	3
Shri O. P. Bhatt	4	4
Shri A.K. Hazarika Director (Onshore) (up to 30.09.2012)	1	1
Shri U.N. Bose Director (T&FS) (up to 30.11.2012)	2	2
Shri A. K. Banerjee Director (Finance) (from 22.05.2012)	3	3
Shri Shashi Shanker Director (T&FS) (from 01.12.2012)	2	2
Shri Sudhir Vasudeva also holding additional charge of Director (Offshore) upto 29.10.2012 and Director (Onshore) w.e.f. 01.11.2012	3	3

#### 8.9 OTHER FUNCTIONAL COMMITTEES

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

#### MEETINGS OF INDEPENDENT DIRECTORS

Shri Arun Ramanathan is the Lead Independent Director.

During 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013, Three meetings of the Independent Directors were held on 11<sup>th</sup> July, 2012 and 11<sup>th</sup> February and 19<sup>th</sup> March, 2013.

The details of meetings attended by the Independent Directors are reflected in the table below:-

Members	No. of Meetings held during the tenure	No. of Meetings Attended
Shri Arun Ramanathan	3	3
Smt. Sushama Nath (upto 21.01.2013)	1	1
Dr. D. Chandrasekharam	3	2
Prof. Deepak Nayyar	3	2
Shri O. P. Bhatt	3	3
Prof. S.K.Barua	3	3



## 9.0 CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT

The Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. A code of conduct, evolved in line with the industry practices was adopted by the Board on the recommendations of Audit and Ethics Committee. A copy of the Code has been placed on the Company's website [www.ongcindia.com](http://www.ongcindia.com).

All members of the Board and Senior Management i.e. 'Key Executives' have confirmed compliance with the Code of Conduct for the year under review. A declaration signed by Chairman & Managing Director is given below:

### Code of Conduct - Compliance Affirmation (Pursuant to Clause 49 -I (D) (ii) of the Listing Agreement)

"I hereby confirm that the Company has obtained from the members of the Board and senior management (Key Executives), affirmation that they have complied with the Code of Conduct for Directors and senior management in respect of the financial year 2012-13"

Sd/-  
(Sudhir Vasudeva)  
Chairman & Managing Director  
New Delhi  
15<sup>th</sup> July, 2013

## 9.1 ONGC' CODE ON INSIDER TRADING

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, the Board has approved "The Code of Internal Procedures and Conduct in dealing with the Securities of ONGC". The objective of the Code is to prevent purchase and/ or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Insiders (Directors, Advisors, Key Executives, Designated Employees and other concerned persons) are prohibited to deal in the Company's shares/derivatives of the Company during the closure of Trading Window and other specified period(s). To deal in securities, beyond specified limit, permission of Compliance Officer is required. All Directors/ Advisors/ Officers/ designated employees are also required to disclose related information periodically as defined in the Code.

## 9.2 CEO/CFO CERTIFICATION

In terms of Clause 49 of the Listing Agreement, the certification by the CEO and CFO on the financial statement and internal controls relating to financial reporting for the year 2012-13 was submitted to the Board in its meeting held on 29<sup>th</sup> May, 2013.

## 10.0 FINANCE MANUAL

ONGC Finance Manual is a compendium based on the existing practices and systems, comprehensively covering various finance activities such as accounting, budgeting, costing, pre-audit, treasury management etc. This manual provides the users with existing practices, processes, finance policies & procedures, and guides Finance officers while ensuring consistency and uniformity across locations in terms of processes and methodologies followed. The detailed documented guidelines/policies of Finance function in ONGC is also of great help for new incumbents' and Finance officers on transfers. The knowledge documented would enlighten new team members including outside agencies like Statutory Auditors, Government Auditors associated with ONGC for years to come.

## 11.0 SUBSIDIARY MONITORING FRAMEWORK

The Company has two direct subsidiary companies, Mangalore Refinery & Petrochemicals Ltd. (MRPL, listed, material) and ONGC Videsh Ltd. (OVL, unlisted, non-material). The list of subsidiaries of MRPL and OVL is given in the consolidated accounts of ONGC, which forms part of the Annual Report.

All subsidiaries of the Company are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. CMD, ONGC is the Chairman of MRPL and OVL.

In terms of Clause 49.III (ii) and (iii) of the Listing Agreement and DPE guidelines, performance of the listed and unlisted subsidiary companies is reviewed by the Audit and Ethics Committee and the Board as under:

- Financial Statements of the listed and unlisted subsidiary companies, are reviewed by the Audit and Ethics Committee;
- Minutes of the meetings of the Board of Directors are placed before the Company's Board, periodically;
- A statement of all significant transactions and arrangements entered into by the Subsidiary Company are also reviewed by the Company.

The Company does not have any material unlisted subsidiary company in terms of the clause 49 of the Listing Agreement.

## 12. ANNUAL GENERAL MEETINGS

Location, date and time of the AGMs held during the preceding 3 years are as under:

Year	Location	Date	Time (IST)
2009-10	Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi- 110049	23.09.2010	10.00 a.m.
2010-11	Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi- 110049	30.08.2011	10.00 a.m.
2011-12	Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi- 110049	24.09.2012	10.00 a.m.

There was no special resolution passed by the Company at the last Three Annual General Meetings. No resolution requiring Postal Ballot is proposed at the ensuing AGM.

## 13. DISCLOSURES

### 13.1 MATERIAL CONTRACTS/ RELATED PARTY TRANSACTIONS

The Company has not entered into any material financial or commercial transactions with the Directors or the Management or their relatives or the companies and firms, etc., in which they are either directly or through their relatives interested as Directors and/or Partners except with certain PSUs, where the Directors are Directors without the required shareholdings. The Company has obtained declarations from all concerned in this regard, which were noted by the Board.

The details of transactions with related parties are disclosed in Note No. 38 of the Notes to Financial Statements for the year ended 31st March, 2013. Being a State Enterprise, no disclosure has been made in respect of the transactions with State Enterprises, including subsidiary companies, in line with Accounting Standard-18 on Related Party Transactions.

### 13.2 COMPLIANCES

The Company has complied with applicable rules and the requirement of regulatory authorities on capital market and no penalties or strictures were imposed on the Company during last three years.

All returns/ reports were filed within stipulated time with Stock Exchanges/ other authorities.

## 14. MEANS OF COMMUNICATION

- Quarterly/ Annual Results: The Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges, immediately after these are approved. These financial results are normally published in the leading English and vernacular dailies having wide circulation across the country. The results are also displayed on the website of the Company [www.ongcindia.com](http://www.ongcindia.com). The results are not sent individually to the shareholders.





- News Release, Presentation etc.: The official news releases, detailed presentations made to media, institutional investors, financial analysts etc. are displayed on the Company's website [www.ongcindia.com](http://www.ongcindia.com)
- Website: The Company's website [www.ongcindia.com](http://www.ongcindia.com) contains separate dedicated section 'Investor Relations' where the information for shareholders is available. Full Annual Report, Shareholding Pattern and Corporate Governance Report etc. are also available on the web-site in a user-friendly manner.
- Annual Report: Annual Report containing inter-alia, Audited Accounts, Consolidated Financial Statements, Directors' Report, Management Discussion and Analysis (MD&A) Report, Auditors' Report, Corporate Governance Report including Information for the Shareholders and other important information is circulated to the members and others entitled thereto.

## 15. SHAREHOLDERS' INFORMATION

### 15.1 ANNUAL GENERAL MEETING

Date	Wednesday, 25th September, 2013.
Time	10:00 Hrs.
Venue	NDMC Indoor Stadium, Talkatora Garden, New Delhi – 110001.

### 15.2 FINANCIAL CALENDER

Adoption of Quarterly Results for the Quarter ending	Tentative date of the meeting of the Board
June 30, 2013	Monday, August 12, 2013
September 30, 2013	Monday, November 11, 2013
December 31, 2013	Tuesday, February 11, 2014
March 31, 2014 (audited)	Thursday, May 29, 2014

These dates are tentative and subject to change and the last date for submission of the unaudited quarterly and year to date financial results to the Stock Exchange is within forty-five days of end of each quarter (except the last quarter). The last date for submission of the financial results of the last quarter is within sixty days from the end of the financial year.

### 15.3 BOOK CLOSURE PERIOD

The Book Closure period is from Thursday, the 19<sup>th</sup> September, 2013 to Wednesday, the 25<sup>th</sup> September, 2013 (both days inclusive) for the payment of Final Dividend.

### 15.4 DIVIDEND PAYMENT DATE

Final Dividend would be paid on or after 25<sup>th</sup> September, 2013.

## 15.5 LISTING ON STOCK EXCHANGES:

The equity shares of the Company are part of the Sensex and S&P CNX Nifty Index and are listed on the following Stock Exchanges:

Name & Address	Telephone/Fax/E-mail ID/Website ID	Trading Symbol
Bombay Stock Exchange (BSE) P.J.Towers, Dalal Street, Fort Mumbai-400001	Telephone:022-22721233/4 Fax: 022-22721919 E-mail: <a href="mailto:info@bseindia.com">info@bseindia.com</a>  Website: <a href="http://www.bseindia.com">www.bseindia.com</a>	500312 ONGC
National Stock Exchange of India Ltd. (NSE) Exchange Plaza,C-1, G Block, Bandra-Kurla Complex, Bandra(E), Mumbai-400051	Telephone: 022-26598100-8114 Fax: 022-26598120 E-mail: <a href="mailto:cc_nse@nse.co.in">cc_nse@nse.co.in</a> Website: <a href="http://www.nseindia.com">www.nseindia.com</a>	ONGC

## 15.6 LISTING FEES

Annual listing fees for the year 2012-13, as applicable have been paid to the above Stock Exchanges.

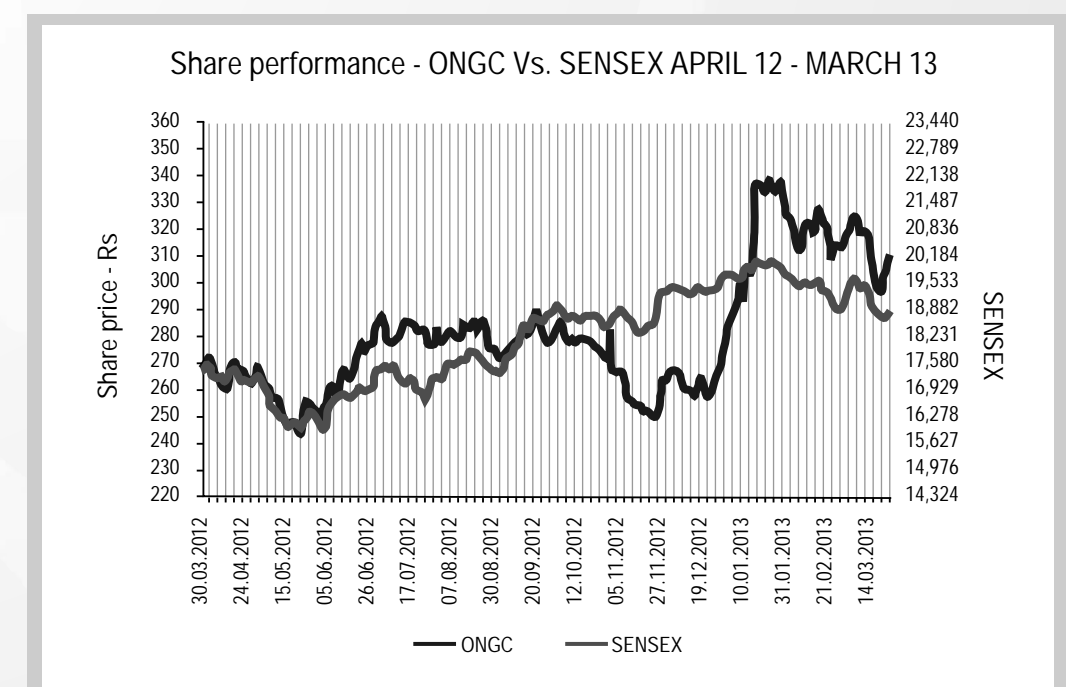
## 15.7 DEMAT ISIN NUMBERS IN NSDL & CDSL

(Stock Code): INE213A01029

Custody Fee of NSDL and CDSL has been paid for the Financial Year 2012-13

## 15.8 STOCK MARKET INFORMATION

The stock price performance of ONGC scrip during the period 1<sup>st</sup> April, 2012 to 31<sup>st</sup> March, 2013 in comparison to BSE is plotted below:





#### 15.8.1 Market Price Data: High, Low During Each Month In Last Financial Year

Month	Bombay Stock Exchange			National Stock Exchange		
	High(₹)	Low(₹)	Volume	High(₹)	Low(₹)	Volume
April'12	275.75	258	3124227	275.95	257.1	38845732
May'12	271	240.1	4238090	270.35	240.1	53252329
June'12	285.55	244	3508856	285.8	244.25	59906142
July'12	292.55	273.4	3237524	293.25	273.2	56784994
August'12	290.75	270.9	3396052	290.65	270.2	49286780
September'12	296.2	268.25	4359855	297	268.5	70933200
October'12	289.5	265.8	2958610	289	227.4	48938524
November'12	269.4	248.75	6434743	269.55	248.5	59074255
December'12	270	255.5	3882989	271	255.1	64134874
January'13	354.1	266.4	13781007	355	266	145410713
February'13	342.65	300.4	7794316	342.5	300.25	74632257
March'13	330	289.2	7345219	330	289.25	70795359

Source: Web-site of BSE and NSE

#### 16. Share Transfer System

Karvy Computershare Private Ltd. (Karvy) is the Registrar and Share Transfer Agent (RTA) for physical shares. Karvy is also the depository interface of the Company with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL)

The transfer of shares received in physical form is overseen by an Officers Committee (constituted by the Board of Directors) which usually meets once in a fortnight to consider and approve the shares received for transfer, transmission, re-materialization and dematerialization etc. The shares for transfer received in physical form are transferred expeditiously, provided the documents are complete and the share transfer is not under any dispute. The Minutes of the aforesaid Committee are placed to the Shareholders'/ Investors' Grievance Committee. A summary of transfer/ transmission of securities so approved by the aforesaid Committee are placed at Board Meetings. The share certificates duly endorsed are sent to the shareholders by RTA. Confirmation in respect to the requests for dematerialization of shares is sent to the respective depositories i.e. NSDL and CDSL, expeditiously.

With a view to further expedite the process of transfer and transmission of shares in physical mode, the Board of Directors have authorised the Share Transfer Agent to process the transfer / transmission. The details of the transfers etc shall henceforth be placed before the Committee of Officers for ratification.

Pursuant to the Clause 47-C of the Listing Agreement, certificates on half yearly basis confirming due compliance of share transfer formalities by the Company, certificate for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 are sent to the stock exchanges.

In addition, as a part of the capital integrity audit, a Reconciliation of Share Capital Audit confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL, is placed before the Board on a quarterly basis. A copy of the Audit Report is submitted to the stock exchanges.

The total number of transfer deeds processed and shares transferred during the last three years are as under:

Years	No. of transfer deeds processed	No. of shares transferred
2012-13	1,178	24,633
2011-12	2,628	51,931
2010-11	475	11,991

#### 17. SHAREHOLDING PATTERN AS ON 31<sup>ST</sup> MARCH, 2013

Category	No. of Shares held	Percentage of Shareholding
President of India	5,922,546,522	69.23
Banks, Financial Institutions and Insurance Companies	828,665,369	9.69
Foreign Institutional Investors	536,722,527	6.27
Mutual Funds & UTI	96,860,594	1.13
NRI's	3,567,679	0.04
Qualified Foreign Investor	50	0.00
Bodies Corporate:		
• Government Companies	863,524,496	10.09
• Others	156,423,890	1.83
Employees	6,093,188	0.07
Public	141,085,805	1.65
Total	8,555,490,120	100.00

#### 17.1 TOP 10 SHAREHOLDERS AS ON 31<sup>ST</sup> MARCH, 2013

S. No	Name	No. of Shares held	% of total Shareholding
1	President of India	5,922,546,522	69.23
2	Life Insurance Corporation of India	662,845,162	7.75
3	Indian Oil Corporation Limited	657,923,428	7.69
4	GAIL (India) Limited	205,601,068	2.40
5	Franklin Templeton Investment Funds	87,681,780	1.02
6	Vanguard Emerging Markets Stock Index Fund, ASERIES of Vanguard International Equity Index Fund	42,495,788	0.50
7	ICICI Prudential Life Insurance Company Limited	31,981,468	0.37
8	LIC of India Market Plus 1 Growth Fund	29,956,812	0.35
9	LIC of India Market Plus Growth Fund	27,188,826	0.32
10	HSBC Global Investment Funds A/C HSBC Global Investment Funds Mauritius Limited	27,185,518	0.32



17.2 DISTRIBUTION OF SHAREHOLDING BY SIZE AS ON 31<sup>st</sup> MARCH, 2013

Category	Number of Shareholders	% of Shareholders	Total number of Shares	% of Shareholding
1-500	442,985	89.66	56,234,902	0.66
501-1000	23,505	4.76	17,076,105	0.20
1001-2000	11,987	2.43	17,417,169	0.20
2001-3000	5,854	1.18	14,613,026	0.17
3001-4000	5,418	1.10	19,278,791	0.23
4001-5000	1,599	0.32	7,099,003	0.08
5001-10000	1,294	0.26	8,450,519	0.10
10001 and above	1,434	0.29	8,415,320,605	98.36
Total	494076	100.00	8,555,490,120	100.00

17.3 GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS AS ON 31<sup>st</sup> MARCH, 2013

S. No	City	Shareholders		Shareholding	
		Nos	%	No of shares	%age of holding
1	MUMBAI	98,857	20.01	2,291,786,810	26.79
2	NEW DELHI	50,625	10.25	6,144,218,188	71.82
3	AHMEDABAD	29,791	6.03	10,574,738	0.12
4	CALCUTTA	25,703	5.20	12,934,451	0.15
5	BANGALORE	21,596	4.37	4,846,377	0.06
6	CHENNAI	18,208	3.69	17,110,758	0.20
7	VADODARA	15,764	3.19	7,193,731	0.08
8	DEHRADUN	5,192	1.05	5,557,698	0.06
9	JORHAT	4,113	0.83	4,383,920	0.05
10	OTHERS	224,227	45.38	56,883,449	0.66
	Total	494076	100.00	8,555,490,120	100.00

17.4 HISTORY OF PAID-UP EQUITY SHARE CAPITAL (FACE VALUE OF ` 5 EACH)

Year	No. of Shares	Cumulative	Details
1993-94	10	10	Initial Subscription to the Memorandum of Association on 23rd June, 1993.
1993-94	34,28,53,716	34,28,53,726	Issued to the President of India on 1st February, 1994 on transfer of Undertaking of Oil and Natural Gas Commission in terms of Oil and Natural Gas Commission (Transfer of Undertaking and Repeal) Act, 1993.
1994-95	66,39,300	34,94,93,026	Issued to the Employees at a premium of ` 260 per Share (includes 600 shares issued in 1995-96).
1995-96	107,64,40,966	142,59,33,992	Issue of Bonus Shares in ratio of 3.08: 1 on 24.04.1995 by Capitalization of General Reserve.
2006-07	(-)18,972	142,59,15,020	Forfeiture of Shares on 12.04.2006.
	71,29,57,510	213,88,72,530	Issue of Bonus Shares in ratio of 1:2 on 08.11.2006 by Capitalization of General Reserve.
2010-11	-	8,555,490,120	Each equity Share of ONGC was split from the face value of ` 10 into two equity shares of the face value of ` 5 each. Bonus Shares were issued in the ratio of 1:1 by Capitalization of Reserves to the shareholders as on 09.02.2011 (Record Date).
2011-12		8,555,490,120	President of India (Pol) acting through Ministry of Petroleum & Natural Gas, Govt. of India on 05.03.2012 had sold 420,416,170 number of equity shares (4.91% shares) in ONGC through the offer for sale through Stock Exchange Mechanism.
2012-13	-	8,555,490,120	-

18. CORPORATE BENEFITS-DIVIDEND HISTORY

Years	Rate (%)	Per Share(`)	Amount ( ` in million)
2007-08			
• Interim	180	18	38,499.66
• Final	140	14	29,944.22
2008-09			
• Interim	180	18	38,499.66
• Final	140	14	29,944.22
2009-10			
• Interim	180	18	38,499.66
• Final	150	15	32,083.09
2010-11			
• Interim	320	32	68,443.92
• Final	15	0.75	6,416.62
2011-12			
• First Interim	125	6.25	53,471.84
• Second Interim	30	1.50	12,833.23
• Final	40	2.00	17,110.98
2012-13			
• First Interim	100	5.00	42,777.45
• Second Interim	80	4.00	34,221.96
• Final (Proposed)	10	0.50	4,277.75



19. TRANSFER OF UNPAID/UNCLAIMED DIVIDEND AMOUNT TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)

During the year under report, an amount of 9,964,000.00 and 13,876,700.00 pertaining to unpaid dividend for the financial year 2004-05 (Final) and 2005-06 (Interim) respectively was transferred to the Investor Education & Protection Fund (IEPF) set up by the Central Government. This is in accordance with the sections 205A and 205C of the Companies Act, 1956 requiring transfer of dividend remaining unclaimed and unpaid for a period of 7 years from the due date to the IEPF.

The unpaid/unclaimed amount of Final Dividend declared on 19th September, 2006 for the financial year 2005-06 and interim dividend declared on 28th December, 2006 for the financial year 2006-07 will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government by 18th October, 2013 and 27th January, 2014 respectively. Members who have not encashed their dividend warrants pertaining to the said years may approach the Company or its Registrar & Share Transfer Agent for obtaining payment thereof.

Given below are the proposed dates for transfer of the unclaimed dividend to IEPF by the Company:-

Financial Year	Date of Declaration	Proposed Date for transfer to IEPF*
2005-06- Final	19.09.2006	18.10.2013
2006-07-Interim	28.12.2006	27.01.2014

\*Indicative dates, actual dates may vary.

20. DEMATERIALIZATION OF SHARES AND LIQUIDITY

S. No.	Description	No. of Share Holders	Shares	% of Equity
1.	CDSL	110,982	6,811,281,743	79.61
2.	NSDL	373,003	1,737,192,865	20.31
3.	PHYSICAL	10,091	7,015,512	0.08
	Total	494,076	8,555,490,120	100.00

The shares of the Company are in compulsory dematerialized segment and are available for trading in depository system of both National Securities Depository Limited and Central Depository Services (India) Limited.

21. OUTSTANDING GDRs/ ADRs/ WARRANTS OR CONVERTIBLE INSTRUMENTS

No GDRs/ ADRs/ Warrants or Convertible Instruments have been issued by the Company during the year.

22. ASSETS/ BASINS/ PLANTS/ INSTITUTES/ CODs

A. ASSETS

1. Mumbai High Asset, Mumbai
2. Neelam & Heera Asset, Mumbai
3. Bassein & Satellite Asset, Mumbai
4. Ahmedabad Asset, Ahmedabad
5. Ankleshwar Asset, Ankleshwar
6. Mehsana Asset, Mehsana
7. Rajahmundry Asset, Rajahmundry
8. Karaikal Asset, Karaikal
9. Assam Asset, Nazira
10. Tripura Asset, Agartala
11. Eastern Offshore Asset, Kakinada, Andhra Pradesh

B. BASINS

1. Western Offshore Basin, Mumbai
2. Western Onshore Basin, Vadodara
3. KG-PG Basin, Chennai
4. Cauvery Basin, Chennai
5. Assam & Assam-Arakan Basin, Jorhat
6. MBA Basin and CBM Development Project, Kolkata/Bokaro
7. Frontier Basin, Dehradun

C. PLANTS

1. Uran Plant, Uran
2. Hazira Plant, Hazira
3. C<sub>2</sub>C<sub>3</sub>C<sub>4</sub> Plant, Dahej, Gujarat

D. INSTITUTES

ONGC has 13 world class institutes engaged in research and development of Oil and Gas exploration and production

1. Keshava Deva Malaviya Institute of Petroleum Exploration (KDMIPE), Dehradun
2. Institute of Drilling Technology (IDT), Dehradun
3. Institute of Reservoir Studies, (IRS) Ahmedabad
4. Institute of Oil & Gas Production Technology (IOGPT) Navi Mumbai
5. Institute of Engineering & Ocean Technology (IEOT) Navi Mumbai
6. Geo- data Processing & Interpretation Center (GEOPIC), Dehradun
7. ONGC Academy, Dehradun
8. Institute of Petroleum Safety, Health & Environment Management (IPSHEM), Goa
9. Institute of Biotechnology & Geotectonics Studies (INBIGS), Jorhat
10. School of Maintenance Practices (SMP), Vadodara
11. Centre for Excellence in Well Logging (CEWL), Vadodara
12. Regional Training Institutes (RTIs) Navi Mumbai, Chennai, Sivasagar & Vadodara
13. ONGC Energy Centre

E. Centres of Deliveries

1. CBM, New Delhi
2. Shale Gas, Vadodara
3. Deep water, Mumbai
4. High Temperature/ High Pressure, Chennai

23. INVESTOR SERVICES AND ADDRESSES FOR SHAREHOLDERS' CORRESPONDENCE.

These have been given at 8.3.3 and 8.3.4 above

24. RISK MANAGEMENT

The Risk Management Policy has been rolled out across the organization in all Assets, Basins, Plants, Institutes and offices. The Risk Management Committee reviews various types of risks whether present or future and apprises the same to the management



## 25. COMPLIANCE CERTIFICATE OF THE AUDITORS

Certificate from the Auditors of the Company, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed to the Directors' Report forming part of the Annual Report.

## 26. ADOPTION OF NON-MANDATORY REQUIREMENTS OF CLAUSE - 49

Beside the mandatory requirement of Clause 49 of the Listing Agreement, the following non-mandatory requirements have been implemented and reflected elsewhere in this report:-

- The Company has constituted a Remuneration Committee (refer para 8.2).
- With regard to Shareholders' Rights, communication of financial results are being published widely and also hosted on the Company's website (refer para 14)
- As far as Audit Qualifications are concerned, the Company is in the regime of unqualified financial statements.
- A Board Charter has been formulated to define the role of the Board. (2.3(F)(c))
- The Policy on Performance of Evaluation of Directors has been formulated and the same shall be finalised by the Independent Directors.(2.3(F)(b))

### WHISTLE BLOWER POLICY

In terms of Clause 49 of the Listing Agreement, one of the non-mandatory clauses provides that a listed company may establish a mechanism for employees to report to the management concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. Accordingly ONGC has implemented Whistle Blower Policy on 30th November, 2009.

ONGC has provided ample opportunities to encourage the employees to become whistle blowers (employees who voluntarily and confidentially want to bring the unethical practices, actual or suspected fraudulent transactions in the organization to the notice of the competent authority for the greater interest of the Organization and the Nation). It has also ensured a very robust mechanism within the same framework to protect them (whistle blowers) from any kind of harm. It is hereby affirmed that no personnel has been denied access to the Audit Committee.

## 27. GUIDELINES ON CORPORATE GOVERNANCE BY DPE

In May, 2010, the Department of Public Enterprises has come out with Guidelines on Corporate Governance for Central Public Sector Enterprises which have replaced the Guidelines issued in 2007. The fresh guidelines of 2010 are now mandatory in nature. ONGC is complying with these guidelines.

No Presidential Directives have been issued during the period 1st April to 31st March, 2013.

No items of expenditure have been debited in books of accounts, which are not for the purpose of business. No expenses, which are personal in nature, have been incurred for the Board of Directors and top management.

The administrative and office expenses were 5.74% of total expenses during 2012-13 as against 4.82% during the previous year.

## 28. SECRETARIAL COMPLIANCE REPORT

Secretarial Compliance Report confirming compliance to the applicable provisions of Companies Act, 1956, Listing Agreement, SEBI guidelines, DPE Guidelines and all other related rules and regulations relating to capital market, though not mandatory, obtained from a practicing Company Secretary, was noted by the Board and forms part of the Directors' Report.

## 29. FEE TO STATUTORY AUDITORS

The fee paid/ payable to the Statutory Auditors for the year was ` 20.21 million (previous year ` 16.20 million) including ` 1.01 million (previous year ` 0.83 million) as fee for certification of Corporate Governance Report, and 4.21 million (previous year ` 4.14 million) for limited review report plus reasonable travelling and out of pocket expenses actually incurred / reimbursable.

For S Bhandari & Co.  
Chartered Accountants

For Ray & Ray  
Chartered Accountants

For Mehra Goel & Co.  
Chartered Accountants

For Varma & Varma  
Chartered Accountants

For G D Apte & Co.  
Chartered Accountants

To

The Members  
Oil And Natural Gas Corporation Limited

We have examined the compliance of conditions of Corporate Governance by Oil And Natural Gas Corporation Limited (the "Company"), for the year ended on March 31, 2013, as stipulated in Clause 49 of the Listing Agreement of the Company with the Stock Exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination was carried out in accordance with the Guidance Note on Certification of Corporate Governance issued by The Institute of Chartered Accountants of India and was limited to a review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance of the conditions of Corporate Governance (as stipulated in Clause 49 of the Listing agreement). It is neither an audit nor an expression of an opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, except for, the Board of Directors did not comprise of the required number of Independent Directors for the period from May 22, 2012 to March 31, 2013 and the vacancies caused due to resignation or retirement of the Independent Directors have not been filled within 180 days as per terms of the Listing Agreement, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the Listing Agreement.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For S Bhandari & Co.  
Chartered Accountants  
Firm Reg. No: 000560C

For Ray & Ray  
Chartered Accountants  
Firm Reg. No: 301072E

For Mehra Goel & Co.  
Chartered Accountants  
Firm Reg. No: 000517N

(P. P. Pareek)  
Partner (M.No. 071213)

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

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

For Varma & Varma  
Chartered Accountants  
Firm Reg. No: 004532S

For G D Apte & Co.  
Chartered Accountants  
Firm Reg. No: 100515W

(Vijay Narayan Govind)  
Partner (M.No. 203094)

(U. S. Abhyankar)  
Partner (M.No. 113053)

Place : New Delhi  
Date : July 18, 2013

# ONGC

*Every Indian's Energy*



BUSINESS RESPONSIBILITY REPORT

SECRETARIAL AUDIT REPORT



## BUSINESS RESPONSIBILITY REPORT 2012-13

### Section A: General Information about the Company

1. Corporate Identity Number (CIN) of the Company : L74899DL1993GOI054155
2. Name of the Company : Oil and Natural Gas Corporation Limited
3. Registered address : Jeevan Bharti Building, Tower-II  
12, Indira Chowk, New Delhi  
India - 110001
4. Website : www.ongcindia.com
5. E-mail id : secretariat@ongc.co.in
6. Financial Year reported : 2012-13
7. Sector(s) that the Company is engaged in (industrial activity code-wise):  
ONGC is a global Energy Company meaningfully integrated in the entire energy value-chain. Its core business is Exploration and Production of oil and gas; however, its business spread includes niche areas like - processing of crude oil & natural gas; oil field services, transportation of the oil and natural gas, production of value added products like – LPG, Naphtha, Superior Kerosine Oil, ATF, C2-C3, etc., Refinery, Petrochemicals, Power, unconventional and alternate sources of energy. It is present in downstream business through its subsidiary refinery MRPL and in petrochemical business through ONGC Petro additions Ltd., (OPaL) & ONGC Mangalore Petrochemicals Ltd., (OMPL) as the anchor promoter. As far as unconventional sources are concerned it is aggressively pursuing opportunities like - Shale gas, CBM (Coal Bed Methane) and UCG (Underground Coal Gasification). ONGC is also pursuing opportunities in alternate energy like – Wind, Solar and many ventures which have potential to change the landscape of alternate energy business in the country.
8. List three key products/services that the Company manufactures/provides (as in balance sheet)  
The three key products of the company are: (i) Crude Oil (ii) Natural Gas & (iii) Liquefied Petroleum Gas.
9. Total number of locations where business activity is undertaken by the Company
  - i. Number of International Locations (Provide details of major 5)  
ONGC's overseas operations are managed by its fully owned subsidiary, ONGC Videsh Limited (OVL), which operates in 16 countries with 32 hydrocarbon assets. ONGC, per se, focuses on domestic operations which have pan India spread.  
The big five international locations as per oil & gas production are – Vietnam, Russia, Venezuela, Sudan, South Sudan, and Colombia  
The big five international locations as per oil & gas reserves are – Russia, Venezuela, Sudan, South Sudan, Myanmar and Vietnam.
  - ii. Number of national locations:  
ONGC has business activities pan India, spread across the length and breadth of the country, both onland (onshore) and in sea (offshore-shallow and deepwaters). The major locations are detailed as below:
- a) Offshore Assets: Oil & Gas producing regions
  - a. Western Offshore: Mumbai High Asset, Neelam & Heera Asset, Bassien & Satellite Asset, NB Prasad (D-1) field and many small & marginal fields.
  - b. Western Offshore assets in joint venture: Panna, Mukta, Tapti fields
  - c. Eastern Offshore : off Andhra coast
  - d. Eastern assets in with joint venture: Ravva
- b) Onshore Assets : Oil & Gas producing locations  
Assam, Agartala, Ahmedabad, Ankleshwar, Cambay, Kakinada, Karaikal, Mehsana, Rajahmundry.
- c) Basins : Oil & Gas exploratory locations  
Vadodara, Mumbai, Chennai, Jorhat (Assam), Silchar, Kolkata, Jodhpur, Rajahmundry, Karaikal, Madhya Pradesh, Tripura, Meghalaya, etc.
- d) Plants: Processing of Oil & Gas and production of Value added products (LPG, SKO, Naptha, C2-C3, etc.)  
Uran (Maharashtra), Hazira, Ankeshwar, Dahej (Gujarat) & Tatipaka (Andhra Pradesh)

- e) Institutes : Knowledge support and applied R&D for E&P activities
  - a. Keshava Deva Malaviya Institute of Petroleum Exploration (KDMIPE), Dehradun
  - b. Geo-data Processing & Interpretation Centre (GEOPIC), Dehradun
  - c. Institute of Drilling Technology (IDT), Dehradun
  - d. Institute of Engineering & Ocean Technology (IEOT), Panvel, Maharashtra
  - e. Institute of Petroleum Safety, Health & Environment Management (IPSHEM), Goa
  - f. Institute of Reservoir Studies (IRS), Ahmedabad
  - g. ONGC Academy (ONGCA), Dehradun
  - h. Regional Training Institutes (RTI's) – Mumbai, Chennai, Kolkata, Nazira, etc.
  - i. School of Maintenance Practices (SMP), Vadodara
  - j. Centre for Excellence in Well Logging Technology (CEWELL), Vadodara
  - k. Institute of Biotechnology and Geo-tectonic Studies (INBIGS), Jorhat, Assam.
- f) Subsidiaries
  - a. ONGC Videsh Limited (OVL), New Delhi
  - b. Mangalore Refineries & Petrochemicals Limited (MRPL), Mangalore
- g) Joint Ventures & Associate
  - a. ONGC Tripura Power Company Limited (OTPC), Tripura
  - b. ONGC Petro-additions Limited (OPaL), Gujarat
  - c. Mangalore Special Economic Limited (MSEZ), Karnataka
  - d. ONGC Mangalore Petrochemicals Limited (OMPL), Karnataka
  - e. ONGC TERI Biotech Limited (OTBL), New Delhi
  - f. Petronet MHB Limited (PMHBL), Mangalore
  - g. Petronet LNG Limited (PLL), New Delhi
  - h. Dahez SEZ Limited, Dahej, Gujarat
  - i. Pawan Hans Limited (PHL), New Delhi

### 10. Markets served by the Company:

ONGC is marketing its domestic products, mainly crude oil to the Public Sector Oil Marketing Companies (OMCs) like – Indian Oil, BPCL and HPCL. Besides that it also markets its crude oil to MRPL, ONGC's subsidiary. ONGC supplies its produced natural gas mainly through GAIL; however, some gas is also marketed directly by ONGC. It markets Value Added Products directly to the Indian consumers and internally consumes products like HSD & ATF; however, in case of off-take constraints by the domestic users some products like Naphtha, HSD, ATF, etc., are also exported.

### Section B: Financial Details of the Company

Sl. No.	Particulars	Amount (₹ Crore)
1	Paid up capital	4277.76
2	Total Turnover	83,308.96
3	PAT	20,925.70
4	Total spending on CSR as a % of PAT (2012-13)	1.25%



List of activities in which expenditure in 4 above has been incurred:-

- ONGC spends its Corporate Social Responsibility (CSR) fund across a wide spectrum of socio-economic areas supplementing the nation's direction of inclusive growth. Some of the main focus areas are:
  - Providing support in primary & secondary education including vocational courses in backward & rural areas : School buildings; funding; scholarships
  - Infrastructure support like roads, community centre, medical assistances near our operational area
  - Promotion of arts, culture and sports by sponsoring artisans, musicians, artists, sports and sportsperson
  - Providing Health Care in remote and rural areas
  - Community development
  - Fostering entrepreneurship

#### Section C: Other Details

1. Does the Company have any Subsidiary Company/Companies?

Yes. ONGC has two subsidiary companies and 9 Joint Ventures & Associates as detailed above in section 9(ii).

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent company? If yes, then indicate the number of such subsidiary company(s)

Since these Subsidiaries and the joint ventures are separate entities, they carry out Business Responsibility initiatives on their own as per the policies stipulated by the respective companies and in consonance with the Governments' guidelines.

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with; participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]

The BR initiative of ONGC has the cooperation of all its stakeholders (Govt. of India, employees, contractors, vendors, and the community at large) and definitely these stakeholders help ONGC in achieving their business responsibilities. However, to what extent their supports helps facilitating ONGC's business responsibilities initiative, it is difficult to figure out at this stage as the same needs to be mapped. But seeing the present stipulation as mandated from FY2012-13 onwards, the company, in future, will make all efforts to bring out the extent or percentage of the stakeholder (suppliers, distributors and vendors) participation / involvement in BRR of ONGC.

#### Section D: BR Information

1. Details of Director/Directors responsible for BR

- a) Details of the Director responsible for implementation of the BR policy/policies

Implementation of Policies related to Sustainability and Carbon Management are taken care of by Director (Exploration) while policies on Ethics and Transparency and the overall Business Responsibility of the company lies with the Chairman & Managing Director who gets them implemented through Company Secretary and respective group Heads.

- DIN Number : 01594524
- Name : Shri Sudhir Vasudeva
- Designation : Chairman & Managing Director
- Telephone No : +91-11-23301101
- E-mail id : cmd@ongc.co.in

- b) Details of the BR Heads

Responsibility of implementing the Sustainability Development (SD) policies of ONGC under the given ambit of BR Policies lies with ED-Chief Carbon Management & Sustainability Group and those related to Ethics and Transparency lies with the Company Secretary, the details of whom are given below:

S.No.	Particulars	Details
1	DIN Number (if applicable)	Not Applicable
2	Name	Shri AB Chakraborty
3	Designation	ED – CM&SGG
4	Telephone number	+91-11- 22440829
5	E-mail Id	chakraborty_ab@ongc.co.in

S.No.	Particulars	Details
1	DIN Number (if applicable)	Not Applicable
2	Name	Shri N.K. Sinha
3	Designation	Company Secretary
4	Telephone number	+91-11- 23301277
5	E-mail id	sinha_nk3@ongc.co.in

2. Principle-wise (as per National Voluntary Guidelines (NVGs)) BR Policy/policies

Principle 1: Businesses should conduct and govern themselves with Ethics, Transparency and Accountability

Principle 1.1

Do you have policy/policies for principle 1?

ONGC, being a listed Public Sector Enterprise, conducts and governs itself with Ethics, Transparency and Accountability as per the policies as mandated by DPE Guidelines on Corporate Governance, Listing Agreement and other guidelines and policies of the DPE in particular and Govt. of India in general.

Besides that, ONGC pursues some policies on its own towards Ethics, Transparency and Accountability:

- The company has its defined and well laid Book of Delegated Powers, HR manual, Material Management Manual and Works Manual for ensuring continuity, fairness and following the laid down procedures.
- Company has well-structured vigilance departments/units, spread across the organization at various Regions, Assets, Basins and Plants constantly ushering transparency, efficiency and integrity and best corporate practices to working of the organization.
- The Company has a Whistle Blower Policy meant for employees to raise any ethical issues within the organisation.
- Further, the Company has put in place an Integrity Pact (in association with Transparency International) which is signed with bidders to enable them to raise any issues with regard to tenders floated by the Company. ONGC was the first Indian company to sign the Integrity Pact. ONGC is ranked 35th among 105 global companies by 'Transparency International' for ethical & transparent business practices. At the same time, ONGC tops the list from India (with a score of 5.4 out of 10).
- Independent External Monitors are appointed to oversee the implementation of the Pact.

Principle 1.2

Has the policy been formulated in consultation with the relevant stakeholders?

All the policies have been formulated after wide consultations and discussions amongst all the stakeholders and further the same gets reviewed from time-to-time to ink-out emerging and new business realities/paradigms after wider consultations amongst stakeholders. Company being Public Sector Enterprise and a national oil company, it pursues the policies laid by the Government of India and other statutory bodies. Company assumes that those policies are worked out after wider consultations and discussions by the Government of India.





#### Principle 1.3

Does the policy conform to any national/international standards? If yes, specify? (50 words)

The policy and laid down procedures confirm to statutes and policies of the Govt. of India, DPE and other statutory bodies. It also conforms to mandated international standards as followed in E&P industry worldwide. ONGC voluntarily follows principles and policies for transparency which are of international standards like Transparency International.

#### Principle 1.4

Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?

All the policies as mandated by the Government of India, DPE and other Indian statutory bodies are followed in ONGC after due approvals of the ONGC Board. All the other policies/manuals which ONGC pursues come in effect only after ONGC Board or the Competent Authorities, as delegated by the Board, approves it.

#### Principle 1.5

Does the company have a specified committee of the Board/Director/Official to oversee the implementation of the policy?

The Company has an Audit & Ethics Committee which is bound by its Terms of Reference as per the Listing Agreement and the Companies Act, 1956 and is approved by the Board. Company also has well-structured vigilance departments/units, spread across the organization at various Regions, Assets, Basins and Plants constantly ushering transparency, efficiency and integrity and best corporate practices to working of the organization. However, as the visage of the Principle is very wide this is overseen by various other organs of the Company.

#### Principle 1.6

Indicate the link for the policy to be viewed online?

The website of the Company ([www.ongcindia.com](http://www.ongcindia.com)) has reference to the various tenets as stated in the principle under the section on Corporate Governance.

#### Principle 1.7

Has the policy been formally communicated to all relevant internal and external stakeholders?

Since the policy spans various operations of the company, the relevant stakeholders have knowledge of the manner in which ONGC operates as the various policies in this regard are available on the ONGC website as well as intranet of ONGC.

The engagement routes across all the stakeholders are as given below:

- The Customers are engaged through Crude Oil Sales Agreement (COSA), Gas Sales Agreement (GSA) and regular meeting with B2B partners.
- The Communities in and around our areas of operation are engaged through CSR plans.
- Business partners/vendors/contractors are engaged through vendor meets, business partners meet and pre-bid conference.
- Contract workers are engaged through regular trainings and SAHYOG Scheme.
- Employees are engaged through open house forums like -VicharManthan, VicharDhara, VicharVishlesan, Mantrana, etc., and employee web portal and also through various in-house magazines.
- Government and regulatory bodies are engaged through meetings with administrative ministry – Ministry of Petroleum & Natural Gas (MoP&NG), Department of Public Enterprises (DPE) under the Ministry of Heavy Industries & Public Enterprises (HI & PE), Oil Industry Safety Directorate (OISD), Oil Industry Development Board (OIDB), etc.
- Shareholders and investors are engaged through Investor & Analysts' meet, Investors' conference, corporate website [www.ongcindia.com](http://www.ongcindia.com), press release, etc.

#### Principle 1.8

Does the company have in-house structure to implement the policy/policies?

ONGC follows laid down policy for every critical activity like - procurement, payment, tendering, contracting, HR and various other functions and all these are governed by well documented policies available for reference to all concerned.

#### Principle 1.9

Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?

Yes. Company has structured grievance redressal mechanism in place to address both the employees and stakeholders' grievances related to the policy/policies. For employees, company has a well laid down CDA rules (Conduct, Discipline and Appeal) and also has structured laid down procedures in place to escalate the matter/issues up the hierarchy to get the justice done and redressing their grievances related to the policies in place.

For external stakeholders, company has well laid down grievance redressal system in place with adequate provisions to escalate the matters up the hierarchy up to the Board (Shareholders/Investors Grievance Redressal Committee – a Board level sub-committee headed by an Independent Director).

ONGC on its own facilitates resolving grievances through Independent External Monitors (IEMs) and through Outside Expert Committee (OEC).

#### Principle 1.10

Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?

The Corporate Governance policy is audited by the Statutory Auditors. Other policies are validated from time to time by the concerned authorities.

#### Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company?

All the policies relating to ethics, bribery and corruption are "inclusive" and covers company as well as its employees and all other external stakeholders.

2. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others:

Yes

3. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

ONGC is a pioneer organization for introducing Integrity Pact (IP) in India. The mechanism of monitoring IP through Independent External Monitors (IEM) has considerably reduced the time for resolution of representation/issues coming up during tender processing and has met the objectives set by Transparency International (India) such as greater transparency with regard to integrity between the buyer and seller, improved sense of ethics, reduction in frivolous law suits and representation/complaints from vendors, reduction in external interventions and reduced political/diplomatic/administrative interference.

Representations from bidders/ contractors as well as opinion sought by ONGC against various tenders are referred to IEM. IEMs discuss the issues with ONGC and bidders' representatives wherever felt necessary by IEMs and give their opinion which is a speaking order.

ONGC also has in place a "Shareholders'/Investors' Grievances Redressal Committee". The committee specifically looks into redressing of Shareholders' and Investors' complaints pertaining to transfer/transmission of shares, non-receipt of annual report dividend payments, issue of duplicate share certificates and other miscellaneous complaints. The committee also monitors implementation and compliance of company's code of conduct for prevention of insider trading in ONGC securities. The committee also oversees and monitors the performance of the registrars and transfer agent and recommends measures for overall improvement in the quality of investor services.

- Number of complaints received during April 2012 to March 2013 from Vendors: 19
- All the 19 representations were forwarded to IEMs who promptly gave their opinions in all the cases for further action.
- Number of complaints received from investors during 2012-13: 9,087
- A total of 9,032 complaints/ queries/ correspondence have been replied/ attended to the satisfaction of the shareholders. 55 complaints were pending as on 1st April, 2013, which have since been resolved.



#### Principle 2:

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

##### Principle 2.1:

Do you have policy/policies for principle 2?

ONGC pursues its business activities in a safe and sustainable manner. All the work practices, procedures and production endeavours comply with the highest Health, Safety and Environment standards as per the Industry norms, Government and relevant statutory bodies. All the products that ONGC makes, conform strictly to the respective product-making-procedures, laws, statutes and standards governing their production. The exploration & production business activities are pursued and aligned in such a manner that exploitation & productions of resources are done in a sustainable manner encompassing their life cycle.

Commitment of ONGC towards Sustainability Development can be gauged from the fact that ONGC is a member of United Nations Global Compact initiative for businesses that are committed to aligning their operations and strategies with the ten universally accepted principles in the area of human rights, labour, environment and anti-corruption.

It is further a matter of privilege for ONGC and a sign of unflinching responsive commitment to sustainability development that it's CMD, Shri Sudhir Vasudeva has been nominated by Secretary-General of United Nations Shri Ban-Ki-Moon as a member of the UN Global Compact Board chaired by the Secretary General itself. Shri Vasudeva is the first such member from India.

##### Principle 2.2:

Has the policy been formulated in consultation with the relevant stakeholders?

ONGC follows all the work practices, procedures and production endeavours pertaining to its area of activities/operations as mandated by Industry, Government and relevant statutory bodies (as detailed in Principle 1.2).

##### Principle 2.3:

Does the policy conform to any national/international standards? If yes, specify? (50 words)

Yes; ONGC follows the international standards, practices and standard operating procedures as followed by other E&P companies across the world. Besides, ONGC being a national oil company, adheres to all the statutes and policies of the Govt. of India and other statutory bodies like DGH & OISD.

##### Principle 2.4:

Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?

Ministry of Petroleum & Natural Gas is the apex body for the Hydrocarbon industry in the country. All other areas of operations fall under various laws as enacted by the Govt. of India. Subject to above, all internal policies are approved by the Board or authority delegated for the same by the Board.

##### Principle 2.5:

Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?

The Board oversees the compliance and implementation of the policies through its various Committees as detailed in the Corporate Governance Report of the Annual Report.

##### Principle 2.6:

Indicate the link for the policy to be viewed online?

The website of the Company ([www.ongcindia.com](http://www.ongcindia.com)) has reference to the various tenets as stated in the principle under various places.

##### Principle 2.7:

Has the policy been formally communicated to all relevant internal and external stakeholders?

Since the policy spans various operations of the company, the relevant stakeholders have knowledge of the manner in which ONGC operates as the various policies in this regard are available on the ONGC website as well as intranet of ONGC.

#### Principle 2.8:

Does the company have in-house structure to implement the policy/policies?

Yes. The company has well-established in-house infrastructure, manpower pool, documented standard operating procedure and other executive & administrative machineries to implement the given policies in the area of safe and sustainable production of goods & services of the company. The HSE (Health, Safety & Environment) and CMG/ SD (Carbon Management Group/ Sustainability Development) department of company along with top management, at the helm, acts as a nodal department to execute and oversee the policies pertaining to safe, healthy and environment friendly operations and the sustainability parameters as mandated and desired.

The process of procurement, payment, tendering, risk management, safe remittance, fraud prevention, control self-assessment (internal controls) and various other processes are covered by well documented policies, which are available for reference to all concerned.

##### Principle 2.9:

Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?

Yes: as detailed earlier in Principle 1.9.

##### Principle 2.10:

Has the company carried out independent audit/evaluation of the working of this policy by an internal or external agency?

ONGC is subject to various audits e.g. Statutory Audit by firms of Chartered Accountants, CAG Audit, Cost Audit, Secretarial Audit, Technical Audits, Quality Audit, Energy Audit, Safety audit, etc., and the Auditors ensure compliance to various internal and external policies.

#### Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

a. Natural Gas Flaring

Flaring constitutes the most significant source of ambient emissions having environmental risks and concerns. Many process optimization studies have been carried out to identify emission reducing opportunities. In the design stage itself, it is being taken care that flaring is not there beyond the 'technical-flaring' level. Further, if flaring is observed beyond the permissible levels, company has mechanism/infrastructure to recover those extra flared gas and put back those in commercial gas stream. For example, flaring from Uran & Hazira Plants in Maharashtra and Gujarat respectively is negligible because of implementation of gas recovery projects at both the plants. Company also has a process and equipment to recover even the low pressure gas, which was otherwise being flared. This besides, company has in place all the standard and required fire fighting, fire detection and gas detection equipment/modules to ensure safe and reliable operations.

b. Sulphur Recovery Unit (SRU)

Release of H<sub>2</sub>S while processing and treating the natural sour gas is another source of ambient emissions as burning or release of H<sub>2</sub>S into the atmosphere leads to acid rains and degradation of land. To avoid this, the Hazira Processing Complex, which handles 42 MMSCMD of sour gas from western offshore field, has installed a sulphur recovery unit to convert hydrogen sulphide (H<sub>2</sub>S) to elemental sulphur, thereby reducing the risks and concerns associated with handling and processing of sour gas. Besides this, the plant, machineries and manpower at Hazira Processing Complex as well as at offshore platforms producing sour gas are equipped with requisite safe handling equipment & systems and personnel protective equipment like masks, spectacles, breathing apparatus etc.

c. Effluent Treatment Plants (ETP)

Produced water that comes out after processing of crude oil & gas is having significant percentage of oil emulsed in them and also the sludge, oily waste that comes out in operations/processing is environmentally not tenable and is un-desired when disposed of without being treated. These are the by-products of the operations which will essentially be there in our bigger pursuits for fetching



oil & gas for the economy. The company however is committed to its safe and environmental friendly disposals. All the offshore/ onshore installations and plants of ONGC processing oil and gas have Effluent Treatment Plants (ETP) at onshore locations and Produced Water Conditioners (PWCs) at Offshore locations to handle effluents like - waste water, produced water, sewage, oily waste, sludge, etc., thereby mitigate environmental damage while producing oil and gas.

d. Global Methane Initiative (GMI)

"Global Methane Initiative" (GMI) program activities have been carried under the ONGC-USEPA (United States Environment protection Agency) as per the on-going MoU and also under the company's performance evaluation under the MoU with MoP&NG. The initiatives include Leak survey and estimation/measurement of fugitive emission in 13 installations across ONGC; Recovery of around 3.88 MMSCM of fugitive methane and bringing back to production main stream and "Capacity building by way of training and study tours".

In all these pursuits, company follows the principles of ISO 14000 to minimize the negative effects that operations have on the environment (i.e. cause adverse changes to air, water, or land). Further, all the installations of ONGC have an integrated management System based on requirements of ISO 9001, OHSAS 18001 and ISO 14001 and certified by third party. The integrated management system is in place since 2004. All operating facilities are certified to ISO 9001 since 2004-05. Today 412 nos. working units have third party certified integrated QHSE Management System.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product (optional):

Measurement of usage of water, fuel, etc., per unit is yet to be carried out. However the company has put in place all policies and processes to conserve energy and natural resources. With a view to meet the new stipulations and requirements of BRR, the company, in future, will measure the parameters as desired under BRR under this Principle.

- i. Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

As spelled out above under point-1 (Principle-2), the company has adequate measures (equipment, machineries, trained manpower, etc.) in place at all its installations/ plants and the work-centres to mitigate any damage or danger to the environment while pursuing its business activities.

This besides, company undertakes "Energy Audits" at every installation and plants on regular basis which helps in reducing the environmental risks & concerns arising out of the production of its products. Company also undertakes "Water foot printing" exercise to identify the scope of reduction in water use in pursuing various intended business activities.

Various proactive initiatives like water foot printing, flare gas emission reduction, methane gas initiatives, reduction of GHG emissions, greening the vendor chain, foray into alternate energy sources particularly wind energy, installation of 20 MLD (Million Litres per Day) desalination plant, establishing wind potential zones in Western Ghats, encouraging video conferencing to mitigate GHG (Green House Gas) emissions due to air/rail travel of employees, reduction of air pollution from our operational equipment particularly DG (Diesel Generator) sets and cogeneration plants, reducing halon based systems in refrigeration units, which is an ozone depleting substance, and many more such initiatives have generated benefits to the company and society at large.

- ii. Reduction during usage by consumers (energy, water) has been achieved since the previous year?

Company has embarked upon a number of measures for reduction in usage of energy and water. Company has undertaken water foot printing studies at Uran and Mehsana for its pilot studies. This has helped the company to understand the baseline fresh water usage and produced water generation. The company is also in the process of setting up of a desalination plant of 20 MLD at Uran in the state of Maharashtra. More information on water usage is available on company's corporate website with the following link:

<http://www.ongcindia.com/wps/wcm/connect/ongcindia/Home/Initiatives/Corporate+Sustainability/>

ONGC has saved ` 4,288.5 million, by adopting different energy conservation measures at various installations. Some of the measures that helped the company in reduction of significant quantity of fuel consumption (HSD, Natural Gas and electricity) are as follows:

- Gas flaring in Onshore Assets has gradually been reduced from 555 MMSCM in 2001-02 to 88 MMSCM in 2012-13 by taking various measures like creating necessary infrastructure i.e. pipelines, compressors etc., direct marketing of isolated low volume and low pressure gas and adopting innovative measures as GTW (Gas to Wire). Considering 2001-02 as the base

year, these measures have resulted in meaningful utilization of 467 MMSCM of gas in 2012-13 alone.

- The Company has implemented pilot project of Bi-fuel technology for utilization of associated gas @ 1,000 SCMD from the well MSAA for running drilling rig power packs deployed at well MSDB (cluster well). This has resulted in 40% reduction of HSD consumption and additionally helped in reduction of gas flaring.
- Energy savings on account of improved load factor and better electrical fittings & energy saver measures: Improvement of power factor in Uran Plant led to savings of ` 3.12 million. Replacement of RGT with a synchronous motor of 3.35 MW in LPG-1 plant (Liquefied Petroleum Gas plant) resulted in gas saving of 407,404 SM3/month. Installation of Steam based VAM (vapour absorption machines) at Cogen Plant ensured savings of 342,000 KWH/year.
- In Hazira Gas Processing Plant, 24 numbers of old 160 Watt MLL lights fittings were replaced with energy efficient 125 W HPMV fittings at IG Plant & IAEC Boiler. Energy saving per year on account of this is around 3.68 MWHr. Further, 249,660 KWh of electricity is saved which is equivalent to ` 1.373 million per year owing to nine newly replaced air handling units by energy saver double skin Air Handling Units. 12 numbers of compressor houses lighting has been made on auto mode (Timer mode) with in-house efforts. Total power saved is 273,312 KWh resulting into energy savings equivalent to ` 1.503 million.
- Incorporation of variable frequency drive starters (8 nos.) in lift motors of CBM wells instead of conventional electrical starters have resulted us an estimated energy saving of 15 to 20%. Further savings in energy use is expected by the installation of 2 x 250 KVA Gas Gen Set at CBM sites to be operated from CBM gas as the alternate fuel.
- Going big with solar power for saving energy. A project work has been initiated for 25 KW Solar Power Plant for lighting of street light in KDMIPE Campus. Another project work has also been initiated for 15 KW Solar Power Plant for lighting of front area garden, staircase and signage board lighting of GEOPIC. Installed 10 Solar Street Light poles with 2 x 11W CFL fittings. 12 KW Solar power plants for main library in IRS complex are being installed resulting in savings of approximately 20,000 units (KWh) per annum. 18 solar lights commissioned for illumination of remotely located CBM wells, thereby, avoiding deployment of DG sets.

3. Does the company have procedures in place for sustainable sourcing (including transportation)?

Company has in place a well-devised procedure for sustainable sourcing. Company has a well-documented Material Management Policy (available on the website of ONGC) that helps in sourcing the requisites for operations and business activities in a steady, continuous and sustainable manner. Company has the policies of long-term contracts and rate contracts to ensure that operations and business pursuits does not suffers owing to externalities.

Sustainability and Sustainable Development have been embedded in ONGC as a Corporate Mantra and the company has kept itself abreast with Kyoto protocol negotiations, GHG mitigation, Carbon management, sustainability and greening the vendor chain.

In line with sustainability, company is pursuing in letter & spirit the concept of "Greening the vendor in its entire value chain". Through this policy ONGC is pursuing to seek and promote all efforts to embark upon a path of low carbon footprint not only with in ONGC but also amongst its stakeholders down the vendor's chain (business partners). To this effect ONGC would consider giving preference in course of time to products/services that are eco-friendly, energy efficient that lead to reduced emissions and conservation of natural resources.

To start with in phase-1, the company has circulated the ONGC policy to vendors for awareness and compliance; Presented concept on Climate Change & Sustainability and Greening the vendor chain at 9th Vendors' Meet; Displayed background paper & policy on ONGC tender website and also conducted one day awareness workshop for vendors on February 23-24, 2011 at Delhi. To move forward, in 2nd stage, ONGC intends to introduce "Greening specification" in bid documents and also seek information from bidders in prescribed format on select sustainable development performance indicators for creating information database.

- I. If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.  
The company at present does not have the process to measure this particular parameter. However, in future, efforts will be made to capture relevant information.
4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

Being an Indian CPSE (Central Public Sector Enterprise), ONGC's procurement policy and practices are guided by the applicable



instructions based on the Govt. Policies and practices. These are based on transparent procurement mechanisms which promotes procurement from technically competent suppliers.

If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

ONGC always encouraged local suppliers to participate in the tendering process and also promote them through our vendor development programs. Our continued pursuits in these directions have seen improved participation of small local players and socio-economic development of communities in and around our operational locations. Company also follows, wherever possible and technically feasible, the guidelines for sourcing the 20-30% of goods and services from MSMEs (Medium, Small and Micro Enterprises) as mandated by Govt of India.

ONGC also provides certain incentive to MSMEs like exemption from tender fee and Exemption from Bid Security. MSMEs (not their dealers/distributors) registered with District Industry Centres or Khadi and Village Industries Commission or Khadi and Village Industries Board or Coir Board or National Small Industries Corporation (NSIC) or Directorate of Handicrafts and Handloom or any other body specified by Ministry of MSME are exempted from payment of tender fees. Further they are also exempted from payment of Bid Security irrespective of monetary limit mentioned in their registration certificate provided they are registered for the items they intend to quote.

5. Does the company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

Waste management has been identified as a focus area by ONGC for sustainable development activities. ONGC is also working towards the need to improve waste management system. Over the next couple of years it intends to initiate an organization-wide waste foot printing study to better understand "measures and manage" the wastes.

#### Managing produced water

The water produced along with the production of oil and gas is a major effluent for the company. The produced water is separated and treated through effluent treatment plants (ETP). At onshore locations, a part of it is used for water injection into the reservoir to maintain the reservoir pressure; the remaining quantity is re-injected into sub-surface disposal wells located more than 1,000 meter below the surface. In the offshore area the produced water from water injection, treated effluent water is disposed 40 meters below the sea surface. In crude processing plant and gas processing plant at Uran and Hazira, the waste water after treatment is used for gardening and fishery. ONGC has recycled 3.09 billion litres of produced water during 2012-13, which is 5.29% of the total water. Process improvement in data collection for this is underway and the aim is to provide more comprehensive data in future disclosures.

#### Managing solid wastes from operation

Significant waste is generated during E&P activities like drilling mud, cuttings, tank bottom sludge and oily waste. These are hazardous wastes and disposed of in accordance with statutory guidelines. The company has also pioneered the use of bio-remediation for treating oily sludge, tank bottom sludge and this method has been adopted across the organization.

#### Managing waste water

Waste water generated as part of our miscellaneous activities is treated in mobile ETP's and reused for preparing drilling fluids and cleaning of drill pipes and derrick floor of the rigs.

#### Managing E-waste

The company manages e-waste according to an approved policy, regulatory requirement and relevant industry practices. The policy relies on recycling, buyback and disposal through recyclers approved by the state agencies of the Government.

Principle 3: Businesses should promote the wellbeing of all employees.

#### Principle 3.1

Do you have policy/policies for principle 3?

Yes. The Company has a wide range of HR policies covering each and every segment of the employees (workers, officers, women employees, SC/ST employees, sportsperson, etc.) and also covering every aspect of professional skill & knowledge up-gradation, employee motivation & welfare measures, employees health & general wellbeing measures, women empowerment, empowerment

of SC/ST and other disadvantageous class employees, and also that of separation/superannuation and post-retirement welfare measures.

In fact, ONGC is committed to the human rights values in quite comprehensive manner and it is reflected through ONGC being a member of United Nations Global Compact Initiatives. And its CMD Shri Sudhir Vasudeva being a nominated member, nominated by Secretary General of United Nations Shri Ban-ki-Moon, in the board of United Nations Global Compact Initiatives.

#### Principle 3.2

Has the policy been formulated in consultation with the relevant stakeholders?

The HR policies of ONGC are formulated in line with DPE guidelines and after due consultation with the collectives and employees.

#### Principle 3.3

Does the policy conform to any national/international standards? If yes, specify? (50 words)

HR Policies of ONGC conform to the best of international and national standards. The company is perceived to be one of the best employers in the country. The awards and recognitions received by ONGC from Ma Foi Randstand (a reputed international HR service company), SCOPE, etc., are testimonies of the ONGC's sound HR practices.

#### Principle 3.4

Has the policy been approved by the Board? If yes, has it been signed by MD/owner/CEO/appropriate Board Director?

All HR policies are approved by competent authorities as delegated by the Board and signed accordingly.

#### Principle 3.5

Does the company have a specified committee of the Board/ Director/Official to oversee the implementation of the policy?

The Board of Directors have constituted a Board level Human Resource Management Committee to oversee the major decisions in the area of human resources.

#### Principle 3.6

Indicate the link for the policy to be viewed online?

The intranet of the Company "webice.ongc.co.in" has link to the various HR policies.

#### Principle 3.7

Has the policy been formally communicated to all relevant internal and external stakeholders?

Yes. ONGC's HR policies are available on-line on company website as well as on company's internal web-ice portal and on ongcreports.net. All the policies, procedures and work-flows are documented and are available on-line for easy access, use and information by all employees. Any new initiatives or changes or any new announcements are communicated to the employees on-line through internal websites and also through formal orders on notice boards and through circulars.

#### Principle 3.8

Does the company have in-house structure to implement the policy/policies?

ONGC has a structured Human Resource Department headed by Director (HR) who implements the policies throughout the organisation through a number of senior and key HR executives and through a host of HR officers down the hierarchy.

#### Principle 3.9

Does the Company have a grievance redressal mechanism related to the policy/policies to address stakeholders' grievances related to the policy/policies?

Yes. ONGC has structured employees' grievance redressal mechanism. The mechanism/procedures allow employees to escalate their grievances to the level of Director (HR) of the company and in some case even to the Executive Committee for justifiable redressal of their issues & concerns. Collectives and Officers association are engaged/involved at every stage to ease out the vexed issues and their concerns. An Executive Director level position oversees that employee relation and industrial relation (ER & IR) are maintained providing a cordial, motivated and spirited work atmosphere all across company's work centres.