

M/S BATRA SAPRA & COMPANY
Chartered Accountants

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AUDITORS' REPORT TO THE MEMBERS OF ONGC VIDESH LIMITED ON THE CONSOLIDATED FINANCIAL STATEMENTS OF ONGC VIDESH LIMITED AND ITS SUBSIDIARIES AND JOINT VENTURES

1. We have audited the attached Balance Sheet, Profit and Loss Account and Cash Flow Statement of **ONGC Videsh Limited** and examined the consolidation of its subsidiaries and Joint Ventures as at 31st March 2010 and the Consolidated Balance Sheet, Consolidated Profit and Loss Account and Consolidated Cash Flow Statement for the year ended 31st March 2010. These Financial Statements are the responsibility of the ONGC Videsh Limited's management and have been prepared by the management on the basis of separate financial statements and other financial information regarding components. Our responsibility is to express an opinion on these financial statements based on our audit.
2. An Audit of ONGC Videsh Limited based on the fact that the actual operations are performed outside India and operator is responsible for maintaining the original books of Account on behalf of all the members as per joint operating agreement, we have conducted our audit relying on such information furnished by the operator.
3. These accounts include company's share in 27 projects out of which 11 projects (Block 1a, 1b, 2a, 2b and 4, Sudan; AFPC, Syria; MECL, Columbia; Block-BC 10, Brazil; OOO Imperial Frac Service; Block BM-SEAL-4, Brazil; Block BM-BAR-1, Brazil; Block-2, JDZ, Nigeria; OPL-279, Nigeria; OPL-285, Nigeria and San Cristobal, Venezuela) are held in the books of company's subsidiaries/JV Companies mentioned at Para 6 to 11 below. The remaining 16 Joint Ventures projects are held by the company directly and the company has incorporated its share in the total value of assets, liabilities, expenses and incomes of 9 joint ventures accounts have been certified under respective local laws/Production Sharing Contracts/Joint Operating Agreement by the local audit firms appointed by the management of the respective Joint Ventures and remaining 7 have been certified by the management.
4. We conducted our audit in accordance with generally accepted Auditing Standards in India. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements.

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and



significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

5. We report that the consolidated financial statements have been prepared by the Company in accordance with the requirements of the Accounting Standard (AS) 21, "Consolidated Financial Statements" and Accounting Standard (AS) 27, "Financial Reporting of Interest in Joint Ventures", issued pursuant to the Companies (Accounting Standards) Rules, 2006 as per Section 211(3C) of the Companies Act, 1956.
6. We did not audit the financial statements of ONGC Nile Ganga BV, the subsidiary company, whose financial statements reflect total assets of ₹121,456.22 Million and total liability of ₹29,253.31 million as at March 31, 2010 and total revenues of ₹89,693.88 Million and total expenditure of ₹69,838.78 Million and Cash flow arising therefrom for the year ended on that date. The financial statements of the Subsidiary have been audited by other auditor whose report has been furnished to us and our opinion, in so far it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditor.
7. We did not audit the financial statements of ONGC Mittal Energy Limited, the joint venture company, whose financial statements reflect total assets of ₹5,328.58 Million and total liability of ₹6,068.10 Million as at March 31, 2010 and total revenues of ₹61.57 Million and total expenditure of ₹1,372.99 Million and Cash flow arising therefrom for the year ended on that date. The financial statements of the Joint Venture Company have been prepared in accordance with IFRS as adopted by European Union and the same have been audited by other auditor whose report has been furnished to us and our opinion, in so far it relates to the amounts included in respect of the joint venture company is based solely on the report of the other auditor.
8. We did not audit the financial statements of ONGC Narmada Limited, the subsidiary company, whose financial statements reflect total assets of ₹936.55 Million and total liability of ₹1,450.11 Million as at 31st March 2010 and total revenues of ₹8.88 Million and total expenditure of ₹126.20 Million and Cash flow arising therefrom for the year ended on that date. The financial statements of the subsidiary are certified by the auditors but no audit report on these financial statements has been issued by the auditors and hence we do not express any opinion on the same, also we do not have responsibility for impact, if any, on the consolidated financial statements.
9. We did not audit the financial statements of ONGC Amazon Alaknanda Limited, the subsidiary company, whose financial statements reflect total assets of ₹31,491.39 Million and total liability of ₹1,930.94 Million as at March 31, 2010 and total revenues of ₹7,104.97 Million and total expenditure of ₹4,394.63 Million and Cash flow arising therefrom for the year ended on that date. The financial statements of the subsidiary have been audited under US GAAP by other auditor, whose report has been furnished to us and in our opinion, so far it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditor.



10. We did not audit the financial statements of Jarpeno Limited, the subsidiary company, whose financial statements reflect total assets of ₹100,914.56 Million and total liability of Rs.24,496.20 Million as at March 31, 2010 and total revenues of ₹8,711.85 Million and total expenditure of ₹18,259.05 Million and Cash flow arising there from for the year ended on that date. The financial statements of the subsidiary have been prepared under Indian GAAP and audited by other auditor, whose report has been furnished to us and our opinion, in so far it relates to the amounts included in respect of the subsidiary is based solely on the report of the other auditor.
11. We did not audit the financial statements of Carabobo one AB Limited, the subsidiary company, whose financial statements reflect total assets of ₹1.72 Million and total liability of ₹1.44 Million as at March 31, 2010 and total revenues of ₹0.02 Million and total expenditure of ₹0.39 Million and Cash flow arising there from for the year ended on that date. The financial statements of the subsidiary are unaudited, hence we do not express any opinion on the same, and also we do not have responsibility for impact, if any, on the consolidated financial statements.
12. Categorization of expenditure on projects in Exploratory & Development Well-In-Progress, Producing Properties and Capital Work-In Progress, allocation of cost incurred on them, depletion of producing properties including goodwill amortization, provision for abandonment cost and impairment, allocation of depreciation on fixed assets (including support equipments and facilities) are made according to evaluation by the management, technical and/or otherwise on which, we have placed reliance.
13. Attention is invited to:-
 - 13.1 Footnote to Note No. 24 of Schedule-25 regarding expense head-wise details in respect of other operating expenditure as required by Schedule VI to the Companies Act, 1956.
 - 13.2 The expenditure for production, transportation, selling and distribution are classified in Schedule 18 under production expenditure, transportation expenditure, royalty and other expenses, since further details are not available in respect of non operated joint ventures.

Read with our comments in paragraph 13 above, we report that on the basis of information and explanation given to us and on the consideration of the separate audit reports on financial statements of the company, its subsidiaries and joint venture company, we are of the opinion that the attached consolidated Financial Statements read together with the Notes in Schedule - 25 give a true and fair view:

- a) In case of consolidated Balance sheet of the consolidated state of affairs of ONGC Videsh Limited and its subsidiaries and joint venture company as at March 31, 2010 and
- b) In the case of consolidated Profit and Loss, of the consolidated results of operations of ONGC Videsh Limited, its subsidiaries and joint venture company for the year ended on that date and



- c) In case of consolidated Cash Flow Statement of the consolidated Cash Flow of ONGC Videsh Limited, its subsidiaries and joint venture company for the year ended on that date.

**FOR BATRA SAPRA & CO.
CHARTERED ACCOUNTANTS**

K.S.Kamath

K.S.KAMATH

Partner

M.No. 044492

Firm Registration No.000103N

Place: New Delhi

Date: 21st May 2010