

ONGC VIDESH LIMITED
BALANCE SHEET AS AT 31ST MARCH 2010

(₹ in Million)

	SCHEDULE			As at 31st March 2010	As at 31st March 2009
SOURCES OF FUNDS					
SHAREHOLDERS' FUNDS					
Share Capital	1	10,000.00		10,000.00	
Reserves and Surplus	2	<u>49,485.41</u>	59,485.41	<u>49,725.84</u>	59,725.84
LOAN FUNDS					
Secured Loans	3	-		-	
Unsecured Loans		<u>197,956.84</u>	197,956.84	<u>206,790.13</u>	206,790.13
DEFERRED TAX LIABILITY (Refer Note 15 of Schedule 26)					
			3,786.09		3,482.23
LIABILITY FOR ABANDONMENT COST					
			6,868.80		7,760.68
TOTAL			<u><u>268,097.14</u></u>		<u><u>277,758.88</u></u>
APPLICATION OF FUNDS					
FIXED ASSETS					
Gross Block	4	69,505.40		68,428.17	
Less: Depreciation		<u>39,674.89</u>	29,830.51	<u>34,030.02</u>	34,398.15
Net Block					
PRODUCING PROPERTIES (NET)	5		45,321.42		45,851.88
DEVELOPMENT AND EXPLORATORY WELLS IN PROGRESS	6		9,442.67		7,881.86
CAPITAL WORK IN PROGRESS	7		30,308.46		15,541.44
INVESTMENT	8		138,154.26		52,812.46
CURRENT ASSETS, LOANS AND ADVANCES					
Interest Accrued	9	40.60		25.55	
Inventories	10	1,919.54		1,644.89	
Sundry Debtors	11	4,307.90		4,839.52	
Cash and Bank Balances	12	5,655.06		5,431.02	
Loans and Advances	13	<u>20,004.37</u>		<u>125,188.76</u>	
		<u>31,927.47</u>		<u>137,129.74</u>	
LESS: CURRENT LIABILITIES AND PROVISIONS					
Current Liabilities	14	16,536.83		15,456.06	
Provisions	15	<u>350.82</u>		<u>400.59</u>	
		<u>16,887.65</u>		<u>15,856.65</u>	
NET CURRENT ASSETS			15,039.82		121,273.09
TOTAL			<u><u>268,097.14</u></u>		<u><u>277,758.88</u></u>
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES					
	25				
NOTES TO THE ACCOUNTS					
	26				
Schedules referred to above form an integral part of the Accounts					

V. Sreedher
(V Sreedher)
Company Secretary

S P Garg
(S P Garg)
Director (Finance)

R S Butola
(R S Butola)
Managing Director

R S Sharma
(R S Sharma)
Chairman

As per our report of even date attached
For **BATRA SAPRA & COMPANY**
Chartered Accountants



K. S. Kamath
(K. S. KAMATH)
Partner (M No.44492)

New Delhi
May 21, 2010

Firm Registration Number 000103N

ONGC VIDESH LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH' 2010

(₹ in Million)

	SCHEDULE	2009-10	2008-09
INCOME			
Sales	16	48,357.27	62,610.01
Other Income	17	1,381.06	1,459.83
Increase/(Decrease) in Stocks	18	(1.56)	(86.58)
		<u>49,736.77</u>	<u>63,983.26</u>
EXPENDITURE			
Production, Transportation, Selling and Distribution Expenditure	19	12,297.96	13,928.21
Depreciation, Depletion and Amortisation	20	11,727.54	15,453.92
Financing Costs & Foreign Exchange Fluctuation	21	5,452.26	6,062.98
Provisions and Write-Offs (Net)	22	1,301.73	2,877.70
		<u>30,779.49</u>	<u>38,322.81</u>
PROFIT BEFORE TAX AND PRIOR PERIOD ADJUSTMENTS		18,957.28	25,660.45
Adjustments relating to Prior Period (Net)	23	16.98	101.07
Provision for Taxation			
Current Year Tax		6,911.26	11,565.79
Deferred Tax		303.86	(990.99)
Fringe Benefit Tax		0.00	7.50
Wealth Tax		0.04	16.27
Earlier Years Tax		13.86	534.01
		<u>11,711.28</u>	<u>14,426.80</u>
PROFIT AFTER TAXATION		11,711.28	14,426.80
Add: Profit brought forward from last year		39,777.24	26,793.12
Balance Available for Appropriation		51,488.52	41,219.92
Transfer to General Reserve		1,171.13	1,442.68
Transfer to Debenture Redemption Reserve		1,154.19	0.00
Balance Carried to Balance Sheet		49,163.20	39,777.24
		<u>51,488.52</u>	<u>41,219.92</u>
EARNING PER EQUITY SHARE - BASIC AND DILUTED (Rs)	24		
(Face Value Rs. 100/- Per share)			
- before extraordinary items (net of tax)		117.11	144.27
- after extraordinary items		117.11	144.27
STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES	25		
NOTES TO THE ACCOUNTS	26		

Schedules referred to above form an integral part of the Accounts

V. Sreedher

(V Sreedher)
Company Secretary

J. P. Garg

(S P Garg)
Director (Finance)

R. S. Butola

(R S Butola)
Managing Director

R. S. Sharma

(R S Sharma)
Chairman

As per our report of even date attached
For BATRA SAPRA & COMPANY
Chartered Accountants



K. S. Kamath
(K. S. KAMATH)
Partner (M No.44492)

New Delhi
May 21, 2010

Firm Registration Number 000103N

ONGC VIDESH LIMITED

SCHEDULE - 1

	As at 31st March 2010	As at 31st March 2009
SHARE CAPITAL		
Authorised		
100,000,000 (Previous year 100,000,000) Equity Shares of ₹100 each	<u>10,000.00</u>	<u>10,000.00</u>
Issued, Subscribed, Called and Paid Up	10,000.00	10,000.00
100,000,000 (Previous year 100,000,000) Equity Shares of ₹100 each fully paid up in cash (The entire share capital is held by Oil and Natural Gas Corporation Limited and its nominees)		
TOTAL	<u>10,000.00</u>	<u>10,000.00</u>

ONGC VIDESH LIMITED

SCHEDULE - 2

(₹ in Million)

		As at 31st March 2010		As at 31st March 2009
RESERVES AND SURPLUS				
Capital Reserve		174.08		174.08
General Reserve				
Opening balance	4,580.03		3,137.35	
Less: Adjustment for Employees Benefits	0.00		0.00	
Add: Transfer from Profit and Loss Account	<u>1,171.13</u>	5,751.16	<u>1,442.68</u>	4,580.03
Debenture Redemption Reserve				
Opening balance	0.00			
Add: Transfer from Profit & Loss Account	1,154.19	1,154.19		
Foreign Exchange Translation Reserve		(6,757.21)		5,194.49
Profit and Loss Account				
Opening Balance	39,777.24		26,793.12	
Add: Addition during the year	<u>9,385.95</u>	49,163.19	<u>12,984.12</u>	39,777.24
TOTAL		<u>49,485.41</u>		<u>49,725.84</u>

ONGC VIDESH LIMITED

SCHEDULE - 3

(₹ in Million)

	As at 31st March 2010	As at 31st March 2009
SECURED LOANS		
UNSECURED LOANS		
Long Term		
Indian Rupee Loans		
From Oil and Natural Gas Corporation Limited	162,722.58	153,064.77
Foreign Currency Loans		
Non- Recourse Deferred Credit	934.26	1,225.36
(In respect of Joint Venture)		
Non Convertible Redeemable Debenture*	23,400.00	0
Short Term		
Commercial Papers	10,900.00	52,500.00
TOTAL	197,956.84	206,790.13

Repayable within one year	10,904	52,669.54
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* Consists of the following:

(a) 19700 Non-convertible redeemable bonds in the nature of debentures (Series I) of ₹ 1 million each face value issued on 23/12/2009 and redeemable at par on 23/12/2014. The coupon rate is 8.40% p.a. payable annually on 23rd December.

(b) 3700 Non-convertible redeemable bonds in the nature of debentures (Series II) of ₹ 1 million each face value issued on 6/1/2010 and redeemable at par on 6/1/2020. The coupon rate is 8.54% p.a. payable annually on 6th January.

Both the Bonds are guaranteed for repayment of principal and payment of interest by Oil and Natural Gas Corporation Limited, the parent company. Further, the Company is required to maintain 100% asset-cover as per SEBI guidelines.

There is no put/call option.



ONGC VIDESH LIMITED

SCHEDULE - 4

FIXED ASSETS

(₹ in Million)

PARTICULARS	GROSS BLOCK				DEPRECIATION				NET BLOCK	
	As at 1st April 2009	Additions during the year	Deletions/ Adjustments during the year	As at 31st March 2010	Up to 31st March 2009	For the year	Deletions/ Adjustments during the year	Up to 31st March 2010	As at 31st March 2010	As at 31st March 2009
Land (Leasehold)	1,622.05	47.48	0.64	1,668.89	0.00	0.00	0.00	0.00	1,668.89	1,622.05
Building	4,579.16	512.94	57.67	5,034.43	468.18	220.76	6.71	682.23	4,352.20	4,110.97
Plant & Machinery	57,919.87	460.72	17.15	58,363.44	32,052.47	4,996.32	12.55	37,036.24	21,327.20	25,867.40
Computers	192.41	26.43	1.52	217.32	124.19	31.38	1.26	154.31	63.01	68.21
Vehicles	282.59	40.06	7.73	314.92	179.02	33.46	5.36	207.12	107.80	103.57
Furniture & Fittings and Equipments	3,597.48	72.11	2.55	3,667.04	1,022.87	369.60	2.33	1,390.14	2,276.90	2,574.61
Sub Total	68,193.56	1,159.74	87.26	69,266.04	33,846.73	5,651.52	28.21	39,470.04	29,796.00	34,346.81
Intangibles - Software	234.62	4.74	0.00	239.36	183.29	21.56	0.00	204.85	34.51	51.33
TOTAL	68,428.18	1,164.48	87.26	69,505.40	34,030.02	5,673.08	28.21	39,674.89	29,830.51	34,398.14
Previous Year	67,868.81	839.12	279.76	68,428.17	25,419.42	8,622.90	12.30	34,030.02	34,398.15	42,449.39
The above includes the company's share in Joint Venture Assets	66,555.52	1,064.85	71.40	67,548.97	33,896.67	5,619.14	15.40	39,500.41	28,048.55	32,658.85
Previous Year	66,004.01	566.15	14.60	66,555.56	25,340.68	8,566.67	10.67	33,896.68	32,658.88	40,663.33

ONGC VIDESH LIMITED

SCHEDULE- 5

	As at 31st March 2010	(₹in Million) As at 31st March 2009
PRODUCING PROPERTIES		
Gross Cost		
Opening Balance	64,427.97	51,959.96
Expenditure during the year	2,714.50	4,971.03
Transfer from Development & Exploratory Wells-in-Progress	1,404.43	5,018.87
Estimated Abandonment Costs	0.00	2,478.11
Total Gross (A)	68,546.90	64,427.97
Less: Depletion		
Opening Balance	18,576.07	13,674.35
Depletion for the year	4,649.41	4,901.74
Total Depletion (B)	23,225.48	18,576.09
NET PRODUCING PROPERTIES (A - B)	45,321.42	45,851.88

ONGC VIDESH LIMITED

SCHEDULE - 6

	(₹ in Million)	
	As at 31st March 2010	As at 31st March 2009
DEVELOPMENT & EXPLORATORY WELLS IN PROGRESS		
A. Development Wells in Progress		
Opening Balance	180.72	1,816.08
Addition during the year	1,704.92	3,161.28
Less: Transfer to Producing Properties	1,404.43	4,796.64
Development Wells in Progress (A)	481.21	180.72
B. Exploratory Wells in Progress		
Opening Balance	7,701.14	6,604.15
Addition during the year	3,196.85	4,208.01
Less: Transfer to Producing Properties	0.00	222.23
Less: Wells written off during the year	1,910.57	2,824.09
Less: Provision for Wells drilled during the year under Service Contract	25.96	64.70
Exploratory Wells in Progress (B)	8,961.46	7,701.14
DEVELOPMENT AND EXPLORATORY WELLS IN PROGRESS (A+B)	9,442.67	7,881.86

ONGC VIDESH LIMITED

SCHEDULE - 7

(₹ in Million)

	As at 31st March 2010	As at 31st March 2009
CAPITAL WORK IN PROGRESS		
Block 06.1, Vietnam	253.17	153.19
Block 127, Vietnam	0.00	92.54
Block 128, Vietnam	92.54	92.54
Sakhalin-1 Project, Russia	25,497.72	12,470.34
Block 5A, Sudan	1,447.25	821.51
Block 6, North Ramadan, Egypt	33.50	33.50
Block A1, Myanmar	1,236.07	302.84
Block A3, Myanmar	599.70	157.55
Block 81/1, Libya	0.00	268.92
Block 25, 26, 27, 28, 29, 36 and 35 (Part), Cuba	346.91	346.91
Block 1,2,3&4 (Area 43), Libya	408.90	408.90
Block AD 2, Myanmar	392.70	392.70
TOTAL	30,308.46	15,541.44

ONGC VIDESH LIMITED

SCHEDULE - 8

	No. of Shares/ Bonds/ Units	Face Value per Share/Bond/ Unit	As at 31st March 2010	(₹ in Million) As at 31st March 2009
INVESTMENTS				
Long Term Investments (Fully Paid Up) (At Cost)				
Trade Investments in Shares Unquoted				
<i>In Wholly Owned Subsidiaries:</i>				
ONGC Narmada Limited Equity Shares	20,000,000 (20,000,000)	1 (Naira)	6.94	6.94
ONGC Amazon Alaknanda Limited Equity Shares	12,000 (12,000)	1 (USD)	0.56	0.56
Preference Shares	437,488,000 (437,488,000)	1 (USD)	20,190.07	20,190.07
Jarpeno Limited Equity Shares *	1,350 (1,000)	1 (USD) 1 (Euro)	0.06	0.06
Preference Shares	192,210 (Nil)	10,000(USD)	86,744.37	0.00
Carabobo ONE AB Limited	1,000 (Nil)	100(SEK)	0.76	0.00
<i>In Partially Owned Subsidiaries:</i>				
ONGC Nile Ganga B.V. Equity Shares Class A	40 (40)	453.78 (Euro)	8,462.12	8,536.33
Equity Shares Class B	100 (100)	453.78 (Euro)	21,155.29	21,340.81
Equity Shares Class C	880 (5,500)	1 (Euro)	234.25	1,377.85
<i>In Jointly Controlled Entity:</i>				
ONGC Mittal Energy Limited Equity Shares	24,990,000 (24,990,000)	1 (USD)	1,113.72	1,113.72
Preference Shares	618 (618)	1 (USD)	246.12	246.12
TOTAL			138,154.26	52,812.46

*During the year 2009-10, the existing issued share capital of Euro 1000 divided into 1000 ordinary shares of Euro 1 each was converted to USD 1350 divided into 1350 shares of USD 1 each

**During the year against the funds for acquisition amounting to USD 192.10MM (Shown under Loans & Advances in the previous year, Jarpeno has issued 192,210 Optionally Convertible Redeemable Preference share(OC RPS) to the company

ONGC VIDESH LIMITED

SCHEDULE - 9

(₹ in Million)

As at 31st March 2010	As at 31st March 2009
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INTEREST ACCRUED

(Unsecured, Considered Good unless otherwise stated)

Interest Accrued On

Deposits with Banks	0.37	0.06
Others	40.23	25.49
TOTAL	40.60	25.55

ONGC VIDESH LIMITED

SCHEDULE - 10

(₹ in Million)

		As at 31st March 2010		As at 31st March 2009
INVENTORIES				
(As taken, valued and certified by the Management)				
Finished Goods		10.36		11.92
Stores and Spares	1,910.06		1,632.26	
Less: Provision & Write off	<u>0.88</u>	1,909.18	<u>0.88</u>	1,631.38
(In respect of Joint Venture)				
Stores & Spares	0.00		6.92	
Less: Written-off to Net Realisable Value	<u>0.00</u>	0.00	<u>5.33</u>	1.59
TOTAL		<u>1,919.54</u>		<u>1,644.89</u>

ONGC VIDESH LIMITED

SCHEDULE - 11

	As at 31st March 2010	(₹ in Million) As at 31st March 2009
SUNDRY DEBTORS		
(Unsecured)		
Debts outstanding for a period exceeding six months:		
Considered Good	0.00	0.00
Considered Doubtful	0.00	0.00
Other Debts:		
Considered Good	4,307.90	4,839.52
Considered Doubtful	0.00	0.00
TOTAL	4,307.90	4,839.52

ONGC VIDESH LIMITED

SCHEDULE - 12

(₹ in Million)

	As at 31st March 2010	As at 31st March 2009
CASH AND BANK BALANCES		
A. Cash Balances		
a) At New Delhi	0.28	0.09
b) At Overseas	0.07	0.09
B. Balances with Scheduled Banks		
a) On Current Account	4,223.81	3,264.76
b) On Deposit Accounts	93.28	132.69
C. Balances with Non-Scheduled Banks		
a) On SB Dollar Account with Bank for Foreign Trade of Vietnam, HCMC, Vietnam (Maximum balance during the year ₹615.44 Million Previous year ₹483.04 Million)	0.19	0.24
b) On SB VND Account with Bank for Foreign Trade of Vietnam, HCMC, Vietnam (Maximum balance during the year ₹0.15 Million Previous year ₹105.02 Million)	0.12	0.12
c) On Current Account with Bank of Moscow, Sakhalin (RUR) (Maximum balance during the year ₹ 0.02 Million Previous year 0.02)	0.00	0.02
d) On Current Account with Bank of Commerce & Development, Libya (USD) (Maximum balance during the year ₹2.56 Million Previous year ₹2.49 Million)	0.49	0.51
e) On Current Account with Bank of Commerce & Development, Libya (LD) (Maximum balance during the year ₹1.76 Million Previous year ₹2.12 Million)	0.88	0.35
f) On Current Account (USD) with Banco Financiero Internacional SA, Cuba (Maximum balance during the year ₹4.36 Million Previous year ₹28.96 Million)	0.45	0.45
g) On Current Account EN Bank, Tehran (AED) (Maximum balance during the year ₹0.00 Million Previous year 1.55 Million)	0.00	0.00
h) On Current Account EN Bank, Tehran (IRR) (Maximum balance during the year ₹ 1.36 Million Previous year 2.94 Million)	0.35	0.29
i) On Current Account EN Bank, Tehran (EUR) (Maximum balance during the year ₹ 0.90 Million Previous year 1.63)	0.03	0.10
j) On Current Account Banco de Credito Helm Financial Services , Colombia (COP) (Maximum balance during the year ₹ 9.89 Million Previous year 3.01 Million)	3.96	0.54
k) On Current Account Banco de Credito Helm Financial Services , Colombia (COP) (Maximum balance during the year ₹17.45 Million Previous year Nil Million)	8.73	0.00
l) On Current Account Royal Bank of Scotland, Astana Kazakhstan (USD) (Maximum balance during the year ₹ 3.38 Million Previous year 0.71)	1.01	0.10
m) On Current Account Royal Bank of Scotland, Sakhalin (USD) (Maximum balance during the year ₹ 0.17 Million Previous year 258.02 Million)	0.00	0.19
n) On Current Account Royal Bank of Scotland, Sakhalin (RUR) (Maximum balance during the year ₹2,864.00 Million Previous year ₹ 15,120.38 Million)	13.81	1.22
o) On Current Account Royal Bank of Scotland (RUR) (Maximum balance during the year ₹ 0.96 Million Previous year 0.63 Million)	0.26	0.40
p) On Current Account Royal Bank of Scotland (USD) (Maximum balance during the year ₹ 8.33 Million Previous year 8.75 Million)	6.76	5.94
q) On Current Account Royal Bank of Scotland (USD) (Maximum balance during the year ₹ 2836.58 Million Previous year 232.39)	108.20	145.38
D. Cash and Bank Balances (In respect of Joint Venture)	1,085.01	1,809.83
E. Deposit with Bank Under Site Restoration Fund Scheme	107.37	67.71
TOTAL	5,655.06	5,431.02

ONGC VIDESH LIMITED

SCHEDULE - 13

			(₹ in Million)	
	As at		As at	
	31st March		31st March	
	2010		2009	
LOANS AND ADVANCES				
A. Secured - Considered Good				
Loans and Advances to Employees	67.80		56.29	
B. Unsecured - Considered Good				
Carry Finance to Sudapet, Sudan	463.28		709.31	
Loans and Advances to Employees	29.73		51.53	
Advances recoverable in cash or in kind or for value to be received	449.24		3,378.85	
Receivable from ONGC Nile Ganga BV (Subsidiary Company)	148.34		102.92	
Receivable from ONGC Mittal Energy Ltd.	150.73		80.46	
Advance to ONGC Mittal Energy Limited	75.55		672.66	
Advance to Jarpeno Limited	942.90		100,721.92	
Advance to AB Startkapitalet nr 5636 (Carabobo ONE AB Limited)	1.12		0.00	
Loan to ONGC Narmada Limited (Subsidiary Company)	1,440.45		1,141.76	
Other Deposits	56.59		56.88	
VAT Receivable	360.43		90.02	
Investment in Lease	5,697.53		5,985.34	
Insurance Claims	0.00		388.96	
Unamortized Financial Charges on Commercial Papers	267.60		3,089.80	
Advances recoverable in cash or in kind or for value to be received (In respect of Joint Venture)	4,501.86		570.83	
Taxes (Income Tax, Wealth Tax and Fringe Benefit Tax) :				
Advance Payment of Income Tax	18,042.45		30,416.92	
Less: Provision	12,691.23	5,351.22	22,325.69	8,091.23
Unsecured - Considered Good (B)	19,936.57		125,132.47	
C. Unsecured - Considered Doubtful				
Carry Finance to Sudapet, Sudan	0.00		0.00	
Less: Provisions for Doubtful Loans and Advances	0.00	0.00	0.00	0.00
Carry Finance to Shell, Egypt (NEMED)	6,156.23		6,494.26	
Less: Provisions for Doubtful Advances and Claims	6,156.23	0.00	6,494.26	0.00
Unsecured - Considered Doubtful (C)	0.00		0.00	
LOANS AND ADVANCES (A+B+C)	20,004.37		125,188.76	

ONGC VIDESH LIMITED

SCHEDULE - 14

	As at 31st March 2010	(₹ in Million) As at 31st March 2009
CURRENT LIABILITIES		
Sundry Creditors for Supplies/ Works		
Due of micro enterprises and small enterprises	0.00	0.00
Other than micro enterprises and small enterprises	1,611.14	4,428.06
Deposits	113.97	1.36
Advance from Customers	132.12	166.55
Payable to Oil and Natural Gas Corporation Limited	6.21	8.98
Other Liabilities	2,051.55	1,492.15
Amount Payable to Operators	4,706.96	375.19
Deferred Credit on Gas Sales	3.61	5.99
Sundry Creditors for Supplies/ Works (In respect of Joint Venture)	7,911.27	8,977.78
TOTAL	<u>16,536.83</u>	<u>15,456.06</u>

ONGC VIDESH LIMITED

SCHEDULE - 15

(₹ in Million)

	Balance as at 1st April, 2009	Utilisation/ Reversal during the year	Provision made for the year	Balance as at 31st March'2010
PROVISIONS				
Gratuity	138.95	5.85	31.13	164.23
Leave Encashment	100.66	36.80	63.18	127.04
Post Retirement Medical Benefits/Other Terminal Benefits	44.51	0.00	15.03	59.54
Pay Revision Arrears	116.47	116.46	0.00	0.01
	<u>400.59</u>	<u>159.11</u>	<u>109.34</u>	<u>350.82</u>

ONGC VIDESH LIMITED

SCHEDULE - 16

(₹ in Million)

	2009-10	2008-09
SALES		
Crude Oil	40,554.77	55,441.86
Gas	7,156.28	6,286.75
Condensate	<u>1,462.66</u>	<u>1,680.79</u>
TOTAL	49,173.71	63,409.40
Less VAT	<u>816.44</u>	<u>799.39</u>
Net Sales	<u>48,357.27</u>	<u>62,610.01</u>

Note: Sales are shown on Entitlement basis and net of Government share of Profit Oil.

ONGC VIDESH LIMITED

SCHEDULE - 17

(₹ in Million)

	2009-10	2008-09
OTHER INCOME		
Interest Income on:		
On Deposits with Banks	39.16	126.49
(Tax deducted at source ₹0.07 Million previous year ₹0.50 Million)		
On Loans & Advances To Subsidiaries	257.18	54.56
Loans and Advances to Employees	2.94	2.40
Others	0.33	206.51
Lease Income	317.48	376.97
Profit on Redemption/ Sale of Investment	72.67	100.82
Miscellaneous Receipts	691.30	592.08
TOTAL	1,381.06	1,459.83

ONGC VIDESH LIMITED

SCHEDULE - 18

	(₹ in Million)			
		2009-10		2008-09
INCREASE/(DECREASE) IN STOCK (FINISHED GOODS)*				
Closing Stock		10.36 *		11.92
Opening Stock	11.92		155.11	
Less: Adjustment	<u>0.00</u>	11.92	<u>56.61</u>	98.50
NET INCREASE/(DECREASE) IN STOCK		<u>(1.56)</u>		<u>(86.58)</u>

*As taken, valued and certified by the Management

ONGC VIDESH LIMITED

SCHEDULE - 19

	2009-10	2008-09
PRODUCTION, TRANSPORTATION, SELLING AND DISTRIBUTION EXPENDITURE		
Transportation Expenditure	2,707.99	3,236.59
Production Expenditure	5,281.33	4,688.36
Royalty	3,156.41	4,543.69
Service Tax and Other Levies	4.39	50.34
Staff Expenditure	751.92	813.15
Rent	26.53	29.62
Repair & Maintenance	44.09	23.84
Insurance	53.62	21.35
Others	271.68	521.27
TOTAL	12,297.96	13,928.21

Note: The above expenses have been reclassified in accordance with Part II of Schedule VI to the Companies Act, 1956 and exhibited in Note -22 of Schedule '26'.

ONGC VIDESH LIMITED

SCHEDULE - 20

(₹ in Million)

		2009-10		2008-09
DEPRECIATION, DEPLETION AND AMORTISATION				
Depreciation Others	5,651.52		8,465.54	
Amortisation - Intangibles	21.56		57.43	
Less: Capitalised	<u>2,818.27</u>	2,854.81	<u>6,261.91</u>	2,261.06
Depletion		4,649.41		4,901.74
Survey Expenditure		2,092.95		4,740.50
Dry Wells Written Off		1,910.57		2,824.09
Pre-Acquisition Expenses		219.80		726.53
TOTAL		<u>11,727.54</u>		<u>15,453.92</u>

ONGC VIDESH LIMITED

SCHEDULE - 21

(₹ in Million)

	2009-10	2008-09
FINANCING COSTS & FOREIGN EXCHANGE FLUCTUATION		
A. Interest On		
Loan from Oil and Natural Gas Corporation Limited	0.00	6,604.13
Less: Capitalised	<u>0.00</u>	<u>284.73</u> 6,319.40
Amortized Financial Charges on Commercial Papers	3,249.92	856.47
Interest on Bonds	522.42	0.00
Others	<u>0.06</u>	<u>4.13</u>
Sub-Total	<u>3,772.40</u>	<u>7,180.00</u>
B. Foreign Exchange Fluctuation		
Net Exchange Variation for the Year	1,679.86	(1,117.02)
TOTAL	<u>5,452.26</u>	<u>6,062.98</u>

ONGC VIDESH LIMITED

SCHEDULE - 22

(₹ in Million)

	2009-10	2008-09
PROVISIONS AND WRITE-OFFS (NET)		
Provisions for Doubtful Debts/Claims	0.00	1,831.09
Provision for Wells drilled under Service Contract	25.96	64.70
Provision for Abandonment	0.00	0.00
Provision for Non Moving Inventory	0.00	0.00
Excess Provisions Written Back	(11.69)	(380.91)
Acquisition Cost Written off	361.46	1,260.64
Other Write Off	926.00	102.18
TOTAL	1,301.73	2,877.70

Note: The above expenses have been reclassified in accordance with Part II of Schedule VI to the Companies Act, 1956 and exhibited in Note -22 of Schedule '26'

ONGC VIDESH LIMITED

SCHEDULE - 23

(₹ in Million)

	2009-10	2008-09
ADJUSTMENTS RELATING TO PRIOR PERIOD (NET)		
A. Expense		
Survey Expenses	0.00	0.00
Dry Wells Expenses	0.00	0.00
Other Expenses	16.98	1.14
Depreciation	0.00	99.93
Depletion	0.00	0.00
TOTAL	16.98	101.07

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SCHEDULE - 24

(Amount In ₹)

	2009-10	2008-09
EARNING PER EQUITY SHARE		
Basic and Diluted Earnings Per Equity Share	117.11	144.27
(Per Share of ₹ 100 each)		

Note: Earnings Per Equity Share has been computed by dividing the net profit after taxation of ₹11,711.28 Million (Previous Year ₹14,426.80 Million) by weighted average number of equity shares of 100,000,000 (Previous year 100,000,000)

Debit Service Coverage Ratio	0.46	0.00
Interest Service coverage Ratio	6.02	0.00

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SCHEDULE -25

Significant Accounting Policies

1. Accounting Conventions:

The financial statements are prepared under the historical cost conventions in accordance with Generally Accepted Accounting Principles (GAAP). The company follows Successful Efforts Method as per the Guidance Note on Accounting for Oil and Gas Producing Activities issued by the Institute of Chartered Accountants of India, and the provisions of the Companies Act, 1956. Generally, revenues are recognized on accrual basis with provision made for known losses and expenses.

2. Use of Estimates

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

3. Acquisition, Exploration, Development, Abandonment and Production Costs:

3.1 Acquisition Cost:

Acquisition costs of an oil and gas property in exploration/development stage are taken to capital work in progress. Such costs are capitalized by transferring to Producing Property when it is ready to commence commercial production. In case of abandonment of the property, such costs are expensed. Acquisition costs of a producing oil and gas property are capitalized as Producing Property.

3.2 Survey Costs:

Cost of Surveys and prospecting activities conducted in the search of oil and gas are expensed in the year in which these are incurred.

3.3 Exploratory/Development Wells in Progress Costs:

3.3.1 Exploration costs involved in drilling and equipping exploratory and appraisal wells, cost of drilling exploratory type stratigraphic test wells are initially taken to capital work in progress as exploratory wells in progress till the time these are either capitalized to producing properties when ready to commence commercial production or expensed when determined to be dry or of no further use, as the case may be.

3.3.2 All costs relating to development wells, development type stratigraphic test wells, service wells, are initially taken to capital work in progress as development wells



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in progress and capitalized to producing properties when ready to commence commercial production.

- 3.3.3 Exploratory wells in progress which are more than two years old from the date of completion of drilling are charged to Profit and Loss Account except those wells which have proved reserves and the development of the fields in which the wells are located; has been planned.

3.4 Abandonment Costs:

Costs relating to dismantling, abandoning and restoring well sites and allied facilities are provided as abandonment costs based on the provisions under respective agreements governing company's activities in the field/ projects.

3.5 Production Costs:

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

4. Producing Properties:

- 4.1 Producing properties are created in respect of a field/project having proved developed oil and gas reserves when any well in the field/project is ready to commence commercial production. Development wells are capitalized to producing properties when ready to commence commercial production.
- 4.2 All acquisition costs, cost of successful exploratory wells and of all development wells, all related development costs including depreciation on support equipment and facilities and estimated future abandonment costs relating to producing properties are capitalized as Producing Properties.

5. Depletion of Producing Properties:

Producing properties are depleted using the "Unit of Production Method". The rate of depletion for all capitalized costs is computed with reference to the field/project/amortization base by considering the related proved and developed reserves excepting for acquisition costs which are depleted by considering the proved reserves. These reserves are estimated annually.



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6. Side tracking

- 6.1 The cost of abandoned portion of side tracked exploratory wells is charged to Profit and Loss Account as dry wells.
- 6.2 The cost of abandoned portion of side tracked development wells is considered as part of cost of development wells.
- 6.3 The cost of sidetracking in respect of existing producing wells is capitalized if it increases the Proved Developed Reserve otherwise, Charged to Profit and Loss Account as workover expenditure.

7. Impairment:

- 7.1 Producing Properties, Development Wells in Progress (DWIP) and Fixed Assets (Including Capital Works in Progress) of a “Cash Generating Unit” (CGU) are reviewed for impairment at each Balance Sheet date. In case, event and circumstances indicates any impairment, recoverable amount of these assets is determined, being the higher of net selling price and value in use. An impairment loss is recognized, whenever the carrying amount of such assets exceeds the recoverable amount by writing down such assets to their recoverable amount. In assessing value in use, the estimated future cash flows from the use of assets and from its disposal at the end of its useful life are discounted to their present value at appropriate rate.
- 7.2 An impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased. Impairment loss / reversal thereof is adjusted to the carrying value of the respective assets, which in case of CGU, is allocated to its assets on a pro-rata basis. Subsequent to impairment, depreciation is provided on the revised carrying value of the assets over the remaining useful life.

8. Joint Ventures:

- 8.1 The Company has entered into overseas joint ventures with others. In such joint ventures as per the contractual arrangements, the Company shares control with other venturers. The financial statements reflect the share of the Company’s assets and liabilities as well as income and expenditure of Joint Venture Operations which are accounted for as per various joint venture agreements on a line by line basis along with similar items in the Company’s financial statements, except in case of leases, abandonment, impairment, depletion and depreciation which are accounted based on accounting policies of the Company.
- 8.2 The reserves of hydrocarbons in the joint ventures are taken in proportion to the participating interest of the Company.



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9. Fixed Assets:

- 9.1 Fixed assets (including those taken on finance lease, support equipment and facilities) are stated at historical cost.
- 9.2 All costs relating to acquisition of fixed assets till the time of commissioning of such assets are capitalized.
- 9.3 Costs incurred on intangible assets, resulting in future economic benefits are capitalized as intangible assets and amortized on written down value method beginning from the date of capitalization.

10. Depreciation:

- 10.1 Depreciation on fixed assets (including those taken on finance lease) is provided for under the written down value method in accordance with Schedule XIV to the Companies Act, 1956.
- 10.2 Leasehold land (other than perpetual lease and lease over 99 years) is amortized over the lease period.
- 10.3 Depreciation on adjustments to fixed assets on account of price variation is provided for prospectively over the remaining useful life of such assets.
- 10.4 Depreciation on fixed assets (including those taken on finance lease, support equipment and facilities) used for exploration and drilling activities and on facilities is initially capitalized as part of exploration or development costs and expensed/depleted as stated in policy 3 and 4 above.

11. Inventories:

- 11.1 Crude oil and condensate are valued at cost or net realizable value, whichever is lower.
- 11.2 Natural gas in pipeline and crude oil/condensate stock in flow lines/Gathering Stations are not valued.
- 11.3 Inventory of stores and spares is valued at Weighted Average Cost or net realizable value, if available, whichever is lower. Wherever, Weighted Average Cost or Net Realizable Value is not available, the cost made available by the Operator is considered for valuation of Stores and Spares. Provisions are made for obsolete and non moving inventories.



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12. Investments:

- 12.1 Long-term investments are valued at cost. Provision is made for any diminution, other than temporary, in the value of such investments.
- 12.2 Current investments are valued at lower of cost or fair value.

13. Foreign Currency Transactions and Foreign Operations:

- 13.1 Foreign currency transactions on initial recognition in the reporting currency are accounted for at the exchange rates prevailing on the date of transaction.
- 13.2 At each Balance Sheet date, foreign currency monetary items are translated using the average of the exchange rates prevailing on the balance sheet date and non-monetary items are translated using the exchange rate prevailing on the date of transaction or on the date when the fair value of such item was determined.
- 13.3 All exchange differences arising on the settlement of monetary items or on reporting of monetary items at rates different from those at which they were initially recorded during the period, or reported in previous financial statements are recognised as income or as expenses in the period in which they arise.
- 13.4 In respect of the Company's integral foreign operations:
 - (a) The foreign currency transactions on initial recognition in the reporting currency are recorded following the policy stated in 13.1. For practical reasons, the average exchange rate of the relevant month/quarter is taken for the transactions of the month/quarter in respect of joint venture operations, where actual date of transaction is not available.
 - (b) At each Balance Sheet date, monetary and non-monetary items are translated following the policy stated in 13.2.
 - (c) All exchange differences are treated following the policy stated in 13.3.
- 13.5 The financial statements of the non-integral foreign operations of the company are incorporated in the financial statements using the following principles:
 - (a) the assets and liabilities, both monetary and non-monetary, of the non-integral foreign operation are translated at the average of the exchange rate prevailing on the date of the balance sheet;
 - (b) income and expense items of the non-integral foreign operation are translated at the average exchange rates for the period to which the financial statements relate; and



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- (c) all resulting exchange differences are accumulated in a foreign currency translation reserve until the disposal of the net investment in the non-integral foreign operation.
- 13.6 Exchange differences arising on the company's net investment in a non-integral foreign operation are accumulated in a foreign currency translation reserve until the disposal of such investment, at which time they are recognized as income or as expenses.

14 Finance Leases:

14.1 Assets given on Lease:

- a) Assets given on finance lease are accounted for as per Accounting Standard (AS) 19 "Leases" issued by the Institute of Chartered Accountant of India. Such assets are included as a receivable at an amount equal to the net investment in the lease.
- b) Initial direct costs incurred in respect of finance leases are recognized in the statement of profit and loss in the year in which such costs are incurred.

14.2 Assets taken on Lease:

Assets taken on finance lease are capitalised and recognised at the lower of the fair value of the asset and the discounted value of the minimum lease installments. The lease payments are bifurcated into repayment and interest components, based on a fixed interest rate and installment as derived from the underlying agreement. The lease commitments are carried under liabilities exclusive of interest. The interest component is recognised in the profit and loss account in accordance with the lease installments.

15. Revenue Recognition:

- 15.1 Revenue from sale of products is recognized on transfer of custody to customers. Any difference as of the reporting date between the entitlement quantity minus the quantities sold in respect of crude oil (including condensate), if positive is treated as inventory and, if negative, is adjusted to revenue by recording the same as liability.
- 15.2 Sales are inclusive of all statutory levies and any tax liability of the Company that may be paid by the government based on the provisions under agreements governing Company's activities in the respective field/ project.
- 15.3 Any payment received in respect of short lifted gas quantity for which an obligation exists to supply such gas in subsequent periods is recognized as



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Deferred Revenue in the year of receipt. The same is recognized as revenue in the year in which such gas is actually supplied for the quantity supplied or in the year in which the obligation to supply such gas ceases, whichever is earlier.

- 15.4 Revenue in respect of fixed price contracts is recognized for the quantum of work done on the basis of percentage of completion method. The quantum of work done is measured in proportion of cost incurred to date to the estimated total cost of the contract or based on reports of physical work done.
- 15.5 Finance income in respect of assets given on finance lease is recognized based on a pattern reflecting a constant periodic rate of return on the net investment outstanding in respect of the finance lease.
- 15.6 Revenue in respect of interest on delayed realization is recognized when there is reasonable certainty regarding ultimate collection.

16 Transportation Costs:

Any payment made in respect of the quantity of gas short transported, for which the right exists to transport such gas in subsequent periods at no charge, is treated as Deferred Expenditure in the year of payment. The same is treated as cost in the year in which the gas is actually transported for the quantity transported or in the year in which the right to transport such gas ceases, whichever is earlier.

17. Employee Benefits:

- 17.1 All short term employee benefits are recognized at their undiscounted amount in the accounting period in which they are incurred.
- 17.2 Contribution to Provident Fund and Composite Social Security Scheme is made as per the rules of the parent company. The same is paid to funds administered through trusts.
- 17.3 Provisions for gratuity leave encashment and other employee benefits are made as per actuarial valuation at the end of the financial year. The same are not funded.

18. Borrowing Costs:

Borrowing Costs specifically identified to the acquisition or constructions of qualifying assets are capitalized as part of such asset till such time when all the activities necessary to prepare the qualifying asset for its intended use or sale are complete. A qualifying asset is one that necessarily takes substantial period of time to get ready for intended use. All other borrowing costs are charged to Profit and Loss Account.



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19. Insurance Claims

The Company accounts for insurance claims as under:-

- 19.1 In case of total loss of asset by transferring, either the carrying cost of the relevant asset or Insurance value (subject to deductibles), whichever is lower under the head “Claims Recoverable - Insurance” on intimation to Insurer. In case insurance claim is less than carrying cost, the difference is charged to Profit and Loss Account.
- 19.2 In case of partial or other losses, expenditure incurred/payments made to put such assets back into use, to meet third party or other liabilities (less policy deductibles) if any, are accounted for as “Claims Recoverable-Insurance”. Insurance Policy deductibles are expensed in the year when the corresponding expenditure is incurred.
- 19.3 As and when claims are finally received from Insurer, the difference, if any, between Claims Recoverable – Insurance and Claims received is adjusted to profit and loss Account.

20. Provisions, Contingent Liabilities and Contingent Assets

Provisions involving substantial degree of estimation in measurement are recognized when there is a present obligation as a result of past events and it is probable that there will be an outflow of resources. Contingent Assets are neither recognized nor disclosed in the financial statements. Contingent Liabilities, if material, are disclosed by way of notes to the accounts.

21. Taxes on Income

Provision for current tax is made as per the provisions of the Income Tax Act, 1961/ other applicable tax laws.. Deferred Tax Liability / Asset resulting from ‘timing difference’ between book and taxable profit is accounted for considering the tax rate and laws that have been enacted or substantively enacted as on the Balance Sheet date. Deferred Tax Asset is recognized and carried forward only to the extent that there is virtual certainty that the asset will be realized in future.

22. Accounting for derivatives

As per the ICAI Announcement, Accounting for Derivatives, other than those covered under –AS-11, is done on marked to market basis and the losses are charged to Profit & Loss A/c. Unrealized gains are ignored.



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23. Goodwill Amortization:

Following prudent accounting, the Company amortizes Goodwill based on “Unit of Production Method” considering the related Proved Reserves.



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SCHEDULE – '26'

NOTES TO THE ACCOUNTS

1. Accounting Policies:

During the year, the Company elaborated/indicated accounting policies being followed in respect of

- Depreciation
- Foreign Currency Transactions and Foreign Operations
- Finance Leases
- Goodwill Amortization

2. Details of Joint Ventures:

The details of Company's significant joint ventures as on 31st March, 2010 are as under:

Sr. No.	Name of the Project and Country of Operation	Company's participating share (%)	Other Consortium Members*	Operator*	Project Status
1.	Block 06.1 Project, Vietnam, Offshore	45%	British Petroleum - 35% Petrovietnam - 20%	British Petroleum	The project is under development and production.
2.	Sakhalin -1 Project, Russia, Offshore	20%	ENL - 30% SODECO - 30% SMNG - 11.5% R N Astra – 8.5%	ENL	The project is under development and production.
3.	Block 5A Project, Sudan, Onshore	24.125%	Petronas - 67.875% Sudapet – 8%	Petronas and Sudapet - Joint Operatorship	The project is under exploration, development and production.
4.	Block A-1 Project, Myanmar, Offshore	20%	Daewoo – 60% KOGAS - 10% GAIL - 10%	Daewoo	The project is under development.
5.	Block A-3 Project, Myanmar, Offshore	20%	Daewoo – 60% KOGAS - 10% GAIL - 10%	Daewoo	The project is under development.
6.	Farsi Block Project, Iran, Offshore	40%	IOC – 40% OIL - 20%	OVL	The project 's exploration service contract ended on 24 June 2009 and negotiations for development service contract are going on.
7.	Block NC-189, Libya Onshore	49%	TPOC - 51%	TPOC	Block NC-189 is under exploration.



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8.	Block XXIV Project, Syria, Onshore	60%	IPRMEL - 40%	IPR MEL	The project is under exploration and development.
9.	Block 6 North Ramadan Project, Egypt, Offshore	70%	IPR Red Sea – 30%	IPR Red Sea	The project is under exploration and appraisal.
10.	Block 25-29, 35 (Part) & 36 Project, Cuba, Offshore	30%	Repsol YPF – 40% Stat Oil – 30%	Repsol YPF	The project is under exploration.
11.	Khartoum–Port Sudan Pipeline Project, Sudan	90%	OIL - 10%	OVL	The pipeline has been completed and is under lease.
12.	Block NEMED, Egypt. Offshore,	33%	Shell – 51% Petronas – 16%	Shell	The project is under exploration and appraisal.
13.	Block RC-8, Colombia, Offshore	40%	Ecopetrol - 40% Petrobras – 20%	OVL	The project is under exploration
14.	Block RC-9, Colombia, Offshore	50%	Ecopetrol - 50%	Ecopetrol	The project is under exploration
15.	Block RC-10, Colombia, Offshore	50%	Ecopetrol - 50%	OVL	The project is under exploration
16.	Block SSJN-7, Colombia	50%	Pacific - 50%	Pacific	The project is under exploration

***Abbreviations used:** British Petroleum – BP Exploration Operating Company Limited; Daewoo – Daewoo International Corporation; Ecopetrol – Ecopetrol S.A, Colombia; ENL – Exxon Neftegas Limited; GAIL – GAIL (India) Limited; IOC – Indian Oil Corporation Limited; IPRMEL – IPR Mediterranean Exploration Limited; IPR Red Sea – IPR Energy Red Sea Inc.; KOGAS – Korea Gas Corporation; OIL – Oil India Limited; Petrobas – Petrobras Colombia Ltd; Shell – Shell Egypt Deepwater B.V.; Pacific - Pacific Stratus Energy, Colombia ; Petronas – Petronas Carigali Overseas Sdn Bhd; Petrovietnam – Vietnam Oil and Gas Group; Repsol YPF – Repsol YPF Cuba SA; SMNG – Sakhalinmorneftegas Shelf; SODECO – Sakhalin Oil Development Company Limited; Sudapet – Sudapet Limited; TPOC – Turkish Petroleum Overseas Company Limited



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3. Company's Share in Joint Ventures:

The Company's share of assets, liabilities, income and expenses in the Joint Ventures as furnished by the operator has been incorporated in the financial statements as given below:

(₹ in Million)

Project	Net Fixed Assets	Net Producing Property	Capital Work in Progress	Exploratory and Development Wells in Progress	Current Assets	Cash and Bank Balance	Liabilities	Income	Expenditure* (Including depreciation)
A. Audited as of the Reporting Date									
Block 5A, Sudan	2014.03	5332.98	1447.25	1308.12	1177.64	251.57	436.33	2962.58	1900.32
Block 5B, Sudan	3.82	0	0	0	0	0	0	0	-42.05
Farsi Block Iran	0.41	0	0	1444.66	0.71	1.63	168.27	0.37	24.12
Sudan Pipeline	0	0	0	0	4470.76	8.02	1491.79	325.79	-283.4
Block 06.1 Vietnam	1659.59	2988.33	253.17	15.41	1575.83	1.18	928.06	7413.68	3874.65
Total (A)	3677.85	8321.31	1700.42	2768.19	7224.94	262.4	3024.45	10702.42	5473.64
B. Audited as of 31 December 2009									
Sakhalin 1 Russia#	24347.64	37000.11	25497.72	1280.84	11625.42	129.02	16185.27	38907.22	21577.4
Block 6 North Ramadan, Egypt	3.98	0	33.5	1204.23	67.9		10.59		78.28
Block RC-8, Colombia	0.03	0	0	0	0	10.32	21.02	0	52.66
Block RC-10, Colombia	0.04	0	0	0	0	0	38.24	0	91.64
Blocks 25-29, 35 (Part) & 36, Cuba	0	0	346.91	121.74	62.43	0	10.31	0	48.22
Total (B)	24351.69	37000.11	25878.13	2606.81	11755.75	139.34	16265.43	38907.22	21848.20
C. Unaudited									
Block A-1, Myanmar	5.79	0	1236.07	1096.69	103.8	0	102.18	0	55.78
Block A-3, Myanmar	4.06	0	599.7	675.58	25.99	0	37.26	0	35.75
Block XXIV, Syria	7.51	0	0	449.15	36.83	0	106.26	2.7	-2.84
Block NC-189, Libya	1.66	0	0	0	37.84	0	30.20	0	514.95
Block NEMED, Egypt.	0	0	0	2788.67	58.02	0	27.95	0	69.38
Block RC-9, Colombia	0	0	0			0	0.03	0.64	181.57
Block MTPN, Congo	0	0	0	0	10.61	0	59.62	0	470.95
Block SSJN-7, Colombia	0	0	0	0		0	0	0	31.40
Total (C)	19.02	0	1835.77	5010.09	273.09	0	363.50	3.34	1356.94
Grand Total (A+B+C)	28048.56	45321.42	29414.32	10385.09	19253.78	401.74	19653.38	49612.98	28678.78

*Represents expenditure as per joint venture statement. In the accounts of the Company, the amount is reflected after netting off as per the Accounting Standard (AS) 27 viz. Financial Reporting of interests in Joint Ventures.

Amounts for the period Jan-March 2010 for Sakhalin are provisional.

The Company's share of assets, liabilities, incomes and expenses has been converted into the reporting currency at the average exchange rate over the period for which the details are provided by the Operators. Generally the details are provided by the operators on monthly basis except in respect of Sakhalin-1, Russia Project, where the details are provided by the Operator on quarterly basis.



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4. Title to Fixed Assets under Production Sharing Agreements:

The Company, in consortium with other partners (Consortium) carries on its business in respect of exploration, development and production of hydrocarbons under agreements with the host governments. Several of these agreements, governing Company's activities in the fields / projects, provide that the title to the fixed assets and other ancillary installations shall pass to host Government or its nominated entities either upon acquisition / first use of such assets or upon 100% recovery of such costs through allocation of "Cost Oil" and "Cost Gas" or upon relinquishment of the relevant contract areas or termination of the relevant agreement. However, as per the terms of the agreements, the Consortium and/ or Operator has the custody of all such assets and is entitled to use, free of charge all such assets for Petroleum Operations till the full term of the respective agreements. The Consortium also bears the custody and maintenance of such assets and all risks of accidental loss and damage and all costs necessary to maintain such assets and to replace or repair such damage or loss. Under the circumstances, such assets are kept in the records of the Company till the full term of the respective agreements.

5. Block 5A, Sudan:

During the year, total crude oil sales (including receivables) were ₹ 2,954.41 Million (Previous year ₹ 5,042.10 Million). Sales include the amount adjusted in kind by the transporter on account of quality bank compensation. Pending finalization of the transportation agreement with the transporters, the treatment in respect of transport charges and quality bank compensation has been carried out based upon the invoices of the transporter. The closing stock of crude oil till the Delivery Point has not been considered in view of the contractual arrangement that it remains the property of the State until the Delivery Point.

The Company carried the share of investment of Sudapet, a company owned by the Government of Sudan, for its 3.375% share in Block 5A till the commencement of first commercial production. The carried amounts are repayable without interest out of the production share of Sudapet as per the terms of the Exploration and Production Sharing Agreement (EPSA). Currently, Block 5A is under production and development and due to certainty of the recovery, the net carried amount of USD 10.27 Million equivalents to ₹ 46.28 Million (Previous year ₹ 812.46 Million) has been shown as Loans and Advances in Schedule 13.

6. Khartoum - Port Sudan Pipeline Project:

The Company had completed the execution of the 12"X741 Kms multi-product pipeline from Khartoum Refinery to Port Sudan for the Ministry of Energy and Mining of the Government of Sudan (MEM) on Build, Own, Lease and Transfer (BOLT) basis and handed over the same to MEM during the financial year 2005-06. The project was implemented in consortium with Oil India Limited, Company's share being 90%.

The EPC Contractor executing the project claimed additional costs aggregating to ₹1,676.46 Million (Previous year ₹ 1,894.15 Million), Company's share being ₹ 1,508.82 Million, (Previous year ₹ 1,704.73 Million), which have not been accepted by the Company. However, the claims have been forwarded to MEM for their approval for an aggregate amount of receivables from MEM of ₹ 2,083.95 Million (Previous year ₹ 2,354.55 Million), Company's share being ₹ 1,875.56 Million (Previous Year ₹ 2,119.10 Million). The EPC Contractor has initiated



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arbitration with a claim for USD 25.49 Million (₹ 1,150.24 Million) plus interest against the Company. Pending settlement with the EPC Contractor, an amount of ₹ 1,035.22 Million, being the Company's share out of ₹ 1,150.24 Million has been shown as liability. No revenue in this respect has been recognized pending final approvals by MEM. OVL has served a pre-arbitral notice on MEM, Government of Sudan, which is a statutory requirement prior to initiating any legal proceedings in Sudan.

The payment under the contract would be received over a period of 10 years with a moratorium of one year from the date of the contract i.e. 30 June, 2004 in 18 equal semi-annual installments along with lease rental. The lease period commenced from the date of handing over of the pipeline system and will continue till all payments by MEM are completed. All titles in the works and the transportation system shall vest in the Company and the title shall pass to MEM in proportion to the payments made by MEM against total payments due to Company under the contract. Further, subject to regular payments on due dates by MEM to the Company, MEM shall have the exclusive right to use and operate the pipeline system and the Company shall not assign, transfer, sub-let, sub-contract, mortgage or create any rights to any third party or encumbrances or make any disposition to any third party. Accordingly, the amount of net investment in the lease (i.e. aggregate of Minimum Lease Payments MINUS Unearned Finance Income) is recognized and recorded as receivables under the lease. The finance income thereon has been recognized based upon the pattern reflecting the constant periodic rate of return on the outstanding net investment in the lease.

The first nine installments due under the contract till the reporting date have been received.

The disclosure in accordance with the Accounting Standard (AS) 19 viz. Leases is as under:

(₹ in Million)

Particulars	31 March, 2010		31 March, 2009	
	Gross	Net	Gross	Net
a) Reconciliation between the total gross investment in the lease and the present value of minimum lease payments as at year end				
- Not later than one year	1,139.51	886.75	1,287.47	943.03
- Later than one year and not later than five years	3,988.27	3,576.08	5,149.87	4,408.72
- Later than five years	0.00	0.00	643.74	633.59
Total	5,127.78	4,462.83	7,081.08	5,985.34
b) Unearned Finance Income	664.95		1,095.74	
c) Unguaranteed residual value accruing to Company's benefit	Nil		Nil	
d) Accumulated provision for uncollectible minimum lease payments receivable	Nil		Nil	
e) Contingent rents recognised in the	Nil		Nil	



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statement of profit and loss for the period		
f) General description of the significant leasing arrangement	As described in para above	As described in para above
g) Accounting Policy followed in respect of initial direct costs	As per Accounting Policy 14.1(b)	As per Accounting Policy 14.2

7. Farsi Block, Iran:

In respect of Farsi Block, Iran, the Company in consortium with other partners has entered into an Exploration Service Contract (ESC) with National Iranian Oil Company (NIOC) on 25 December 2002. In pursuance to the committed work program, the Company carried out the commerciality studies in respect of the BB area and FB area. The commerciality report for Farzad-B Gas Field was submitted to NIOC on 23 December 2007 and further the feasibility report of BB Area was submitted to NIOC on 26 November 2008. NIOC has announced the Date of Commerciality for Farzad-B as 18 August 2008. The Master Development Plan for Farzad-B Gas Field has been submitted on 18 April, 2009. The Company had invested ₹1,444.66 million till 31 March 2010 in the project including an expenditure of ₹25.96 million during 2009-10. Necessary provision has been made and shown in Schedule 22.

8. MTPN , Congo Block:

OVL under a Swap deal with ENI acquired 20% Participating Interest in Mer Très Profonde Nord (MTPN) Block in offshore Congo (Brazzaville) with effect from 1 August 2006. The discovered contingent resources were well below the threshold volumes for commercial development at a water depths of more than 2700 mts. In view of the foregoing, partners submitted to DGH, Congo an application for relinquishment of the Block at the end of third and final exploration period on 31 December 2009. The approval of the same is awaited. The expenditure on the drilling of well has been written off during the year as a dry well and has been shown in Schedule 20.

9. Block 81-1, Libya:

The Company had acquired 100% Participating Interest in Block 81-1, in Libya during the year 2005-06. During the year, the Company completed the interpretation of the newly acquired 811 LKM of 2D data and 502 sq. km of 3D data. The Company intends to withdraw from the Block at the end of the first phase of exploration which ends on 9 December, 2010. Necessary provision of ₹ 180.52 Million (USD 4 Million) has been made for the Company's unfulfilled commitment of drilling one well in the Block and included in Schedule 22 as "Other Write Off". The Company has written off the acquisition cost of the project which has been shown in Schedule 22 as "Acquisition Cost Written Off".



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10. Block 127, Vietnam:

The Company had acquired 100% Participating Interest in Block 127, in Vietnam during the year 2006-07. During the year the Company completed the drilling of an unsuccessful exploratory well. The Company has decided not to seek further extension of the Block at the end of the extended first phase of the exploration period which ended on 31 December, 2009. Accordingly, expenditure on the drilling of well has been written off during the year as a dry well and has been shown in Schedule 20. Also provision has been made for ₹676.95 Million (USD 15.00 million) for unfulfilled commitment of drilling an exploration well and included in Schedule 22 as "Other Write Off". The Company has written off the acquisition cost of the project which has been shown in Schedule 22 as "Acquisition Cost Written Off".

11. Project Carabobo:

The consortium of ONGC Videsh Limited ("OVL", 11.0%), Indian Oil Corporation Limited ("IOC", 3.5%), Oil India Limited ("OIL", 3.5%), Repsol YPF ("Repsol", 11.0%) and Petroliam Nasional Berhad ("PETRONAS", 11.0%), was awarded by the Government of Venezuela 40% ownership interest in an "Empresa Mixta" (or "Mixed Company") which will develop the Carabobo 1 Norte and Carabobo 1 Centro blocks located in the Orinoco Heavy Oil Belt. The Corporación Venezolana del Petróleo ("CVP"), a subsidiary of Petróleos de Venezuela S.A. ("PDVSA"), Venezuela's state oil company, will hold the remaining 60% equity interest. A wholly owned subsidiary of the Company, Carabobo One AB was incorporated in Sweden on 25 February 2010. Petro Carabobo Ganga B.V. a wholly owned subsidiary of Carabobo One AB was incorporated in the Netherlands on 26 February 2010. Petro Carabobo Ganga B.V. will hold 11% shares in the Mixed Company. The Mixed Company contract for the development and production from Carabobo-1 Project was signed on 12 May 2010 in Caracas.

12. The company has assessed indicators for impairment and no indication for impairment in any of the Cash Generating Units were found except the Company's investment in Jarpeno Limited where 2P reserve have been revised downwards as per the consultants (D&M) report for the year 2009. Accordingly, the investment in Jarpeno limited was tested for impairment in accordance with AS-28 based on value in use method, which indicated no impairment as value in use was more than the carrying value.



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13. Details of Reserves:

(a). Company's share of Proved Reserves in respect of different projects as on 31 March, 2010 is as under:

Project	Details	Crude Oil* (Million Tonne)	Gas (Billion Cubic Meter)	Total Oil Equivalent** (Million Tonne)
Block 06.1, Vietnam	Opening	0.752	14.756	15.508
	Addition	-	-	-
	Deductions/ Adjustments	-	-	-
	Production	0.042	1.967	2.009
	Closing	0.710	12.789	13.499
Sakhalin-1, Russia	Opening	37.946	70.146	108.092
	Addition	0.535	0.236	0.771
	Deductions/ Adjustments	-	-	-
	Production	1.532	0.390	1.922
	Closing	36.949	69.992	106.941
Block 5A, Sudan	Opening	6.584	-	6.584
	Addition	0.234	-	0.234
	Deductions/ Adjustments	-	-	-
	Production	0.247	-	0.247
	Closing	6.571	-	6.571
North Ramadan, Egypt	Opening	0.455	-	0.455
	Addition	-	-	-
	Deductions/ Adjustments	-	-	-
	Production	-	-	-
	Closing	0.455	-	0.455
BLOCK-24, SYRIA	Opening	-	-	-
	Addition	1.815	-	1.815
	Deductions/ Adjustments	-	-	-
	Production	-	-	-
	Closing	1.815	0.000	1.815

* Crude Oil includes Condensate.

** For calculating "Oil Equivalent" 1,000M³ of Gas has been taken to be equal to 1 Tonne of Crude Oil.



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(b). Company's share of Proved and Developed Reserves in respect of different projects as on 31 March, 2010
is as under:

Project	Details	Crude Oil* (Million Tonne)	Gas (Billion Cubic Meter)	Total Oil Equivalent** (Million Tonne)
Block 06.1, Vietnam	Opening	0.743	11.201	11.944
	Addition	-	-	-
	Deductions/ Adjustments	-	-	-
	Production	0.042	1.967	2.009
	Closing	0.701	9.234	9.935
Sakhalin-1, Russia	Opening	11.146	12.093	23.239
	Additions	-	0.001	0.001
	Deductions/ Adjustments	-	-	-
	Production	1.532	0.390	1.922
	Closing	9.614	11.704	21.318
Block 5A, Sudan	Opening	4.234	-	4.234
	Additions	0.009	-	0.009
	Deductions/ Adjustments	-	-	-
	Production	0.247	-	0.247
	Closing	3.996	-	3.996

* Crude Oil includes Condensate.

** For calculating "Oil Equivalent", 1,000M³ of Gas has been taken to be equal to 1 Tonne of Crude Oil.

14. Segment information:

(₹ in Million)

Particulars	Asia		FSU Countries		Latin America		Africa		Unallocated		Grand Total	
	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09	2009-10	2008-09
REVENUE												
External sales	6,784.92	6191.8	38,617.94	51376.11	0	0	2,954.41	5,042.10	0	0	48,357.27	62610.01
Inter Segment sales	0	0	0	0	0	0	0	0	0	0	0	0
Total Revenue	6,784.92	6191.8	38,617.94	51376.11	0	0	2,954.41	5,042.10	0	0	48,357.27	62610.01
Results	1,573.29	387.52	23,319.13	32,207.91	-454.07	-1,678.82	-1,423.68	-2,702.33	0		23,014.66	28,214.28
Segment results	1,573.29	387.52	23,319.13	32,207.91	-454.07	-1,678.82	-1,423.68	-2,702.33	0	0	23,014.66	28,214.28

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Unallocated corporate Expenses (Net)	0	0	0	0	0	0	0	0	-1,681.46	-3,065.27	-1,681.46	-3,065.27
Operating profit or (Loss)	1,573.29	387.52	23,319.13	32,207.91	-454.07	-1,678.82	-1,423.68	-2,702.33	-1,681.46	3,065.27	21,333.20	31,279.55
Interest expenses	0	0	0	965.7	0	0	0	308.59	-3,772.40	5,905.71	-3,772.40	7,180.00
Interest and other income	6.37	8.65	98.68	120.13	0.64	77.29	333.97	412.36	939.83	841.4	1,379.49	1,459.83
Income & other Tax	0	0	0	0	0	0	0	0	-7,229.02	11,132.59	-7,229.02	11,132.59
Profit / (loss) from ordinary activities	1,579.66	396.17	23,417.81	31,362.34	-453.43	-1,601.53	-1,089.72	-2,598.56	-11,743.05	-13,131.64	11,711.27	14,426.80
Net profit / (Loss)	1,579.66	396.17	23,417.81	31,362.34	-453.43	-1,601.53	-1,089.72	-2,598.56	-11,743.05	-13,131.64	11,711.27	14,426.80
Other information	0		0		0		0		0		0	
Segment Assets	8,875.16	6,814.94	120,465.85	121,224.61	590.56	471.96	15,650.50	16,469.97	0	0	145,582.08	144,981.48
Unallocated Corporate Assets	0	0	0	0	0	0	0	0	139,402.71	148,634.06	139,402.71	148,634.06
Total Assets	8,875.16	6,814.94	120,465.85	121,224.61	590.56	471.96	15,650.50	16,469.97	139,402.71	148,638.06	284,984.79	293,615.53
Segment Liabilities	9,836.35	8,688.41	59,179.23	43,034.40	2,019.02	1,753.96	12,361.62	12,788.59	0	0	83,396.23	66,265.35
Unallocated Corporate Liabilities	0	0	0	0	0	0	0	0	142,103.15	167,624.34	142,103.15	167,624.34
Total	9,836.35	8,688.41	59,179.23	43,034.40	2,019.02	1,753.96	12,361.62	12,788.59	142,103.15	167,624.34	225,499.38	233,889.69
Capital Expenditure	2,285.40	634	18,567.79	19,660.61	49.42	50.53	575.64	976.19	47.48	20.43	21,525.73	21,341.77
Recouped cost	2,177.27	4,105.79	5,987.30	6,000.86	429.51	1,677.77	2,815.96	3,104.63	317.5	564.86	11,727.54	15,453.92
Non cash Exp.	0	0	0	0	0	0	0	0	0	0	0	0

Information about Secondary Business Segments (Product-wise):

(₹ in Million)

Revenue from	2009-10	2008-09
Crude Oil* and Natural Gas	48,357.27	62,610.01
Lease Finance Income	317.48	376.97

*Crude Oil includes Condensate.



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Notes:

- (i) Segments have been identified and reported taking into account the organization and management structure for internal reporting and significantly different risk and return perception in different geographical regions. These have been re-organized into five segments viz. Asia, FSU Countries, Latin America, Africa and Unallocated.
- (ii) The segment revenue in the business segment (Product-wise) is revenue from sale of Crude Oil and Natural Gas and Lease Finance Income.
- (iii) Segment Revenue, Results, Assets and Liabilities include the respective amounts identifiable to each of the segments and amount allocated on a reasonable basis. "Unallocated" includes common expenditure incurred for all the segments and expenses incurred at corporate level.
- (iv) Revenue figures are shown as net of VAT in 2009-10. Previous Year's figures have been revised accordingly.

15. Taxation:

(a) Deferred Tax Provision

- (i) The Net Deferred Tax Liability of the Company as at 31 March, 2010 is ₹ 3,786.09 Million (Previous year ₹ 3,482.23 Million). The difference of ₹303.86 Million has been adjusted to the current year's Profit and Loss Account.
- (ii) The item wise details of Net Deferred Tax Liability as on 31 March, 2010 accounted for in accordance with Accounting Standard (AS) 22 viz. Accounting for Taxes on Income are as under:

(₹ in Million)

	As at 31 March, 2010	As at 31 March, 2009
Deferred Tax Assets :		
Carried Forward Expenditure U/S 42 of Income Tax Act, 1961	8,723.43	7,796.17
Amount disallowable U/S 43B of Income Tax Act, 1961	119.24	136.16
Total Deferred Tax Assets	8,842.67	7,932.33
Deferred Tax Liability :		
Difference in Net Block of Fixed Assets for Tax	12,628.76	11,414.56
Total Deferred Tax Liability	12,628.76	11,414.56
Net Deferred Tax Liability	3,786.09	3,482.23

(b) Current Tax provision

The provision for tax has been made for ₹6,925.16 Million (Previous year ₹ 12,123.57 Million), including the tax paid in respect of Sakhalin-1, Russia Project as well as taking into account the tax credit under India-Vietnam double tax avoidance agreement.



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(c) Tax Assessment

- i. The Company has appealed to Hon'ble Delhi High Court against the decision of Income Tax Appellate Tribunal for the Assessment Year 1981-82 to 1987-88 regarding disallowance of its claim for ₹ 94.04 Million (Previous year ₹ 94.04 Million) on account of depreciation, development allowance and receipt of interest on delayed payments in respect of Iran Project. However, pending decision the tax demand in this regard has already been paid by the Company.
- ii. The Company had filed appeals with Commissioner of Income Tax (Appeals) (CIT (Appeals)) against the disallowance of depreciation on acquisition costs of the projects and other expenses amounting to ₹ 3,958.54 Million, ₹ 3,006.17 Million, ₹ 3,470.29 Million, ₹.3, 212.03 Million and ₹. 4683.46 Million for assessment years 2002-03, 2003-04, 2004-05, 2005-06 and 2006-07 respectively by the assessing officer. CIT (Appeals), while disposing off the appeals for assessment year 2002-03 and 2003-04 has partially allowed the disallowances. The Company filed appeals with the Income Tax Appellate Tribunal (ITAT) against the orders of CIT (Appeals). The Company got a favorable decision from ITAT for AY 2002-03 and all disallowances made by the AO have been deleted by ITAT. The Company has further filed an appeal in Honorable High Court of Delhi for AY 2002-03 for allowance of acquisition cost as revenue expenditure in the year of payment. Pending decision, no provision has been made for any additional tax liability that may arise.
- iii. For the assessment year 2005-06, the Company had claimed tax credit of ₹ 111.33 million under the India-Vietnam double tax avoidance agreement with respect to tax deemed to be paid. The claim was duly supported by report of a reputed accounting and tax firm in Vietnam and accepted by the assessing officer (AO). The CIT has issued an order dated 29 March 2010 holding the allowance of the credit to be erroneous and directed the AO to recompute the tax payable. The Company is of the view that the decision of the CIT is not in accordance with the law and proposes to contest the same. No provision has been made for the additional tax liability, if any, on this account.
- iv. The assessing officer has levied a penalty of ₹ 1046.81 Million for the assessment year 2003-04 in respect of the disallowances made by the assessing officer to the extent confirmed by CIT (Appeals). The Company has filed an application under Section 154 of the Income Tax Act, 1961 for rectification of penalty order on account of the mistakes apparent from the records and stay of demand application before AO. The Company has also filed an appeal with the CIT (Appeals) against the penalty order. No provision has been made for the additional tax liability, if any, on this account. The management is of the view that this penalty is not leviable and accordingly, no provision has been made for the liability, if any, on this account.
- v. During the current year, the assessing officer has raised net tax demand for ₹1556.92 million for assessment year 2006-07 (after adjusting refunds due for assessment year 2008-09) mainly on



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account of disallowance of depreciation on acquisition cost of participating interests. The Company has deposited ₹ 778.46 million in March 2010. The issues involved are principally the same as in earlier assessment years. Hence, the Company proposes to contest the tax demand. No provision has been made for additional tax liability, if any, on this account.

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

(₹ In Millions)

Particulars	Loans & Advances in the Nature of Loans			
	2009-10		2008-09	
	Outstanidng as on 31.03.2010	Maximum Amount Outstanidng during the year	Outstanidng as on 31.03.2009	Maximum Amount Outstanidng during the year
a) Loans and advances to Subsidiaries				
i) Advance to ONGC Mittal Energy Limited	75.55	672.66	672.66	672.66
ii) Advance to Jarpeno Limited	942.90	108,466.44	100,721.92	100,721.92
iii) Advance to Carabobo one AB	1.12	-	-	-
iv) Loan to ONGC Narmada Limited	1,440.45	1,480.78	1,141.76	1,141.76
b) Loans to Associates	Nil	Nil	Nil	Nil
c) Loans having no repayment schedule or repayment schedule of more than seven years to employees	67.77	72.50	56.24	58.62
d) Loans having no interest or interest below section 372A of Companies Act	NA	NA	NA	NA
e) Investment by the loanee(borrower) in the shares of parent company and subsidiary company	Nil	Nil	Nil	Nil
f) Loan to firms/companies in which Directors are interested	Nil	Nil	Nil	Nil

17. Loans and Advances to Employees:

Loans and advances to employees include an amount of ₹ 0.14 Million (Previous Year ₹ 0.55 Million) outstanding from whole time Directors, Maximum outstanding during the year is Rs 0.27 Million (Previous Year ₹ 0.75 Million).

18. Capital Commitments:

(i) The Company either on its own or in consortium with other partners carries on its business in respect of exploration, development and production of hydrocarbons under agreements with the host governments. Several of these agreements provide for certain minimum work obligations/ certain minimum financial commitments over a period of time. The Company's share of such obligations/ commitments in respect of agreements where such obligations / commitments have not been completed as of the reporting date



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amounted to USD 129.66 Million equivalent to ₹ 5,851.65 Million (Previous year USD 249.48 Million equivalent to ₹ 12,721.18 Million). The Company is confident of meeting the obligations/ commitments.

(ii) Other Capital Commitments based upon the details provided by the operators: ₹ 1,900.49 Million (Previous year ₹ 728.94 Million).

19. Contingent Liabilities:

- (i) Liability for payment to contractual workers for regularization of their services is pending with Labor Court under civil suit. The amount of liability is not ascertainable.
- (ii) Claims not acknowledged as debt: ₹ 473.60 Million (Previous Year ₹ 533.22 Million). (Refer note 6 above).
- (iii) For corporate income-tax matters, attention is invited to note 15 above.
- (iv) A show-case notice was received on 17 March 2008 from the Service Tax authorities demanding service-tax amounting to ₹ 5.50 million with respect to certain services from foreign service providers during April 2002 to March 2006. The Company has obtained expert advice and submitted reply to the show-cause notice on 16 May 2008 (followed by personal hearing and further written submissions) maintaining that such tax is not payable by the Company. .
- (v) The Company has issued a Stand-by Letter of Credit in favour of Agencia Nacional do Petroleo (ANP), Brazil in respect of Blocks BM-S-73 and BM-ES-42 for an amount of USD 31.69 Million and USD 12.55 Million equivalent to ₹ 1430.17 Million and ₹ 566.38 Million respectively on behalf of ONGC Campos Ltda against the minimum work commitment. The validity of the Stand-by Letter of Credit is till 8 October 2010 in respect of Block BM-S-73 and till 7 October 2011 in respect of Block BM-ES-42. The Company is confident that ONGC Campos Ltda will be able to honor its obligations..
- (vi) The Company has issued a bank guarantee in favour of Union Cubapeotroleo, Cuba in respect of Block N 25 to 29, 35(part) and 36, Cuba for an amount of USD 6 million (equivalent to ₹. 270.78 Million) as performance guarantee for the fourth period of exploration. The validity of the Bank Guarantee is upto 19 December 2010.
- (vii) The Company has issued a bank guarantee in favour of ANH, Columbia in respect of Block CPO 5 for an amount of USD 10 million (equivalent to ₹451.30 Million) towards the fulfillment and execution of the Phase-1 commitments . The validity of the Bank Guarantee is upto 25 December 2010.
- (viii) The Company has issued a bank guarantee in favour of SPC, Syria in respect of Block 24 for an amount of USD 1.50 million (equivalent to ₹67.70 Million) towards entering the 1st extension to IEP. The guarantee is outstanding as on 31 March 2010.
- (ix) The Company has issued an irrevocable stand by letter of credit in favour of Agencia Nacional do Petroleo, Brazil in respect of Block BM-SEAL-4, Brazil for an amount of USD 3.33 Million (equivalent to



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₹. 150.28 Million) for the minimum exploration programme related to second exploratory period. The validity of the Bank Guarantee is upto 22 April 2011.

- (x) The Company has issued an irrevocable stand by letter of credit in favour of Agencia Nacional do Petroleo, Brazil in respect of Block BM-BAR-1, Brazil for an amount of USD 2.075 Million (equivalent to ₹93.64 Million) for drilling the second well during the second exploration phase. The validity of the Bank Guarantee is upto 16 March 2011.
- (xi) The Company has issued an irrevocable stand by letter of credit in favour of Bolivarian Republic of Venezuela Ministry of the Popular Power for Energy and Petroleum Venezuela in respect of Project Carabobo for an amount of USD 16.50 million (equivalent to ₹. 744.64 Million) as bid bond. The validity of the Bank Guarantee is upto 26 June 2010.
- (xii) The Company has received invoices from Japan Drilling Company (JDC), the drilling rig provider, in Block 128 relating to drilling operations for the period from 16 September 2009 to 5 October 2009 amounting to USD 4,987,047. The Company has observed and conveyed that invoices cannot be admitted since the contracted drilling slot had been terminated as at 16 September 2009. As JDC has not withdrawn the claim, the same is considered as a contingent liability as on 31 March 2010.
- (xiii) The Company has issued Stand By Letter of Credit in favour of ANH, Columbia in respect of Block SSJN 7, Columbia for an amount of USD 6.15 million (equivalent to ₹277.55 Million) to guarantee the fulfillment and the correct execution of all or some of the obligations of the phase I of the Exploration Period. The validity of the Bank Guarantee is upto 07 January 2011.
- (xiv) The Company has issued Letter of Credit for an amount of USD 2.06 Million, USD 2.57 Million and USD 2.57 Million equivalents to ₹ 92.97 Million, ₹115.98 Million and ₹ 115.98 Million in favour of Agencia Nacional de Hidrocarburos (ANH), Colombia in respect of Block RC-8, RC-9 and RC-10 respectively for fulfillment and correct execution of obligations during the Phase I Exploration Period under the Hydrocarbons Exploration and Production Agreement for its Participating Interest. The Company is confident of fulfilling its obligations arising under the contract.
- (xv) The Company has issued Corporate Guarantee in respect of Blocks AD-2, AD-3 & AD-9, Myanmar to Myanmar Oil & Gas Enterprise (MOGE) for an amount of USD 132 million (equivalent to ₹5,957.16 million) towards its commitment to discharge all obligations under the PSC.
- (xvi) The Company has issued Performance Guarantee in respect of concessionary contract for Block BC-10, Brazil and Blocks BM-S-73 and BM-ES-42 on behalf of ONGC Campos Ltda (OCL). The Company is confident that OCL will be able to honor its obligations.



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- (xvii) The Company has given a Performance Guarantee on behalf of Petro Carabobo Ganga B.V. to Government of Venezuela for a commitment of USD 1,333 Million in respect of Carabobo 1 Project.
- (xviii) All known contingent liabilities have been indicated. The contingent liabilities, if any, in respect of joint ventures, where the Company is the non-operator are not ascertainable except Sakhalin-1 where the Operator has intimated that the status of contingent liability is nil.

20. Market Borrowings:

(a) Debentures and Debentures Redemption Reserve

During the year., the Company has raised funds from the financial markets by issuance of non-convertible redeemable bonds as follows: :

(₹In Million)			
SI no	Particulars	Amount	Date of issue
01	8.40 % 5 Years Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series I	19,700	23 December 2009
02	8.54 % 10 Years Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series II	3,700	6 January 2010

The above securities have been listed in National Stock of India Ltd

Debenture redemption reserve amounting to ₹1068.07 Million (previous year Nil) has been created in respect of Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series I.

Debenture redemption reserve amounting to ₹86.12 Million (previous year Nil) has been created in respect of Unsecured Non Convertible Redeemable Bonds in the nature of Debentures- Series II.

(b) Commercial Papers

During the year, the Company has issued commercial papers as follows: :

(₹In Million)			
SI	Particulars	Amount	Date of issue
1	82 days commercial paper due 29 March 2010*	3,600	6 January 2010
2	159 days commercial paper due 14 June 2010	3,600	6 January 2010
3	251 days commercial paper due 14 Sep. 2010	3,650	6 January 2010
4	342 days commercial paper due 14 Dec. 2010	3,650	6 January 2010
	Total	14,500	

*Repaid on due date

The aggregate face value of commercial papers outstanding as on 31 March 2010 amounting to ₹ 10,900 million is disclosed in Schedule 3. Since the commercial papers are issued at discount to face value representing agreed yield, the finance charge pertaining to the period upto 31 March 2010 has been charged to Profit and Loss Account and disclosed in Schedule 21. The unexpired finance charge amounting to ₹ 267.60 Million is classified as loans and advances and disclosed in Schedule-13.

21. Loan from ONGC:



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During the year, Oil and Natural Gas Corporation Limited has decided not to charge any interest for the financial years 2009-10 and 2010-11 on the loans given by it to the Company. Accordingly, interest expenditure on loan from parent company during the year is Nil (Previous Year: ₹ 6604.17 Million).

22. Details of Production, Transportation, Selling and Distribution Expenditure (Schedule 19), and Provisions & Write Off (Net) (Schedule 22):

(₹ in Million)			
Sl no	Particulars	2009-10	2008-09
(i)	(a) Salaries, Wages, Ex-gratia, etc.	506.70	494.95
	(b) Contribution to Provident and other Funds	31.84	15.40
	(c) Provision for Gratuity	31.13	90.81
	(d) Provision for Leave Encashment	63.18	51.12
	(e) Provision of Medical/Terminal Benefits	15.03	11.23
	(f) Staff Welfare Expenses	<u>104.04</u>	<u>149.64</u>
	Sub-Total	751.92	813.15
(ii)	Rent	23.92	29.62
(iii)	Electricity, Water and Power	16.72	13.51
(iv)	Repairs to Building	0.00	0.05
(v)	Repairs to Plant and Machinery	0.00	0.00
(vi)	Other Repairs	6.93	5.42
(vii)	Hire Charges of Vehicles	24.08	118.35
(viii)	Professional Charges	15.56	26.98
(ix)	Telephone and Telex	11.40	11.14
(x)	Printing and Stationary	1.51	1.76
(xi)	Training and Seminar	0.10	6.72
(xii)	Business Meeting Expenses	12.79	7.11
(xiii)	Traveling Expenses	105.50	83.90
(xiv)	Insurance	53.62	21.35
(xv)	Advertisement and Exhibition Expenditure	7.40	5.01
(xvi)	Statutory Levies	820.82	849.73
(xvii)	Contractual Transportation	2707.99	3,236.59
(xviii)	Miscellaneous Expenditure	12.15	15.79
(xix)	Other Operating Expenditure *	4569.12	4,937.72
(xx)	Provisions for doubtful debts	0.00	1,831.09
(xxi)	Other Write offs	1301.74	1,046.62
(xxii)	Royalty	3156.41	4,543.69
	Total	13,599.69	17,605.30

* The Other Operating Expenditure (sl.no. (xix) above) includes the expenses in respect of Sakhalin-1, Russia project, where the above details are not made available by the Operator.



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23. Quantitative and other information pursuant to the provisions in Part II of Schedule VI to the Companies Act, 1956:

(i) Turnover

Revenue from	Unit	2009-10		2008-09	
		Quantity	Value (₹ in Million)	Quantity	Value (₹ in Million)
Crude Oil * @	Tonne	1,708,672	42,017.41	2,090,544	57,122.65
Gas*	000 M ³	1,237,508	7,156.28	1,137,582	6,286.75
Lease Finance	N.A.	N.A	317.48	N.A	376.97

*Company's entitlement based on actual delivery. In respect of Block 06.1, Vietnam Project, entitlements are reconciled on calendar year basis. Therefore, the entitlements from January to March 2010 are included based upon the estimate provided by the Operator.

@ Crude Oil includes Condensate.

(ii) Opening and Closing Stock of Goods Produced:

	As at 31 March, 2010		As at 31 March, 2009	
	Quantity (Tonne)	Value (₹ in Million)	Quantity (Tonne)	Value (₹ in Million)
Crude Oil @				
Opening Stock	4,490	11.92	17,392	155.11
Closing Stock*	3694	10.36	4,490	11.92

@Crude Oil includes Condensate

*includes the Underlift quantity of Crude Oil

(iii) Licensed Capacity, Installed Capacity and Actual Production

	Unit	2009-10		2008-09	
		Installed Capacity	Actual Production	Installed Capacity	Actual Production
Crude Oil * @	Tonne	Not applicable	1,821,126	Not applicable	2,183,638
Gas*	000 M ³	Not	2,357,093	Not	2,220,315

ONGC VIDESH LIMITED

	applicable	applicable	
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* Company's participating share of production in Joint Ventures.

@ Crude Oil includes Condensate.

24. Expenditure in Foreign Exchange:

(₹ in Million)

Particulars	2009-10	2008-09
Import	NIL	NIL
Professional and Consultation Fee	246.03	624.06
Interest	.06	NIL
Others	42,686.80	28,630.00

25. Earnings in Foreign Exchange:

(₹ in Million)

Particulars	2009-10	2008-09
Export/ Sales (incl. advance received/ adjusted)	49,173.70	63,409.40
Royalty/Technical know-how	NIL	NIL
Interest	613.41	114.16
Dividend	NIL	NIL
Others	898.02	1,209.94

26. Managerial Remuneration:

(₹ in Million)

Particulars	2009-10	2008-09
Salary and Allowances	18.84	4.71
Contribution to Provident Fund	0.86	0.39
Other Benefits and Perquisites*	2.72	1.79
Total	22.42	6.89

* excludes provision by the holding company

Notes:

- a) In addition, Whole-time Directors are also allowed the use of Company car for private purposes up to 1000 Km/per month on payment of ₹ 780 per month for air-conditioned cars below 16 H.P.
- b) The remuneration does not include provision for gratuity and leave encashment since the same is not available for individual employee.
- c) During the year arrears related to pay revision wef 1 January 2007, performance related pay and revision of perquisites wef 26 November 2008 were paid, which are included in Salary and Allowances.



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27. Auditors' Remuneration:

(₹ in Million)

	2009-10	2008-09
Audit Fee	1.21	1.02
Tax Audit Fee	0.20	0.15
Certification Fee	0.22	0.02
Total	1.63	1.19

28. The expenditure incurred by Oil and Natural Gas Corporation Limited or its subsidiaries on behalf of the Company are accounted for on the basis of debit raised by them for which supporting documents are held by the respective parent company/subsidiaries.

29. The required disclosure under the Accounting Standard 15 (Revised) is given below:

(A) Brief Description: A general description of the type of Defined Benefit Plans is as follows:

(i) Earned Leave (EL) Benefit

Accrual -30 days per year

Encashment while in service-75% of Earned Leave balance subject to a maximum of 90 days per calendar year

Encashment on retirement – maximum 300 days

(ii) Good Health Reward (Half Pay Leave)

Accrual -20 days per year

Encashment while in service –Nil

Encashment on retirement - 50% of Half Pay Leave balance.

(iii) Gratuity

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

(iv) Post Retirement Medical Benefits

Upon payment of one time prescribed contribution by the employees, full medical benefits on superannuation and on voluntary retirement subject to the completion of minimum 20 years of service and 50 years of age.

(V) Terminal Benefits

At the time of superannuation, employees are entitled to settle at a place of their choice and they are eligible for Transfer Traveling Allowance. Employees are gifted a silver plaque also depending upon their level.



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(B) The amount recognized as expense for defined contribution plans are as under:

(₹ in Million)

Defined Contribution Plan	Expense Recognized during 2009-10	Contribution for Key Management Personnel during 2009-10	Expense Recognized during 2008-09	Contribution for Key Management Personnel during 2008-09
Contributory Provident Fund	31.84	0.80	15.40	0.30
Employee Pension Scheme -95	1.34	0.02	1.42	0.02
Composite Social Security Scheme	1.52	0.03	1.20	0.02

(C) The amount recognized in the balance sheet for post employment benefit plans are as under:

(₹ in Million)

Sl.	Particulars	Gratuity	Leave	Post Retirement Medical Benefits	Terminals Benefits
1	Present Value of Funded Obligation	- (-)	- (-)	- (-)	- (-)
2	Fair Value of Plan Assets	- (-)	- (-)	- (-)	- (-)
3	Present Value of Unfunded Obligation	164.23 (138.95)	127.04 (100.66)	54.74 (41.46)	4.79 (3.04)
4	Unrecognized Past Service Cost	- (-)	- (-)	- (-)	- (-)
5	Net Liability	164.23 (138.95)	127.04 (100.66)	54.74 (41.46)	4.79 (3.04)

(D) The amount included in the fair value of plan assets of gratuity fund is as follows:

(₹ in million)

Defined Contribution Plan	Expense Recognized during 2009-10	Expense Recognized during 2008-09
Reporting Enterprise's own financial instruments	Nil	Nil
Any Property occupied by, or assets used by the reporting enterprise	Nil	Nil



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(E) Reconciliation showing the movements during the period in the net liability recognized in the balance sheet:

(₹ in Million)

Sl..	Particulars	Gratuity	Leave	Post Retirement Medical Benefits	Terminals Benefits
1	Opening defined benefit obligation	138.95 (49.65)	100.66 (61.23)	41.46 (30.63)	3.04 (2.65)
2	Current Service Cost	6.84 (5.90)	5.34 (4.43)	2.05 (1.62)	0.19 (0.13)
3	Past Service Cost	- (48.33)	- (-)	- (-)	- (-)
4	Interest Cost	10.42 (3.48)	7.55 (4.29)	3.11 (2.14)	0.23 (0.18)
5	Actuarial Losses (Gains)	13.86 (33.10)	50.29 (42.40)	8.12 (7.07)	1.33 (0.08)
6	Exchange differences on foreign plans	- (-)	- (-)	- (-)	- (-)
7	Benefits paid	-5.84 (-1.51)	-36.80 (-11.69)	- (-)	- (-)
8	Closing defined benefit obligation	164.23 (138.95)	127.04 (100.66)	54.74 (41.46)	4.79 (3.04)

(F) The total expenses recognized in the statement of profit and loss are as follows:

(₹ in Million)

Sl.	Particulars	Gratuity	Leave	Post Retirement Medical Benefits	Terminals Benefits
1	Current Service Cost	6.84 (5.90)	5.34 (4.43)	2.05 (1.62)	0.19 (0.13)
2	Interest on Obligation	10.42 (3.48)	7.55 (4.29)	3.11 (2.14)	0.23 (0.18)
3	Expected Return on plan assets	- (-)	- (-)	- (-)	- (-)
4	Net Actuarial Losses (Gains) recognised in year	13.86 (33.10)	50.29 (42.40)	8.12 (7.07)	1.33 (0.08)
5	Past Service Cost	- (48.33)	- (-)	- (-)	- (-)

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6	Losses (Gains) on curtailments and settlement	- (-)	- (-)	- (-)	- (-)
7	Total included in 'Employee Benefit Expense'	31.13 (90.81)	63.18 (51.12)	13.28 (10.83)	1.75 (0.39)
8	Actual return on Plan Assets	- (-)	- (-)	- (-)	- (-)

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

Sl.	Particulars	Gratuity	Leave	Post Retirement Medical Benefits	Terminals Benefits
1	Discount Rate	7.50% (7%)	7.50% (7%)	7.50% (7%)	7.50% (7%)
2	Expected Return on Plan Assets	- (-)	- (-)	- (-)	- (-)
3	Annual Increase in healthcare costs	- (-)	- (-)	- (-)	- (-)
4	Annual Increase in Salary	5% (5%)	5% (5%)	5% (5%)	5% (5%)

(H) Effect of 1.00 % increase and decrease in inflation rate on Post Retirement Medical Benefits as on 31st March 2010:

(₹ in Million)

	1.00 % (+)	1.00 % (-)
a) Effect on service and interest cost	1.05 (0.76)	-0.84 (-0.67)
b) Effect on Present Benefits Obligation (Closing)	10.47 (8.12)	-8.39 (-6.54)

Note: Figures in parenthesis represent last year's figure.

30. Information as per Accounting Standard (AS) 18 viz. Related Party Disclosures (excluding with State Controlled Entities):

(₹ in Million)

	Subsidiaries	Joint ventures	Key Managerial personnel	Total 2009-10	Total 2008--09
Income from rendering	433.10	158.00	-	591.10	384.25



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services					
Expenses on receiving services	2.24	-	-	2.24	0.38
Interest Income	257.18	351.07	-	608.25	494.50
Loans Given	8003.21	-	-	8003.21	1,087.20
Remuneration		-	22.42	22.42	6.89
Capital Contribution* [@]	86,744.37	0.77	-	86,745.14	-

Note:

Name of related parties and description of relationship (excluding State Controlled Entities):

Subsidiaries	ONGC Nile Ganga B V, Netherlands
	ONGC Nile Ganga Cyprus Limited, Cyprus
	ONGC Narmada Limited, Nigeria
	ONGC Nile Ganga (San Cristobal) B.V. Netherlands
	ONGC Amazon Alakananda Limited, Bermuda
	ONGC Campos Ltda, Brazil
	ONGC Do Brasil Exploracao Petrolifera Ltda, Brazil
	Jarpeno Limited, Cyprus
	Imperial Energy Corporation Plc, UK*
	Imperial Energy Limited, UK*
	Rus Imperial Corporation plc, UK*
	Imperial Energy Tomsk Limited, Cyprus
	Imperial Energy (Cyprus) Limited, Cyprus
	Imperial Energy Nord Limited, Cyprus
	Imperial Energy Gas Limited, Cyprus
	Nefsilius Holdings Limited, Cyprus
	RK Imperial Energy Kostanai Limited, Cyprus
	Imperial Frac Services (Cyprus) Limited, Cyprus
	Freshspring Investments Limited, Cyprus
	Redcliffe Holdings Limited, Cyprus
San Agio Investments Limited, Cyprus	
Imperial Energy Trading AG, Switzerland (Liquidated in Dec 09)	
Imperial Energy Finance (Jersey) Limited, Jersey*	
Biancus Holdings Limited, Cyprus	



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Joint Ventures	Rus Imperial Limited, UK*
	Imperial Energy Kostanai Limited, UK*
	OOO Sibinterneft, Russian Federation
	OOO Allianceneftegaz, Russian Federation
	OOO Nord Imperial, Russian Federation
	OOO Imperial Energy, Russian Federation
	OOO Imperial Energy Tomsk Gas, Russian Federation
	OOO Stratum, Russian Federation
	OOO Imperial Frac Service, Russian Federation
	OOO Imperial Trans Service, Russian Federation
	OOO Rus Imperial Group, Russian Federation
	TOO Sevkazgra, Kazakhstan*
	Carabobo One AB, Sweden
	Petro Carabobo Ganga B.V., the Netherlands
	Block 06.1 Project, Vietnam
	Sakhalin-1 Project, Russia
	Block 5A Project, Sudan
	Block A-1 Project, Myanmar
	Block A-3 Project, Myanmar
	Farsi Block Project, Iran
	Block 6 North Ramadan Project, Egypt
	Block NC-189 Project, Libya
	Block XXIV Project, Syria
	Block 5B, Sudan
	Block 25-29, 35 (Part) & 36 (Part), Cuba
	Khartoum - Port Sudan Pipeline Project, Sudan
	ONGC Mittal Energy Limited, Cyprus
	Block NEMED, Egypt
	Block RC-8, Colombia
	Block RC-9, Colombia
	Block RC-10, Colombia
	Block SSJN-7, Colombia
	MTPN Block, Congo
Farsi Block, Iran	
Key Management personnel	Shri R S Butola, Managing Director Shri J Thomas, Director (Exploration) Shri S P Garg, Director (Finance)
	Shri A Mathur, Director (Commercial)(till 31 August, 2009) Shri S.Roychoudhary, Director (Commercial)(with effect from 01 September'2009)

*Under liquidation.



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32. Previous year figures have been re-grouped/re-arranged and nomenclature re-named wherever necessary to make them comparable with current year classification.

Signature to Schedule – '1' to '26'



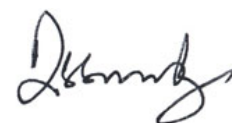
(V Sreedher)
Company Secretary



(S P Garg)
Director (Finance)



(R.S. Butola)
Managing Director



(R.S. Sharma)
Chairman

As per our report of even date attached
For BATRA SAPRA & COMPANY
Chartered Accountants



K.S. Kamath

New Delhi
May 21, 2010

(K.S. Kamath)
Partner (M.No44492)
Firm Registration Number 000103N