

## **CORPORATE GOVERNANCE REPORT**

OVL continues to make efforts towards achieving good governance and responsible management practices. The details of compliance of Guidelines on Corporate Governance by the company are provided in the following sections:

### **1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE**

The Company's vision is to be a world-class exploration and production company providing security oil to the country. Its corporate philosophy on Corporate Governance is to conduct its business in an efficient, transparent, ethical and responsible manner. The Company believes that good corporate governance goes beyond compliance of the provisions of various laws and therefore incorporates it in its conduct all across.

### **2. BOARD OF DIRECTORS**

#### **2.1 Composition of the Board:**

The Company is managed by the Board of Directors, which formulates strategies, policies and reviews its performance periodically. As per Articles of Association (AOA) of the Company, the number of Directors shall not be less than three and more than fifteen. As per AOA, ONGC, the parent company appoints the Chairman and all part time Directors and the President of India appoints all whole-time Directors including Managing Director on the Board of the Company.

The Chairman & Managing Director of ONGC, the parent company, is also the Chairman of the Company. The Managing Director who is the Chief Executive Officer of the Company, and three whole-time Directors i.e. Director (Exploration), Director (Finance), Director (Commercial) manage the business of the Company under the overall superintendence, control and guidance of the Board. All whole-time Directors of ONGC are part-time Directors on the Board of the Company. In addition, Joint Secretary (International Cooperation), Ministry of Petroleum and Natural Gas, Government of India and Joint Secretary, Department of Economic Affairs, Ministry of Finance are part-time Directors on the Board of the Company. Joint Secretary (Exploration), MoP&NG is an invitee to the meetings of the Board.

## **2.2 Scheduling and selection of Agenda items for Board / Committee Meetings:**

The meetings are convened by giving appropriate advance notice after obtaining approval of the Chairman of the Board / Committee. Detailed agenda, management reports and other explanatory statements are circulated in advance in the defined agenda format amongst the members for facilitating meaningful, informed and focused decisions at the meetings. To address specific urgent need, sometimes meetings are being called at a shorter notice. In case of exigencies resolutions are also sometimes passed by circulation which are put up for confirmation in the next meeting of the Board / Committee.

Where it is not practicable to attach any document or the agenda is of confidential nature, the same is tabled with the approval of Managing Director. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted with the permission of the Chairman. Sensitive subject matters are discussed at the meeting without written material being circulated.

The agenda papers are prepared by the concerned officials, sponsored by the concerned functional Directors, concurred by the Director (Finance) and submitted for obtaining approval of the Managing Director, well in advance. Duly approved agenda papers are circulated amongst the Board members by the Company Secretary. The meetings of the Board /Committee are generally held at New Delhi.

The Board/Committee is given presentations covering Exploration, Production, Operations, Financial, Human Resources, Marketing, and operations of Joint Ventures / Subsidiaries of the Company etc. at the pre-scheduled Board/Committee meetings.

The members of the Board/Committee have complete access to all information of the Company. The Board is also free to recommend inclusion of any matter in agenda for discussion. Senior management officials are called to provide additional inputs to the items being discussed by the Board/Committee, as and when necessary.

## **2.3 Recording minutes of proceedings at the Board / Committee Meeting:**

Minutes of the proceedings of each Board / Committee meeting are recorded. Draft minutes are approved by the Chairman of the

Board/Committee. These minutes are confirmed in the next meeting of the Board/Committee. The finalized minutes of the proceedings of the meetings are entered in the Minutes Book.

#### **2.4 Follow-up mechanism:**

The guidelines for the Board/Committee meetings facilitate an effective post meeting follow-up, review and reporting process for the action taken on decisions of the Board and Committee. The follow-up Action Taken Report (ATR) on the decisions / instructions / directions of the Board / Committee is submitted to the Board/Committee regularly.

#### **2.5 Board Meetings:**

Twelve Board Meetings were held during the financial year 2009-10 on the following dates:

9 <sup>th</sup> April, 2009	28 <sup>th</sup> May, 2009	16 <sup>th</sup> June, 2009	15 <sup>th</sup> July, 2009	12 <sup>th</sup> Aug., 2009
16 <sup>th</sup> Sep., 2009	17 <sup>th</sup> Nov., 2009	9 <sup>th</sup> Dec., 2009	30 <sup>th</sup> Dec., 2009	14 <sup>th</sup> Jan., 2010
8 <sup>th</sup> Feb., 2010	10 <sup>th</sup> Mar., 2010			

The minimum and maximum interval between any two Board meetings was 14 days and 61 days, respectively.

## 2.6 Composition and Attendance

The composition of the Board, details of attendance etc. are as under:

Name of the Directors	Designation	Academic Qualifications	No. of Board Meetings held during the tenure	No. of Board Meetings attended	Attendance at the last AGM (16 <sup>th</sup> Sept., 2009)	Details of Directors held in other Companies *	Membership held in Committees including OVL **
<b>Whole-Time Directors</b>							
Shri R. S. Butola	Managing Director	-MBA -CAIIB	12	12	Yes	-	-
Shri Anupam Mathur	Director (Commercial) (Upto 31 <sup>st</sup> August 2009)	-B.E. (Mech.)	5	4	NA	-	-
Shri Joeman Thomas	Director (Exploration)	-M.Sc. in Applied Geology	12	10	Yes	-	-
Shri S.P. Garg	Director (Finance)	- FCA - FCS - AICWA	12	12	Yes	-	-
Shri. S. Roychaudhury	Director (Commercial) From 1 <sup>st</sup> September 2009	B.Tech (Mech)	7	7	Yes	-	-
<b>Non-Executive Part-Time Directors</b>							
Shri R. S. Sharma, Chairman & Managing Director, ONGC	Chairman	-FICWA -CAIIB -Advance Financial Management Programme in Oil and Gas from University of Texas, Dallas (USA)	12	12	Yes	6	-

Shri Sunil Jain, Joint Secretary (IC), Ministry of Petroleum & Natural Gas	Director	-IFS -B.Tech (IIT Delhi) -MPP(Princeton)	12	8	No	-	1
Dr. Alok Sheel, Joint Secretary, DEA, Ministry of Finance	Director (Upto 4 <sup>th</sup> May, 2009)	-M. Sc (Macroeconomics) -Ph.D (Econ. History) - M.Phil (History) - M.A. History -B.A. Honours (History)	1	0	N.A.	-	-
Shri Govind Mohan Joint Secretary, DEA, Ministry of Finance	Director (w.e.f. 13 <sup>th</sup> May, 2009)	- IAS - B. Tech (Elec) - PGDM, IIM Ahmedabad	11	9	No	3	-
Dr. A. K. Balyan, Director (Human Resource), ONGC	Director (Upto 14 <sup>th</sup> July 2010)	-M.Sc. in Chemistry -M. Tec. from IIT Delhi -PHD in Chemistry from Germany	12	7	Yes	8	1
Shri A. K. Hazarika, Director (Onshore), ONGC	Director	-B.E. (Mech.)	12	9	No	3	-
Shri D. K. Pande, Director (Exploration), ONGC	Director	-B.Sc. (Hons.), Gold Medallist -M.Sc. (Hons.) in Geology	12	11	No	1	1
Shri U. N. Bose, Director (T&FS), ONGC	Director	-B.E (Mech.)	12	10	Yes	2	1
Shri D. K. Sarraf, Director (Finance), ONGC	Director	-B.Com (Hons.) -M. Com -AICWA -ACS	12	12	Yes	4	4
Shri. Sudhir Vasudeva, Director (Offshore),	Director (w.e.f. 3 <sup>rd</sup>	-Chemical Engineer	12	8	No	3	2

ONGC	March 2009)	Gold Medallist - Management Graduate					
<b>Independent (Non-Executive Part-Time) Director</b>							
Shri P. K. Choudhury	Director (upto 25 <sup>th</sup> June, 2009)	-PG in Commerce from Calcutta University -FCA -PG diploma in Advance Finance Management with distinction from Maastricht School of Management, Netherlands -CAIIB -CAIB(London)	3	3	N.A.	9	3

\* The other directorships do not include directorships of Companies registered under Section 25 of the Companies Act, 1956, Foreign Companies and Private Limited Companies.

\*\*Membership of only the Audit Committees and Shareholders'/ Investors' Grievance Committees of all Public Limited Companies have been considered.

**Notes:**

- (i) Directors are not related to each other;
- (ii) Directors do not have any pecuniary relationships or transactions with the Company;
- (iii) The Directorships/Committee memberships are based on the latest disclosure received from Directors;
- (iv) None of the Director is a Member of more than 10 Committees or Chairman of more than 5 Committees, across all the companies in which he is a Director.

## 2.7 Resume of Directors proposed to be Re-appointed

The brief resume of Directors including nature of their experience in specific functional areas and names of companies in which they hold directorship and membership/chairmanship of Board/Committee, who have been appointed during the year or are retiring by rotation and seeking re-appointment are as below:

Name	Shri Joeman Thomas	Shri S.P. Garg	Shri Sunil Jain	Shri D.K. Sarraf
Date of Birth & Age	December 14, 1951; 58 Years	August 15, 1956 ; 53 Years	October 19, 1957 ; 52 Years	September 3, 1957 ; 52 years
Date of Appointment	February 20, 2007	September 8, 2008	February 6, 2008.	January 2, 2008
Qualification	M.Sc. in Applied Geology	Fellow Member of ICAI Fellow Member of ICSI Associate Member of ICWAI	Indian Foreign Services (IFS) B. Tech (IIT Delhi) MPP(Princeton)	B.Com (Hons)., M.Com, Associate Member of the ICWAI & ICSI
No. of Shares held	NIL	Nil	Nil	Nil
Experience in specific Functional Areas	Having the experience of more than 30 years in the upstream E&P sector. As well as contributed for the growth of OVL through the acquisition of several oil fields and producing properties.	Vast experience in varied fields of finance including Corporate Accounts, Project Management, Taxation, Internal Audit. Previously holding the position of GM (Finance) and Company Secretary, ONGC	Currently holding the position of Joint Secretary (International Cooperation) in the Ministry of Petroleum and Natural Gas. Previously served on various positions in the Government.	Currently, holding the position of Director (Finance) in ONGC and has to his credit, rich and varied experience in oil industry. He served in Oil India Ltd. and ONGC Videsh Ltd.
Directorship held in other Companies	<ul style="list-style-type: none"> <li>➤ ONGC Narmada Limited (Foreign Company)</li> <li>➤ OMEL Exploration &amp; Production Nigeria Limited (Foreign Company)</li> <li>➤ OMEL Energy Nigeria Limited (Foreign Company)</li> <li>➤ OMEL</li> </ul>	<ul style="list-style-type: none"> <li>➤ OMEL Exploration &amp; Production Nigeria Limited (Foreign Company)</li> <li>➤ OMEL Energy Nigeria Limited (Foreign Company)</li> <li>➤ OMEL Hydrocarbon Nigeria Limited (Foreign Company)</li> </ul>	Nil	<ul style="list-style-type: none"> <li>➤ Oil and Natural Gas Corporation Ltd.</li> <li>➤ Mangalore SEZ Ltd.</li> <li>➤ ONGC Tripura Co. Pvt. Ltd.</li> <li>➤ North East Transmission Company Ltd.</li> </ul>

	<p>Hydrocarbon Nigeria Limited (Foreign Company)</p> <ul style="list-style-type: none"> <li>➤ Jarpeno Limited (Foreign Company)</li> <li>➤ OOO Nord Imperial (Foreign Company)</li> <li>➤ OOO Allianceneftegaz (Foreign Company)</li> <li>OOO Sibinterneft (Foreign Company)</li> </ul>	<ul style="list-style-type: none"> <li>➤ Jarpeno Limited (Foreign Company)</li> <li>➤ Imperial Energy Corporation plc (Foreign Company)</li> <li>➤ Imperial Energy Limited (Foreign Company)</li> <li>➤ Rus Imperial Corporation plc (Foreign Company)</li> <li>➤ Imperial Energy Finance ( Jersey) Limited (Foreign Company)</li> <li>➤ Rus Imperial Limited (Foreign Company)</li> <li>➤ Imperial Energy Kostanai Limited (Foreign Company)</li> <li>➤ OOO Nord Imperial (Foreign Company)</li> <li>➤ OOO Allianceneftegaz (Foreign Company)</li> <li>➤ ONGC Amazon Alaknanda Limited (Foreign Company)</li> <li>➤ Mansarovar Energy Colombia Limited (Foreign Company)</li> <li>➤ Petrolera Indo Venezolana (Foreign Company)</li> <li>➤ Carabobo One AB (Foreign Company)</li> </ul>		
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<b>Membership / Chairmanship of Committees including OVL*</b>	NIL	Nil	Chairman, Audit Committee – ONGC Videsh Limited	Member, Audit Committee – North East Transmission Company Ltd., ONGC Tripura Power Company Limited & ONGC Videsh Limited and Member – Shareholders'/Investors' grievance Committee – Oil and Natural Gas Corporation Limited
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\*Membership / Chairmanship of only the Audit Committees and Shareholders'/ Investors' Grievance Committees of all Public limited companies have been considered.

### **3. AUDIT COMMITTEE**

#### **3.1 Composition of the Audit Committee:**

The composition of the Audit Committee during the year 2009-10 was as follows:

Shri P. K. Choudhury – Chairman (up to 25<sup>th</sup> June, 2009)

Shri Sunil Jain – Chairman (from 15<sup>th</sup> July, 2009)

Shri D.K. Pande – Member (from 15<sup>th</sup> July, 2009)

Shri D. K. Sarraf – Member

Shri Sudhir Vasudeva - Member

The terms of reference of the Audit Committee are in line with Section 292A of the Companies Act, 1956 and the Department of Public Enterprises guidelines on Corporate Governance. Shri P. K. Choudhury, Chairman of the Committee (up to 25<sup>th</sup> June, 2009) , an Independent Director on the Board is a Chartered Accountant, Post Graduate diploma in Advance Finance Management with distinction from Maastricht School of Management, Netherlands, CAIIB, CAIB (London) and Post Graduate in Commerce from Calcutta University. Shri Choudhury has multifarious and enriched experience of more than 36 years in Finance and Banking. Shri Sunil Jain, Chairman of the Committee, (from 15<sup>th</sup> July, 2009), a government nominee Director is an IFS officer, B. Tech (IIT Delhi) and MPP (Princeton). He is currently holding the position of Joint Secretary (International Cooperation) in the Ministry of Petroleum and Natural Gas and has served on various positions in the Government. All members of the

Committee have requisite financial and management experience. Director (Finance) and Internal Auditor are the permanent invitees to Committee's meetings. Representatives of Statutory Auditors are invited to attend and participate in the meetings. Functional Directors, Executives of Finance and other departments are invited on need basis. Company Secretary acts as the Secretary to the Committee.

### **3.2 Role of the Audit Committee:**

The role of the Audit Committee includes the following:

**3.2.1** Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

**3.2.2** Recommending to the Board, the fixation of audit fees.

**3.2.3** Approval of payment to statutory auditors for any other services rendered by the statutory auditors.

**3.2.4** Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:

**a.** Matters required to be included in the Directors' Responsibility Statement and in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956;

**b.** Changes, if any, in accounting policies and practices and reasons for the same.

**c.** Major accounting entries involving estimates based on the exercise of judgment by management;

**d.** Significant adjustments made in the financial statements arising out of audit findings;

**e.** Compliance with legal requirements relating to financial statements;

**f.** Disclosure of any related party transactions; and

**g.** Qualifications in the draft audit report.

**3.2.5** Reviewing, with the management, the quarterly/half yearly financial statements as may be required before submission to the Board for approval.

**3.2.6** Reviewing, with the management, performance of internal auditors and adequacy of the internal control systems.

**3.2.7** Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.

**3.2.8** Discussion with internal auditors and/ or auditors any significant findings and follow up there on.

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

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

**3.2.11** To look into the reasons for substantial defaults in the payment to the depositors, debentureholders, shareholders and creditors if any.

**3.2.12** To review the functioning of the Whistle Blower Mechanism.

**3.2.13** To review the follow up action on the audit observations of the C&AG audit.

**3.2.14** Review / check the contracts on nomination basis as per CVC guidelines.

**3.2.15** To review the follow up action taken on the recommendations of Committee on Public Undertakings (COPU) of the Parliament.

**3.2.16** Provide an open avenue of communication between the independent auditor, internal auditor and the Board of Directors.

**3.2.17** Review and pre-approve all related party transactions in the company. For this purpose, the Audit Committee may designate a member who shall be responsible for pre-approving related party transactions.

**3.2.18** Review with the independent auditor the co-ordination of audit efforts to assure completeness of coverage, reduction of redundant efforts, and the effective use of all audit resources.

**3.2.19** Consider and review the following with the independent auditor and the management:

- The adequacy of internal controls including computerized information system controls and security, and

- Related findings and recommendations of the independent auditor and internal auditor, together with the management responses.

**3.2.20** Consider and review the following with the management, internal auditor and the independent auditor:

- Significant findings during the year, including the status of previous audit recommendations.

- Any difficulties encountered during audit work including any restrictions on the scope of activities or access to required information,

### 3.3 Minutes of the Audit Committee:

Minutes of the meetings of the Audit Committee are approved by the Chairman of the Committee and are noted by the Board of Directors in the subsequent meeting.

### 3.4 Meetings:

Four meetings of the Audit Committee were held during the financial year on the following dates:

16 <sup>th</sup> June, 2009	12 <sup>th</sup> August, 2009	17 <sup>th</sup> November, 2009
30 <sup>th</sup> December, 2009		

### 3.5 Attendance:

Members	Meetings held during the tenure	Meetings attended
Shri P. K. Choudhury, Chairman (upto 25 <sup>th</sup> June, 2009)	1	1
Shri Sunil Jain, Chairman (from 15 <sup>th</sup> July, 2009)	3	2
Shri D.K. Pande, Member (from 15 <sup>th</sup> July, 2009)	3	3
Shri D. K. Sarraf, Member	4	4
Shri. Sudhir Vasudeva, Member	4	3

## 4. EQUITY SHARES HELD BY DIRECTORS (AS ON 31<sup>ST</sup> MARCH, 2010)

Shri R. S. Sharma, Shri R. S. Butola, Dr. A. K. Balyan, Shri A. K. Hazarika, Shri D. K. Pande, Shri U. N. Bose and Shri Sudhir Vasudeva hold one share each of the Company as nominee of Oil and Natural Gas Corporation Limited.

## 5. CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT

The Company is committed to conduct its business in accordance with the highest standards of business ethics and comply with applicable laws, rules and regulations. A code of conduct, evolved in line with the parent Company ONGC was adopted by the Board applicable to all Members of the Board and Senior Management who have confirmed compliance with the Code of

Conduct for the year under review. A copy of the Code has been placed on the Company's website [www.ongcvidesh.com](http://www.ongcvidesh.com).

A declaration signed by Chairman is given below:

"I hereby confirm that:

The Company has obtained from the Members of the Board and Senior Management, affirmation that they have complied with the Code of Conduct for Directors and Senior Management in respect of the financial year 2009-10."



**R. S. Sharma**  
**Chairman**

## **6. SUBSIDIARY MONITORING FRAMEWORK**

All subsidiaries of the Company, except two subsidiaries in Brazil, are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. Brazilian companies having limited activities are managed through administrators as permitted under the local laws. Being 100% shareholder, the Company nominates its representatives on the Boards of subsidiaries and monitors the performance of its subsidiaries periodically.

List of the Company's direct and indirect subsidiaries as on March 31, 2010 is given below:

<b>Sl No.</b>	<b>Name of the Subsidiary</b>	<b>Date of Incorporation / Acquisition</b>	<b>Country in which Incorporated</b>
1	ONGC Nile Ganga B.V.	12.03.2003	Netherlands
2	ONGC Narmada Limited	07.12.2005	Nigeria
3	ONGC Do Brasil Exploracao Petrolifera Ltda.	07.07.2006	Brazil
4	ONGC Amazon Alaknanda Limited	08.08.2006	Bermuda
5	ONGC Campos Ltda.	16.03.2007	Brazil
6	ONGC Nile Ganga (Cyprus) Ltd.	26.11.2007	Cyprus

7	ONGC Nile Ganga (San Cristobal) B.V.	29.02.2008	Netherlands
8	Jarpeno Limited	12.08.2008	Cyprus
9	Imperial Energy Corporation plc	13.01.2009	UK
10	Imperial Energy Limited	13.01.2009	UK
11	Rus Imperial Corporation plc	13.01.2009	UK
12	Imperial Energy Finance ( Jersey) Limited	13.01.2009	Jersey
13	Rus Imperial Limited	13.01.2009	UK
14	Imperial Energy Kostanai Limited	13.01.2009	UK
15	Biancus Holdings Limited	13.01.2009	Cyprus
16	Imperial Energy Tomsk Limited	13.01.2009	Cyprus
17	Imperial Energy (Cyprus) Limited	13.01.2009	Cyprus
18	Imperial Energy Nord Limited	13.01.2009	Cyprus
19	Imperial Energy Gas Limited	13.01.2009	Cyprus
20	Nefsilius Holdings Limited	13.01.2009	Cyprus
21	RK Imperial Energy Kostanai Limited	13.01.2009	Cyprus
22	Imperial Frac Services ( Cyprus) Limited	13.01.2009	Cyprus
23	Freshspring Investments Limited	13.01.2009	Cyprus
24	Redcliffe Holdings Limited	13.01.2009	Cyprus
25	San Agio Investments Limited	13.01.2009	Cyprus
26	OOO Sibinterneft	13.01.2009	Russian Federation
27	OOO Allianceneftegaz	13.01.2009	Russian Federation
28	OOO Nord Imperial	13.01.2009	Russian Federation
29	OOO Imperial Energy	13.01.2009	Russian Federation
30	OOO Imperial Energy Tomsk Gas	13.01.2009	Russian Federation
31	OOO Stratum	13.01.2009	Russian Federation
32	OOO Imperial Trans Service	13.01.2009	Russian Federation
33	OOO Rus Imperial Group	13.01.2009	Russian Federation
34	TOO Sevkazgra	13.01.2009	Kazakhstan
35	AB Startkapitalet nr 5636 (name	25.02.2010	Sweden

	changed to Carabobo One AB)		
36	Petro Carabobo Ganga B.V	26.02.2010	Netherlands

## 7. ANNUAL GENERAL MEETINGS

Location, date and time, where the AGMs were held during the preceding three years:

Year	Location	Date	Time (IST)
2006-07	6 <sup>th</sup> Floor, Jeevan Bharati, Tower-II, 124, Indira Chowk, New Delhi - 110001	18 <sup>th</sup> September, 2007	12.00 Noon
2007-08	4 <sup>th</sup> Floor, Kailash Building, 26, Kasturba Gandhi Marg	18 <sup>th</sup> September, 2008	12.00 Noon
2008-09	4 <sup>th</sup> Floor, Kailash Building, 26, Kasturba Gandhi Marg	16 <sup>th</sup> September, 2009	12.00 Noon

### Special Resolutions passed during last 3 AGM's:

2006-07: Nil

2007-08: For payment of fee and reimbursement of travel, living and hotel expenses incurred for attending meetings of board or its committees and any other business of the company to each director including MD.

2008-09: Nil

## 8. DISCLOSURES

### 8.1 MATERIAL CONTRACTS/RELATED PARTY TRANSACTIONS

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

Transactions with related parties are disclosed in Note No. 30 of Schedule 26 to the Stand-alone Accounts of the Company in the Annual Report. Being a State enterprise, no disclosure has been made in respect of the transactions with state enterprises including subsidiary companies in line with Accounting Standard (AS) 18 on Related Party Disclosures.

**8.2** The Company has not incurred any expenditure during the year 2009-10, which was not for the purpose of the business of the Company or which was of personal in nature and incurred for the members of the Board of Directors and Senior Management personnel.

### **8.3 DIRECTORS' REMUNERATION**

ONGC Videsh Limited being a Government Company, appointment and terms and conditions of remuneration of Executive (whole-time functional) Directors are determined by the Government through administrative ministry, the Ministry of Petroleum & Natural Gas. Non-executive part-time official Directors do not draw any remuneration. The part-time non-official Director received sitting fees of ₹ 20,000/- for each Board meeting and Board Committee meeting attended during the year 2009-10.

Remuneration of Directors for the year ended 31<sup>st</sup> March, 2010 was as follows:

#### **(a) Executive Directors**

(₹ in Million)						
Sl No.	Names	Salary Including DA	Other benefits & perks	Performance Incentives	Contribution to PF & other Funds	Grand Total
1	Shri R.S.Butola	2.79	0.27	1.82	0.25	5.13
2	Shri Anupam Mathur (upto 31.08.09)	3.76	0.52	1.44	0.14	5.86
3	Shri Joeman Thomas	2.30	1.07	1.43	0.20	5.00
4	Shri S.P. Garg	2.45	0.12	0.77	0.18	3.52
5	Shri. S. Roychaudhury (w.e.f. 01.09.09)	1.39	0.75	0.69	0.08	2.91

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

### (b) Non-Executive Director (Part-time non-official)

The details of sitting fees paid to Non-Executive non-official Director during the year 2009-10 are as follows:

Name	Sitting fees (₹ in Million)
Shri P.K. Choudhury	0.08

**8.4** Details of administrative and office expenses as a percentage of total expenses and reasons for increase:

(₹ in Million)

Particulars	2009-10	2008-09	Reasons for increase
Total expenses *	13,599.69	17,605.30	Though there is decrease in administrative and office expenses in absolute terms, the same has increased in percentage terms due to reduction of Total Expenses mainly due to reduction in Provisions and write-offs by about ₹ 1,576 million and Royalty by about ₹ 1,387 million in 2009-10
Administrative and office expenses	962.28	1,095.74	
Administrative and office expenses as a percentage of total expenses	7.08%	6.22%	

\*Includes Production, Transportation, Selling & Distribution Expenditure and Provisions & Write Off (Net).

### 9. COMPLIANCES

The Company has complied with applicable rules and the requirement of regulatory authorities and no penalties or strictures were imposed on the Company on any matter related to any guidelines issued by Government during last three years. All statutory filings were within stipulated time with various authorities.

## 10. MEANS OF COMMUNICATION

- **Half-Yearly Results :** Pursuant to listing of the debt securities in the National Stock Exchange of India, the Company intimated audited annual financial results during 2009-10 to the Stock Exchange immediately after these were taken on record and approved. These financial results were published in the leading English dailies having wide circulation. The results were also sent to Debenture Trustee M/s IDBI Trusteeship Services limited and displayed on the website of the Company [www.ongcvidesh.com](http://www.ongcvidesh.com)
- **News Release, Presentation etc.:** The official news releases are displayed on the Company's website [www.ongcvidesh.com](http://www.ongcvidesh.com).
- **Website:** The Company's website is [www.ongcvidesh.com](http://www.ongcvidesh.com). Full Annual Report and Audited financial statements are also available on the web-site in a user-friendly manner.
- **Annual Report:** Annual Report containing inter-alia, Audited Accounts, Consolidated Financial Statements, Directors' Report, Auditors' Report, and other important information is circulated to the members and others entitled thereto. The Management Discussion and Analysis (MD&A) Report and Corporate Governance Report forms part of the Directors' Report in the Annual Report.
- **Designated Exclusive E-mail id :** The company has designated the following email-id exclusively for servicing of debenture investors:

**[complianceofficerncd@ongcvidesh.in](mailto:complianceofficerncd@ongcvidesh.in)**

## 11. ANNUAL GENERAL MEETING

Date : 15<sup>th</sup> September, 2010  
Time : 10.00 AM  
Venue : 4<sup>th</sup> Floor, Kailash Building, 26, K.G. Marg,  
New Delhi - 110001

## 12. SHARE OWNERSHIP PATTERN AS ON 31<sup>ST</sup> MARCH, 2010

Category	No. of shares held of ₹ 100 each	Percentage of shareholding
Oil and Natural Gas Corporation Limited and its nominees	100,000,000	100%

## 13. LEGAL PROCEEDINGS

No case and/or suit of any material or substantial nature is pending against the Company.

## 14. MAJOR PROJECTS:

The list of projects of OVL, including held through subsidiaries / Joint Venture Company, presently is as below:

1. Block 06.1, Vietnam
2. Block 127, Vietnam
3. Block 128, Vietnam
4. Block 8, Iraq
5. Sakhalin-1, Russia
6. Block A-1, Myanmar
7. Block A-3, Myanmar
8. Block AD-2, Myanmar
9. Block AD-3, Myanmar
10. Block AD-9, Myanmar
11. Farsi Offshore Block, Iran
12. Block NC-189, Libya
13. Block 81-1, Libya
14. Area 43, Libya
15. GNOP Block 1, 2 & 4, Sudan
16. Block 5A, Sudan
17. Pipeline Project, Sudan
18. Block 24, Syria
19. Al Furat (4 PSAs), Syria
20. Block-2, Nigeria Sao Tome & Principe, JDZ
21. Block 6, Egypt
22. Block NEMED, Egypt
23. Block BC-10, Brazil
24. Block BM-S-73, Brazil

25. Block BM-ES-42, Brazil
26. Block 25, 26, 27, 28, 29, 35A & 36, Cuba
27. Block 34 & 35, Cuba
28. Mansarovar Energy Project, Colombia
29. Block RC-8, Colombia
30. Block RC-9, Colombia
31. Block RC-10, Colombia
32. OPL - 279, Nigeria
33. OPL - 285, Nigeria
34. San Cristobal Project, Venezuela
35. Block BM-SEAL-4, Brazil
36. Block BM-BAR-1, Brazil
37. Block SSJN-7, Colombia
38. Block CPO-5, Colombia
39. Imperial Energy (7 blocks), Russia
40. Carabobo Project, Venezuela

#### **15. RISK MANAGEMENT**

The framework for risk assessment and minimization thereto has been evaluated and further improvements, if any, suggested by experts shall be incorporated.

#### **16. CEO/CFO CERTIFICATION**

In terms of Department of Public Enterprises guidelines on Corporate Governance, the certification by the CEO/CFO on the financial statement and internal controls relating to financial reporting for the financial year 2009-10 was submitted for review to the Audit Committee / Board of Directors on 21<sup>st</sup> May 2010.

#### **17. COMPLIANCE CERTIFICATE**

Certificate from M/s A. N. Kukreja & Co., practicing Company Secretaries, confirming compliance of Guidelines on Corporate Governance of the Department of Public Enterprises, Government of India, is annexed to the Directors' Report forming part of the Annual Report.

#### **18. AUDIT QUALIFICATION**

The auditors' observations have been suitably replied / explained in the Annual Report. The Company is pursuing towards the regime of unqualified financial statements.

## **19. TRAINING OF BOARD MEMBERS**

Functional Directors have attended training programmes. Though, no specific training programmes were arranged for part-time Board members, detailed presentations are made by senior executives / professionals/ consultants on business related issues, risk assessment, strategy effect of regulatory changes etc. at the Board / Committee meetings.

## **20. WHISTLE BLOWER POLICY**

Being a PSU, the guidelines of CVC are applicable which also provides adequate safeguards against victimization of employees who avail of the mechanism.

## **21. FEE TO STATUTORY AUDITOR**

The fee paid / payable to the Statutory Auditors for the year was ₹ 0.99 million (previous year ₹ 0.77 million), plus ₹ 0.22 million (previous year ₹ 0.25 million) as fee for review of half yearly accounts.

## **22. GENERAL INVESTOR (DEBENTUREHOLDERS) INFORMATION:**

- **Listing On Stock Exchange:**

Company's debt securities are listed on the WDM (Wholesale Debt Market) segment of National Stock Exchange of India Limited (NSE).

- **Debenture Trustee**

IDBI Trusteeship Services Limited  
Asian Building, Ground Floor,  
17, R. Kamani Marg, Ballard Estate,  
Mumbai – 400 023.

- **Payment of listing Fees:**

Annual listing fee till the year 2010-11 has been paid by the company.