



# OIL AND NATURAL GAS CORPORATION LIMITED

## COMPANY SECRETARIAT

Regd. Office : 'Deendayal Urja Bhawan', 5, Nelson Mandela Marg, Vasant Kunj, New Delhi-110070  
CIN: L74899DL1993GOI054155 Website: www.ongcindia.com Email: secretariat@ongc.co.in

CS/ONGC/SE/2018

30.05.18

|                                                                                                                                                                                                |                                                                                                                                                                            |
|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>National Stock Exchange of India Ltd.</b><br>Listing Department<br>Exchange Plaza<br>Bandra-Kurla Complex<br>Bandra (E)<br>Mumbai – 400 051<br><br>Symbol- <b>ONGC</b> ; Series - <b>EQ</b> | <b>BSE Limited</b><br>Corporate Relationship Department<br>Phiroze Jeejeebhoy Towers<br>Dalal Street, Fort<br>Mumbai – 400 001<br><br>BSE Security Code No.- <b>500312</b> |
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*Sub: Audit Report of Financial Result for F.Y. 2017-18*

Sir/ Madam,

This is in continuation of submission of approved Audited Financial Results of the Company for the quarter/ financial year ended 31<sup>st</sup> March, 2018 at the meeting held today i.e. **30<sup>th</sup> May, 2018** at New Delhi.

Please find attached Audit Report herewith as annexure to Financial Results for Financial Year ended 31<sup>st</sup> March, 2018.

Kindly take note of the same.

Thanking You,  
Yours faithfully,  
For Oil and Natural Gas Corporation Ltd.

 30/05/18

M E V Selvam  
Compliance Officer &  
Company Secretary

Encl: As Above

**Lodha & Co**  
Chartered Accountants  
14, Government Place  
East, Kolkata – 700 069

**MKPS & Associates**  
Chartered Accountants  
403, 4<sup>th</sup> Floor, Grace Chambers,  
Chakala, Andheri (East),  
Mumbai-400 093

**Khandelwal Jain & Co.**  
Chartered Accountants  
12-B, Baldota Bhawan, 5<sup>th</sup>  
Floor, 117, M K Road,  
Churchgate,  
Mumbai 400 020

**K. C. Mehta & Co.**  
Chartered Accountants  
2nd Floor, Meghdhanush  
Race Course Circle,  
Vadodara – 390 007

**PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
91 92, Dr. Radhakrishnan Salai,  
Mylapore,  
Chennai – 600 004

**Dass Gupta & Associates**  
Chartered Accountants  
B4, Gulmohar Park,  
New Delhi - 110 049

### Independent Auditors' Report

#### To the Board of Directors of Oil and Natural Gas Corporation Limited

1. We have audited the accompanying Statement of Standalone Ind AS Financial Results of **Oil and Natural Gas Corporation Limited** ("the Company") for the year ended 31<sup>st</sup> March, 2018 ("the Statement"), being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by circular no. CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July, 2016.

This Statement, which is the responsibility of the Company's Management and approved by the Board of Directors, has been compiled from the related standalone Ind AS financial statements which has been prepared in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such standalone Ind AS financial statements.

2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### 3. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- (i) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by circular no. CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July, 2016; and
- (ii) gives a true and fair view in conformity with the aforesaid Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India of the Standalone net profit and total comprehensive income and other financial information of the Company for the year ended 31<sup>st</sup> March, 2018.

### 4. Emphasis of Matter

We draw attention to Note 5 of the Statement, wherein it is stated that during the year, Directorate General of Hydrocarbons (DGH) has raised a demand on all the JV partners of Panna-Mukta and Mid and South Tapti Fields JV (PMT), being BG Exploration and Production India Limited (BGEPIIL) and Reliance Industries Limited (RIL) (together "the Claimants") and the Company and the differential GOI share of Profit Petroleum and Royalty alleged to be payable by contractor pursuant to Government's interpretation of the Final Partial Award (40% share of the Company amounting to US\$ 1,574.76 millions equivalent to ₹ 10,223.34 crores including interest upto November 30, 2016). Subsequent to London High Court Orders dated April 16, 2018 and May 2, 2018, DGH vide letter dated May 4, 2018 and May 15, 2018 has asked for re-casting of accounts of the PMT JV and for remitting the respective PI share of balance dues including interest till the date of remittance. As the Company is not a party to the arbitration, the details of the proceedings of arbitration and copy of order of London High Court are not available with the Company. The Company has responded that as of now, neither the Arbitral Tribunal nor the London High Court has passed any order or quantified any amount due and payable by the Company and in the circumstances, the demand of DGH from the Company for any sum or interest thereon is premature and not justified. In the Company's view, pending final quantification of liabilities by the Arbitration Tribunal, it is not liable to implement the Final Partial Award (FPA) being premature and therefore no provision for the same has been considered necessary and the same has been considered as contingent liability.

Our opinion is not modified in respect of this matter.

### 5. Other Matters

- i. The Statement includes the Company's share in the total value of assets, liabilities, expenditure and income of 136 blocks under New Exploration Licensing Policy (NELPs) / Joint Operations (JOs) accounts for exploration and production out of which 3 NELPs / JOs accounts have been certified by other Chartered Accountants and 11 NELPs / JOs have been certified by the management in respect of NELPs / JOs operated by other operators. In respect of these 11 NELPs/ JOs, Ind AS financial statements include proportionate share in assets and liabilities as on 31<sup>st</sup> March, 2018 amounting to ₹ 7,491.43 crores and ₹ 5,478.52 crores



respectively and revenue and profit including other comprehensive Income for the year ended 31<sup>st</sup> March, 2018 amounting to ₹ 8,234.04 crores and ₹ 1,637.53 crores respectively, Our opinion is based solely on the certificate of the other Chartered Accountants and management certified accounts.

- ii. We have placed reliance on technical/commercial evaluation by the management in respect of categorization of wells as exploratory, development, producing and dry well, allocation of cost incurred on them, proved (developed and undeveloped) hydrocarbon reserves and depletion thereof on Oil and Gas Assets, impairment, liability for decommissioning costs, liability for NELP and nominated blocks for under performance against agreed Minimum Work Programme.

Our opinion on the Statement and our report is not modified in respect of the above matters.

6. The Statement includes the Standalone results for the quarter ended 31<sup>st</sup> March, 2018 being the balancing figure between audited figures in respect of the full financial year and the unaudited published year to date figures up to the third quarter of the current financial year which were subject to limited review by us.

|                                                                                                                                                                                                                            |                                                                                                                                                                                                                                             |                                                                                                                                                                                                                               |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>For Lodha &amp; Co.</b><br>Chartered Accountants<br>Firm Reg. No: 301051E<br><br>(Prashant Khandelwal)<br>Partner (M.No.056652)      | <b>For MKPS &amp; Associates</b><br>Chartered Accountants<br>Firm Reg. No: 302014E<br><br>(Nikhil K. Agrawalla)<br>Partner (M.No. 157955)                | <b>For Khandelwal Jain &amp; Co.</b><br>Chartered Accountants<br>Firm Reg. No: 105049W<br><br>(Narendra Jain)<br>Partner (M.No. 048725)  |
| <b>For K. C. Mehta &amp; Co.</b><br>Chartered Accountants<br>Firm Reg. No: 006557W<br><br>(Vishal P. Doshi)<br>Partner (M. No. 0251302) | <b>For PKF Sridhar &amp; Santhanam LLP</b><br>Chartered Accountants<br>Firm Reg. No.003990S/S200018<br><br>(V. Kothandaraman)<br>Partner (M. No 025973) | <b>For Dass Gupta &amp; Associates</b><br>Chartered Accountants<br>Firm Reg. No. 000112N<br><br>(Raaja Jindal)<br>Partner (M. No.504171) |

Place: New Delhi  
Date: 30<sup>th</sup> May, 2018

**Lodha & Co**  
Chartered Accountants  
14, Government Place East,  
Kolkata – 700069

**MKPS & Associates**  
Chartered Accountants  
403, 4<sup>th</sup> Floor, Grace Chambers, Chakala,  
Andheri (East),  
Mumbai-400093

**Khandelwal Jain & Co.**  
Chartered Accountants  
12-B, Baldota Bhawan, 5<sup>th</sup> Floor,  
117, M K Road, Churchgate,  
Mumbai 400 020

**K. C. Mehta & Co.**  
Chartered Accountants  
2nd Floor, Meghdhanush  
Race Course Circle,  
Vadodara – 390 007

**PKF Sridhar & Santhanam LLP**  
Chartered Accountants  
91 92, Dr. Radhakrishnan Salai,  
Mylapore,  
Chennai – 600 004

**Dass Gupta & Associates**  
Chartered Accountants  
B4, Gulmohar Park,  
New Delhi - 110 049

## **Independent Auditors' Report**

### **To the Board of Directors of Oil and Natural Gas Corporation Limited**

1. We have audited the accompanying Statement of Consolidated Ind AS Financial Results of **Oil and Natural Gas Corporation Limited** ("the Holding Company") for the year ended 31<sup>st</sup> March, 2018 ("the Statement"), being submitted by the Holding Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by circular no. CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July, 2016.

The Statement includes the results of the Holding Company, its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), its associates and joint ventures. This Statement, which is the responsibility of the Holding Company's Management and approved by the Board of Directors, has been prepared from the related consolidated financial statements which are in accordance with the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to express an opinion on the Statement based on our audit of such consolidated Ind AS financial statements.

2. We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Holding Company's preparation and fair presentation of the Statement in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Management, as well as evaluating the overall presentation of the Statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.



### 3. Opinion

In our opinion and to the best of our information and according to the explanations given to us, the Statement:

- (i) includes the results of the following entities in so far as they relate to the consolidated financial results in the statement:

| Sr. No.  | Name of the entity                                 |
|----------|----------------------------------------------------|
| <b>A</b> | <b>Subsidiaries</b>                                |
| 1        | ONGC Videsh Limited *                              |
| 2        | Mangalore Refinery and Petrochemicals Limited * \$ |
| 3        | Petronet MHB Limited                               |
| 4        | Hindustan Petroleum Corporation Limited*           |
| <b>B</b> | <b>Joint Ventures</b>                              |
| 1        | ONGC Teri Biotech Limited                          |
| 2        | Mangalore SEZ Limited *                            |
| 3        | ONGC Tripura Power Company Limited *               |
| 4        | ONGC Petro Additions Limited                       |
| 5        | Dahej SEZ Limited                                  |
| <b>C</b> | <b>Associates</b>                                  |
| 1        | Pawan Hans Limited                                 |
| 2        | Petronet LNG Limited *                             |

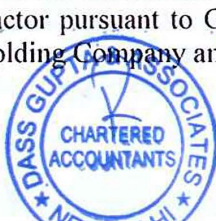
\* As per the Consolidated Financial Statements.

\$ Consolidated financial statements of MRPL includes its subsidiary, ONGC Mangalore Petrochemicals Limited, which is an indirect Subsidiary of the Holding Company.

- (ii) is presented in accordance with the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as modified by circular no. CIR/CFD/FAC/62/2016 dated 5<sup>th</sup> July, 2016; and
- (iii) gives a true and fair view in conformity with the aforesaid Indian Accounting Standards (Ind AS) and other accounting principles generally accepted in India of the Consolidated net profit and total comprehensive income and other financial information of the Group, its associates and joint ventures for the year ended 31<sup>st</sup> March, 2018.

### 4. Emphasis of Matter

We draw attention to Note 5 of the Statement, wherein it is stated that during the year, Directorate General of Hydrocarbons (DGH) has raised a demand on all the JV partners of Panna-Mukta and Mid and South Tapti Fields JV (PMT), being BG Exploration and Production India Limited (BGEPI) and Reliance Industries Limited (RIL) (together "the Claimants") and the Holding Company and the differential GOI share of Profit Petroleum and Royalty alleged to be payable by contractor pursuant to Government's interpretation of the Final Panna Award (40% share of the Holding Company amounting to US\$ 1,574.76 millions.



equivalent to ₹ 10,223.34 crores including interest upto November 30, 2016). Subsequent to London High Court Orders dated April 16, 2018 and May 2, 2018, DGH vide letter dated May 4, 2018 and May 15, 2018 has asked for re-casting of accounts of the PMT JV and for remitting the respective PI share of balance dues including interest till the date of remittance. As the Holding Company is not a party to the arbitration, the details of the proceedings of arbitration and copy of order of London High Court are not available with the Holding Company. The Holding Company has responded that as of now, neither the Arbitral Tribunal nor the London High Court has passed any order or quantified any amount due and payable by the Holding Company and in the circumstances, the demand of DGH from the Holding Company for any sum or interest thereon is premature and not justified. In the Holding Company's view, pending final quantification of liabilities by the Arbitration Tribunal, it is not liable to implement the Final Partial Award (FPA) being pre-mature and therefore no provision for the same has been considered necessary and the same has been considered as contingent liability.

Our opinion is not modified in respect of this matter.

## 5. Other Matters

- The Statement includes the Holding Company's share in the total value of assets, liabilities, expenditure and income of 136 blocks under New Exploration Licensing Policy (NELPs) / Joint Operations (JOs) accounts for exploration and production out of which 3 NELPs / JOs accounts have been certified by other Chartered Accountants and 11 NELPs / JOs have been certified by the management in respect of NELPs / JOs operated by other operators. In respect of these 11 NELPs/ JOs, Ind AS financial statements include proportionate share in assets and liabilities as on 31<sup>st</sup> March, 2018 amounting to ₹ 7,491.43 crores and ₹ 5,478.52 crores respectively and revenue and profit including other comprehensive Income for the year ended 31<sup>st</sup> March, 2018 amounting to ₹ 8,234.04 crores and ₹ 1,637.53 crores respectively. Our opinion is based solely on the certificate of the other Chartered Accountants and management certified accounts.
- We have placed reliance on technical/commercial evaluation by the management in respect of categorization by the Holding Company of wells as exploratory, development, producing and dry well, allocation of cost incurred on them, proved (developed and undeveloped) hydrocarbon reserves and depletion thereof on Oil and Gas Assets, impairment, liability for decommissioning costs, liability for NELP and nominated blocks for under performance against agreed Minimum Work Programme.
- We did not audit the financial statements of four subsidiaries whose financial statements reflect total assets and total net assets as at 31<sup>st</sup> March, 2018, total revenues and net cash inflow/(outflow) for the year ended on that date considered as under in the Statement based on financial statements audited by other auditors:

(₹ in Crores)

| Name of the Subsidiary                                  | Total Assets as at 31 <sup>st</sup> March, 2018# | Total Net Assets as at 31 <sup>st</sup> March, 2018# | Total Revenue for the year ended 31 <sup>st</sup> March, 2018# | Net Cash Inflow/(Outflow)# |
|---------------------------------------------------------|--------------------------------------------------|------------------------------------------------------|----------------------------------------------------------------|----------------------------|
| ONGC Videsh Limited (OVL)                               | 1,10,427.71                                      | 46,430.38                                            | 13,150.73                                                      | 600.43                     |
| Mangalore Refinery and Petrochemicals Limited (MRPL) \$ | 31,950.61                                        | 10,233.41                                            | 63,961.98                                                      | 194.22                     |



|                                                |           |           |             |         |
|------------------------------------------------|-----------|-----------|-------------|---------|
| Petronet MHB Limited (PMHBL)                   | 714.50    | 684.63    | 171.13      | -58.38  |
| Hindustan Petroleum Corporation Limited (HPCL) | 89,671.75 | 25,532.44 | 2,45,789.99 | -783.71 |

# As per the consolidated financial statements of OVL/MRPL/HPCL.

\$ Consolidated financial statements of MRPL includes its subsidiary, ONGC Mangalore Petrochemicals Limited, which is an indirect Subsidiary of the Holding Company.

- iv. The Statement also includes the group share of net profit including other comprehensive income for the year ended 31<sup>st</sup> March, 2018 considered as under based on financial statements audited by other auditors:

**Joint Ventures and Associate**

(₹ in Crores)

| Name of the Company                  | Group share in Net Profit for the year ended 31 <sup>st</sup> March, 2018 | Group share in Net Other Comprehensive Income for the year ended 31 <sup>st</sup> March, 2018 | Group share – Total |
|--------------------------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------|
| <b>Joint Ventures</b>                |                                                                           |                                                                                               |                     |
| ONGC Teri Biotech Limited \$         | 4.04                                                                      | -0.00                                                                                         | 4.04                |
| ONGC Tripura Power Company Limited * | 71.33                                                                     | -0.09                                                                                         | 71.24               |
| ONGC Petro additions Limited \$      | -1,095.50                                                                 | 0.18                                                                                          | -1,095.32           |
| Mangalore SEZ Limited *              | 0.98                                                                      | 0.00                                                                                          | 0.98                |
| <b>Associate</b>                     |                                                                           |                                                                                               |                     |
| Petronet LNG Limited *               | 263.81                                                                    | 0.06                                                                                          | 263.87              |

\$ As per the Standalone financial statements.

\* As per the consolidated financial statements.

- v. The financial statements referred in Para 5(iii) and 5(iv) have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint ventures and an associate, is based solely on the reports of the other auditors.
- vi. The consolidated Ind AS financial statement also includes the group share of net profit including other comprehensive income for the year ended 31<sup>st</sup> March, 2018 considered as under based on financial statements not audited by us:



(₹ in Crores)

| Name of the Company   | Group share in Net Profit for the year ended 31 <sup>st</sup> March, 2018 | Group share in Net Other Comprehensive Income for the year ended 31 <sup>st</sup> March, 2018 | Group share – Total |
|-----------------------|---------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------|---------------------|
| <b>Joint Ventures</b> |                                                                           |                                                                                               |                     |
| Dahej SEZ Limited     | 18.48                                                                     | -                                                                                             | 18.48               |
| <b>Associate</b>      |                                                                           |                                                                                               |                     |
| Pawan Hans Limited    | 4.30                                                                      | 0.18                                                                                          | 4.48                |

This financial information is unaudited and has been furnished to us by the management and our opinion on the consolidated Ind AS financial statement in so far as it relates to the amounts and disclosures included as above, is based solely on unaudited financial information. In our opinion and according to information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the Statement and our report is not modified in respect of the above matters.

For Lodha & Co.

Chartered Accountants

Firm Reg. No: 301051E



*(Signature)*  
(Prashant Khandelwal)  
Partner (M.No.056652)

For MKPS & Associates

Chartered Accountants

Firm Reg. No: 302014E



*(Signature)*  
(Nikhil K. Agrawalla)  
Partner (M.No. 157955)

For Khandelwal Jain & Co.

Chartered Accountants

Firm Reg. No: 105049W



*(Signature)*  
(Narendra Jain)  
Partner (M.No. 048725)

For K. C. Mehta & Co.

Chartered Accountants

Firm Reg. No.106237W



*(Signature)*  
(Vishal P. Doshi)  
Partner (M. No.101533)

For PKF Sridhar & Santhanam LLP

Chartered Accountants

Firm Reg. No.003990S/S200018



*(Signature)*  
(S. Narasimhan)  
Partner (M. No 206047)

For Dass Gupta & Associates

Chartered Accountants

Firm Reg. No. 000142N



*(Signature)*  
(Raaja Jindal)  
Partner (M. No.504111)

Place: New Delhi

Date: May 30, 2018