OIL AND NATURAL GAS CORPORATION LIMITED

SECRETARIAT

Regd. Office : Jeevan Bharati, Tower-II, 124, Indira Chowk, New Delhi-110001

ONGCS/CS/SE/2014

CIN No. L74899DL1993GOI054155
Website: www.ongcindia.com Email: secretariat@ongc.co.in

13th August, 2014

Bombay Stock Exchange Ltd
Corporate Relationship Department
Phiroze Jeejeebhoy Towers
Dalal Street, Fort
MUMBAI – 400 001

Fax: 022-2272-2037/39/41

National Stock Exchange of India Ltd
Exchange Plaza,
Bandra-Kurla Complex
Bandra (E)
MUMBAI – 400 051

Fax: 022-2659-8237/38

Sub: Limited Review Report of the Un-audited Financial Results for the First Quarter ended 30th June, 2014

Dear Sirs,

Pursuant to Clause 41(I)(c)(i) of the Listing Agreement, we submit herewith a copy of Limited Review Report of the Un-audited Financial Results of ONGC for the First Quarter ended 30th June, 2014, duly signed by the Statutory Auditors of the Company, for your information and record.

Thanking you,

Yours faithfully,
for **Oil And Natural Gas Corporation Ltd**

(N.K Sinha)
Company Secretary

Encl: As above

M/s S Bhandari & Co.
Chartered Accountants
P-7, Tilak Marg
C-Scheme
Jaipur – 302 005

M/s Ray & Ray
Chartered Accountants
6, Church Lane
Kolkata – 700 001

M/s Mehra Goel & Co.
Chartered Accountants
505, Chiranjiv Tower
43, Nehru Place
New Delhi – 110 019

M/s Varma & Varma
Chartered Accountants
Sreela Terrace, Level – 4
Unit – D, No. 105 First Main Road
Cheenai – 600 020

M/s G D Apte & Co.
Chartered Accountants
Office No. 1, 2 and 3, 4th Floor
Rahimtoola House, 7, Homji Street, Fort
Mumbai – 400 001

To
The Board of Directors
Oil and Natural Gas Corporation Limited
New Delhi

Independent Auditors' Review Report on Interim Financial Information

1. We have reviewed the accompanying Statement of Unaudited Standalone Financial Results ("the Statement") of Oil and Natural Gas Corporation Limited ("the Company") as of June 30, 2014, being submitted by the Company pursuant to Clause 41 of the Listing Agreement with the Stock Exchanges, except for the disclosures regarding 'Public Shareholding' and 'Promoter and Promoter Group Shareholding' which have been traced from disclosures made by the management and have not been reviewed by us. This Statement is the responsibility of the Company's management and has been approved by the Board of Directors. Our responsibility is to issue a report on this Statement based on our review.

2. We conducted our review in accordance with Standard on Review Engagements (SRE) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity". This Standard requires that we plan and perform the review to obtain moderate assurance as to whether the Statement is free of material misstatement. A review is limited primarily to inquiries of Company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

3. We have placed reliance on technical / commercial evaluation by the management in respect of categorisation of wells as exploratory, development and producing, allocation of cost incurred on them, depletion of producing properties on the basis of the proved developed hydrocarbon reserves, liability for abandonment

costs, liabilities under NELP for under performance against agreed Minimum Work Programme and allocation of depreciation on process platforms to transportation and facilities.

4. Based on our review, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the Accounting Standards specified under the Companies Act, 1956 (which are deemed to be applicable as per Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014) and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Clause 41 of the Listing Agreements with the Stock Exchanges, including the matter in which it is to be disclosed, or that it contains any material misstatement.

5. We draw attention to Note No. 4 with regard to dispute between the Company and the Government of Gujarat in respect of payment of royalty on the crude oil produced in the State. The accrual of the additional liability of ₹ 12,321 Crores, which also includes an amount of ₹ 858 Crores paid with effect from February 1, 2014 and considered as deposit, would depend on the decision of the Hon'ble Supreme Court of India. The amount of ₹ 12,321 Crores has been considered as contingent liability.

For S Bhandari & Co.
Chartered Accountants
Firm Reg. No: 000560C

(P P Pareek)
Partner (M.No.071213)

For Ray & Ray
Chartered Accountants
Firm Reg. No: 301072E

(A K Sharma)
Partner (M.No. 080085)

For Mehra Goel & Co.
Chartered Accountants
Firm Reg. No: 000517N

(R K Mehra)
Partner (M.No. 006102)

For Varma & Varma
Chartered Accountants
Firm Reg. No: 004532S

(P.R. Prasanna Varma)
Partner (M.No. 025854)

For G D Apte & Co.
Chartered Accountants
Firm Reg. No: 100515W

(C M Dixit)
Partner (M.No.017532)

Place: Dehradun
Date: August 13, 2014

OIL AND NATURAL GAS CORPORATION LIMITED

Regd.Office : 'Jeevan Bharti', Tower II, 8th Floor, 124-Indira Chowk, New Delhi 110 001

STATEMENT OF STANDALONE UNAUDITED FINANCIAL RESULTS FOR THE QUARTER ENDED 30th JUNE, 2014

PART I

(₹ in Crore)

	Particulars	3 months ended 30.06.2014	Preceding 3 months ended 31.03.2014	Corresponding 3 months ended 30.06.2013 in the previous year	Year ended 31.03.2014
		(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1	**Income from operations**				
	Gross Sales/Income from Operations	21,813.08	20,968.66	19,282.57	83,468.39
	(a) Net Sales/Income from Operations (Net of excise duty)	21,747.00	20,880.93	19,218.31	83,155.88
	(b) Other Operating Income	104.27	432.16	90.62	733.05
	Total income from operations (net)	21,851.27	21,313.09	19,308.93	83,888.93
2	**Expenses**				
	(a) Cost of materials consumed*	130.23	233.04	114.13	664.08
	(b) Purchase of stock-in-trade	0.81	0.67	1.02	3.18
	(c) Changes in inventories of finished goods, work-in-progress and stock-in-trade [(Increase)/Decrease]	(203.05)	205.09	(36.71)	104.28
	(d) Employees benefits expenses**	406.73	454.46	589.73	1,935.69
	(e) Depreciation and amortisation expenses***	2,562.31	3,580.35	2,332.50	10,927.71
	(f) Statutory levies	5,827.09	5,516.43	5,572.00	22,652.78
	(g) Exploration Cost written off	3,827.51	2,393.82	1,568.19	7,843.30
	(h) Other expenses	2,997.68	3,323.71	4,580.32	14,038.85
	Total Expenses	15,549.31	15,707.57	14,721.18	58,169.87
3	**Profit/(Loss) from Operations before other Income, finance costs and exceptional Items (1-2)**	6,301.96	5,605.52	4,587.75	25,719.06
4	Other income	895.18	1,371.83	1,196.10	6,713.23
5	**Profit/(Loss) from ordinary activities before finance cost and exceptional Items (3+4)**	7,197.14	6,977.35	5,783.85	32,432.29
6	Finance costs	0.13	0.04	0.21	0.36
7	**Profit/(Loss) from ordinary activities after finance cost but before exceptional items (5-6)**	7,197.01	6,977.31	5,783.64	32,431.93
8	Exceptional items	-	-	-	-
9	**Profit/(Loss) from ordinary activities before tax(7+8)**	7,197.01	6,977.31	5,783.64	32,431.93
10	**Tax expense**				
	a) For current tax	2,570.00	470.00	1,860.00	6,550.00
	b) MAT Credit Entitlement	-	(280.00)	-	(280.00)
	c) For earlier years	-	0.23	-	214.59
	d) Deferred tax liability/(asset)	(154.78)	1,898.08	(92.34)	3,852.53
	Total tax expense	2,415.22	2,088.31	1,767.66	10,337.12
11	**Net Profit/ (Loss) from Ordinary Activities after tax (9-10)**	4,781.79	4,889.00	4,015.98	22,094.81
12	Extraordinary items (net of tax)	-	-	-	-
13	**Net Profit/ (Loss) for the period (11+12)**	4,781.79	4,889.00	4,015.98	22,094.81
14	Paid-up equity share capital of face value of share ₹ 5 each	4,277.76	4,277.76	4,277.76	4,277.76
15	Reserves excluding revaluation reserves				1,31,353.37
16	Earnings Per Share (EPS) (in ₹)				
	(a) Basic and diluted EPS before extraordinary items	5.59	5.71	4.69	25.83
	(b) Basic and diluted EPS after extraordinary items	5.59	5.71	4.69	25.83

*Represents consumption of raw materials, stores & spares. ** Employees cost shown above is net of allocation to different activities. *** Also includes depletion and impairment loss

MEHRA GOEL & CO. NEW DELHI CHARTERED ACCOUNTANTS

S. BHANDARI & CO. Chartered Accountants

RAY & RAY 6, Church Lane CAL-1 Chartered Accountants

VARMA & VARMA CHENNAI CHARTERED ACCOUNTANTS

G.D. APTE & CO. Chartered Accountants

PART II

SELECT INFORMATION FOR THE QUARTER ENDED 30TH JUNE, 2014

		3 months ended 30.06.2014	Preceding 3 months ended 31.03.2014	Corresponding 3 months ended 30.06.2013 in the previous year	Year ended 31.03.2014
A	PARTICULARS OF SHAREHOLDING				
1	Public shareholding				
	- Number of shares	26577,29,787	26577,29,787	26329,43,598	26577,29,787
	- Percentage of shareholding	31.06	31.06	30.77	31.06
2	Promoters and promoter group Shareholding				
	a) Pledged/Encumbered				
	-Number of shares	-	-	-	-
	-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	-	-	-	-
	-Percentage of shares (as a % of the total share capital of the company)	-	-	-	-
	b)Non-encumbered				
	-Number of shares	58977,60,333	58977,60,333	59225,46,522	58977,60,333
	-Percentage of shares (as a % of the total shareholding of promoter and promoter group)	100.00	100.00	100.00	100.00
	-Percentage of shares (as a % of the total share capital of the company)	68.94	68.94	69.23	68.94

	Particulars	3 months ended 30.06.2014
B	INVESTORS COMPLAINTS	
	Pending at the beginning of the quarter	0
	Received during the quarter	843
	Disposed of during the quarter	843
	Remaining unresolved at the end of the quarter	0

MEHRA GOEL & CO. CHARTERED ACCOUNTANTS NEW DELHI

S. BHANDARI & CO. Chartered Accountants

RAY & RAY 6, Church Lane CAL-1 Chartered Accountants

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

G.D. APTE & CO. Chartered Accountants

SEGMENT WISE REVENUE, RESULTS AND CAPITAL EMPLOYED UNDER CLAUSE 41 OF THE LISTING AGREEMENT

(₹ in Crore)

Sl. No.	Particulars	3 months ended 30.06.2014 (Unaudited)	Preceding 3 months ended 31.03.2014 (Unaudited)	Corresponding 3 months ended 30.06.2013 in the previous year (Unaudited)	Year ended 31.03.2014 (Audited)
1	**Segment Revenue**				
	a) Offshore	15,193.78	15,252.41	13,288.60	59,940.28
	b) Onshore	6,723.57	6,148.41	6,084.59	24,261.16
	Total	**21,917.35**	**21,400.82**	**19,373.19**	**84,201.44**
	Less: Inter Segment Revenue	-	-	-	-
	Net sales/income from operations	**21,917.35**	**21,400.82**	**19,373.19**	**84,201.44**
2	**Segment Result Profit(+)/Loss(-) before tax and interest from each segment**				
	a) Offshore	5,193.66	5,914.52	4,905.35	26,686.21
	b) Onshore	1,636.18	600.63	432.83	3,584.72
	Total	**6,829.84**	**6,515.15**	**5,338.18**	**30,270.93**
	Less:				
	i. Interest Payment	0.13	0.04	0.21	0.36
	ii. Other unallocable expenditure net of unallocable income.	(367.30)	(462.20)	(445.67)	(2,161.36)
	Profit before Tax and Extraordinary Items	**7,197.01**	**6,977.31**	**5,783.64**	**32,431.93**
	Extraordinary Items	-		-	-
	Profit before Tax	**7,197.01**	**6,977.31**	**5,783.64**	**32,431.93**
3	**Capital Employed (Segment Assets - Segment Liabilities)**				
	a) Offshore	61,985.47	61,535.64	56,790.04	61,535.64
	b) Onshore	38,318.16	36,778.34	31,742.98	36,778.34
	Total	**1,00,303.63**	**98,313.98**	**88,533.02**	**98,313.98**
	Unallocated Corporate Assets less Liabilities	**41,100.01**	38,411.03	**39,621.81**	38,411.03
	Grand Total	**1,41,403.64**	**1,36,725.01**	**1,28,154.83**	**1,36,725.01**

MEHRA GOEL & CO. CHARTERED ACCOUNTANTS NEW DELHI

S. BHANDARI & CO. Chartered Accountants

RAY & RAY Chartered Accountants 6, Church Lane CAL-1

VARMA & VARMA CHARTERED ACCOUNTANTS CHENNAI

G.D. APTE & CO. Chartered Accountants

Notes:

1. The above results have been reviewed and recommended by the Audit Ethics & Financial Management Committee held on 13th August, 2014 and approved by the Board of Directors in its meeting held on the same day.

2. The Limited Review of the Unaudited Standalone Financial Results for the Quarter ended 30th June, 2014 has been carried out by the Statutory Auditors of the Company as required under Clause 41 of the Listing Agreement.

3. In terms of the decision of the Government of India, the Company has shared under- recoveries of Public Sector Oil Marketing Companies for the quarter ended on 30th June, 2014 by allowing discount in the prices of Crude Oil, PDS Kerosene and Domestic LPG based on the rates of discount communicated by Ministry of Petroleum & Natural Gas, GoI and Petroleum Planning and Analysis Cell. The impact of this on revenue and profit is as under:-

(₹ in Crore)

Decrease in	**For the Quarter ended**			**For the Year ended**
	30.06.2014	31.03.2014	30.06.2013	31.03.2014
Gross Revenue	**13,200**	16,202	12,622	56,384
Less: Value Added Tax (VAT)	**380**	501	357	1,784
Net Sales Revenue	**12,820**	15,701	12,265	54,600
Less: Statutory levies	**1,615**	1,882	1,462	6,844
Profit before tax (PBT)	**11,205**	13,819	10,803	47,756
Profit after tax (PAT)	**7,396**	9,122	7,131	31,524

4. In terms of the statutory provisions of Oilfields (Regulation and Development) Act, 1948 (ORDA), Petroleum & Natural Gas (PNG) Rules 1959 and Notifications issued thereunder; the Company is liable to pay royalty to Central Government and State Governments, on production of Crude Oil and Natural Gas from offshore fields and onshore fields, respectively. Since 2008-09, the company has been paying royalty on crude oil at realized price which is net of under-recovery of the OMCs shared by the Company as per GoI directives. On an application filed by the State of Gujarat, the Hon'ble High Court of Gujarat in its order dated 30.11.2013 has directed the company to pay the shortfall of royalty on crude oil produced from the onshore fields in the State of Gujarat on pre-discount prices from 01.04.2008 onwards. Based on the Special Leave Petition filed by the Company, pending further orders, Hon'ble Supreme Court vide order dated 13.02.2014 stayed the operation of the impugned judgment subject to the condition that the company pays royalty to the State of Gujarat on pre-discounted price of crude oil w.e.f. 01.02.2014 onwards. Accordingly, differential amount of ₹ 12,321 Crore on this account for the period from April, 2008 to June, 2014 has been considered as Contingent Liability.

   Differential royalty (royalty on pre-discount price minus royalty on post-discount price) amounting to ₹ 858 Crore being deposited w.e.f. February, 2014 in terms of court order has been shown as deposit.

5. Pursuant to the enactment of the Companies Act, 2013 the company has, effective from 1st April, 2014, revised the estimated useful life of its fixed assets generally in accordance with Schedule-II to the Companies Act, 2013. Accordingly, an amount of ₹ 102.22 Crore (net of deferred tax of ₹ 52.63 Crore) has been recognized in the opening balance of retained earnings in respect of assets whose useful life has exhausted as at April 1, 2014. Further, the consequential impact of depreciation charged on the results for the quarter ended 30th June 2014 is not material.

6. Previous period's figures have been regrouped/ reclassified by the Company, wherever necessary, to conform to current quarter's classification.

By order of the Board

A-K. Banerjee.
(A K Banerjee)
Director (Finance)

Place: Dehradun
Date : 13th August, 2014