



# OIL AND NATURAL GAS CORPORATION LIMITED

## COMPANY SECRETARIAT

CS/ONGC/SE/2019-20

13.08.19

**National Stock Exchange of India Ltd.**

Listing Department

Exchange Plaza

Bandra-Kurla Complex, Bandra (E)

Mumbai – 400 051

**BSE Limited**

Corporate Relationship Department

Phiroze Jeejeebhoy Towers

Dalal Street, Fort

Mumbai – 400 001

Symbol-**ONGC**; Series - **EQ**

BSE Security Code No.- **500312**

Sub: Financial Results for the first quarter ended 30<sup>th</sup> June, 2019

Sir/ Madam,

Pursuant to regulation 33 read with regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, we are submitting herewith the Un-audited Financial Results (standalone and consolidated) along with Limited Review Report issued by the Auditor of the Company for the first quarter ended 30<sup>th</sup> June, 2019, as approved by the Board of Directors at the meeting held today i.e. 13<sup>th</sup> August 2019 at New Delhi.

The Board Meeting commenced at 12:00 hrs and concluded at 17:00 hrs.

Thanking you,

Yours faithfully,

For Oil and Natural Gas Corporation Ltd.

M E V Selvamm

Compliance Officer &

Company Secretary

Encl.: A/a. (16 pages)

**STATEMENT OF STANDALONE FINANCIAL RESULTS FOR THE QUARTER ENDED 30<sup>TH</sup> JUNE, 2019**  
(₹ in Crore unless otherwise stated)

Sl. No.	Particulars	Financial results for			
		Quarter ended 30.06.2019	Quarter ended 31.03.2019	Quarter ended 30.06.2018	Year ended 31.03.2019
		Unaudited	Audited	Unaudited	Audited
I	Revenue from operations	26,554.74	26,758.46	27,212.83	109,654.55
II	Other income	747.50	2,250.28	649.88	7,519.01
III	<b>Total income (I+II)</b>	<b>27,302.24</b>	<b>29,008.74</b>	<b>27,862.71</b>	<b>117,173.56</b>
IV	<b>EXPENSES</b>				
	Cost of materials consumed*	639.18	626.81	413.47	2,223.83
	Purchase of stock-in-trade	-	-	-	-
	Changes in inventories of finished goods, stock-in-trade and work in progress	(14.05)	30.22	(63.15)	(166.27)
	Employee benefits expense**	608.24	782.82	636.15	2,706.12
	Statutory levies	6,236.11	7,187.87	6,732.84	26,500.42
	Exploration costs written off				
	a. Survey Costs	877.84	946.54	384.54	1,851.39
	b. Exploratory well Costs	1,451.93	2,678.79	754.82	6,905.48
	Finance costs	646.08	533.68	748.61	2,492.14
	Depreciation, depletion, amortisation and impairment	3,826.48	4,883.04	3,887.22	15,778.62
	Other expenses	3,973.26	5,759.72	4,761.46	18,927.80
	<b>Total expenses (IV)</b>	<b>18,245.07</b>	<b>23,429.49</b>	<b>18,255.96</b>	<b>77,219.53</b>
V	<b>Profit before exceptional items and tax (III-IV)</b>	<b>9,057.17</b>	<b>5,579.25</b>	<b>9,606.75</b>	<b>39,954.03</b>
VI	Exceptional items	-	-	-	-
VII	<b>Profit before tax (V+VI)</b>	<b>9,057.17</b>	<b>5,579.25</b>	<b>9,606.75</b>	<b>39,954.03</b>
VIII	Tax expense:				
	(a) Current tax relating to:				
	- current year	2,337.00	1,219.00	2,950.00	11,142.00
	- earlier years	(13.72)	0.18	-	0.23
	(b) Deferred tax	829.64	315.47	512.87	2,096.01
	<b>Total tax expense (VIII)</b>	<b>3,152.92</b>	<b>1,534.65</b>	<b>3,462.87</b>	<b>13,238.24</b>
IX	<b>Profit for the period (VII-VIII)</b>	<b>5,904.25</b>	<b>4,044.60</b>	<b>6,143.88</b>	<b>26,715.79</b>
X	<b>Other comprehensive income (OCI)</b>				
	(a) Items that will not be reclassified to profit or loss				
	(i) Re-measurement of the defined benefit obligations	(111.62)	(763.60)	(22.88)	(452.88)
	- Deferred Tax	39.00	266.83	7.99	158.25
	(ii) Equity instruments through other comprehensive income	(1,318.16)	3,312.25	(2,627.24)	(1,630.66)
	- Deferred Tax	81.02	(254.72)	197.57	126.53
	<b>Total other comprehensive income (X)</b>	<b>(1,309.76)</b>	<b>2,560.76</b>	<b>(2,444.56)</b>	<b>(1,798.76)</b>
XI	<b>Total comprehensive income for the period (IX+X)</b>	<b>4,594.49</b>	<b>6,605.36</b>	<b>3,699.32</b>	<b>24,917.03</b>
XII	<b>Paid-up Equity Share Capital (Face value of ₹ 5/- each)</b>	<b>6,290.15</b>	<b>6,290.15</b>	<b>6,416.63</b>	<b>6,290.15</b>
XIII	<b>Other equity</b>				<b>196,702.40</b>
XIV	<b>Earnings Per Share (Face value of ₹ 5/- each) - not annualised #</b>				
	(a) Basic (₹)	4.69	3.18	4.79	20.86
	(b) Diluted (₹)	4.69	3.18	4.79	20.86

\* Represents consumption of raw materials and stores & spares. \*\* Employee benefits expense shown above is net of allocation to different activities.  
# Earnings per share for the Quarter and Year ended March 31, 2019 have been computed on the basis of weighted average number of shares outstanding during the period considering buy back of 25,29,55,974 number of fully paid up equity shares completed on February 22, 2019.



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**OIL AND NATURAL GAS CORPORATION LIMITED**

CIN No. L74899DL1993GOI054155

Regd. Office : Plot No. 5A- 5B, Nelson Mandela Road, Vasant Kunj, New Delhi, South West Delhi – 110070

Tel: 011-26754002, Fax: 011-26129091, E-mail: secretariat@ongc.co.in

**SEGMENT WISE REVENUE, RESULTS, ASSETS & LIABILITIES**

(₹ in Crore)

Sl. No.	Particulars	Quarter ended 30.06.2019	Quarter ended 31.03.2019	Quarter ended 30.06.2018	Year ended 31.03.2019
		Unaudited	Audited	Unaudited	Audited
1	<b>Segment Revenue</b>				
	Revenue from Operations				
	a) Offshore	17,304.94	16,978.52	18,065.95	73,015.47
	b) Onshore	9,249.80	9,779.94	9,146.88	36,639.08
	Total	26,554.74	26,758.46	27,212.83	109,654.55
	Less: Inter Segment Operating Revenue	-	-	-	-
	<b>Revenue from operations</b>	<b>26,554.74</b>	<b>26,758.46</b>	<b>27,212.83</b>	<b>109,654.55</b>
2	<b>Segment Result Profit(+)/Loss(-) before tax and interest from each segment</b>				
	a) Offshore	7,517.42	4,480.90	8,449.51	31,028.95
	b) Onshore	2,129.72	462.14	2,368.67	8,494.00
	Total	9,647.14	4,943.04	10,818.18	39,522.95
	Less:				
	i. Finance Cost	646.08	533.68	748.61	2,492.14
	ii. Other unallocable expenditure net of unallocable income.	(56.11)	(1,169.89)	462.82	(2,923.22)
	<b>Profit before Tax</b>	<b>9,057.17</b>	<b>5,579.25</b>	<b>9,606.75</b>	<b>39,954.03</b>
3	<b>Segment Assets</b>				
	a) Offshore	134,633.66	126,086.26	125,655.93	126,086.26
	b) Onshore	65,514.04	63,800.43	58,223.23	63,800.43
	c) Other Unallocated	109,970.62	112,348.12	109,543.50	112,348.12
	Total	310,118.32	302,234.81	293,422.66	302,234.81
4	<b>Segment Liabilities</b>				
	a) Offshore	38,960.15	31,007.56	31,776.34	31,007.56
	b) Onshore	14,388.12	12,877.00	11,636.80	12,877.00
	c) Other Unallocated	49,182.99	55,357.70	52,925.50	55,357.70
	Total	102,531.26	99,242.26	96,338.64	99,242.26

**Note:-** Above segment information has been classified based on Geographical Segment.



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## Notes:

1. The above financial results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors in its meeting held on August 13, 2019.
2. The financial results for the quarter ended June 30, 2019 have been reviewed by the Statutory Auditors as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. The figures for the quarter ended March 31, 2019 are the balancing figures between audited figures in respect of the full financial year 2018-19 and the year-to-date figures upto the third quarter of 2018-19.
4. Indian Accounting Standard (Ind AS) 116 "Leases" became effective from April 1, 2019. The Company has adopted the same and applied to all lease contracts existing on April 1, 2019 using modified retrospective transition method. Accordingly, the comparative information for earlier periods is not restated. On transition, the adoption of the standard resulted in recognition of Right-of-Use assets with corresponding equivalent lease liabilities amounting to ₹ 9,539 Crore as at April 1, 2019. Application of this standard has also resulted in a net decrease in Profit before tax of current period by ₹ 104 Crore (increase in Depreciation, depletion, Amortisation and impairment by ₹ 525 Crore and Finance Costs by ₹ 59 Crore with a decrease in Other Expenses by ₹ 459 Crore and FE Loss ₹ 21 Crore).
5. The Company, with 40% Participating Interest (PI), is a Joint Operator in Panna-Mukta and Mid and South Tapti Fields along-with Reliance Industries Limited (RIL) and BG Exploration and Production India Limited (BGEPI) each having 30% PI, (all three together referred to as "Contractors") signed two Production sharing Contracts (PSCs) with Government of India (Union of India) on December 22, 1994 for a period of 25 years. In December 2010, RIL & BGEPI (JV Partners) invoked an international arbitration proceeding against the Union of India in respect of certain disputes, differences and claims arising out of and in connection with both the PSCs pursuant to the provisions of Article 33 of the PSCs and UNCITRAL Rules, 1976. The Ministry of Petroleum and Natural Gas (MoP&NG), vide their letter dated July 4, 2011, had directed the Company not to participate in the arbitration initiated by the JV Partners. MoP&NG has also stated that in case of an arbitral award, the same will be applicable to the Company also as a constituent of the contractor for both the PSCs.

Directorate General of Hydrocarbons (DGH), vide letters dated May 25, 2017 had informed the Company that on October 12, 2016, a Final Partial Award (FPA) was pronounced by the Tribunal in the said arbitrations. However, details of proceedings of the FPA are not available with the Company. DGH, vide their letter dated May 25, 2017 and June 4, 2018, marked to the Contractors, had directed the payment of differential Government of India share of Profit Petroleum and Royalty alleged to be payable by Contractors pursuant to Governments interpretation of the FPA (40% share of the Company amounting to US\$ 1,624.05 million, including interest upto November 30, 2016) equivalent to ₹ 11,215 Crore. In response to the letters of DGH, the JV partners (with a copy marked to all Joint Venture





Partners) had stated that demand of DGH was premature as the FPA did not make any money award in favour of Government of India, since quantification of liabilities were to be determined during the final proceedings of the arbitration. Further the award had also been challenged before the English Commercial Court (London High Court). Based on the above facts, the Company had also responded to the letters of DGH stating that pending the finality of the order, the amount due and payable by the Company was not quantifiable. In the view of the Company, any changes approved, if any, for increase in the Cost Recovery Limit (CRL) by the Management Committee (MC) as per the term of the PSCs the liability to DGH would potentially reduce.

The English Court has delivered its final verdict on May 2, 2018 following which the Arbitral Tribunal re-considered some of its earlier findings from the 2016 FPA (Revised Award). The Government of India, BGEPIL and RIL have challenged parts of the Revised Award.

In January 2018, the Company along with the JV partners has filed an application with MC for increase in CRL in terms of the PSCs. The application has been rejected by MC. Pursuant to the rejection, the JV partners have filed a claim with Arbitral Tribunal.

DGH vide letter dated January 14, 2019 has advised to the contractors to re-cast the accounts for Panna-Mukta and Mid and South Tapti Fields for the year 2017-18. Pending finalization of the decision of the Arbitral Tribunal, the JV partners and the Company have indicated in their letters to DGH that the final recasting of the accounts is premature and the issues raised by DGH may be kept in abeyance.

Pending finality by Arbitration Tribunal on various issues raised above, re-casting of the financial statements and final quantification of liabilities, no provision has been accounted in the financial statements. The demand raised by DGH, amounting to US\$ 1,624.05 million equivalent to ₹ 11,215 Crore has been considered as contingent liability.


6. The Company had received demand orders from Service Tax Department at various work centres on account of Service Tax on Royalty payments, appeals against such orders have been filed before the Tribunal. The Company had also obtained legal opinion as per which the Service Tax/GST on Royalty is not applicable. Meanwhile, the Company also received demand order dated January 1, 2019 on account of GST on Royalty in the State of Rajasthan against which the Company filed writ (4919/2019) before Hon'ble High Court of Rajasthan. The Hon'ble High Court of Rajasthan heard the matter on April 3, 2019 and issued notice to Department with a direction that no coercive action shall be taken against the Company for recovery till next date of hearing which is scheduled on August 22, 2019. The Company also filed writ of mandamus before Hon'ble High Court of Madras seeking stay on the levy of GST on royalty. The Hon'ble High Court of Madras heard the matter on April 3, 2019 and the Department has been allowed to file counter submission and to finalize the representation (under-protest letter) given by Company to the Department. The next date of hearing which is scheduled on August 26, 2019. The total estimated amount (including penalty and interest up to June 30, 2019) works out towards Service Tax is ₹ 3,877 Crore and GST is ₹ 4,438 Crore.



Since the Company is contesting the demand, it has been considered as contingent liability. Further, as an abundant caution, the Company has deposited Service Tax and GST along-with interest under-protest amounting to ₹ 1,373 Crore and ₹ 3,276 Crore respectively.

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

**By order of the Board**

  
**(Subhash Kumar)**  
Director (Finance)

Place: New Delhi

Date : August 13, 2019





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**STATEMENT OF CONSOLIDATED FINANCIAL RESULTS FOR THE QUARTER ENDED 30<sup>TH</sup> JUNE, 2019**

(₹ in Crore)

	Particulars	Quarter ended June 30, 2019 Unaudited	Quarter ended March 31, 2019 Unaudited	Quarter ended June 30, 2018 Unaudited	Year ended March 31, 2019 Audited
I	Revenue from operations	109,514.82	112,316.40	110,367.13	453,460.57
II	Other income	1,601.84	2,550.39	1,101.90	8,148.76
III	Total income (I+II)	111,116.66	114,866.79	111,469.03	461,609.33
IV	Expenses				
	(a) Cost of materials consumed*	19,756.30	24,336.93	23,857.04	104,872.97
	(b) Purchase of Stock-in-Trade	48,761.69	43,218.45	41,399.05	165,342.23
	(c) Changes in inventories of finished goods, stock-in-trade and work-in progress	83.65	(3,590.23)	(3,818.26)	(3,094.73)
	(d) Employee benefits expense **	1,636.48	1,765.67	1,537.64	6,445.16
	(e) Statutory levies	12,208.63	15,238.08	15,989.82	60,361.00
	(f) Exploration costs written off				
	(i) Survey costs	952.07	949.69	419.55	1,960.70
	(ii) Exploration well costs	1,468.55	2,619.28	764.79	7,259.95
	(g) Finance costs	1,520.19	1,441.28	1,582.95	5,836.72
	(h) Depreciation, depletion, amortisation and impairment	5,847.55	6,310.37	6,072.78	24,026.22
	(i) Other expenses	7,760.10	10,393.20	9,669.46	35,669.21
	Total expenses (IV)	99,995.21	102,682.72	97,474.82	408,679.43
V	Profit before share of profit/(loss) of associates and joint ventures, exceptional items and tax (III - IV)	11,121.45	12,184.07	13,994.21	52,929.90
VI	Share of profit of associates & joint ventures	270.11	900.63	893.86	3,428.26
VII	Profit before exceptional items (V+VI)	11,391.56	13,084.70	14,888.07	56,358.16
VIII	Exceptional items	-	(1,579.65)	(26.18)	(1,591.01)
IX	Profit before tax (VII+VIII)	11,391.56	11,505.05	14,861.89	54,767.15
X	Tax expense				
	(a) Current tax	3,299.03	3,132.43	4,401.79	15,912.06
	(b) Earlier Years	(13.72)	(45.61)	0.01	(38.12)
	(c) Deferred tax	1,063.56	2,314.75	1,142.43	5,006.28
	Total tax expense (X)	4,348.87	5,401.57	5,544.23	20,880.22
XI	Profit for the year (IX-X)	7,042.69	6,103.48	9,317.66	33,886.93
XII	Other comprehensive income (OCI)				
	A Items that will not be reclassified to profit or loss				
	(a) Remeasurement of the defined benefit plans				
	- Deferred tax	(113.18)	(753.62)	(21.05)	(437.22)
		39.56	262.88	7.43	152.97
	(b) Equity instruments through other comprehensive income	(1,338.49)	3,340.19	(2,642.38)	(1,710.81)
	- Deferred tax	81.02	(254.72)	197.57	126.53
	(c) Share of other comprehensive income in associates and joint ventures, to the extent not to be reclassified to profit or loss				
	- Deferred tax	(0.50)	(0.62)	0.01	(1.87)
	(d) Effective portion of gains (losses) on hedging instruments in cash flow hedge	0.03	(0.10)	(0.03)	0.02
	B (i) Items that will be reclassified to profit or loss				
	(a) Exchange differences in translating the financial statement of foreign operation	146.11	(92.08)	2,241.24	1,455.38
	- Deferred tax	(39.64)	48.45	(780.76)	(481.53)
	Total Other Comprehensive Income (XII)	(1,225.09)	2,550.38	(997.97)	(896.53)
XIII	Total Comprehensive Income for the year (XI+XII)	5,817.60	8,653.86	8,319.69	32,990.40
XIV	Profit for the year attributable to:				
	- Owners of the Company	6,693.61	4,380.97	8,287.15	30,494.96
	- Non-controlling interests	349.08	1,722.51	1,030.51	3,391.97
		7,042.69	6,103.48	9,317.66	33,886.93
XV	Other comprehensive income for the year				
	- Owners of the Company	(1,214.84)	2,530.03	(983.21)	(853.10)
	- Non-controlling interests	(10.25)	20.35	(14.76)	(43.43)
		(1,225.09)	2,550.38	(997.97)	(896.53)
XVI	Total comprehensive income for the year				
	- Owners of the Company	5,478.77	6,911.00	7,303.94	29,641.86
	- Non-controlling interests	338.83	1,742.86	1,015.75	3,348.54
		5,817.60	8,653.86	8,319.69	32,990.40
XVII	Paid up equity share capital (Face value of ₹5/- each)	6,290.15	6,290.15	6,416.63	6,290.15
XVIII	Other Equity				211,850.61
	Earnings per equity share: (Face value of ₹5/- each) #				
	(a) Basic (₹)	5.32	3.44	6.46	23.81
	(b) Diluted (₹)	5.32	3.44	6.46	23.81

\* Represents consumption of raw materials and stores & spares. \*\* Employee benefits expense shown above is net of allocation to different activities.

# Earnings per share for the year and quarter ended March 31, 2019 have been computed on the basis of weighted average number of shares outstanding during the period considering buy back of 23,49,55,974 fully paid up equity shares completed on February 22, 2019.



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**CONSOLIDATED SEGMENT WISE REVENUE, RESULTS, ASSETS & LIABILITIES**

(₹ in Crore)

Sl. No.	Particulars	Quarter ended June 30, 2019	Quarter ended March 31, 2019	Quarter ended June 30, 2018	Year ended March 31, 2019
		Unaudited	Unaudited	Unaudited	Audited
1	<b>Segment Revenue</b>				
	A. In India				
	(i) E&P				
	a) Offshore	17,304.94	16,978.52	18,065.95	73,015.47
	b) Onshore	9,194.41	9,729.11	9,088.39	36,453.73
	(ii) Refining & Marketing	86,105.17	91,551.94	90,171.37	370,884.46
	B. Outside India	4,285.20	3,662.25	3,614.46	14,633.62
	c) Others Unallocated	29.81	58.58	38.87	158.44
	<b>Total</b>	<b>116,919.53</b>	<b>121,980.40</b>	<b>120,979.04</b>	<b>495,145.72</b>
	Less: Inter Segment Revenue	7,404.71	9,664.00	10,611.91	41,685.15
	<b>Revenue from operations</b>	<b>109,514.82</b>	<b>112,316.40</b>	<b>110,367.13</b>	<b>453,460.57</b>
2	<b>Segment Result Profit(+)/Loss(-) before tax and interest from each segment</b>				
	A. In India				
	(i) E&P				
	a) Offshore	7,517.42	4,480.88	8,449.53	31,028.94
	b) Onshore	2,121.41	469.69	2,350.08	8,464.56
	(ii) Refining & Marketing	389.29	5,695.63	3,716.93	11,284.54
	B. Outside India	2,131.50	281.46	1,191.16	3,671.34
	<b>Total</b>	<b>12,159.62</b>	<b>10,927.66</b>	<b>15,707.70</b>	<b>54,449.38</b>
	Less:				
	i. Finance Cost	1,520.19	1,441.29	1,582.95	5,836.73
	ii. Other unallocable expenditure net of unallocable income.	(482.02)	(1,118.05)	156.72	(2,726.24)
	<b>Add: Share of profit/(loss) of joint ventures and associates:</b>				
	A. In India				
	(i) Refining & Marketing	169.61	297.50	249.85	834.60
	(ii) Unallocated	(378.33)	51.29	(142.01)	(208.94)
	B. Outside India-E&P	478.83	551.84	786.02	2,802.60
	<b>Profit before Tax</b>	<b>11,391.56</b>	<b>11,505.05</b>	<b>14,861.89</b>	<b>54,767.15</b>
3	<b>Segment Assets</b>				
	A. In India				
	(i) E&P				
	a) Offshore	132,044.78	123,640.31	122,485.08	123,640.31
	b) Onshore	65,501.45	63,775.61	58,208.35	63,775.61
	c) Other Unallocated	52,583.08	55,825.38	51,686.14	55,825.38
	(ii) Refining & Marketing	138,975.90	139,353.93	129,277.18	139,353.93
	B. Outside India	115,681.51	113,106.82	116,325.22	113,106.82
	<b>Total</b>	<b>504,786.72</b>	<b>495,702.05</b>	<b>477,981.97</b>	<b>495,702.05</b>
4	<b>Segment Liabilities</b>				
	A. In India				
	(i) E&P				
	a) Offshore	38,960.14	31,007.56	31,776.34	31,007.56
	b) Onshore	14,377.18	12,865.45	11,626.77	12,865.45
	c) Other Unallocated	49,373.52	55,511.46	52,992.83	55,511.46
	(ii) Refining & Marketing	96,176.19	97,100.98	87,031.04	97,100.98
	B. Outside India	64,197.92	62,969.63	66,382.20	62,969.63
	<b>Total</b>	<b>263,084.95</b>	<b>259,455.08</b>	<b>249,809.18</b>	<b>259,455.08</b>

Note: Segments have been identified and reported taking into account the differing risks and returns, the groups structure and the internal reporting systems. These have been organized into the following Geographical and Business segments:

Geographical Segments: a) In India - Offshore and Onshore b) Outside India.

Business Segments : a) Exploration & Production b) Refining & Marketing of Petroleum products

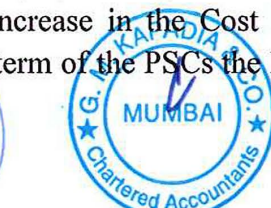
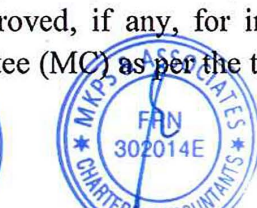




## Notes:

1. The above Consolidated financial results have been reviewed and recommended by the Audit Committee and approved by the Board of Directors in its meeting held on 13<sup>th</sup> August, 2019.
2. The Consolidated financial results for the quarter ended 30<sup>th</sup> June, 2019 have been reviewed by the Statutory Auditors as required under Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.
3. Indian Accounting Standard (Ind AS) 116 "Leases" became effective from April 1, 2019. The Group has adopted the same and applied to all lease contracts existing on April 1, 2019 using modified prospective transition method. Accordingly, the comparative information for earlier periods is not restated. On transition, the adoption of the standard resulted in recognition of Right-of-Use assets with corresponding equivalent lease liabilities amounting to ₹ 11,300 Crore as at April 1, 2019. Application of this standard has also resulted in a net decrease in Profit before tax of current period by ₹ 120 Crore.
4. The Company, with 40% Participating Interest (PI), is a Joint Operator in Panna-Mukta and Mid and South Tapti Fields along-with Reliance Industries Limited (RIL) and BG Exploration and Production India Limited (BGEPI) each having 30% PI, (all three together referred to as "Contractors") signed two Production sharing Contracts (PSCs) with Government of India (Union of India) on December 22, 1994 for a period of 25 years. In December 2010, RIL & BGEPI (JV Partners) invoked an international arbitration proceeding against the Union of India in respect of certain disputes, differences and claims arising out of and in connection with both the PSCs pursuant to the provisions of Article 33 of the PSCs and UNCITRAL Rules, 1976. The Ministry of Petroleum and Natural Gas (MoP&NG), vide their letter dated July 4, 2011, had directed the Company not to participate in the arbitration initiated by the JV Partners. MoP&NG has also stated that in case of an arbitral award, the same will be applicable to the Company also as a constituent of the contractor for both the PSCs.

Directorate General of Hydrocarbons (DGH), vide letters dated May 25, 2017 had informed the Company that on October 12, 2016, a Final Partial Award (FPA) was pronounced by the Tribunal in the said arbitrations. However, details of proceedings of the FPA are not available with the Company. DGH, vide their letter dated May 25, 2017 and June 4, 2018, marked to the Contractors, had directed the payment of differential Government of India share of Profit Petroleum and Royalty alleged to be payable by Contractors pursuant to Governments interpretation of the FPA (40% share of the Company amounting to US\$ 1,624.05 million, including interest upto November 30, 2016) equivalent to ₹ 11,215 Crore. In response to the letters of DGH, the JV partners (with a copy marked to all Joint Venture Partners) had stated that demand of DGH was premature as the FPA did not make any money award in favour of Government of India, since quantification of liabilities were to be determined during the final proceedings of the arbitration. Further the award had also been challenged before the English Commercial Court (London High Court). Based on the above facts, the Company had also responded to the letters of DGH stating that pending the finality of the order, the amount due and payable by the Company was not quantifiable. In the view of the Company, any changes approved, if any, for increase in the Cost Recovery Limit (CRL) by the Management Committee (MC) as per the term of the PSCs the liability to DGH would potentially reduce.





The English Court has delivered its final verdict on May 2, 2018 following which the Arbitral Tribunal re-considered some of its earlier findings from the 2016 FPA (Revised Award). The Government of India, BGEPIL and RIL have challenged parts of the Revised Award.


In January 2018, the Company along with the JV partners has filed an application with MC for increase in CRL in terms of the PSCs. The application has been rejected by MC. Pursuant to the rejection, the JV partners have filed a claim with Arbitral Tribunal.

DGH vide letter dated January 14, 2019 has advised to the contractors to re-cast the accounts for Panna-Mukta and Mid and South Tapti Fields for the year 2017-18. Pending finalization of the decision of the Arbitral Tribunal, the JV partners and the Company have indicated in their letters to DGH that the final recasting of the accounts is premature and the issues raised by DGH may be kept in abeyance.

Pending finality by Arbitration Tribunal on various issues raised above, re-casting of the financial statements and final quantification of liabilities, no provision has been accounted in the financial statements. The demand raised by DGH, amounting to US\$ 1,624.05 million equivalent to ₹ 11,215 Crore has been considered as contingent liability.

5. The Company had received demand orders from Service Tax Department at various work centres on account of Service Tax on Royalty payments, appeals against such orders have been filed before the Tribunal. The Company had also obtained legal opinion as per which the Service Tax/GST on Royalty is not applicable. Meanwhile, the Company also received demand order dated January 1, 2019 on account of GST on Royalty in the State of Rajasthan against which the Company filed writ (4919/2019) before Hon'ble High Court of Rajasthan. The Hon'ble High Court of Rajasthan heard the matter on April 3, 2019 and issued notice to Department with a direction that no coercive action shall be taken against the Company for recovery till next date of hearing which is scheduled on August 22, 2019. The Company also filed writ of mandamus before Hon'ble High Court of Madras seeking stay on the levy of GST on royalty. The Hon'ble High Court of Madras heard the matter on April 3, 2019 and the Department has been allowed to file counter submission and to finalize the representation (under-protest letter) given by Company to the Department. The next date of hearing which is scheduled on August 26, 2019. The total estimated amount (including penalty and interest up to June 30, 2019) works out towards Service Tax is ₹ 3,877 Crore and GST is ₹ 4,438 Crore. Since the Company is contesting the demand, it has been considered as contingent liability. Further, as an abundant caution, the Company has deposited Service Tax and GST along-with interest under-protest amounting to ₹ 1,373 Crore and ₹ 3,276 Crore respectively.
6. Previous period's figures have been regrouped, wherever necessary, to conform to current quarter's classification.

By order of the Board

  
(Subhash Kumar)  
Director (Finance)

Place: New Delhi

Date : 13<sup>th</sup> August, 2019





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Independent Auditors' Limited Review Report on Unaudited Standalone Financial Results of OIL AND NATURAL GAS CORPORATION LIMITED for the Quarter ended on June 30, 2019 pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO  
THE BOARD OF DIRECTORS OF  
OIL AND NATURAL GAS CORPORATION LIMITED

1. We have reviewed the accompanying statement of Unaudited Standalone Financial Results for the quarter ended June 30, 2019 (herein after referred to as "the Statement" and initialled for the purpose of identification) of Oil and Natural Gas Corporation Limited ("the Company") being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Circular No. CIR/ CFD/ FAC/ 62/ 2016 dated July 5, 2016.

The Statement, is the responsibility of the Company's Management and has been approved by the Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. Our responsibility is to issue a report on the Statement based on our review.

2. We conducted our review of the Statement in accordance with the Standard on Review Engagement (SRE) 2410, "Review of Interim Financial information performed by the Independent Auditor of the Entity" issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial statements are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provide less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.



3. Based on our review conducted as above nothing has come to our attention that causes us to believe that the accompanying standalone unaudited financial results read with notes thereon, prepared in accordance with applicable Ind AS and other recognized accounting practices and policies thereon has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, read with Circular No. CIR/ CFD/ FAC/ 62/ 2016 dated July 5, 2016, including the manner in which it is to be disclosed, or that it contains any material misstatement.

#### Emphasis of Matter

4. We draw attention to Note 5 of the Statement, wherein it is stated that Directorate General of Hydrocarbons (DGH) had raised a demand on all the JV partners under the Production Sharing Contract with respect to Panna-Mukta and Mid and South Tapti contract areas (PMT JV), being BG Exploration and Production India Limited (BGEPIIL) and Reliance Industries Limited (RIL) (together "the Claimants") and the Company towards 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 USD 1624.05 million equivalent to ₹ 11,215 Crore, 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, May 15, 2018, June 4, 2018 and January 14, 2019 had 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 the 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 pre-mature and therefore no provision for the same has been considered necessary and the same has been considered as contingent liability.

Our conclusion on the Statement and our report is not modified in respect of the above matter.

#### Other Matter

5. The statement includes the company's proportionate share in the expenditure and Income of 137 blocks under New exploration licensing policy (NELP)/ Hydrocarbon Exploration and Licensing Policy (HELP)/ Joint Operations (JO) accounts for exploration and production out of which 18 NELP/JO have been certified by management in respect of NELP/JO operated by other operators. In respect of these 18 NELP/JO, the statement includes proportionate share in revenue and profit before tax including other comprehensive Income for the quarter ended June 30, 2019 amounting to ₹ 2,947.29 Crore and ₹ 632.80 Crore respectively. Our opinion is solely based on management certified accounts in respect of these blocks.

6. We have placed reliance on technical/commercial evaluation by the management in respect of categorization by the Company of wells as exploratory, development, producing and dry wells, allocation of costs incurred on them, proved (developed and undeveloped) hydrocarbon





reserves and depletion thereof on Oil and Gas Assets, impairment, liability for abandonment costs, liability for NELP and nominated blocks for under performance against agreed Minimum Work Programme.

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

**For R Gopal & Associates**

Chartered Accountants

Firm Reg. No: 000846C



(Sunil Kumar Agarwal)

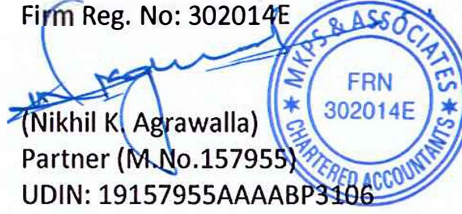
Partner (M.No.093209)

UDIN: 19093209AAAAAQ3539

**For MKPS & Associates**

Chartered Accountants

Firm Reg. No: 302014E



(Nikhil K. Agrawalla)

Partner (M.No.157955)

UDIN: 19157955AAAABP3106

**For G M Kapadia & Co.**

Chartered Accountants

Firm Reg. No: 104767W



(Rajen Ashar)

Partner (M.No.048243)

UDIN: 19048243AAAADG8408

**For K.C. Mehta & Co.**

Chartered Accountants

Firm Reg. No.106237W



(Vishal Doshi)

Partner (M. No. 101533)

UDIN: 19101533AAAAAT4598

**For PKF Sridhar & Santhanam LLP**

Chartered accountants

Firm Reg. No. 003990S/S200018



(V. Kothandaraman)

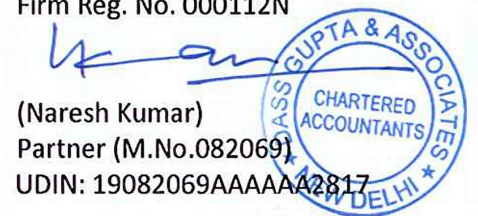
Partner (M.No.025973)

UDIN: 19025973AAAAAL6061

**For Dass Gupta & Associates**

Chartered Accountants

Firm Reg. No. 000112N



(Naresh Kumar)

Partner (M.No.082069)

UDIN: 19082069AAAAAA2817

Place: New Delhi

Date: August 13<sup>th</sup>, 2019

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Independent Auditors' Limited Review Report on Consolidated Unaudited Financial Results of OIL AND NATURAL GAS CORPORATION LIMITED for the Quarter ended on June 30, 2019 pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

TO  
THE BOARD OF DIRECTORS OF  
OIL AND NATURAL GAS CORPORATION LIMITED

1. We have reviewed the accompanying Statement of Consolidated Unaudited Financial Results of Oil and Natural Gas Corporation Limited ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group"), and its share of the net profit/(loss) after tax and total comprehensive income / (loss) of its associates and joint ventures for the quarter ended June 30, 2019 ("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 amended. Attention is drawn to the fact that the consolidated figures for the corresponding quarter ended June 30, 2018 and preceding quarter ended March 31, 2019 as reported in these financial results have been approved by the Holding Company's Board of Directors but have not been subjected to review.
2. This Statement, which is the responsibility of the Holding Company's Management and approved by the Holding Company's Board of Directors, has been prepared in accordance with the recognition and measurement principles laid down in Indian Accounting Standard 34 "Interim Financial Reporting" ("Ind AS 34"), prescribed under Section 133 of the Companies Act, 2013, and other accounting principles generally accepted in India. Our responsibility is to express a conclusion on the Statement based on our review.
3. We conducted our review of the Statement in accordance with the Standard on Review Engagements (SRE) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", issued by the Institute of Chartered Accountants of India. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion





We also performed procedures in accordance with the Circular issued by the Securities and Exchange Board of India under Regulation 33(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, to the extent applicable.

4. The Statement includes the results of the following entities:

Sr. No.	Name of the entity
<b>A</b>	<b>Holding Company</b>
1	Oil and Natural Gas Corporation Limited
<b>B</b>	<b>Subsidiaries</b>
1	ONGC Videsh Limited *
2	Mangalore Refinery and Petrochemicals Limited * #
3	Petronet MHB Limited
4	Hindustan Petroleum Corporation Limited *
<b>C</b>	<b>Joint Ventures</b>
1	ONGC Teri Biotech Limited
2	ONGC Tripura Power Company Limited *
3	ONGC Petro Additions Limited
4	Mangalore SEZ Limited *
5	Indradhanush Gas Grid Limited
6	Dahej SEZ Limited
<b>D</b>	<b>Associates</b>
1	Petronet LNG Limited *
2	Pawan Hans Limited
3	Rohini Heliport Limited

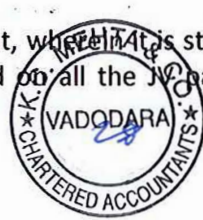
\* As per consolidated financial results

# Consolidated financial results of Mangalore Refinery and Petrochemicals Limited includes its subsidiary, ONGC Mangalore Petrochemicals Limited, which is an indirect Subsidiary of the Holding Company.

5. Based on our review conducted and procedures performed as stated in paragraph 3 above and based on the consideration referred to in paragraph 9 below, nothing has come to our attention that causes us to believe that the accompanying Statement, prepared in accordance with the recognition and measurement principles laid down in the aforesaid Indian Accounting Standard and other accounting principles generally accepted in India, has not disclosed the information required to be disclosed in terms of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended, including the manner in which it is to be disclosed, or that it contains any material misstatement.

**Emphasis of Matter**

We draw attention to Note 4 of the Statement, wherein it is stated that Directorate General of Hydrocarbons (DGH) had raised a demand on all the JVs partners under the Production



Sharing Contract with respect to Panna-Mukta and Mid and South Tapti contract areas (PMT JV), being BG Exploration and Production India Limited (BGEPI) and Reliance Industries Limited (RIL) (together "the Claimants") and the Company towards 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 USD 1624.05 million equivalent to ₹ 11,215 Crore, 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, May 15, 2018, June 4, 2018 and January 14, 2019 had 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 the 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 pre-mature and therefore no provision for the same has been considered necessary and the same has been considered as contingent liability.

Our conclusion on the Statement and our report is not modified in respect of the above matter.

#### Other Matters

7. We have placed reliance on technical/commercial evaluation by the management in respect of categorization by the Company of wells as exploratory, development, producing and dry wells, allocation of costs incurred on them, proved (developed and undeveloped) hydrocarbon reserves and depletion thereof on Oil and Gas Assets, impairment, liability for abandonment costs, liability for NELP and nominated blocks for under performance against agreed Minimum Work Programme.
8. We did not review the interim financial information of 18 out of 137 New exploration licensing policy (NELP)/ Hydrocarbon Exploration and Licensing Policy (HELP)/ Joint Operations (JO) accounts for exploration and production blocks in respect of NELP/JO operated by other operators included in the standalone unaudited interim financial results of the entities included in the Group, whose results reflect total revenues of Rs. ₹ 2,947.29 Crore and profit before tax including other comprehensive Income of ₹ 632.80 Crore for the quarter ended June 30, 2019. The interim financial information of these joint operations have been certified by management.
9. We did not review the interim financial results/information in respect of four subsidiaries included in the consolidated unaudited financial results, whose interim financial results/information reflect total revenues of ₹ 82,960.07 Crore, total net profit/(loss) after tax of ₹ 1,542.67 Crore and total comprehensive income of ₹ 1,627.30 Crore for the quarter ended June 30, 2019 as considered in the consolidated unaudited financial results.

The consolidated unaudited financial results also include the Group's share of net profit /(loss) after tax of (₹ 403.08 Crore) and total comprehensive income of (₹ 403.05 Crore) for the quarter ended June 30, 2019 as considered in the consolidated unaudited financial results, in respect of six Joint Ventures and one Associate, whose financial results/information have not been reviewed by us.





These interim financial results/information have been reviewed by other auditors whose reports have been furnished to us by the Management and our conclusion on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint ventures is based solely on the reports of the other auditors and the procedures performed by us as stated in paragraph 3 above.

Our Conclusion on the Statement is not modified in respect of the above matter.

10. The consolidated unaudited financial results also includes the Group's share of net profit/(loss) after tax of (₹ 19.53 Crore) and total comprehensive income of (₹ 19.53 Crore) for the quarter ended June 30, 2019 as considered in the consolidated unaudited financial results, in respect of one Associate, based on their interim financial result/information, which have not been reviewed by their auditor or by us.

These interim financial results/information are certified by the management. According to the information and explanations given to us by the Management, this interim financial results/information are not material to the Group.

11. The consolidated unaudited financial results do not include the Group's share of net profit/(loss) after tax and total comprehensive income for the quarter ended June 30, 2019, in respect of one Associate as the interim financial results / information have not been furnished to us. As represented by the Management, the same is not material to the Group.

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

**For R Gopal & Associates**

Chartered Accountants

Firm Reg. No: 000846C

  
(Sunil Kumar Agarwal)  
Partner (M.No.093209)  
UDIN: 19093209AAAAAR6408

**For MKPS & Associates**

Chartered Accountants

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UDIN: 19157955AAAAAB04182

**For G M Kapadia & Co.**

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Chartered Accountants

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UDIN: 19082069AAAAAB9181

Place: New Delhi

Date: 13<sup>th</sup> August, 2019