

CORPORATE GOVERNANCE REPORT

1. ONGC recognizes the ideals and importance of Corporate Governance and acknowledges its responsibilities towards all stakeholders including Government, employees, customers, suppliers, regulatory authorities and the shareholders. ONGC's Philosophy on Corporate Governance is to bestow high standards of transparency, fairness and accountability for performance at all levels and to ensure the best performance through professionalism, social responsiveness, business practices and maximization of operational efficiency. The Company endeavours to maximize the shareholders' value and to protect the interest of stakeholders.

In recognition of excellence in Corporate Governance, the following awards have been conferred on ONGC:

- (i) 'Golden Peacock Award for Excellence in Corporate Governance-2002' by the Institute of Directors;
- (ii) 'ICSI National Award for Excellence in Corporate Governance-2003' by the Institute of Company Secretaries of India; and
- (iii) 'Golden Peacock Global Award for Corporate Governance in Emerging Economies-2005' by World Council for Corporate Governance, U.K.

2. BOARD OF DIRECTORS

2.1 COMPOSITION, MEETINGS AND ATTENDANCE

The Company is managed by the Board of Directors, which formulates strategies, policies and reviews its performance periodically. The Chairman & Managing Director and six whole-time Directors manage the business of the Company under the overall supervision, guidance and control of the Board.

2.2 COMPOSITION (As on 31.3.2005)

The Board has 15 members, comprising of 7 Functional Directors including the Chairman & Managing Director, Managing Director, ONGC Videsh Ltd. and 7 non-executive Directors comprising of: 3 part-time official Directors and 4 part-time non-official Directors, all nominated by Government of India. The Board of Directors thus, has an adequate combination of executive and non-executive Directors.

None of the Director is a member on more than 10 Committees or Chairman of more than 5 Committees, across all the Companies in which he is a Director. Necessary disclosures have been made by the Directors.

2.3 BOARD /COMMITTEE MEETINGS AND PROCEDURES

(A) Institutionalised decision making process

With a view to institutionalize all corporate affairs and setting up systems and procedures for advance planning for matters requiring discussion/ decisions by the Board, the Company has defined guidelines for the meetings of the Board of Directors and Committees thereof. These guidelines seek to systematize the decision making process at the meetings of Board/Committees, in an informed and efficient manner.

(B) *Scheduling and selection of Agenda items for Board /Committee Meetings*

- (i) The meetings are being convened by giving appropriate advance notice after obtaining the approval of the Chairman of the Board/ Committee. Detailed agenda, management reports and other explanatory statements are circulated in advance amongst the members for facilitating meaningful, informed and focused decisions. To address specific urgent need, meetings are also being called at shorter notice. The Board is also authorized to pass Resolution by Circulation for all such matters which are of utmost urgent nature.
- (ii) Where it is not practicable to attach any document, or the agenda is of confidential nature, the same is placed on the table with the approval of Chairman of the Board. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted. Sensitive subject matters are discussed at the meeting without written material being circulated.
- (iii) The agenda papers are prepared by the officials concerned and submitted to functional Directors for obtaining approval of the Chairman and Managing Director. Duly approved agenda papers are circulated amongst the Board members by the Company Secretary.
- (iv) The meetings are usually held at the Company's Registered Office in New Delhi. During the year under review one meeting each was held at Mumbai and Mumbai High (Offshore) to enable the members to have over view of the Company's offshore operations.
- (v) Presentations are made at the Board/ Committee meetings covering Finance, Operations & Business Segments, Human Resources, Marketing and Joint Venture Operations etc. of the Company.
- (vi) The members of the Board 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.

(C) *Recording minutes of proceedings at the Board Meeting*

Minutes of the proceedings of each Board/Committee meetings are recorded. Draft minutes are circulated amongst all members of the Board/ Committee for their comments. The Minutes of the proceedings of the meetings are entered in the Minutes Book.

(D) *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 Committees. Every functional Director submits follow-up Action Taken Report (ATR) on the areas of his responsibilities, at least once in a quarter, on the decisions/ instructions/directions of the Board.

(E) *Compliance*

Every functional Director while preparing the agenda notes is responsible for and is required to ensure adherence to all the applicable provisions of law, rules, guidelines etc. The Company Secretary has to ensure compliance to all the applicable provisions of the Companies Act, 1956, SEBI Guidelines, Listing Agreement, and other statutory requirements pertaining to capital market. A Quarterly Compliance Report confirming adherence to all the applicable laws, rules, guidelines and internal instructions/manuals including principles on Corporate Governance is reviewed by the Audit & Ethics Committee and the same is submitted to the Board with the recommendations of the Audit and Ethics Committee, for its review.

2.4 BOARD MEETINGS

During the year 2004-05, **fourteen** Board Meetings were held on: April 29, May 14 & 28, June 22, July 16 & 28 August 23, October 18 & 28, December 8 & 24, 2004, January 7 & 31, and March 15, 2005. The minimum and maximum interval between any two Board meetings was 9 days and 55 days, respectively.

Composition and Attendance:

a) Executive Directors

Name & Designation	Financial Year 2004-05 Attendance at			As on date			
	No. of Board Meetings held during the tenure	Board Meeting	Last AGM (29.9.04)	No. of Directorships in other Public Companies		No. of Committee positions held in Public Companies including ONGC*	
				Listed	Others	Chairman	Member
Shri Subir Raha Chairman & Managing Director	14	14	Yes	1	1**	0	0
Shri Y.B. Sinha Director (Exploration) (up to 4.5.2005)	14	13	Yes	1	1**	0	1
Shri V. K. Sharma Director (Offshore) (up to 31.5.2004)	3	2	N.A.	1	3	0	0
Shri Nathu Lal Director (Technology & Field Services) (up to 30.4.2005)	14	14	Yes	1	1	0	1
Shri R. S. Sharma Director (Finance)	14	13	Yes	2	1**	0	4
Dr. A. K. Balyan Director (Human Resource)	14	13	Yes	1	2**	0	0
Shri A. K. Hazarika Director (Onshore) (from 9.9.2004)	7	6	Yes	0	1	0	0
Shri N. K. Mitra Director (Offshore) (from 9.9.2004)	7	6	Yes	1	2	0	0

b) Non-Executive Directors

Name & Designation	Financial Year 2004-05 Attendance at			As on date			
	No. of Board Meetings held during the tenure	Board Meeting	Last AGM (29.9.04)	No. of Directorships in other Public Companies		No. of Committee positions held in Public Companies including ONGC*	
				Listed	Others	Chairman	Member
(i) Part-time Official Directors - (ex-officio) Govt. Nominees Shri Badal K. Das Addl. Secretary & Financial Advisor, MoP&NG (up to 30-6-2004)	4	4	N.A.	2	1	0	1
Shri P. K. Deb Joint Secretary (FT&I), MoF	14	6	No	0	3	0	0
Shri J.M. Mauskar Joint Secretary, MoP&NG (up to 22.4.2004)	Nil	Nil	N.A.	0	2	0	1
Shri Sunjoy Joshi Joint Secretary, MoP&NG (from 28.5.2004)	12	7	No	0	3	2	0
Shri P. K. Sinha Joint Secretary & Financial Advisor, MoP&NG (from 24.12.2004)	4	4	N.A.	2	1	0	1
(ii) Shri Atul Chandra (up to 30.4.2004)	1	Nil	N.A.	0	1	0	0
(iii) Part-time non-official Directors Shri M.M. Chitale	14	13	Yes	2	2**	3	1
Shri Rajesh V. Shah	14	10	Yes	2	8**	1	4
Shri U. Sundararajan	14	11	Yes	2	1	0	1
Shri N. K. Nayyar	14	4	Yes	3	1**	0	2

* Represents Chairman / Member of only Statutory Committees, namely Audit and Shareholders' / Investors' Grievance Committees.

** Excluding Private limited and Foreign Companies.

Notes:

- (i) Being a PSU, all Directors are appointed/ nominated by the President of India;
- (ii) Directors are not related to each other;
- (iii) Directors do not have any pecuniary relationships or transactions with the Company.
- (iv) The Directorship/Committee Memberships are based on the latest disclosure received from Directors.

3. STRATEGY MEETS

The Company has a practice of periodic retreats where all members of the Board and high officials of the Ministry of Petroleum & Natural Gas discuss issues of Corporate Strategy and Policy.

4. CONCLAVES

To have the benefit of cumulative knowledge and experience of the elders of the ONGC family, an assembly of the past and present members of Oil & Natural Gas Commission and Board is organized every year. The 4th & 5th Conclave was held on August 9-10, 2004 & August 11-12, 2005 at Bangalore and at Narendra Nagar (Uttaranchal) respectively.

5. VICHAR VISHLESHAN

The Key Executives in-charge of Assets, Basins, Services and Institutes meet periodically with the Executive Committee consisting of the C&MD and the functional Directors to review performance and to formulate future plans. 3rd, 4th & 5th 'Key Executives' Meet were held at the ONGC Academy.

6. RESUME OF DIRECTORS PROPOSED TO BE RE-APPOINTED

The brief resume of Directors retiring by rotation and seeking re-appointment is appended to the notice conveying the Annual General Meeting.

7. BOARD COMMITTEES

The Company has the following Committees of the Board:

7.1 AUDIT & ETHICS COMMITTEE

The terms of reference of the Audit & Ethics Committee are in accordance with Section 292A of the Companies Act, 1956 and the guidelines set out in the Listing Agreement.

The Committee is headed under the stewardship of Shri M.M.Chitale, an independent non-executive Director. Shri Chitale is a Fellow member of the Institute of Chartered Accountants of India and has varied, vast and multifarious experience in financial management, corporate affairs and accounting matters. The other members of the Committee, S/Shri U. Sundararajan and Rajesh V. Shah, both part-time non-official independent Directors, have requisite financial and management experience and have held or hold senior positions in other reputed organizations.

The terms of reference are broadly as under:

- a. Overseeing financial reporting processes and the disclosure of financial information, to ensure that the financial statement is correct, sufficient and credible;
- b. Recommending audit fees payable to Statutory Auditors appointed by C&AG and approving payments for any other services;
- c. Reviewing with management, the periodic financial statement/results before submission to the Board, focusing primarily on:
 - any changes in accounting policies and practices;
 - major accounting entries based on exercise of judgement by the management;
 - qualifications in draft audit report;
 - significant adjustments arising out of the audit;
 - the going concern assumption;
 - compliance with accounting standards;
 - compliance with stock exchanges and legal requirements concerning financial statements;
 - any related party transactions i.e. transactions of the company of material nature, with promoters or the management, their subsidiaries or relatives etc. that may have potential conflict with the interest of the company at large;

- d. Reviewing with the management, Statutory & Govt. Audit and Internal audit reports, adequacy of internal control systems and recommending improvements to the management;
- e. Reviewing the adequacy of internal audit function, approving internal audit plans and efficacy of the functions including the structure of the internal audit department, staffing, reporting structure, coverage and frequency of internal audit;
- f. Discussion with internal auditors, any significant findings and follow-up thereon;
- g. Reviewing the findings of any internal investigations by the internal auditors into the 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;
- h. Discussion with the Statutory Auditors before the audit commences, the nature and scope of audit, as well as have post-audit discussion including their observations to ascertain any area of concern;
- i. Reviewing the Company's financial and risk management policies;
- j. Looking into the reasons for substantial defaults in payments to shareholders (in case of non-payment of declared dividends) and creditors, and;
- k. Reviewing Quarterly Compliance Report confirming adherence to all the applicable laws, rules, guidelines and internal instructions/manuals including on Corporate Governance principles and Ethics in business.

Composition, Meetings and Attendance

During the year 2004-05, **ten** meetings of Audit & Ethics Committee were held on: April 14, June 21, July 16 & 28, October 28, December 27, 2004, January 31, February 18 and March 15 & 23, 2005. Director (Finance) and ED-Chief, Internal Audit are the permanent invitees. The Chairman of the Audit & Ethics Committee was present at the last AGM of the Company.

Attendance:

Members	No. of Meetings held during the tenure	Meetings Attended
Shri M.M.Chitale, Chairman	10	10
Shri Rajesh V. Shah	10	7
Shri U.Sundararajan	10	10
Permanent Invitees:		
Shri R. S. Sharma, Director(Finance)	10	9
Shri B.L. Ghasolia, ED-Chief-Internal Audit	10	9

The Functional Directors, Statutory Auditors, Internal Auditors attended and participated at the meetings of the Committee, on invitation. The Company Secretary acts as the Secretary to the Committee.

7.2 REMUNERATION COMMITTEE

ONGC being a Government Company, appointment and terms and conditions of remuneration of Executive (whole-time functional) Directors are determined by the Government through the Ministry of Petroleum & Natural Gas. Non-executive part-time official Directors (ex-officio) do not draw any remuneration. The part-time non-official Directors receive sitting fees of Rs. 10,000/- for each Board/Committee meeting attended by them.

The Committee is headed by Shri Sunjoy Joshi, Joint Secretary, MoP&NG, a part-time official Director from 28th May, 2004. Prior to Shri Joshi, Shri J.M. Mauskar, Joint Secretary, MoP&NG, was heading the Committee up to April 22, 2004. S/Shri U.Sundararajan, a part-time non-official Director, Shri R.S.Sharma, Director (Finance) and Dr. A.K. Balyan, Director (Human Resource) are the other members of the Committee.

7.2.1 DIRECTORS' REMUNERATION:

Remuneration of Directors for the year ended 31st March, 2005 was as follows:

(a) Executive Directors

(Rs. in lac)

Sl. No.	Names	Salary & allowances	Other Benefits & perks	Contribution to PF & other Funds	Total	Term up to
1.	Shri Subir Raha	7.41	2.18	0.74	10.33	24.5.2006
2.	Shri Y.B.Sinha (up to 4.5.2005)	8.11	1.21	0.90	10.22	Not applicable
3.	Shri V.K. Sharma (up to 31.5.2004)	2.45	2.30	0.30	5.05	Not applicable
4.	Shri Nathu Lal (upto 30.4.2005)	7.41	2.88	0.90	11.19	Not applicable
5.	Shri R.S. Sharma	6.89	1.36	0.69	8.94	28.2.2007
6.	Dr. A. K. Balyan	6.49	1.14	0.79	8.42	22.8.2008
7.	Shri A.K. Hazarika (from 9.9.2004)	4.44	0.40	0.37	5.21	8.9.2009
8.	Shri N.K. Mitra (from 9.9.2004)	3.09	0.85	0.37	4.31	8.9.2009

Notes:

1. The remuneration does not include cost of medical treatment availed from the Company's owned medical facilities, provision/ payment for gratuity and leave encashment.
2. Notice period of 3 months or salary in lieu thereof is required for severance of service.

(b) Part-time non-official Directors

Part-time non-official Directors are paid sitting fee at the rate of Rs.10000/- for attending each meeting of the Board /Committees thereof. Details of sitting fees paid during the year under review are as follows:

Names	(Rs. in lac)
Shri M.M.Chitale	4.00
Shri U. Sundararajan	4.10
Shri Rajesh V. Shah	3.30

7.2.2 STOCK OPTIONS

The Company has not issued any Stock Options to its Directors/Employees.

7.2.3 EQUITY SHARES HELD BY DIRECTORS (As on 31st March, 2005)

Except as stated hereunder, none of the Directors, hold any Equity Shares in the Company:

Name of Directors	No. of Shares held*
Shri Subir Raha	1101
Shri Y.B.Sinha (up to 4.5.2005)	482
Shri V.K. Sharma (up to 31.5.2004)	200
Shri Nathu Lal (up to 30.4.2005)	434
Shri R.S.Sharma	717
Dr.A.K.Balyan	517
Shri A.K. Hazarika	774
Shri N.K. Mitra	662
Shri Atul Chandra (up to 30.4.2004)	612
Shri M.M.Chitale	41
Shri U. Sundararajan	70

*Source: As per last declaration made to the Company.

7.3 SHAREHOLDERS'/INVESTORS' GRIEVANCE COMMITTEE

The terms of reference include to oversee the redressal of Shareholders'/Investors' complaints/grievances pertaining to share transfers, non-receipt of annual reports, dividend payments, issue of duplicate certificates, transmission(with or without legal representation) of shares and other miscellaneous complaints. The Committee is also empowered to review the performance of the Registrar and Transfer Agents and recommend measures for overall improvement in the quality of investor services. It also supervises adherence to ONGC Code of Conduct for Prevention of Insider Trading in Securities.

The Committee is headed by Shri Rajesh V. Shah, Independent Director.

Dy. Company Secretary acts as Secretary to the Committee.

Composition and Attendance

During the year 2004-05, **four** meetings were held on: June 11, September 29, December 8, 2004 and March 15, 2005. The attendance particulars are as under:

Members	Meetings held during the tenure	Meetings attended
Shri Rajesh V. Shah, Chairman	4	4
Shri Nathu Lal	4	4
Shri R.S. Sharma	4	4

7.3.1 GRIEVANCE SETTLEMENT

The Company addresses all complaints, suggestions and grievances expeditiously and replies have been sent/issues resolved usually within 15 days except in case of dispute over facts or other legal constraints.

Except for the complaints pertaining to 'Offer for Sale', the Company received 2259 complaints/queries including 117 complaints from SEBI/Stock Exchanges. Out of which 2236 complaints were attended to the satisfaction of the shareholders. 23 complaints outstanding as on 31st March, 2005 have also been settled.

The complaints were duly attended to and the Company /RTA have furnished necessary documents/information to the shareholders.

The Shareholders'/Investors' Grievance Committee reviews the complaints received and appropriate action is taken promptly.

No request for share transfer is pending beyond 30 days except those which are disputed or sub-judice. All requests for de-materialization of shares are likewise processed and confirmation communicated to investors and Depository Participants within 10 working days.

Barring complaints relating to allocation of shares in the Offer for Sale 2004, 2054 complaints/ queries / correspondence were received from 1st April to 31st July, 2005, out of which 2021 complaints have been resolved and 33 are processed for settlement.

7.3.2 STEPS REQUIRED FOR FAST SETTLEMENT OF GRIEVANCES:

Sl. No.	Nature of Complaint	Contact Office	Action to be taken
1.	Complaint regarding allocation of Shares, Refund order under Offer for Sale by Govt. of India	Shri P.N.Rao, Director MCS Limited Sri Padmavathi Bhavan Plot No. 93, Road No. 16, MIDC Area, Andheri (East), Mumbai-400093. Phone Nos.022-28201785. Fax Nos. 022-28201783 & 28260962.	Application giving details of Application No, No. of shares applied, No. of Shares allotted, DP ID, Client ID, Nature of complaint, Applicant Name(s) & complete postal address.
2.	Dividend from financial years 1997-98 to 2005 (Interim) and all matters pertaining to Shares; <i>For Physical Shares-</i> Change of address, status, Bank account, mandate, ECS mandate etc.	M/s Karvy Computershare Private Ltd., "Karvy House", 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad - 500034. Phone Nos. 040- 23312454/23320251 / 751 & 1600-345-4001 (Toll free) Fax No: 040- 23311968 e-mail: mailmanager@karvy.com OR Karvy Computershare Private Ltd., 105-108 Arunachal Building, 1 st floor, 19, Barakhamba Road, New Delhi-110001, Phone Nos 011-23324401/23324409 Fax: 011-23324621 e-mail: delhi@karvy.com	Letter on plain paper stating the nature of complaint, Folio / DPID/ Client ID No; lodging of original shares and other documents / instruments as the case may be. Members are requested to apply for renewal or issue of duplicate dividend warrants for the Dividend 1997-98 before 30th September, 2005. After 30th September, 2005, the unpaid dividend amount for the year 1997-98 will be transferred by the Company to the Investor Education & Protection Fund (IEPF) set up by Govt. of India and no claim will lie either against IEPF or against the Company.
3.	<i>For Dematerialised Shares-</i> Change of address, status, Bank account, mandate, ECS mandate etc.	Concerned Depository Participant (DP) where the shareholder is maintaining his/her account.	As per instructions of DP.
4.	All complaints except of Sl.no.3	The Company Secretary Oil and Natural Gas Corporation Ltd., Jeevan Bharati Building, Tower-II 124, Indira Chowk, New Delhi-110001 Phone: 011-23301277 & 23301299 e-mail: secretarial@ongc.co.in	On plain paper stating nature of complaint, folio/DPID/Client ID No., Name and address.

7.3.3 INVESTOR RELATION CELL

In line with global practices, the Company is committed to maintain, the highest standards of Corporate Governance, reinforcing the relationship between the Company and its Shareholders. '**Investor Service Center**' with information frequently required by investors and analysts, launched on 9th May, 2005 on the Company's corporate website www.ongcindia.com. This service provides updates on financial statements, investor-related events and presentations, annual reports, dividend information and shareholding pattern along with media releases, company overview and report on Corporate Governance etc.

The inplace information will help tremendously in arriving at investment decision by FIIs, OCBs, NRIs, Institutional Investors and the small shareholders. Also existing and potential investors will be able to interact with the company through this link for their queries and seeking information.

A Core Team comprising of senior, seasoned and experienced officials, headed by Director (Finance) had been assigned the responsibilities for up-keeping the said link and also to serve as a platform for the shareholders to express their opinions, views, suggestions, etc. to understand the influencing factors in their investment decision-making process. Besides, above the said team is also instrumental to maintain close liaison and to share information through periodic meets including tele-conferencing in India and abroad, regular press meets with investment bankers, research analysts, the media, institutional investors etc. The Company is committed to take such other steps as may be necessary to fulfill the expectations of the stakeholders.

7.4 HUMAN RESOURCE MANAGEMENT COMMITTEE

Composition, Meetings and Attendance

The terms of reference include consideration of HR policies & issues and proposals for promotions below Board levels. Shri Rajesh V. Shah, Part-time non-official Director is the Chairman of the Committee. Director (HR) is the convenor of the Committee.

During the year 2004-05, **four** meetings were held on: June 22, September 8, 2004, January 5 and March 23, 2005. These meetings were attended by the members of the Committee, as under:

Members	Meetings held during the tenure	Meetings attended
Shri Rajesh V. Shah, Chairman	4	3
Shri Subir Raha	4	2
Shri Y.B. Sinha (up to 4.5.2005)	4	2
Shri V.K. Sharma (up to 31.5.2004)	-	-
Shri Nathu Lal (up to 30.4.2005)	4	3
Shri R.S. Sharma	4	4
Dr. A.K. Balyan	4	4
Shri A.K. Hazarika (from 9.9.2004)	2	1
Shri N.K. Mitra (from 9.9.2004)	2	1
Shri J.M. Mauskar (up to 22.4.2004)	-	-
Shri Sunjoy Joshi (from 28.5.2004)	3	1
Shri M.M. Chitale	4	3
Shri U. Sundararajan	4	3

7.5 PROJECT APPRAISAL COMMITTEE

The Project Appraisal Committee examines and makes recommendations to the Board on projects/capital investment exceeding Rs.150 Crore. Proposals exceeding Rs.150 Crore are appraised in-house, while the proposals exceeding Rs.250 Crore are first appraised by outside technical and financial consultants. Shri U. Sundararajan, Part-time non-official Director is the Chairman. Director (T&FS) acts as a Convenor of the Committee.

Composition, Meetings and Attendance

During the year 2004-05, **thirteen** meetings were held on: April 28, May 13, June 11 & 21, August 23, September 8, October 18 & 28, December 24, 2004, January 14 & 31, February 28, and March 15, 2005. These meetings were attended by the members of the Committee, as under:

Members	Meetings held during the tenure	Meetings attended
Shri U. Sundararajan, Chairman	13	12
Shri Nathu Lal (up to 30.4.2005)	13	12
Shri R.S. Sharma	13	13
Shri A.K.Hazarika (from 9.9.2004)	1	1
Shri N.K. Mitra (from 9.9.2004)	1	1
Shri B.K.Das (up to 31.5.2004)	2	0
Shri P.K. Deb (up to 31.5.2004)	2	0
Shri P.K. Sinha (from 2.2.2005)	2	0
Shri Sunjoy Joshi (from 1.6.2004)	11	2
Shri M.M. Chitale	13	11
Shri Rajesh V. Shah	13	8

Note: The functional Directors attended only those meetings concerning the projects of their responsibilities.

7.6 SHARE TRANSFER COMMITTEE

In order to expedite the process of share transfers and other related activities, the Share Transfer Committee has been empowered to approve the requests received for share transfer/ transmission/ transposition, issue of duplicate share certificates, sub-division, consolidation, re-materialization, change of status etc. These requests are processed through the Registrar & Share Transfer Agents, M/s Karvy Computershare Private Ltd. (from 1.2.2005) and by M/s MCS Limited (up to 31.1.2005), generally once in a fortnight. The details of transfers are reported to the Board of Directors at the ensuing meeting. The Committee is headed by the Director (Finance) and the Dy. Company Secretary acts as a Convenor to the Committee.

Composition, Meetings and Attendance

During the year 2004-05, **eighteen** meetings were held on: April 13 & 29, May 14 & 28, June 16 & 29, July 19 & 28, August 13, September 8, October 18 & 28, November 17, December 2 & 15, 2004, January 4, February 1, and March 15, 2005. These meetings were attended by the members of the Committee, as under:

Members	Meetings attended
Shri R. S. Sharma, Chairman	17
Dr. A.K.Balyan	17
Shri N.K. Nayyar	4

7.7 HEALTH, SAFETY & ENVIRONMENT COMMITTEE

The terms of reference includes setting forth policies on all aspects of Occupational Health, Safety & Environment Protection. Shri U.Sundararajan, Part-time non-official Director is the Chairman of the Committee. Director (Onshore) acts as the Convenor.

S/Shri Subir Raha, Y.B. Sinha (upto 4.5.2005), V.K. Sharma (upto 31.5.2004), Nathu Lal (upto 30.4.2005), R.S. Sharma, Dr. A.K. Balyan, S/Shri A.K. Hazarika (from 9.9.2004), N.K. Mitra (from 9.9.2004), Sunjoy Joshi (from 1.6.2004), J.M. Mauskar (upto 22.4.2004), M.M. Chitale and Rajesh V. Shah are the members.

During the year 2004-05, one meeting on 22.6.2004 was held which was attended by S/Shri U.Sundararajan, Subir Raha, Y.B. Sinha, Nathu Lal, R.S. Sharma and Dr.A.K. Balyan, S/Shri M.M. Chitale and Rajesh V. Shah.

S/Shri A.K. Hazarika, N.K. Mitra attended the meeting as special invitees.

7.8 POLICY & PLANNING COMMITTEE

The mandate include to look into the matters pertaining to new areas of business, proposals for collaborations, joint ventures, amalgamation, mergers and acquisitions; commercial matters including marketing; periodic performance review of ONGC Videsh Ltd. and MRPL, both subsidiaries. The Committee is headed by Shri U. Sundararajan, Part-time non-official Director. Director (Exploration) is the Convenor.

S/Shri Subir Raha (upto 31.5.2004), Y.B. Sinha (upto 4.5.2005), V.K. Sharma (upto 31.5.2004), Nathu Lal (upto 30.4.2005), R.S. Sharma and Dr. A.K. Balyan, S/Shri A.K. Hazarika, N.K. Mitra, B.K. Das (upto 30.6.2004), J.M. Mauskar (upto 22.4.2004), P. K. Sinha (from 2.2.2005), Sunjoy Joshi (from 1.6.2004), Atul Chandra (upto 30.4.2004) and Rajesh V. Shah are the members.

Managing Director, OVL is the special invitee to the committee.

During the year 2004-05, one meeting of the Committee held on 28.4.2004 was attended by S/Shri U. Sundararajan, Subir Raha, Y.B. Sinha, V.K. Sharma, Nathu Lal, R.S. Sharma and Dr.A.K. Balyan.

7.9 OTHER FUNCTIONAL COMMITTEES

Apart from the above, the Board from time to time, constitutes Functional Committees with specific terms of reference as it may deem fit. Meetings of such Committees are held as and when required for discussing the matter concerning the purpose arises. Time schedule for holding the meetings of such functional committee(s) are finalized in consultation with the Committee Members. Minutes of the meetings of all such functional Committees are circulated to the members of the Committee and the Board is kept apprised.

7.10 PROCEDURES AT COMMITTEE MEETINGS

Company's guidelines relating to Board Meetings are applicable to Committee Meetings as far as may be practicable. Each Committee has the authority to engage outside experts, advisers and counsels to the extent it considers appropriate to assist the Committee in its work. Minutes of the proceedings of each of the committee meeting are placed before the Board for its perusal, noting, ratification and approval, as the case may be.

8. COMPLIANCE OFFICER

The Company Secretary has been nominated as the Compliance Officer.

9. ANNUAL GENERAL MEETINGS

Location and time, where the last three AGMs were held:

Year	Date	Location	Time
2002	20 th September	Convention Hall, Hotel Ashok, 50-B Chankya Puri, New Delhi-110021	11.30 A.M.
2003	29 th September	As above	11.00 A.M.
2004	29 th September	As above	11.00 A.M.

(a) Special Resolutions passed during the last three years

The following three Special Resolutions were passed at the 11th Annual General Meeting held on 29th September, 2004 by show of hands:

- i) Delisting of equity shares from Delhi Stock Exchange Association Ltd. (DSE)
- ii) Amendment and/or alteration to Articles of Association of the Company
- iii) Keeping of Register of Members, index, copies of Annual Return etc. at the existing office or any other place at the office of Registrar & Share Transfer Agents.

(b) During the year ended 31st March, 2005, no resolution has been passed by the Company's Members through Postal Ballot.

(c) At the ensuing AGM, there is no resolution proposed to be passed through Postal Ballot.

10. DIVIDEND HISTORY

Years	Rate (%)	Per share (Rs.)	Amount (Rs. in million)
2000-01	110	11.00	15,685.27
2001-02	140	14.00	19,963.08
2002-03			
- Interim	170	17.00	24,240.88
- Final	130	13.00	18,537.14
2003-04			
- Interim	140	14.00	19,963.08
- Final	100	10.00	14,259.34
2004-05			
- Interim	200	20.00	28,518.68
- Final	200	20.00	28,518.68
(Proposed)			

11. ONGC'S CODE ON INSIDER TRADING

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992 (duly amended), the Board has approved the "Code of Conduct for Prevention of Insider Trading". The objective of the Code is to prevent purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Insiders (Directors, Advisors, Officers, Designated Employees and other concerned persons) are prevented to deal in the Company's shares during the closure of Trading Window. To deal securities beyond specified limit, permission of Compliance Officer is also required. All Directors/Advisors/Officers/designated employees are also required to disclose related information periodically as defined in the Code, which in turn is being forwarded to the stock exchanges, if any. Company Secretary has been designated as the Compliance Officer.

12. DISCLOSURES

12.1 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.16 of Schedule 29 to the Accounts in the Annual Report. Being a State enterprise, no disclosure has been made in respect of the transactions with subsidiary companies in line with Accounting Standard-18 on Related Party Transactions.

12.2 COMPLIANCES

During the last three years, no penalties or strictures have been imposed on the Company by the Stock Exchanges or SEBI or any other statutory authorities, on matters related to capital markets.

It is certified that the Company has complied with applicable rules and regulations prescribed by Stock Exchanges, SEBI or any other statutory authority relating to the capital markets.

All Returns/Reports were filed with in stipulated time with Stock Exchanges/other authorities.

13. MEANS OF COMMUNICATION

- (a) The Company regularly intimates unaudited as well audited financial results to the Stock Exchanges, immediately after these are taken on record/approved. These financial results are normally published in Times of India, Business Standard, Economic Times (English), Navbharat Times and Jansatta (Hindi), other dailies, having wide circulation across the country and also displayed on the website of the Company, www.ongcindia.com and simultaneously posted on the Electronic Data Information Filing and Retrieval website namely www.sebidifar.nic.in. The website is also accessible through a hyperlink 'EDIFAR' from SEBI's official website, www.sebi.gov.in.

The official news releases and the presentations made to the investors, financial analysts at the periodic investors' meets are also displayed on the Company's website. The results are not sent individually to the shareholders.

- (b) Management Discussion and Analysis Report forms part of the Report of the Directors.

14. AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

The Auditors' certificate on Corporate Governance is annexed.

15. SECRETARIAL COMPLIANCE REPORT

Secretarial Compliance Report confirming Compliance to the applicable provisions of Companies Act, 1956, Listing Agreement, SEBI guidelines and all other related rules and regulations relating to capital market, though not mandatory, obtained from a practising Company Secretary, was noted by the Board and forms part of the Directors' Report.

16. SHAREHOLDERS INFORMATION

16.1 ANNUAL GENERAL MEETING:

- Date : September 21, 2005
- Time : 11.00 A.M.
- Venue : Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi- 110049.

16.2 FINANCIAL CALENDAR (Tentative):

Adoption of Quarterly Results for the Quarter ending:

- June 30, 2005 July, 2005
- September 30, 2005 October, 2005
- December 31, 2005 January, 2006
- March 31, 2006 (audited) June, 2006

16.3 **BOOK CLOSURE DATES:** 05 to 19 September, 2005 (both days inclusive).

16.4 **DIVIDEND PAYMENT DATE:** On or after 22nd September, 2005.

16.5 LIQUIDITY OF SHARES:

The equity shares of the Company are part of the S&P CNX Nifty Index and are listed on the following Stock Exchanges:

Name & Address	Telephone/Fax/E-mail ID/Website ID	Trading Symbol
The Delhi Stock Exchange Association Ltd. (DSE)* DSE House, 3/1, Asaf Ali Road New Delhi- 110002	Telephone: 011-23379590, 23379951 Facsimile: 011-23292181 e-mail: listing@dseindia.org.in Website: www.dseindia.org.in	115055
The Stock Exchange, Mumbai (BSE) P.J.Towers, Dalal Street, Fort, Mumbai - 400001	Telephone: 022-2655860/61 Facsimile: 022-22722037/39/41 e-mail: listing@bseindia.com Website : www.bseindia.com	500312 ONG CORP. LTD
National Stock Exchange of India Ltd.(NSE) Exchange Plaza, Bandra - Kurla Complex, Bandra (East), Mumbai - 400051	Telephone: 022-2659 8100 Facsimile: 022-2659 8237/38 e-mail: cmllist@nse.co.in Website: www.nseindia.com	ONGC

*The Delhi Stock Exchange Association granted de-listing permission effective from March 1, 2005.

Listing Fees

Annual listing fees for the years 2004-05 and 2005-06 as applicable have been paid to the Stock Exchanges.

16.6 **INTERNATIONAL SECURITIES IDENTIFICATION NO:** INE213A01011 (with NSDL and CDSL)

16.7 REGISTRAR AND TRANSFER AGENTS (RTA)

M/s Karvy Computershare Private Limited 'Karvy House', 46, Avenue 4, Street No. 1, Banjara Hills, Hyderabad-500034, Telephone Nos. 040-23312454/23320251/751 & 1600-345-4001 (Toll Free), Fax.No. 040- 23311968, e-mail: mailmanager@karvy.com are the Registrar and Share Transfer Agents for Physical Shares. Karvy is also the depository interface of the Company with both National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

Keeping in view the convenience of the shareholder, documents relating to shares and any other documents are being accepted at Karvy Computershare Private Ltd., 105-108, Arunachal Building, 1st floor, 19, Barakhambha Road, New Delhi-110001, Phone Nos 011-23324401/23324409, Fax: 011-23324621, e-mail: delhi@karvy.com and at the Company at 8th floor, Jeevan Bharati Building, Tower-II, 124 Indira Chowk, New Delhi-110001, Phone No. 011-23301299 & 011-23301277, e-mail: secretarial@ongc.co.in

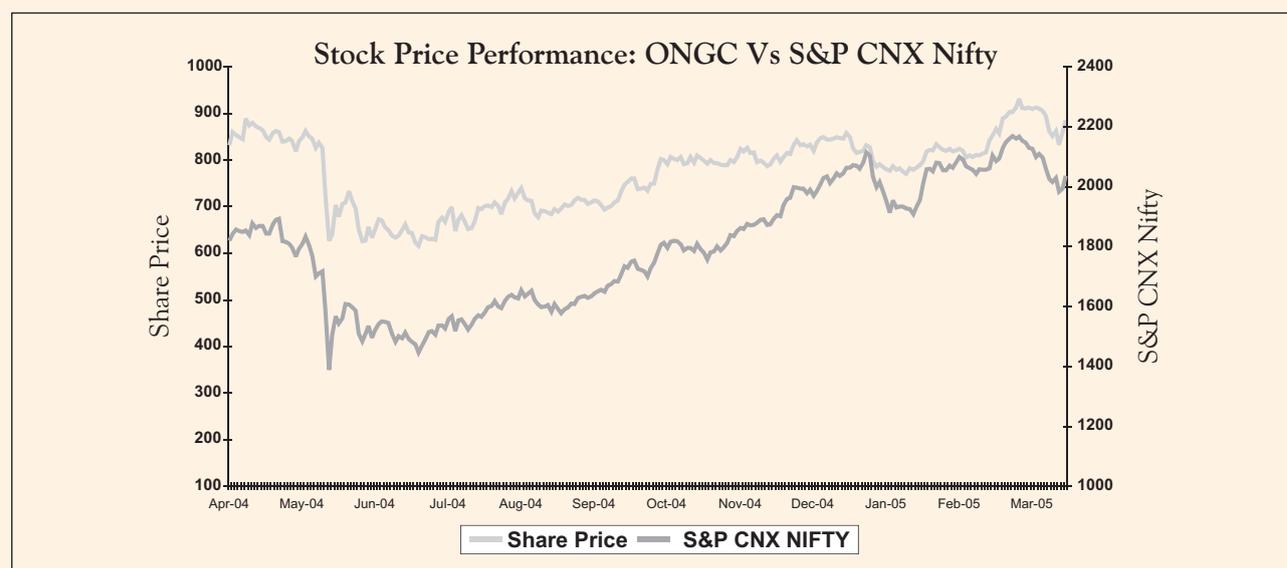
Complaints arising out of the 'Offer for Sale' of shares by Govt. of India in March, 2004 shall continue to be attended by M/s MCS Limited, Sri Padmavathi Bhavan, Plot No.93, Road No.16, MIDC Area, Andheri (East), Mumbai- 400093, Phone No. 022-28201785, Fax Nos. 022-28201783 & 28260962.

16.8 CUSTODIAL FEE TO DEPOSITORIES

Pursuant to SEBI Circular No. MRD/DOP/SE/DEP/CIR-4/2005 dated 28th January, 2005 the issuer companies are required to pay custodial fees to the depositories w.e.f. 1st April, 2005. Accordingly, the Company has paid custodial fees for the year 2005-06 to National Securities Depository Ltd. and Central Depository Services (India) Ltd. on the basis of number of beneficial accounts maintained by them as on 31st March, 2005.

17. STOCK MARKET INFORMATION

17.1 PERFORMANCE IN COMPARISON TO S&P CNX NIFTY INDEX



17.2 STOCK MARKET DATA

Month	Mumbai Stock Exchange			National Stock Exchange		
	High (Rs.)	Low (Rs.)	Volume	High (Rs.)	Low (Rs.)	Volume
Apr'04	911.00	815.00	1515480	948.00	812.20	3694301
May'04	870.00	522.20	1402355	866.90	510.00	3321360
Jun'04	685.00	580.15	1486201	685.00	608.20	2591018
Jul'04	720.65	625.00	971739	720.70	625.00	2604404
Aug'04	740.80	671.10	812111	740.70	650.00	2361813
Sep'04	765.80	686.20	567844	764.70	685.00	1665487
Oct'04	820.80	743.10	568231	820.70	744.15	1715184
Nov'04	832.00	776.00	438906	831.90	776.10	1306832
Dec'04	900.00	810.30	315748	866.00	810.05	1137102
Jan'05	838.00	762.65	415758	838.00	762.25	1496052
Feb'05	860.00	800.00	583690	855.95	800.20	1549061
Mar'05	939.95	829.00	1057305	1000.00	828.10	1986412

Source: Web-sites of BSE& NSE.

18. DISTRIBUTION OF SHAREHOLDING (As on 31st March, 2005)

NUMBER OF SHARES	NUMBER OF SHARE-HOLDERS	PERCENTAGE OF SHARE-HOLDERS	TOTAL NUMBER OF SHARES	PERCENTAGE
1 - 500	428796	96.54	23391262	1.64
501 - 1000	12853	2.89	8361669	0.59
1001- 2000	1245	0.28	1676010	0.12
2001 - 3000	292	0.07	715182	0.05
3001 - 4000	142	0.03	493076	0.03
4001- 5000	105	0.02	471481	0.03
5001 -10000	208	0.05	1509660	0.11
10001-above	548	0.12	1389315652	97.43
Total	444189	100.00	1425933992	100.00

18.1 SHARE TRANSFER SYSTEM

With a view to expedite the process of share transfer, the Board of Directors of the Company had constituted a Committee 'Share Transfer Committee' which usually meets in a fortnight to consider and approve the shares received for transfer, transmission, rematerialization and dematerialization etc. The shares for transfers received in physical form are transferred expeditiously, provided the documents are complete and the share transfer is not under any dispute. The share certificates duly endorsed are returned immediately to the shareholders by RTA. Confirmation in respect to the requests for dematerialization of shares is sent to the respective depositories i.e. NSDL and CDSL, expeditiously.

As per SEBI guidelines facility of simultaneous transfer-cum-dematerialization is being extended. Under the said system, after the transfer is affected, an option letter is sent to the transferee indicating the details of the transferred shares and requesting him in case he wishes to dematerialize the shares, to approach Depository Participant (DP) with the option letter. The DP, based on the option letter, generates a dematerialization request and sends the same to RTA along with option letter.

Pursuant to the Clause 47-C of the Listing Agreement with the Stock Exchanges, Certificates on quarterly basis confirming due compliance of share transfer formalities by the Company, Certificate for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 and Secretarial Audit Report for reconciliation of the share capital of the Company obtained from a practicing Company Secretary has been submitted to stock exchanges within stipulated time.

The total number of transfer deeds processed and shares transferred during the last three years are as under:

Years	No. of Transfer Deeds processed	No. of Shares Transferred
2004-05	964	1,34,732
2003-04	2057	3,04,932
2002-03	2955	4,54,336

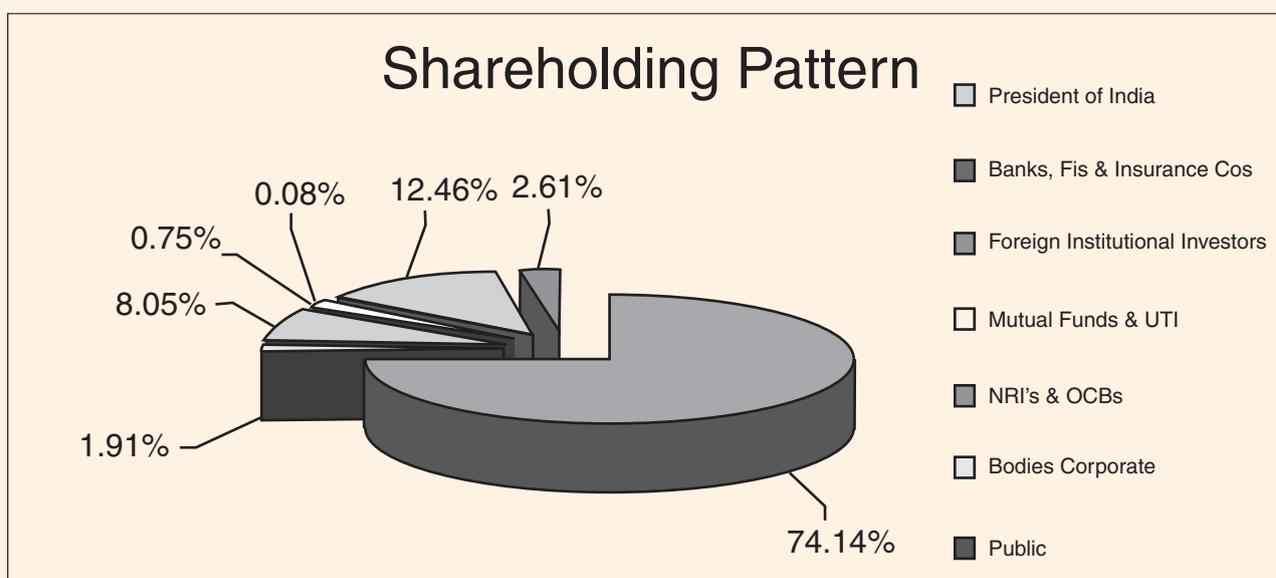
As on 31st March, 2005, 74 requests involving transfer of 8548 shares were under process. The requests were less than 15 days old and have since been processed.

18.2 DEMATERIALIZATION OF SHARES

The shares of the Company are in compulsory dematerialized segment and are available for trading in depository system of both National Securities Depository Limited and Central Depository Services (India) Limited. As on 31st March, 2005, 36,57,32,582 Equity shares, forming 99.17% of divested shareholding in the hands of the public, stood dematerialized. Small shareholders can approach separate window at stock exchanges to sell up to 500 shares in physical form.

18.3 SHAREHOLDING PATTERN (As on 31st March, 2005)

Category	No. of Shares held	Percentage of Shareholding
President of India	1,05,71,60,451	74.14
Banks, Financial Institutions and Insurance Companies	2,72,69,635	1.91
Foreign Institutional Investors	11,48,29,658	8.05
Mutual Funds & UTI	1,07,82,788	0.75
NRI's & OCBs	10,92,595	0.08
Bodies Corporate:		
-Government	17,13,34,226	12.02
-Others	62,87,412	0.44
Public	3,71,77,227	2.61
Total	142,59,33,992	100.00



18.4 OUTSTANDING GDRs /ADRs/ WARRANTS OR CONVERTIBLE BONDS

No GDR/ADR/Warrant or Convertible Bond has been issued by the Company.

19. UNCLAIMED DIVIDEND

As per provision of the Section 205A read with Section 205C of the Companies Act, 1956 the Company is required to transfer unpaid dividends remaining unclaimed and unpaid for a period of 7 years from the due date(s) to the Investor Education and Protection Fund (IEPF) set up by the Central Government.

Unclaimed dividend for the year 1997-98 is due for transfer to Investor Education and Protection Fund (IEPF) established by Govt. of India on or before 18.11.2005. All Shareholders, whose dividend is unpaid, have already been requested to lodge their claim with M/s Karvy, the RTA by submitting an application before 30th September, 2005. Kindly note that no claims will lie against the Company or the IEPF once the dividend amount is deposited in IEPF.

Members who have not encashed their dividend warrants within their validity period may write to the Company at its Registered Office or M/s Karvy Computershare Private Limited, Registrar & Share Transfer Agents of the Company, for revalidating the warrants or for obtaining duplicate warrants/or payment in lieu of such warrants in form of demand draft.

Given below are the proposed dates for transfer of the unclaimed dividend to IEPF by the Company:

Financial Year	Date of Declaration	Proposed Date for Transfer to IEPF*
1997 - 98	30.09.1998	18.11.2005
1998 - 99	21.09.1999	09.11.2006
1999 - 00 - Interim - Final	10.05.2000 27.09.2000	28.06.2007 15.11.2007
2000 - 01	27.09.2001	15.11.2008
2001 - 02	20.09.2002	19.10.2009
2002 - 03 - Interim - Final	31.01.2003 29.09.2003	30.02.2010 28.10.2010
2003 - 04 - Interim - Final	04.02.2004 29.09.2004	03.02.2011 28.10.2011
2004 - 05 - Interim - Final	24.12.2004 21.09.2005	23.01.2012 20.10.2012

*Indicative dates, actual dates may vary.

During the year under report, an amount of Rs.12, 14,297/- pertaining to unpaid dividend for the financial year 1996-97 has been transferred to IEPF of the Central Government.

19.1 DIRECT DEPOSIT OF DIVIDEND (ELECTRONIC CLEARING SERVICE)

Members desirous of receiving dividend by direct electronic deposit to their Bank Accounts may intimate their ECS mandate by writing to the RTA/DP and /or the Company providing their Bank account details along with nine digit code number mentioned on the cheque book.

Those shareholders who have not opted for ECS payment are advised to provide (if not already provided) their Bank account details, such as Bank name, Branch, Account Number, Type of Account, quoting Folio numbers to M/s Karvy Computershare Private Ltd., RTA to enable them to incorporate the same on the dividend warrants, to avoid any fraudulent encashment.

19.2 BANK DETAILS FOR DEMATERIALIZED SHARES

While opening Accounts with Depository Participants (DPs), shareholders are required to give details of their Bank account, which are being used by the Company for payment of dividend through ECS directly to their bank accounts to ensure safety and expeditious credit to their account. Members who wish to receive dividend in an Account other than the one specified while opening the Depository Account may notify their DPs about any change in their Bank Account details. Members are requested to furnish complete details of their bank accounts including nine digit MICR code of their Bank branch to their DPs.

20. LEGAL PROCEEDINGS

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

21. PLANT / ASSETS /BASINS/ REGIONS/INSTITUTES/ MAJOR PROJECTS

A. ASSETS:

1. Mumbai High Asset, Mumbai
2. Neelam & Heera Asset, Mumbai
3. Bassein & Satellite Asset, Mumbai
4. Ahmedabad Asset, Ahmedabad
5. Ankleshwar Asset, Mehsana
6. Mehsana Asset, Mehsana
7. Rajamundry Asset, Rajamundry
8. Cauvery Asset, Karaikal
9. Assam Asset, Nazira
10. Tripura Asset, Agartala

B. BASINS:

1. Western Offshore Basin, Mumbai
2. Western Onshore Basin, Baroda
3. K.G. Basin, Rajamundry
4. Cauvery Basin, Chennai
5. Assam & Assam-Arakan Basin, Jorhat
6. CBM- BPM Basin, Kolkata
7. Frontier Basin, Dehradun

C. PLANTS:

1. Uran Plant, Uran
2. Hazira Plant, Hazira

D. REGIONS:

1. Mumbai Region, Mumbai
2. Western Region, Baroda
3. Eastern Region, Nazira
4. Southern Region, Chennai
5. Central Region, Kolkata

E. INSTITUTES:

1. Keshava Deva Malaviya Institute of Petroleum Exploration (KDMIPE), Dehradun
2. Institute of Drilling Technology (IDT), Dehradun
3. Institute of Reservoir Studies, Ahmedabad
4. Institute of Oil & Gas Production Technology, Navi Mumbai
5. Institute of Engineering & Ocean Technology, Navi Mumbai
6. Geo- data Processing & Interpretation Center (GEOPIC), Dehradun
7. ONGC Academy, Dehradun
8. Institute of Petroleum Safety, Health & Environment Management, Goa.
9. Institute of Biotechnology & Geotectonics Studies, Jorhat
10. School of Maintenance Practices, Baroda
11. Regional Training Institutes, Navi Mumbai, Chennai, Sivasagar & Baroda

F. SERVICES:

1. Chief Drilling Services, Mumbai
2. Chief Well Services, New Delhi
3. Chief Geo- Physical Services, Dehradun
4. Chief Logging Services, Mumbai
5. Chief Engineering Services, Mumbai
6. Chief Offshore Logistics, Mumbai
7. Chief Technical Services, Dehradun
8. Chief Info-com Services, New Delhi
9. Chief Corporate Planning, New Delhi
10. Chief Human Resource Development, Dehradun
11. Chief Employee Relations, Dehradun
12. Chief Security, New Delhi
13. Company Secretary, New Delhi
14. Chief Marketing, New Delhi
15. Head Corporate Affairs & Co-ordination, New Delhi
16. Head Corporate Communication, New Delhi
17. Chief Material Management, Dehradun
18. Chief Health, Safety & Environment, Mumbai
19. Head Legal, New Delhi
20. Chief Medical, Dehradun
21. Chief Internal audit, New Delhi
22. Head Commercial, New Delhi
23. Chief Exploration & Development, Dehradun

22. INVESTOR SERVICES

The Company serves its investors through its own Investors' Service Cell and Registrar & Transfer Agents, M/s. Karvy Computershare Pvt. Ltd. who have adequate computer hardware & software and VSAT connectivity with both the depositories, which facilitate better and faster service to the investors.

Other facilities, such as remittance of dividend through Electronic Clearing Services (ECS), Bank mandate, incorporation of Bank details on dividend warrants, direct deposit of dividends, simultaneous transfer-cum-dematerialization of shares, reminders for unclaimed dividends, nomination facility, issue of Public Notice for lost share certificate, issue of duplicate share certificate, etc. are also extended.

The following may be contacted for any Investors' Services:

Vice-President
Unit: ONGC
M/s Karvy Computershare Private Ltd.
"Karvy House", 46, Avenue 4,
Street No. 1, Banjara Hills,
Hyderabad - 500 034
Telephone: 040- 23312454/23320251/751
Fax: 040- 23311968
e-mail: mailmanager@karvy.com

Company Secretary
Oil and Natural Gas Corporation Ltd.
Jeevan Bharati Building,
Tower-II, 124,
Indira Chowk,
New Delhi-110001
Telephone: 011-23301299
Fax: 011-23311326
e-mail: secretarial@ongc.co.in



AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To
The Members
Oil and Natural Gas Corporation Ltd.,

We have examined the Compliance of conditions of Corporate Governance by **Oil and Natural Gas Corporation Limited**, ("the Company") for the year ended 31st March, 2005, as stipulated in Clause 49 of the Listing Agreement of the said Company with the stock exchanges.

The compliance of conditions of Corporate Governance is the responsibility of the management. Our examination has been limited to review of the procedures and implementation thereof, adopted by the Company, for ensuring the compliance with the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in Clause 49 of the above-mentioned Listing Agreement.

As required by the Guidance Note issued by the Institute of Chartered Accountants of India, we state that except for grievances relating to offer for sale of up to 10% equity shares by Government of India and few other investor grievances constrained by incomplete documentation and/or legal impediments, all complaints were settled within a period of one month as per the records maintained by the Shareholders'/Investors' Grievance Committee.

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

for K.K. Soni & Co.
Chartered Accountants

(S.S. Soni)
Partner

for S.Bhandari & Co.
Chartered Accountants

(P.D. Baid)
Partner

for RSM & Co.
Chartered Accountants

(Vijay N. Bhatt)
Partner

for Brahmaya & Co.
Chartered Accountants

(V. Seetaramaiah)
Partner

for Lodha & Co.
Chartered Accountants

(H.K. Verma)
Partner

New Delhi
August 17, 2005

SECRETARIAL COMPLIANCE REPORT

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

We have examined the registers, records, books and papers of **Oil and Natural Gas Corporation Ltd.** (the Company) as required to be maintained under the Companies Act, 1956 (the Act) and the rules made thereunder and also the provisions contained in the Memorandum and Articles of Association of the Company for the financial year ended on 31st March, 2005 (financial year). In our opinion and to the best of our information and according to the examinations carried out by us and explanations furnished to us by the Company, its officers and agents, we certify that in respect of the aforesaid financial year:

1. The Company has kept and maintained all registers, records, books and papers as per provisions of the Act and rules made thereunder and all entries therein have been duly recorded.
2. The Company has duly filed the requisite forms and returns with the Registrar of Companies, NCT of Delhi and Haryana as laid down under the Act and the rules made thereunder, within the time prescribed under the Act and the rules made thereunder.
3. The Company is a 'Government Company' as defined in Section 617 of the Act and being a 'listed public company' has its equity shares listed with the Stock Exchange, Delhi (upto 28.2.2005), Mumbai and the National Stock Exchange of India Ltd.

The Company after complying with the requirements of SEBI (Delisting of Securities) Guidelines, 2003 has got its securities delisted from the Delhi Stock Exchange with effect from 1st March, 2005.

4. The Board of Directors of the Company duly met 14 times, during the financial year, in respect of which meetings proper notices were given and the proceedings were properly recorded and signed in the minutes book maintained for the purpose.

The Audit and Ethics Committee constituted as per requirement of Section 292A of the Act and listing agreement duly met 10 times during the financial year. Proceedings of the meetings have been properly recorded and signed in the minutes book maintained for the purpose.

The meetings of other committees of the Board were duly and properly convened and minutes of such meetings have been properly recorded and signed in the minutes book maintained for the purpose.

5. The Company closed its Register of Members from 6.9.2004 to 20.9.2004 (both days inclusive) and necessary compliance of Section 154 of the Act has been made.
6. The Annual General Meeting for the financial year ended on 31st March, 2004 was held on 29th September, 2004 after giving due notice to the members of the Company and the resolutions passed thereat were duly recorded in minutes book maintained for the purpose. No Extra-ordinary General Meeting was held during the financial year.

7. The Company is keeping its books of account at Dehradun and for this purpose Board of Directors of the Company had passed a resolution on 24.3.1994, a copy of which was filed with the Registrar of Companies, NCT of Delhi and Haryana as required under proviso to sub-section (1) of Section 209 of the Act.
8. The Company being a 'Government Company' is exempt from the provisions of Section 295 of the Act. However, an amount of Rs. 0.95 million on account of house building and car advances was outstanding from the whole-time directors at the end of financial year.
9. The Company has not entered into any contracts falling within the purview of Section 297 of the Act.
10. The Company has kept the register required to be maintained under Section 301 of the Act and necessary particulars have been entered therein.
11. As there were no instances falling within the purview of Section 314 of the Act, the Company has not obtained any approvals from the Board of Directors, members or the Central Government.
12. The Company has appointed M/s. Karvy Computershare Pvt. Ltd., as its Registrar and Transfer Agents and is keeping the Register of Members at the office of Registrar and Share Transfer Agents in accordance with the special resolution passed at the Annual General Meeting held on 29.9.2004.
13. The Board has constituted a Share Transfer Committee. This committee held 18 meetings during the period under report. The above committee has approved the transfer and transmission, sub division/consolidation/rematerialisation of shares and the issue of duplicate share certificates of the Company. The proceedings of the above committee have been properly recorded, signed in the minutes book maintained for the purpose.
14. The Company has:
 - (i) Delivered all the certificates on lodgment thereof for transfer/transmission/sub-division/consolidation of shares within the stipulated time during the financial year;
 - (ii) The Company has deposited the amount of dividend declared at the Annual General Meeting held on 29.9.2004, in a separate bank account, on 4.10.2004 with Citibank within 5 days from the date of declaration of such dividend in accordance with the provisions of Section 205 of the Act;
 - (iii) Paid/posted warrants for dividend declared on 29th September, 2004 to the members within a period of 30 days from the date of declaration and that all unclaimed/unpaid dividend has been transferred to Unpaid Dividend Account of the Company with Citibank on 1.11.2004 within the prescribed time limit.
 - (iv) The Board of Directors of the Company declared interim dividend on 24.12.2004 which was deposited in a separate bank account within the stipulated period of 5 days i.e. on 29.12.2004 with Deutsche Bank.
 - (v) Paid/posted warrants for interim dividend declared on 24.12.2004 within a period of 30 days from the date of declaration and that all unclaimed/unpaid interim dividend has been transferred to Unpaid Interim Dividend Account of the Company with Deutsche Bank on 24.1.2005 within the prescribed time limit.
 - (vi) Duly complied with the requirements of Section 217 of the Act.
15. The Company under Section 212(8) of the Act had made application to the Central Government seeking exemption from provisions of Section 212 of the Act in relation to all its subsidiaries. The approval/directions of the Government on the Company's application have been received vide Ministry of Company Affairs letter No.47/208/2005-CL-III dated 17.6.2005.

16. The Board of Directors of the Company is duly constituted and the appointments of directors, additional directors and directors to fill casual vacancies have been duly made.
17. The appointments of Chairman & Managing Director, Functional Directors on whole time basis and other Directors of the Company have been made in accordance with the Articles of Association of the Company read with the relevant provisions of the Act.
18. The directors disclosed their interest in other firms/companies to the Board of Directors pursuant to the provisions of the Act and the rules made thereunder and their disclosures have been noted and recorded by the Board.
19. The Company has not issued any shares or other securities during the financial year.
20. The Company, wherever necessary, has kept in abeyance rights to dividend declared at the Annual General Meeting held on 29.9.2004 and interim dividend declared on 24.12.2004, pending registration of transfer of shares in compliance with provisions of the Act.
21. The Company has not invited/accepted any deposits falling within the purview of Section 58A of the Act during the financial year.
22. The Company has not made any secured borrowings during the financial year ended on 31st March, 2005.
23. The Company has made inter-corporate loans and investments in other bodies corporate and provided guarantees within the limits stipulated in Section 372A of the Act. Particulars of loans and investments made and guarantee or security provided have been entered in the register maintained under the aforesaid Section. The said register is kept at the Registered Office of the Company.
24. The Company has not bought back any shares during the financial year.
25. The Company has not altered any provisions of its Memorandum of Association during the financial year.
26. The company has altered its Articles of Association after obtaining approval of shareholders in the Annual General Meeting held on 29.9.2004 and the amendments to the Articles of Association have been duly filed with the Registrar of Companies, NCT of Delhi and Haryana, New Delhi.
27. There was no prosecution initiated against or show cause notice received by the Company and no fines or penalties or any other punishment was imposed on the Company during the financial year for offences under the Act.
28. The Company has not received any money as security from any of its employees during the financial year as envisaged under Section 417 of the Act.
29. The Company has created a trust, namely, the ONGC Employees Contributory Provident Fund Trust for its employees. The Company has deposited both employees' and employer's contribution with the above Trust within the prescribed time pursuant to Section 418 of the Act.

For A.N. Kukreja & Co.
Company Secretaries.,

New Delhi
July 26, 2005

(A.N. Kukreja)
Proprietor
CP No. 2318

DETAILS OF THE SUBSIDIARY COMPANIES

(Rs. in million)

Name of the Subsidiary Company	ONGC Videsh Ltd.	ONGC Nile Ganga B.V.	Mangalore Refinery and Petrochemicals Ltd.
1. Capital	3000.00	3.60 \$0.082	17618.00
2. Reserves	4603.73	24076.92 \$ 541.866	4018.33
3. Total Assets	134310.03	27876.88 \$636.313	82762.44
4. Total liabilities	134310.03	27876.88 \$636.313	82762.44
5. Details of investment.	0.00	0.00 \$0.00	0.00
6. Turnover	10815.16	47696.41 \$1061.335	185083.35
7. Profit before tax	7106.23	13012.27 \$287.170	14608.74
8. Provision for Taxation	3076.43	3721.24 \$82.805	5811.16
9. Profit after tax	4029.80	9291.03 \$204.365	8797.58
10. Proposed dividend	1050.00	5707.00 \$130.000	1752.62

Exchange Rate

As on 31.03.2005 1 US\$ = Rs. 43.81

Average Rate for 2004-05 1 US\$ = Rs. 44.94

Note: The Balance Sheets, Profit and Loss Account, Reports of Directors and Auditors of the Subsidiaries are not attached in view of exemption received from the Government of India, Ministry of Company Affairs, vide their letter No. 47/208/2005-CL-III, dated 17th June, 2005. The accounts of the subsidiary companies and their detailed information will be made available to the investors seeking such information at any point of time. The same are also available for inspection by the members at the Registered Office of the Company as well as at the Registered Office of the Subsidiaries..