

CORPORATE GOVERNANCE REPORT

The Company believes in adopting the best practices in the areas of Corporate Governance. Corporate Governance is viewed as a value to be imbibed and an ideology to be ingrained into the corporate culture. Company's philosophy on corporate governance is led by strong emphasis on human values, individual dignity and adherence to honest, ethical and professional conduct.

The management and employees of the Company are committed to uphold the core values of transparency, integrity, honesty and accountability.

Our Corporate Governance philosophy is based on the following principles;

- Achieving high level of Transparency, openness and accountability and fairness in all areas of operation.
- Promoting ethical conduct throughout the organisation with primary objective of enhancing shareholders value.
- A sound system of internal control to mitigate the risks.
- Compliance of law, rules & regulations in true letter and spirit.
- Independent verification of the Company's financial reporting;
- Strategic supervision by the Board of Directors of appropriate composition, size, varied experience and commitment to discharge their responsibilities;
- Timely and balanced disclosure of all material information to all the stakeholders;
- Protection of the interest of all the stakeholders including employees, customers, vendors, shareholders and investors.

1.1 Corporate Governance Recognitions

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

- (i) 'SCOPE Meritorious Award for Corporate Governance 2006-07' received on 21st November 2008
- (ii) 'ICSI National Award for Excellence in Corporate Governance-2003' - by the Institute of Company Secretaries of India;

- (iii) 'Golden Peacock Award for Excellence in Corporate Governance' by the Institute of Directors in the years 2002, 2005 and 2006;
- (iv) 'Golden Peacock Global Award' for Corporate Governance in Emerging Economies by World Council for Corporate Governance, U.K. in the years 2005, 2007 and 2008;
- (v) 'Golden Peacock Award for Excellence in Corporate Social Responsibility in Emerging Economies– 2006' 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 (CMD) and six Whole-Time Directors viz. Director (Human Resource), Director (Onshore), Director (Exploration), Director (Technology & Field Services), Director (Finance) and Director (Offshore) manage the business of the Company under the overall supervision, control and guidance of the Board.

2.2 COMPOSITION

The Board of Directors has an adequate combination of Executive (Functional) and Non-executive Directors. As on 31st March, 2009, the Board had 17 members, comprising of 7 Functional Directors (including the Chairman & Managing Director) and 10 Non-executive Directors (comprising 2 part-time official nominee Directors and 8 part-time non-official Directors)- nominated by Government of India. To share the experience and business strategies, Managing Director, ONGC Videsh Limited is an invitee to the meetings of the Board.

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. Company's guidelines relating to Board Meetings are applicable to Committee Meetings as far as may be practicable.

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

- (i) The meetings are convened by giving appropriate advance notice after obtaining approval of the Chairman of the Board/ Committee. To address specific urgent need, meetings are also being called at a shorter notice. In case of exigencies or urgency resolutions are passed by circulation.
- (ii) Detailed agenda, management reports and other explanatory statements are circulated in advance in the defined agenda format amongst the members for facilitating meaningful, informed and focused decisions at the meetings. Where it is not practicable to circulate any document or the agenda is of confidential nature, the same is tabled with the approval of CMD. Sensitive subject matters are discussed at the meeting without written material being circulated. In special and exceptional circumstances, additional or supplemental item(s) on the agenda are permitted.
- (iii) The agenda papers are prepared by the concerned officials, sponsored by the concerned functional Directors and approved by the CMD. Duly approved agenda papers are circulated amongst the members of the Board/ Committee by the Company Secretary or by the convener of the Committee.
- (iv) The meetings of the Board/ Committees are generally held at the Company's Registered Office in New Delhi.
- (v) The Board/ Committee is given presentations covering Finance, Production, Operations, major Business Segments, Human Resources, Marketing, Joint Venture operations.
- (vi) The members of the Board/ Committee have complete access to all information of the Company and are also free to recommend inclusion of any matter in agenda for discussion. Senior officials are called to provide additional inputs to the items being discussed by the Board/Committee, as and when necessary.
- (vii) 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.

(C) Recording minutes of proceedings at the Board Meeting

Minutes of the proceedings of each Board/Committee meeting are recorded. Draft minutes are circulated amongst all members of the Board/ Committee for their critical appreciation and comments. The comments are incorporated in the minutes, which are finally approved by the Chairman of the Board/ Committee. These minutes are confirmed in the next Board/ Committee Meeting. Minutes of the meetings of the Committees are also noted by the Board in its next meeting. The finalized minutes are entered in the Minutes Book.

(D) Follow-up mechanism

The guidelines for the Board/ Committee meetings provide for an effective post-meeting follow-up, review and reporting process for the action taken on decisions/instructions/directions of the Board and Committee. As per the Board's decision, the Company Secretary intimates the Action Points arising from deliberation during the meeting to the Functional Directors who in turn provide updates to be apprised to the Board on the areas of their responsibilities in the next meeting. Functional Directors submit follow-up Action Taken Report (ATR) once in a quarter.

(E) Compliance

Functional Directors are responsible to ensure adherence to all the applicable provisions of law, rules, guidelines etc. A Quarterly Compliance Report (collected from all work centers) confirming adherence to all the applicable laws, rules, guidelines and internal instructions/ manuals, including on Corporate Governance, is reviewed by the Audit & Ethics Committee and the Board.

(F) Training and evaluation of non-executive Board members

The non-executive Board members are eminent personalities having wide experience in the field of business; education, industry, commerce and administration. Their presence on the Board has been advantageous and fruitful in taking business decisions. Detailed presentation on the business module, performance, plans etc of ONGC are made to the non-executive Board members, on their induction on the board of ONGC. They are nominated by the Company for suitable programmes/seminars from time to time. However, at the Board/ Committee/ other meetings, detailed presentations are made by senior executives/ professionals/ consultants on business related issues, risk assessment, impact of regulatory changes on strategy etc. The Company has not adopted any mechanism for evaluating individual performance of non-executive Board members.

2.4 BOARD MEETINGS

During the year 2008-09, thirteen Board meetings were held on April 5, May 3, June 3 & 25, July 28, August 25, September 26, October 30, December 1 & 19, 2008 and January 28, February 25 and March 5, 2009.

The minimum and maximum interval between any two Board meetings was 7 days and 39 days respectively.

Attendance:

Names & Designation	No. of Board Meetings held during the year	Board Meetings attended	whether attended last AGM (19.09.08)	As on 31.03.2009			
				No. of other Directorships #		No. of Committee memberships*	
				Listed	Others	Chairman	Member
a) Executive Directors							
Shri R. S. Sharma Chairman & Managing Director	13	13	Yes	1	5	Nil	1
Dr. A.K. Balyan Director (Human Resources)	13	13	Yes	2	7	Nil	1
Shri A.K. Hazarika Director (Onshore)	13	12	Yes	Nil	3	Nil	Nil
Shri N.K. Mitra Director (Offshore) (upto 31.01.2009)	11	9	Yes	2	3	Nil	2
Shri D.K. Pande Director (Exploration)	13	12	Yes	Nil	1	Nil	Nil
Shri U.N. Bose Director (T&FS)	13	12	Yes	1	1	1	Nil
Shri D.K. Sarraf Director (Finance)	13	13	Yes	Nil	3	Nil	2
Shri Sudhir Vasudeva Director (Offshore) (w.e.f. 01.02.2009)	2	2	N.A	1	2	Nil	1
b) Non-Executive Directors							
(i) Part-time official Directors- Govt. nominees.							
Shri S. Sundareshan Addl. Secretary, MoP&NG	13	11	No	2	1	Nil	Nil
Smt. Sindhushree Khullar Addl. Secretary, MoF (upto 16.12.2008)	9	4	No	Nil	Nil	Nil	Nil
Smt. L.M. Vas Addl. Secretary, MoF (w.e.f 16.12.2008)	4	1	NA	Nil	Nil	Nil	Nil
(ii) Part-time independent Directors							
Dr. R.K.Pachauri	13	3	No	1	Nil	Nil	1
Shri V.P.Singh	13	13	No	2	Nil	Nil	3
Shri P.K.Choudhury	13	10	Yes	2	6	5	2
Dr. Bakul H Dholakia	13	10	No	3	2	3	5
Smt. Chanda Kochhar (w.e.f 11.11.2008)	5	1	NA	1	4	Nil	2
Shri S.S. Rajsekar (w.e.f. 11.11.2008)	5	5	NA	1	1	NIL	2
Shri S. Balachandran (w.e.f. 11.11.2008)	5	5	NA	1	2	1	3
Shri Santosh Nautiyal (w.e.f. 11.11.2008)	5	5	NA	Nil	Nil	Nil	1

Does not include Directorships of Foreign Companies, Section 25 Companies and private limited companies.

* Chairmanship/ Membership of the Audit Committee and Shareholders'/ Investors' Grievance Committee of public limited companies (including ONGC).

Notes: (i) The Company being a PSU, all Directors are appointed/ nominated by the President of India;
(ii) Directors are not per se related to each other;
(iii) Directors do not have any pecuniary relationships or transactions with the Company;
(iv) The Directorships/Committee Memberships are based on the latest disclosure received;
(v) None of the Director is a Member of more than 10 Committees or Chairman of more than 5 Committees, across all the companies in which he is a Director.

3. STRATEGY MEET

The Company has a practice of periodic retreats where all members of the Board and senior officials of the Ministry of Petroleum & Natural Gas discuss issues of Corporate Strategy and Policy. The 7th Strategy Meet was held on 27-28 September, 2008 at Narendranagar.

4. CONCLAVE

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 the erstwhile Oil & Natural Gas Commission and Board is organized every year. The 8th Conclave was held on 22-23 November, 2008 at Thiruvananthapuram, Kerala.

5. VICHAR VISHLESHAN

The Key Executives in-charge of Assets, Basins, Services and Institutes meet periodically with CMD and the functional Directors to review performance and to formulate future plans. During the year under review, 8th 'Key Executive Meet' (Vichar Vishleshan) was held at Dehradun on 13-14 December, 2008

6. RESUME OF DIRECTORS PROPOSED TO BE RE-APPOINTED

The brief resume of Directors retiring by rotation and Additional Director seeking appointment including nature of their experience in specific functional areas, names of companies in which they hold directorship and membership/ chairmanship of Board/ Committee is appended to the notice for calling 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, guidelines set out in Clause 49 of the Listing Agreement and the Guidelines dated 22nd June, 2007 on Corporate

Governance for Central Public Sector Enterprises issued by the Department of Public Enterprises.

Composition

The Committee is headed under the stewardship of Shri P.K.Choudhury, an Independent non-executive Director w.e.f. 11.09.06. Shri P.K. Choudhury is a Chartered Accountant, Post graduate diploma in Advance Finance Management with distinction from Maastricht School of Management, Netherlands, CAIB, CAIB (London) and Post graduate in Commerce from Calcutta University. Shri Choudhury has multifarious and enriched experience of more than 35 years in Finance and Banking. All members of the Committee have requisite financial and management experience and have held or hold senior positions in other reputed organizations.

Director (Finance), Chief-Corporate Finance and Head-Corporate Internal Audit are the permanent invitees. Representatives of Statutory Auditors and Cost Auditors are invited to attend and participate in the meetings. Functional Directors, Executives of Finance and other departments are invited on need basis.

The Chairman of the Audit & Ethics Committee was present at the last AGM of the Company.

Company Secretary acts as the Secretary to the Committee.

The role of the Audit & Ethics Committee includes the following:

- (i) Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.
- (ii) Recommending to the Board, the appointment, re-appointment and, if required, the replacement or removal of the statutory auditor and the fixation of audit fees.
- (iii) Approval of payment to statutory auditors for any other services rendered by the statutory auditors.
- (iv) Reviewing, with the management, the annual financial statements before submission to the Board for approval, with particular reference to:
 - Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (2AA) of section 217 of the Companies Act, 1956
 - Changes, if any, in accounting policies and practices and reasons for the same
 - Major accounting entries involving estimates based on the exercise of judgment by management

- Significant adjustments made in the financial statements arising out of audit findings
 - Compliance with listing and other legal requirements relating to financial statements
 - Disclosure of any related party transactions
 - Qualifications in the draft audit report.
- (v) Reviewing, with the management, the quarterly financial statements before submission to the Board for approval
- (vi) Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document/prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter.
- (vii) Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems.
- (viii) Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit.
- (ix) Discussion with internal auditors any significant findings and follow up there on.
- (x) Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board.
- (xi) Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern.
- (xii) To look into the reasons for substantial defaults in the payment to the depositors, shareholders (in case of non payment of declared dividends) and creditors.
- (xiii) To review the functioning of the Whistle Blower mechanism, in case the same is existing.
- (xiv) The Audit Committee has discussions with the auditors periodically about internal control systems, the scope of audit including the observations of the auditors and review the half-yearly and annual financial statements before submission to the Board and also ensure compliance of internal control systems.
- (xv) To review the Audit paras referred to A&EC by the Internal Audit / Board and / or Govt. of India and to provide its suggestions / guidance / comments on the issues referred to it.

(xvi) Carrying out any other function as is mentioned in the terms of reference of the Audit Committee.

(xvii) The Audit Committee reviews the financial statements, in particular, the investments made by the unlisted subsidiary company

During the year 2008-09, eleven meetings of Audit & Ethics Committee were held on April 05, May 2, June 25, July 08 & 28, August 25, October 30, December 19, 2008 and January 28, February 16 and March 5, 2009.

Attendance:

Members	No. Meetings held during the tenure	of Meetings Attended
Shri P.K.Choudhury, Chairman	11	9
Dr. Bakul H.Dholakia	11	9
Dr. R.K. Pachauri	11	-
Shri V.P.Singh	11	11
Smt. Sindhushree Khullar (upto 16.12.2008)	7	-
Shri S. Balachandran (w.e.f. 05/01/2009)	3	3
Shri Santosh Nautiyal (w.e.f. 05/01/2009)	3	3
Permanent Invitees:		
Shri B.L.Ghasolia, ED-Chief Corporate Finance (upto 31 st August,2008)	6	6
Shri S. Dhandapani, GGM-Chief- CA	5	4
Shri D.P.Mukherjee-Head Corporate Internal Audit (upto Feb,2009)	10	8
Shri Pradeep Prasad-Chief Internal Audit (from March,2009)	1	1
Shri D.K. Sarraf, Director (Finance)	11	11

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 administrative ministry, the Ministry of Petroleum & Natural Gas. Non-executive part-time official Directors do not draw any remuneration. The part-time non-official Directors received sitting fees of Rs. 20,000/- for each Board/ Committee meeting attended by them.

The Remuneration Committee of ONGC is headed by Shri S.Sundareshan, Addl. Secretary, MoP&NG and Dr. Bakul H. Dholakia, Shri S.S. Rajsekar and Shri Santosh Nautiyal, part-time independent Directors, Shri D.K.Sarraf, Director (Finance) and Dr. A.K. Balyan, Director (Human Resource) are the members of the Committee.

One meeting of the above Committee was held on 15th October, 2008. All members were present except Dr. Bakul H. Dholakia.

7.2.1 DIRECTORS' REMUNERATION

Remuneration of Directors for the year ended 31st March, 2009 was as follows:

(a) Executive Directors

(Rupees in Lakh)

Sl. No.	Names	Salary including DA	Other benefits & perks	Performance Incentives	Contribution to PF & other Funds	Provision for Leave, Gratuity & PRBS as per AS- 15	Grand Total	Term up to
1.	Shri R.S. Sharma	9.1	3.2	2.5	1.1	4.3	20.2	31.01.2011
2.	Dr. A. K. Balyan	13.1	2.5	2.5	1.2	4.7	24.0	31.07.2011
3.	Shri N.K. Mitra (upto31.01.2009)	9.6	18.4	2.5	0.9	0.2	31.6	31.01.2009
4.	Shri A.K. Hazarika	11.7	3.6	2.5	1.2	4.5	23.5	08.09.2009
5.	Shri D.K.Pande	9.7	3.2	2.5	1.1	4.1	20.6	22.09.2010
6.	Shri U.N.Bose	11.9	2.4	2.5	1.1	4.4	22.3	26.09.2010
7.	Shri D.K Sarraf	11.6	1.8	2.4	1.1	3.0	19.9	26.12.2012
8.	Shri Sudhir Vasudeva (w.e.f. 01.02.2009)	1.6	0.1	0.00	0.2	3.1	5.0	31.01.2014

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

(b) Non-Executive Directors (Part-time non-official)

Non-Executive non-official Directors were paid sitting fee at the rate of Rs.20,000/- for attending each meeting of the Board/ Committees thereof. Details of sitting fees paid during the year under review are as follows:

(Rupees in Lakh)

Names	Sitting fees
Shri V.P.Singh	10.40
Shri P. K .Choudhury	7.80
Dr. R.K.Pachauri	1.20
Dr. Bakul H. Dholakia	7.00
Smt. Chanda Kochhar	Nil
Shri S.S. Rajsekar	1.80
Shri S. Balachandran	3.20
Shri Santosh Nautiyal	2.80
Total	34.20*

* This excludes cheques amounting to Rs. 1 Lakh, issued pending cancellation.

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

Except as stated hereunder, none of the Directors, hold any Equity Shares in the Company as per the declarations made by them to the Company:

Name of Directors	No. of Shares held
Shri R.S.Sharma	1,075
Dr.A.K.Balyan	600
Shri A.K. Hazarika	1,160
Shri D.K. Pande	1,350
Shri U.N.Bose	298
Shri D.K.Sarra	798
Shri Sudhir Vasudeva	1,363
Shri V.P.Singh	100

7.3 SHAREHOLDERS'/ INVESTORS' GRIEVANCE COMMITTEE

The Shareholders'/ Investors' Grievances Committee specifically looks into redressing of Shareholders' and Investors' complaints/ grievances pertaining to transfer/transmission of shares, non-receipt of annual reports, dividend payments, issue of duplicate certificates and other miscellaneous complaints. The Committee oversees and reviews performance of the Registrar and Transfer Agent and recommends measures for overall improvement in the quality of investor services. The Committee also monitors implementation and compliance of Company's Code of Conduct for Prevention of Insider Trading in ONGC's securities.

The Committee is headed by Shri P.K.Choudhury, an independent non-official Director. The Company Secretary acts as Secretary to the Committee.

During the year 2008-09, three meetings were held on May 02, August 25, and November 28, 2008. The attendance particulars are as under:

Members	Meetings held during the tenure	Meetings attended
Shri P.K. Choudhury	3	3
Dr. R.K.Pachauri	3	0
Dr. A. K. Balyan	3	3
Shri D. K.Sarra	3	3
Shri S.S. Rajsekar	0	0
Shri S. Balachandran	0	0

7.3.1 REDRESSAL OF INVESTORS' GRIEVANCE

The Company addresses all complaints, suggestions and grievances of the investors expeditiously and usually sends/ resolves the issues within 7 days except in case of dispute over facts or other legal constraints.

Except for the complaints pertaining to 'Offer for Sale' by Government of India, the Company received 28 shareholders' complaints from Stock Exchanges/ SEBI which inter-alia includes non-receipt of dividend/ annual report, issue of Bonus Shares, payment for fraction Bonus Shares etc. The complaints were duly attended to and the Company/ RTA have furnished necessary documents / information to the shareholders.

No request for share transfer is pending beyond 30 days except those that 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.

The total number of complaints/ queries/ correspondence received and replied/ attended to the satisfaction of the shareholders was 3082. There were no outstanding complaints as on 31st March, 2009, which have since been settled.

7.3.2 SETTLEMENT OF GRIEVANCES

Investors may register their complaints in the manner stated below:

Sl.No.	Nature of Complaint	Contact Office	Action to be taken
1.	Complaint regarding allocation of Shares, Refund order under Offer for Sale, 2004 by Govt. of India	Shri Aniruddha Mitra, Director MCS Limited, F-65, Okhla Industrial Area, Phase-I, Delhi- 110020. Phone Nos.011-41406149,51-52 Fax Nos. 011-41709881. e-mail: admin@mcsdel.com	Application giving details of Application No, No. of shares applied, No. of Shares allotted, DP ID, Client ID, Nature of complaint, Applicant Name(s) and complete postal address.
2.	Dividend from financial years 2001-2002 (final) to 2008-09 (interim) and all matters pertaining to Bonus Shares and shares held in Physical mode; For Physical Shares- Change of address, status, Bank account, mandate, ECS mandate etc.	M/s Karvy Computershare Private Ltd., Plot No.17-24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081. Phone Nos. 040- 23420815-819. Fax No: 040- 23420814. e-mail: mailmanager@karvy.com OR Karvy Computershare Private Ltd., 105-108 Arunachal Building, 1st floor, 19, Barakhambha Road, New Delhi-110001, Phone Nos. 011-41036370 (tele-fax) & 43528522 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 final Dividend 2001-02 before 30th September, 2009. After 30th September, 2009, the unpaid dividend amount for the year 2001-02 will be transferred by the Company to the Investor Education & Protection Fund (IEPF) set up by Govt. of India and no claim will lie neither against IEPF nor against the Company.
3.	For Dematted Shares- 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	Company Secretary Oil and Natural Gas Corporation Ltd.,124, Indira Chowk, New Delhi-110001 Phone: 011-23301299 & 23301257 e-mail: secretariat@ongc.co.in	On plain paper stating nature of complaint, folio/DPID/Client ID No., Name and address.

7.3.3 INVESTOR RELATIONS 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 analysis is available on the Company's corporate website **ongcindia.com**. This website 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. Existing and potential investors are able to interact with the Company through this link for their queries and seeking information.

A Core Team comprising of senior, experienced officials, headed by Director (Finance) have 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, the said team is also instrumental in maintaining 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 fulfil the expectations of the stakeholders.

7.4 HUMAN RESOURCE MANAGEMENT COMMITTEE

The terms of reference include consideration of all issues/ areas concerning Human Resource Planning & Management, HR policies & initiatives and Promotions for the post of Group General Manager (GGM) and Executive Director (ED).

During the year 2008-09, **five** meetings were held on April 05, June 03, October 15, 2008, January 19 and February 25, 2009. These meetings were attended by the members of the Committee, as under:

Members	Meetings held during the tenure	Meetings attended
Dr. Bakul H.Dholakia, Chairman	5	4
Shri P.K.Choudhury	5	3
Shri R.S. Sharma	5	5
Shri S. Sundareshan	5	3
Dr. A.K. Balyan	5	5
Shri A.K. Hazarika	5	5
Shri N.K. Mitra (upto 31.01.2009)	4	4
Shri D.K.Pande	5	4
Shri U.N.Bose	5	4
Shri D.K.Sarraf	5	5
Shri S.S. Rajsekar (w.e.f 11.11.2008)	2	2
Shri S. Balachandran (w.e.f. 11.11.2008)	2	2
Shri Sudhir Vasudeva (w.e.f. 01.02.2009)	1	1

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. It monitors IOR/ EOR Schemes.

Shri V.P. Singh, an independent Director is the Chairman of the Committee. Director (Offshore) is the Member-Convener of the Committee.

During the year 2008-09, **twelve** meetings were held on: April 4 and 24, May 2, June 24, July 28, August 22, October 24, November 28, 2008 and January 19, February 16 and March 5 and 13, 2009. These meetings were attended by the members of the Committee, as under:

Members	Meetings held during the tenure	Meetings attended
Shri V.P.Singh, Chairman	12	12
Shri R.S. Sharma	12	11
Shri P.K.Choudhury	12	7
Shri S. Sundareshan	12	9
Smt.Sindhushree Khullar (upto 16.12.2008)	8	0
Dr. A.K. Balyan*	12	9
Shri A.K.Hazarika*	12	12
Shri N.K. Mitra (upto 31.01.2009)	9	9
Shri D.K.Pande*	12	9
Shri U.N.Bose *	12	11
Shri D.K.Sarraf	12	12
Shri S. Balachandran (from 11.11.2008)	4	4
Shri Santosh Nautiyal (from 11.11.2008)	4	4
Shri Sudhir Vasudeva (from 01.02.2009)	3	3

*These Directors attended only those meetings concerning the Projects of their responsibilities.

7.6 HEALTH, SAFETY & ENVIRONMENT COMMITTEE

The terms of reference includes review of policy, processes and systems on Safety, Health, Environment and Ecology aspects. Dr R.K.Pachauri, an Independent Director is the Chairman of the Committee. Director (Onshore) acts as a Member-Convener.

The other members of the Committee are Shri S. Sundareshan, Shri V.P.Singh, Dr Bakul H.Dholakia, Shri S.S. Rajsekar, Shri Santosh Nautiyal, Shri R.S. Sharma, Dr. A.K. Balyan, Shri N.K.Mitra (upto 31.01.2009), Shri D.K.Pande, Shri U. N. Bose, Shri D.K.Sarraf and Shri Sudhir Vasudeva

During the year 2008-09, **three** meetings were held on: June 2, September 12, 2008 and February 12, 2009. These meetings were attended by the members of the Committee, as under:

Members	Meetings held during the tenure	Meetings attended
Dr R. K. Pachauri, Chairman	3	3
Shri S. Sundareshan	3	0
Shri V. P. Singh	3	3
Dr Bakul H. Dholakia	3	0
Shri S. S.Rajsekar (from 11.11.2008)	1	1
Shri Santosh Nautiyal (from 11.11.2008)	1	1
Dr. A.K. Balyan	3	3
Shri A.K.Hazarika	3	3
Shri N.K. Mitra (upto 31.01.2009)	2	1
Shri D.K.Pande	3	2
Shri U.N.Bose	3	0
Shri D.K.Sarra	3	2
Shri Sudhir Vasudeva (from 01.02.2009)	1	0

7.7 FINANACIAL MANAGEMENT COMMITTEE

Mandate of the Committee includes looking into the matters pertaining to Budget, Delegation of Powers (Empowerment) Commercial Issues, Forex and Treasury Management, Investments, Risk Management, Capital Structure, Issue of Securities, Short and Long Term Loans, periodical Performance Review of subsidiaries.

The Committee is headed by Dr Bakul H. Dholakia, an independent Director. Director (Finance) is the Member –Convener.

Shri V.P.Singh, P.K.Choudhury, Smt. Sindhushree Khullar (upto 16.12.08), S. Balachandran, Director (Finance) and concerned functional Directors are the members.

During the year 2008-09, **nine** meetings of the Committee were held on June 3 & 25, July 28, August 25, September 22, October 30, December 1, 2008, January 28 and February 16, 2009. These meetings were attended by the members of the Committee, as under:

Members	Meetings held during the tenure	Meetings attended
Dr Bakul H. Dholakia, Chairman	9	9
Shri V. P. Singh	9	9
Shri P.K.Choudhury	9	7
Smt Sindhushree Khullar (upto 16.12.2008)	7	0
Shri D. K. Sarraf	9	9
Shri S. Balachandran (from 11.11.2008)	2	2

7.8 COD FOR REDRESSAL OF GRIEVANCES OF THE PARTIES

COD for Redressal of grievances of the parties has been constituted to review the grievances of the parties for suitable Redressal.

Shri V.P. Singh, an independent Director is the Chairman of the Committee. Director (T&FS) is the Member-Convener of the Committee.

During the year 2008-09, **five** meetings of the committee were held on June 20, August 22, October 30, December 1, 2008 and January 19, 2009. These meetings were attended by the members of the Committee, as under:

Members	Meetings held during the tenure	Meetings attended
Shri V.P. Singh	5	5
Dr. R.K. Pachauri	5	0
Dr. Bakul H. Dholakia	5	3
Shri S.S. Rajsekar (from 11.11.2008)	1	1
Shri Santosh Nautiyal (from 11.11.2008)	1	1
Shri A.K. Hazarika	5	5
Shri U.N. Bose	5	5
Shri D.K. Sarraf	5	4
Shri N.K. Mitra (upto 31.01.2009)	5	4

7.9 OTHER FUNCTIONAL COMMITTEES

Apart from the above, the Board also from time to time, constitute Functional Committees with specific terms of reference as it may deem fit. Meetings of such Committees are held as and when the need for discussing the matter concerning the purpose arises. Time schedule for holding the meetings of such Committees are finalized in consultation with the Committee members.

8.0 CODE OF CONDUCT FOR MEMBERS OF THE BOARD AND SENIOR MANAGEMENT

The Company is committed to conducting business in accordance with the highest standards of business ethics and complying with applicable laws, rules and regulations. A code of conduct, evolved in line with the industry practices was adopted by the Board on the recommendations of Audit and Ethics Committee. A copy of the Code has been placed on the Company's website www.onqcindia.com.

All members of the Board and senior management i.e. 'Key Executives' have confirmed compliance with the Code of Conduct for the year under review. A declaration signed by Chairman & Managing Director is given below:

"I hereby confirm that the Company has obtained from the members of the Board and senior management (Key Executives), affirmation that they have complied with the Code of Conduct for Directors and senior management in respect of the financial year 2008-09."

8.1 ONGC CODE ON INSIDER TRADING

In pursuance of the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, 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, Key Executives, Designated Employees and other concerned persons) are prohibited to deal in the Company’s shares/derivatives of the Company during the closure of Trading Window and other specified period(s). To deal in securities, beyond specified limit, permission of Compliance Officer is required. All Directors/ Advisors/ Officers/ designated employees are also required to disclose related information periodically as defined in the Code.

8.2 CEO/ CFO CERTIFICATION

In terms of revised Clause 49 of the Listing Agreement, the certification by the CEO/ CFO on the financial statements and internal controls relating to financial reporting for the year 2008-09 was submitted to the Board on 24th June, 2009.

9.0 SUBSIDIARY MONITORING FRAMEWORK

All subsidiaries of the Company are Board managed with their Boards having the rights and obligations to manage such companies in the best interest of their stakeholders. As a majority shareholder, the Company nominates its representatives on the Boards of subsidiary companies and monitors the performance of such companies periodically.

In terms of Clause 49.III (ii) and (iii) of the Listing Agreement and DPE guidelines, performance of the listed and unlisted subsidiary companies is reviewed by the Audit and Ethics Committee and the Board as under:

- a) Financial Statements of the listed and unlisted subsidiary companies, are reviewed by the Audit and Ethics Committee;
- b) Minutes of the meetings of the Board of Directors are placed before the Company’s Board, periodically;
- c) A statement of all significant transactions and arrangements entered into by the Subsidiary Company are also reviewed by the Company.

The Company does not have any material unlisted subsidiary companies in terms of the clause 49 of the Listing Agreement.

List of the Company's subsidiary companies as on March 31, 2009 is given below:

SI.No.	Name of the subsidiary	Date of incorporation	Country in which incorporated
A. Direct Subsidiaries			
1	Mangalore Refinery and Petrochemicals Ltd. (Listed, material)	07.03.1988	India
2	ONGC Videsh Ltd. (Unlisted, non-material)	05.03.1965	India
B. Direct Subsidiaries of OVL			
1	ONGC Nile Ganga B.V.	12.03.2003	Netherlands
2	ONGC Narmada Limited	07.12.2005	Nigeria
3.	ONGC Amazon Alaknanda Limited	08.08.2006	Bermuda
4	Jarpeno Limited	12.08.2008	Cyprus
C. Indirect Subsidiaries of OVL through ONGC Nile Ganga B.V.			
1	ONGC Do Brasil Exploracao Petrolifera Ltda.	07.07.2006	Brazil
2.	ONGC Compos Ltda.	16.03.2007	Brazil
3.	ONGC Nile Ganga (Cyprus) Ltd.	26.11.2007	Cyprus
4.	ONGC Nile Ganga (San Cristobal) B.V.	29.02.2008	Netherlands
D. Indirect Subsidiaries of OVL through Jarpeno Limited			
1.	Imperial Energy Corporation plc	13.01.2009	UK
2.	Imperial Energy Limited	13.01.2009	UK
3.	Rus Imperial Corporation plc	13.01.2009	UK
4.	Imperial Energy Finance (Jersey) Limited	13.01.2009	Jersey
5.	Biancus Holdings Limited	13.01.2009	Cyprus
6.	Rus Imperial Limited	13.01.2009	UK
7.	Imperial Energy Tomsk Limited	13.01.2009	Cyprus
8.	Imperial Energy (Cyprus) Limited	13.01.2009	Cyprus
9.	Imperial Energy Nord Limited	13.01.2009	Cyprus
10.	Imperial Energy Gas Limited	13.01.2009	Cyprus
11.	Nefsilius Holdings Limited	13.01.2009	Cyprus
12.	RK Imperial Energy Kostanai Limited	13.01.2009	Cyprus
13.	Imperial Frac Services (Cyprus) Limited	13.01.2009	Cyprus
14.	Freshspring Investments Limited	13.01.2009	Cyprus
15.	Redcliffe Holdings Limited	13.01.2009	Cyprus
16.	San Agio Investments Limited	13.01.2009	Cyprus
17.	Imperial Energy Trading AG	13.01.2009	CHF
18.	Imperial Energy Kostanai Limited	13.01.2009	UK
19.	OOO Sibinterneft	13.01.2009	Russian Federation
20.	OOO Allianceneftegaz	13.01.2009	Russian Federation
21.	OOO Nord Imperial	13.01.2009	Russian

			Federation
22.	OOO Imperial Energy	13.01.2009	Russian Federation
23.	OOO Imperial Energy Tomsk Gas	13.01.2009	Russian Federation
24.	OOO Stratum	13.01.2009	Russian Federation
25.	OOO Imperial Trans Service	13.01.2009	Russian Federation
26	OOO Rus Imperial Group	13.01.2009	Russian Federation
27	TOO Sevkazgra	13.01.2009	Kazakhstan

10. COMPLIANCE OFFICER

The Company Secretary has been nominated as the Compliance Officer.

11. ANNUAL GENERAL MEETINGS

Location, date and time of the AGMs held during the preceding 3 years is as under:

Year	Location	Date	Time (IST)
2005-06	Air Force Auditorium, Subroto Park, New Delhi-110010	19.09.2006	10:30 a.m
2006-07	Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi-110049	19.09.2007	10.30 a.m
2007-08	Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi-110049	19.09.2008	10.00 a.m

There was no special resolution passed by the Company at the last AGM, nor any Resolution was passed by the Company's members through postal ballot. At the ensuing AGM also, there is no Resolution proposed to be passed through postal ballot.

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. 28 of Schedule 27 to the Accounts in the Annual Report. Being a State Enterprise, no disclosure has been made in respect of the transactions with State Enterprises, including subsidiary companies, in line with Accounting Standard-18 on Related Party Transactions.

12.2 COMPLIANCES

The Company has complied with applicable rules and the requirement of regulatory authorities on capital market and no penalties or strictures were imposed on the Company during last three years.

All returns/ reports were filed with in stipulated time with stock exchanges/ other authorities.

13. MEANS OF COMMUNICATION

- **Quarterly/ Annual Results:** The Company regularly intimates un-audited as well as audited financial results to the Stock Exchanges, immediately after these are taken on record/ approved. These financial results are normally published in the leading English and vernacular dailies having wide circulation across the country. The results are also displayed on the web site of the Company www.ongcindia.com. The results are not sent individually to the shareholders.
- **News Release, Presentation etc.:** The official news releases, detailed presentations made to media, institutional investors, financial analysts etc. are displayed on the Company's website www.ongcindia.com.
- **Website:** The Company's website www.ongcindia.com contains separate dedicated section 'Investor Relations' where the shareholders information is available. Full Annual Report, Shareholding Pattern and Corporate Governance Report etc. is also available on the web-site in a user-friendly manner.
- **Annual Report:** Annual Report containing inter-alia, Audited Accounts, Consolidated Financial Statements, Directors' Report, Management Discussion and Analysis (MD&A) Report, Auditors' Report, Corporate Governance Report including Information for the Shareholders and other important information is circulated to the members and others entitled thereto.

14. SHAREHOLDERS' INFORMATION

14.1 ANNUAL GENERAL MEETING

Date	: 23 rd September, 2009
Time	: 10:00 Hrs
Venue	: Siri Fort Auditorium, Khel Gaon, August Kranti Marg, New Delhi-110049

14.2 FINANCIAL CALENDER

Adoption of Quarterly Results for the Quarter ending	3 rd /4 th Week of
June 30, 2009	July, 2009
September 30, 2009	October, 2009
December 31, 2009	January, 2010
March 31, 2010(audited)	June, 2010

14.3 BOOK CLOSURE PERIOD

The Book Closure period is from Tuesday, 15th September to Wednesday, 23rd September, 2009 (both days inclusive) for the payment of Final Dividend.

14.4 DIVIDEND PAYMENT DATE

The Dividend payment date will be on or after 24th September, 2009

14.5 LISTING ON STOCK EXCHANGES:

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

Name & Address	Telephone/Fax/E-mail ID/Website ID	Trading Symbol
Bombay Stock Exchange (BSE) P.J.Towers, Dalal Street, Mumbai-400001	Telephone:022-22721233/4 Fax: 022-22721919 E-mail: info@bseindia.com Website: www.bseindia.com	500312 ONG CORP. LTD
National Stock Exchange of India Ltd. (NSE) Exchange Plaza, Plot no. C/1, G Block, Bandra-Kurla Complex, Bandra(E), Mumbai-400051	Telephone: 022-26598100-8114 Facsimile: 022-26598120 E-mail: cc_nse@nse.co.in Website: www.nseindia.com	ONGC

14.6 LISTING FEES

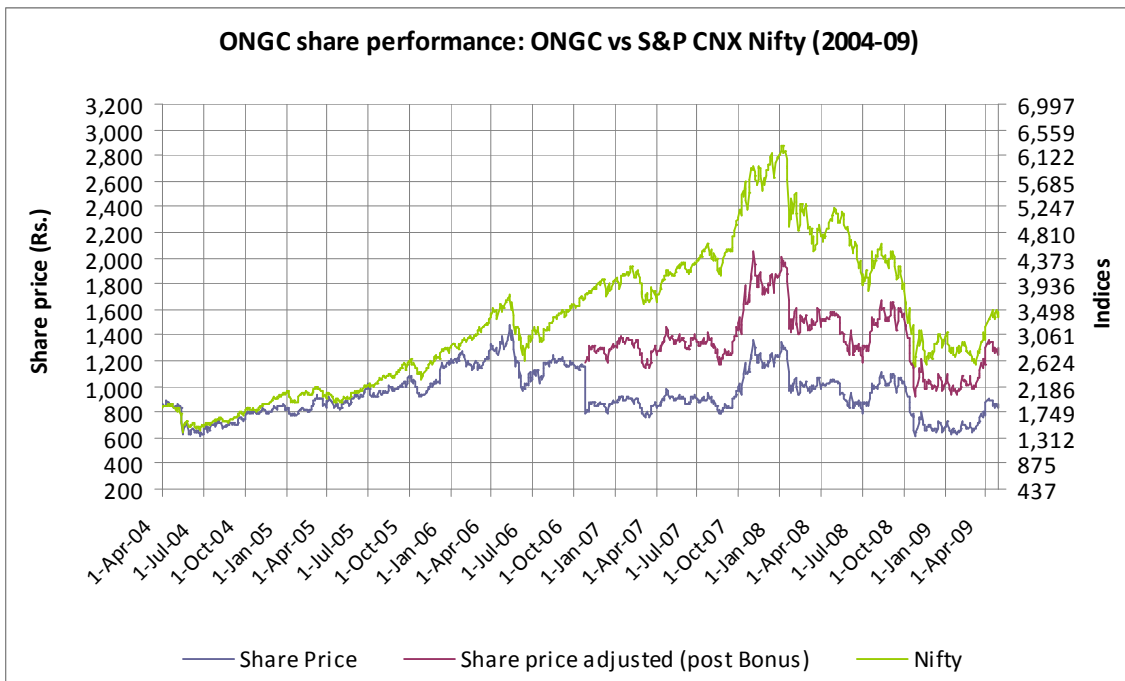
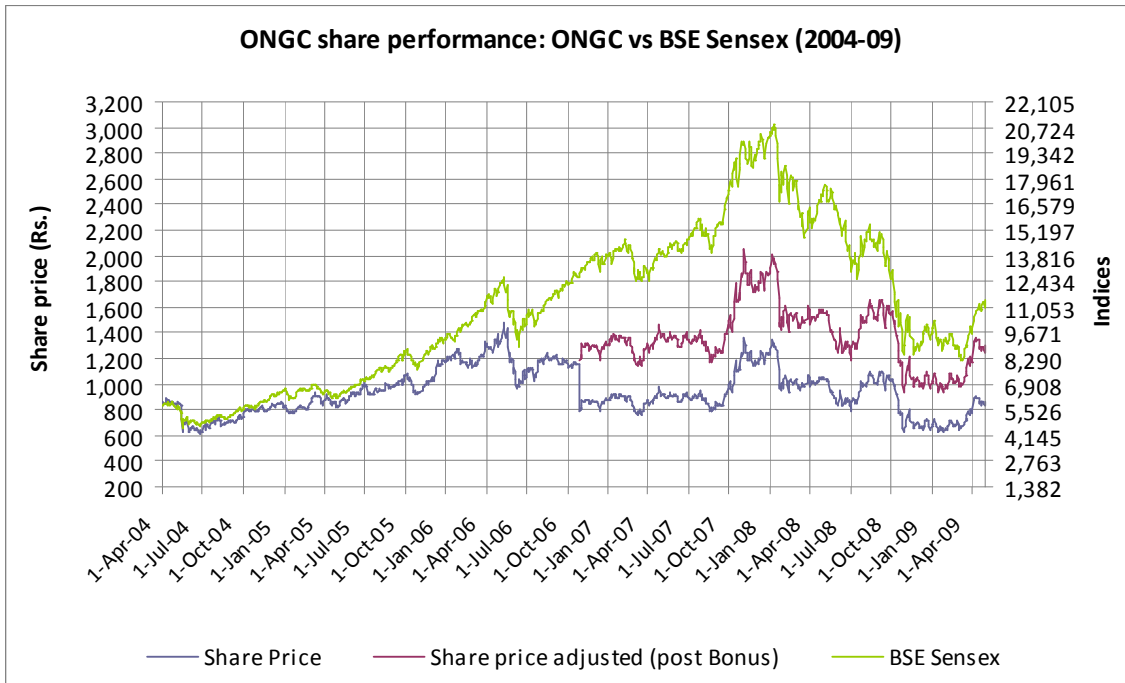
Annual listing fees for the year 2008-09, as applicable have been paid to the above Stock Exchanges.

14.7 DEMAT ISIN NUMBERS IN NSDL & CDSL

(Stock Code): **INE213A01011**

14.8 STOCK MARKET INFORMATION

The stock price performance of ONGC scrip during the past 5 years in comparison to BSE indices and S&P CNX Nifty is plotted below:

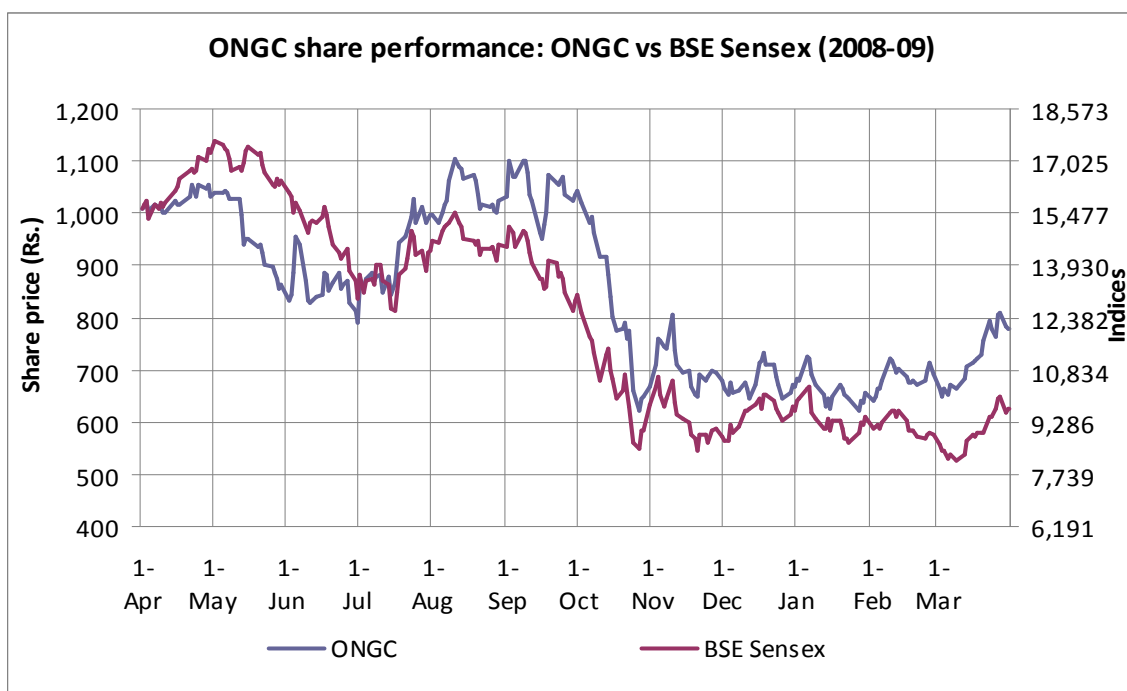


14.8.1 STOCK MARKET DATA

Month	Bombay Stock Exchange			National Stock Exchange		
	High(Rs.)	Low(Rs.)	Volume	High(Rs.)	Low(Rs.)	Volume
Apr '08	1072.00	978.00	6,760,434	1064.50	967.00	24,800,436
May '08	1054.90	841.50	6,666,898	1054.50	856.00	47,219,002
Jun '08	969.90	795.00	16,853,023	974.90	800.00	56,564,333
Jul '08	1085.00	780.00	12,148,692	1088.00	778.70	45,390,552
Aug '08	1124.00	970.50	7,674,212	1085.00	971.00	30,464,171
Sep '08	1121.70	909.00	8,484,514	1129.70	922.00	40,560,438
Oct '08	1055.00	538.10	11,783,136	1064.40	538.15	54,484,647
Nov '08	810.00	615.00	9,629,133	810.00	612.30	44,475,119
Dec '08	741.00	627.00	11,682,301	740.95	635.50	50,574,414
Jan '09	735.00	614.20	7,818,217	797.40	587.80	36,081,528
Feb '09	729.40	630.10	5,647,775	738.60	630.00	28,585,898
Mar '09	819.95	637.15	8,061,535	809.85	637.50	38,914,331

Source: Web-sites of BSE and NSE

14.8.2 PERFORMANCE IN COMPARISON TO BROAD BASED INDICES FOR 2008-09



14.9 REGISTRAR AND TRANSFER AGENTS (RTA)

Karvy Computershare Private Ltd. (Karvy) Plot No. 17-24, Vittal Rao Nagar, Madhapur, Hyderabad-500081, Phone Nos 040-23420815-819.Fax No. 040-23420814 e-mail: mailmanager@karvy.com are the Registrar and Share Transfer Agent 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 shareholders, documents relating to shares and any other documents are accepted at Karvy, 105-108 Arunachal Building, 1st Floor, 19, Barakhamba Road, New Delhi-110001, Phone Nos. 011-41036370 (tele-fax) and 011-43528522 e-mail : delhi@karvy.com and at the registered office of the Company at 8th Floor, Jeevan Bharti Tower-II, 124 Indira Chowk, New Delhi-110001, Phone Nos. 011-23301257 & 23301277, e-mail: secretariat@ongc.co.in

15 SHARE TRANSFER SYSTEM

With a view to expedite the process of share transfer which are received in physical form, the Board had constituted an Officers Committee which usually meets once in a fortnight to consider and approve the shares received for transfer, transmission, re-materialization and dematerialization etc. The shares for transfer received in physical form are transferred expeditiously, provided the documents are complete and the share transfer is not under any dispute. The Minutes of the Officers Committee are placed to the Shareholders'/ Investors' Grievance Committee. A summary of transfer/ transmission of securities so approved by the Officers Committee are placed at Board Meetings. The share certificates duly endorsed are sent 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.

Pursuant to the Clause 47-C of the Listing Agreement, certificates on quarterly basis confirming due compliance of share transfer formalities by the Company, 0certificate for timely dematerialization of the shares as per SEBI (Depositories and Participants) Regulations, 1996 are sent to the stock exchanges.

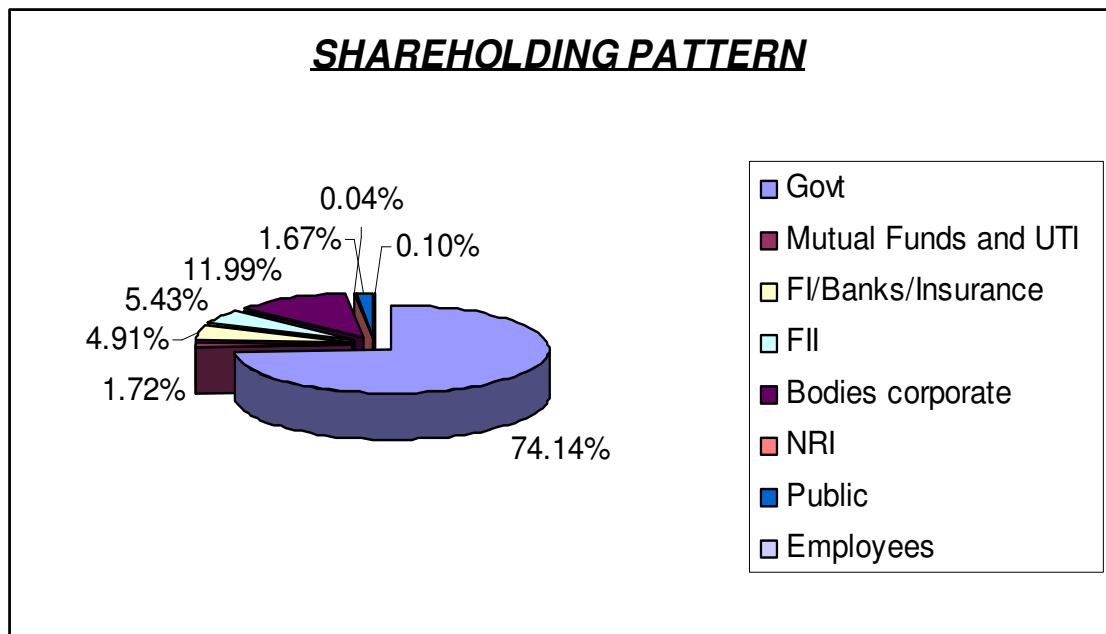
In addition, as a part of the capital integrity audit, a Secretarial Audit Report for reconciliation of the share capital confirming that the total issued capital of the Company is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with NSDL and CDSL, is placed before the Board on a quarterly basis. A copy of the Audit Report is submitted to the stock exchanges.

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
2008-09	420	17,944
2007-08	561	25,023
2006-07	216	36,943

16 SHAREHOLDING PATTERN AS ON 31st MARCH, 2009

Category	No. of Shares held	Percentage of Shareholding
President of India	1,585,740,673	74.14
Banks, Financial Institutions and Insurance Companies	105,054,973	4.91
Foreign Institutional Investors	116,097,133	5.43
Mutual Funds & UTI	36,656,577	1.72
NRIs	816,829	0.04
Bodies Corporate:		
➤ Government Companies	215,881,124	10.09
➤ Others	40,590,974	1.90
Employees	22,43,606	0.10
Public	35,790,641	1.67
Total	2,138,872,530	100.00



16.1 TOP 10 SHAREHOLDERS AS ON 31st March, 2009

S.No	Name	No.of Shares Held	% of total Shareholding
1	President of India	1,585,740,673	74.14
2	Indian Oil Corporation Limited	164,480,857	7.69
3	Life Insurance Corporation of India	93,119,661	4.35
4	Gail (India) Limited	51,400,267	2.40
5	ICICI Prudential Life Insurance Company Limited	11,212,995	0.52
6	Lazard Asset Management LLC A/C Lazard Emerging Markets Portfolio	10,594,633	0.50
7	Bajaj Allianz Life Insurance Company Limited	9,806,582	0.46
8	Franklin Templeton Investment Funds	6,156,829	0.29
9	Government Of Singapore	4,863,332	0.23
10	Pru India Equity Open Limited	4,068,658	0.19

16.2 DISTRIBUTION OF SHAREHOLDING BY SIZE AS ON 31st MARCH, 2009

Category	Number of Shareholders	% of Shareholders	Total number of Shares	% of Amount
1 - 500	4,01,330	95.81	22,922,552	1.07
501 - 1000	13,153	3.14	9,945,030	0.46
1001 - 2000	3,010	0.72	3,824,140	0.18
2001 - 3000	262	0.06	655,194	0.03
3001 - 4000	145	0.03	504,465	0.02
4001 - 5000	72	0.02	325,175	0.02
5001 - 10000	202	0.05	1,493,271	0.07
10001 & Above	719	0.17	2,099,201,603	98.15
Total	4,18,893	100.00	2,138,872,530	100.00

16.3 GEOGRAPHICAL DISTRIBUTION OF SHAREHOLDERS AS ON 31st MARCH, 2009

S. No	City	Shareholders		Shareholding	
		Nos	% age	No of shares	%age of holding
1	Ahmedabad	28,488	6.80	3,011,131	0.14
2	Bangalore	18,077	4.32	1,172,481	0.05
3	Calcutta	21,806	5.21	3,477,396	0.16
4	Chennai	15,034	3.59	3,711,548	0.17
5	Guwahati	1,245	0.30	126,938	0.01
6	Hyderabad	8,862	2.12	634,071	0.03
7	Mumbai	101,765	24.29	467,349,048	21.85
8	New Delhi	39,913	9.53	1,641,320,212	76.74
9	Pune	13,871	3.31	823,151	0.04
10	Vadodara	12,684	3.03	1,863,196	0.09
11	Others	157,148	37.52	15,383,358	0.72
		418,893	100.00	2,138,872,530	100.00

16.4 History of Paid-up Equity Share Capital (Face value of Rs. 10 each)

Year	No. of Shares	Cumulative	Details
1993-94	10	10	Initial subscription to the Memorandum of Association on 23 rd June, 1993
1993-94	34,28,53,716	34,28,53,726	Issued to the President of India on 1 st February, 1994 on transfer of undertaking of Oil and Natural Gas Commission in terms of Oil and Natural Gas Commission (Transfer of Undertaking and Repeal) Act, 1993
1994-95	66,39,900	34,94,93,626	Issued to the employees at a premium of Rs. 260 per Share (includes 600 shares issued in 1995-96)
1995-96	107,64,40,366	142,59,33,992	Issue of bonus shares in the ratio of 3.08:1 on 24.04.1995 by capitalization of General Reserve
2006-07	(-) 18,972	142,59,15,020	Forfeiture of Shares on 12.04.2006
	71,29,57,510	213,88,72,530	Issue of bonus shares in the ratio of 1:2 on 08.11.2006 by capitalization of General Reserve
2007 – 08	-	213,88,72,530	
2008 – 09	-	213,88,72,530	

17.0 CORPORATE BENEFITS

DIVIDEND HISTORY

Years	Rate (%)	Per Share (Rs.)	Amount (Rs. in million)
2004-05			
➤ Interim	200	20	28,518.68
➤ Final	200	20	28,518.68
2005-06			
➤ Interim	250	25	35,648.35
➤ Final	200	20	28,518.68
2006-07			
➤ Interim	180	18	38,499.66
➤ Final	130	13	27,805.31
2007-08			
➤ Interim	180	18	38,499.66
➤ Final	140	14	29,944.22
2008-09			
➤ Interim	180	18	38,499.66
➤ Final (Proposed)	140	14	29,944.22

Apart from the above, the Company had issued Bonus Shares in October, 2006 in the ratio of 1 bonus share for every 2 shares held.

18. TRANSFER OF UNPAID/ UNCLAIMED DIVIDEND AMOUNT TO INVESTOR EDUCATION & PROTECTION FUND (IEPF)

During the year under report, an amount of Rs. 1,843,230 pertaining to unpaid dividend for the financial year 2000-01 was transferred to the Investor Education & Protection Fund (IEPF) set up by the Central Government. This is in accordance with the sections 205A and 205C of the Companies Act, 1956 requiring transfer of dividend remaining unclaimed and unpaid for a period of 7 years from the due date to the IEPF.

Unclaimed final dividend for the year 2001-02 is due for transfer to IEPF on or before 26th October, 2009. All Shareholders, whose dividend is unpaid, are requested to lodge their claim with M/s Karvy, the RTA by submitting an application before 30th September, 2009 since no claim 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, the RTA, for revalidating or obtaining duplicate warrant.

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*
2001-02	20.09.2002	19.10.2009
2002-03		
➤ Interim	31.01.2003	28.02.2010
➤ Final	29.09.2003	28.10.2010
2003-04		
➤ Interim	04.02.2004	03.03.2011
➤ Final	29.09.2004	28.10.2011
2004-05		
➤ Interim	24.12.2004	23.01.2012
➤ Final	21.09.2005	20.10.2012
2005-06		
➤ Interim	23.12.2005	22.01.2013
➤ Final	21.09.2006	20.10.2013
2006-07		
➤ Interim	28.12.2006	27.01.2014
➤ Final	19.09.2007	18.10.2014
2007-08		
➤ Interim	22.12.2007	21.01.2015
➤ Final	19.09.2008	18.10.2015
2008-09		
➤ Interim	19.12.2008	18.01.2016
➤ Final	23.09.2009	16.10.2016

*Indicative dates, actual dates may vary

19. DEMATERIALIZATION OF SHARES AND LIQUIDITY

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, 2009, 553,131,857 Equity shares forming 25.86% of divested shareholding, stood dematerialized.

20. OUTSTANDING GDRs/ ADRs / WARRANTS OR CONVERTIBLE INSTRUMENT

No GDRs/ ADRs/ Warrants or Convertible Instruments have been issued by the Company.

21. LEGAL PROCEEDINGS

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

22. ASSETS/ BASINS/ PLANTS/ INSTITUTES

A. ASSETS

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

B. BASINS

1. Western Offshore Basin, Mumbai
2. Western Onshore Basin, Vadodara
3. KG-PG Basin, Chennai
4. Cauvery Basin, Chennai
5. Assam & Assam-Arakan Basin, Jorhat
6. MBA Basin and CBM Development Project, Kolkata/Bokaro
7. Frontier Basin, Dehradun

C. PLANTS

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

D. INSTITUTES

1. Keshava Deva Malaviya Institute of Petroleum Exploration (KDMIPE), Dehradun
2. Institute of Drilling Technology (IDT), Dehradun
3. Institute of Reservoir Studies, (IRS) Ahmedabad
4. Institute of Oil & Gas Production Technology, (IOGPT) Navi Mumbai
5. Institute of Engineering & Ocean Technology, (IEOT) Navi Mumbai
6. Geo- data Processing & Interpretation Center (GEOPIC), Dehradun
7. ONGC Academy, Dehradun
8. Institute of Petroleum Safety, Health & Environment Management, (IPSHEM) Goa.
9. Institute of Biotechnology & Geotectonics Studies, (INBIGS) Jorhat
10. School of Maintenance Practices, (SMP) Vadodara
11. Centre for Excellence in Well Logging (CEWL), Vadodara
12. Regional Training Institutes, (RTIs) Navi Mumbai, Chennai, Sivasagar & Vadodara.

23. INVESTOR SERVICES

The Company serves its investors through its own Investors' Service Cell and Registrar & Transfer Agent, 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, reminders for unclaimed dividends, nomination facility, issue of Public Notice for lost share certificate, issue of duplicate share certificate, etc. are also extended.

23.1 ADDRESSES FOR SHAREHOLDERS' CORRESPONDENCE

- **Investor Correspondence:** For transfer/ transmission/ dematerialisation of shares, payments of dividend, bonus shares and other query relating to shares of the Company:

-For Shares held in Physical Form

M/s Karvy Computershare Private Ltd.
Plot No.17-24, Vittal Rao Nagar,
Madhapur, Hyderabad - 500081.
Telephone: 040- 23420815-819; Fax: 040-23420814.
email:mailmanager@karvy.com

-For Shares held in Demat Form

To the Investors' Depository Participant(s) and/ or Karvy Computershare Private Limited.

-For Offer for Sale made by Govt. in 2004

MCS Limited
F-65, Okhla Industrial Area,
Phase-I, Delhi- 110020.
Phone Nos.011-41406149,51-52 Fax Nos. 011-41709881.
e-mail: admin@mcsdel.com

24. RISK MANAGEMENT

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

25. COMPLIANCE CERTIFICATE OF THE AUDITORS

Certificate from the Auditors of the Company, confirming compliance with the conditions of Corporate Governance as stipulated under Clause 49 of the Listing Agreement, is annexed to the Directors' Report forming part of the Annual

Report. The Certificate has also been forwarded to the stock exchanges where the securities of the Company are listed.

26. ADOPTION OF NON-MANDATORY REQUIREMENTS OF CLAUSE - 49

The following non-mandatory requirements have already been implemented and have been reflected elsewhere in this report:

- The Company has constituted a **Remuneration Committee** and the information has been reflected in para 7.2.
- With regard to **Shareholders' Rights**, communication of financial results are being published widely and also hosted on the Company's website (refer para 13)
- Information on **training of Board members** and **mechanism for evaluation of non-executive Board members** is reflected in para 2.3(f)
- As far as **Audit Qualifications** are concerned, the Company is in the regime of unqualified financial statements.
- With regard to **Whistle Blower Policy**, since ONGC is a PSU, the guidelines of CVC are applicable which also provide adequate safeguards against victimisation of employees who avail of the mechanism. No person is denied access to the Audit and Ethics Committee (or its Chairman in exceptional cases).

27. GUIDELINES ON CORPORATE GOVERNANCE BY DPE

The guidelines issued by DPE on Corporate Governance are being followed.

No Presidential Directive has been issued during 2008-09 and the last three years.

No items of expenditure have been debited in books of accounts, which are not for the purpose of business. No expenses, which are personal in nature, have been incurred for the Board of Directors and top management.

The administrative and office expenses were 3.79% of total expenses during 2008-09 as against 5.45% during the previous year. The decrease in 2008-09 is on account of reversal in 2008-09 of excess pay revision arrear provided during 2007-08 and also provision of additional gratuity in 2007-08 due to increase in the maximum amount of gratuity to Rs.10 Lakh from Rs. 3.5 Lakh.

28. 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 practicing Company Secretary, was noted by the Board and forms part of the Directors' Report.

29. FEE TO STATUTORY AUDITORS

The fee paid/ payable to the Statutory Auditors for the year was Rs. 8.75 million (previous year Rs. 6.75 million) including Rs. 0.75 million (previous year Rs. 0.5 million) as fee for certification of Corporate Governance Report, and Rs. 2.4 million (previous year Rs. 2.4 million) for limited review report.

