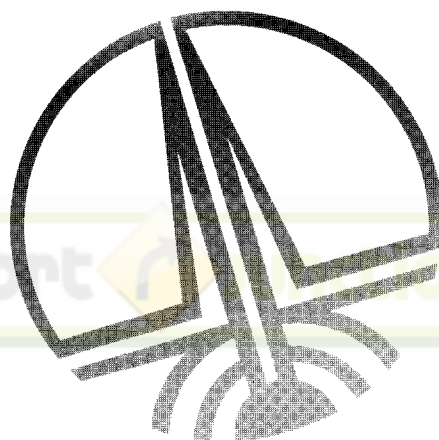


Annual Report 2004-05



Oil and Natural Gas Corporation Ltd.



*The President of India, Dr. A.P.J. Abdul Kalam paying
homage to the martyrs of ONGC.
ONGC Day, 2005.*

ONGC suffered
grievous loss of life and property
in an accident in the Mumbai High field
on 27th July, 2005.

8 colleagues and 3 associates lost their lives.
7 colleagues and 4 associates remain missing.

Your Directors and all ONGCians
pay homage to them.



A New Vision

"I would suggest ONGC to give world leadership in management of energy source, exploration of energy sources, diversification of energy sources, technology in underground Coal Gasification and above all finding new ways of tapping energy wherever it is, to meet the ever growing demand of the country.

Let me greet all the members of ONGC on this Golden Jubilee Occasion. My best wishes to the ONGC in their mission of making the nation energy independent before 2030."

Dr. A.P.J. Abdul Kalam,
President of India
14th August, 2005
ONGC Headquarters
Dehradun



CONTENTS

□ Board of Directors	3
□ Notice	5
□ Performance at a Glance	12
□ Directors' Report	22
□ Comments & Review by C&AG	46
□ Human Resource in ONGC	50
□ Auditors' Report	55
□ Balance Sheet, Profit and Loss Account and Schedules	60
□ Cash Flow Statement	96
□ Balance Sheet abstract and Company's General Business Profile	98
□ Statement pursuant to Section 212 of the Companies Act, 1956	100
□ Management Discussion & Analysis Report.....	101
□ Corporate Governance Report	107
□ Secretarial Compliance Report	129
□ CONSOLIDATED FINANCIAL STATEMENTS OF ONGC GROUP	
Auditors' Report	134
Balance Sheet, Profit and Loss Account and Schedules	136
Cash Flow Statement	181



BOARD OF DIRECTORS

Shri Subir Raha

Chairman & Managing Director

Shri Y. B. Sinha

Director (Exploration)
(upto 04-05-2005)

Shri V. K. Sharma

Director (Offshore)
(upto 31-05-2004)

Shri Nathu Lal

Director (Technology & Field Services)
(upto 30-04-2005)

Shri R. S. Sharma

Director (Finance)

Dr. A. K. Balyan

Director (Human Resource)

Shri N. K. Mitra

Director (Offshore)
(from 09-09-2004)

Shri A. K. Hazarika

Director (Onshore)
(from 09-09-2004)

Shri Atul Chandra

(upto 30-04-2004)

Shri Badal K. Das

(upto 30-06-2004)

Shri P. K. Deb

Shri J. M. Mauskar

(upto 22-04-2004)

Shri Sunjoy Joshi

(from 28-05-2004)

Shri P. K. Sinha

(from 24-12-2004)

Shri M. M. Chitale

Shri Rajesh V. Shah

Shri U. Sundararajan

Shri N. K. Nayyar

Report Junction.com



REFERENCE INFORMATION

Registered Office

Jeevan Bharati Bldg., Tower II, 124, Indira Chowk, New Delhi - 110 001

Corporate Office

Tel Bhavan,
Dehradun-248 003
Uttaranchal

Statutory Auditors

M/s S. Bhandari & Co.
M/s Brahmayya & Co.
M/s Lodha & Co.
M/s RSM & Co.
M/s K. K. Soni & Co.

Bankers

State Bank of India

Subsidiaries

ONGC Videsh Limited (OVL)
Mangalore Refinery & Petrochemicals Ltd. (MRPL)
ONGC Nile Ganga B.V.

Registrar & Share Transfer Agents

M/s Karvy Computershare Private Limited

'KARVY HOUSE'	105-108, 1 st Floor
46, Avenue 4, Street No.1,	Arunachal Building,
Banjara Hills, *	19, Barakhamba Road, Connaught Place,
Hyderabad - 500 034 (A. P.)	New Delhi - 110 001
Tel No. 040 - 23312454/	Tel No. 011 - 23324401 &
23320751/752/251	23324409

Listed at

Mumbai Stock Exchange
National Stock Exchange

Depositories

National Securities Depository Ltd.
Central Depository Services (India) Ltd.

Company Secretary

Shri H.C. Shah



NOTICE

Notice is hereby given that the 12th Annual General Meeting of the Members of OIL AND NATURAL GAS CORPORATION LIMITED will be held on Wednesday, the 21st September, 2005 at 11:00 hrs. at Sirifort Auditorium, Khel Gaon, August Kranti Marg, New Delhi-110 049 to transact the following Business:

Ordinary Business:

1. To receive, consider and adopt the Audited Balance Sheet as at 31st March, 2005, the Profit & Loss Account for the year ended on 31st March, 2005 and the reports of the Board of Directors and Auditors thereon alongwith review of Comptroller & Auditor General of India.
2. To confirm interim dividend and declare final dividend.
3. To appoint a Director in place of Shri N.K. Mitra, who retires by rotation and being eligible, offers himself for re-appointment.
4. To appoint a Director in place of Shri N.K. Nayyar, who retires by rotation and being eligible, offers himself for re-appointment.
5. To appoint a Director in place of Shri P. K. Sinha, who retires by rotation and being eligible, offers himself for re-appointment.
6. To appoint a Director in place of Shri Sunjoy Joshi, who retires by rotation and being eligible, offers himself for re-appointment.
7. To appoint a Director in place of Shri A.K. Hazarika, who retires by rotation and being eligible, offers himself for re-appointment.
8. To fix remuneration of the Auditors.

Special Business:

ITEM No. 9.

To consider, and if thought fit, to pass, the following resolution, with or without modification(s) as **special resolution**:

“RESOLVED THAT pursuant to the provisions of Section 163 and other applicable provisions, if any, of the Companies Act, 1956, the Register of Members and Index of Members, in respect of Shares/Securities issued by the Company and the copies of all Annual Returns, prepared under Sections 159 and 160, together with the copies of the certificates and documents required to be annexed thereto under Sections 160 and 161, be kept at the office of Registrar & Share Transfer Agents of the Company viz. Karvy Computershare Private Limited, at 105-108, 1st Floor, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi - 110 001 or at any other place of office of Registrar & Share Transfer Agents, in New Delhi.”



ITEM No. 10

To consider, and if thought fit, to pass, the following resolution, with or without modification(s) as **ordinary resolution**:

"RESOLVED THAT in supersession of the Resolution passed at the Second Annual General Meeting of the Company held on 28th September, 1995, the consent of the Company be and is hereby granted in terms of the provisions of Section 293(1)(d) and other applicable provisions, if any, of the Companies Act, 1956, (including any statutory modification(s) or re-enactment thereof, for the time being in force) to Board of Directors to borrow monies for the business of the Company, whether unsecured or secured, in Indian or Foreign currency or by way of debentures/bonds or any other security(ies), from time to time from any Bank (s) / Financial Institution(s) or any other Institution(s), firms, body corporate(s) or other person(s), in India or abroad, apart from temporary loans obtained/to be obtained from the Company's bankers in the ordinary course of business provided that the sum(s) so borrowed under this resolution and remaining outstanding at any time shall not exceed in the aggregate of Rs.20,000 Crore (Rupees Twenty Thousand Crore) in excess of and in addition to the paid-up capital and free reserves of the Company for the time being.

RESOLVED FURTHER THAT the Board of Directors or any Committee thereof/person(s) authorized by the Board, be and is/are hereby authorized to do all such acts, deeds and things as may be necessary, expedient and desirable for the purpose of giving effect to this Resolution."

Regd. Office:

Jeevan Bharati Building,
Tower-II, 124, Indira Chowk,
New Delhi-110001

By Order of the Board of Directors

(H.C.Shah)

Company Secretary

August 17, 2005

The Central Government vide its letter No. 47/208/2005-CL-III, dated 17th June, 2005 has exempted the Company from attaching the reports and accounts of subsidiary companies with the Annual Report for the year 2004-05.



NOTES:

1. A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY TO ATTEND AND VOTE INSTEAD OF HIMSELF AND THE PROXY NEED NOT BE A MEMBER OF THE COMPANY. PROXY FORM DULY COMPLETED SHOULD BE DEPOSITED AT THE REGISTERED OFFICE OF THE COMPANY NOT LATER THAN FORTY-EIGHT HOURS (48 HRS.) BEFORE THE COMMENCEMENT OF THE ANNUAL GENERAL MEETING. BLANK PROXY FORM IS ATTACHED.
2. The relative Explanatory Statement pursuant to Section 173 (2) of the Companies Act, 1956, in respect of the business under item nos. 9&10 set out above and details under Clause 49 of the Listing Agreement with the Stock Exchanges in respect of Directors seeking re-appointment at the Annual General Meeting, are annexed hereto and forms part of the Notice.
3. The Register of Members and Share Transfer Books of the Company will remain closed from Monday, the 5th September, 2005 to Monday, the 19th September, 2005 (both days inclusive).
4. M/s. Karvy Computershare Private Limited (Karvy), 'Karvy House', 46, Avenue 4, Street No.1, Banjara Hills, Hyderabad-500 034, Phone Nos. 040-23312454/23320251/751 & 1600-345-4001 (Toll Free), Fax No. 040-23311968, e-mail: mailmanager@karvy.com is the Registrar and Share Transfer Agents for physical shares of the Company. Karvy is also the depository interface of the Company with both NSDL and CDSL. However, keeping in view the convenience of the shareholders, documents relating to shares will also be accepted at Karvy Computershare Private Limited, at 105-108, 1st Floor, Arunachal Building, 19, Barakhamba Road, Connaught Place, New Delhi-110 001 and at the Registered Office of the Company at 8th Floor, Jeevan Bharati Building, Tower-II, 124, Indira Chowk, New Delhi-110 001, Phone No. 23301299, e-mail: secretariat@ongc.co.in
5. The Final Dividend as recommended by the Board of Directors, if declared at the Meeting, subject to the provisions of Section 206A of the Companies Act, 1956, shall be paid to those Members, whose names appear on the Register of Members of the Company as on 19th September, 2005 at their registered addresses and the respective Beneficial Owners as per list to be furnished by Depositories in respect of the shares held in dematerialized form. The Dividend Warrants will be posted to them by 20th October, 2005.
6. Pursuant to Section 205 of the Companies Act, 1956, the unpaid/unclaimed amount in respect of dividend declared on 30.09.1998 for the financial year 1997-98 will be transferred to the Investor Education and Protection Fund (IEPF) of the Central Government by 18.11.2005 (tentative date, actual date may vary). Members who have not encashed their dividend warrants pertaining to the said year may approach the Company or its Registrar & Share Transfer Agents for obtaining payments thereof.
7. In order to provide protection against fraudulent encashment of dividend warrants, Members holding shares in physical forms are requested to provide their Bank Account Number, Name and Address of the Bank/Branch to the Company or Karvy and to their respective DPs for dematerialized mode to enable them to incorporate the same in the dividend warrant.
8. All documents referred to in the accompanying notice and the explanatory statement are open for inspection at the Registered Office of the Company on all working days between 11.00 a.m. to 1.00 p.m. prior to the Annual General Meeting.
9. Annual listing fees for the year 2005-2006 has been paid to all the Stock Exchanges wherein shares of the Company are listed.
10. Members desirous of obtaining any information/clarification(s) concerning the accounts and operations of the Company or intending to raise any query are requested to forward the same at least 10 days before the date of the meeting to Company Secretary at the Registered Office of the Company, so that the same may be attended to appropriately.



11. 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.
12. In terms of Section 109A of the Companies Act, 1956, nomination facility is available to individual shareholders. Members holding shares in physical forms may nominate a person in respect of all the shares held by them whether singly or jointly. Members who hold shares singly are advised to avail of the nomination facility by filing Form No. 2B in their own interest. Blank form can be had from Karvy on request. Members holding shares in dematerialized form may contact their respective Depository Participant for registration of nomination. The shareholders who are desirous of availing this facility may kindly write to Karvy quoting folio number for nomination form.
13. Members holding shares in dematerialized form are requested to up date their Bank Account details, change of address and other details with Depository Participants (DPs), to avail facility of Electronic Clearing Service (ECS) for receiving direct credit of Dividend to their accounts with Banks. Members holding shares in physical form and desirous of availing ECS facility are requested to contact the Company's Registrar and Share Transfer Agents. This will enable expeditious credit of dividend amount and protect from loss, theft and postal delay of dividend warrants.
14. Members are requested
 - i) to bring their copies of Annual Report, Notice and Attendance Slip duly completed and signed at the meeting. No brief case or bag will be allowed to be taken inside the meeting hall for security reasons.
 - ii) to quote their Folio/Identification Nos. in all correspondence.
 - iii) to notify immediately for change of their address and bank particulars to the Company or its Share Transfer Agents, in case shares are held in physical form.

AND

In case their shares are held in dematerialized form, information should be passed on directly to their respective Depository Participant and not to the Company/Share Transfer Agents, without any delay.

- iv) to note that no gift will be distributed at the meeting.