

**MEMORANDUM OF UNDERSTANDING
2015-16**

BETWEEN

NUMALIGARH REFINERY LIMITED

AND

BHARAT PETROLEUM CORPORATION LIMITED

MoU 2015-16
Approved by DPE/TF

Signed



NUMALIGARH REFINERY LIMITED

MEMORANDUM OF UNDERSTANDING 2015-16

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Part-I

CORPORATE VISION, MISSION AND OBJECTIVES**1.1 Corporate Vision**

To be a vibrant, growth oriented energy company of national standing and global reputation having core competencies in Refining and Marketing of petroleum products committed to attain sustained excellence in performance, safety standards, customer care and environment management and to provide a fillip to the development of the region.

1.2 Corporate Mission

- Develop core competencies in Refining and Marketing of petroleum products with a focus on achieving international standards on safety, quality and cost.
- Maximize wealth creation for meeting expectations of stakeholders.
- Create a pool of knowledgeable and inspired employees and ensure their professional and personal growth.
- Contribute towards the development of the region.

1.3 Corporate Objectives

To excel in its performance, NRL would strive to:

- Maximise refinery capacity utilisation and optimise product pattern by efficient refinery operation.
- Ensure smooth and timely evacuation of products, create a sound customer base and necessary marketing infrastructure.

- Achieve highest standards in product quality, safety, health and environment protection.
- Manage and operate the facilities in an efficient and cost effective manner for generation of adequate internal resources.
- Inculcate best business practices through the use of ERP and E-Commerce.
- Focus on development and growth of Human Resource through proper training and career planning.
- Plan for production and marketing of low volume, high value products.
- Remain at the technological forefront by continuous upgradation of in-house expertise and absorption of the latest technologies.
- Establish strong corporate identity and brand equity.
- Facilitate economic and industrial development of the region.

PERFORMANCE EVALUATION CRITERION / TARGETS

2.1 Numaligarh Refinery Limited undertakes to achieve performance targets for the year 2015-16 as follows:

S.N	Criterion	Unit	Weightage Mark	Criterion Value MOU 2015-16					
				1	2	3	4	5	
				Excellent	Very Good	Good	Fair	Poor	
1.0	STATIC / FINANCIAL PARAMETERS [Documentary evidence on performance: Audited Data / Certificate from Functional Director / Annual Report]								
1(i)	Sales Turnover, excluding interest and other income (Operating Turnover) (Sales Turnover does not include excise duty, customs duty, VAT or any other duty, tax etc.)	Rs. in crore	10	11,704.67	11,043.04	10,556.55	10,074.88	9,591.17	
1(ii)	Gross Operating Margin Rate (%)	%	10	8.87	8.65	8.21	7.81	7.33	
1(iii)	EBITDA / Net Block ^(Note-1)	%	10	47.98	43.92	39.57	35.64	31.55	
1(iv)	PAT per Employee ^(Note-2)	Rs. Lakhs	10	57.28	51.18	44.61	38.71	32.63	
1(v)	Gross Refining Margin (GRM) ^(Note-3)	\$/bbl	10	13.88	13.72	13.32	12.93	12.50	
	Sub-Total (Finance)		50.0						

[Note-1: Net Block at the end of the year to be considered for evaluation

Note-2: No. of regular employees is considered as 886 in computation of the ratio. At the time of MoU evaluation, average of opening and closing regular employees will be considered.

Note-3: GRM is inclusive of 50% Excise Duty benefit].

The values of PAT, EBITDA, Net Block and No. of Employees are as follows :

	Unit	MOU 2015-16				
		Excellent	V. Good	Good	Fair	Poor
PAT	Rs in crore	507.48	453.42	395.25	343.00	289.10
EBITDA	Rs in crore	978.48	895.69	806.98	726.69	643.45
Net Block	Rs in crore	2,039.20	2,039.20	2,039.20	2,039.20	2,039.20
No. of Employees	Nos.	886	886	886	886	886
GRM	Rs in crore	1,797.26	1,683.02	1,573.92	1,469.61	1,363.29

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S.N	Criterion	Unit	Weightage Mark	Criterion Value MOU 2015-16				
				1	2	3	4	5
				Excellent	Very Good	Good	Fair	Poor
2.0	Initiative for Growth [Documentary evidence: Certificate from Functional Director / Annual Report]							
2(i)	Crude Throughput *	TMT	15.0	2850	2700	2600	2500	2400
2(ii)	Distillate Yield	%	5.0	88.00	87.80	87.60	87.40	87.20
2(iii)	Production of Wax	TMT	4.0	35	30	25	20	15
2(iv)	Sale of Calcined Petroleum Coke (CPC) as percentage of production	%	1.0	100	95	90	85	80
	Sub-Total (Initiative for Growth)		25.0					

[* The Excellent crude throughput target has been fixed considering an optimistic scenario of 2,850 TMT crude receipt during the year. If actual crude receipt is below 2850 TMT, the "Excellent" crude throughput target shall be considered for downward revision to the level of actual crude receipt subject to a cut-off limit at 2701 TMT. Corresponding to such adjustment, proportionate adjustments in Excellent level targets against applicable financial parameters, including sale quantities, shall be considered during evaluation].

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S.N	Criterion	Unit	Weightage Mark	Criterion Value MOU 2015-16				
				1	2	3	4	5
				Excellent	Very Good	Good	Fair	Poor
3.0	Sector Specific Parameter [Documentary evidence: Certificate from Functional Director / Annual Report]							
3(i)	Energy Intensity Index (EII) (Including Wax Plant)	Number	5.0	101	102	103	104	105
	Sub-Total (Sector Specific)		5.0					
4.0	Productivity and Internal Processes [Documentary evidence: Certificate from Functional Director / Annual Report]							
4(i)	Production of Motor Spirit *	TMT	5.0	360	330	300	270	240
4(ii)	Transportation of products through Numaligarh-Siliguri Product Pipeline (NSPL)	MMT	3.0	1.60	1.57	1.54	1.51	1.48
	Sub-Total (Prod. and Int. Processes)		8.0					

[* Capacity of NRL's MS plant is only 185 TMT per annum and additional quantities are being produced through blending Naphtha with suitable blend components, including imported reformate. Thus, the volume of NRL's MS production is dependent on economics of 'return' which is influenced by prevailing rate of excise duty on MS. The current level of total excise duty on MS is Rs. 17,458.50 per KL and NRL avails 50% exemption benefit on the same. In case during 2015-16, there is a downward revision of excise duty on MS, the targets against the parameter 'Production of MS' shall be considered for proportionate adjustment during evaluation].

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Numaligarh Refinery Limited									
S.N	Criterion	Unit	Weightage Mark	Criterion Value MOU 2015-16					Poor
				1 Excellent	2 Very Good	3 Good	4 Fair	5	
5.0	Project Management and Implementation [Documentary evidence: Certificate from Functional Director / Annual Report]								
5(i)	Achievement of Milestones for Diesel Hydrotreating Project during 2015-16 *	Nos.	5.0	All 5	4	3	2	1	
5(ii)	Actual Capital expenditure as % of BE 2015-16 (Rs. 230 Crores) (Plan and Non-Plan projects)	%	5.0	100	95	90	85	80	
	Sub-Total (Project)		10.0						
[* The five subject milestones are as follows: (a) Placement of order for Basic Engineering and Design Package (BEDP), (b) Finalisation of design basis, (c) Release of critical process data sheets, (d) Review of Piping and Instrumentation Drawing (P&ID); (e) Submission of BEDP by process licensors].									
6.0	Technology/Quality/Innovative Processes: Safety Management [Documentary evidence: Certificate from Functional Director / Annual Report]								
6(i)	Loss-Time-Accident (LTA) Incident per million manhours worked in the refinery	Frequency	1.0	0 [No incident]	0.48 [1 incident]	0.96 [2 incidents]	1.44 [3 incidents]	1.92 [4 incidents]	
6(ii)	Liquidation of External Safety Audit, ESA 2013 (OISD) points (Number of points liquidated out of total 128 recommendations as on 31st March, 2016)	Nos	1.0	116	114	112	110	108	
	Sub-Total (Safety Management)		2.0						
	TOTAL MARK		100.0						
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TREND OF NRI'S PERFORMANCE ON FINANCIAL PARAMETERS FOR THE LAST FOUR YEARS ALONGWITH PROJECTIONS OF NEXT TWO YEARS

[Note: MOU = Very Good MOU Targets]

ANNEXURE-VI-A
(Rs in crores)

Particulars	2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	2016-17	2017-18	Latest Benchmarking Details available
	MOU	ACTUAL	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Projected for 31.03.2015	Projected	Projected	Projected	
Capacity Utilisation of the refinery (%)	80.00	75.00	83.33	86.43	88.67	82.60	85.00	87.10	86.67	90.00	86.67	88.33	90.00	-
Total Production Quantity in terms of Crude Throughput (TMT)	2400	2250	2500	2593	2660	2478	2550	2613	2600	2700	2600	2650	2700	-
Production (Raw Material Cost) (in Rs Cr)	6,472.36	6,972.79	8,041.54	12,490.29	11,825.46	6,599.87	6,925.56	7,907.20	7,401.35	8,237.50	6,866.79	7,240.95	7,391.50	-
Profit & Loss Statement Items														
Sales Turnover, excluding interest and other income (Operating Turnover) (Sales Turnover shall not include excise duty, customs duty, VAT or any other duty, tax etc.)	7,595.20	8,306.02	9,142.07	13,380.18	12,708.38	8,181.80	8,005.20	9,250.48	8,674.71	9,277.63	8,322.95	8,705.26	8,896.51	-
Interest and other income	8.09	65.83	4.50	69.56	20.00	87.48	43.63	53.33	-	-	-	-	-	-
Gross operating margin rate(%)	4.07	7.93	5.30	4.14	1.26	7.52	6.35	9.17	7.30	7.26	9.54	9.38	9.55	-
Gross Operating Margin	309.33	658.60	484.33	553.73	160.33	615.09	508.56	848.04	633.22	673.73	793.79	816.33	849.33	-
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	272.41	616.33	445.41	515.59	107.42	520.51	447.06	783.39	571.71	616.32	727.17	749.72	782.71	-
Depreciation	177.36	168.05	167.20	171.52	185.55	180.13	207.25	179.01	207.25	131.35	155.60	155.60	155.60	-
EBIT (Earnings Before Interest & Taxes)	95.04	448.27	278.21	344.07	(78.14)	340.38	239.81	604.38	364.46	484.97	571.57	594.11	627.11	-
Interest expenses	19.57	28.89	35.08	38.48	45.18	59.02	77.61	41.87	77.61	35.44	33.90	33.90	33.90	-
Prior period expenses	-	4.84	-	18.14	-	5.61	-	(9.13)	-	-	-	-	-	-
Extra ordinary items	-	-	-	-	-	12.89	-	8.97	-	(1.08)	-	-	-	-
Any other expenses	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit Before tax	75.47	414.53	243.13	287.45	(123.32)	282.86	162.20	562.66	286.85	450.61	537.67	560.22	593.21	-
Tax	26.06	135.28	83.95	103.75	(15.25)	118.60	53.52	191.57	100.89	158.49	162.84	193.44	207.58	-
Profit after tax	49.41	279.25	159.18	183.70	(108.06)	164.26	108.67	371.09	185.96	292.12	354.83	366.78	385.63	-
Dividend paid	17.34	128.24	55.87	85.49	-	86.06	54.28	137.70	86.06	86.06	124.54	128.73	133.35	-
Profit transferred to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Any other item	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Profit transferred to Balance Sheet	32.07	151.01	103.31	98.21	(162.35)	58.20	54.39	233.39	99.90	206.06	230.29	238.04	250.28	-

Particulars	2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	2016-17	2017-18	Benchmarking Details available
	MOU	ACTUAL	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Projected for 31.03.2015	Projected	Projected	Projected	
Balance Sheet Items														
Gross Block	3,583.41	3,628.95	3,652.87	3,650.94	3,741.78	3,611.03	3,667.58	3,721.79	4,428.94	3,745.19	4,423.79	4,538.79	4,653.79	
Less: Depreciation	1,614.53	1,580.84	1,783.72	1,780.44	1,950.60	1,920.41	2,126.32	2,097.64	2,299.22	2,215.36	2,390.98	2,390.98	2,390.98	
Net Block	1,968.88	2,048.11	1,869.15	1,890.50	1,791.18	1,690.62	1,541.26	1,624.15	2,129.72	1,529.83	2,032.81	2,147.81	2,262.81	
Share capital of CPSE	735.63	735.63	735.63	735.63	735.63	735.63	735.63	735.63	735.63	735.63	735.63	735.63	735.63	
Reserves & surplus of CPSE	1,790.59	1,865.42	1,967.96	1,963.62	1,851.78	2,021.82	2,149.97	2,255.19	2,268.36	2,451.01	2,694.07	2,932.92	3,183.19	
Less deferred revenue exp / pre-acquisition loss		-	-	-	-	-	-	-	-	-	-	-	-	
Add/Less Profit & Loss A/c	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	0.01	
Net worth of CPSE	2,526.23	2,601.06	2,703.60	2,699.26	2,587.42	2,757.46	2,885.61	2,990.83	3,004.00	3,186.65	3,430.51	3,668.56	3,918.83	
Investment	124.35	154.27	124.35	185.08	172.19	174.35	158.24	209.83	170.39	557.70	170.39	170.39	170.39	
Total Current assets	2,150.98	2,746.97	2,588.86	2,982.85	2,719.78	2,553.37	2,577.53	2,851.20	2,562.94	2,702.90	2,747.12	2,497.12	2,497.12	
Total current liabilities & provision	1,589.70	1,915.21	1,829.96	2,052.16	2,096.43	1,254.55	1,749.66	1,451.76	1,141.96	1,174.08	999.01	1,184.75	1,090.28	
Net current assets	561.28	831.76	758.90	930.69	623.35	1,000.82	827.87	1,399.44	1,420.98	1,528.82	1,748.11	1,312.38	1,406.85	
Capital employed (Net worth+ Long term Borrowings)	3,011.44	3,086.27	3,143.28	3,138.94	3,013.93	3,183.97	3,431.51	3,856.76	3,867.56	3,058.65	4,361.70	5,920.96	8,610.43	
Total Long-term debt (loan funds)	31.91	96.92	72.68	64.71	208.70	40.48	357.80	509.00	507.00	516.99	558.01	1,877.50	4,316.99	
Total Assets	4,601.14	5,001.47	4,973.24	5,191.11	5,110.36	4,438.52	5,181.17	5,308.52	5,009.52	5,233.16	5,360.71	7,105.71	9,700.71	
No of employees of CPSE	810	817	825	851	844	854	839	864	888	886	886	886	886	
Ratio														
PAT/Net Worth	1.96	10.74	5.89	6.81	(4.18)	5.23	3.77	12.41	6.19	9.17	10.34	10.00	9.84	
EBITDA/Net Block	13.84	30.09	23.83	27.27	6.00	30.79	29.01	48.23	26.84	40.29	35.77	34.91	34.59	
EBIT/Average Capital Employed	3.38	16.00	9.04	11.05	(2.54)	10.77	7.44	17.17	9.99	31.71	15.41	11.56	8.63	
PAT per employee (Rs. Lakhs)	6.10	34.18	19.29	21.59	(12.80)	16.89	12.95	42.95	20.94	32.97	40.05	41.40	43.52	
Current ratio	1.35	1.43	1.41	1.45	1.30	1.80	1.47	1.96	2.24	2.30	2.75	2.11	2.29	
Debt Service Coverage Ratio	10.19	85.00	54.77	56.37	(6.16)	72.79	5.33	51.74	8.10	24.92	25.69	26.70	28.18	
Operating Cash Flow														
Average no. of days of inventory	69.86	78.24	51.60	51.45	41.20	83.37	85.86	55.74	80.26	56.91	70.28	66.91	65.65	
Inventory turnover ratio	5.22	4.66	7.07	7.09	8.86	4.38	4.25	6.55	4.55	6.41	5.19	5.46	5.56	
Average collection period of trade receivables	11.86	19.29	6.14	21.29	13.61	33.62	31.81	19.43	28.19	13.52	31.90	31.89	31.20	
Debtors turnover ratio	42.71	10.92	70.33	16.72	45.54	11.58	13.86	33.23	11.38	13.50	10.94	11.45	11.70	

TREND OF NRL'S PERFORMANCE ON NON-FINANCIAL PARAMETERS FOR THE LAST FOUR YEARS ALONGWITH PROJECTIONS OF NEXT TWO YEARS

Annexure VI-B

[MoU Targets specified at 'Very Good' level]

Sl.	Objective / Parameters	Unit	Actual Value for FY 10-11	Actual Value for FY 11-12	Actual Value for FY 12-13	Actual Value for FY 13-14	MoU Targets for 2014-15	Projected as on 31.03.15	Target Value for FY 15-16 (Very Good)	Projected Value for FY 16-17	Projected Value for FY 17-18
INITIATIVE FOR GROWTH											
1	Crude Throughput	TMT	2250	2825	2478	2613	2600	2700	2700	2650	2700
2	Distillate Yield	%	84.70	91.52	91.11	92.16	88.40	89.00	87.80	87.60	87.50
3	Production of Wax	TMT	-	-	-	-	27	3	30	40	43
4	Sale of Calcined Petroleum Coke (CPC) as percentage of production	%	98	86	109	88	95	95	95	95	95
SECTOR SPECIFIC PARAMETER											
5	Energy Intensity Index	No.	116.0	-	-	100.2	Nil	101.0	102.0	107.0	107.0
PRODUCTIVITY & INTERNAL PROCESSES											
6	Production of Motor Spirit	TMT	222	310	299	309	255	349	330	280	280
7	Transportation of products through Numaligarh-Siliguri Product Pipeline (NSPL)	MMT	1.07	1.58	1.48	1.64	1.47	1.52	1.57	1.55	1.60
PROJECT MANAGEMENT & IMPLEMENTATION											
8	Achievement of Milestones for Diesel Hydrotreating Project during 2015-16	Nos.	-	-	-	-	-	-	4	-	-
9	Actual Capital expenditure as % of BE 2015-16 for Plan and Non-Plan projects	%	-	-	-	-	-	82	95	100	100
Technology/Quality/Innovative Processes: Safety Management											
10	Loss-Time-Accident (LTA) Incident per million manhours worked	Frequency	0	0	0	0	0.48	0	0.48	0.48	0.48
11	Liquidation of External Safety Audit, ESA 2013 (OISD) points (Number of points liquidated out of total 128 recommendations as on 31st March, 2016)	Nos	-	-	-	-	-	-	114	-	-

PREFACE

The description, targets and weightage against each parameter proposed in the draft MoU 2015-16 were discussed in the MoU negotiation meeting held with the Task Force in New Delhi on 19.02.2015. Details furnished hereunder are based on decisions taken in the stated meeting with the Task Force.

PART-I: STATIC / FINANCIAL PARAMETERS: WEIGHTAGE = 50

1.1 Basis / Assumptions for Financial Parameters and Targets

- i) **Crude Throughput:** Considered as 2,700 TMT at 'Very Good' and 2,850 TMT at 'Excellent' level.
- ii) **Crude Price:** Crude Price has been considered as Rs 28,748.48 per MT (\$ 64.95/BBL basic FOB price. RBI Reference Rate = Rs.62 per USD). Adjustment for variation in actual crude price against assumed crude price would be considered during evaluation.
- iii) **Crude Cost:** Crude cost includes Sales Tax, Entry Tax, Pipeline transportation cost & share of imported crude transportation cost borne by BGR-IOC. Adjustment for variation in actual rates against assumed rates would be considered during evaluation.
- iv) **Forex Rate:** At Rs. 62 per \$.
- v) **Product Prices:** Product Prices for LPG, MS, SKO, ATF, HSD and Naphtha have been considered in line with BPCL's MOU prices. For Sulphur, RPC CPC and Wax prevailing price has been considered. Adjustment for variation in the actual selling prices against assumed selling prices of products would be considered during evaluation.
- vi) **Taxes/Duties/Terminal Charges:** Considered as per prevailing rates as on Dec'14. Adjustment for variation between assumed and actual rates shall be considered during evaluation.
- vii) **Other Income:** Not considered.
- viii) **Inventory Variation:** Adjustment for variation between actual opening and closing stock of products/intermediates at MoU prices shall be considered during evaluation.
- ix) **Policy Decisions of Government:** Policy decision of government having significant adverse impact on profitability shall be considered during evaluation.
- x) **Adjustment for lower crude receipt:** If actual crude receipt is below 2850 TMT, the "Excellent" crude throughput target shall be considered for downward revision to the level of actual crude receipt subject to a cut-off limit at 2701 TMT. Corresponding to such adjustment, proportionate adjustments in Excellent level

targets against applicable financial parameters, including sale quantities, shall be considered during evaluation.

1.2 Financial Annexures

The prices, rates, taxes and duties considered for calculation of MoU 2015-16 financial targets are enclosed as **"Annexure on Prices"** (3 sheets). During evaluation, actual quantities as per audited books of account shall be multiplied by the specified MoU prices, rates, taxes, duties for calculating the numbers to measure financial performance.

The Profit and Loss statement, the Balance Sheet and Gross Operating Margin working considered for calculation of MoU 2015-16 financial targets are enclosed for reference as **"Annexure on PL, BS & GOM"** (3 sheets).

The details of product stock considered for calculation of MoU 2015-16 financial targets are enclosed for reference as **"Annexure on Stock Details"** (1 sheet).

PART-II: DYNAMIC / NON-FINANCIAL PARAMETERS: WEIGHTAGE = 50

2.1 Initiative for Growth

Four parameters are incorporated under Initiative for Growth with total weightage of 25.0 mark as per following details:

2.1.1 Crude Throughput

'Excellent' and 'Very Good' targets for Crude Throughput are set at 2,850 TMT and 2,700 TMT respectively, with 100 TMT reduction at each lower level. Weightage set at 15.0.

The Excellent crude throughput target has been fixed considering an optimistic scenario of 2,850 TMT crude receipt during the year. If actual crude receipt is below 2850 TMT, the "Excellent" crude throughput target shall be considered for downward revision to the level of actual crude receipt subject to a cut-off limit at 2701 TMT.

2.1.2 Distillate Yield

'Excellent' and 'Very Good' targets for Distillate Yield are set at 88.00% and 87.80% respectively, with 0.20% reduction at each lower level. Weightage set at 5.0.

The Distillate Yield targets are based on assumption of 156 TMT natural gas receipt in 2015-16 (at Excellent level). During evaluation, it would need to be reckoned that shortfall in natural gas receipt would lead to consumption of Naphtha as fuel and feed, which, besides being a distillate product, is costlier compared to natural gas, and therefore, appropriate adjustments shall have to be carried out.



2.1.3 Production of Wax

'Excellent' and 'Very Good' targets for Production of Wax are set at 35 TMT and 30 TMT respectively, with 5 TMT reduction at each lower level. Weightage set at 4.0.

2.1.4 Sale of Calcined Petroleum Coke (CPC)

'Excellent' and 'Very Good' targets for Sale of CPC as percentage of production are set at 100% and 95% respectively, with 5% reduction at each lower level. Weightage set at 1.0.

2.2 Sector Specific Parameter

In this category, Energy Intensity Index (EII) is incorporated as the sole parameter. 'Excellent' and 'Very Good' targets set at 101 and 102, with increase of 1 at each lower level. Weightage against this parameter is set as 5.0.

Energy Intensity Index targets are based on additional energy consumption in the Wax plant.

2.3 Productivity and Internal Processes

Two parameters are incorporated under Productivity and Internal Processes with total weightage of 8.0 marks as per following details:

2.3.1 Production of Motor Spirit (MS)

'Excellent' and 'Very Good' targets for Production of MS are set at 360 TMT and 330 TMT respectively, with 30 TMT reduction at each lower level. Weightage set at 5.0.

Capacity of NRL's MS plant is only 185 TMT per annum and additional quantities are being produced through blending Naphtha with suitable blend components, including imported reformate. The volume of NRL's MS production is dependent on economics of return which is influenced by prevailing rate of excise duty on the product. The current level of total excise duty on MS is Rs. 17,458.50 per KL and NRL avails 50% exemption benefit on the same.

In case during 2015-16, there is a revision of excise duty on MS, the targets against the parameter 'Production of MS' shall be considered for proportionate adjustment during evaluation.

2.3.2 Transportation of Products Through NSPL

'Excellent' and 'Very Good' targets for this parameter are set at 1.60 MMT and 1.57 MMT, with 0.03 MMT reduction at each lower level. Weightage set at 3.0.



2.4 Project Management and Implementation

Under project management and implementation, two parameters are incorporated with total weightage of 10.0 mark as detailed below:

2.4.1 Achievement of Milestones for Diesel Hydrotreating Unit Project during 2015-16

'Excellent' and 'Very Good' targets for this parameter are set at achievement of 5 and 4 milestones respectively, with reduction of one milestone at each lower level. Weightage set at 5.0.

The five subject milestones on NRL's project for installation of a Diesel Hydrotreating Unit are as follows: (a) Placement of order for Basic Engineering and Design Package (BEDP), b) Finalization of Design basis, c) Release of critical process datasheets, d) Review of Piping and Instrumentation Drawing (P&ID), e) Submission BEDP by process licensor.

2.4.2 Actual Capital expenditure as % of BE 2015-16 for Plan and Non-Plan projects

'Excellent' and 'Very Good' targets for this parameter are set at achievement of 100% and 95% respectively, with reduction of 5% at each lower level. Weightage set at 5.0.

BE 2015-16 for Plan and Non-Plan projects has been kept at Rs. 230 crores, with allocation of Rs. 115 crores each for Plan and Non-Plan projects. The Plan project budget allocation is subject to approval of NITI Ayog. ~~Any change in the approved number for Plan projects shall be incorporated in the target during evaluation.~~

2.5 Technology/Quality/Innovative Processes (Safety Management)

Two parameters are incorporated in this category with total weightage of 2.0 mark as follows:

2.5.1 Loss-Time-Accident (LTA) Incident per million manhours worked in the refinery

'Excellent' and 'Very Good' targets for this parameter are set at 0.00 and 0.48 respectively. Targets at 'Good', 'Fair' and 'Poor' set at 0.96, 1.44 and 1.92 respectively. Weightage against this parameter fixed at 1.0.

Reportable Loss Time Accident (LTA) is defined as a work-place accident which causes bodily injury due to which an injured person is prevented from working for a period of 48 hours or more immediately following the accident. Period of absence for such reportable accident is based on the Factories Act. Million manhour is calculated based on actual working hours of all employees in the refinery, including overtime.

The frequency for setting MoU 2015-16 targets is based on the following formula:

$$\text{Frequency} = \frac{\text{No. of reportable incidents leading to LTA} \times 10,00,000}{\text{Total manhours worked}}$$

Total manhours at NRL's refinery during 2015-16 is estimated at 20,90,355. Considering one LTA incident during the year, the frequency works out to 0.48, which is calculated as: $[(1 \times 10,00,000) / (20,90,355)]$ and the same is set as 'Very Good' target. Similarly, 'zero' incidents corresponds to a frequency of 0.00 and is the 'Excellent' target. For 'Good', 'Fair' and 'Poor' targets, numbers of incidents are considered as 2, 3 and 4 respectively.

2.5.2 Liquidation of ESA 2013 points

'Excellent' and 'Very Good' targets for this parameter are set at liquidation of 116 and 114 points respectively, with reduction of 2 points at each lower level. Weightage set at 1.0.

PART-III: NEGATIVE MARKINGS (AS PER MOU GUIDELINES)

3.1 Corporate Governance

Non-compliance of DPE guidelines on Corporate Governance will lead to negative marking and the MoU score will be decreased in the following manner:

Sl.	Annual Score	Grading	Penalty Marks
01	85% and above	Excellent	0
02	75%-84%	Very Good	0
03	60%-74%	Good	0.5
04	50%-59%	Fair	0.5
05	Below 50%	Poor	1.0

If NRL fails to submit the self evaluation report of Corporate Governance through MOP&NG or directly to DPE within the timelines, NRL would be graded as not complied and the same would be treated as poor rating.

3.2 Non-Compliance of DPE Guidelines

NRL has to give a certificate regarding Implementation of Guidelines issued by DPE within prescribed timelines and format specified through MOP&NG as per details in OM No. DPE/14(38)/10-Fin dated 28th June, 2011 and 15th Sep, 2014. Non-compliance of DPE Guidelines determined on the basis of certificate submitted will be penalized upto 1 mark. If there is any inconsistency between the compliance certificate submitted by NRL and the observations in the





Reports of the Comptroller and Auditor General of India for the year ended March, 2014 and 2015 (if any), NRL will be penalized by reduction of 1 mark.

3.3 Non-Compliance of CSR Guidelines

NRL will have to submit a certificate regarding compliance of the Act, Rules and Guidelines issued by DPE in this regard. Non-compliance will be penalized upto 1 mark at the time of MoU Evaluation.

3.4 Other Non-Compliance

Non-compliance of any directives of government including submission of data for Public Enterprises (PE) survey, MOSPI data updation on their website etc. and non-compliance of requirements of regulators in serious cases may be penalized upto 1 mark depending on the degree and seriousness of non-compliance. NRL will have to give a certificate regarding compliance of directives of Government and requirement of regulators (Annexure-VIII).

3.5 In case there is any inconsistency between the compliance certificate submitted by CPSE and the observations in the CAG report (commercial and compliance audit), the CPSE will be penalized by reduction of 1 (one) mark.



Part-IV

Frequency of Monitoring and Information Flow

Review of performance against MOU targets shall be undertaken quarterly at the level of Functional Heads / Committee of Functional Directors. In addition, Board of Directors shall be kept informed of the MOU performance on quarterly basis.



Part-V

Definitions of Financial and Accounting Terms

1. **Sales Turnover:-** 'Sales Turnover' may be defined as the gross inflow of cash, receivables or other consideration arising in the course of the ordinary activities of an enterprise from the sale of goods and from rendering of services. It is measured by the charges made to customers or clients for goods supplied and services rendered to them. In an agency relationship, it is the amount of commission and not the gross inflow of cash, receivables or other consideration. In case of contractors, the amount of contract revenue recognized as revenue in the statement of profit and loss as per the requirements of AS 7 (revised 2002), should be considered as 'Sales Turnover'.
It may further be noted that the term 'Sales Turnover' does not include amounts collected by the company on behalf of others such as sales tax, value added tax etc. but includes elements of excise duty. Further, inter-divisional transfers, would also not form part of sales turnover.

Note: For the purpose of deciding Memorandum of Understanding (MoU) target- under 'sales turnover' parameter for the purpose of Department of Public Enterprises (DPE), it shall not include excise duty.
2. **Gross Operating Margin:-** 'Gross Operating Margin' is the excess of the proceeds of goods sold and services rendered during a period over their cost, before taking into account administration, selling, distribution, financing expenses and taxes. When the result of this computation is negative it is referred to as 'gross loss'. It will not include 'other incomes'.
3. **Gross Operating Margin Rate:-** Gross operating Margin as a percentage of Sales Turnover.
4. **Profit after Tax (PAT):-** The excess of total revenues over total expenses including depreciation and amortization, interest, extraordinary items, prior period items and taxes (including deferred taxes).
5. **EBITDA:-** EBITDA is the excess of total revenues over total expenses for a period before providing for depreciation and amortization, interest on borrowings, taxes (including deferred taxes), extraordinary and prior period items.
6. **Earnings Before Interest Tax (EBIT):-** Excess of total revenues over total expenses before providing for interest, taxes (including deferred taxes), extraordinary items and prior period items.
7. **Cash generation from Operations:-** Cash flows from operations is primarily derived from the principal revenue producing activities of the enterprise. As per the principles laid down in the Accounting Standard (AS) 3, Cash Flow Statements, operating cash flows may be calculated by adjusting profit after tax (PAT) for the effects of:
 - (i) changes during the period in inventories and operating receivables and payables;
 - (ii) non-cash items such as depreciation, provisions, deferred taxes, and unrealized foreign exchange gains and losses; and
 - (iii) all other items for which the cash effects are investing or financial cash flows.
8. **Gross Block:-** 'Gross Block' of fixed assets represents historical cost or other amount substituted for historical cost (i.e. revalued amounts) in the books of account or financial statements.



9. **Depreciation** is a measure of the wearing out, consumption or other loss of value of a depreciable asset arising from use, effluxion of time or obsolescence through technology and market changes. Depreciation is allocated so as to charge a fair proportion of the depreciable amount in each accounting period during the expected useful life of the asset. Depreciation includes amortization of intangible assets whose useful life is predetermined.
10. **Net Block:-** Gross Block shown net of accumulated depreciation and impairment loss, is termed as 'Net Block'.
11. **Share Capital:-** Paid up capital is the aggregate amount of money paid or credited as paid on the shares and/or stocks of a corporate enterprise.
12. **Reserves & Surplus:-**
Reserve: The portion of earnings, receipts or other surplus of an enterprise (whether capital or revenue) appropriated by the management for a general or a specific purpose other than a provision for depreciation or diminution in the value of assets or for a known liability. The reserves are primarily of two types: capital reserves and revenue reserves.
Surplus: Surplus i.e. balance in the Statement of Profit and Loss disclosing allocations and appropriations such as dividend, bonus shares and transfer to/from reserves, etc.
13. **Net Worth:-** Net worth means the aggregate value of the paid-up share capital and all reserves created out of the profits and securities premium account, after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. Reserves for the purpose means Reserves & Surplus.
14. **Inventories** are assets:
 - i) held for sale in the ordinary course of business
 - ii) in the process of production for such sale;
 - iii) in the form of materials or supplies to be consumed in the production process or in the rendering of services.
15. **Capital Employed:-** Capital employed shall comprise of net worth and long term borrowings but excluding Capital Work-in-Progress (CWIP) and all investments made. However, deferred tax assets (net) shall not be form part of Capital Employed.
16. **Extraordinary Items** are income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the enterprise and, therefore, are not expected to recur frequently or regularly.
17. **Prior Period Items** are income or expenses which arise in the current period as a result of errors or omissions in the preparation of the financial statements of one or more prior periods.
18. **Working Capital:-** The funds available for conducting day-to-day operations of an enterprise and represented by the excess of current assets over current liabilities.
19. **Trade Receivables:-** Dues arising only from goods sold or services rendered in the normal course of business.
20. **Average Capital Employed:-** Average of the opening and closing capital employed for a period of time.

$$\text{Average Capital Employed} = (\text{Opening Capital Employed} + \text{Closing Capital Employed})/2.$$


21. **Cost of Production/Conversion Cost:-** Cost incurred to convert raw materials or components into finished or semi-finished products. This normally includes costs which are specifically attributable to production, i.e., direct labour, direct expenses and subcontracted work, and production overheads as applicable in accordance with the absorption costing method. Production overheads exclude expenses which relate to general administration, finance, selling and distribution.
22. **Current Ratio:** it is the ratio of current assets to current liabilities.
Current Ratio = Current Assets/Current Liabilities.
23. **Debt Service Coverage Ratio:-** The ratio of Earning before Interest and Taxes (EBIT) to interest on long-term liabilities.
24. **Average No. of Days of Inventory:-**
Average No. of Days of Inventory = $365 / \text{Inventory Turnover Ratio}$.
Where, Inventory Turnover Ratio = $\text{Cost of goods sold} / \text{Average Inventory}$.
Cost of goods sold in manufacturing operations includes (i) cost of materials; (ii) labour and (iii) factory overheads; Selling and administrative expenses are excluded.
Average inventory = $(\text{Opening Inventories} + \text{Closing Inventories}) / 2$.
Note: In cases where, the opening balance of inventory is nil, closing balance may be used to compute inventory turnover.
25. **Average Collection Period of Trade Receivables:-**
Average Collection Period of Trade Receivables = $365 * \text{Average Trade Receivables} / \text{Net Credit Sales}$
Where, Average Trade Receivables = $(\text{Opening Trade Receivables} + \text{Closing Trade Receivables}) / 2$.
Note: In cases where, the opening balance of trade receivables is nil, closing balance may be used to compute trade receivables period.
26. **Working Capital Turnover Ratio:-**
Working Capital Turnover = $\text{Sales Turnover} / \text{Working Capital}$.
27. **Current Assets:** An asset shall be classified as current when it satisfies any of the following criteria:
 - (a) it is expected to be realized in, or is intended for sale or consumption in, the company's normal operating cycle;
 - (b) it is held primarily for the purpose of being traded;
 - (c) it is expected to be realized within twelve months after the reporting date; or
 - (d) it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.
 All other assets shall be classified as non-current.
28. **Current Liabilities:-** A liability shall be classified as current when it satisfies any of the following criteria:
 - (a) it is expected to be settled in the company's normal operating cycle;
 - (b) it is held primarily for the purpose of being traded;
 - (c) it is due to be settled within twelve months after the reporting date; or
 - (d) the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.
 All other liabilities shall be classified as non-current.

Part-VI

Endorsement of Memorandum of Understanding: Year 2015-16

Based on discussions with Bharat Petroleum Corporation Limited and the Department of Public Enterprises, this Memorandum of Understanding has been formulated for NRL for the year 2015-16.

The Memorandum of Understanding for 2015-16 incorporating targets on various parameters is hereby agreed and signed this _____ day of March of the year Two Thousand Fifteen.


(P. Padmanabhan)
Managing Director
Numaligarh Refinery Limited


(S. Varadarajan)
Chairman & Managing Director
Bharat Petroleum Corporation Limited

MoU 2015-16
Approved by DPE/TF
Signed 

Sales Nos for MOU 2015-16

Part-VII

ANNEXURE ON PRICES

Products	Sales Qty (MT)							Price (Rs./MT)	Sales Value (Rs. in Lakhs)						
	2,850	2,700	2,600	2,500	2,400	2,300	2,200		2,850	2,700	2,600	2,500	2,400	2,300	2,200
Sales of own Products (A)															
LPG	53,022	50,232	48,372	46,512	44,652			38,158	20,232.13	19,167.53	18,457.79	17,748.05	17,038.31		2,400
MS-III - NRMT	184,000	154,000	128,000	110,000				41,015	75,467.60	63,163.30	52,499.20	52,499.20	45,116.50		2,400
MS-III - Ex-SMT	116,000	116,000	112,000	82,000	70,000			41,015	47,577.40	47,577.40	45,936.80	33,632.30	28,710.50		2,400
MS-IV - NRMT								40,829							
MS-IV - SMT	60,000	60,000	60,000	60,000	60,000			40,829	24,497.23	24,497.23	24,497.23	24,497.23	24,497.23		2,400
SKO - NRMT	98,000	92,000	90,500	84,400	80,000			40,613	39,800.27	37,363.52	36,754.33	34,276.97	32,490.02		2,400
SKO - Ex-SMT	78,200	69,200	69,200	61,200	61,200			40,613	31,758.99	28,103.86	28,103.86	24,854.86	24,854.86		2,400
HSD-III - NRMT	335,071	359,589	379,130	383,598	390,396			38,155	127,846.15	137,200.99	144,657.05	146,361.94	148,955.59		2,400
HSD-III - Ex-SMT	1,181,400	1,074,500	990,800	937,500	864,100			38,155	450,763.17	410,013.63	378,039.74	357,703.13	329,897.36		2,400
HSD-IV - Ex-SMT	295,000	295,000	295,000	295,000	295,000			37,774	111,432.30	111,432.30	111,432.30	111,432.30	111,432.30		2,400
ATF	83,800	78,000	72,400	66,000	65,500			40,475	33,918.30	31,570.73	29,304.12	26,713.70	26,511.32		2,400
Naphtha - FGN	3,962	5,071	15,218	24,023	35,306			32,261	1,278.16	1,635.81	4,909.53	7,750.09	11,390.31		2,400
Naphtha - PGN - (BCPL)	154,861	146,585	141,106	135,343	129,723			33,305	51,576.03	48,819.74	46,995.06	45,075.85	43,203.91		2,400
Wax	35,000	30,000	25,000	20,000	15,000			83,531	29,235.76	25,059.22	20,882.69	16,706.15	12,529.61		2,400
RPC	16,190	16,190	16,190	16,190	16,190			10,600	1,716.14	1,716.14	1,716.14	1,716.14	1,716.14		2,400
CPC	57,000	57,000	57,000	57,000	57,000			19,232	10,962.24	10,962.24	10,962.24	10,962.24	10,962.24		2,400
Sulphur	3,850	3,850	3,850	3,850	3,850			6,120	235.62	235.62	235.62	235.62	235.62		2,400
Total (A)	2,755,355	2,607,316	2,503,766	2,400,617	2,297,917				1,058,297.49	998,519.06	955,383.68	912,165.8	869,341.8		2,400

SSC (B)									10,267.269	9,775.091	9,460.801	9,159.594	8,816.039		2,400
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Total Sales Value (A+B)	2,755,355	2,607,316	2,503,766	2,400,617	2,297,917				1,068,564.76	1,008,294.15	964,844.49	921,325.35	878,157.85		2,400
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ED	Sales Qty (MT)							Rate/MT	Sales Value (Rs. in Lakhs)						
	2,850	2,700	2,600	2,500	2,400	2,300	2,200		2,850	2,700	2,600	2,500	2,400	2,300	2,200
MS-III	300,000	270,000	240,000	210,000	180,000			8,863.43	26,590.30	23,931.27	21,272.24	18,613.21	15,954.18		2,400
MS-IV	60,000	60,000	60,000	60,000	60,000			8,863.43	5,318.06	5,318.06	5,318.06	5,318.06	5,318.06		2,400
HSD-III	1,516,471	1,434,189	1,369,930	1,321,098	1,254,496			3,643.38	55,250.75	52,252.91	49,911.73	48,132.60	45,706.03		2,400
HSD-IV	295,000	295,000	295,000	295,000	295,000			3,643.38	10,747.96	10,747.96	10,747.96	10,747.96	10,747.96		2,400
ATF	83,800	78,000	72,400	66,000	65,500			1,737.70	1,456.19	1,355.40	1,258.09	1,146.88	1,138.19		2,400
Naphtha(BCPL)	3,962	5,071	15,218	24,023	35,306			2,326.04	68.85	88.11	264.44	417.44	613.52		2,400
RPC	16,190	16,190	16,190	16,190	16,190			764.26	123.73	123.73	123.73	123.73	123.73		2,400
CPC	57,000	57,000	57,000	57,000	57,000			1,386.63	790.38	790.38	790.38	790.38	790.38		2,400
WAX	35,000	30,000	25,000	20,000	15,000			6,022.57	2,407.90	1,806.77	1,505.64	1,204.51	903.38		2,400
Sulphur	3,850	3,850	3,850	3,850	3,850			378.22	14.56	14.56	14.56	14.56	14.56		2,400
Total									102,468.68	96,429.16	91,206.84	86,509.35	81,310.00		2,400

NEA	2.850	2.700	2.600	2.500	2.400	Rate/MT	2.850	2.700	2.600	2.500	2.400
MS-III	300,000	270,000	240,000	210,000	180,000	8,863.43	26,590.30	23,931.27	21,272.24	18,613.21	15,954.18
MS-IV	60,000	60,000	60,000	60,000	60,000	8,863.43	5,318.06	5,318.06	5,318.06	5,318.06	5,318.06
HSD-III	1,516,471	1,434,189	1,369,930	1,321,098	1,254,496	3,643.38	55,250.75	52,252.91	49,911.73	48,132.60	45,706.03
HSD-IV	295,000	295,000	295,000	295,000	295,000	3,643.38	10,747.96	10,747.96	10,747.96	10,747.96	10,747.96
WAX	35,000	30,000	25,000	20,000	15,000						
ATF	83,800	78,000	72,400	66,000	65,500	1,605.41	1,345.33	1,252.22	1,162.32	1,059.57	1,051.54
	(0)	0					99,252.41	93,502.42	88,412.31	83,871.41	78,777.78

MT Charge

Products	2.850	2.700	2.600	2.500	2.400	Rate/MT	2.850	2.700	2.600	2.500	2.400
LPG	40,522	38,232	36,872	35,512	34,152	313.12	126.88	119.71	115.45	111.20	106.94
LPG Bottling Charge	12,500	12,000	11,500	11,000	10,500	1,434.00	179.25	172.08	164.91	157.74	150.57
MS-III	300,000	270,000	240,000	210,000	180,000	96.39	289.17	260.25	231.34	202.42	173.50
MS-IV	60,000	60,000	60,000	60,000	60,000	96.39	57.83	57.83	57.83	57.83	57.83
SKO	176,200	161,200	159,700	145,600	141,200	96.39	169.84	155.38	153.93	140.34	136.10
HSD-III	1,516,471	1,434,189	1,369,930	1,321,098	1,254,496	96.39	1,461.73	1,382.41	1,320.48	1,273.41	1,209.21
HSD-IV	295,000	295,000	295,000	295,000	295,000	96.39	284.35	284.35	284.35	284.35	284.35
ATF	83,800	78,000	72,400	66,000	65,500	96.39	80.77	75.18	69.79	63.62	63.14
							2,649.83	2,507.21	2,398.08	2,290.91	2,181.64

Non CST sales	2.850	2.700	2.600	2.500	2.400	No CST as per	Actual 2013-14	CST Sales	Non CST	Apr-Dec'14
LPG	28,348	28,348	28,348	28,348	28,348	47,200	52,760	20,540.82	32,218.98	41,226
MS-III	79,521	79,521	79,521	79,521	79,521	168,000	278,669	154,698.64	123,970.19	247,282
MS-IV (all within WB)	60,000	60,000	60,000	60,000	60,000	60,000	34,635	34,635.25		24,223
SKO	54,391	54,391	54,391	54,391	54,391	64,000	90,902	32,406.56	58,495.76	65,454
SKO (sale to BPCL)	22,805	22,805	22,805	22,805	22,805	24,000	74,747	57,116.21	17,631.01	66,355
HSD-III	311,993	311,993	311,993	311,993	311,993	348,000	345,262	68,367.86	276,894.05	257,583
HSD-III (sale to BPCL)	144,037	144,037	144,037	144,037	144,037	216,000	1,138,661	927,630.96	211,030.53	954,852
HSD-IV (sale to BPCL)	295,000	295,000	295,000	295,000	295,000	295,000	250,131	8,808.49	241,322.51	193,675
ATF	52,808	52,808	52,808	52,808	52,808	72,000	73,618	15,577.78	58,039.78	59,956

CST cost	2.850	2.700	2.600	2.500	2.400	Rate/MT	2.850	2.700	2.600	2.500	2.400
LPG	24,674.09	21,884.09	20,024.09	18,164.09	16,304.09	769.42	189.85	168.38	154.07	139.76	125.45
MS-III	220,479	190,479	160,479	130,479	100,479	1,162.31	2,562.64	2,213.94	1,865.25	1,516.56	1,167.87
MS-IV (all within WB)						1,158.58					33.59
SKO	43,609	37,609	36,109	30,009	25,609	782.03	341.03	294.11	282.38	234.68	200.27
SKO (sale to BPCL)	55,395	46,395	46,395	38,395	38,395	792.89	439.23	367.87	367.87	304.44	304.44
HSD-III	23,077	47,595	67,137	71,605	78,403	893.06	206.09	425.05	599.57	639.48	700.18
HSD-III (sale to BPCL)	1,037,363	930,563	846,763	793,463	720,063	903.93	9,377.03	8,411.64	7,654.14	7,172.35	6,508.87
HSD-IV - Ex NRM						885.44					195.80
HSD-IV (all within WB)						896.30					
Naptha											
WAX	35,000	30,000	25,000	20,000	15,000	1,911.52	669.03	573.46	477.88	382.30	286.73
ATF	30,992	25,192	19,592	13,192	12,692	878.30	272.20	221.26	172.07	115.86	111.47
							14,057.10	12,675.71	11,573.24	10,505.42	9,634.66

Freight Under recovery:

Ex NRM	2.850	2.700	2.600	2.500	2.400	Rate/MT	2.850	2.700	2.600	2.500	2.400	Rs. in Lacs
MS-III												
MS-IV												
SKO												
HSD-III												
HSD-IV												
Naphtha - FGN (Haldia)	3,961.90	5,070.50	15,218.00	24,022.85	35,306.40	3,555.80	141.27	180.80	542.64	856.61		1,258.96
Naphtha - PGN - (Haldia)	144,860.70	136,584.75	131,106.00	125,343.45	119,722.80	3,555.80	5,165.44	4,870.34	4,674.98	4,469.50		4,209.08
Naphtha - PGN - (BCPL)	10,000.00	10,000.00	10,000.00	10,000.00	10,000.00	710.33	71.03	71.03	71.03	71.03		71.03
WAX	35,000.00	30,000.00	25,000.00	20,000.00	15,000.00							
Total Freight UR - NRM							5,377.75	5,122.18	5,288.65	5,397.14		5,599.06
Ex SMT	2.850	2.700	2.600	2.500	2.400	Rate/MT	2.850	2.700	2.600	2.500	2.400	
MS-III	116,000	116,000	112,000	82,000	70,000	999.69	1,159.65	1,159.65	1,119.66	819.75		699.79
MS-IV	60,000	60,000	60,000	60,000	60,000	999.69	599.82	599.82	599.82	599.82		599.82
SKO	78,200	69,200	69,200	61,200	61,200	899.72	703.58	622.61	622.61	550.63		550.63
HSD-III	1,181,400	1,074,600	990,800	937,500	864,100	999.69	11,810.39	10,742.72	9,904.97	9,372.14		8,638.36
HSD-IV	295,000	295,000	295,000	295,000	295,000	999.69	2,949.10	2,949.10	2,949.10	2,949.10		2,949.10
Total Freight UR - SMT	1,730,600	1,614,800	1,527,000	1,435,700	1,350,300		17,222.536	16,073.887	15,196.155	14,291.432		13,437.693
MSQ - Pipeline Freight							0.000	0.000	0.000	0.000		0.000
							22,600.28	21,196.06	20,484.81	19,688.57		19,036.76

Row Material Cost	2.850	2.700	2.600	2.500	2.400	Price/MT	2.850	2.700	2.600	2.500	2.400	Rs.
Basic Crude Cost	2850000	2700000	2600000	2500000	2400000	28,748.48	819,331.73	776,209.01	747,460.52	718,712.04		689,963.56
Less: crude discount	2850000	2700000	2600000	2500000	2400000							
Natural Gas	153900	153900	153900	153900	153900	21,923.71	34,179.06	34,179.06	34,179.06	34,179.06		34,179.06
Entry Tax	2850000	2700000	2600000	2500000	2400000	608.02	17,328.66	16,416.62	15,808.60	15,200.58		14,592.55
Sales Tax on crude	2850000	2700000	2600000	2500000	2400000	1,437.42	40,966.59	38,810.45	37,373.03	35,935.60		34,498.18
Pipeline Transportation Cost	2850000	2700000	2600000	2500000	2400000	215.25	6,134.63	5,811.75	5,596.50	5,381.25		5,166.00
Ravva Crude Transportation Cost	870477	720477	620477	520477	420477	2,800.00	24,373.35	20,173.35	17,373.35	14,573.35		11,773.35
MTBE	72500	66350	60300	54250	48200	63,141.00	45,777.23	41,894.05	38,074.02	34,253.99		30,433.96
Reformate	0	0	0	0	0	62,195.98						
							988,091.23	933,494.29	895,865.08	858,235.87		820,606.66

Augmented Crude for Ravva Crude Transportation Cost

Crude Throughput in MMT	2.85	2.70	2.60	2.50	2.40
Assam Crude	4,618,580.00	4,618,580.00	4,618,580.00	4,618,580.00	4,618,580.00
Throughput	2,850,000.00	2,700,000.00	2,600,000.00	2,500,000.00	2,400,000.00
Less: 42.86% of Assam Crude	1,979,523.39	1,979,523.39	1,979,523.39	1,979,523.39	1,979,523.39
Augmented Crude	870,476.61	720,476.61	620,476.61	520,476.61	420,476.61

ANNEXURE ON PL & BS

Part-VII

Profit & Loss Account for MOU 2015-16

MOU Target at 2600 TMT throughput	RE 2014-15	Excellent 2015-16	Very Good 2015-16	Good 2015-16	Fair 2015-16	Poor 2015-16
Throughput (TMT)	2,770	2,850	2,700	2,600	2,500	2,400
Sales (TMT)	2,621	2,755	2,607	2,504	2,401	2,298
	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
Revenue						
Sales Turnover (1+2+8)	9,293.96	11,704.67	11,043.04	10,556.55	10,074.88	9,591.17
1 Basic Sales	8,522.03	10,685.65	10,082.94	9,648.44	9,213.25	8,781.58
2 Excise Relief	746.24	992.52	935.02	884.12	838.71	787.78
3 Add / (Less) : Stock Variation	(47.43)	0.00	0.00	0.00	0.00	0.00
4 Less : Raw material	7,845.32	9,880.91	9,334.94	8,958.65	8,582.36	8,206.07
5 Less : Purchase for resale						
6 Gross Refining Margin (1+2+3-4-5)	1,374.92	1,797.26	1,683.02	1,573.92	1,469.61	1,363.29
7 Marketing Terminal Charges	25.09	26.50	25.07	23.98	22.91	21.82
8 Other Income - made Nil in MOU	46.24	-	-	-	-	-
9 Less : Freight	205.86	226.00	211.96	204.85	196.89	190.37
10 Less : CST Provision	89.21	140.57	126.76	115.73	105.05	96.35
11 Total (6+7+8-9-10)	1,151.78	1,457.18	1,369.38	1,277.32	1,190.58	1,098.39
12 Less : Variable Costs	35.41	95.38	90.36	87.01	80.57	71.62
13 Less : Establishment	159.98	171.42	171.42	171.42	171.42	171.42
14 Less : Operating Overheads	148.13	152.24	152.24	152.24	152.24	152.24
15 Gross Operating Margin (11-12-13-14)	808.26	1,038.15	955.36	866.65	786.35	703.12
16 Administrative & Other Expenses	57.41	59.67	59.67	59.67	59.67	59.67
17 EBITDA (15-16)	750.85	978.48	895.69	806.98	726.69	643.45
18 Depreciation & Amortisation	131.35	155.60	155.60	155.60	155.60	155.60
19 EBIT (17-18)	619.51	822.88	740.09	651.38	571.08	487.85
20 Interest	35.44	53.95	53.06	52.47	51.33	49.75
21 Profit Before Tax and prior year items (19-20)	584.07	768.92	687.03	598.90	519.75	438.10
22 Prior Period Adjustment						
23 Extra ordinary items	(1.08)	-	-	-	-	-
24 Profit Before Tax (21-22-23)	585.15	768.92	687.03	598.90	519.75	438.10
25 Less : Provision for Taxation	174.70	257.27	229.43	199.48	172.58	144.82
26 Net Profit / (Loss) after Tax (24-25)	396.20	507.48	457.60	399.42	347.17	293.28
27 Provision for Dividend & Dividend Tax	139.06	178.12	159.14	138.73	120.39	101.47
28 Profit Transferred to B/S (26-27)	257.14	329.36	298.46	260.69	226.78	191.81
29 Gross Refining Margin (Rs in crs)	1,374.92	1,797.26	1,683.02	1,573.92	1,469.61	1,363.29
Throughput (in TMT)	2,770	2,850	2,700	2,600	2,500	2,400
Conversion Factor (BBL to MT)	7.33	7.33	7.33	7.33	7.33	7.33
FE Rate (Rs. per \$)	59.45	62.00	62.00	62.00	62.00	62.00
Gross Refining Margin (1+2+5-8) - \$/BBL	11.39	13.88	13.72	13.32	12.93	12.50

Balance Sheet for MOU 2015-16

ANNEXURE ON PL & BS

Rs. in Crores

Balance Sheet	RE 2014-15	Excellent 2015-16	Very Good 2015-16	Good 2015-16	Fair 2015-16	Poor 2015-16
Equities and Liabilities						
Shareholder's Fund						
Share Capital	735.63	735.63	735.63	735.63	735.63	735.63
Reserves and Surplus						
Opening Balance	2,255.20	2,512.34	2,512.34	2,512.34	2,512.34	2,512.34
Add: PL Balance	396.20	507.48	453.42	395.25	343.00	289.10
Less: Dividend and DDT	(139.06)	(178.12)	(159.14)	(138.73)	(120.39)	(101.47)
Closing Balance	2,512.34	2,841.70	2,806.62	2,768.86	2,734.95	2,699.97
Total Shareholder's Fund	3,247.97	3,577.33	3,542.25	3,504.49	3,470.58	3,435.60
Non Current Liabilities						
Long-Term Borrowings	484.77	558.01	558.01	558.01	558.01	558.01
Deferred tax liabilities (net)	206.15	210.33	210.33	210.33	210.33	210.33
Other Long-Term Liabilities	2.46	2.46	2.46	2.46	2.46	2.46
Long-Term Provisions	162.56	162.56	162.56	162.56	162.56	162.56
Total Non-current liabilities	855.94	933.36	933.36	933.36	933.36	933.36
Current Liabilities						
Short-Term Borrowings	135.93	248.18	249.18	258.40	245.75	235.13
Trade Payables	599.47	772.58	729.89	700.47	671.05	641.63
Other Current Liabilities	223.32	223.32	223.32	223.32	223.32	223.32
Short-Term Provisions	182.10	225.16	206.18	185.77	167.43	148.51
Total current liabilities	1,140.82	1,469.24	1,408.58	1,367.96	1,307.55	1,248.59
Total Equities and Liabilities	5,244.73	5,979.93	5,884.18	5,805.81	5,711.49	5,617.55
Assets						
Non Current Assets						
Fixed Assets						
Tangible Assets	2,097.24	2,039.20	2,039.20	2,039.20	2,039.20	2,039.20
Intangible Assets	2.56					
Capital work-in-progress	205.35	340.35	340.35	340.35	340.35	340.35
Non-Current Investment	170.39	170.39	170.39	170.39	170.39	170.39
Long-Term Loans and Advances	70.04	70.04	70.04	70.04	70.04	70.04
Other Non-Current Assets						
Total Non-Current Assets	2,545.58	2,619.98	2,619.98	2,619.98	2,619.98	2,619.98
Current Assets						
Current Investments						
Inventories	1,431.78	1,431.78	1,431.78	1,431.78	1,431.78	1,431.78
Trade Receivables	812.56	1,023.36	977.62	949.24	904.92	860.98
Cash & Bank Balances	250.00	700.00	650.00	600.00	550.00	500.00
Short-Term Loans and Advances	144.14	144.14	144.14	144.14	144.14	144.14
Other Current Assets	60.67	60.67	60.67	60.67	60.67	60.67
Total Current Assets	2,699.15	3,359.95	3,264.21	3,185.83	3,091.51	2,997.57
Total Assets	5,244.73	5,979.93	5,884.18	5,805.81	5,711.49	5,617.55

Gross Operating Margin for MOU 2015-16

Part-VII

ANNEXURE ON PL, BS & GOM

MOU Target at 2600 TMT throughput	RE 2014-15	Excellent 2015-16	Very Good 2015-16	Good 2015-16	Fair 2015-16	Poor 2015-16
Throughput (TMT)	2,770	2,850	2,700	2,600	2,500	2,400
Sales (TMT)	2,621	2,755	2,607	2,504	2,401	2,298
Revenue	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
Sales Turnover (1+2+8)	9,293.96	11,704.67	11,043.04	10,556.55	10,074.88	9,591.17
1 Basic Sales	8,522.03	10,685.65	10,082.94	9,648.44	9,213.25	8,781.58
2 Excise Relief	746.24	992.52	935.02	884.12	838.71	787.78
3 Add / (Less) : Stock Variation	(47.43)	0.00	0.00	0.00	0.00	0.00
4 Less : Raw material	7,845.92	9,880.91	9,334.94	8,938.65	8,582.36	8,206.07
5 Less : Purchase fro resale						
6 Gross Refining Margin (1+2+3-4-5)	1,374.92	1,797.26	1,683.02	1,573.92	1,469.61	1,363.29
7 Marketing Terminal Charges	25.69	26.50	25.07	23.98	22.91	21.82
8 Other Income - made Nil in MOU	46.24	-	-	-	-	-
9 Less : Freight	205.86	226.00	211.96	204.85	196.89	190.37
10 Less : CST Provision	89.21	140.57	126.76	115.73	105.05	96.35
Total (6+7+8-9-10)	1,151.78	1,457.18	1,369.38	1,277.32	1,190.58	1,098.39
12.0 Variable Cost						
12.1 Chemicals & Catalyst consumption	29.34	92.18	87.33	84.10	77.87	69.22
12.2 Stores, Spares and Consumables	6.07	3.20	3.03	2.92	2.70	2.40
12.3 Power & Fuel	-	-	-	-	-	-
12.4 Less: Total Variable Costs	35.41	95.38	90.36	87.01	80.57	71.62
13.0 Establishment						
13.1 Salary and Wages	37.19	39.07	39.07	39.07	39.07	39.07
13.2 Provident Fund Contribution	8.67	9.25	9.25	9.25	9.25	9.25
13.3 Over time allowance	7.79	7.43	7.43	7.43	7.43	7.43
13.4 Staff Welfare Expenses:	-	-	-	-	-	-
13.5 Medical Expenses	17.56	16.25	16.25	16.25	16.25	16.25
13.6 Canteen / Tiffin Expenses	2.02	2.20	2.20	2.20	2.20	2.20
13.7 Vehicle Running Expenses	-	-	-	-	-	-
13.8 Leave Travel Assistance	7.45	8.08	8.08	8.08	8.08	8.08
13.9 Out of Pocket Expenses	1.20	1.08	1.08	1.08	1.08	1.08
13.10 PLUS / Ex-Gratia	11.47	16.28	16.28	16.28	16.28	16.28
13.11 Others	66.64	71.79	71.79	71.79	71.79	71.79
13.12 Less: Total Establishment Cost	159.98	171.42	171.42	171.42	171.42	171.42
14.0 Operating Overheads						
14.1 Travelling Expenses	10.44	7.85	7.85	7.85	7.85	7.85
14.2 Car Hire	7.73	8.39	8.39	8.39	8.39	8.39
14.3 Repairs and Maintenance	85.76	91.26	91.26	91.26	91.26	91.26
14.4 Communication/Telephone/Fax	0.74	0.77	0.77	0.77	0.77	0.77
14.5 Printing / Stationary & Software	2.64	1.79	1.79	1.79	1.79	1.79
14.6 Insurance	7.78	8.55	8.55	8.55	8.55	8.55
14.7 Security Expenses	17.52	18.34	18.34	18.34	18.34	18.34
14.8 Safety / Environment Expenses	1.91	2.02	2.02	2.02	2.02	2.02
14.9 Utilities - Electricity & Water Charges	5.40	6.01	6.01	6.01	6.01	6.01
14.10 Freight and Handling Charges	8.21	7.28	7.28	7.28	7.28	7.28
14.12 Less : Operating Overheads	148.13	152.24	152.24	152.24	152.24	152.24
15 Gross Operating Margin (11-12-13-14)	808.26	1,038.15	955.36	866.05	786.35	703.12

Stock Movement considered in MoU 2015-16 (Quantities in MT, Rates in Rs/MT, Values in Rs/Lacs)

2.850 MMT

Products	Opening Stock	Production	Sales	CI Stock	Rate for Op. St	Rate for Cl. St	Stock Val. (Op)	Stock Val. (Cl.)	Variation
LPG	1,560	53,022	53,022	1,560	34,640	34,640	540.46	540.46	0.00
MS-III	38,593	300,000	300,000	38,593	37,233	37,233	14,369.49	14,369.49	-
MS-IV	4,500	60,000	60,000	4,500	37,064	37,064	1,667.76	1,667.76	-
SKO	25,690	176,200	176,200	25,690	36,868	36,868	9,471.56	9,471.56	-
HSD-III	146,689	1,516,471	1,516,471	146,689	34,637	34,637	50,808.93	50,808.93	-
HSD-IV	38,373	295,000	295,000	38,373	34,291	34,291	13,158.44	13,158.44	-
ATF	7,163	83,800	83,800	7,163	36,743	36,743	2,631.98	2,631.98	-
Naphtha	71,059	158,823	158,823	71,059	29,287	29,287	20,811.05	20,811.05	-
RPC	4,183	16,190	16,190	4,183	9,623	9,623	402.49	402.49	-
CPC	13,510	57,000	57,000	13,510	17,459	17,459	2,358.63	2,358.63	-
WAX	-	35,000	35,000	-	75,829	75,829	-	-	-
Sulphur	917	3,850	3,850	917	5,556	5,556	50.93	50.93	-
Finished Goods	352,237	2,755,355	2,755,355	352,237	-	-	116,271.72	116,271.72	0.00
ISD	30,163	-	-	30,163	26,794	26,794	8,081.85	8,081.85	-
Total	382,401	2,755,355	2,755,355	382,401	-	-	124,353.58	124,353.58	0.00

2.700 MMT

Products	Opening Stock	Production	Sales	CI Stock	Rate for Op. St	Rate for Cl. St	Stock Val. (Op)	Stock Val. (Cl.)	Variation
LPG	1,560	50,232	50,232	1,560	34,640	34,640	540.46	540.46	0.00
MS-III	38,593	270,000	270,000	38,593	37,233	37,233	14,369.49	14,369.49	-
MS-IV	4,500	60,000	60,000	4,500	37,064	37,064	1,667.76	1,667.76	-
SKO	25,690	161,200	161,200	25,690	36,868	36,868	9,471.56	9,471.56	-
HSD-III	146,689	1,434,189	1,434,189	146,689	34,637	34,637	50,808.93	50,808.93	-
HSD-IV	38,373	295,000	295,000	38,373	34,291	34,291	13,158.44	13,158.44	-
ATF	7,163	78,000	78,000	7,163	36,743	36,743	2,631.98	2,631.98	-
Naphtha	71,059	151,655	151,655	71,059	29,287	29,287	20,811.05	20,811.05	-
RPC	4,183	16,190	16,190	4,183	9,623	9,623	402.49	402.49	-
CPC	13,510	57,000	57,000	13,510	17,459	17,459	2,358.63	2,358.63	-
WAX	-	30,000	30,000	-	75,829	75,829	-	-	-
Sulphur	917	3,850	3,850	917	5,556	5,556	50.93	50.93	-
Finished Goods	352,237	2,607,316	2,607,316	352,237	-	-	116,271.72	116,271.72	0.00
ISD	30,163	-	-	30,163	26,794	26,794	8,081.85	8,081.85	-
Total	382,401	2,607,316	2,607,316	382,401	-	-	124,353.58	124,353.58	0.00

2.600 MMT

Products	Opening Stock	Production	Sales	CI Stock	Rate for Op. St	Rate for Cl. St	Stock Val. (Op)	Stock Val. (Cl.)	Variation
LPG	1,560	48,372	48,372	1,560	34,640	34,640	540.46	540.46	0.00
MS-III	38,593	240,000	240,000	38,593	37,233	37,233	14,369.49	14,369.49	-
MS-IV	4,500	60,000	60,000	4,500	37,064	37,064	1,667.76	1,667.76	-
SKO	25,690	159,700	159,700	25,690	36,868	36,868	9,471.56	9,471.56	-
HSD-III	146,689	1,369,930	1,369,930	146,689	34,637	34,637	50,808.93	50,808.93	-
HSD-IV	38,373	295,000	295,000	38,373	34,291	34,291	13,158.44	13,158.44	-
ATF	7,163	72,400	72,400	7,163	36,743	36,743	2,631.98	2,631.98	-
Naphtha	71,059	156,324	156,324	71,059	29,287	29,287	20,811.05	20,811.05	-
Naphtha(BCPL)	-	-	-	-	-	-	-	-	-
RPC	4,183	16,190	16,190	4,183	9,623	9,623	402.49	402.49	-
CPC	13,510	57,000	57,000	13,510	17,459	17,459	2,358.63	2,358.63	-
WAX	-	25,000	25,000	-	75,829	75,829	-	-	-
Sulphur	917	3,850	3,850	917	5,556	5,556	50.93	50.93	-
Finished Goods	352,237	2,503,766	2,503,766	352,237	-	-	116,271.72	116,271.72	0.00
ISD	30,163	-	-	30,163	26,794	26,794	8,081.85	8,081.85	-
Total	382,401	2,503,766	2,503,766	382,401	-	-	124,353.58	124,353.58	0.00

2.500 MMT

Products	Opening Stock	Production	Sales	CI Stock	Rate for Op. St	Rate for Cl. St	Stock Val. (Op)	Stock Val. (Cl.)	Variation
LPG	1,560	46,512	46,512	1,560	34,640	34,640	540.46	540.46	0.00
MS-III	38,593	210,000	210,000	38,593	37,233	37,233	14,369.49	14,369.49	-
MS-IV	4,500	60,000	60,000	4,500	37,064	37,064	1,667.76	1,667.76	-
SKO	25,690	145,600	145,600	25,690	36,868	36,868	9,471.56	9,471.56	-
HSD-III	146,689	1,321,098	1,321,098	146,689	34,637	34,637	50,808.93	50,808.93	-
HSD-IV	38,373	295,000	295,000	38,373	34,291	34,291	13,158.44	13,158.44	-
ATF	7,163	66,000	66,000	7,163	36,743	36,743	2,631.98	2,631.98	-
Naphtha	71,059	159,366	159,366	71,059	29,287	29,287	20,811.05	20,811.05	-
Naphtha(BCPL)	-	-	-	-	-	-	-	-	-
RPC	4,183	16,190	16,190	4,183	9,623	9,623	402.49	402.49	-
CPC	13,510	57,000	57,000	13,510	17,459	17,459	2,358.63	2,358.63	-
WAX	-	20,000	20,000	-	75,829	75,829	-	-	-
Sulphur	917	3,850	3,850	917	5,556	5,556	50.93	50.93	-
Finished Goods	352,237	2,400,617	2,400,617	352,237	-	-	116,271.72	116,271.72	0.00
ISD	30,163	-	-	30,163	26,794	26,794	8,081.85	8,081.85	-
Total	382,401	2,400,617	2,400,617	382,401	-	-	124,353.58	124,353.58	0.00

2.400 MMT

Products	Opening Stock	Production	Sales	CI Stock	Rate for Op. St	Rate for Cl. St	Stock Val. (Op)	Stock Val. (Cl.)	Variation
LPG	1,560	44,652	44,652	1,560	34,640	34,640	540.46	540.46	0.00
MS-III	38,593	180,000	180,000	38,593	37,233	37,233	14,369.49	14,369.49	-
MS-IV	4,500	60,000	60,000	4,500	37,064	37,064	1,667.76	1,667.76	-
SKO	25,690	141,200	141,200	25,690	36,868	36,868	9,471.56	9,471.56	-
HSD-III	146,689	1,254,496	1,254,496	146,689	34,637	34,637	50,808.93	50,808.93	-
HSD-IV	38,373	295,000	295,000	38,373	34,291	34,291	13,158.44	13,158.44	-
ATF	7,163	65,500	65,500	7,163	36,743	36,743	2,631.98	2,631.98	-
Naphtha	71,059	165,029	165,029	71,059	29,287	29,287	20,811.05	20,811.05	-
Naphtha(BCPL)	-	-	-	-	-	-	-	-	-
RPC	4,183	16,190	16,190	4,183	9,623	9,623	402.49	402.49	-
CPC	13,510	57,000	57,000	13,510	17,459	17,459	2,358.63	2,358.63	-
WAX	-	15,000	15,000	-	75,829	75,829	-	-	-
Sulphur	917	3,850	3,850	917	5,556	5,556	50.93	50.93	-
Finished Goods	352,237	2,297,917	2,297,917	352,237	-	-	116,271.72	116,271.72	0.00
ISD	30,163	-	-	30,163	26,794	26,794	8,081.85	8,081.85	-
Total	382,401	2,297,917	2,297,917	382,401	-	-	124,353.58	124,353.58	0.00

ANNEXURE-VII

Self declaration/certification by NRL

It is hereby certified that the targets and actual achievements in respect of financial parameters have been worked out as per MoU Guidelines by adopting the norms and definitions laid down in MoU Guidelines for the year 2015-16. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per MoU Guidelines. NRL has no right of claim in this regard.




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Authorised Signatory



ANNEXURE-VIII

Self-declaration for Compliance of Directives of Government & Regulators

It is hereby certified that NRL has complied all the directives of government and requirements of regulators. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per Guidelines, directives issued by the government/regulators. NRL has no right of claim in this regard.



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Authorised Signatory

