

MEMORANDUM OF UNDERSTANDING 2019-20

BETWEEN

NUMALIGARH REFINERY LIMITED

AND

BHARAT PETROLEUM CORPORATION LIMITED



NUMALIGARH REFINERY LIMITED



MEMORANDUM OF UNDERSTANDING 2019-20

CONTENTS

PART	PARTICULARS	PAGE
I	Brief about the CPSE	1
II	MoU 2019-20: Parameters and Targets	3
	Annexure for HR parameters of continuous nature	4
III	Explanatory Notes on parameters and additional eligibility criteria	5
IV	TREND Analysis	
	PART A	6
	PART B	7



Brief about the CPSE

1.	Name of the CPSE	Numaligarh Refinery Limited (NRL)		
2.	Status (Please tick) as per DPE guidelines	Sick / Incipient Sick / Weak / None [✓]		
3.	Reasons of sickness, if applicable	Not applicable		
4.	Whether registered with BIFR, If yes, details	Not applicable		
5.	Schedule of the CPSE: (Please tick)	A / B [✓] / C / D / None		
6.	Purpose for which CPSE has been set up and the main business now	NRL was incorporated to set up and operate a petroleum refinery in Numaligarh, Assam as per provisions of the Assam Accord signed between Govt. of India and All Assam Students Union in 1985. The main business of NRL is refining of crude oil and production of petroleum products.		
7.	Number of subsidiary companies along with amount invested and share in its profit during the last five years	NIL.		
	Year *	Name of Subsidiary	Amount Invested (Rs.)	Share in its profit (Rs)
	2011-12	Not applicable		
	2012-13			
	2013-14			
	2014-15			
	2015-16			
8.	Number and name of Joint Venture companies along with amount invested and share in its profit during the five years	Number of JVs: Four		
	Year	Name of Joint Venture 1	Amount Invested (Rs. Cr)	Share in its profit (Rs. Cr)
	Prior to 2012-13	BCPL	104.10	-
	2012-13	BCPL	22.80	-
	2013-14	BCPL	-	-
	2014-15	BCPL	-	-
	2015-16	BCPL	-	-
	2016-17	BCPL	14.87	-
	2017-18	BCPL	-	-
	Total	BCPL	141.77	-



Numaligarh Refinery Limited

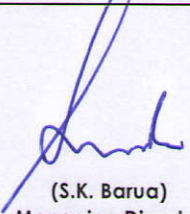
	Year	Name of Joint Venture 2	Amount Invested (Rs. Cr)	Share in its profit (Rs. Cr)
	Prior to 2012-13	DNPL	35.08	-
	2012-13	DNPL	8.41	0.49
	2013-14	DNPL	-	0.30
	2014-15	DNPL	-	0.48
	2015-16	DNPL	-	0.74
	2016-17	DNPL	-	1.09
	2017-18	DNPL	-	4.22
	Total	DNPL	43.49	7.32
	BCPL – Brahmaputra Cracker and Polymer Limited. NRL's share in the JV is 10.81%. DNPL – DNP Limited. NRL's share in the JV is 26%. The JV is a strategic special purpose vehicle which was formed to construct and operate a dedicated NG pipeline for transporting natural gas to NRL's refinery.			
	New Joint Ventures entered in 2018-19 Joint Venture 3 – Assam Bio Refinery Private Limited (ABRPL) – NRL's share is 50% in the JV which will set up a Bio refinery at Numaligarh for production of ethanol from bamboo. Upto Sep'18, NRL's investment in the JV is Rs. 13 crores. Joint Venture 4 – Indradhanush Gas Grid Limited (IGGL) – NRL's share in the JV is 20% which will lay a gas pipeline network in the North East connecting all State capitals. Upto Sep'18, NRL's investment in the JV is Rs. 5 crores.			
9.	Details of revival plan approved earlier		Not applicable	

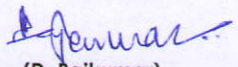
NUMALIGARH REFINERY LIMITED
MOU 2019-20 : Parameters and Targets

Sl. No.	Parameter	Unit	Marks	2018-19 (Est.)	Best in 5 Years'	MoU Target for the Year 2019-20					% Improvement *
						Excellent	V.G.	Good	Fair	Poor	
PART A - Mandatory Parameters											
1	Revenue from Operations (Net of Excise Duty) [Note 1]	Rs. Crore	10	16155	13232	16600	16100	15600	15100	14600	-0.4
2	Operating Profit as percentage of Revenue from operations (Net)	%	15	17.09	24.70	17.80	17.10	16.50	16.00	15.50	0.6
3	PAT as percentage of Average Net Worth	%	15	32.44	45.36	32	31	30	29	28	-4.4
PART B - Other Parameters											
4	Crude Throughput	TMT	12	2750	2809	2800	2750	2700	2650	2600	0.0
5	Reduction in Specific Energy Consumption over previous year	%	8	67.0 MBN [Absolute value]	-	2.0	1.8	1.6	1.4	1.2	-
6	CAPEX	Rs. Crore	7	375	503	460	430	400	370	340	14.7
7	Percentage value of CAPEX contracts / projects running / completed during the year without time / cost over run to total value of CAPEX contracts running / completed during the year	%	3	80	-	100	95	90	85	80	18.8
8	Trade Recievables (Net) as number of days of Revenue from Operations (Gross)	No. of Days	4	27	10	21	23	25	27	30	14.8
9	Reduction in Claims against the Company not acknowledged as debt - Overall	%	5	-	-	15	12	10	8	6	-
10	Achievement of HR Parameter of continuous nature as per list given below as Annexure.	No. of Parameters	4	-	-	7	6	5	4	3	-
11	Capability development programmes for employees to build their technical & managerial competencies for higher positions with special focus on Web based learning	No. of Programmes	4	-	-	15	14	13	12	11	-
12	Reduction in Specific Fresh Water consumption over previous year	%	5	0.8	35.4	1.5	1.3	1.1	0.9	0.7	-
13	Operational Availability	%	8	95.0	98.5	98	96	95	94	93	1.1
TOTAL MARKS			100								

Note 1: Price Variation formula for adjustments in Crude Oil rate and Exchange Rate at the time of evaluation

Revised Target for Revenue from Operations (RO)	Target of RO (1+ Exchange Variation x 1.12334% + Crude Oil Variation x 1.10179%)
Exchange Variation	Variation from Rs. 71.50/USD
Crude Price Variation	Variation from Crude price of \$65.75/bbl


(S.K. Barua)
Managing Director
Numaligarh Refinery Limited

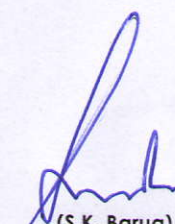

(D. Rajkumar)
Chairman & Managing Director
Bharat Petroleum Corporation Limited

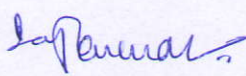
NUMALIGARH REFINERY LIMITED
MOU 2019-20

Annexure

The details of HR parameters of continuous nature is as below:

Sl. No.	Parameter
1	Online submission of ACR/APAR in respect to all Employees (E0 & above) along with compliance of prescribed timeline w.r.t. writing of ACR/APAR
2	Online Quarterly Vigilance Clearance updation for all Senior Executives (E5 & above)
3	Updation of Succession Plan and its approval by Board of Directors
4	Holding DPC in all cases without delay for Executives (E0 & above)
5	Talent Management & career progression by imparting at least 1 week training of at least 10% Executives (E0 & above) in Center of Excellence within India e.g. IITs, IIMs, NITs, ICAI, etc.
6	Regular updation of Online Human Resource Management System (HRMS)
7	Review and its implementation of Employee performance on the lines of FR (56) (J) and submitting a Compliance Report to Board of Directors at the end of the year.


(S.K. Barua)
Managing Director
Numaligarh Refinery Limited


(D. Rajkumar)
Chairman & Managing Director
Bharat Petroleum Corporation Limited

MoU 2019-20: Explanatory Notes on parameters and Additional Eligibility Criteria

1. **Revenue from Operation (Net of excise duty):** The target set is considering crude price of \$65.75 per bbl and foreign exchange rate of Rs. 71.50 per Dollar. At the time of evaluation, variation in crude price and dollar rate will be adjusted in targets as per following formula:

Revised target for Revenue from Operation (Net) (RO)	Target of RO (1+ Exchange Variation X 1.12334% + Crude Oil variation X 1.10179%)
Exchange Variation	Variation from Rs.71.50 per Dollar
Crude Price Variation	Variation from crude price of \$65.75 per bbl

2. Additional eligibility criteria as per para 14.2 of the guideline:

Score and rating as per para 14.1 would be subject to fulfilling following criteria failing which aggregate MoU score would be reduced by 1 mark for each instance of non-compliance of subject to maximum of 5 marks and the rating would be modified accordingly:

- i. Compliance provisions of the Companies Act 2013 or the relevant Act under which they have been regulated (To the extent compliances are within the ambit of CPSEs)
- ii. In case of listed CPSEs, compliance of provisions of Listing Agreement (To the extent compliances are within the ambit of CPSEs)
- iii. Compliance of DPE guidelines having financial implications
- iv. No adverse observations by CAG on Annual Accounts pointing out misappropriation of funds of any amount or Overstatement of profit/surplus/assets or understatement of /deficit/liabilities amounting to 5% of Revenue from Operation.
- v. Holding of AGM without seeking extension of time
- vi. Submission of draft MoU / MoU evaluation through administrative ministry / department of DPE by prescribed date
- vii. Signing of MoU as prescribed without deviation from minutes of the IMC meeting
- viii. Compliance of Public Procurement Policy for Micro and Small Enterprises issued by M/o Micro and Small and Medium Enterprises
- ix. Compliance of DPE guidelines issued from time to time for CSR Expenditure by CPSEs
- x. Compliance of DPE guidelines on Digital India
- xi. Compliance of DPE guidelines on any policy, issued from time to time, and prescribed specifically in this regard.

Compliance of each of additional eligibility criteria has to be confirmed /certified by Board of Directors by way of resolution.

PART A
TREND Analysis

Sl. No.	Financial Performance Criteria	Unit	Target v/s Actual	2013-14	2014-15	2015-16	2016-17	2017-18	Current Year (2018-19) Actual Upto Sep'18	Estimated
1	Revenue from Operations - Gross	Rs. Crore	Actual	9,876.76	10,827.05	11,925.44	13,946.92	15,921.96	8,376.28	18,509.08
	Revenue from Operations - Net	Rs. Crore	MoU	9,255.09	9,862.42	10,031.44	11,247.00	13,232.01	7,254.52	16,155.00
2	a. Profit before Tax	Rs. Crore		8005.20	8674.71	11043.04	8947.66	11500.00	6,250.00	12,500.00
	b. Other Incomes	Rs. Crore		562.65	1,134.25	1,863.86	3,147.57	3,142.34	1,450.73	2,887.14
	c. Extraordinary & Exceptional Items	Rs. Crore		48.72	73.78	141.01	370.29	129.53	62.54	123.49
	d. Prior Period Items	Rs. Crore		(0.15)	(1.12)	1.86	-	-	2.64	2.52
	e. Operating Profit / Loss (a-b+/-c+/-d)	Rs. Crore	Actual	514.08	1,061.59	1,720.98	2,777.28	3,012.81	1,385.55	2,761.13
	a. PAT	Rs. Crore	MoU	188.17	286.85	687.03	1,004.83	1,353.20	1,156.25	2,312.50
3	b. Net Worth at year end	Rs. Crore		371.09	718.31	1,209.82	2,100.58	2,044.65	942.75	1,702.68
	c. Average Net Worth	Rs. Crore		2,890.84	3,254.99	4,179.20	5,080.65	4,944.35	5,671.08	5,553.74
	d. PAT / Avg. Net Worth	%	Actual	2,774.15	3,072.92	3,717.09	4,629.92	5,012.50	5,375.87	5,249.04
	e. Paid-up Share Capital	%	MoU	13.38	23.38	32.55	45.37	40.79	17.54	32.44
	f. GoI share	Rs. Crore		5.40	6.19	12.80	21.00	30.50	15.50	31.00
	g. Reserves and surplus	Rs. Crore		735.63	735.63	735.63	735.63	735.63	735.63	735.63
4	Total Expenses	Rs. Crore		Nil	Nil	Nil	Nil	Nil	Nil	-
5	Total Incomes	Rs. Crore		2,155.20	2,519.35	3,443.56	4,345.01	4,208.72	4,935.44	4,818.11
6	Total Expenses / Total Incomes	%		9,362.98	9,767.70	10,200.73	11,169.63	12,910.38	6,985.45	15,745.43
7	Details of Other Income	Rs. Crore		9,925.48	10,900.83	12,066.45	14,317.20	16,052.72	8,438.81	18,632.57
	a. Interest	Rs. Crore		94.33	89.61	84.54	78.02	80.42	82.78	84.50
	b. Dividend	Rs. Crore								
	c. Other Income	Rs. Crore		31	59.34	108.50	157.30	85.13	60.69	92.06
	d. Total	Rs. Crore		0.49	0.31	0.48	0.74	27.19	-	18.26
8	a. Cash and Bank Balance and equivalent	Rs. Crore		17.16	14.13	32.03	212.24	17.21	1.85	13.17
	b. Investments	Rs. Crore		48.72	73.78	141.01	370.29	129.53	62.54	123.49
	c. Investment in shares other than subsidiary/JVs	Rs. Crore		965.15	1,053.74	1,736.94	1,477.30	820.82	436.58	104.09
	d. Total (a+b+c)	Rs. Crore		53.05	236.80	146.39	312.45	454.10	830.42	723.20
	e. Cash credit / Over-draft loan/ Short-term loan	Rs. Crore								
	f. Balance in current account	Rs. Crore		1,018.20	1,290.54	1,883.33	1,789.75	1,274.92	1,267.01	827.29
9	Dividend paid/ declared for the year, excluding dividend tax	Rs. Crore		259.30	165.61	0.44	18.64	0.02	0.74	3.28
		Rs. Crore		117.70	294.25	514.94	1,368.27	1,360.92	-	1,250.57

PART B
TREND Analysis

Sl. No.	Performance Criteria	Unit	Target v/s Actual	2013-14	2014-15	2015-16	2016-17	2017-18	Current Year (2018-19) Actual Upto Sep'18	Estimated
1.1	Installed Capacity in terms of Crude Throughput	TMT	Actual	3000	3000	3000	3000	3000	3000	3000
1.2	Capacity Utilisation in terms of Crude Throughput	TMT	Actual	2613	2777	2520	2683	2809	1427	2850
			MoU	2600	2700	2850	2670	2670	1427	2850
2.1	% improvement in Distillate Yield over previous year	%	Actual	0.49	1.23	-1.08	0.17	0.22	-0.37	0.37
			MoU	-	-	-	0.60	1.10	0.50	0.50
2.2	Distillate Yield (in absolute terms)	%	Actual	86.23	87.29	86.34	86.49	86.68	86.36	87.00
			MoU	86.77	85.95	86.69	87.43	87.44	87.10	87.10
3.1	% Reduction in Specific Energy Consumption over previous year	%	Actual	-0.55	3.0	1.4	-2.6	10.2	-6.3	-3.2
			MoU	-	-	0.5	-	2.0	Not a target	Not a target
3.2	Specific Energy Consumption (In absolute terms)	MBN	Actual	73.6	71.4	70.4	72.3	64.9	69.0	67.0
4	CAPEX	Rs. Crore	Actual	456	245	239	503	419	144	375
			MoU	Not a Target	230	230	500	375	159	375
5	CAPEX contracts / projects running /completed without time /cost overrun to total value of CAPEX	%	Actual	-	-	-	100%	98%	80%	80%
			MoU	-	-	-	100%	100%	100%	100%
6	Operational Availability (%)	%	Actual	98.19	96.16	93.92	95.36	98.49	92.77	95.0
7	Volumetric Expansion Index (as per Solomon)	%	Actual	-	-	90.6	92.3	91.30	-	92.50
8	Specific Fresh Water consumption [m3/TMT/NRGF of crude processed (MTN)]	MTN	Actual	-	-	-	268.6	173.6	-	172.18
9	LPG Bottling	TMT	Actual	16	20	22	33	39	23	46
			MoU	Not a Target	20	22	23	31	20	40
10	Trade receivables (Net)	Rs. Crore	Actual	278	1,237	819	804	1,016	1,218	1,381
			MoU	578	762	978	729	1,099	-	1,098
11	Trade receivables as percentage of Revenue from Operation(Gross)	Days	Actual	10	42	25	21	23	27	27
			MoU	25	30	30	25	30	Not a target	Not a target
12	Claim against the Company not acknowledge as debt									
	By Central Government Department			266.15	271.31	239.08	243.11	221.99	245.12	247.09
	By State Departments			228.82	145.12	38.21	59.88	34.12	62.37	64.66
	By CPSEs			-	-	-	-	-	-	-
	By Others			149.08	106.29	112.09	71.49	63.78	84.01	86.77
	Total			644.05	522.72	389.38	374.48	319.89	391.50	398.52