



**Memorandum of Understanding (MoU)**

**2019-20**

**Oil and Natural Gas Corporation Limited**

**And**

**Ministry of Petroleum & Natural Gas  
(Government of India)**

**July, 2019**

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# **SECTION – I**

**Brief about ONGC**

1.	<b>Name of the CPSE</b>	<b>Oil and Natural Gas Corporation Limited (ONGC)</b>
2.	<b>Status (Please tick): As per DPE guidelines</b>	<b>Sick / Incipient Sick / Weak / None</b>
3.	<b>Reasons of Sickness, if applicable</b>	<b>Not Applicable</b>
4.	<b>Whether registered with BIFR, If yes, details</b>	<b>Not Applicable</b>
5.	<b>Schedule of the CPSE(Please tick)</b>	<b>A / B / C / D / None</b>
6.	<b>Purpose for which CPSE has been setup and the main business now</b>	The Company was set up in 1955 as the Oil and Natural Gas Directorate to fulfill the Government of India mandate to develop the oil and natural gas resources in the various regions of the country as part of Public Sector development. It was upgraded to the status of a Commission in 1956 and it became a Public Limited Company in 1994.
7.	<b>Number and Name of subsidiary companies along with amount invested and share in its profit during last five years</b>	<b>Table - 1</b>
8.	<b>Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years</b>	<b>Table - 2</b>
9.	<b>Details of revival plan approved earlier</b>	<b>Not Applicable</b>

**Table – 1 (Details of Subsidiary Companies)**

Sr. No.	Year	Name of subsidiary	% of Holding	Amount Invested (Rs. in Cr.)	Share in its profit (Rs. in Cr.)
1	2013-14	<b>ONGC Videsh Ltd.(OVL)</b>	100	10,000.00	4,445.32
	2014-15		100	10,000.00	1,904.22
	2015-16		100	10,000.00	(2,093.55)
	2016-17		100	15,000.00	757.32
	2017-18		100	15,000.00	981.45
2	2013-14	<b>Mangalore Refinery and Petrochemicals Ltd. (MRPL)*</b>	71.63	1,040.57	434.16
	2014-15		71.63	1,040.57	(1,291.70)
	2015-16		71.63	1,040.57	508.26
	2016-17		71.63	1,040.57	2,487.45
	2017-18		71.63	1,040.57	1,427.33
3	2013-14	<b>ONGC Mangalore Petrochemicals Ltd.** (OMPL)</b>	-	-	
	2014-15		49.00	920.00	(49.58)
	2015-16		49.00	920.00	(428.91)
	2016-17		49.00	920.00	(179.43)
	2017-18		49.00	920.00	(219.07)
4	2013-14	<b>Petronet MHB Ltd. ***</b>	-	-	-
	2014-15		-	-	-
	2015-16		-	-	-
	2016-17		-	-	-
	2017-18		32.72	183.93	27.31

Sr. No.	Year	Name of subsidiary	% of Holding	Amount Invested (Rs. in Cr.)	Share in its profit (Rs. in Cr.)
5	2013-14	<b>Hindustan Petroleum Corp. Ltd. (HPCL) ****</b>	-	-	-
	2014-15		-	-	-
	2015-16		-	-	-
	2016-17		-	-	-
	2017-18		51.11	36,915.00	3,516.05
6	2013-14	<b>Consolidated</b>	-	11,040.57	4,879.48
	2014-15		-	11,960.57	562.95
	2015-16		-	11,960.57	(2,014.20)
	2016-17		-	16,960.57	3,065.35
	2017-18		-	54,059.50	5,733.07

\* The Share of consolidated profit in MRPL has been computed after excluding OMPL share included by MRPL.

\*\* OMPL has become subsidiary of ONGC Group on account of direct holding of 49% by ONGC and indirect holding of 51% through subsidiary company MRPL with effect from 28<sup>th</sup> February, 2015.

\*\*\* Petronet MHB has been reclassified from joint venture to a subsidiary during 2017-18, as the company holds 32.72% ownership interest and its subsidiary Hindustan Petroleum Corporation Limited holds 32.72% ownership interest.

\*\*\*\* The Share of consolidated profit in HPCL has been computed after excluding MRPL share included by HPCL



**Table – 2 (Details of Joint Venture Companies)**

Sr. No.	Year	Name of Joint Venture	% of Holding	Amount Invested (Rs. in Cr.)	Share in its profit (Rs. in Cr.)
1	2013-14	<b>ONGC Mangalore Petrochemicals Ltd.* (OMPL)</b>	48.15	0.02	(0.23)
	2014-15		48.15	0.02	(391.51)
	2015-16		-	-	-
	2016-17		-	-	-
	2017-18		-	-	-
2	2013-14	<b>Petronet MHB Ltd. **</b>	28.77	157.84	11.04
	2014-15		28.77	157.84	9.81
	2015-16		28.77	157.84	17.88
	2016-17		32.72	183.93	26.48
	2017-18		-	-	-
3	2013-14	<b>Mangalore SEZ Ltd.</b>	26.46	13.00	4.31
	2014-15		26.82	13.00	(0.48)
	2015-16		26.82	13.00	(1.04)
	2016-17		26.82	13.00	(1.61)
	2017-18		26.82	13.00	0.98
4	2013-14	<b>ONGC Petro Additions Ltd. (OPAL)</b>	49.36	997.96	(0.18)
	2014-15		49.36	997.96	(0.38)
	2015-16		49.36	997.96	(51.34)
	2016-17		49.36	997.96	(435.42)
	2017-18		49.36	997.96	(1,095.57)
5	2013-14	<b>ONGC Teri Biotech Ltd.</b>	49.98	0.02	2.24
	2014-15		49.98	0.02	2.26
	2015-16		49.98	0.02	4.08
	2016-17		49.98	0.02	2.75
	2017-18		49.98	0.02	4.04

Sr. No.	Year	Name of Joint Venture	% of Holding	Amount Invested (Rs. Cr.)	Share in its profit (Rs. Cr.)
6	2013-14	ONGC Tripura Power Comp. Ltd. (OTPC)	49.52	267.49	4.89
	2014-15		49.52	267.49	36.40
	2015-16		50.00	560.00	(21.65)
	2016-17		50.00	560.00	69.27
	2017-18		50.00	560.00	71.33
7	2013-14	Dahej SEZ Ltd.	50.00	23.02	10.94
	2014-15		50.00	23.02	9.04
	2015-16		50.00	23.02	10.77
	2016-17		50.00	23.02	23.09
	2017-18		50.00	23.02	18.48
8	2013-14	Consolidated	-	1,459.36	33.02
	2014-15		-	1,459.36	(334.87)
	2015-16		-	1,751.85	(41.30)
	2016-17		-	1,777.93	(315.43)
	2017-18		-	1,594.00	(1,000.74)

\* Upto 28-02-2015 OMPL was treated as Joint Venture with 48.15% share of ONGC. It has become subsidiary of ONGC Group on account of direct holding of 49% and indirect holding of 51% through subsidiary company MRPL with effect from 28<sup>th</sup> February, 2015.

\*\* Petronet MHB has been reclassified from joint venture to a subsidiary during 2017-18, as the company holds 32.72% ownership interest and its subsidiary Hindustan Petroleum Corporation Limited holds 32.72% ownership interest.



**Mandatory Parameters (PART – A)**

Sl. No	Performance Criteria	Unit	Marks	MOU Targets for the year 2019-20				
				Excellent	Very Good	Good	Fair	Poor
1	Turnover :							
	Revenue from Operation (Net of Excise Duty)	Rs. Cr.	4	1,13,963	1,11,704	1,05,809	1,02,268	99,028
2	Operating Profit / Loss :							
	Operating profit as a percentage of Revenue from operations (Net)	%	8	30.21	28.30	26.70	25.00	19.99
3	Return on Investment:							
	PAT as percentage of Average Net Worth	%	8	14	13	12	11	10

**Other Parameters (PART – B)**

Sl. No.	Performance Criteria	Unit	Marks	MOU Targets for the year 2019-20				
				Excellent	Very Good	Good	Fair	Poor
1	Capacity Utilisation							
	Crude Oil Production	MMT	35	25.60	25.34	23.80	23.00	22.30
	Natural Gas Production	BCM	15	28.30	27.35	26.50	25.80	25.10
2	Production Efficiency Parameter							
	Reserve Replacement Ratio (2P) (MMtoe)	Ratio	7	1.51	1.36	1.22	1.16	1.10
3	R&D, Innovation, Technology up-gradation parameter							
	ASP (Alkali Surfactant Polymer Flooding) injection in Viraj Field (IRS, Ahmedabad)	No. of Wells	5	8	7	6	5	4
4	CAPEX	Rs. Cr.	7	32921	28500	27500	26500	25500
5	Percentage of value of CAPEX contracts / projects running / completed during the year without time / cost overrun to total value of CAPEX contracts running / completed during the year.							
	Percentage of value of CAPEX contracts / projects running / completed during the year without time / cost overrun to total value of CAPEX contracts running / completed during the year.	%	3	100	95	90	85	80

Sl. No.	Performance Criteria	Unit	Marks	MOU Targets for the year 2019-20				
				Excellent	Very Good	Good	Fair	Poor
6	Reduction in Claims against the Company not acknowledged as debt.							
	Reduction in Claims against the Company not acknowledged as debts - Overall	%	3	15	12	10	8	6
7	Human Resource Management							
	Achievement of HR Parameter of continuous nature as per list given below (No. of parameters)	Nos	5	7	6	5	4	3
Total (A+B)			100					

**The list of HR parameters of continuous nature**

Sl. No.	Parameter
1	Online submission 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 of DPC in all cases without delay for Executives (E0 & above)
5	Regular updation of Online Human Resource Management System (HRMS)
6	Talent Management & career progression by imparting at least 1 week training of at least 10% Executives (E0 & above) in Centre of Excellence e.g. IITs, IIMs, NITs, ICAI, etc.
7	Review & 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.

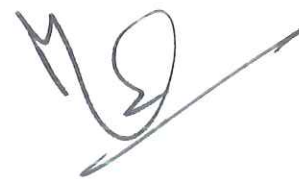
**Note:**

- Crude Oil Production includes Condensate, BS&W & other elements.
- There will be no revision in targets due to 3<sup>rd</sup> party certification. However, if CPSE / Administrative Ministry claims offset in Crude oil and natural gas production and resultant impact in Revenue from operations at the time of evaluation due to 3<sup>rd</sup> Party Certification of Production Profiles, the same will be placed before HPC.
- If CAPEX figure is revised in RE 2019-20 Budget, then evaluation would be done accordingly.
- For calculating reduction in claims, if a case is decided in favour of the CPSE and the other party has gone in appeal, the same would be excluded from the opening as well as closing claims.

Oil and Natural Gas Corporation Ltd. and Ministry of Petroleum & Natural Gas on behalf of Government of India agree to the Memorandum of Understanding for 2019-20 and signed on the 26<sup>th</sup> day of July' 2019.



**(Shashi Shanker)**  
Chairman and Managing Director  
Oil and Natural Gas Corporation Limited



**(Dr. M. M. Kutty)**  
Secretary, Government of India  
Ministry of Petroleum & Natural Gas

## **SECTION – II**



## Note on MOU 2019-20

1. While formulating the targets it has been presumed that normal working environment would prevail and no interruption or loss of work takes place due to Force-Majeure reasons.
2. The MOU target for Crude Oil production (including condensate) and Natural Gas production includes ONGC's share in PSC JVs – Domestic fields. The bi-furcation of the same under Very Good is given below:

	Crude Oil Production (MMT)	Natural Gas Production (BCM)	Total Production O+OEG (MMtoe)
ONGC (Nomination + NELP)	22.300	26.250	48.550
ONGC's JV Share	3.040	1.100	4.140
<b>Total ONGC (including JV Share)</b>	<b>25.340</b>	<b>27.350</b>	<b>52.690</b>

3. Crude Oil Production includes Condensate (1.613 MMT), BS&W & other elements.
4. If CPSE / Administrative Ministry claim offset in Production / Revenue at the time evaluation which arises due to 3<sup>rd</sup> Party Certification of Production Profile, the same will be placed before HPC.
5. Oil & Gas Production targets includes production from Nomination Blocks, ONGC share in NELP Blocks & also in PSC-JV.
6. The JV production includes ONGC share of production from Panna-Mukta, Ravva, CB-OS/2, RJ-ON-90/, CB-ON-02/03, CB-ON-07 & CBM Blocks.
7. Exchange Rate considered is US\$1= Rs. 71.50.
8. Crude oil price for ONGC & JVs (Excluding Rajasthan JV) have been assumed at US\$ 65.75/bbl without considering any subsidy impact. Rajasthan JV Crude at US\$ 55.89/bbl i.e. a discount of 15%.
9. Gas revenue of ONGC for MoU 2019-20 have been worked at gas price of US\$ 3.61/MMBTU on Gross calorific value basis based on the notified price and higher price for Ultra Deep/Deep Water/HPHT as applicable. JV gas price is considered as per prevailing contracts.
10. Net Worth excludes OCI (Other Comprehensive Income).
11. If CAPEX figure is revised in RE 2019-20 Budget, then, evaluation will be done accordingly.
12. Adjustment may be allowed for any variation in targets due to changes in Government decision / policies in terms of availability of acreages / licenses etc.

13. Price Variation formula for adjustment in Crude oil rate and exchange rate at the time of evaluation shall be as follows:—

Revised target for Revenue from operations (RO)	Target of RO (1+ Exchange Rate Variation x 0.0136926291 + Crude Oil Price Variation x 0.01153003)
Exchange Variation	Variation from Rs. 71.50/USD
Crude Price Variation	Variation from Crude Price of \$65.75/bbl
No revision due to change in Gas Price	

14. At the time of evaluation, target of Revenue from operation shall be adjusted as per the price variation formula as per para 13 above. In order to work out crude price variation, If Ministry decides to take different rates for Exploration CPSE (crude price) than the rate forwarded by Ministry (International transparent rate / regulatory prices), the same could be considered at the time of evaluation.
15. For working out the reduction in claims against the company not acknowledged as debt, at the time of evaluation, it is clarified that, If any case is decided in favour of the CPSE and the other party has gone in appeal, the same would be excluded from the opening as well as closing claims
16. Targets decided in MoU are unconditional and no offset will be allowed except price adjustment in revenue from operations and CPSE/Administrative Ministry can claim offset for Adjustment in production quantity and corresponding revenue from operations at the time of evaluation, based on 3<sup>rd</sup> party certification, which shall be placed before HPC. Further evaluation would be subject to compliance of additional eligibility criteria as contained in para 14.2 of MoU guidelines.



## **SECTION – III**

**Details of Revenue from Operations**

(Rs. Crore)

Particulars	Target 2019-20				
	Excellent	Very Good	Good	Fair	Poor
<b>Crude Oil</b>					
ONGC	73,310	72,565	68,155	65,864	63,860
Non Operated JV - RJON 90/1	6,615	6,548	6,150	5,943	5,762
<b>Total</b>	<b>79,925</b>	<b>79,113</b>	<b>74,305</b>	<b>71,807</b>	<b>69,622</b>
<b>Natural Gas</b>					
ONGC	22,222	21,481	20,818	20,273	19,727
Non Operated JV's	1,440	1,392	1,348	1,313	1,277
<b>Total</b>	<b>23,662</b>	<b>22,873</b>	<b>22,167</b>	<b>21,585</b>	<b>21,004</b>
<b>VAP</b>					
LPG	3,299	3,106	2,951	2,795	2,640
Naptha	4,524	4,259	4,046	3,833	3,620
C2-C3	730	688	653	619	584
C2	1,201	1,130	1,074	1,017	961
C3	801	754	716	678	641
C4	468	441	419	397	375
SKO	236	222	211	200	189
HSD	313	295	280	265	250
LSHS	44	42	40	38	36
<b>Total</b>	<b>11,617</b>	<b>10,936</b>	<b>10,389</b>	<b>9,843</b>	<b>9,296</b>
Profit Oil Surrender	-1,858	-1,814	-1,629	-1,528	-1,439
Other Operating Income	737	708	682	661	639
<b>Total Revenues</b>	<b>1,14,081</b>	<b>1,11,815</b>	<b>1,05,914</b>	<b>1,02,368</b>	<b>99,122</b>
Less: Excise Duty	118	111	105	100	94
<b>Revenue From Operations (Net of Excise Duty)</b>	<b>1,13,963</b>	<b>1,11,704</b>	<b>1,05,809</b>	<b>1,02,268</b>	<b>99,028</b>

## Trend Analysis (Part-A)

Sl. No.	Performance criteria	Unit	Target v/s Actual	Financial year					
				2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	Revenue from operations(Gross)	Rs. Crore		84,203	83,093	77,742	77,908	85,004	1,09,655
	Revenue from operations(Net of Excise duty)	Rs. Crore	Actual	83,890	82,871	77,543	77,698	84,963	1,09,609
			MoU	-	-	-	72,557	86,688	88,204
2	a. Profit Before Tax	Rs. Crore		32,432	26,555	23,599	25,216	28,893	39,954
	b. Other Income	Rs. Crore		6,713	5,367	7,009	7,676	7,884	7,519
	c. Extraordinary & Exceptional items e.g. Income/ (Expenditure)	Rs. Crore		-	-	-3,227	-	-	-
	d. Prior Period Items e.g. Income / (Expenditure)	Rs. Crore		250	-384	-	-	-	-
	e. Operating Profit/Loss (a-b-c-d)	Rs. Crore	Actual	25,469	21,572	19,817	17,540	21,009	32,435
3	Operating Profit as percentage of Revenue from Operations (%)	%	Actual	30.36	26.03	25.56	22.57	24.73	29.59
4	a. Profit After tax (Profit for the year)	Rs. Crore		22,095	17,733	16,140	17,900	19,945	26,716
	b. Net Worth at Year End	Rs. Crore		1,36,725	1,34,473	1,54,705	1,60,854	1,71,795	1,82,906
	c. Average Net Worth	Rs. Crore		1,29,299	1,35,599	1,44,589	1,57,780	1,66,325	177,351
	d. PAT/ Average Net Worth	%	Actual	17.09	13.08	11.16	11.34	11.99	15.06
			MoU	14.11	-	12.18	6.50	11.00	10.80
	e. Paid - Up Share Capital	Rs. Crore		4278	4278	4278	6417	6417	6,290
	f. Gol / Holding Co. Share (%)	%		68.94	68.94	68.93	68.07	67.72	64.25
	g. Reserves and Surplus (Other Equity)	Rs. Crore		1,32,447	1,40,323	1,61,497	1,79,122	186,968	196,702
h. Reserves not created out of profits e.g. OCI, Revaluation Reserve etc.	Rs. Crore		-	10,128	11,070	24,685	21,590	20,086	
5	Effective Tax rate	%		31.87	33.22	31.61	29.01	30.97	33.13

## Trend Analysis (Part-A)

Sl. No.	Evaluation criteria	Unit	Target v/s Actual	Financial year					
				2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
6	Cash and Bank Balance & equivalent	Rs. Crore		10,799	2,760	9,957	9,511	1,013	504
7	Cash credit/Over draft loan/ Short term loan	Rs. Crore		-	1,393	-	-	25,592	21,594
8	Balance in Current Account	Rs. Crore		139	118	13	42	30	18
9	Dividend paid / declared for the year, excluding Dividend Tax	Rs. Crore		8,128	8,128	7,272	9,517	7,764	9,595
10	Buyback Amount	Rs. Crore		-	-	-	-	-	4022
11	Issue of Share Capital (Bonus)	Rs. Crore		-	-	-	2139	-	-
12	Finished Goods and Work in Progress	Rs. Crore		700	867	832	965	1028	1194
13	Inventory of finished goods and work in progress to Revenue from Operations (Net) (No. of Days)	No. of Days		3.05	3.82	3.92	4.53	4.42	3.98
14	Trade Receivables (Net)	Rs. Crore		8,166	13,578	5,431	6,476	7,773	8,440
15	Trade Receivables (Net) as number of days of Revenue from Operations (Gross) (No. of Days)	No. of Days		35.4	59.6	25.5	30.3	33.4	28.1

**Note:** Financial results for FY 2017-18 & FY 2018-19 are in accordance with the Indian Accounting Standards (Ind-AS) as prescribed under Section 133 of the Companies Act, 2013.



## TREND Analysis (Part-B)

Sl. No.	Evaluation criteria	Unit	Target v/s Actual	Financial year					
				2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	Capacity Utilisation / Production								
	Oil Production (ONGC)	MMT	Actual	22.247	22.264	22.368	22.249	22.305	21.111
	Oil Production (JV)	MMT	Actual	3.747	3.679	3.560	3.285	3.130	3.120
	Oil Production (ONGC+JV)	MMT	Actual	25.994	25.943	25.927	25.534	25.435	24.231
			MoU	27.240	27.140	26,000	25.726	25.927	25.927
2	Any Production efficiency parameters								
	Drilling of Development & Exploratory Wells	No. of Wells	Actual	415	401	385	501	503	516
3	CAPEX	Rs. Cr.	Actual	32,470	29,997	30,110	26,168	34,008	26,600
			MoU	32310	34256	34437	28000	29000	29000
4	Any other sector specific result-oriented measurable parameters:								
	Natural Gas Production (ONGC)	BCM	Actual	23.284	22.023	21.177	22.088	23.484	24.747
	Natural Gas Production (JV)	BCM	Actual	1.567	1.500	1.353	1.182	1.126	1.063
	Natural Gas Production (ONGC+JV)	BCM	Actual	24.851	23.524	22.530	23.270	24.610	25.810
			MoU	25.190	25.340	25.100	23.839	25.335	25.510
5	Reserve Replacement Ratio (2P) (MMT <sub>oe</sub> )	Ratio	Actual	1.24	1.38	1.51	1.45	1.48	1.36
6	Reduction in Claims against the Company not acknowledged as debt								
	Central Government Departments	Rs. Cr.	Actual	7886	9659	8881	11174	15398	21030
	State Governments / Local Authorities	Rs. Cr.	Actual	17208	15184	18638	2491	2975	3411
	CPSEs	Rs. Cr.	Actual	210	204	218	649	595	698
	Others	Rs. Cr.	Actual	10388	12564	14963	19814	28896	35297
	Total	Rs. Cr.	Actual	35693	37612	42700	34128	47865	60437



**The score and MoU rating of ONGC for last 5 years**

<b>Year</b>	<b>Score</b>	<b>Rating</b>
2013-14	1.476	Excellent
2014-15	2.310	Very Good
2015-16	77.48	Very Good
2016-17	77.28	Very Good
2017-18	81.60	Very Good

