



**Memorandum of Understanding (MoU)
2020-21**

Oil and Natural Gas Corporation Limited

And

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

December, 2020

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SECTION – I

Brief about ONGC

1.	Name of the CPSE	Oil and Natural Gas Corporation Limited (ONGC)
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 setup and the main business now	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.	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years	Table - 1
8.	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years	Table - 2
9.	Details of revival plan approved earlier	Not Applicable

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	2014-15	ONGC Videsh Ltd.(OVL)	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
	2018-19		100	15,000.00	1682.28
2	2014-15	Mangalore Refinery and Petrochemicals Ltd. (MRPL)*	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
	2018-19		71.63	1,040.57	243.58
3	2014-15	ONGC Mangalore Petrochemicals Ltd.** (OMPL)	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)
	2018-19		49.00	1066.99	11.22
4	2014-15	Petronet MHB Ltd. ***	-	-	-
	2015-16		-	-	-
	2016-17		-	-	-
	2017-18		32.72	183.93	27.31
	2018-19		32.72	183.93	36.57

Sr. No.	Year	Name of subsidiary	% of Holding	Amount Invested (Rs. in Cr.)	Share in its profit (Rs. in Cr.)
5	2014-15	Hindustan Petroleum Corp. Ltd. (HPCL) ****	-	-	-
	2015-16		-	-	-
	2016-17		-	-	-
	2017-18		51.11	36,915.00	3,516.05
	2018-19		51.11	36,915.00	3389.52
6	2014-15	Consolidated	-	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
	2018-19		-	54,206.50	5,363.17

* 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 28th 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	2014-15	ONGC Mangalore Petrochemicals Ltd.* (OMPL)	48.15	0.02	(391.51)
	2015-16		-	-	-
	2016-17		-	-	-
	2017-18		-	-	-
	2018-19		-	-	-
2	2014-15	Petronet MHB Ltd. **	28.77	157.84	9.81
	2015-16		28.77	157.84	17.88
	2016-17		32.72	183.93	26.48
	2017-18		-	-	-
	2018-19		-	-	-
3	2014-15	Mangalore SEZ Ltd.	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
	2018-19		26.86	13.00	0.65
4	2014-15	ONGC Petro Additions Ltd. (OPAL)	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)
	2018-19		49.36	997.98	(701.06)
5	2014-15	ONGC Teri Biotech Ltd.	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
	2018-19		49.98	0.02	3.33

Sr. No.	Year	Name of Joint Venture	% of Holding	Amount Invested (Rs. Cr.)	Share in its profit (Rs. Cr.)
6	2014-15	ONGC Tripura Power Comp. Ltd. (OTPC)	49.52	267.49	36.40
	2015-16		50.00	267.49	(21.65)
	2016-17		50.00	560.00	69.27
	2017-18		50.00	560.00	71.33
	2018-19		50.00	560.00	106.97
7	2014-15	Dahej SEZ Ltd.	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	17.44
	2018-19		50.00	23.02	16.53
8	2014-15	IGGL	-	-	-
	2015-16		-	-	-
	2016-17		-	-	-
	2017-18		-	-	-
	2018-19		20.00	5.00	(2.42)
9	2014-15	Consolidated	-	1,459.36	(334.87)
	2015-16		-	1,459.34	(41.30)
	2016-17		-	1,777.93	(315.43)
	2017-18		-	1,594.00	(1,001.79)
	2018-19		-	1,599.02	(576.01)

* 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 28th 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 Financial Parameters (PART – A)

Sl. No	Performance Criteria	Unit	Marks	2019-20 (Est.)	MOU Targets for the year 2020-21				
					Excellent	Very Good	Good	Fair	Poor
1	Operating profit as % of Revenue from operations	%	10	19.94	29.59	13.00	10.00	8.00	7.00
2	PAT as a % of Average Net Worth	%	10	9.03	14.93	6.00	4.50	3.00	1.60

Other Parameters (PART – B)

Sl. No.	Performance Criteria	Unit	Marks	2019-20 (Est.)	MOU Targets for the year 2020-21				
					Excellent	Very Good	Good	Fair	Poor
1	Crude Oil Production	MMT	35	23.35	25.94	24.00	23.00	22.00	21.00
2	Natural Gas Production	BCM	15	24.90	26.60	25.27	24.00	23.00	22.00
3	Achievement of CAPEX target of Rs. 32,502 Crore	%	20	-	200	120	100	85	80
4	Reserve Replacement Ratio (2P)	Ratio	2	1.19	1.21	1.18	1.15	1.12	1.09

Sl. No.	Performance Criteria	Unit	Marks	2019-20 (Est.)	MOU Targets for the year 2020-21				
					Excellent	Very Good	Good	Fair	Poor
5	Reduction in Claims against the Company not acknowledged as debt-Overall	%	2	-	20	18	16	14	12
6	Total No. of Development & Exploratory Drilling Wells	Nos.	1	500	503	493	483	473	463
7	MoU parameter related to GeM: Percentage of procurement of goods and services through GeM portal to total procurement of goods and services during the previous year i.e. FY 2019-20	%	5	-	25	20	15	10	5

Note:

1. Crude Oil Production includes Condensate, BS&W & other elements.
2. In working out achievements for the year, quantified qualifications of CAG / Statutory Auditors would be adjusted in case of overstatement of Revenue / Profit / Surplus or understatement of Loss / Deficit , in addition to the negative marks prescribed in MoU guidelines
3. Adjustment would be made in the targets in case of improvement in actual performance over the estimated performance in the base year (2019-20) as per MoU guidelines
4. It was agreed that the targets decided are unconditional and no offset will be allowed on any ground. Further, evaluation would be subject to compliance of Additional Eligibility criteria as contained in MoU guidelines.

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 2020-21 and sign on the 18th day of December'2020.


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


(Tarun Kapoor)
 Secretary, Government of India
 Ministry of Petroleum & Natural Gas

SECTION – II

Note on MOU 2020-21

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.
3. Crude Oil Production includes Condensate, BS&W & other elements.
4. Oil & Gas Production targets includes production from Nomination Blocks, ONGC share in NELP Blocks & also in PSC-JV.
5. The JV production includes ONGC share of production from Ravva, CB-OS/2, RJ-ON-90/, CB-ON-02/03, CB-ON-07 & CBM Blocks.
6. Net Worth excludes OCI (Other Comprehensive Income).
7. Capex includes Survey, Exploratory Drilling, Development Drilling, Capital, R&D and Integration Projects, which is as per statement 26 of budget document of GOI.
8. Adjustment may be allowed for any variation in targets due to changes in Government decision / policies in terms of availability of acreages / licenses etc.
9. If any impairment arises in actual factoring future prices, adjustment for the same be provided at the time of actual evaluation as provided in definitions and explanatory notes of DPE Guidelines dated 17.01.2019.
10. 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.
11. MoU Evaluation would be subject to compliance of additional eligibility criteria as contained in para 14.2 of MoU guidelines.

SECTION – III

Trend Analysis (Part-A)

(Rs in Crore)

Sl.No.	Evaluation criteria	Unit	Target v/s Actual	Financial year					
				2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
1	Revenue from operations(Gross)	Rs Crore		83,093	78,565	77,908	85,004	1,09,655	96,214
	Revenue from operations(Net of Excise duty)	Rs Crore	Actual	82,871	78,368	77,698	84,963	1,09,610	96,125
			MoU	-	-	72,557	86,688	88,204	1,11,704
2 (a)	Profit Before Tax	Rs Crore		26,555	23,390	25,216	28,892	39,954	20,369
2 (b)	Other Income	Rs Crore		5,367	6,192	7,548	7,884	7,519	6,105
2 (c)	Extraordinary & Exceptional items	Rs Crore		-	3,142	-	-	-	4,899
2 (d)	Prior Period Items	Rs Crore		384	(23)	-	-	-	-
2 (e)	Operating Profit/Loss	Rs Crore	Actual	21,573	20,318	17,667	21,009	32,435	19,163
3(a)	Profit After tax	Rs Crore		17,733	16,004	17,900	19,945	26,716	13,445
3(b)	Net Worth at Year End	Rs Crore		1,43,623	1,51,023	1,60,869	1,71,811	1,82,923	1,86,442
3(c)	Average Net Worth	Rs Crore		1,39,627	1,47,323	1,57,795	1,66,340	1,77,367	1,84,682
3(d)	PAT/Net worth	%	Actual	12.70%	10.86%	11.34%	11.99%	15.06%	7.28
			MoU	-	12.18%	6.50%	11.0%	10.80%	13.0%
3(e)	Paid - Up Share Capital	Rs Crore		4,277.75	4,277.75	6,416.63	6,416.63	6,290.15	6,290.15
3(f)	Gol share	%		68.94%	68.93%	68.07%	67.72%	64.25%	60.41%
3(g)	Reserves and Surplus	Rs Crore		1,40,323	1,47,575	1,79,122	1,86,968	1,96,702	1,88,048
4	Total Expenses	Rs Crore		61,902	58,220	60,240	63,995	77,220	77,051
5	Total Income	Rs Crore		88,460	84,757	85,456	92,888	1,17,174	1,02,319
6	Total Expense/Total Income	%		69.98%	68.69%	70.49%	68.90%	65.90%	75.30%
7	Details of Other Income								
	a. Interest	Rs Crore		3,056	2,745	2,668	2,673	1,974	1,319
	b. Dividend			489	571	1,697	3,781	3,106	2,466
	c. Other Income			1,821	2,876	3,183	1,429	2,439	2,320
	d. Total			5,367	6,192	7,548	7,884	7,519	6,105

Sl.No.	Evaluation criteria	Unit	Target v/s Actual	Financial year					
				2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
8	a. Cash and Bank Balance and equivalent	Rs Crore		2,760	9,957	9,511	1,013	504	968
	b. Investment in mutual funds	Rs Crore		-	3,003	3,634	-	-	-
	c. Investment in shares other than subsidiary/JVs**	Rs Crore		4,288	4,288	28,957	27,194	25,572	12,608
	d. Total (a+b+c)	Rs Crore		7,048	17,248	42,102	28,207	26,076	13,576
	e. Cash credit/Over draft loan/ Short term loan	Rs Crore		1,393	-	-	25,592	21,594	13,949
	f. Balance in Current Account	Rs Crore		118	13	42	30	18	-
9	Dividend paid/declared for the year, excluding Dividend Tax	Rs Crore		8,128	7,272	7,764	8,470	8,806	6,290
10	Inventory of finished/semi finished goods and Work In Progress	Rs Crore		867	848	965	1,028	1,194	942
11	Inventory of finished/semi finished goods and Work In Progress to Ro (Net)	No. of days		3.82	3.95	4.53	4.42	3.98	3.58
12	Inventory of finished goods of more than one year	Rs Crore	Actual	-	-				
			MoU						
13	Inventory of finished goods of more than one year as a percentage of RO	%	Actual	-	-				
			MoU						
14	Trade receivables(Total)	Rs Crore	Actual	13,578.27	5,301.98	6,476.21	7,772.64	8,439.96	4,777.39
			MoU						
15	Trade receivables as percentage of Revenue from operations(gross)	No. of days	Actual	58.83	24.29	29.93	32.92	28.09	18.12
			MoU	-	-				
16	Claims against the company not acknowledged as debt	Rs Crore	Actual						
	By Central Government departments			9,659.36	8,881.11	11,173.69	15,398	21,030	20,581
	By State departments			15,184.27	18,637.90	2,490.59	2,975	3,411	4,123
	By CPSEs			204.20	217.92	649.03	595	698	328
	By Others			12,564.20	14,963.30	19,814.49	28,896	35,297	35,279
	Total			37,612.03	42,700.23	34,127.78	47,865	60,437	60,311

** Valued at Market value as per the requirements of Indian Accounting Standards.

TREND Analysis (Part-B)

Sl. No.	Evaluation criteria	Unit	Target v/s Actual	Financial year					
				2014-15	2015-16	2016-17	2017-18	2018-19	2019-20
1	Oil Production (ONGC)	MMT	Actual	22.264	22.368	22.249	22.305	21.111	20.714
	Oil Production (JV)	MMT	Actual	3.679	3.560	3.285	3.130	3.120	2.639
	Oil Production (ONGC+JV)	MMT	Actual	25.943	25.927	25.534	25.435	24.231	23.353
		MMT	MoU	27.140	26.000	25.726	25.927	25.927	25.340
2	Natural Gas Production (ONGC)	BCM	Actual	22.023	21.177	22.088	23.484	24.747	23.853
	Natural Gas Production (JV)	BCM	Actual	1.500	1.353	1.182	1.126	1.063	1.042
	Natural Gas Production (ONGC+JV)	BCM	Actual	23.524	22.530	23.270	24.610	25.810	24.896
		BCM	MoU	25.340	25.100	23.839	25.335	25.510	27.350
3	Drilling of Development & Exploratory Wells	No. of Wells	Actual	401	385	501	503	516	500
4	CAPEX	Rs. Cr.	Actual	27,574	28,052	25,676	36,052	26,600	29,448
			MoU	34,256	34,437	28,000	29,000	29,000	28,500
5	Reserve Replacement Ratio (2P)	Ratio	Actual	1.38	1.51	1.45	1.48	1.37	1.19

MoU Score & Rating of ONGC for last 10 years

Year	Score	Rating
2009-10	1.53	Very Good
2010-11	1.79	Very Good
2011-12	1.22	Excellent
2012-13	1.32	Excellent
2013-14	1.48	Excellent
2014-15	2.31	Very Good
2015-16	77.48	Very Good
2016-17	77.28	Very Good
2017-18	81.60	Very Good
2018-19	80.15	Very Good