



सत्यमेव जयते

Ministry of Petroleum & Natural Gas  
Government of India

# **Memorandum of Understanding (MoU)**

## **2021-22**

**Oil and Natural Gas Corporation Limited**

**And**

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

## Oil & Natural Gas Corporation Ltd. – MoU 2021-22

S. No	Name of Parameter	Unit	Weightage	Estimates for (2020-21)	Best of Legacy Performance	Target 2021-22
1	Revenue from Operations	Rs. in Cr.	1			94551
2	Asset Turnover Ratio	%	1			33.25
3	EBITDA as a percentage of Revenue	%	1			49.89
4	Return on Net Worth	%	1			11.85
5	Return on Capital Employed	%	1			16.26
6	Market capitalization - Share price improvement over BSE Oil & Gas Index	%	15			5
7	Crude Oil Production	MMT	35			25.575
8	Natural Gas Production	BCM	15			24.940
9	CAPEX	Rs. in Cr.	10			29800
10	CAPEX achievement till end of 3rd quarter	Rs. in Cr.	3			26820
11	Expenditure on R&D/ Innovations Initiatives as % of PBT	%	7			2
12	Total number of Development & Exploratory drilling wells	Number	5			516
13	Reserve Replacement Ratio	Ratio	5			1.51
		<b>Total</b>	<b>100</b>			

### Notes:

- The targets are based on audited accounts for the FY-2020-21.
- Vision provided by the administrative Ministry is also considered for Benchmarking.
- CAPEX targets of CPSEs - As per Budget Document of Union Govt. (Statement 26).



- Target for Expenditure on R&D / Innovations Initiatives is based on PBT of FY 2021-22 and achievement to be confirmed based on Annual Report of CPSE for FY 2021-22.
- Proportionate marks for achievement of 50% to 100% Targets - Applicable to all except for parameter on CAPEX achievement by 3rd Quarter.
- No marks for achievement below 50.00% of Targets.
- In working out achievements for FY 2021-22, quantified qualifications of CAG/ Statutory Auditors to be adjusted in case of overstatement of Revenue/ Profit/ Surplus or understatement of Loss/ Deficit.
- Crude Oil & Natural Gas Production includes production from Joint Ventures also (vide DPE letter No. M-03/0010/2021-DPE(MoU) dated 03.01.2022)
- For **Market capitalization** - Share price improvement over BSE Oil & Gas Index (vide IMC minutes M-03/0010/2021-DPE(MoU) Part-I dated 17.02.2022)
  - Dividend distributed and Dividend Distribution Tax (DDT) incurred by the CPSEs should also be added for evaluation of improvement in market capitalization of CPSEs against their respective indices.
  - The achievement of the parameter for FY 2021-22 will be evaluated on the annual basis only.
  - The clause that any achievement below 50% of target will not be eligible for marks will not be applicable to this parameter.

### Compliance Parameter for MoU 2021-22

S. No.	Parameter	Marks	Source/ Verification
1.	25% of Total Procurement From GeM portal: (Procurement of goods and services through GeM portal during the year as per GeM ) / (Total procurement of goods and services during the previous year as per Sambandh portal ) * 100	-2	Administrative Ministry on the basis of GeM portal and Sambandh portal
2.	DPE guidelines on select matters i) Pay Revision guidelines and review of profitability of CPSEs for pay revision ii) Expenditure Management Economy Measures and Rationalisation of Expenditure iii) Guidelines on Accessible India Campaign (Sugamya Bharat Abhiyan) iv) Guidelines on implementation of the Apprenticeship Act, 1961 v) Guidelines issued from time to time on CSR expenditure by CPSEs.	-2	Administrative Ministry on the basis of CAG Reports etc.

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### Compliance Parameter for MoU 2021-22

S. No.	Parameter	Marks	Source/ Verification
3.	Compliance of provisions in the Companies Act, 2013 (or SEBI (LODR) regulations in case of listed entities) on Corporate Governance such as: (i) Composition of Board of Directors (ii) Board Committees (Audit Committee etc.) (iii) Holding Board Meetings (iv) Related Party Transaction (v) Disclosures and Transparency	-3	Administrative Ministry on the basis of CAG/ Statutory/ Secretarial Auditor Report(s)
4.	Target as given by DIPAM / NITI Aayog: i. Dividend Payout ii. Assets Monetization Milestones iii. Specific disinvestment Milestones	-2	Administrative Ministry on the basis of confirmation from DIPAM / NITI Aayog
5.	Procurement and timely payment to Micro Small and Medium Enterprises (25% of Procurement of goods or services through MSEs (including 4% from SC/ST MSEs and 3% from Women MSEs) during the year as per Samband Portal) / (Total procurement of goods and services during the year as per Samband Portal)	-2	Administrative Ministry on the basis of Sambandh portal
6.	Steps and initiative taken for Health & Safety improvement of Human Resources in CPSEs (Target to be prescribed by the Administrative Ministry)	-1	Confirmation by the administrative Ministry

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 2021-22 and sign on the 21<sup>st</sup> day of February'2022.

  
(Alka Mittal)

Chairman and Managing Director  
Oil and Natural Gas Corporation Limited

  
(Pankaj Jain)

Secretary, Government of India  
Ministry of Petroleum & Natural Gas

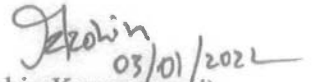
**No. M-03/0010/2021-DPE(MoU)**  
**Government of India**  
**Ministry of Finance**  
**Department of Public Enterprises**  
**(MoU Division)**  
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Public Enterprises Bhawan  
Block No. 14, CGO Complex  
Lodhi Road, New Delhi-11003  
Dated 03<sup>rd</sup> January, 2022

**Subject: MoU 2021-22 in respect of Oil & Natural Gas Corporation Ltd. (Standalone)-reg.**

The undersigned is directed to refer to the MoPNG e-Mail dated 27.12.2021 on the above subject. In this regard it is clarified that in respect of parameter on "Crude Oil & Natural Gas Production", the MoU target prescribed to the CPSE includes production from Joint Ventures also.

2. Accordingly, MoPNG is requested to sign to the MoU in line with above at the earliest please.

  
03/01/2022  
(Rohin Koppuravuri)  
Deputy Director

To,  
Sh. Anand Kumar Jha,  
Deputy Secretary,  
M/o Petroleum and Natural Gas,  
Shastri Bhawan, Delhi

M-03/0010/2021-DPE (MoU) Part-I  
Government of India  
Ministry of Finance  
Department of Public Enterprises  
(MoU Division)  
\* \* \*

Block No.- 14, C.G.O. Complex  
Lodhi Road, New Delhi - 110 003  
Dated 17<sup>th</sup> February, 2022

OFFICE MEMORANDUM

**Subject: Minutes of the IMC Meeting held on 15.02.2022 on Sectoral Benchmarking in respect of ONGC & OIL under Oil Exploration CPSEs and Market capitalization parameter for listed CPSEs for the MoU 2021-22.**

The Undersigned is directed to forward herewith the minutes of IMC meeting held on 15<sup>th</sup> February, 2022 regarding above subject.



(Amit Rastogi)  
Director (MoU)

Tel: 011 - 2436 0736  
Email: mou-dpe@nic.in

Encl.: As above

To,

1. Secretary, DPE
2. Secretary, Department of Expenditure
3. Secretary, Ministry of Petroleum & Natural Gas
4. Chief Economic Adviser, Department of Economic Affairs.
5. Secretary, Ministry of Statistics & Programme Implementation.
6. Additional Secretary, NITI Aayog

**Minutes of Inter-Ministerial Committee (IMC) Meeting held on 15<sup>th</sup> February, 2022 on Sectoral Benchmarking in respect of Oil Exploration CPSEs and in respect of Market capitalization parameter for Listed CPSEs in the MoU 2021-22 in the Conference Room, DPE, CGO Complex, 3<sup>rd</sup> Floor, Block No.- 14, Lodhi Road, New Delhi (through Video-conferencing).**

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1. List of participants is at Annexure – I.
2. Secretary (DPE) welcomed all the participants of IMC and Adviser (MoU) made a presentation regarding MoUs in respect of National Oil Companies (NOCs) i.e., ONGC and OIL for 2021-22 under Oil Exploration sector.
3. Adviser (MoU) informed that MoU for 2021-22 in respect of NOCs under Oil Exploration sector had been finalised by IMC and communicated to MoPNG for signing. However, MoPNG has requested DPE for alignment of the weightages of MoU parameters prescribed in MoU 2021-22 in line with the cabinet decision of March 2019 in respect of NOCs which specifically laid down the following:
  - a) 50% Weightage for Physical Production
  - b) 30% Weightage for other Physical Parameters and
  - c) 20% Weightage for Financial Performance Parameters.

After deliberations, IMC accepted the submission of the administrative Ministry and decided to revise the MoU in respect of OIL & ONGC (enclosed as Annexure-II) for FY 2021-22. Only the weightages of parameters were changed in accordance with the cabinet decision and there is no change in the targets assigned earlier.

4. During the meeting, IMC was also apprised that many CPSEs and the Administrative Ministries have submitted their concerns on the targets & evaluation of parameter - "Market Capitalization - Share price improvement over BSE Sectoral Index". Based on discussions, IMC decided that the market capitalisation parameter in MoU of listed CPSEs may be revised as under:
  - a) The target for the parameter - "Market Capitalization - Share price improvement over BSE Sectoral Index" to be reduced from 10% to 5%.
  - b) Dividend distributed and Dividend Distribution Tax (DDT) incurred by the CPSEs should also be added for evaluation of improvement in market capitalization of CPSEs against their respective indices.
  - c) The achievement of the parameter for FY 2021-22 will be evaluated on the annual basis only.
  - d) The clause that any achievement below 50% of target will not be eligible for marks will not be applicable to this parameter.

The meeting ended with vote of thanks to chair.

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**Annexure - I**

**Inter-Ministerial Committee (IMC) Meeting on Sectoral Benchmarking for the MoU 2021-22 held on 15<sup>th</sup> February, 2022 in respect of Oil Exploration CPSEs.**

**List of Participants**

**A. Inter-Ministerial Committee Members:**

Sl. No.	Ministry/ Department	Name & Designation	
1	Public Enterprises	Shri Ali R. Rizvi, Secretary	Chairman
2	Petroleum & Natural Gas	Shri Amar Nath, Additional Secretary	Member
3	Chief Economic Adviser, D/o Economic Affairs	Smt. Chandni Raina, Economic Adviser	Member
4	NITI Aayog	Shri Ajit Pai, Distinguished Expert	Member
5	Statistics & Programme Implementation	Shri Ravi Gupta, Director	Member

**B. Department of Public Enterprises:**

Sl. No.	Name & Designation
1	Shri Rajesh Kumar Chaudhry, Special Secretary
2	Shri Pawan Kumar, Adviser (MoU)
3	Shri Amit Rastogi, Director (MoU)
4	Shri Shanker Lal, Deputy Director
5	Shri Rohin Koppuravuri, Deputy Director



MoU 2021-22: ONGC (Standalone)					
Sl. No.	Parameter	Unit	Marks		Target 2021-22
			MoU issued	Revised	
1	Revenue from Operations	Rs. Crore	5	1	94,551
2	Asset Turnover ratio	%	5	1	33.25
3	EBITDA as a percentage of Revenue	%	10	1	49.89
4	Return on Net Worth	%	10	1	11.85
5	Return on Capital Employed	%	5	1	16.26
6	Market Capitalisation – Share price improvement over BSE Oil & Gas Index	%	15	15	5.00
7	Crude Oil Production	MMT	25	35	25.575
8	Natural Gas Production	BCM	10	15	24.940
9	i. CAPEX	Rs. Crore	10	10	29,800
	ii. CAPEX achievement till end of 3 <sup>rd</sup> Quarter	Rs. Crore	3	3	26,820
10	Expenditure on R&D / Innovations Initiatives as % of PBT	%	2	7	2
11	Total number of development & exploratory drilling wells *	No.	-	5	516
12	Reserve Replacement Ratio *	%	-	5	1.51
<b>Total</b>			<b>100</b>	<b>100</b>	

\* Proposed by Ministry as other physical parameters