MEMORANDUM OF UNDERSTANDING
2014-15

BETWEEN

NUMALIGARH REFINERY LIMITED

AND

BHARAT PETROLEUM CORPORATION LIMITED

NUMALIGARH REFINERY LIMITED

MEMORANDUM OF UNDERSTANDING 2014-15

CONTENTS

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:

i. Develop core competencies in Refining and Marketing of petroleum products with a focus on achieving international standards on safety, quality and cost.

ii. Maximise wealth creation for meeting expectations of stakeholders.

iii. Create a pool of knowledgeable and inspired employees and ensure their professional and personal growth.

iv. Contribute towards the development of the region.

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1.3 Corporate Objectives:

To excel in its performance, NRL would strive to:

i) Maximise refinery capacity utilisation and optimise product pattern by efficient refinery operation.

ii) Ensure smooth and timely evacuation of products, create a sound customer base and necessary marketing infrastructure.

iii) Achieve highest standards in product quality, safety, health and environment protection.

iv) Manage and operate the facilities in an efficient and cost effective manner for generation of adequate internal resources.

v) Inculcate best business practices through the use of ERP and E-Commerce.

vi) Focus on development and growth of Human Resource through proper training and career planning.

vii) Plan for production and marketing of low volume, high value products.

viii) Remain at the technological forefront by continuous upgradation of in-house expertise and absorption of the latest technologies.

ix) Establish strong corporate identity and brand equity.

x) Facilitate economic and industrial development of the region.

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PERFORMANCE EVALUATION CRITERION / TARGETS

2.1 Numaligarh Refinery Limited undertakes to achieve performance targets for the year 2014-15 as follows:

S.N	Criterion	Unit	Weightage Mark	Criterion Value MOU 2014-15				
				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	Rs. in crore	15	9,087.16	8,674.71	8,434.18	8,190.67	7,949.78
1(ii)	Gross Operating Margin	Rs. in crore	15	713.86	633.22	587.56	559.47	538.38
1(iii)	EBITDA / Net Block (Note-1)	%	10	30.63	26.84	24.70	23.38	22.39
1(iv)	PAT per Employee (Note-2)	Rs. Lakhs	10	26.84	20.94	17.59	15.60	14.16
	Sub-Total (Finance)		50.0					

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

Note-2: No. of Employees to be taken as monthly weighted average during the year for evaluation].

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

	Unit	MOU 2014-15				
		Excellent	V. Good	Good	Fair	Poor
PAT	Rs in crore	238.36	185.96	156.23	138.50	125.75
EBITDA	Rs in crore	652.36	571.71	526.06	497.96	476.88
Net Block	Rs in crore	2,129.72	2,129.72	2,129.72	2,129.72	2,129.72
No. of Employees	Nos.	888	888	888	888	888

S.N	Criterion	Unit	Weightage Mark	Criterion Value MOU 2014-15				
				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 (Note-1)	TMT	8.0	**2700**	**2600**	**2500**	**2400**	**2300**
2(ii)	Distillate Yield (Note-2)	%	3.0	**88.60**	**88.40**	**88.20**	**88.00**	**87.80**
2(iii)	Production of Wax	TMT	2.0	**28**	**27**	**26**	**25**	**24**
2(iv)	Sale of Calcined Petroleum Coke (CPC)	% of Production	1.0	**100**	**95**	**90**	**85**	**80**
	Sub-Total (Initiative for Growth)		**14.0**					

[**Note-1:** The Crude Throughput targets have been fixed in anticipation of 2,700 TMT crude receipt during the year. In case crude receipt at NRL falls below 2,700 TMT, appropriate adjustment in physical and financial parameters on proportionate basis would need to be carried out.

Note-2: Distillate Yield targets are based on assumption of at least 161 TMT natural gas receipt during the year. In 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].

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S.N	Criterion	Unit	Weightage Mark	Criterion Value MOU 2014-15				
				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)	Specific Energy Consumption	MBN	4.0	**60**	**61**	**62**	**63**	**64**
	Sub-Total (Sector Specific)		**4.0**					
4.0	**Productivity and Internal Processes** [Documentary evidence: Certificate from Functional Director / Annual Report]							
4(i)	Production of Motor Spirit*	TMT	6.0	**265**	**255**	**245**	**235**	**225**
4(ii)	Transportation of products through Numaligarh-Siliguri Product Pipeline (NSPL)	MMT	3.0	**1.52**	**1.47**	**1.42**	**1.37**	**1.32**
4(iii)	Production of Packed LPG from LPG Bottling Plant	TMT	3.0	**12.50**	**12.00**	**11.50**	**11.00**	**10.50**
	Sub-Total (Prod. and Int. Processes)		**12.0**					

[* NRL informed that capacity of the MS plant is only 185 TMT per annum and additional quantity of MS is being produced through the process of blending Naphtha with suitable blending components. The economics of MS production through blending depends on the spread between prices of MS and Naphtha].

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S.N	Criterion	Unit	Weightage Mark	Criterion Value MOU 2014-15				
				1	2	3	4	5
				Excellent	Very Good	Good	Fair	Poor
5.0	**Project Management and Implementation** [Documentary evidence: Certificate from Functional Director / Annual Report]							
5(i)	Submission of DFR for Crude Oil Pipeline Project from Dhamra to Numaligarh	Date	2.5	15-07-2014	31-07-2014	15-08-2014	31-08-2014	15-09-2014
5(ii)	Submission of DFR for Refinery Expansion Project	Date	2.5	20-02-2015	28-02-2015	07-03-2015	15-03-2015	22-03-2015
	Sub-Total (Project)		5.0					
6.0	**Safety Management** [Documentary evidence: Certificate from Functional Director / Annual Report]							
6(i)	Loss-Time-Accident per million man-hours worked	Frequency	2.0	0	0.48	0.96	1.44	1.92
6(ii)	Conducting mock drills - offsite/onsite disaster, major/minor fires	Nos	1.5	20	19	18	17	16
6(iii)	Safety training to employees, CISF, Security and POL Drivers	Mandays	1.5	902	882	862	842	822
	Sub-Total (Safety Management)		5.0					

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S.N	Criterion	Unit	Weightage Mark	Criterion Value MOU 2014-15				
				1	2	3	4	5
				Excellent	Very Good	Good	Fair	Poor
7.0	**Human Resource Management** [Documentary evidence: Certificate from Functional Director / Annual Report]							
7(i)	Developmental training to employees imparted during the year	Mandays	1.0	1350	1330	1310	1290	1270
7(ii)	Developing critical mass of leaders through a system of developmental training	No. of Training Programmes	1.0	7	6	5	4	3
7(iii)	Training on Project Management	Mandays	1.0	20	18	16	14	12
7(iv)	Training on Risk Management	Mandays	1.0	20	18	16	14	12
7(v)	Submission of enquiry reports for disciplinary cases of employees, registered during the year, within 6 months from date of appointment of enquiry officer	% completion against total no. of enquiries due for completion within the year	1.0	80	70	60	50	40
	Sub-Total (HRM)		5.0					

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S.N	Criterion	Unit	Weightage Mark	Criterion Value MOU 2014-15				
				1	2	3	4	5
				Excellent	Very Good	Good	Fair	Poor
8.0	**CSR and Sustainability**** [Documentary evidence: Certificate from independent external agency / Finance Deptt. on expenditure / Annual Report]							
8(i)	Expenditure (on CSR & Sustainability activities) as % of Budget	%	1.0	97	94	91	88	85
8(ii)	**Project 1:** "Niramoy" medical health camps (in collaboration with VK NRL Hospital)	Nos.	1.0	189	180	171	162	154
8(iii)	**Project 2:** "Paricchannata" hygienic sanitation to BPL families	Nos.	0.5	70	67	64	61	58
8(iv)	**Project 3:** "Prerona" scholarship for girl-child at VIII to X stds. in 1st, 2nd, 3rd positions	No. of Beneficiaries	0.5	293	279	265	252	239
	Sub-Total (CSR & Sustainability)		**3.0**					

[** The Task Force agreed that only such activities on CSR and Sustainability which are started and completed during the financial year 2014-15 shall be considered during evaluation].

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S.N	Criterion	Unit	Weightage Mark	Criterion Value MOU 2014-15				
				1	2	3	4	5
				Excellent	Very Good	Good	Fair	Poor
9.0	**Research & Development** [Documentary evidence: Certificate from Functional Director / Annual Report]							
9(i)	Studies on co-processing tank bottom oily sludge with Raw Petroleum Coke (RPC)	Date of Completion	1.0	31-12-2014	15-01-2015	31-01-2015	15-02-2015	28-02-2015
9(ii)	Studies on co-processing DCU slop with HCU Coker Distillate	Date of Completion	1.0	31-12-2014	15-01-2015	31-01-2015	15-02-2015	28-02-2015
	Sub-Total (R & D)		**2.0**					
	GRAND TOTAL MARK		**100.0**					

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Note- As per para no. 2-2 of MoU guidelines, CPSE will include NOD appointment.

ANNEXURE-VI

(Rs in crores)

TREND OF NRL's PERFORMANCE ON FINANCIAL PARAMETERS FOR THE LAST FIVE YEARS

[Note: MOU = Very Good MOU Targets]

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15 (Very Good)	Latest Benchmarking Details available
	MOU	ACTUAL	MOU	ACTUAL	MOU	Actual	MOU	Actual	MOU	Projected for 31.03.2014		
Production (Raw Material Cost) (in Rs Cr)	5,631.58	6,519.44	6,472.36	6,972.79	8,041.54	12,490.29	11,825.46	6,599.87	6,925.56	7,781.96	7,401.35	
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.)	6,730.31	7,200.36	7,675.90	8,306.02	9,142.07	13,380.18	12,776.87	8,181.80	8,076.01	8,840.64	8,674.71	
Interest and other income	4.50	47.12	8.09	65.83	4.50	69.56	20.00	87.48	43.63	41.57	-	
Gross operating margin rate(%)	7.60	7.58	4.03	7.93	5.30	4.14	1.25	7.52	6.59	7.27	7.30	
Gross Operating Margin	511.50	545.99	309.33	658.60	484.33	553.73	160.33	615.09	531.96	642.70	633.22	
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	476.93	510.10	272.41	616.33	445.41	515.59	107.42	520.51	485.02	568.66	571.71	
Depreciation	177.85	151.46	177.36	168.05	167.20	171.52	185.55	180.13	195.57	171.56	207.25	
EBIT (Earnings Before Interest & Taxes)	299.08	358.63	95.04	448.27	278.21	344.07	(78.14)	340.38	289.45	397.10	364.46	
Interest expenses	8.03	5.14	19.57	28.89	35.08	38.48	45.18	59.02	57.67	45.33	77.61	
Prior period expenses	-	(8.22)	-	4.84	-	18.14	-	5.61	-	(9.13)	-	
Extra ordinary items	-	-	-	-	-	-	-	12.89	-	5.47	-	
Any other expenses	-	-	-	-	-	-	-	-	-	-	-	
Profit Before tax	291.05	361.71	75.47	414.53	243.13	287.45	(123.32)	262.86	231.79	355.43	286.85	
Tax	87.32	129.63	26.06	135.28	83.95	103.75	(15.25)	118.60	76.10	122.72	100.89	
Profit after tax	203.74	232.08	49.41	279.25	159.18	183.70	(108.06)	144.26	155.69	232.70	185.96	
Divident paid	71.51	129.09	17.34	128.24	55.87	85.49	-	86.06	54.28	86.06	86.06	
Profit transferred to statutory reserve	-	-	-	-	-	-	-	-	-	-	-	
Any other item	-	-	-	-	-	-	-	-	-	-	-	
Profit transferred to Balance Sheet	132.23	102.99	32.07	151.01	103.31	98.21	(162.35)	58.20	101.40	146.64	99.90	

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15 (Very Good)	Latest Benchmarking Details available
	MOU	ACTUAL	MOU	ACTUAL	MOU	Actual	MOU	Actual	MOU	Projected for 31.03.2014		
Balance Sheet Items												
Gross Block	3,351.42	3,317.57	3,583.41	3,628.95	3,652.87	3,650.94	3,741.78	3,611.03	3,667.58	3,752.94	4,428.94	
Less: Depreciation	1,478.73	1,436.08	1,614.53	1,580.84	1,783.72	1,760.44	1,950.60	1,920.41	2,126.32	2,091.97	2,299.22	
Net Block	**1,872.69**	**1,881.49**	**1,968.88**	**2,048.11**	**1,869.15**	**1,890.50**	**1,791.18**	**1,690.62**	**1,541.26**	**1,660.97**	**2,129.72**	
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	
Reserves & surplus of CPSE	1,785.72	1,714.40	1,790.59	1,865.42	1,967.96	1,963.62	1,851.78	2,021.82	2,149.97	2,168.46	2,268.36	
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	
Net worth of CPSE	**2,521.36**	**2,450.04**	**2,526.23**	**2,601.06**	**2,703.60**	**2,699.26**	**2,587.42**	**2,757.46**	**2,885.61**	**2,904.10**	**3,004.00**	
Investment	**64.31**	**124.35**	**124.35**	**154.27**	**124.35**	**185.08**	**172.19**	**174.35**	**158.24**	**170.39**	**170.39**	
Total Current assets	1,843.63	1,924.72	2,150.98	2,746.97	2,588.86	2,982.85	2,719.78	2,255.37	2,577.53	2,578.04	2,562.94	
Total current liabilities & provision	1,105.00	1,288.24	1,589.70	1,915.21	1,829.96	2,052.16	2,096.43	1,254.55	1,749.66	1,206.04	1,141.96	
Net current assets	**738.63**	**636.48**	**561.28**	**831.76**	**758.90**	**930.69**	**623.35**	**1,000.82**	**827.87**	**1,372.00**	**1,420.98**	
Capital employed (Net block + net current assets)	2,611.32	2,517.97	2,530.16	2,879.87	2,628.05	2,821.19	2,414.53	2,691.44	2,369.13	3,032.97	3,550.70	
Total Long-term debt (loan funds)	48.07	39.89	31.91	96.92	72.68	64.71	208.70	40.48	357.80	523.25	507.00	
Total Assets	**4,124.32**	**4,206.26**	**4,601.14**	**5,001.47**	**4,973.24**	**5,191.11**	**5,110.36**	**4,438.52**	**5,181.17**	**4,997.54**	**5,009.52**	
No of employess of CPSE	810	823	810	817	825	851	844	854	839	855	888	
Ratio												
PAT/Net Worth	8.08	9.47	1.96	10.74	5.89	6.81	(4.18)	5.23	5.40	8.01	6.19	
EBITDA/Net Block	25.47	27.11	13.84	30.09	23.83	27.27	6.00	30.79	31.47	34.24	26.84	
EBIT/Average Capital Employed	11.60	14.85	3.70	16.61	10.79	12.07	(3.10)	12.35	12.10	13.87	11.07	
PAT per employees(Rs. Lakhs)	25.15	28.20	6.10	34.18	19.29	21.59	(12.80)	16.89	18.56	27.22	20.94	
Current ratio	1.67	1.49	1.35	1.43	1.41	1.45	1.30	1.80	1.47	2.14	2.24	
Debt Service Coverage Ratio	49.85	177.27	10.19	85.00	54.77	56.37	(6.16)	72.79	41.00	33.31	8.10	
Operating Cash Flow												
Average no. of days of inventory	70.47	67.16	69.86	78.24	51.60	51.45	41.20	83.37	86.26	61.97	73.57	
Inventory turnover ratio	5.18	5.43	5.22	4.66	7.07	7.09	8.86	4.38	4.23	5.89	4.96	
Average collection period of trade receivables	16.70	15.13	11.73	19.29	6.14	21.29	13.54	33.62	31.54	30.64	32.39	
Debtors turnover ratio	21.32	61.38	43.17	10.92	70.33	16.72	15.62	11.58	13.98	11.37	11.38	

EXPLANATORY NOTES, ASSUMPTIONS AND BASIS OF TARGETS FOR MOU 2014-15

1.0 PREFACE

The description, targets and weightage against each parameter proposed in the draft MoU 2014-15 were discussed in the MoU negotiation meeting held with the Task Force in New Delhi on 18.02.2014. Details furnished hereunder are based on decisions taken in the stated meeting with the Task Force.

2.0 FINANCIAL PARAMETERS: WEIGHTAGE = 50

2.1 Assumptions

(i) Crude oil price considered (after discount) at the average of crude oil price for the period Oct. 2012 to Sep. 2013.

(ii) Dollar exchange rate at Rs. 62.

(iii) Discount in crude price considered at $56/bbl arising from routing of BPCL's share of crude discount through NRL. The discount given by OIL/ONGC is passed on by NRL to BPCL as discount on product prices (HSD and SKO). As variation in the discount rate would affect profitability, it would need to be considered for adjustment during evaluation.

(iv) No inventory gain/loss.

Based on above assumptions, following financial parameters are incorporated in MoU 2014-15:

Parameter	Wt	Ex	VG	Good	Fair	Poor
Sales Turnover excluding interest and other income (Rs.Cr)	15	9,087.16	8,674.71	8,434.18	8,190.67	7,949.78
Gross Operating Margin (Rs.Cr)	15	713.86	633.22	587.56	559.47	538.38
EBITDA/Net Block[1] (%)	10	30.63	26.84	24.70	23.38	22.39
PAT per Employee[2] (Rs.Lakh)	10	26.84	20.94	17.59	15.60	14.16

[1] Net Block at the end of the year to be considered for evaluation.
[2] No. of Employees to be taken as monthly weighted average during the year for evaluation.

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2.2 Annexure on Financial Targets

The prices, rates, charges, discounts, taxes and duties considered in calculating financial targets for MoU 2014-15 are enclosed as **"Annexure on Prices"** (3 sheets). The profit and loss, balance sheet calculations are enclosed as **"Annexure on PL&BS"** (2 sheets).

3.0 INITIATIVE FOR GROWTH

Four parameters are incorporated under Initiative for Growth with total weightage of 14.0 mark as per following details:

3.1 Crude Throughput

'Excellent' and 'Very Good' targets for Crude Throughput are set at 2,700 TMT and 2,600 TMT respectively, with 100 TMT reduction at each lower level. Weightage set at 8.0.

The Crude Throughput targets have been fixed in anticipation of 2,700 TMT crude receipt during the year. In case crude receipt at NRL falls below 2,700 TMT, appropriate adjustment in physical and financial parameters on proportionate basis would need to be carried out.

3.2 Distillate Yield

'Excellent' and 'Very Good' targets for Distillate Yield are set at 88.60% and 88.40% respectively, with 0.20% reduction at each lower level. Weightage set at 3.0.

Distillate Yield targets are based on assumption of at least 161 TMT natural gas receipt during the year. In 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.

3.3 Production of Wax

'Excellent' and 'Very Good' targets for Production of Wax are set at 28 TMT and 27 TMT respectively, with 1 TMT reduction at each lower level. Weightage set at 2.0.

3.4 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.

4.0 SECTOR SPECIFIC PARAMETER

In this category, Specific Energy Consumption is incorporated as the sole parameter. 'Excellent' and 'Very Good' targets set at 60 MBN and 61 MBN respectively with 1 MBN increase at each lower level. Weightage against this parameter fixed at 4.0.

5.0 PRODUCTIVITY AND INTERNAL PROCESSES

Three parameters are incorporated in this category with total weightage of 12.0 mark as per following details:

5.1 Production of Motor Spirit (MS)

'Excellent' and 'Very Good' targets for Production of MS are set at 265 TMT and 255 TMT respectively, with 10 TMT reduction at each lower level. Weightage set at 6.0.

NRL informed that capacity of the MS plant is only 185 TMT per annum and additional quantity of MS is being produced through the process of blending Naphtha with suitable blending components. The economics of MS production through blending depends on the spread between prices of MS and Naphtha.

5.2 Transportation of Products Through NSPL.

Under this parameter on transportation of products through the Numaligarh Siliguri Product Pipeline (NSPL), 'Excellent' and 'Very Good' targets are set at 1.52 MMT and 1.47 MMT, with 0.05 MMT reduction at each lower level. Weightage set at 3.0.

5.3 Production of Packed LPG

NRL has a 10 TMT per annum capacity LPG bottling plant at Numaligarh. Production of packed LPG from this plant is a parameter with 'Excellent' and 'Very Good' targets at 12.50 TMT and 12.00 TMT, with 0.50 TMT reduction at each lower level. Weightage set at 3.0.

6.0 PROJECT MANAGEMENT & IMPLEMENTATION

Under project management and implementation, two parameters are incorporated with total weightage of 5.0 mark as detailed below:

6.1 DFR for Crude Oil Pipeline

The first project based parameter is Submission of Detailed Feasibility Report (DFR) for Crude Oil Pipeline from Dhamra to Numaligarh with 'Excellent' and 'Very Good' target dates as 15th July'14.

and 31st July'14 respectively. Target dates at 'Good', 'Fair' and 'Poor' are set as 15th Aug'14, 31st Aug'14 and 15th Sep'14 respectively. Weightage fixed at 2.5.

6.2 DFR for Refinery Expansion

The second project based parameter is Submission of DFR for NRL's Refinery Expansion Project with 'Excellent' and 'Very Good' target dates as 20th Feb'15 and 28th Feb'15 respectively. Target dates at 'Good', 'Fair' and 'Poor' are set as 7th Mar'15, 15th Mar'15 and 22nd Mar'14 respectively. Weightage against this parameter fixed at 2.5.

7.0 SAFETY MANAGEMENT

Three parameters are incorporated in this category with total weightage of 5.0 mark as follows:

7.1 LTA per million Manhours

Frequency of Loss-Time-Accident (LTA) per million manhours worked is the first parameter under Safety with 'Excellent' and 'Very Good' targets as 0 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 2.0.

7.2 Conducting Mock Drills

The second parameter on Safety pertains to number of mock drills conducted during the year in areas of offsite disaster, onsite disaster, major fire and minor fire. 'Excellent' and 'Very Good' targets are fixed at 20 and 19 respectively, with reduction of one drill at each lower level. Weightage fixed at 1.5.

7.3 Safety Training

Mandays of safety training imparted to employees, CISF, security personnel and POL drivers during the year is the third parameter on Safety. 'Excellent' and 'Very Good' targets are fixed at 902 and 882 respectively, with reduction of 20 mandays at each lower level. Weightage fixed at 1.5.

8.0 HUMAN RESOURCE MANAGEMENT

Under HRM, five parameters are incorporated with total weightage of 5.0 mark as detailed below:

8.1 Developmental Training to Employees

Developmental training to employees imparted during the year in mandays is the first HRM parameter with 'Excellent' and 'Very Good' targets at 1,350 and 1,330 respectively, with 20 mandays reduction at each lower level. Weightage against this parameter fixed at 1.0.

8.2 Developing Critical Mass of Leaders

Number of programmes conducted during the year for developing critical mass of leaders through a system of developmental training is the second HRM parameter. 'Excellent' and 'Very Good' targets set at 7 and 6, with reduction of 1 programme at each lower level. Weightage fixed at 1.0.

8.3 Training on Project Management

Number of training mandays on Project Management given to employees during the year is the third HRM parameter. 'Excellent' and 'Very Good' targets set at 20 and 18, with reduction of 2 mandays at each lower level. Weightage fixed at 1.0.

8.4 Training on Risk Management

Number of training mandays on Risk Management given to employees during the year is the fourth HRM parameter. 'Excellent' and 'Very Good' targets set at 20 and 18, with reduction of 2 mandays at each lower level. Weightage fixed at 1.0.

8.5 Disciplinary Cases of Employees

Submission of enquiry reports for disciplinary cases of employees, registered during the year, within 6 months from date of appointment of enquiry officer is the fifth HRM parameter. The performance against this parameter shall be measured as percentage completion against total number of enquiries due for completion within the year. 'Excellent' and 'Very Good' targets set at 80% completion and 70% completion respectively, with reduction of 10% at each lower level. Weightage fixed at 1.0.

9.0 CSR & SUSTAINABILITY

Against CSR and Sustainability, one parameter on expenditure and three project based parameters are incorporated with total weightage of 3.0 mark. Only such activities on CSR and Sustainability which are started and completed during the financial year 2014-15 shall be considered during evaluation. Details of CSR and Sustainability parameters are as follows:

9.1 Expenditure as % of Budget

Expenditure on CSR and Sustainability activities as percentage of approved budget for 2014-15 is the first parameter with 'Excellent' and 'Very Good' targets at 97% and 94% respectively. Targets at each lower level reduced by 3%. Weightage fixed at 1.0.

9.2 Project 'Niramoy'

This project envisages organizing medical health camps in areas surrounding the refinery in collaboration with Vivekananda Kendra Hospital, Numaligarh. The 'Excellent' and 'Very Good' targets are set at 189 and 180 camps respectively. Targets at 'Good', 'Fair' and 'Poor' are set at 171, 162 and 154 camps respectively. Weightage fixed at 1.0.

9.3 Project 'Paricchannata'

This project envisages construction of hygienic sanitation facilities for below-poverty-line (BPL) families at villages in neighbourhood of the refinery. 'Excellent' and 'Very Good' targets are set at 70 and 67 sanitation facilities, with reduction of 3 nos. at each lower level. Weightage fixed at 0.5.

9.4 Project 'Prerona'

This project envisages award of scholarships for promotion of education for girl-child. The scholarships are awarded to girl students at VIII, IX and X standards in 1st, 2nd and 3rd positions. 'Excellent' and 'Very Good' targets are set at 293 and 279 beneficiaries. Targets at 'Good', 'Fair' and 'Poor' are set at 265, 252 and 239 beneficiaries respectively. Weightage fixed at 0.5.

10.0 RESEARCH & DEVELOPMENT

Under R&D, following two parameters with total weightage of 2.0 mark are incorporated:

10.1 Studies on Co-processing Tank Sludge with RPC

This parameter pertains to conducting studies on co-processing of tank bottom oily sludge with Raw Petroleum Coke (RPC). 'Excellent' and 'Very Good' target dates for completion of studies have been set as 31st Dec'14 and 15th Jan'15 respectively. Target dates at 'Good', 'Fair' and 'Poor' are set as 31st Jan'15, 15th Feb'15 and 28th Feb'15 respectively. Weightage set at 1.0.

10.2 Studies on Co-processing DCU Slop with HCU Coker Distillate

This parameter pertains to conducting studies on co-processing of slop generated in the Delayed Coker Unit (DCU) with Coker Distillate in the Hydrocracker Unit (HCU). 'Excellent' and 'Very Good' target dates for completion of studies have been set as 31st Dec'14 and 15th Jan'15 respectively. Target dates at 'Good', 'Fair' and 'Poor' are set as 31st Jan'15, 15th Feb'15 and 28th Feb'15 respectively. Weightage set at 1.0.

11.0 NEGATIVE MARKING

A. Negative Marking for Non-Compliance of Corporate Governance

Department of Public Enterprises has issued guidelines on Corporate Governance vide O.M. No. 18(8)/2005-GM dated 14th May, 2010. NRL is required to mandatorily follow the DPE Guidelines on Corporate Governance. During 2014-15, non-compliance to DPE's Corporate Governance guidelines will be penalized by way of negative marking and the MoU Score will be increased in the following manner:

Sl.	Annual Score	Grading	Penalty Marks	Difference in Score From 'Excellent' Grade
01	85% and above	Excellent	0	0.00
02	75%-84%	Very Good	0	0.00
03	60%-74%	Good	0.5	0.02
04	50%-59%	Fair	0.5	0.02
05	Below 50%	Poor	1.0	0.04

If NRL fails to submit the Self Evaluation Report of Corporate Governance through MOP&NG, its score will be inflated accordingly.

B. Negative Marking for Non-Compliance of other Guidelines/Regulations

a) **Procurement from MSME:** NRL will have to follow the Public Procurement Policy for Micro, Small and Medium Enterprises (MSMEs) Order, issued vide D.O. No. 21(1)/2011-M.A. dated April 25, 2012, and non-compliance with the aforesaid order will be penalized upto 1 mark at the discretion of Task Force at the time of MoU Evaluation.

b) **Non-Compliance to 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. Non-compliance of DPE Guidelines determined on the basis of certificate submitted will be penalized upto 1 mark at the discretion of Task Force at the time of MoU Evaluation.

c) **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 has to give a certificate regarding compliance of directives of Government and requirement of regulators (Format at Annexure-VIII of MoU 2014-15 Guidelines).

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Part - III

Obligations of /Assistance from the Government

To enable NRL to achieve the agreed targets in the year 2014-15, assistance from MOP&NG / Government are sought on following matters:

i) Government / MOP&NG will try to make available domestic Crude Oil and Natural Gas to NRL to the extend feasible.

ii) Efforts for continuance of Excise Duty benefit at the existing level of 50% (which is offered by the Government to North East refineries in view of inherent constraints) will be made.

Obligations of /Assistance from the BPCL/OIL

To enable NRL to achieve the agreed targets in the year 2014-15, assistance from BPCL and OIL are sought on the following matters:

i) Timely evacuation of products from Numaligarh Refinery.

ii) Smooth transportation of products through the Numaligarh Siliguri Product Pipeline operated by Oil India Ltd

Part-IV

Frequency of Monitoring and Information Flow

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

ANNEXURE – I

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 of 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:-**
Reserves: 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 te audited balance sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation.

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.

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 conduction 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.
Average Capital Employed = (Opening Capital Employed + 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 / Inventory Turnover Ratio.
Where, Inventory Turnover Ratio = Cost of goods sold/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 = (Opening Inventories + 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 * Average Trade Receivables/ Net Credit Sales
Where, Average Trade Receivables = (Opening Trade Receivables + 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 = Sales Turnover/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 e 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.

Endorsement of Memorandum of Understanding: Year 2014-15

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 2014-15.

The Memorandum of Understanding for 2014-15 incorporating targets on various parameters is hereby agreed and signed this 22nd day of March of the year Two Thousand Fourteen.

(D. Chakravarty)
Managing Director
Numaligarh Refinery Ltd.

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

MoU 2014-15
Approved by DPE/TF

Signed

Sales Nos for MOU 2014-15

ANNEXURE ON PRICES

Products	Sales Qty (MT)						Sales Value (Rs. in Lakhs)				
Sales of own Products (A)- MMT	2.700	2.600	2.550	2.500	2.450	Price (Rs./MT)	2.700	2.600	2.550	2.500	2.450
LPG	51,302	49,392	48,450	47,502	46,550	**59,819.47**	30,688.58	29,546.03	28,982.53	28,415.44	27,845.84
MS-III - NRMT	117,390	112,655	101,974	94,137	87,273	**65,254.04**	76,601.72	73,511.94	66,542.16	61,428.20	56,948.84
MS III - Ex-SMT	91,200	88,200	84,000	81,000	78,000	**65,254.04**	59,511.69	57,554.07	54,813.40	52,855.78	50,898.15
MS-IV - NRMT	56,405	54,146	53,045	51,892	50,736	**64,846.37**	36,576.59	35,111.71	34,397.75	33,650.08	32,900.45
SKO - NRMT	79,115	75,402	75,873	75,204	74,524	**62,450.62**	49,407.81	47,089.02	47,383.16	46,965.36	46,540.69
SKO - Ex-SMT	76,000	73,500	70,000	67,500	65,000	**62,450.62**	47,462.47	45,901.21	43,715.43	42,154.17	40,592.90
HSD-III - NRMT	406,847	378,051	404,178	411,438	418,639	**60,520.98**	246,227.80	228,800.18	244,612.49	249,006.32	253,364.29
HSD III - Ex-SMT	1,070,773	1,037,569	980,777	942,038	903,320	**60,520.98**	648,042.33	627,946.94	593,575.87	570,130.65	546,698.15
HSD IV- Ex-SMT	282,027	270,731	265,223	259,462	253,680	**60,541.68**	170,743.90	163,905.11	160,570.47	157,082.67	153,582.13
ATF	70,507	67,683	66,306	64,865	63,420	**62,950.44**	44,384.46	42,606.74	41,739.92	40,832.80	39,923.16
Naphtha(BCPL)	78,942	77,442	66,436	55,079	55,079	**51,931.65**	40,995.88	40,216.91	34,501.31	28,603.43	28,603.43
Naphtha- Export	118,253	108,494	123,007	133,150	131,090	**51,931.65**	61,410.74	56,342.73	63,879.57	69,146.99	68,076.96
Wax	28,004	27,004	26,001	25,001	24,002	**88,298.00**	24,726.97	23,843.99	22,958.36	22,075.38	21,192.85
RPC	677	650	637	623	609	**13,430.00**	90.92	87.30	85.55	83.67	81.77
CPC	63,456	60,914	59,675	58,379	57,078	**20,026.31**	12,707.90	12,198.83	11,950.70	11,691.16	11,430.62
Sulphur	3,948	3,790	3,713	3,632	3,552	**7,458.98**	294.48	282.70	276.95	270.91	264.91
Total (A)	**2,594,846**	**2,485,623**	**2,429,295**	**2,370,902**	**2,312,549**		**1,549,874.25**	**1,484,945.39**	**1,449,985.63**	**1,414,393.0**	**1,378,945.1**
	-	-	-	-	-						

Discount to be passed on to BPCL	2.700	2.600	2.550	2.500	2.450		2.700	2.600	2.550	2.500	2.450
SKO (Sale to BPCL)	155,115.00	24,000.00	24,000.00	24,000.00	24,000.00		59,755.40	9,779.70	9,783.33	9,787.04	9,782.29
HSD-III (Sale to BPCL)	1,392,133.86	1,364,669.00	1,337,555.00	1,310,265.00	1,284,022.00		536,295.71	556,085.41	545,239.09	534,317.24	523,361.65
HSD-IV (Sale to BPCL)	276,856.08	271,611.00	266,433.00	261,222.00	256,210.00		106,654.06	110,678.06	108,608.38	106,524.57	104,430.06
Total (B)	1,824,104.93	1,660,280.00	1,627,988.00	1,595,487.00	1,564,232.00		702,705.17	676,543.16	663,630.80	650,628.85	637,574.00
Average Discount Rate	395,305	278,480	311,988	326,487	342,232		38,523.29	40,748.74	40,763.86	40,779.33	40,759.56
Total Sales Value(A-B)	**2,594,846**	**2,485,623**	**2,429,295**	**2,370,902**	**2,312,549**		**847,169.08**	**808,402.23**	**786,354.83**	**763,764.15**	**741,371.14**

ED	Rate/MT		2.700		2.600		2.550		2.500		2.450
MS-III	**6,685.32**	208,590	13,944.90	200,855	13,427.80	185,974	12,432.95	175,137	11,708.47	165,273	11,048.99
MS-IV	**6,685.32**	56,405	3,770.85	54,146	3,619.83	53,045	3,546.23	51,892	3,469.15	50,736	3,391.86
HSD-III	**2,156.10**	1,477,620	31,858.95	1,415,620	30,522.17	1,384,955	29,861.00	1,353,476	29,182.28	1,321,959	28,502.74
HSD-IV	**2,156.10**	282,027	6,080.78	270,731	5,837.23	265,223	5,718.47	259,462	5,594.26	253,680	5,469.59
ATF	**2,700.31**	70,507	1,903.91	67,683	1,827.65	66,306	1,790.47	64,865	1,751.56	63,420	1,712.54
Naphtha(BCPL)	**3,744.27**	78,942	2,131.68	77,442	2,091.18	66,436	1,793.98	55,079	1,487.31	55,079	1,487.31
RPC	**1,074.40**	677	7.27	650	6.98	637	6.84	623	6.69	609	6.54
CPC	**1,602.11**	63,456	1,016.63	60,914	975.91	59,675	956.06	58,379	935.29	57,078	914.45
WAX	**5,938.15**	28,004	1,662.92	27,004	1,603.54	26,001	1,543.98	25,001	1,484.60	24,002	1,425.24
Sulphur	**596.72**	3,948	23.56	3,790	22.62	3,713	22.16	3,632	21.67	3,552	21.19
		-	62,401.46	-	59,934.90	-	57,672.13	-	55,641.27	-	53,980.46

NEA	Rate/MT		2.700		2.600		2.550		2.500		2.450
MS-III	6,685.32	208,590	13,944.90	200,855	13,427.80	185,974	12,432.95	175,137	11,708.47	165,273	11,048.99
MS-IV	6,685.32	56,405	3,770.85	54,146	3,619.83	53,045	3,546.23	51,892	3,469.15	50,736	3,391.86
HSD-III	2,156.10	1,477,620	31,858.95	1,415,620	30,522.17	1,384,955	29,861.00	1,353,476	29,182.28	1,321,959	28,502.74
HSD-IV	2,156.10	282,027	6,080.78	270,731	5,837.23	265,223	5,718.47	259,462	5,594.26	253,680	5,469.59
WAX	5,938.15	28,004	1,662.92	27,004	1,603.54	26,001	1,543.98	25,001	1,484.60	24,002	1,425.24
ATF	2,494.75	70,507	1,758.97	67,683	1,688.52	66,306	1,654.17	64,865	1,618.22	63,420	1,582.17
		-	59,077.38	-	56,699.08	-	54,756.79	-	53,056.96	(0)	51,420.60

MT Charge

Products	Rate/MT	2.700		2.600		2.550		2.500		2.450	
LPG	313.12	38,802	121.50	37,392	117.08	36,950	115.70	36,502	114.30	36,050	112.88
LPG Bottling Charge	1,434.00	12,500	179.25	12,000	172.08	11,500	164.91	11,000	157.74	10,500	150.57
MS-III	96.39	208,590	201.06	200,855	193.60	185,974	179.26	175,137	168.81	165,273	159.31
MS-IV	96.39	56,405	54.37	54,146	52.19	53,045	51.13	51,892	50.02	50,736	48.90
SKO	96.39	155,115	149.52	148,902	143.53	145,873	140.61	142,704	137.55	139,524	134.49
HSD-III	96.39	1,477,620	1,424.28	1,415,620	1,364.52	1,384,955	1,334.96	1,353,476	1,304.62	1,321,959	1,274.24
HSD-IV	96.39	282,027	271.85	270,731	260.96	265,223	255.65	259,462	250.10	253,680	244.52
ATF	96.39	70,507	67.96	67,683	65.24	66,306	63.91	64,865	62.52	63,420	61.13
		-	2,469.78	-	2,369.20	-	2,306.12	-	2,245.66	-	2,186.04

CST

Rs. in Lacs

Products	Rate/MT	2.700		2.600		2.550		2.500		2.450	
LPG	1,202.65	5,302.00	63.76	3,392.00	40.79	2,450.00	29.46	1,502.00	18.06	549.79	6.61
MS-III	1,541.91	112,490.00	1,734.49	104,755.00	1,615.23	89,874.00	1,385.77	79,037.00	1,218.68	69,172.50	1,066.58
MS-IV	1,533.75	56,405.00	865.11	54,146.00	830.47	53,045.00	813.58	51,892.00	795.90	50,736.00	778.17
SKO	1,220.18		-		-		-		-		-
SKO (sale to BPCL)	449.72	83,115.00	373.78	76,902.00	345.84	73,873.00	332.22	70,704.00	317.97	67,523.99	303.67
HSD-III	1,270.46	-	-	-	-	-	-	-	-	-	-
HSD-III (sale to BPCL)	499.99	1,207,940.03	6,039.61	1,145,940.03	5,729.62	1,115,275.03	5,576.29	1,083,796.03	5,418.90	1,052,278.82	5,261.32
HSD-IV	1,270.87		-		-		-		-		-
HSD-IV (sale to BPCL)	500.41		-		-		-		-		-
Naptha	-		-		-		-		-		-
WAX	2,020.61	28,004.00	565.85	27,004.00	545.65	26,001.00	525.38	25,001.00	505.17	24,001.51	484.98
ATF	1,364.84	14,507.00	198.00	11,683.00	159.45	10,306.00	140.66	8,865.00	120.99	7,419.99	101.27
			9,840.61		9,267.04		8,803.37		8,395.67		8,002.58

Freight Under recovery:

Rs. in Lacs

Ex NRMT	Rate/MT	2.700		2.600		2.550		2.500		2.450	
MS-III		20,000.00	-	20,000.00	-	20,000.00	-	20,000.00	-	20,000.00	-
MS-IV		56,405.00	-	54,146.00	-	53,045.00	-	51,892.00	-	50,736.00	-
SKO			-		-		-		-		-
HSD-III		34,000.00	-	34,000.00	-	34,000.00	-	34,000.00	-	34,000.00	-
HSD-IV			-		-		-		-		-
Naptha- BCPL	557.51	78,942.00	440.11	77,442.00	431.75	66,436.00	370.39	55,079.00	307.07	55,079.00	307.07
Naptha- Export	2,937.84	118,253.00	3,474.08	108,494.00	3,187.38	123,007.00	3,613.75	133,150.00	3,911.73	131,089.53	3,851.20
ATF	-		-		-		-		-		-
Total Freight UR- NRMT			*3,914.19*		*3,619.13*		*3,984.14*		*4,218.80*		*4,158.27*

Ex SMT	Rate/MT	*2.700*		*2.600*		*2.550*		*2.500*		*2.450*	
MS III	**983.72**	91,200	897.15	88,200	867.64	84,000	826.32	81,000	796.81	78,000	767.30
SKO	**885.31**	76,000	672.84	73,500	650.71	70,000	619.72	67,500	597.59	65,000	575.45
HSD III	**983.72**	1,070,773	10,533.40	1,037,569	10,206.76	980,777	9,648.09	942,038	9,267.01	903,320	8,886.13
HSD IV	**983.72**	282,027	2,774.35	270,731	2,663.23	265,223	2,609.05	259,462	2,552.38	253,680	2,495.50
Total Freight UR- SMT		*1,520,000*	*14877.740*	*1,470,000*	*14388.341*	*1,400,000*	*13703.182*	*1,350,000*	*13213.782*	*1,300,000*	*12724.383*
MGQ - Pipeline Freight			*0.000*		*0.000*		*0.000*		*0.000*		*0.000*
			18,791.93		18,007.47		17,687.32		17,432.59		16,882.65

Raw Material Cost		*2.700*		*2.600*		*2.550*		*2.500*		*2.450*	
	Price/MT	Qty	Rs.	Qty	Rs.	Qty	Rs.	Qty	Rs.	Qty	Rs.
Basic Crude Cost	**47,790.15**	2700099	1,290,381.60	2599600	1,242,352.79	2550020	1,218,658.43	2500105	1,194,803.97	2449989	1,170,853.46
Less: crude discount	**(24,928.96)**	2700099	(673,106.70)	2599600	(648,053.24)	2550020	(635,693.47)	2500105	(623,250.18)	2449989	(610,756.78)
Natural Gas	**30,420.26**	161136	49,017.99	161135	49,017.69	161135	49,017.69	161135	49,017.69	161135	49,017.69
Entry Tax	484.38	2700099	13,078.61	2599600	12,591.81	2550020	12,351.66	2500105	12,109.88	2449989	11,867.13
Sales Tax on crude	**1,143.06**	2700099	30,863.75	2599600	29,714.98	2550020	29,148.25	2500105	28,577.69	2449989	28,004.83
Pipeline Transportation Cost	**214.50**	2700099	5,791.71	2599600	5,576.14	2550020	5,469.79	2500105	5,362.73	2449989	5,255.23
Ravva Crude Transportation Cost	**2,800.00**	720477	20,173.35	620477	17,373.35	570477	15,973.35	520477	14,573.35	470466	13,173.04
MTBE	**89,663.22**	39600	35,506.64	35200	31,561.45	29700	26,629.98	22000	19,725.91	14300	12,821.84
Reformate	83,275.98	0	-	0	-	0	-	0	-	0	-
		0	771,706.94	0	740,134.96	0	721,555.67	0	700,921.04	0	680,236.45

Augmented Crude for Ravva Crude Transportation Cost					
Crude Throughput in MMT	2.70	2.60	2.55	2.50	2.45
Assam Crude	4,618,580.00	4,618,580.00	4,618,580.00	4,618,580.00	4,618,580.00
Throughput	2,700,000.00	2,600,000.00	2,550,000.00	2,500,000.00	2,449,989.00
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	720,476.61	620,476.61	570,476.61	520,476.61	470,465.61

PL Account for MOU 2014-15

ANNEXURE ON PL & BS

	MOU Target at 2600 TMT throughput	MOU	RE	Excellent	Very Good	Good	Fair	Poor
		2013-14	2013-14	2014-15	2014-15	2014-15	2014-15	2014-15
	Throughput (TMT)	2,550	2,672	2,700	2,600	2,550	2,500	2,450
	Sales (TMT)	2,429	2,565	2,595	2,486	2,429	2,371	2,313
		Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores	Rs. Crores
	Revenue							
1	Basic Sales	7,507.81	8,211.18	8,471.69	8,084.02	7,863.55	7,637.64	7,413.71
2	Excise Relief	544.17	604.14	590.77	566.99	547.57	530.57	514.21
3	Marketing Terminal Charges	24.03	25.32	24.70	23.69	23.06	22.46	21.86
4	**Sales Turnover (1+2+3)**	**8,076.01**	**8,840.64**	**9,087.16**	**8,674.71**	**8,434.18**	**8,190.67**	**7,949.78**
5	Add / (Less) : Stock Variation	-	161.56	-	-	-	-	-
6	Other Income	43.63	41.57	-	-	-	-	-
7	**Total Income(4+5+6)**	**8,119.63**	**9,043.77**	**9,087.16**	**8,674.71**	**8,434.18**	**8,190.67**	**7,949.78**
8	Less : Raw material	6,925.56	7,781.96	7,717.07	7,401.35	7,215.56	7,009.21	6,802.36
9	Less : Purchase fro resale							
10	Less : Freight	235.86	186.69	187.92	180.07	176.87	174.33	168.83
11	Less : CST Provision	82.26	96.16	98.41	92.67	88.03	83.96	80.03
12	Less : Variable Costs	61.98	41.93	67.59	65.07	63.83	61.39	57.86
13	Less : Establishment	140.36	151.13	155.81	155.81	155.81	155.81	155.81
14	Less : Operating Overheads	141.66	143.19	146.51	146.51	146.51	146.51	146.51
15	**Gross Operating Margin**	**531.96**	**642.70**	**713.86**	**633.22**	**587.56**	**559.47**	**538.38**
16	Administrative & Other Expenses	46.93	74.05	61.50	61.50	61.50	61.50	61.50
17	**EBITDA (15-16)**	**485.02**	**568.66**	**652.36**	**571.71**	**526.06**	**497.96**	**476.88**
18	Depreciation & Amortisation	195.57	171.56	207.25	207.25	207.25	207.25	207.25
19	**EBIT (17-18)**	**289.45**	**397.10**	**445.10**	**364.46**	**318.81**	**290.71**	**269.63**
20	INTEREST - Working Capital	50.61	33.41	33.90	32.64	32.02	30.79	29.02
	- Term Loan	7.06	11.92	44.97	44.97	44.97	44.97	44.97
	Sub - Total (Interest)	57.67	45.33	78.87	77.61	76.99	75.76	73.99
21	**Profit Before Tax and prior year items (19-20)**	**231.79**	**351.77**	**366.23**	**286.85**	**241.82**	**214.95**	**195.64**
22	Prior Period Adjustment		(9.13)					
23	Extra ordinary items		5.47	-	-	-	-	-
24	**Profit Before Tax (21-22-23)**	**231.79**	**355.43**	**366.23**	**286.85**	**241.82**	**214.95**	**195.64**
25	Less : Provision for Taxation	101.16	144.60	135.47	108.49	93.18	84.05	77.49
	: Provision for Deferred Tax	(25.06)	(21.88)	(7.60)	(7.60)	(7.60)	(7.60)	(7.60)
26	**Net Profit / (Loss) after Tax (24-25)**	**155.69**	**232.70**	**238.36**	**185.96**	**156.23**	**138.50**	**125.75**
27	**Provision for Dividend & Dividend Tax**	54.28	86.06	86.06	86.06	86.06	86.06	86.06
28	**Profit Transferred to B/S (26-27)**	101.40	146.64	152.30	99.90	70.17	52.44	39.69

FOR MOU 2014-15 — Rs. in Crores

BALANCE SHEET

BALANCE SHEET	Actual	Actual	RE	Excellent	Very Good	Good	Fair	Poor
	2011-12	2012-13	2013-14	2014-15	2014-15	2014-15	2014-15	2014-15
Equities and Liabilities								
Shareholder's Fund								
Share Capital	735.63	735.63	735.63	735.63	735.63	735.63	735.63	735.63
Reserves and Surplus								
Opening Balance	1,865.42	1,963.63	2,021.83	2,168.47	2,168.47	2,168.47	2,168.47	2,168.47
Add: PL Balance	183.70	144.26	232.70	238.36	185.96	156.23	138.50	125.75
Less: Dividend and DDT	(85.49)	(86.06)	(86.06)	(86.06)	(86.06)	(86.06)	(86.06)	(86.06)
Closing Balance	**1,963.63**	**2,021.83**	**2,168.47**	**2,320.77**	**2,268.37**	**2,238.65**	**2,220.91**	**2,208.16**
Total Shareholder's Fund	**2,699.26**	**2,757.46**	**2,904.10**	**3,056.40**	**3,004.00**	**2,974.28**	**2,956.54**	**2,943.79**
Non Current Liabilities								
Long-Term Borrowings	64.71	40.48	523.25	507.00	507.00	507.00	507.00	507.00
Deferred tax liabilities (net)	203.85	213.54	191.66	184.06	184.06	184.06	184.06	184.06
Other Long-Term Liabilities	7.42	3.81	3.81	3.81	3.81	3.81	3.81	3.81
Long-Term Provisions	163.70	168.68	168.68	168.68	168.68	168.68	168.68	168.68
Total Non-current liabilities	**439.68**	**426.51**	**887.40**	**863.55**	**863.55**	**863.55**	**863.55**	**863.55**
Current Liabilities								
Short-Term Borrowings	218.68	352.49	201.55	121.08	162.24	184.86	197.05	204.80
Trade Payables	1,346.04	516.04	608.47	603.39	578.71	564.18	548.05	531.87
Other Current Liabilities	305.00	220.71	220.71	220.71	220.71	220.71	220.71	220.71
Short-Term Provisions	182.44	165.31	175.31	180.31	180.31	180.31	180.31	180.31
Total current liabilities	**2,052.16**	**1,254.55**	**1,206.04**	**1,125.49**	**1,141.96**	**1,150.06**	**1,146.11**	**1,137.70**
Total Equities and Liabilities	**5,191.10**	**4,438.52**	**4,997.54**	**5,045.45**	**5,009.52**	**4,987.89**	**4,966.21**	**4,945.04**
Assets								
Non Current Assets								
Fixed Assets								
Tangible Assets	1,881.56	1,684.96	1,657.82	2,129.72	2,129.72	2,129.72	2,129.72	2,129.72
Intangible Assets	8.94	5.66	3.15	0.00	0.00	0.00	0.00	0.00
Capital work-in-progress	128.89	257.26	533.26	91.59	91.59	91.59	91.59	91.59
Non-Current Investment	121.24	149.29	170.39	170.39	170.39	170.39	170.39	170.39
Long-Term Loans and Advances	62.72	75.98	54.88	54.88	54.88	54.88	54.88	54.88
Other Non-Current Assets	4.90	-						
Total Non-Current Assets	**2,208.25**	**2,183.15**	**2,419.50**	**2,446.58**	**2,446.58**	**2,446.58**	**2,446.58**	**2,446.58**
Current Assets								
Current Investments	63.84	25.06						
Inventories	2,015.52	1,207.55	1,607.55	1,607.55	1,607.55	1,607.55	1,607.55	1,607.55
Trade Receivables	800.42	706.70	777.35	798.18	762.25	740.62	718.94	697.77
Cash & Bank Balances	0.12	2.63	2.00	2.00	2.00	2.00	2.00	2.00
Short-Term Loans and Advances	64.62	267.94	145.65	145.65	145.65	145.65	145.65	145.65
Other Current Assets	38.33	45.49	45.49	45.49	45.49	45.49	45.49	45.49
Total Current Assets	**2,982.85**	**2,255.37**	**2,578.04**	**2,598.87**	**2,562.94**	**2,541.31**	**2,519.63**	**2,498.46**
Total Assets	5,191.10	4,438.52	4,997.54	5,045.45	5,009.52	4,987.89	4,966.21	4,945.04

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 2014-15. 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.

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.

Authorised Signatory