



**Memorandum of Understanding
between
Ministry of Petroleum and Natural Gas
&
GAIL (India) Limited**

Year 2018-19



Brief about the CPSE

1.	Name of the CPSE		GAIL (India) Limited	
2.	Status (Please tick) : As per DPE guideline		None	
3.	Reason of sickness , if applicable		N.A	
4.	Whether registered with BIFR, if yes, details		No	
5.	Schedule of the CPSE (Please tick)		Schedule 'A'	
6.	Purpose for which CPSE has been set up and the main business now		<p>GAIL has been set up to accelerate and optimize the effective and economic use of Natural Gas and its fractions to the benefit of the national economy.</p> <p>GAIL's main businesses includes Gas marketing and transmission, Petrochemicals, LPG and other liquid hydrocarbons, LPG transmission etc.</p>	
7.	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years		Separate sheet attached	
	Year	Name of subsidiary	Amount invested (Rs.)	Share in its profit (Rs.)
	2012-13	Refer Annexure - 1		
	2013-14			
	2014-15			
	2015-16			
2016-17				
8.	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years			
	Year	Name of Joint Venture	Amount invested (Rs.)	Share in its profit (Rs.)
	2012-13	Refer Annexure - 2		
	2013-14			
	2014-15			
	2015-16			
2016-17				
9.	Details of revival plan approved earlier		N.A	

PART – A: Criteria For Performance Evaluation – MoU: 2018-19

SL	Criteria	Unit	Marks	MoU Target for the 2018-19				
				Ex 100%	VG 80%	Good 60%	Fair 40%	Poor 20%
Financial Performance (50%)								
1	Turnover Revenue from Operations (Net)	Rs. Cr.	10	61,158	60,128	59,140	58,212	57,202
2	Operating profit/ surplus as a percentage of Revenue from operation (net.)	%	20	10.0	7.0	6.7	6.4	6.1
3	PAT or Surplus/ Average Net Worth	%	20	11.50	8.50	8.20	7.90	7.60
4 Capacity Utilization (10%)								
4.a	Gas Marketing	MMSCMD	5	91	88	86	84	82
4.b	Gas Transmission	MMSCMD	5	107.50	105	103	101	99
R&D, Innovation, Technology up-gradation (3%)								
5	First billing from Technological Upgradation for Metallocene grades	Date	3	01/03/19	08/03/19	15/03/19	22/03/19	31/03/19

PART – A: Criteria For Performance Evaluation – MoU: 2018-19

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				Ex 100%	VG 80%	Good 60%	Fair 40%	Poor 20%
CAPEX (15%)								
6	CAPEX	Rs. Cr.	10	6,100	5,900	5,600	5,200	4,800
7	Percentages 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	%	5	100	95	90	85	80
Other Parameters (9%)								
8	Trade Receivables (Net) as number of days of Revenue from Operations (Gross)	Days	3	27	28	32	33	34
9	Reduction in claims against the Company not acknowledged as debt raised by CPSE and others	%	3	10	9	8	7	6
10	Returns (share of profit/loss) on investment in JV	%	3	115	110	105	100	95
HRM Related Parameter (5%)								
11	Assessment of level in line with People Capability Maturity Model (PCMM) or equivalent in the CPSE and	Date	5	15/12/18	15/01/19	31/01/19	15/02/19	28/02/19

PART – A: Criteria For Performance Evaluation – MoU: 2018-19

SL	Criteria	Unit	Marks	MoU Target for the 2018-19				
				Ex 100%	VG 80%	Good 60%	Fair 40%	Poor 20%
	placing matter before the Board for taking a decision whether to go for upgradation in level and, if yes, getting the approval for the timelines from the Board. If not justifiable reason to be recorded in the board resolution.							
12	Parameters relating to Joint Ventures (10%)							
12.1	New PNG connection targets as given by Administrative Ministry (As per MoP&NG, target at Excellent Level is 11 lakh)	%	5	100	90	80	70	60
12.2	New CNG connection targets as given by Administrative Ministry (As per MoP&NG, target at Excellent Level is 330 No.)	%	3	100	98.5	97	95.5	94
	Total		100					

Notes:

1. Breakup of Revenue estimated for the 2018-19 and revenue adjustment formula are annexed as Annexure 3
2. CAPEX target of Rs. 6100 crore is excluding investment in JVs for Rs. 335 crore. It was also agreed that if the investment in JVs is lower than Rs. 335 crore, the difference shall be added to the above targets.



B.C. Tripathi
Chairman & Managing Director
GAIL (India) Limited



K. D. Tripathi
Secretary
Ministry of Petroleum & Natural Gas

New Delhi, 5th June 2018