

**MEMORANDUM OF  
UNDERSTANDING**  
(M o U)

BETWEEN

ASSAM GAS COMPANY LTD.

AND

**INDUSTRIES & COMMERCE DEPARTMENT**  
**Government of Assam**

**For the Financial Year 2006-07**

## ASSAM GAS COMPANY LIMITED

### PREAMBLE :

**ASSAM GAS COMPANY LIMITED**, a Government of Assam Undertaking and an ISO 9001:2000 Company is the pioneer Company in North-East India in transportation through building up infra-structural facilities, to make natural gas usable as raw material and energy source in different industries. Since 1965, the Company has been in the business of collection, processing and distribution of natural gas to industrial houses through construction of infra-structural facilities. The Company is building pipeline and planning development of many more infrastructures to cater for existing industries and commercial establishments and to provide infra-structural support for establishment of new industries. The Company is also in the process of taking advantage of the changing environment by exploring avenues to have business ties with other Companies. The Company has already drawn up a program “*Vision 2010*” with the study and growth in gas transportation business by way of laying pipeline, supplying gas to consumers from various sources spread over North East India has been taken up. As on 31<sup>st</sup> March 2006, the Company has 383 working personnel and paid-up equity capital of Rs.16.91 Crore and has cumulative reserve of Rs.78.45 Crore (Un-audited results) *as against* 387 working personnel and paid-up equity capital of Rs.16.91 Crore and has cumulative reserve of Rs.61.97 Crore (Audited results) during 2004-05.

### 1. MISSION :

*Productive utilization of natural gas to help economic development of the region.*

### 2. OBJECTIVES :

- a. Utilization of natural gas by creating necessary collection, processing, transmission and distribution facilities.
- b. Operation of pipeline system at high efficiency and safety levels to ensure uninterrupted supply of gas. Selection, designing and laying of pipelines as per international specifications, codes and standards.
- c. Market development and help in setting up natural gas based industries to hasten industrial development.
- d. To satisfy the customers and stakeholders through excellence in products and services.

### 3. COMMITMENTS :

*Financial Year 2006-07*

Criteria	Unit	Weightage in %	Criteria Values				
			1	2	3	4	5
			<i>Excellent</i>	<i>Very Good</i>	<i>Good</i>	<i>Fair</i>	<i>Poor</i>
<b>Physical Targets</b>							
Gas Transportation	MMSCM	15	1780	1720	1650	1590	1550

Total cost of Plant & Machinery- Pipe line Network	Rs. in Crore (at cost)	15	460	440	260	250	245
Customers – Major Industries & Tea	Nos.	15	348	326	315	298	297
<b>Financial Targets</b>							
Operating Income	Rs. in crore	15	63.46	62.06	60.66	59.26	58.06
Profit before Tax (PBT)	Rs. in crore	8	24.35	23.05	21.85	20.65	19.45
PBT to Operating Income	Percentage	2	38.37	37.14	36.02	34.85	33.50
Dividend to equity	Percentage	5	9.51	8.51	7.51	6.51	5.51
<b>Dynamic efficiency :</b>							
Leakages	Numbers	8	0	1	2	3	4
Accident / Year	Numbers	5	0	1	2	4	5
Fuel Gas / Gas Compressed	SCM / 1000SCM	5	10.20	11.20	12.20	12.60	13.00
Adoption of Accounts for 2005-06	By end	5	Aug., 2006	Sept., 2006	Oct., 2006	Nov., 2006	Dec., 2006
Social Welfare expenditure	Rs. in Crore	2	0.45	0.35	0.30	0.25	0.20

<b>ACTUALS FOR LAST SIX YEARS.</b>							
<b><i>Sector-wise Quantity of Natural Gas Transported by AGCL in MMSCUM</i></b>							
Sl. No.	Sector	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
1	Fertilizer	314.84	184.07	351.06	357.36	364.18	520.52
2	Power	686.28	671.09	562.21	645.63	694.28	770.77
3	Petrochemicals	32.37	27.88	36.22	36.27	35.04	37.22
4	OIL	398.61	334.80	230.88	257.94	277.83	239.67
5	Tea	85.71	82.78	89.66	104.13	106.60	108.12
6	Domestic and commercial	10.31	10.58	15.95	16.22	12.85	17.50
7	<b>TOTAL</b>	<b>1528.12</b>	<b>1311.20</b>	<b>1285.98</b>	<b>1417.55</b>	<b>1490.78</b>	<b>1693.80</b>
<b>Sector-wise Number of consumers :</b>							
Sl. No.	Consumers	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06

1	Major Industries	6	6	6	6	6	6
2	Tea	174	188	224	237	255	292
3	Domestic	13308	14694	15662	16218	16983	18185
4	Commercial	316	356	405	440	469	531
<b>Financial Performance : (Rupees in Lakh)</b>							
<b>Sl. No.</b>	<b>Consumers</b>	<b>2000-01</b>	<b>2001-02</b>	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>
1	Plant & Machinery	8345	10543	11506	14116	21251	24486
2	Operating Income	3020	3984	3826	4485	4674	6066
3	PBT	944	2517	1926	2346	2021	2185
4	PAT	603	1630	1101	1457	1298	1376
5	Dividend	100	126	127	127	127	127
6	PBT : Op. Income	0.31	0.63	0.50	0.52	0.43	0.36
7	Equity	877	1681	1691	1691	1691	1691
8	Dividend : Equity	0.11	0.80	0.80	0.80	0.80	0.80

**Note :** Operating Income represents Transmission charges only and includes Service Tax as applicable.

#### 4. Delegation of Power

The Government will consider empowering the Board of the Company to take decisions for viable projects requiring capital investment not exceeding Rs.10 Crore.

#### 5. Assistance from the Government

The Government will consider to help if possible

- To provide assistance in getting gas allocation for Company's various projects from time to time.
- Financial assistance to the tune of Rs.50 crore for NRL Project costing Rs.400 Crore (approx) Investment.

#### 6. Frequency of Monitoring and Information Flow

- Quarterly - within a month after completion of the quarter.
- Annually - within three months after completion of the financial year for evaluation of MOU performance.

**Sd/ 1.3.2007**  
**(B.C.Sharma)**  
**Managing Director**  
**Assam Gas Company Limited**  
**Duliajan**

**Sd/ 1.3.2007**  
**(Harish Sonowal)**  
**Commissioner**  
**Industries Department**  
**Govt. of Assam, Dispur.**