

MEMORANDUM  
OF  
UNDERSTANDING  
BETWEEN  
MAHANADI COALFIELDS LTD.  
AND  
COAL INDIA LTD.

**2016-17**

Mahanadi Coalfields Limited (MCL), a subsidiary company of Coal India Limited is the second largest coal producing and second highest profit making Coal Company in the country. MCL has become a "Mini Ratna, category-I" Company of Govt. of India with effect from 15.03.2007.

MCL was formed on 03.04.1992 with its Corporate Office at Sambalpur, Orissa, by bifurcation of coal mines of Orissa State from South Eastern Coalfields Limited. In the year 1992, it was the smallest amongst the seven coal producing company of CIL with a coal production of 23.14 MT during that financial year. Since then the company has grown consistently and achieved a total coal production of 137.901MT in the year 2015-16.

MCL has eleven areas in two coalfields, Talcher Coalfield and Ib Valley Coalfield with six underground mines and Sixteen opencast mines working. It has formed two Joint Venture Companies namely MNH Shakti Ltd. and MJSJ Coal Ltd. where MCL has 70% and 60% share respectively. But the coal blocks allotted to these two JVs have been de-allocated by Supreme court of india.

MCL has plan to establish 1600 MW (2X800 MW) Pit head Thermal Power Plant under JV Route for which SPV company under the name Mahanadi Basin Power Limited, a wholly owned subsidiary co. of MCL has been formed for the purpose in Dec.2011 due to evacuation of coal hurdle at Basundhara – Garjanbahal Area.

MCL has already completed construction of 220 KV power transmission line with 60 MVA sub-station at Basundhara. One JV Company in the name of M/s Neelanchal Power Transmission Co Pvt Ltd has been formed with M/s Odisha Power Transmission Corporation Limited (OPTCL) in 50:50 basis on 8.01.2013.

An MoU was signed on 20.05.2015 among MCL (representing MoC), IRCON (representing MoR) and IDCO (representing Govt. of Odisha) to undertake project development, financing and implementation of identified projects. A company was incorporated as "MAHANADI COAL RAILWAY LIMITED" 31.08.2015


**FORM-I (MEMORANDUM OF UNDERSTANDING: 2016-17)  
PART- A**


**Mahanadi Coalfields Limited**

Sl No.	Evaluation Criteria	Unit	Wt.	MoU Targets					Documentary evidence and source /origin of documents
				Excellent	Very Good	Good	Fair	Poor	
				100	80	60	40	20	
i	<b>Capacity Utilisation:</b>		<b>10</b>						
	a. Supply/ Despatch of Non-Coking Coal (including coking coal going to Thermal)	Mt	10	168.00	167.00	158.65	150.72	143.18	Annual Report
ii	<b>Efficiency Parameters (Physical Operations):</b>								
	<b>A. Production Efficiency</b>		<b>10</b>						
	A1 Reduction in power consumption per cubic meter of material excavated over previous year	%	5	1.50	1.25	1.00	0.75	0.50	Certification by Management
	A2 Reduction in diesel consumption per cubic meter of material excavated over the previous year		5	1.50	1.25	1.00	0.75	0.50	
	<b>B. Technology up-Gradation</b>		<b>5</b>						
	B1 Installation of CCTV cameras in entypoint, exit point & Road Sale Points of projects	Nos Projects	5	5	4	3	2	1	Certification by Management
iii	<b>Leveraging Net Worth :</b>		<b>15</b>						
	a. CAPEX (Annexure-'A')	Rs. Cr	15	1200	1144	1082	1035	974	Annual Report
iv	<b>Monitoring of Parameter:</b>		<b>5</b>						
	a. Percentage 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 (Annexure-'B')	%	5	100	90	80	70	60	Certification by Management
v	<b>Turnover from Operations:</b>		<b>10</b>						
	Revenue from Operations (Net of excise duty)	Rs. Cr	10	15667.5	15157.74	14399.80	13679.833	12995.83	Annual Report
vi	<b>Operating Profit/ Surplus:</b>		<b>10</b>						

Sl No		Unit	Wt.	MoU Targets					Documentary evidence and
	Profit before Tax (excluding Other Income, extraordinary & exceptional items) as % of Revenue from Operations	%	10	38.60	38.46	37.96	37.46	36.96	Annual Report
vii	<b>Early signs of weakness:</b>		<b>5</b>						
a.	Reduction in Claims against the Company not acknowledge as debt over the previous year - CPSE & Others	%	5	5	4	3	2	1	Certification by Management
viii	<b>A. Marketing efficiency parameter</b>		<b>5</b>						
A	Number of days of Inventory of finished goods and Work in progress to Sale of Products	No. of Days	5	9.27	9.47	10.27	11.27	12.27	Annual Report
	<b>B. Marketing efficiency ratios</b>		<b>5</b>						
B	Trade Receivables as percentage of Revenue from Operations	%	5	5.62	5.90	6.15	6.40	6.65	Annual Report
ix	<b>Return on Investment</b>								
	<b>a. Profit Earning CPSEs</b>		<b>20</b>						
i.	Dividend / PAT	%	5	69.80	67.09	63.74	60.55	57.53	Annual Report
ii.	PAT / Net Worth	%	10	98.73	93.59	91.59	89.59	87.59	
iii.	Dividend / Net Worth	%	5	68.91	62.79	56.60	50.85	45.56	
	<b>Grand Total</b>		<b>100</b>						

1. Where achievement is not verifiable from annual report of the CPSE, the same would be accepted on the basis of certification by way of resolution from Board of Directors.
2. Targets finalised are based on provisional / actual figures submitted by the company for FY 2015-16. In case of better performance of the CPSE during the year 2015-16 as compared to provisional / actual figures given, the difference shall be added to the targets of 2016-17.
3. Targets decided in MoU are unconditional and no offset will be allowed in any condition. Further evaluation would be subject to compliance of additional eligibility criteria as contained in para 14.2 and 14.3 of MoU guidelines 2016-17.

  
**(Anil Kumar Jha)**  
 Chairman Cum Managing Director  
 Mahanadi Coalfields Limited

  
**(Sutirtha Bhattacharya)**  
 Chairman  
 Coal India Limited



MINISTRY : COAL  
Company : MCL  
Profit & Loss Statement

Bifurcation of MoU submitted

Production	137.901	167.000	168.000
Offtake	140.234	167.000	168.000

Sl. No.	Particulars ( Production/Offtake )	Unit	MCL	MCL MoU	MCL MoU
			2015-16 Act 137.901 / 140.234	2016-17 Very Good 167 / 167	2016-17 Excellent 168 / 168
1	Gross Sales	Rs. Crs	19,829.58	25,626.37	26,469.14
2	Less: Excise duties & Others	Rs. Crs	7,076.61	11,160.05	11,546.62
3	Net sales / Sale of Products	Rs. Crs	12,752.97	14,466.32	14,922.52
4	Other Operating Revenue (Gross)	Rs. Crs	770.27	752.31	810.60
5	Other Operating Revenue (Net)	Rs. Crs	705.96	691.42	745.00
6	Revenue from Operations (Net)	Rs. Crs	13,458.93	15,157.74	15,667.51
7	Cost of Materials Consumed	Rs. Crs	542.75	750.57	761.76
8	Accretion/Depletion to Stock	Rs. Crs	38.67	(33.91)	(33.91)
9	Power & Fuel	Rs. Crs	123.53	142.05	144.50
10	Employee Benefit Expenses	Rs. Crs	2,077.96	2,302.59	2,382.17
11	Depreciation/Impairment/Amortization	Rs. Crs	289.50	350.59	350.59
12	Other Expenses	Rs. Crs	5,494.72	5,816.22	6,015.51
13	Total Expenditure	Rs. Crs	8,567.13	9,328.12	9,620.62
14	Operating Profit	Rs. Crs	4,891.80	5,829.62	6,046.89
15	Other Income	Rs. Crs	1,346.28	1,695.26	1,703.41
16	Prior Period Adjustments	Rs. Crs	22.33	-	-
17	Exceptional & Extra-ordinary Items (Net)	Rs. Crs	-	-	-
18	Profit Before Tax (PBT)	Rs. Crs	6,260.41	7,524.89	7,750.31
19	Provision for tax (including MAT / deferred tax)	Rs. Crs	(2,075.69)	(2,575.97)	(2,685.04)
20	P&L from discontinued ops / Minority Int	Rs. Crs	-	-	-
21	Net Profit / Profit after Tax (PAT)	Rs. Crs	4,184.72	4,948.92	5,065.27
22	Dividend Paid	Rs. Crs	3,608.45	3,320.08	3,535.34
23	Tax on Dividend	Rs. Crs	734.60	658.74	717.28
24	Retained Profit	Rs. Crs	(158.33)	970.10	812.64

MINISTRY : COAL  
Company : MCL  
BALANCE SHEET DATA

Sl. No.	Particulars ( Production/Offtake )	Unit	MCL	MCL MoU	MCL MoU
			2015-16 Act 137.901 / 140.234	2016-17 Very Good 167 / 167	2016-17 Excellent 168 / 168
<b>EQUITY AND LIABILITIES</b>					
1	Paid-up Capital	Rs. Crs	186.40	186.40	186.40
2	Reserve & Surplus	Rs. Crs	4,131.30	5,101.40	4,943.94
3	Net Worth	Rs. Crs	4,317.70	5,287.80	5,130.34
4	Capital Reserves	Rs. Crs	0.00	0.00	0.00
5	Shareholders fund	Rs. Crs	4,317.70	5,287.80	5,130.34
6	Long Term Borrowing	Rs. Crs	7.21	7.21	7.21
7	Deferred Tax Liability	Rs. Crs	183.60	-	-
8	Other Non-Current Liabilities	Rs. Crs	15,459.04	16,727.38	16,757.44
9	Minority Interest/Non Controlling Interest	Rs. Crs	63.62	-	-
10	Current Liabilities	Rs. Crs	4,060.84	4,437.34	4,462.41
	Total Equity & Liabilities	Rs. Crs	24,092.01	26,459.73	26,357.41
<b>ASSETS</b>					
13	Net Block	Rs. Crs	3,315.70	3,742.49	3,792.49
14	Capital Work-in-Progress & Intangible Assets under Development	Rs. Crs	1,004.06	1,135.25	1,135.25
15	Non-Current Investment	Rs. Crs	958.70	1,043.88	1,043.88
16	Deferred Tax Assets	Rs. Crs	0.00	0.00	0.00
17	Long-Term Loans & Advances	Rs. Crs	805.77	1,105.60	1,180.85
18	Other Non-Current Assets	Rs. Crs	529.63	916.90	916.90
19	Inventories (Coal Stock) (Net)	Rs. Crs	346.82	375.33	378.99
20	Trade Receivables	Rs. Crs	1,123.16	1,556.33	1,534.28
21	Cash & Cash equivalents	Rs. Crs	11,611.96	12,540.57	12,449.97
22	Other Current Assets	Rs. Crs	4,396.21	4,043.38	3,924.79
	Total Current Assets	Rs. Crs	17,478.15	18,515.61	18,288.03
	Total Assets	Rs. Crs	24,092.01	26,459.74	26,357.41

MINISTRY : COAL  
Company : MCL  
MANAGEMENT RATIOS

Sl. No.	Particulars ( Production/Offtake )	Unit	MCL	MCL MoU	MCL MoU
			2015-16 Act 137.901 / 140.234	2016-17 Very Good 167 / 167	2016-17 Excellent 168 / 168
1	Inventories	Rs. Crs	346.82	375.33	378.99
2	Net sales / Sale of Products	Rs. Crs	12,752.97	14,466.32	14,922.52
3	Trade Receivables	Rs. Crs	1,123.16	1,556.33	1,534.28
4	Revenue From Operations (Gross)	Rs. Crs	20,599.85	26,378.68	27,279.74
5	Dividend	Rs. Crs	3,608.45	3,320.08	3,535.34
6	PAT	Rs. Crs	4,184.72	4,948.92	5,065.27
7	Net Worth	Rs. Crs	4,317.70	5,287.80	5,130.34
8	Revenue from Operations (Net)	Rs. Crs	13,458.93	15,157.74	15,667.51
9	Operating Profit	Rs. Crs	4,891.80	5,829.62	6,046.89
10	Reduction in Claims against the Company not Acknowledged as Debts over the previous year-CPSE & Others			4%	5%
11	No. of Days of Inventory to Sale of Products	Days	9.93	9.47	9.27
12	Trade Receivables as % of Revenue From Operations (Gross)	%	5.45%	5.90%	5.62%
13	Dividend / PAT	%	86.23%	67.09%	69.80%
14	PAT / Net Worth	%	96.92%	93.59%	98.73%
15	Dividend / Net Worth	%	83.57%	62.79%	68.91%
16	Operating Profit as % of revenue from operation	%	36.35%	38.46%	38.60%

Sl. No.	Particulars	Unit	Financial Year					2016-17
			2011-12	2012-13	2013-14	2014-15	2015-16	
							Actual	Exc
1	CAPEX	Rs Crs	497.95	531.56	876.84	836.50	668.82	1,200.00
2	Paid - up Share Capital	Rs Crs	186.40	186.40	186.40	186.40	186.40	186.40
3	Accumulated Reserves (excluding Capital Reserves)	Rs Crs	7,488.02	8,752.72	5,375.49	4,291.17	4,132.86	4,943.94
4	Net Worth	Rs Crs	7,674.42	8,939.12	5,561.89	4,477.57	4,319.26	5,130.34
5	Borrowings (shown in Non current Liab)	Rs Crs	119.42	96.60	9.14	6.90	7.21	7.21
6	Borrowings / Net Worth	%	1.56%	1.08%	0.16%	0.15%	0.17%	0.14%
7	Percentage of Value of CAPEX contracts completed during the year without time/cost overrun / Total Value of CAPEX contracts completed during the year	%						100.00
8	Revenue from Operations (Gross)	Rs Crs	12,482.25	13,685.94	13,749.51	15,693.71	20,599.85	27,279.75
9	Revenue from Operations (Net)	Rs Crs	9,861.16	10,518.01	10,522.12	11,668.48	13,458.93	15,667.52
10	Profit Before Tax	Rs Crs	5,463.69	6,202.48	5,429.08	5,314.24	6,260.43	7,750.31
11	Other Income:	Rs Crs						
	Interest	Rs Crs	1,212.17	1,508.21	1,363.13	1,231.11	1,158.10	1,559.94
	Dividend from MFs	Rs Crs	2.26	23.63	43.40	54.98	92.29	92.29
	Others	Rs Crs	95.42	43.36	104.35	89.05	95.89	51.18
	Total	Rs Crs	1,309.85	1,575.20	1,510.88	1,375.14	1,346.28	1,703.41
12	Extraordinary Items	Rs Crs	13.16	7.40	(1.82)	-	-	-
13	Exceptional Items	Rs Crs				-	-	-
14	Profit Before Tax (excluding Other Incomes, Extraordinary & Exceptional Items)	Rs Crs	4,140.68	4,619.88	3,920.02	3,939.10	4,914.15	6,046.90
15	Profit After Tax	Rs Crs	3,709.51	4,212.44	3,624.30	3,554.10	4,184.74	5,065.27

Sl. No.	Particulars	Unit	Financial Year					
			2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
							Actual	Exc
16	Revenue from Operations (Net) / Total Expenses (excluding extra ordinary / exceptional items, if shown separately and Tax (Income Tax) Expense)	%	172.38%	178.33%	159.38%	150.76%	157.10%	162.85%
17	Closing Inventory of FG (Coal Stock)	Rs Crs	530.59	460.38	522.52	386.79	350.50	378.99
18	Closing Inventory of WIP (Coal)	Rs Crs	-	-	-	-	-	-
19	Sale of Products (Net) (Net Sales)	Rs Crs	9,447.51	10,022.49	9,989.67	11,024.42	12,752.97	14,922.52
20	No of Days of Inventory to Sale of Products	Days	20.50	16.77	19.09	12.81	10.03	9.27
21	Trade Receivables of over 6 months (Net)	Rs Crs	19.67	42.11	30.27	143.18	93.68	103.05
22	Trade Receivables (Total) (Net)	Rs Crs	222.59	430.91	298.39	447.30	1,123.16	1,534.28
23	Trade Receivables as % of Revenue from Operations (Gross)	%	1.78%	3.15%	2.17%	2.85%	5.45%	5.62%
24	Cash & Bank Balance	Rs Crs	12,390.19	13,083.00	10,428.31	10,882.37	11,555.16	12,449.97
25	PAT / Net Worth	%	48.34%	47.12%	65.16%	79.38%	96.89%	98.73%
26	Dividend	Rs Crs	2,226.55	2,529.45	5,983.16	3,841.82	3,608.45	3,535.34
a	Dividend / PAT	%	60.02%	60.05%	165.08%	108.10%	86.23%	69.80%
b	Dividend / Net Worth	%	29.01%	28.30%	107.57%	85.80%	83.54%	68.91%
c	Claims against the Company not Acknowledged as Debts							
	Central Government Departments	Rs Crs	159.37	871.73	1,349.42	2,419.95	1,396.50	1,396.50
	State Government Departments or Local Bodies	Rs Crs	63.52	83.70	171.10	105.15	3,378.57	3,678.57
	CPSEs	Rs Crs	-	-	-	-	-	300.00
	Others	Rs Crs	258.44	1,642.44	1,799.70	1,879.32	171.88	170.16
	Total	Rs Crs	481.33	2,597.87	3,320.22	4,404.42	4,946.95	5,545.23
27	Major Expenses							
	Cost of Materials Consumed	Rs Crs	502.67	555.75	626.35	604.56	542.75	761.76
	Accretion/Depletion to Stock	Rs Crs	(39.73)	90.25	36.54	33.62	38.67	(33.91)
	Power & Fuel	Rs Crs	108.24	116.11	119.37	122.59	123.53	144.50
	Employee Benefit Expenses	Rs Crs	1,602.70	1,711.67	1,824.05	1,997.10	2,077.96	2,382.17
	Depreciation/Impairment/Amortization	Rs Crs	315.99	240.52	269.18	297.11	289.50	350.59
	Other Expenses	Rs Crs	3,230.61	3,183.83	3,726.61	4,684.62	5,494.70	6,015.51
	Total	Rs Crs	5,720.48	5,898.13	6,602.10	7,739.60	8,567.11	9,620.62

## ANNEXURE-A

## CAPEX 2016-17

SI No	HEAD	(Rs in Crs)
		2016-17
		BE
1	LAND	350.00
2	REHABILITATION	
3	RESIDENTIAL & WELFARE	30.00
4	SERVICE BUILDING	30.00
5	P & M	
	HEMM	120.00
	CHP	100.00
	OTHERS (INCL.UG)	25.00
6	MINE DEVELOPMENT(Incl. Of Other Dev.)	60.00
7	WASHERY	235.00
8	RAILWAY SIDING	220.00
9	EXPLORATION / PLAN.	20.00
10	OTHERS	10.00
	<b>TOTAL</b>	<b>1200.00</b>



## ANNEXURE-B

### DETAILS OF 10 TOP MOSPI MONITORED ONGOING PROJECTS COSTING RS 150 Crs AND ABOVE FOR MOU 2016-17

S No.	Project Name	Capacity (Mty)	Sanctioned Capital in (RsCrs)	Milestone	Timeline for Completion (mm/yyyy)	Capex Planned in 2016-17 (Rs.Crs)
1	Ananta OCP Expn. Ph-III	3.0	207.28	NOC under FRA for Stage - I Forestry Clearance from MoEF&CC	Mar-17	8.05
2	Bhubaneswari OCP	20.0	490.1	Award of Work for Construction of SILO & Tube conveyor line for transportation of coal to SILO	Mar-17	18.58
3	Hingula-II OCPExpn. Ph-III	7.0	479.53	Award of Work for Construction of SILO and starting of construction work	Mar-17	12.39
4	Jagannath Re-organisation	6.0	337.66	Preparation of Mining plan for 7.5 Mty	Mar-17	49.56
5	Kaniha OCP	10.0	457.77	Preparation of Mining Plan for 14 Mty and approval of MCL Board & MoC	Mar-17	24.78
6	Basundhara (W) Extn	7.0	479.15	Online submission of Form-I	Mar-17	0.00
7	Kulda OCP	10.0	302.96	Preparation of Mining Plan for 15 Mty and approval of MCL Board & MoC	Mar-17	37.16
8	KuldaExpn OCP	5.0	289.03			
9	Siarmal OCP	40.0	3756.36	Authentication of Land schedule	Mar-17	214.73
10	Garjanbahal OCP	10.0	1375.38	Submission of application with relevant documents to MoEFCC for Stage-I Forest clearance	Mar-17	49.56

**Self-declaration/certification by CPSE**

It is hereby certified that the targets/actual achievements in respect of MoU parameters have been worked out as per MoU Guidelines by adopting the norms and definitions laid down in MoU Guidelines for the year 2016-17. In case, any deviation is found at any point of time, DPE is free to evaluate the performance as per MoU Guidelines. CPSE has no right of claim in this regard.

A handwritten signature in black ink, consisting of a series of loops and a long horizontal stroke at the end, positioned above a solid horizontal line.

(CMD/CEO)