

MEMORANDUM

OF

UNDERSTANDING

BETWEEN

MAHANADI COALFIELDS LTD.

AND

COAL INDIA LTD.

2017-18

Brief about the CPSE

Annex-I

1.	Name of the CPSE	Mahanadi Coalfields Limited.	
2.	Status (Please tick): As per DPE guidelines	√	
3.	Reasons of Sickness, if applicable	Sick/Incipient Sick/Weak/None	
4.	Whether registered with BIFR, If yes, details	Not Applicable	
5.	Schedule of the CPSE (Please tick)	√	
6.	Purpose for which CPSE has been setup and the main business now	A/B/C/D/None	
7.	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years	<p>1. To acquire and take over any of the business activities carried on by the Coal India Limited.</p> <p>2. To carry on in India and elsewhere the trade or business of coal mining including the management of coal mines either independently or for and on behalf of or under the direction of Coal India Limited.</p> <p>Separate sheet may be attached, if more than one subsidiary. Information may be separately given in respect of each subsidiary and aggregated (consolidated) also.</p>	
	Year*	Name of subsidiary	Amount invested (Rs.)
	2012-13		Share in its profit (Rs.)
		MJSJ COAL LTD	57,06,00,000.00
		MNH Shakti Limited	59,57,00,000.00
		Mahanadi Basin Power Limited	5,00,000.00
	2013-14		
		MJSJ COAL LTD	57,06,00,000.00
		MNH Shakti Limited	59,57,00,000.00
		Mahanadi Basin Power Limited	5,00,000.00
	2014-15		
		MJSJ COAL LTD	57,06,00,000.00
		MNH Shakti Limited	59,57,00,000.00
		Mahanadi Basin Power Limited	5,00,000.00
	2015-16		
		MJSJ COAL LTD	57,06,00,000.00
		MNH Shakti Limited	59,57,00,000.00
		Mahanadi Basin Power Limited	5,00,000.00
		Mahanadi Coal Railway Limited	3,20,000.00
	2016-17		
		MJSJ COAL LTD	57,06,00,000.00
		MNH Shakti Limited	59,57,00,000.00
		Mahanadi Basin Power Limited	5,00,000.00
		Mahanadi Coal Railway Limited	3,20,000.00

8.	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years		Separate sheet may be attached, if more than one Joint Venture. Information may be separately given in respect of each Joint Venture and aggregated (consolidated) also.	
	Year*	Name of Joint Venture	Amount invested (Rs.)	Share in its profit (Rs.)
	2012-13			
	2013-14			
	2014-15			
	2015-16			
	2016-17			
9.	Details of revival plan approved earlier			

*Note: For each succeeding year of MoU, one more year may be added after the MoU 2017-18 and the first year deleted so that total data available is for the past five years.

MoU 2017-18: The following two has not been considered in the financial projections of MoU 2017-18 document of MCL :

- 1) Incremental impact of NCWA X for Non-Executive pay revision due from 1st July 2016 and Executive Pay Revision due from 1st Jan'2017 and consequential incremental impact on actuarial valuation has not been considered.
- 2) Impact of likely increase in actuarial valuation due to revision in gratuity ceiling limit from Rs.10 Lakhs to Rs.20 Lakhs is not considered.

Annex-II

Mandatory Parameters

PART-A

MAHANADI COALFIELDS LIMITED

Sl. No.	Financial Performance Criteria	Unit	Marks	2016-17 (Actual)	Best in 5 years	MoU Target for the year 2017-18					% Improvement *
						Excellent	V.G.	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
1	Turnover Revenue from Operations	Rs. Crs	10	13976.92	13976.92 (2016-17)	13923.79	13624.1	13283.50	12942.89	12602.29	-3%
2	Operating Profit										
	Operating profit (Profit before Tax excluding other Income, Extraordinary and Exceptional Items) :- Operating profit as a percentage of Revenue from operations (net).	%	20	38.41	41.15 (2012-13)	37.37	34.97	33.97	32.97	31.97	-9%
3	Return on investment:										
	PAT/ Average Net Worth	%	20	114.63	114.63 (2016-17)	102.87	97.6	96.60	95.60	94.60	-15%
	Total (A)		50								

*Improvement worked out on very Good Target over Current year expected actuals.

Other Parameters


PART-B

MAHANADI COALFIELDS LIMITED

Sl. No.	Performance Criteria	Unit	Marks	Achievement (2016-17)	Best in last 5 years	MoU Target for the year 2017-18					% Improvement *
						Excellent	V.G.	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
1	Coal Production	Mt	10	139.21	139.21	150	146.25	142.5	138.75	135	5%
2	CAPEX (Rs. Crore)	Rs. Crs	10	1279	1279	1300	1269.41	1238.82	1208.24	1177.65	-1%
3	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	100	100	90	80	70	60	
4	Inventory of finished goods and work in progress to Revenue from operations (Net)	Days	3	7	7 (2016-17)	7	10	11	12	13	
5	Trade receivables (Net) as number of days of Revenue from Operations (gross)	Days	3	16	8 (2013-14)	13	19	20	21	22	
6	Reduction in claims against the Company not acknowledged as debt in CPSE & Others	%	3			5	4	3	2	1	
7	HRM Related Parameters										
a)	On-line submission of ACR/APAR in respect of all executives (E0 & above) along with compliance of prescribed timelines w.r.t. writing of ACR/APAR (% of number of executives)	%	2	New parameter		100	95	90	85	80	
b)	Online Quarterly vigilance clearance updation for senior executives (E-7 and above) (% of number of senior executives)	%	2	New parameter		100	95	90	85	80	
c)	Talent management and career progression by imparting at least one week training in Centre of Excellence e.g. IITs, IIMs, NITs, ICAI, ASCI etc (% of executives)	%	1	New parameter		5	4.5	4	3.5	3	
8	Master Codification & Unification: (Providing Inputs to CIL)										
	Item codification as per 11 digit CIL scheme	%	2	New parameter		100	80	70	60	50	
	Customer Codification (Master data preparation)	%	2	New parameter		100	80	70	60	50	

Sl. No.	Performance Criteria	Unit	Marks	Achievement (2016-17)	Best in last 5 years	MoU Target for the year 2017-18					% Improvement *
						Excellent	V.G.	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
9	Login in E-Office by the month of Feb'2018	%	1	New parameter		75	70	65	60	55	
10	Fresh Coal Seam Exposure	Ha	1	New parameter		360	342	325	309	293	
11	Biological Reclamation	Ha	1	New parameter		40	38	36	34	32	
12	Technology Improvement										
a)	Commissioning of Surface Miner	Nos	1	New parameter		5	4	3	2	1	
b)	Implementation of e-capital fund management system through Coal Net (1st phase, Re-appropriation)	Date	1	New parameter		28.02.18	07.03.18	15.03.18	23.03.18	31.03.18	
12	Special Projects										
a)	Approval from MCL Board for preparation of DPR through CSIR-CIMFR (Council of Scientific & Industrial Research - Central Institute of Mining and Fuel Research) for Supply of potable water to nearby villages of MCL.	Date	1	New parameter		28.02.18	07.03.18	15.03.18	23.03.18	31.03.18	
b)	Issue of Work order for "Feasibility study & Preparation of detailed project report for 12 number of Solar Roof top Power Plants on roof of the Administrative & Service Buildings of MCL".	Date	1	New parameter		28.02.18	07.03.18	15.03.18	23.03.18	31.03.18	
	Total (B)		50								

*Improvement worked out on very Good Target over Current year expected actuals.


(A. K. Jha)
 Chairman-cum-Managing Director
 Mahanadi Coalfields Limited


(Gopal Singh)
 Chairman
 Coal India Limited

MINISTRY : COAL

Company : MCL

Profit & Loss Statement

		Production	139.21	31.85	61.40	146.25	150.00	
		Offtake	143.01	33.36	64.90	146.25	150.00	
Sl. No.	Company Particulars (Production/Offtake)	Unit	MCL		MCL		MCL	
			2016-17 Act	2017-18 3M Act	2017-18 6M Act	2017-18 YG	2017-18 EXC	
			139.208 / 143.013	31.849 / 33.361	61.4 / 64.9	146.25 / 146.25	150 / 150	
1	Gross Sales	Rs. Crs	23,450.72	5,292.67	10,086.74	23,258.84	23,739.90	
2	Less: Excise duties & Others	Rs. Crs	10,237.63	2,312.76	4,235.61	10,359.63	10,558.90	
3	Net sales / Sale of Products	Rs. Crs	13,213.09	2,979.91	5,851.13	12,899.21	13,181.00	
4	Other Operating Revenue (Gross)	Rs. Crs	896.36	197.71	389.99	794.67	814.37	
5	Other Operating Revenue (Net)	Rs. Crs	763.83	191.61	363.12	724.89	742.78	
6	Revenue from Operations (Net) (3+5)	Rs. Crs	13,976.92	3,171.52	6,214.25	13,624.10	13,923.79	
7	Other Income	Rs. Crs	1,484.02	584.71	603.25	1,064.99	1,068.96	
8	Total Income (6+7)	Rs. Crs	15,460.94	3,756.23	6,817.50	14,689.09	14,992.74	
9	Cost of Materials Consumed	Rs. Crs	583.60	130.30	258.99	620.76	627.36	
10	Changes in Inventories-finished goods/WIP/Stock in trade	Rs. Crs	97.52	61.86	117.83	(27.13)	(27.13)	
11	Employee Benefits Expense	Rs. Crs	2,372.25	626.20	1,270.19	2,396.45	2,401.20	
12	Power	Rs. Crs	124.69	32.11	65.87	150.35	153.41	
13	Corporate Social Responsibility Expense	Rs. Crs	166.60	63.97	111.10	410.00	410.00	
14	Repairs	Rs. Crs	118.57	27.42	53.13	161.11	161.19	
15	Contractual expenses	Rs. Crs	2,286.94	557.54	1,090.50	2,808.72	2,888.98	
16	Finance Costs	Rs. Crs	57.55	27.93	40.75	66.06	66.06	
17	Depreciation/Amortization/ Impairment Expense	Rs. Crs	354.06	82.29	164.74	377.04	377.08	
18	Provisions	Rs. Crs	180.96	26.56	(239.95)	59.50	59.50	
19	Write off	Rs. Crs						
20	Deferred Stripping Activity Expenses	Rs. Crs						
21	Other Stripping Activity Adjustment	Rs. Crs						
22	Other Expenses	Rs. Crs	1,313.79	221.32	406.41	767.18	512.86	
23	Total Expenses (9 to 22)	Rs. Crs	952.50	136.41	298.62	1,069.69	1,090.21	
24	Profit before exceptional items and Tax (8-23)	Rs. Crs	8,608.53	1,993.91	3,618.18	8,859.72	8,720.72	
25	Exceptional Items	Rs. Crs	6,852.41	1,762.32	3,179.32	5,829.37	6,271.62	
26	Profit before Tax (24-25)	Rs. Crs						
27	Tax expense	Rs. Crs	6,852.41	1,762.32	3,179.32	5,829.37	6,271.62	
28	Profit for the period from continuing Operations (26-27)	Rs. Crs	2,362.71	615.74	1,105.09	2,016.96	2,537.34	
29	Profit/(Loss) from discontinued operations (after Tax)	Rs. Crs	4,489.70	1,146.58	2,974.23	3,812.41	3,734.28	
30	Share in JVs/Associate's profit/(loss)	Rs. Crs						
31	Profit for the period (28+29+30)	Rs. Crs	4,489.70	1,146.58	2,974.23	3,812.41	3,734.28	
32	Other Comprehensive Income							
	A (i) Items that will not be reclassified to profit or loss	Rs. Crs						
	(ii) Income tax relating to items that will not be reclassified to profit or loss	Rs. Crs	11.40	(9.17)	(2.59)			
	B (i) Items that will be reclassified to profit or loss	Rs. Crs						
	(ii) Income tax relating to items that will be reclassified to profit or loss	Rs. Crs	0.48	3.17	0.90			
33	Total Other Comprehensive Income	Rs. Crs	(0.92)	(6.00)	(1.69)			
	Total Comprehensive Income for the period OCI PAT (Comprising Profit (Loss) and Other Comprehensive Income for the period) (31+33)	Rs. Crs	4,488.78	1,140.58	2,972.54	3,812.41	3,734.28	
34	OCI PAT Non-Controlling Interest	Rs. Crs						
35	Operating Profit before Tax (excluding other income) (26-31)	Rs. Crs	5,368.39	1,177.61	2,576.07	4,764.38	5,203.06	

MINISTRY : COAL
Company : MCL
BALANCE SHEET DATA

Sl. No.	Company		Unit	MCL					
	Particulars			MCL		MCL		MCL	
	(Production/Offtake)			2016-17 Act	2017-18 3M Act	2017-18 6M Act	2017-18 VG	2017-18 EXC	
			139,208 / 143,013	31,849 / 33,361	61.4 / 64.9	146.25 / 146.25	150 / 150		
ASSETS									
A Non-Current Assets									
Total Non-Current Assets (A)			Rs. Crs	9,322.01	9,323.05	9,223.52	11,140.98	11,245.02	
B Current Assets									
(a) Inventories			Rs. Crs	322.13	249.33	183.51	425.31	330.71	
(b) Financial Assets			Rs. Crs						
(i) Investments			Rs. Crs	202.00	2,600.00	1,858.00	1,002.40	1,003.04	
(ii) Trade Receivables			Rs. Crs	1,066.49	1,033.80	978.24	1,237.70	853.86	
(iii) Cash & Cash equivalents			Rs. Crs	396.48	182.99	289.04	211.92	223.93	
(iv) Other Bank Balances			Rs. Crs	14,217.69	11,874.46	12,964.75	11,540.67	12,368.24	
(v) Loans			Rs. Crs	0.32	0.32	0.24	13.46	16.06	
(vi) Other Financial Assets			Rs. Crs	961.90	914.91	687.82	798.35	826.83	
(c) Current Tax Assets (Net)			Rs. Crs	706.94	498.93	665.24	524.49	524.49	
(d) Other Current Assets			Rs. Crs	1,031.55	1,011.82	981.07	1,092.74	1,094.26	
Total Current Assets (B)			Rs. Crs	19,405.10	18,298.56	18,607.91	18,847.05	17,241.42	
Total Assets (A+B)			Rs. Crs	28,727.11	27,621.61	27,831.43	27,988.03	28,486.44	
EQUITY AND LIABILITIES									
A Equity									
1 Issued, Subscribed and Paid-up Equity Share Capital			Rs. Crs	141.23	141.23	141.23	141.23	141.23	
2 Issued, Subscribed and Paid-up Preference Share Capital			Rs. Crs						
3 Capital Redemption Reserve			Rs. Crs	249.35	249.35	249.35	249.35	249.35	
4 Capital Reserve			Rs. Crs						
5 General Reserve			Rs. Crs						
Balance as at Beginning			Rs. Crs	1,470.32	2,077.81	2,077.81	2,077.81	2,077.81	
Addition during the period/transfer from retained earnings			Rs. Crs	224.55					
Transfer to other reserves			Rs. Crs						
Buyback of equity shares			Rs. Crs	(1,617.06)					
Tax on Buyback			Rs. Crs						
Balance as at end			Rs. Crs	2,077.81	2,077.81	2,077.81	2,077.81	2,077.81	
6 Retained Earnings									
Balance as at Beginning			Rs. Crs	595.65	908.15	902.90	908.15	908.15	
Transfer to/from Retained earnings			Rs. Crs						
Adjustments during the period			Rs. Crs		(111.55)				
Total comprehensive income during the period			Rs. Crs	4,488.78	1,140.58	2,072.54	3,812.41	3,734.28	
Appropriations			Rs. Crs						
Transfer to General reserve			Rs. Crs	(224.55)					
Transfer to other reserves			Rs. Crs						
Interim Dividend			Rs. Crs	(2,987.00)			(2,287.45)	(2,681.54)	
Final Dividend			Rs. Crs						
Corporate Dividend Tax			Rs. Crs	(607.06)			(465.72)	(545.96)	
Tax on Buyback			Rs. Crs	(367.67)					
Balance as at end			Rs. Crs	908.15	2,037.18	2,975.44	1,967.39	1,414.93	
7 Other Equity									
Equity Attributable to Equityholders of the company			Rs. Crs	3,235.31	4,364.34	5,307.60	4,294.55	3,742.09	
Non-controlling Interest			Rs. Crs	63.59	61.59	63.59	63.59	63.59	
TOTAL EQUITY			Rs. Crs	3,440.13	4,369.16	5,507.42	4,499.37	3,946.91	
B Liabilities									
I Non-Current Liabilities									
Total Non-Current Liabilities (B)			Rs. Crs	17,165.28	17,429.48	17,628.05	16,956.46	17,915.53	
C Current Liabilities									
Total Current Liabilities (C)			Rs. Crs	8,121.70	5,622.97	4,695.96	6,532.20	6,624.01	
Total Equity and Liabilities (A+B+C)			Rs. Crs	28,727.11	27,621.61	27,831.43	27,988.03	28,486.44	
							(0.00)	(0.00)	

Head wise Capital expenditure target for the Year 2017-18 (in Rs Crores)

Sl. No	A/C Head		MCL
			2017-18
			Target
1	LAND & Rehabilitation		393.65
2	BUILDING		103.76
3	P&M	HEMM	260.93
		UG Equip, Safety, Other P&M, CHIP & Washery	227.89
4	RAILWAY SIDING		172.04
5	MINE DEVELOPMENT		116.35
6	Others*		8.10
7	Exploration		17.28
	Total		1300.00

Others* mean Furniture/vehicle/ Water supply/Roads & culverts etc

MINISTRY : COAL
 Company : MCL
 MANAGEMENT RATIOS

Sl. No.	Particulars (Production/Offtake)	Unit	MCL	MCL	MCL	MCL	MCL
			2016-17 Act 139.208 / 143.013	2017-18 3M Act 31.849 / 33.361	2017-18 6M Act 61.4 / 64.9	2017-18 VG 146.25 / 146.25	2017-18 EXC 150 / 150
PART A							
1	Revenue from Operations (Gross)	Rs. Cr.	24,347.08	5,499.38	10,476.73	24,053.51	24,554.27
2	Revenue from Operations (Net)	Rs. Cr.	13,976.92	3,171.52	6,214.25	13,624.10	13,923.79
3	Operating Profit/Surplus as percentage of revenue from operations (net)	%	38.41%	37.13%	41.45%	34.97%	37.37%
4	PAT or Surplus / average Net Worth	%	114.63%	29.09%	#DIV/0!	97.60%	102.87%
2	Inventory of Finished Goods and work in progress to Revenue from operations (Net)	Days	7	4	1	10	7
3	Trade Receivables (net) as number of days of Revenue from operations (gross)	Days	16	17	8	19	13

MINISTRY : COAL
 Company :

MANAGEMENT RATIOS							
Sl. No.	Particulars (Production/Offtake)	Unit	MCL	MCL	MCL	MCL	MCL
			2016-17 Act 139.208 / 143.013	2017-18 3M Act 31.849 / 33.361	2017-18 6M Act 61.4 / 64.9	2017-18 VG 146.25 / 146.25	2017-18 EXC 150 / 150
	Average Net worth		3916.55	3941.05		3906.16	3629.93
	Net worth - earlier Year		4456.93	3376.94		3376.54	3376.54
	Net worth - current Year		3376.54	4505.57	5443.81	4435.78	3883.32
	Inventory as per Balance Sheet		372.13	249.33	183.51	425.31	330.71
	Inventory of raw material, stores and spares, loose tools and others		67.43	95.29	85.50	68.48	68.48
	Inventory for calculation purpose		254.70	154.04	98.01	356.83	262.23
	Cost per Ton		618.39	626.05	592.54	605.79	581.38
	Sales per Ton		923.81	893.23	901.56	887.00	878.73

MOU PARAMETER 2017-18 FOR MCL

SL. No.	Projects	Subsidiary	Capacity (Mty)	Total Sanctioned Capital in (Rs Crs)	MILESTONES	Timeline for Completion	Capex Planned in 2017-18 (Rs Crs)
1	Ananta OCP Expn. Ph-III	MCL	3.00	207.28	Stage – II Forestry Clearance.	Mar-18	12.38
2	Balaram OCP Extension.	MCL	8.00	172.08	Development of Jammunali R&R site for shifting of village Kalamchuin.	Mar-18	15.83
3	Bhubaneswari OCP	MCL	20.00	490.10	Completion of foundation work of SILO & Over-head Ground Bunker	Mar-18	31.81
4	Hingula-II OCPExpn. Ph-III	MCL	7.00	479.53	Stage-II Forestry Clearance	Mar-18	38.14
5	Jagannath Re-organisation	MCL	6.00	337.66	Environment Clearance for 7.5 MTY.	Mar-18	0.00
6	Kaniha OCP	MCL	10.00	457.77	Environment Clearance for 14 MTY.	Mar-18	31.79
7	Basundhara (W) Extn	MCL	7.00	479.15	Online Submission of Final EMP to MoEF&CC for EC.	Mar-18	7.58
8	Kulda OCP	MCL	10.00	302.96	Environment Clearance for 15 MTY.	Mar-18	75.35
9	Siarmal OCP	MCL	40.00	3756.36	Submission of application for Stage - I Forest Clearance.	Mar-18	159.87
10	Garjanbahal OCP	MCL	10.00	1375.38	Stage-II Forest Clearance.	Mar-18	177.00