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# **MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

**COAL INDIA LIMITED**

**&**

**MAHANADI COALFIELDS LIMITED**

**2018-19**

CIL/PMD/...606.....

Date...13/11/2018.....

**Brief about Mahanadi Coalfields Limited.**

1	Name of the CPSE	Mahanadi Coalfields Limited.
2	Status (Please tick): As per DPE guidelines	Sick/Incipient Sick /weak/none
3	Reasons of Sickness, if applicable	.....
4	Whether registered with BIFR, if yes, details	.....
5	Schedule of the CPSE (Please tick)	A/B/C/D/none
6	Purpose for which CPSE has been setup and the main business now	<i>To produce and market the planned quantity of coal and coal products efficiently and economically in an eco-friendly manner with due regard to safety, conservation and quality.</i>
7	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years.	.....
8	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years.	.....
9	Details of revival plan approved earlier	.....

**Annex – II**  
**Mandatory Parameters**  
**Part A**  
**Mahanadi Coalfields Limited**

Sl. No.	Financial Performance Criteria	Unit	Marks	2017-18 (Actual)	Best in Last 5 years	MoU Target					Improvement (%)
						Excellent	V.G.	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
1	Turnover Revenue from Operations (Net)	Rs. crore	10	14451.7	14451.7 (2017-18)	15705.58	15360.32	15010.35	14661.28	14313.09	6.29
2	<b>Operating Profit</b>										
	Operating profit (Profit before Tax excluding other Income, Extraordinary and Exceptional Items) :-	%	20	42.38	42.38 (2017-18)	41	39	37	34	33	-7.98
	Operating profit as a percentage of Revenue from operations (Net) (%).										
3	<b>Return on investment:</b>										
	PAT as percentage of Average Net Worth	%	20	151.95	151.95 (2017-18)	137	134	131	129	127	-11.81
	<b>Total (A)</b>		<b>50</b>								

\*As per IMC minutes of MoU 2018-19 dated 20.06.2018, IMC informed that it would be evaluated as per MoU guidelines in case of substantial over-achievement. In that case, evaluation of the subsidiaries will be in the same line as adopted by the DPE at the time of evaluation of 2018-19.

**Other Parameters**  
**Part B**  
**Mahanadi Coalfields Limited**

Sl. No.	Performance Criteria	Unit	Marks	2017-18 (Actual)	Best in Last 5 years	MoU Target					Improvement (%)
						Excellent	V.G.	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
1	Coal Production (Million Tons)	Mt	10	143.058	143.058	151.50	149.02	146.53	144.05	141.57	4.17
2	CAPEX (Rs. Crore)	Rs. Crs	10	1368.39	1368.69	1600	1515.79	1498.95	1482.11	1465.26	10.77
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	79.07	100	100	90	80	70	60	13.82
4	Inventory of coal to Revenue from operations (net) (No. of days)	Days	5	10.12	7 (2016-17)	14	15	16	17	18	-48.22
5	Trade receivables (Net) as number of days of Revenue from Operations (Gross) (No. of days)	Days	5	9.45	8 (2013-14)	15	16	17	19	21	-69.31
6	<b>Reduction in Claims against the Company not acknowledged as debt:</b>										
	Reduction in claims against the Company not acknowledged as debt on overall basis (%)	%	5		-	5	4	3	2	1	-


Sl. No.	Performance Criteria	Unit	Marks	2017-18 (Actual)	Best in Last 5 years	MoU Target					Improvement (%)
						Excellent	V.G.	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
7	<b>HRM Related Parameters:</b>										
i)	Assessment of level in line with People Capability Maturity Model (PCMM) or equivalent in the CPSE and placing the matter before the Board for taking a decision whether to go for up-gradation in level and if yes, getting the approval for the timelines from the Board. If no, justifiable reason to be recorded in the Board Resolution(Date)	Date	2	New Parameter	-	15-12-18	15.01.19	31.01.19	15.02.19	28.02.19	-
ii)	Online Human Resource Management System (HRMS) Implementation and Integration with Finance Division (consisting of online employee data administration, employee self-service, exit procedure, talent management, etc.)(Date)	Date	4	New Parameter	-	15-12-18	15.01.19	31.01.19	15.02.19	28.02.19	-

Sl. No.	Performance Criteria	Unit	Marks	2017-18 (Actual)	Best in Last 5 years	MoU Target					Improvement (%)
						Excellent	V.G.	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
iii)	HR Audit and decision of the Board on recommendations of audit.(Date)	Date	4	New Parameter	-	15-12-18	15.01.19	31.01.19	15.02.19	28.02.19	-
<b>Total</b>			<b>50</b>								



**(Anil Kumar Jha)**  
Chairman  
Coal India Limited

अनिल कुमार झा  
Anil Kumar Jha  
अध्यक्ष-सह-प्रबंध निदेशक  
Chairman-Cum-Managing Director  
कोल इण्डिया लिमिटेड  
COAL INDIA LIMITED



**(R. R. Mishra)**  
Chairman-cum-Managing Director  
Mahanadi Coalfields Limited

<b>Details of MoSPI Monitored Ongoing Projects of MCL costing = &amp;&gt; Rs 150 Crs for MoU 18-19</b>						
<b>SL. No.</b>	<b>Projects</b>	<b>Comp.</b>	<b>Capacity (Mty)</b>	<b>Milestones</b>	<b>Timeline for Completion</b>	<b>Total Sanctioned Capital in (Rs Crs)</b>
1	Ananta OCP Expn. Ph-III	MCL	15.00	Possession of Forest land (10 % of Total forest land).	Mar-19	207.28
2	Bhubaneswari OCP	MCL	20.00	Completion of foundation work of SILO & Over-head Ground Bunker.	Mar-19	490.10
3	Hingula-II OCP Expn. Ph-III	MCL	15.00	Possession of Forest land (10% of Total forest land).	Jan-19	479.53
4	Balaram OCP Extension	MCL	8.00	Construction of School & Anganwadi Kendra at Jammunali R&R site for shifting of village Kalamchuin.	Mar-19	172.08
5	Jagannath Re-organisation	MCL	6.00	Grant of EC by MoEF&CC.	Feb-19	337.66
6	Kaniha OCP	MCL	10.00	Brajasagar Nallah diversion	Mar-19	457.77
7	Basundhara (W) Extn	MCL	7.00	Notification for conducting of Public Hearing for EC	Dec-18	479.15
8	Kulda Expn OCP	MCL	15.00	Grant of CTE/CTO of EC	Dec-18	302.96
9	Kulda OCP	MCL	10.00			
10	Siarmal OCP	MCL	40.00	Approval of TOR for EC	Dec-18	3756.36
11	Garjanbahal OCP	MCL	10.00	Coal Production of 0.75 M Te	Mar-19	1375.38

MINISTRY : COAL

Company :MCL

Profit & Loss Statement

2018-19

Production	143.06	143.06	149.02	151.50
Offtake	138.27	138.27	149.02	151.50

Sl. No.	Particulars  ( Production/Offtake )	Unit	MCL	MCL	MCL	MCL
			2017-18 Actual	2017-18 Adj. Actual*	2018-19 VG	2018-19 EXC
			MCL	MCL	MCL	MCL
			143.06 / 138.27	143.06 / 138.27	149.02 / 149.02	151.5 / 151.5
1	Gross Sales	Rs. Crs	22379.91	22379.91	22834.44	23346.31
2	Less: Excise duties & Others	Rs. Crs	8926.25	8926.25	8610.05	8803.05
3	Net sales / Sale of Products	Rs. Crs	13453.66	13453.66	14224.40	14543.25
4	Other Operating Revenue (Gross)	Rs. Crs	1055.28	1055.28	1167.94	1184.19
5	Other Operating Revenue (Net)	Rs. Crs	998.04	998.04	1135.92	1162.32
6	<b>Revenue from Operations (Net)</b>	Rs. Crs	14451.70	14451.70	15360.32	15705.58
7	Cost of Materials Consumed	Rs. Crs	604.56	604.56	783.58	786.16
8	Changes in inventories of finished goods/work in progress and Stock in trade	Rs. Crs	-188.54	-188.54	-177.82	-266.73
9	Employee Benefits Expense	Rs. Crs	3002.93	2647.96	3034.06	3034.14
10	Power	Rs. Crs	130.58	130.58	137.47	135.53
11	Corporate Social Responsibility Expense	Rs. Crs	267.52	267.52	305.00	308.23
12	Repairs	Rs. Crs	129.33	129.33	155.33	158.73
13	Contractual Expense	Rs. Crs	2480.64	2480.64	2813.59	2848.59
14	Finance Costs	Rs. Crs	73.26	73.26	86.20	88.91
15	Depreciation/Amortization/ Impairment expense	Rs. Crs	371.34	371.34	391.56	414.01
16	Provisions	Rs. Crs	-194.09	-194.09	28.23	28.44
17	Write off	Rs. Crs	0.00	0.00	0.00	0.00
18	Stripping Activity Adjustment	Rs. Crs	1000.65	1000.65	1052.71	1050.03
19	Other Expenses	Rs. Crs	648.53	648.53	720.08	725.01
20	<b>Total Expenditure</b>	Rs. Crs	8326.71	7971.74	9329.98	9311.04
21	<b>Operating Profit</b>	Rs. Crs	6124.99	6479.96	6030.33	6394.54
22	Other Income	Rs. Crs	1211.89	1211.89	1378.08	1390.33
23	<b>Profit Before Tax (PBT)</b>	Rs. Crs	7336.88	7691.85	7408.42	7784.88
24	Provision for tax (including MAT/ deferred tax)	Rs. Crs	2578.37	2703.12	2615.11	2735.81
25	P&L from discontinued ops / Minority Int	Rs. Crs	0.00	0.00	0.00	0.00
26	<b>Net Profit / Profit after Tax (PAT)</b>	Rs. Crs	4758.51	4988.73	4793.31	5049.07
27	<b>Other Comprehensive Income</b>					
28	Other comprehensive Income (Gross)	Rs. Crs	27.34	27.34	0.00	0.00
29	Tax on other comprehensive income	Rs. Crs	-9.46	-9.46	0.00	0.00
30	<b>Other Comprehensive Income (Net)</b>	Rs. Crs	17.88	17.88	0.00	0.00
31	<b>Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period)</b>	Rs. Crs	4776.39	5006.61	4793.31	5049.07



MINISTRY : COAL

Company :MCL

BALANCE SHEET DATA

Sl. No.	Particulars ( Production/Offtake )	Unit	2017-18 Actual MCL 143.06 / 138.27	2017-18 Adj. Actual* MCL 143.06 / 138.27	2018-19 VG MCL 149.02 / 149.02	2018-19 EXC MCL 151.5 / 151.5
	<b><u>EQUITY AND LIABILITIES</u></b>					
1	Paid-up Capital	Rs. Crs	706.13	706.13	706.13	706.13
2	Reserve & Surplus	Rs. Crs	2224.33	2472.43	3493.54	3718.32
3	Net Worth	Rs. Crs	2930.46	3178.56	4199.67	4424.45
4	Capital Reserves	Rs. Crs	0.00	0.00	0.00	0.00
5	Non-Controlling Interests	Rs. Crs	63.59	63.59	68.59	68.59
6	Total Equity	Rs. Crs	2994.05	3242.15	4268.26	4493.04
7	Long Term Borrowing	Rs. Crs	6.50	6.50	6.83	6.83
8	Provisions	Rs. Crs	17650.46	17650.46	18531.27	18531.27
9	Other Non-Current Liabilities	Rs. Crs	253.66	253.66	266.34	266.34
10	Deffered Tax Liability	Rs. Crs	247.79	247.79	247.79	247.79
11	Total Non-Current Liabilities	Rs. Crs	18158.41	18158.41	19052.23	19052.23
12	Current Borrowings	Rs. Crs	0.00	0.00	0.00	0.00
13	Trade Payables	Rs. Crs	572.69	572.69	601.32	601.32
14	Other Finnacial Liabilities	Rs. Crs	628.49	628.49	534.22	534.22
15	Other current Liabilities	Rs. Crs	3757.07	3757.07	4132.78	4132.78
16	Provisions	Rs. Crs	1239.05	615.99	907.33	907.33
17	Total Current Liabilities	Rs. Crs	6197.30	5574.24	6175.64	6175.64
18	Total Equity & Liabilities	Rs. Crs	27349.76	26974.80	29496.13	29720.91
	<b><u>NON-CURRENT ASSETS</u></b>					
19	Property, Plant & Equipment	Rs. Crs	4589.24	4589.24	4971.27	4971.27
20	Capital Work-in-Progress & Intangible Assets under Development	Rs. Crs	2462.60	2462.60	2585.73	2585.73
21	Non-Current Investment	Rs. Crs	958.70	958.70	1006.64	1006.64
22	Non-Current Loans & Advances, Other Financial Assets	Rs. Crs	1877.87	1877.87	1971.76	1971.76
23	Deferred Tax Assets	Rs. Crs	0.00	0.00	0.00	0.00
24	Other Non-Current Assets	Rs. Crs	305.01	305.01	320.26	320.26
25	Total Non-Current Assets	Rs. Crs	10193.42	10193.42	10855.66	10855.66
	<b><u>CURRENT ASSETS</u></b>					
26	Inventories	Rs. Crs	474.76	474.76	695.11	669.62
27	Trade Receivables	Rs. Crs	606.86	433.41	1042.64	1013.86
28	Loans	Rs. Crs	0.32	0.32	0.32	0.32
29	Cash, Cash equivalents & Other Bank Balances	Rs. Crs	13373.80	13330.30	11698.76	11878.86
30	Other Current Assets	Rs. Crs	2700.60	2542.60	5203.64	5302.59
31	Total Current Assets	Rs. Crs	17156.34	16781.39	18640.47	18865.24
32	Total Assets	Rs. Crs	27349.76	26974.81	29496.13	29720.91

MINISTRY : COAL

Company :MCL

MANAGEMENT RATIOS

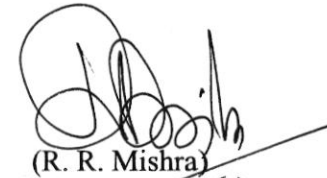
Sl. No.	Particulars ( Production/Offtake )	Unit	2017-18 Actual MCL 143.06 / 138.27	2017-18 Adj. Actual* MCL 143.06 / 138.27	2018-19 VG MCL 149.02 / 149.02	2018-19 EXC MCL 151.5 / 151.5
1	Inventories (Coal Stock) (Net)	Rs. Crs	400.78	400.78	621.01	595.42
2	Trade Receivables (Net)	Rs. Crs	606.86	433.41	1042.64	1013.86
3	Revenue From Operations (Gross)	Rs. Crs	23435.19	23435.19	24002.38	24530.50
4	Revenue from Operations (Net)	Rs. Crs	14451.70	14451.70	15360.32	15705.58
5	PAT	Rs. Crs	4758.51	4988.73	4793.31	5049.07
6	Average Net worth	Rs. Crs	3153.50	3277.55	3565.06	3677.45
	Net worth - earlier Year	Rs. Crs	3376.54	3376.54	2930.46	2930.46
	Net worth - current Year	Rs. Crs	2930.46	3178.56	4199.67	4424.45
	Capital Reserve (due to issue of bonus share)	Rs. Crs				
	Adjusted Net Worth	Rs. Crs	2930.46	3178.56	4199.67	4424.45
7	Operating Profit	Rs. Crs	6124.99	6479.96	6030.33	6394.54
8	Inventory of Finished Goods and work in progress to Revenue from operations (Net)	Days	10	10	15	14
9	Trade Receivables (net) as number of days of Revenue from operations (gross)	Days	9	7	16	15
10	PAT or Surplus / average Net Worth	%	150.90	152.21	134.45	137.30
11	Operating Profit/Surplus as percentage of revenue from operations (net)	%	42.38	44.84	39.26	40.72

		2017-18 Actual MCL 143.06 / 138.27	2017-18 Adj. Actual* MCL 143.06 / 138.27	2018-19 VG MCL 149.02 / 149.02	2018-19 EXC MCL 151.5 / 151.5
<b>Equity</b>					
Issued, Subscribed and Paid-up Equity Share Capital	Rs. Crs	706.13	706.13	706.13	706.13
Issued, Subscribed and Paid-up Preference Share Capital	Rs. Crs	0.00	0.00	0.00	0.00
Capital Redemption Reserve	Rs. Crs	0.00	0.00	0.00	0.00
Capital Reserve	Rs. Crs	0.00	0.00	0.00	0.00
<u>General Reserve</u>	Rs. Crs	2077.81	2077.81	2000.32	2000.32
<b>Balance as at Beginning</b>					
Addition during the period/Transfer from retained earnings	Rs. Crs	238.06	238.06	238.06	238.06
Transfer to other reserves	Rs. Crs	0.00	0.00	0.00	0.00
Buyback of equity shares	Rs. Crs	0.00	0.00	0.00	0.00
Tax on Buyback	Rs. Crs	0.00	0.00	0.00	0.00
Issue of Bonus Share	Rs. Crs	-315.55	-315.55	0.00	0.00
<b>Balance as at end</b>	Rs. Crs	2000.32	2000.32	2238.38	2238.38
<b>Retained Earnings</b>					
<b>Balance as at Beginning</b>	Rs. Crs	910.17	910.17	195.06	195.06
Transfer to/from Retained earnings	Rs. Crs	0.00	0.00	0.00	0.00
Adjustments during the period	Rs. Crs	0.00	0.00	0.00	0.00
Total comprehensive income/Profit during the period	Rs. Crs	4758.51	5006.61	4793.31	5049.07
Appropriations	Rs. Crs	0.00	0.00	0.00	0.00
Transfer to General reserve	Rs. Crs	-238.06	-238.06	-238.06	-238.06
Transfer to other reserves	Rs. Crs	0.00	0.00	0.00	0.00
Interim Dividend	Rs. Crs	-4350.00	-4350.00	-2927.97	-2953.71
Final Dividend	Rs. Crs	0.00	0.00	0.00	0.00
Corporate Dividend Tax	Rs. Crs	-885.56	-885.56	-596.13	-601.37
Tax on Buyback	Rs. Crs	0.00	0.00	0.00	0.00
Issue of Bonus Share	Rs. Crs	0.00	0.00	0.00	0.00
<b>Balance as at end</b>	Rs. Crs	195.06	443.16	1226.21	1450.99
<b>Other Comprehensive Income</b>					
<b>Balance as at Beginning</b>	Rs. Crs	11.07	11.07	28.95	28.95
Remeasurement of Defined Benefits Plans	Rs. Crs	17.88	17.88	0.00	0.00
<b>Balance as at end</b>	Rs. Crs	28.95	28.95	28.95	28.95
<b>Other Equity</b>					
<b>Balance as at Beginning</b>	Rs. Crs	2224.33	2472.43	3493.54	3718.32
Equity Attributable to Equityholders of the company	Rs. Crs	2930.46	3178.56	4199.67	4424.45
Non-controlling Interest	Rs. Crs	63.59	63.59	68.59	68.59
<b>TOTAL EQUITY</b>	Rs. Crs	2994.05	3242.15	4268.26	4493.04

\* Amount in Adj. Column does not include the impact of increase in Gratuity Ceiling Limit from Rs. 10 Lakh to Rs. 20 Lakh

## DECLARATION

To achieve the Aspirational target of CIL i.e. 652.25 Mt coal production & 681.20 Mt coal offtake, assurance is hereby given that all out efforts will be made to achieve corresponding aspirational target of 162.50Mt (Coal Production) & 169.00Mt (Offtake) in respect of Mahanadi Coalfields Limited.



(R. R. Mishra)  
Chairman-cum-Managing Director  
Mahanadi Coalfields Limited