

M-01/0084/2016-DPE(MoU)
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises
(MoU Division)

Block No. 14, 3rd Floor
CGO Complex, Lodi Road
New Delhi-110 003

Dated: 29th November, 2016

OFFICE MEMORANDUM

Sub: Signing of MoU for the year 2016-17.

DPE had issued minutes of IMC meeting on MoU held on 06.09.2016 vide OM no.-M-01/0084/2016-DPE (MoU) dated 20th September, 2016. The clause no. 10(ii)(B) of the IMC minutes may be read as:

Parameter	Unit	Wt.	Excellent	Very Good	Good	Fair	Poor
Selection of System Integrators & Award of work for Implementation of ERP	Date	5	01.03.17	07.03.17	15.03.17	22.03.17	31.03.17

2. Further, the undersigned is directed to refer **Ministry of Coal** O.M. No. 17014/01/2016-PMS dated 10.11.2016 on the subject mentioned above and to forward herewith two copies of the authenticated MoU for the year 2016-17 in respect of **Coal India Limited (CIL)**.
3. It is requested that the authenticated MoU may please be signed and a copy of the signed MoU along with the soft copy may please be sent to this Department for record.
4. The signed copy of the MoU for the year 2016-17 may please be laid in both the houses of Parliament by the Administrative Ministry/Department.
5. The Administrative Ministry and the CPSE may consider posting on their website the signed copy of the MoU 2016-17 after the same has been laid in the Parliament.


(Mukesh Kumar Gupta)
Director (MoU)
Tel: 011-24360841
e-mail: mou-dpe@nic.in

Encl: as above.

To,
Shri Susheel Kumar, Secretary,
Ministry of Coal
Shastri Bhawan, Dr. Rajendra Prasad Road,
New Delhi-110001

Copy to:

1. Chairman and Managing Director, Coal India Limited (CIL)

**Memorandum
of
Understanding**

Between



Coal India Limited

&

Ministry of Coal

2016-17

Coal India Ltd - Brief Description

With dawn of the Indian independence, a greater need for coal production was felt in the First Five Year Plan. The need for coal as a primary source of energy was first felt by Fuel Supply Committee. In 1956, National Coal Development Corporation (NCDC) was formed with 11 coal mines and assigned with the task of identifying new coalfields through exploration and expediting development of new coal mines. Nationalization of coal industry in early seventies was fall out of two major events namely, oil price shock & inadequate investment in coal mines owned by private sector. The objectives of Nationalization were for conservation and planned development of coal resources, improvement in safety standards & quality of life and adequate investment in coal sector. Nationalization of coal mines were done in following two stages:

- In 1971-72, 226 number of coking Coal Mines except mines of IISCO, TISCO and DVC were taken over by Government and Bharat Coking Coal Limited was born.
- In 1973, Government took over 711 non-coking coal mines and the Coal Mines Nationalization Act was promulgated.

In 1975, Coal India Limited was born with BCCL, CCL, ECL, WCL and CMPDIL as its Subsidiaries. Later on, in 1985-86, two more subsidiaries namely SECL & NCL and in 1992-93, one more subsidiary MCL was created. In 2009-10, an overseas subsidiary, Coal India Africana Limitada (CIAL) was formed. The mines of North Eastern Coalfields (Assam) are operated directly under Coal India Ltd. CIL having fulfilled the financial and other prerequisites was granted the Mahartana recognition in April 2011. It is a privileged status conferred by Government of India to select state owned enterprise in order to empower them to expand their operations

Coal production in CIL at the time of Nationalization was about 70 Mt, which touched the level of 100 Mt in 1980- 81, 200 Mt in 1991-92, 300 Mt in 2003-04 & 400 Mt in 2008-09 and reached to the level of 538.75 Mt in 2015-16, which is about 84% of total coal production in the country. Coal India virtually empowers the power sector in the country with nearly 76 % of Coal India's entire supply catering to power utilities of the country. 98 out of 101 thermal power stations in the country receive coal from Coal India Limited. Further, CIL is one of the highest contributors to the Govt. ex-chequer in the country both - Federal & State Governments. Coal India paid corporate income tax of Rs. 7,012.35 Cr to Govt. of India and a dividend of Rs. 17,306.84 Cr to its shareholders in 2015-16, one of the highest payouts among the Indian corporate sector.

Presently, CIL is the single largest coal producer in the world, having about 3.22 lakh employees with headquarter in Kolkata, is a holding Company under Ministry of Coal, Government of India. Coal India currently operates 413 mines including the legacy mines and 15 washeries (12 coking coal & 3 non-coking coal) spread over 8 states of India. CIL also manages 200 other establishments like workshops, hospitals etc. Further, it also owns 26 technical & management training institutes and 102 Vocational Training Institutes Centres. Indian Institute of Coal Management (IICM) as a state-of-the-art Management Training Centre of Excellence - the largest Corporate Training Institute in India which operates under CIL and conducts multi-disciplinary management development programmes.

FORM-I (MEMORANDUM OF UNDERSTANDING: 2016-17)

PART- A


Coal India Limited

SI No	Evaluation Criteria	Unit	Wt.	MoU Targets				
				Excellent	Very Good	Good	Fair	Poor
				100	80	60	40	20
i	Capacity Utilisation:							
a.	Increase in market share of non-coking coal of CIL over previous year	%	10	4.00 (78.45)	3.50 (78.07)	3.00 (77.69)	2.50 (77.32)	2.00 (76.94)
ii	Efficiency Parameters (Physical Operations):							
	A. Production Efficiency							
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
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. Technology up-Gradation							
B1	Selection of System Integrators & Award of work for Implementation of ERP	Date	5	01.03.2017	07.03.2017	15.03.2017	22.03.2017	31.03.2017
iii	Leveraging Net Worth :							
a.	CAPEX (Annexure - A)	Rs.Cr	15	7765	7400	7000	6700	6300
iv	Monitoring of Parameter:							
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
v	Turnover from Operations:							
	Revenue from Operations (Net of excise duty)	Rs.Cr	10	84860	80819	76778	72939	69292
vi	Operating Profit/ Surplus:							
	Profit before Tax (excluding Other Income, extraordinary & exceptional items) as % of Revenue from Operations	%	10	18.00	17.25	16.75	16.25	15.75
vii	Early signs of weakness:							
a.	Reduction in Claims against the Company not acknowledge as debt over the previous year - CPSE & Others	%	5	5	4	3	2	1
viii	A. Marketing efficiency parameter							
A	Number of days of Inventory of finished goods and Work in progress to Sale of Products	No.of Days	5	27	28	29	30	31
	B. Marketing efficiency ratios							
B	Trade Receivables as percentage of Revenue from Operations	%	5	10.00	10.25	10.50	10.75	11.00

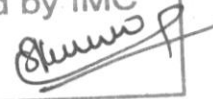
MoU 2016-17
Approved by IMC
Signed 

Sl No	Evaluation Criteria	Unit	Wt.	MoU Targets				
				Excellent	Very Good	Good	Fair	Poor
				100	80	60	40	20
ix	Return on Investment							
	a. Profit Earning CPSEs							
	i. Dividend / PAT	%	5	65.48	64.46	61.24	58.18	55.27
	ii. PAT / Net Worth	%	10	41	39	37	35	33
	iii. Dividend / Net Worth	%	5	26.85	25.14	22.66	20.36	18.24
	Grand Total		100					

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 finalized by the IMC 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 to the committee, 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.


(Sutirtha Bhattacharya)
Chairman,
Coal India Ltd.


(Susheel Kumar)
Secretary
Government of India
Ministry of Coal

MoU 2016-17
 Approved by IMC
 Signed 

FORM – I (MoU: 2016-17)
Part – B

Coal India Limited – Trend Analysis

Sl No.	Unit	Financial Year					2016-17 Proj (VG)	2016-17 Proj (EXC)	
		2011-12	2012-13	2013-14	2014-15	2015-16			
1	CAPEX	Rs. Crore	3,727.17	2,915.23	4,329.86	5,173.49	6,123.03	7,400.00	7,765.00
2	Paid-Up Share Capital		6,316.36	6,316.36	6,316.36	6,316.36	6,316.36	6,207.41	6,207.41
3	Accumulated Reserves (excluding Capital Reserves)		34,124.40	42,144.45	36,075.49	34,026.97	27,563.06	26,243.57	26,851.35
4	Net worth		40,440.76	48,460.81	42,391.86	40,343.33	33,879.42	32,450.98	33,058.76
5	Borrowings (Shown in Non-Current Liability)		1,305.35	1,077.79	171.46	201.83	263.06	226.67	226.67
6	Borrowings / Net Worth	%	3.23%	2.22%	0.40%	0.50%	0.78%	0.70%	0.69%
7	Percentage of value of CAPEX contracts /running projects during the year without time / cost overrun to total value of CAPEX contracts running/completed during the year	%	-	-	-	-	-	90	100
8	Revenue from Operations (Gross)		78,410.38	88,281.32	89,216.86	97,652.13	1,10,724.22	1,28,226.67	1,34,599.75
9	Revenue from Operations (Net of excise duty)		63,791.47	69,771.76	70,507.63	74,041.88	78,010.12	80,819.00	84,860.00
10	Profit Before Tax		21,272.66	24,979.04	22,879.54	21,583.92	21,589.09	19,141.28	20,499.81
11	Other Income								
a	Interest	Rs. Crore	5,317.77	6,216.71	5,566.77	5,297.89	4,540.59	4,062.00	4,087.00
b	Dividend from MFs		27.97	140.49	241.63	279.60	263.61	182.41	182.41
c	Others		815.12	920.47	1,463.37	1,071.34	924.25	955.59	955.59
	Total		6,160.86	7,277.67	7,271.77	6,648.83	5,728.45	5,200.00	5,225.00
12	Extraordinary Items					-	-	-	-

SI No.	Unit	Financial Year					2016-17 Proj (VG)	2016-17 Proj (EXC)	
		2011-12	2012-13	2013-14	2014-15	2015-16			
13	Exceptional Items				-	-	-	-	
14	Profit Before Tax (excluding Other Incomes, Extraordinary and Exceptional Items)	Rs. Crore	15,111.80	17,701.37	15,607.77	14,935.09	15,860.64	13,941.28	15,274.81
15	Profit After Tax		14,788.20	17,356.36	15,111.67	13,726.70	14,274.33	12,655.85	13,554.09
16	Revenue from Operations (Net)/ Total Expenses [excluding extraordinary/ exceptional items, if shown separately and Tax (Income Tax) Expense]	%	130.80%	133.98%	128.43%	125.26%	125.44%	120.85%	121.95%
17	Closing Inventory of finished goods (Coal Stocks)	Rs. Crore	4,801.14	4,301.16	4,154.61	4,712.16	6,162.54	6,009.25	6,078.86
18	Closing Inventory of Work-in-progress (Coal)		-	-	-	-	-	-	-
19	Sale of Products (Net of Excise duty) (Net Sales)		62,415.43	68,302.74	68,810.02	72,014.62	75,644.27	78,334.85	82,177.12
20	Number of days of Inventory to Sale of Products	No. of Days	28.08	22.98	22.04	23.88	29.74	28.00	27.00
21	Trade Receivables over 6 months (Net)	Rs. Crore			4,514.90	3,332.53	3,140.53		
22	Trade Receivables (Total) (Net)		5,662.84	10,480.21	8,241.03	8,521.88	11,463.70	13,143.23	13,459.98
23	Trade Receivables as percentage of Revenue from Operations (Gross)	%	7.22%	11.87%	9.24%	8.73%	10.35%	10.25%	10.00%
24	Cash and Bank Balance	Rs. Crore	58,202.78	62,236.00	52,389.53	53,092.52	38,312.77	31,621.46	31,832.69
25	PAT / Net Worth	%	36.57%	35.82%	35.65%	34.02%	42.13%	39.00%	41.00%
26	Dividend	Rs. Crore	6,316.36	8,842.91	18,317.46	13,074.88	17,306.84	8,157.96	8,875.22
a	Dividend / PAT	%	42.71%	50.95%	121.21%	95.25%	121.24%	64.46%	65.48%
b	Dividend / Net Worth		15.62%	18.25%	43.21%	32.41%	51.08%	25.14%	26.85%
c	Claims against the company not acknowledged as debt								
	c-i) Central Government Departments	Rs Crore				17,036.24	16,566.37		
	c-ii) State Government Departments or Local Bodies					7,356.57	10,605.94		
d	CPSEs					296.45	63.54		

SI No.	Unit	Financial Year					2016-17 Proj (VG)	2016-17 Proj (EXC)
		2011-12	2012-13	2013-14	2014-15	2015-16		
e	Others				4,781.89	3,791.99		
	Total				29,471.15	31,027.84		
27	Resources Raised							
28	Surplus Redeployed							
29	Major Expenses							
	a .Cost of Materials Consumed	5,504.07	6,062.11	7,022.05	7,256.44	7,082.55	7,887.76	8,033.02
	b. Accretion/Depletion to Stock	(381.04)	493.92	92.65	(530.48)	(1,444.21)	(822.80)	(822.80)
	c. Power & Fuel	2,012.52	2,333.48	2,282.23	2,347.28	2,503.51	2,788.13	2,839.48
	d. Employee Benefit Expenses	26,416.50	27,606.00	27,914.40	29,874.12	29,659.83	31,886.70	32,988.70
	e. Depreciation/Impairment/Amortization	1,969.22	1,812.97	1,996.41	2,319.80	2,466.44	2,746.85	2,746.85
	f. Other Expenses	13,249.55	13,768.77	15,593.53	17,844.63	21,922.81	22,391.08	23,799.94
	Total	48,770.82	52,077.25	54,901.27	59,111.79	62,190.93	66,877.72	69,585.19

MINISTRY : COAL Company : CIL

Profit & Loss Statement

Rs. Crores

Sl. No.	Particulars	CIL Consolidated		
		2015-16 Act	2016-17 VG	2016-17 EXC
1	Gross Sales	1,08,150.03	1,25,523.77	1,31,680.62
2	Less: Excise duties & Others	32,505.76	47,188.92	49,503.50
3	Net sales / Sale of Products	75,644.27	78,334.85	82,177.12
4	Other Operating Revenue (Gross)	2,574.19	2,702.90	2,919.13
5	Other Operating Revenue (Net)	2,365.85	2,484.14	2,682.87
6	Revenue from Operations (Net)	78,010.12	80,819.00	84,860.00
7	Cost of Materials Consumed	7,082.55	7,887.76	8,033.02
8	Accretion/Depletion to Stock	(1,444.21)	(822.80)	(822.80)
9	Power & Fuel	2,503.51	2,788.13	2,839.48
10	Employee Benefit Expenses	29,659.83	31,886.70	32,988.70
11	Depreciation/Impairment/Amortization	2,466.44	2,746.85	2,746.85
12	Other Expenses	21,922.81	22,391.08	23,799.94
13	Total Expenditure	62,190.93	66,877.72	69,585.19
14	Operating Profit	15,819.19	13,941.28	15,274.81
15	Other Income	5,728.45	5,200.00	5,225.00
16	Prior Period Adjustments	41.45		
17	Exceptional & Extra-ordinary Items (Net)	-	-	-
18	Profit Before Tax (PBT)	21,589.09	19,141.28	20,499.81
19	Provision for tax (including MAT/ deferred tax)	(7,314.79)	(6,485.42)	(6,945.72)
20	P&L from discontinued ops / Minority Int	0.03		
21	Net Profit / Profit after Tax (PAT)	14,274.33	12,655.85	13,554.09
22	Dividend Paid	17,306.84	8,157.96	8,875.22
23	Tax on Dividend	3,433.85	1,618.62	1,800.69
24	Retained Profit	(6,466.36)	2,879.27	2,878.18

BALANCE SHEET DATA

Rs. Crores

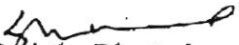
Sl. No.	Particulars	CIL Consolidated		
		2015-16 Act	2016-17 VG	2016-17 EXC
	<u>EQUITY AND LIABILITIES</u>			
1	Paid-up Capital	6,316.36	6,207.41	6,207.41
2	Reserve & Surplus	27,563.06	26,243.57	26,851.35
3	Net Worth	33,879.42	32,450.98	33,058.76
4	Capital Reserves	18.18	16.25	16.25
5	Shareholders fund	33,897.60	32,467.23	33,075.01
6	Long Term Borrowing	263.06	226.67	226.67
7	Deferred Tax Liability	-		
8	Other Non-Current Liabilities	44,500.49	46,951.11	47,101.43
9	Minority Interest/Non-Controlling Interest	104.81	125.00	125.00
10	Current Liabilities	31,453.71	32,111.43	32,236.78
	Total Equity & Liabilities	1,10,219.67	1,11,881.44	1,12,764.89
	<u>ASSETS</u>			
11	Gross Block (Tangible & Intangible)	48,418.14	53,601.80	53,751.80
12	Less : Depreciation, Impairment & Provisions	(30,057.37)	(32,057.37)	(32,157.37)
13	Net Block	18,360.77	21,544.43	21,594.43
14	Capital Work-in-Progress & Intangible Assets under Development	5,894.16	6,294.75	6,294.75
15	Non-Current Investment	961.98	936.63	936.63
16	Deferred Tax Assets	2,044.54	2,200.79	2,200.79
17	Long-Terms Loans & Advances	2,031.90	2,715.46	2,790.71
18	Other Non-Current Assets	8,421.41	9,752.26	9,752.26
19	Inventories (Coal Stock) (Net)	6,162.54	6,009.25	6,078.86
20	Trade Receivables	11,463.70	13,143.23	13,459.98
21	Cash & Cash equivalents	38,312.77	31,621.46	31,832.69
22	Other Current Assets	16,565.90	17,663.18	17,823.79
	Total Current Assets	72,504.91	68,437.12	69,195.32
	Total Assets	1,10,219.67	1,11,881.44	1,12,764.89

MANAGEMENT RATIOS

Sl. No	Particulars	Unit	CIL Consolidated		
			2015-16 Act	2016-17 VG	2016-17 EXC
1	Inventories	Rs. Crs	6,162.54	6,009.25	6,078.86
2	Net sales / Sale of Products		75,644.27	78,334.85	82,177.12
3	Trade Receivables		11,463.70	13,143.23	13,459.98
4	Revenue From Operations (Gross)		1,10,724.22	1,28,226.67	1,34,599.75
5	Dividend		17,306.84	8,157.96	8,875.22
6	PAT		14,274.33	12,655.85	13,554.09
7	Net Worth		33,879.42	32,450.98	33,058.76
8	Revenue from Operations (net of excise duty)		78,010.12	80,819.00	84,860.00
9	Operating Profit		15,819.19	13,941.28	15,274.81
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	29.74	28.00	27.00
12	Trade Receivables as % of Revenue From Operations (Gross)	%	10.35%	10.25%	10.00%
13	Dividend / PAT		121.24%	64.46%	65.48%
14	PAT / Net Worth of shareholders fund		42.13%	39.00%	41.00%
15	Dividend / Net Worth		51.08%	25.14%	26.85%
16	Profit before Tax (excluding other income, extraordinary and exceptional items as % of revenue from operations)		20.28%	17.25%	18.00%

Self-Declaration/Certification by CIL

This is to certify 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, CIL has no right of claim in this regard.


(Sutirtha Bhattacharya)
Chairman, CIL



		(Rs.Crore)
Sl.	Expenditure Head	Amount
1	Land & Rehabilitation	1813.14
2	Building	234.90
3	Plant & Machinery	
	a. HEMM	1636.84
	b. Others including UG Equip, CHP, Washery	2064.88
4	Railway Siding	513.18
5	Mine Development	355.36
6	Others (Furniture vehicle CSRP etc)	267.37
7	ESMP (EMP)	16.14
8	Exploration	428.20
9	R&D	75.00
10	Master Action Plan	350.00
11	Solar Power	10.00
	Total	7765.00

Annexure-B

Sl	Name of Project	Subsidiary	Total Sanctioned Capital in (Rs Crs)	Milestone	Actual Completion (mm/yyyy)	CAPEX during 2016-17 (Rs.Cr.)
1	Sonepur Bazarī (Comb) OCP (8.0 Mty)	ECL	1055.05	Completion of Shifting of PAFs	Mar-17	212.57
2	Jhanjra Combined Pr (3.50 Mty)	ECL	1441.39	Finalisation of global tender for supply of LHCM package on hiring basis	Mar-17	132.84
3	Amrapali OCP (12.0 Mty)	CCL	858.11	Award of work for construction of WBM Road from Kumrang Kala To Tandwa, Chatra Road via WB No 2 (1.6 Km)	Mar-17	10
4	Khadia Expansion Opencast Project (4 To 10 MTPA, 6MTPA Incremental)	NCL	1131.28	PWD Road Diversion	Mar-17	153.5
5	Nigahi Expansion Ocp (10 To 15 MTPA, 5MTPA Incremental)	NCL	486.57	Construction of 5 Mtpa Incremental incremental CHP	Mar-17	114.61
6	Gevra Expansion OCP (Secl) (35-70) Mty	SECL	11816.40	Stage-I FC of 112.385 Ha Forest Land of Gevra OC	Mar-17	136.91
7	Kusmunda Expn.OCP (15-50) Mty	SECL	7612.33	Award of work for construction of Silo at Kusmunda OC Expn Project	Mar-17	236.03
8	Rampur Batura OCP (4.0 Mty)	SECL	1186.64	Approval of compensation for 548.88 Ha land	Mar-17	0
9	Madannagar Opencast Project (12.0 Mty)	SECL	1875.32	Submission of Application for Notification under section 9 (i) for 2075.159 Ha Land	Mar-17	18.08
10	Siarmal OCP (40.00Mty)	MCL	3756.36	Authentication of land schedule of three villages	Mar-17	159.87