



**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN**  
**CENTRAL COALFIELDS LIMITED**  
**AND**  
**COAL INDIA LIMITED**  
**FOR**  
**2017-18**

*Final Document*

## **PART-I VISION, MISSION & OBJECTIVES**

### **1.1 VISION**

"The vision of Central Coalfields Limited (CCL) is to be one of the leading energy suppliers of the country, by adopting best practices and leading technology from mine to market."

### **MISSION**

The Mission of Central Coalfields Limited (CCL) is to produce and market the planned quantity of coal and coal products efficiently and economically with due regard to safety, conservation and quality.

### **1.2 OBJECTIVES:**

Major objectives of Central Coalfields Limited (CCL) are:

1. To maintain high standards of Safety and strive for an accident free Mining of Coal.
2. To lay emphasis on afforestation, protection of Environment and Control of Pollution.
3. To undertake detailed exploration and plan for new Projects to meet the future Coal Demand as per one BT Plan.
4. To modernize existing Mines by 2019-20.
5. To develop technical know-how and organizational capability of Coal Mining as well as Coal beneficiation and undertake, wherever necessary, applied research and development work related to scientific exploration for greater extraction of Coal.
6. To improve the quality of life of employees and to discharge the corporate obligations to Society at large and the community around the Coalfields in particular.
7. To provide adequate number of skilled manpower to run the operations and impart Technical and Managerial Training for up gradation of skill.
8. To improve the Consumer Satisfaction.
9. To enhance the CSR activities specifically in the field of Health, Sanitation and Drinking Water in the Surrounding Villages.

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## **BRIEF DESCRIPTION OF CENTRAL COALFIELDS LIMITED**

CCL is a Mini Ratna Category-I Company, engaged in the mining and marketing of coal. The vision of the company is to emerge as a national player in the primary energy sector, committed to provide energy security to the country, by attaining environmentally and socially sustainable growth, through best practices from mine to market.

The Mission of Central Coalfields Limited (CCL) is to produce and market the planned quantity of coal and coal products efficiently and economically in eco-friendly manner, with due regard to safety, conservation and quality.

The command area of CCL is spread over 2600 Sq. Kms in 8 districts of Jharkhand - Ranchi, Ramgarh, Hazaribagh, Bokaro, Palamau, Latehar, Chatra & Giridih. All districts are infested with left wing extremism. CCL has 42 operating mines spread over 12 areas. Each area is headed by a general manager. It has six washeries – 4 coking coal washeries and 2 non-coking coal washeries.

During the period of 2009-10 to 2012-13, the company's coal production was stagnating around **47 MT TO 50 MT**. The coal production during **2014-15 was 55.652 MT with a growth of 11.3% which is highest growth for any subsidiary of Coal India Limited and during 2016-17 coal production was 67.05 MT with a growth of nearly 9.33%**.

**Greenfield projects:** During a span of about 3 years – i.e. 2012-17, **6** Greenfield projects of about 40 MT capacities (to be further expanded to over 100 MT) have been commissioned.

CCL is also planning to set up UMPP with joint venture, Deshaling plants, CTL plants.

**Modernization and construction of washeries:** Owing to modernization, growth in washed coking coal production (Clean coal + WCP + Clean coal from non coking washery) has been achieved. Three new washeries are already in the process of being set up. All new mines with a capacity of more than 10 MTY are being planned to have their own washery along with reject based power plant.

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**DRAFT FORM-I (MEMORANDUM OF UNDERSTANDING : 2017-18)**

**PART-A**

**SUBSIDIARY:-CENTRAL COALFIELDS LIMITED**

Sr. No.	Evaluation Criteria	Unit	Wt.	As per account 2016-17 (Actual)	Best in last 5 years	MoU Targets					Improve ment %	Documentary evidence and source /origin of documents
						Excellent	V Good	Good	Fair	Poor		
						100	80	60	40	20		
1	<b>Turnover</b> Revenue from Operations (Net)	Rs Crs.	10	10774.81	10833.51 (2015-16)	11517.64	11270.91	10989.14	10707.36	10425.59		<b>Annual Report &amp; Certification by Management</b>
2	Operating profit (Profit before Tax excluding other Income, Extraordinary and Exceptional Items) :- Operating profit as a percentage of Revenue from operations (net).	%	20	16.82	24.63 (2014-15)	13.42	11.34	10.34	9.34	8.34		
3	<b>RETURN ON INVESTMENT</b>											
i	PAT/ Average Net Worth	%	20	29.61	50.65 (2012-13)	34.5	29.86	28.86	27.86	26.86		
<b>Grand Total</b>			<b>50</b>									

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**DRAFT FORM-I (MEMORANDUM OF UNDERSTANDING : 2017-18)**

**PART-B**

**SUBSIDIARY:-CENTRAL COALFIELDS LIMITED**

Sr. No.	Evaluation Criteria	Unit	Wt.	2016-17 (Actual)	Best in 5 Years	MoU Targets					Improve ment %	Documentary evidence and source /origin of documents
						Excellent	V Good	Good	Fair	Poor		
						100	80	60	40	20		
1	Coal production	MT	10	67.047	67.047	70.50	68.74	66.98	65.21	63.45		Annual Report & Certification by Management
2	CAPEX	Rs. Cr	10	1145.8	1145.8	650.00	634.71	619.41	604.12	588.82		
3	Percentage of value of CAPEX contracts /running projects during the year without cost overrun to total value of CAPEX contracts running/completed during the year	%	5	100	100	100	90	80	70	60		
4	Fresh Coal Seam Exposure	Ha	1	New parameter		250	238	226	214	204		
5	Biological Reclamation	Ha.	1	New parameter		82.85	78.71	74.77	71.03	67.48		
6	Deployment of Additional Surface Miners during 2017-18 (Hired/Deptt.)	No.	2	2	3	2	1					
7	<b>Special Project: Diversification of Business</b> -Preparation and submission of pre-feasibility report for setting up of coal based Methanol/Ammonia/Ammonium Nitrate Plant in North karanpura Coalfield by expert agency	Date	2	New parameter		28th Feb.'18	7th Mar.'18	15th Mar.'18	23rd Mar.'18	31st Mar.'18		
8	<b>Master Codification &amp; Unification Target:% of activities to be completed by 31st March 2018</b>											
(i)	Providing inputs to CIL for Item Codification as per 11 digit CIL Scheme	%	1	New parameter		100	80	70	60	50		
(ii)	Providing inputs to CIL for Customer Codification	%	1	New parameter		100	80	70	60	50		
(iii)	Providing inputs to CIL for Asset Codification	%	1	New parameter		100	80	70	60	50		
(iv)	Providing inputs to CIL for Vendor Codification	%	1	New parameter		100	80	70	60	50		
9	<b>Highest Log in to E office in any one day by 28th Feb.'18 ( as a % of total registered users on that date)</b>	%	1	New parameter		75	70	65	60	55		
10	Inventory of finished goods and work in progress to Revenue from Operations (Net)	Days	3	65.22	44.22	35.00	48.00	49.00	50.00	51.00		
11	Trade receivables(Net) as number of days of Revenue from Operations (Gross)	Days	3	30.92	30.92	26.00	36.00	37.00	38.00	39.00		
12	Reduction in Claims against the Company not Acknowledged as Debts of CPSE and Others	%	3	-13.17	32.18	5.00	4.50	4.00	3.50	3.00		
13	<b>HRM Parameters</b>											
(i)	Online submission of ACR/APAR in respect of all executives (E1 & Above) along with compliance in prescribed time line w.r.t. writing of ACR/APAR (% of no. of executives.)	%	2	New parameter		100	95	90	85	80		
(ii)	Online Quarterly vigilance clearance updation for senior executives (AGM and above) (% of number of senior executives)	%	2	New parameter		100	95	90	85	80		
(iii)	Talent management and career progression by imparting at least one week training in Centre of Excellence e.g. IITs, IIMs, NITs, ICAI, ASCI, XLRI,IICM etc (% of executives)	%	1	New parameter		5.0	4.5	4.0	3.5	3.0		
<b>Grand Total</b>			<b>50</b>									

(Gopal Singh)

**CHAIRMAN CUM MANAGING DIRECTOR  
CENTRAL COALFIELDS LIMITED**

(Gopal Singh)  
**CHAIRMAN**

**COAL INDIA LIMITED**

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MINISTRY : COAL					
Company : CCL					
Profit & Loss Statement					
Annexure I					
		Production	670.00	687.40	705.00
		Offtake	609.34	687.40	705.00
Sl. No.	Company Particulars ( Production/Offtake )	Unit	2016-17 Actual 670/ 609.34	2017-18 VG 687.40 / 687.40	2017-18 EXC 705 / 705
1	Gross Sales	Rs. Crs	14,899.71	15,784.96	16,116.83
2	Less: Excise duties & Others	Rs. Crs	4,470.83	4,836.11	4,929.20
3	Net sales / Sale of Products	Rs. Crs	10,428.88	10,948.85	11,187.63
4	Other Operating Revenue (Gross)	Rs. Crs	374.39	353.07	361.82
5	Other Operating Revenue (Net)	Rs. Crs	345.93	322.06	330.01
6	Revenue from Operations (Net) (3+5)	Rs. Crs	10,774.81	11,270.91	11,517.64
7	Other Income	Rs. Crs	561.75	404.61	404.61
8	Total Income (6+7)	Rs. Crs	11,336.56	11,675.52	11,922.25
9	Cost of Materials Consumed	Rs. Crs	799.51	829.84	838.66
10	Changes in inventories-finished goods/WIP/Stock in trade	Rs. Crs	(612.61)	(81.12)	-81.12
11	Employee Benefits Expense	Rs. Crs	4,401.73	4,446.64	4455.45
12	Power	Rs. Crs	290.92	350.78	357.93
13	Corporate Social Responsibility Expense	Rs. Crs	30.29	52.72	52.72
14	Repairs	Rs. Crs	205.39	279.08	279.23
15	Contractual expenses	Rs. Crs	1,320.86	1,640.00	1650
16	Finance Costs	Rs. Crs	71.88	82.50	82.5
17	Depreciation/Amortization/ Impairment Expense	Rs. Crs	372.63	396.81	396.86
18	Provisions	Rs. Crs	450.70	148.18	148.18
19	Write off	Rs. Crs	20.80	-	0
20	Deferred Stripping Activity Expenses	Rs. Crs	-	-	0
21	Other Stripping Activity Adjustment	Rs. Crs	91.02	114.31	35.55
22	Other Expenses	Rs. Crs	1,519.85	1,732.68	1,756.29
23	Total Expenses (9 to22)	Rs. Crs	8,963	9,992	9,972
24	Profit before exceptional items and Tax (8-23)	Rs. Crs	2,373.60	1,683.10	1,950.00
25	Exceptional items	Rs. Crs	-	-	-
26	Profit before Tax (24-25)	Rs. Crs	2,373.60	1,683.10	1,950.00
27	Tax expense	Rs. Crs	984.19	697.81	808.47
28	Profit for the period from continuing Operatios (26-27)	Rs. Crs	1,389.41	985.29	1,141.53
29	Profit/(Loss) from discontinued operations (after Tax)	Rs. Crs	-	-	-
30	Share in JVs/ Associate's profit/(loss)	Rs. Crs	-	-	-
31	Profit for the period(27+29+30)	Rs. Crs	1,389.41	985.29	1,141.53
32	<b>Other Comprehensive Income</b>				
	A (i) Items that will not be reclassified to profit or loss	Rs. Crs	20.05	-	-
	(ii) Income tax relating to items that will not be reclassified to profit or loss	Rs. Crs	(8.32)	-	-
	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	-	-	-
33	Total Other Comprehensive Income	Rs. Crs	11.73	-	-
34	Total Comprehensive Income for the period (Comprising Profit (Loss) and Other Comprehensive Income for the period) (31+33)	Rs. Crs	1,401.14	985.29	1,141.53
	<b>Profit attributable to:</b>				
35	Owners of the company	Rs. Crs	1,389.41	985.29	1,141.53
36	Non-controlling interest	Rs. Crs	-	-	-
			1,389.41	985.29	1,141.53
	<b>Other Comprehensive Income attributable to:</b>				
37	Owners of the company	Rs. Crs	11.73	-	-
38	Non-controlling interest	Rs. Crs	-	-	-
			11.73	-	-
	<b>Total Comprehensive Income attributable to:</b>				
39	Owners of the company	Rs. Crs	1,401.14	985.29	1,141.53
40	Non-controlling interest	Rs. Crs	-	-	-
			1,401.14	985.29	1,141.53

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Sl. No.	Company	Unit	2016-17 Actual	2017-18 V.G	2017-18 Exc
	Particulars ( Production/Offtake )				
	<b>ASSETS</b>				
<b>A</b>	<b>Non-Current Assets</b>				
	(a) Property, Plant & Equipments	Rs. Crs	2,426.40	2,464.37	2,464.37
	(b) Capital Work in Progress	Rs. Crs	1,316.81	1,541.23	1,541.23
	(c) Exploration and Evaluation Assets	Rs. Crs	237.16	237.16	237.16
	(d) Investment Property	Rs. Crs	-		
	(e) Intangible Assets	Rs. Crs	3.59	1.86	1.86
	(f) Intangible Assets under Development	Rs. Crs	-	0	0
	(h) Financial Assets	Rs. Crs			
	(i) Investments	Rs. Crs	-	32.00	32.00
	(ii) Loans	Rs. Crs	0.59	0.26	0.26
	(iii) Other Financial Assets	Rs. Crs	723.05	871.21	871.21
	(i) Deferred Tax Assets (net)	Rs. Crs	771.88	771.88	771.88
	(j) Other non-current assets	Rs. Crs	1,099.27	2073.85	2073.85
	<b>Total Non-Current Assets (A)</b>	<b>Rs. Crs</b>	<b>6578.75</b>	<b>7993.82</b>	<b>7993.82</b>
<b>B</b>	<b>Current Assets</b>				
	(a) Inventories	Rs. Crs	2,096.26	1,905.46	1,905.46
	(b) Financial Assets	Rs. Crs			
	(i) Investments	Rs. Crs	-	0	0
	(ii) Trade Receivables	Rs. Crs	1,293.79	1499.73	1513.00
	(iii) Cash & Cash equivalents	Rs. Crs	325.07	85.83	45.70
	(iv) Other Bank Balances	Rs. Crs	1,376.71	398.74	443.00
	(v) Loans	Rs. Crs	-		
	(vi) Other Financial Assets	Rs. Crs	367.89	319.59	319.59
	(c) Current Tax Assets (Net)	Rs. Crs	-	0.00	0.00
	(d) Other Current Assets	Rs. Crs	1,525.93	1,525.93	1,525.93
	<b>Total Current Assets (B)</b>	<b>Rs. Crs</b>	<b>6985.65</b>	<b>5735.28</b>	<b>5752.68</b>
	<b>Total Assets (A+B)</b>	<b>Rs. Crs</b>	<b>13564.40</b>	<b>13729.10</b>	<b>13746.50</b>

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<b>EQUITY AND LIABILITIES</b>					
<b>A</b>	<b>Equity</b>				
1	Issued, Subscribed and Paid-up Equity Share Capital	Rs. Crs	940.00	940.00	940.00
2	Issued, Subscribed and Paid-up Preference Share Capital	Rs. Crs	-	0	0
3	Capital Redemption Reserve	Rs. Crs	-	0	0
4	Capital Reserve	Rs. Crs	-	0	0
5	General Reserve	Rs. Crs	2,029.00	2,029.00	2,029.00
6	<b>Retained Earnings</b>				
	Restated Balance at opening	Rs. Crs	3,319.18	275.78	275.78
	Transfer to/from Retained earnings	Rs. Crs	1,400.56	985.29	1,141.53
	Total comprehensive income during the period	Rs. Crs			-
	Appropriations	Rs. Crs			
	Transfer to General reserve	Rs. Crs	(70.06)	-	-
	Transfer to other reserves	Rs. Crs		0	0
	Interim Dividend	Rs. Crs	(3,634.04)	-727.44	-842.79
	Final Dividend	Rs. Crs		0	0
	Corporate Dividend Tax	Rs. Crs	(739.80)	-148.11	-171.59
	Additions during the Period	Rs. Crs	(0.06)		0
	Balance at Closing	Rs. Crs	275.78	385.52	402.93
7	Other Equity	Rs. Crs	2304.78	2414.52	2431.93
	Non-Controlling Interests	Rs. Crs	0.19	0.00	0.00
	Total Other Equity	Rs. Crs	2304.97	2414.52	2431.93
8	<b>TOTAL EQUITY attributable to Equity Holder</b>	Rs. Crs	3244.97	3354.52	3371.93
	Non-Controlling Interests	Rs. Crs	1.12	0.00	0.00
	<b>TOTAL EQUITY (A)</b>	Rs. Crs	3246.09	3354.52	3371.93
<b>B</b>	<b>Liabilities</b>				
1	<b>Non-Current Liabilities</b>				
	(a) Financial Liabilities	Rs. Crs			
	(i) Borrowings	Rs. Crs	1,200.00	900.00	900.00
	(ii) Trade Payables	Rs. Crs	-	0	0
	(iii) Other Financial Liabilities	Rs. Crs	59.92	59.92	59.92
	(b) Provisions	Rs. Crs	2,305.81	3,470.72	3,470.72
	(c) Deferred Tax Liabilities (net)	Rs. Crs	-	-	-
	(d) Other Non-Current Liabilities	Rs. Crs	183.83	405.69	405.69
	<b>Total Non-Current Liabilities (B)</b>	Rs. Crs	3,749.56	4,836.33	4,836.33
<b>C</b>	<b>Current Liabilities</b>				
	(a) Financial Liabilities	Rs. Crs			
	(i) Borrowings	Rs. Crs	1,103.78	-	-
	(ii) Trade payables	Rs. Crs	134.22	134.22	134.22
	(iii) Other Financial Liabilities	Rs. Crs	552.87	552.87	552.87
	(b) Other Current Liabilities	Rs. Crs	3,251.64	3,251.64	3,251.64
	(c) Provisions	Rs. Crs	1,490.89	1,599.52	1,599.52
	(d) Current Tax Liabilities (net)	Rs. Crs	35.35	-	-
	<b>Total Current Liabilities (C)</b>	Rs. Crs	6,568.75	5,538.25	5,538.25
	<b>Total Equity and Liabilities (A+B+C)</b>	Rs. Crs	13,564.40	13,729.10	13,746.50



Sl.No	FINANCIAL PARAMETERS	Marks	Unit	V.Good	Excellent
1	Revenue from Operations	10	Rs in Cr	11,270.91	11,517.64
2	Operating Profit = ( PBT- Other Income )		Rs in Cr	1,278.49	1,545.39
2a	Operating Profit Ratio ( 2/1*100)	20	%	11.34	13.42
3	Pat/AverageNet Worth *100				
3a	Profit After Tax		Rs in Cr	985.29	1,141.53
3b	Previous Year Net Worth		Rs in Cr	3244.97	3244.97
3c	Current Year Net Worth		Rs in Cr	3354.52	3371.93
3d	Average Net Worth ( 3b+3c )/2		Rs in Cr	3299.75	3308.45
	Pat/AverageNet Worth *100 = 3a/3d*100	20	%	29.86	34.50
4	Inventory Turn Over = Inventory/Revenue from Operation *365	3	No of Days	61.71	60.38
5	Debtors Turnover= S.Debtors/Gross Revenue from Operation*365	3	No of Days	33.92	33.51

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