

No. 38011/19/2017-PCA  
Government of India  
Ministry of Coal

Delhi

Shastri Bhawan, New


Dated April, 2018

1st May, 18

Office Memorandum

**Sub.: MoU between Ministry of Coal and NLC India Limited (NLCIL) for 2018-19-reg.**

The undersigned is directed to refer to DPE's OM No. M-01/0030/2018-DPE (MoU) dated 24.04.2018 on the subject cited above, and to forward herewith a copy of the signed MoU between Ministry of Coal and NLCIL for 2018-19 for information and necessary action.

  
(Kishore Kumar)

Under Secretary to the Government of India

To,

Shri Saibal Sarkar,  
Director (MoU), Dept. of Public Enterprises,  
Block No. 14, CGO Complex,  
Lodhi Road, New Delhi-110003

Copy to:

1. The CMD, NLCIL, Neyveli,
2. NIC for uploading the signed copy of MOU- NLCIL( 2018-19) in the website of MOC.

*Memorandum of Understanding*

*between*

**NLC India Limited**

**and**

**Ministry of Coal**  
Government of India

**2018-19**



CREATING WEALTH FOR WELL BEING

## Contents

<b>Description</b>	<b>Page</b>
<b>Memorandum of Understanding between NLC India Limited and Ministry of Coal for the year 2018-19.</b>	
<b>Part - A – Mandatory Parameters &amp; Part - B – Other Parameters.</b>	<b>1-3</b>
<b>Appendix-I : Project wise Breakup of CAPEX.</b>	<b>4</b>
<b>Self-declaration / Certification by CPSE.</b>	<b>5</b>
<b>Part - A - Trend Analysis.</b>	<b>6</b>
<b>Part - B - Trend Analysis.</b>	<b>7-8</b>

Sl. No.	Performance Criteria	Unit	Marks	2017-18 (Est.)	Best in last five years	MOU Target for the year 2018-19					% improvement
						Excellent 100%	Very Good 80%	Good 60%	Fair 40%	Poor 20%	
<b>Part – A - Mandatory parameters : Financial Performance</b>											
I	<b>Turnover:</b> Revenue from operations (Net) @	Rs Cr	10	7720	8673 #	8551	8186	7808	7449	7075	6.04
II	Operating Profit / Revenue from operations (Net)	%	20	17.54	19.14	22.25	21.50	20.00	18.00	16.00	22.58
III	<b>Return on Investment:</b> PAT /Average Net Worth	%	20	8.34	18.86	10.50	9.75	9.00	8.25	7.50	16.91
<b>Sub Total</b>			<b>50</b>								

@ At the time of evaluation the energy / fuel charges for actual quantity of power surrendered by the beneficiaries duly certified by RPC & RLDC will be excluded from the targets, by taking into account the average energy charges of respective plants certified by statutory auditors.

# Including regulatory price difference.

**Part – B Other parameters:**

<b>IV Capacity Utilisation / Generation:</b>											
	<b>Power Generation\$</b>	MU	10	20500	21033	24000	23000	22000	21000	20000	12.20

\$ At the time of evaluation, only that power surrender by the beneficiaries duly certified by RPC and RLDC would be excluded from the targets for which CPSE is paid.

<b>V R &amp; D , Innovation, Technology up-gradation parameter:</b>											
<b>1 Research and Development</b>											
(a)	Commissioning of Pilot plant on solar drying of Lignite.	Date	2	--	--	01.03.19	08.03.19	15.03.19	22.03.19	31.03.19	--
<b>2 Technology up-gradation</b>											
(a)	Installation of Radar system in two mines to prevent accidents.	Date	3	--	--	31.10.18	15.11.18	30.11.18	15.12.18	31.12.18	--


Sl. No.	Performance Criteria	Unit	Marks	2017-18 (Est.)	Best in last five years	MOU Target for the year 2018-19					% improvement
						Excellent 100%	Very Good 80%	Good 60%	Fair 40%	Poor 20%	
VI	CAPEX – Standalone	Rs Cr	10	3860	3569	4080	3580	3080	2580	2080	--
VII	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.	%	3	100	--	100	95	90	85	80	--
VIII	Trade receivables (Net) as number of days of Revenue from Operations (Gross )	No. of days	5	145	135	45	60	75	85	90	58.62
IX	Reduction in claims against the company not acknowledged as debt on overall basis	%	4	--	--	10	8	6	4	2	--
X	Achieving timelines / targets of no. of parameters of Neyveli Uttar Pradesh Power Ltd. (NUPPL), a subsidiary of NLCIL – as per list	No. of parameters	3	--	--	6	5	4	3	2	--

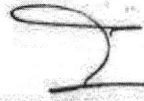
#### List of parameters of NUPPL

Sl. No.	Performance criteria	Unit	Timelines/ Targets
1.	CAPEX	Rs. Cr.	3500
2.	Unit#3- Start of Erection of Anchor Frames	Date	15.04.18
3.	Unit#3-Start of Boiler Erection works	Date	15.08.18
4.	Unit#2- Ceiling Girder Erection	Date	15.10.18
5.	Mechanical completion of Raw Water Reservoir	Date	05.01.19
6.	Completion of Initial Operation of Fire Protection and Detection System for 1 number of Station Transformer	Date	05.01.19

Sl. No.	Performance Criteria	Unit	Marks	MOU Target				
				Excellent 100%	Very Good 80%	Good 60%	Fair 40%	Poor 20%
<b>XI</b>	<b>Human Resource Management</b>							
a	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 Board resolution	Date	3	15.10.18	15.11.18	15.12.18	31.12.18	15.01.19
b	HR Audit and decision of the Board on recommendation of audit.	Date	3	15.10.18	15.11.18	15.12.18	31.12.18	15.01.19
<b>XII</b>	<b>Any other sector specific result oriented measurable parameter:</b>							
a	Total Ash Utilisation excluding TPS-I (Fly ash & Bottom Ash)	%	2	100	98	96	94	92
b	Reclamation of lands in mines against the Mine Closure Plan	%	2	100	95	90	85	80

- ★ Evaluation of Financial parameters will be as per the certification of Auditors in line with adopted Accounting Standard- IND AS.
- ★ CAPEX on Talabira Mine II & III project and Talabira Thermal Power Plant (3x800 MW) is subject to acceptance of R&R package by the RPDAC and EC clearance.
- ★ Facilitation from MoC will be required for Environmental Clearance and Land acquisition for Talabira-II & III and South Pachwara Coal blocks and also for Talabira Thermal Power Plant at Talabira, Odisha.

  
**(Susheel Kumar)**  
 Secretary, GoI  
 Ministry of Coal  
 NEW DELHI.

  
**(Sarat Kumar Acharya)** 26/4/2018  
 Chairman and Managing Director  
 NLC India Limited  
 NEYVELI.

## Appendix-I

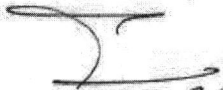
Sl. No	Name of the Project	Approved Cost of Project/ Estimated Cost	Expenditure planned during 2018-19	Milestones in 2018-19	Date of Milestones
<b>COAL SECTOR</b>					
<b>Projects under Implementation</b>					
1	Area Expn. of Mine I and Expn. of Mine- I A (4.0MT)	709.06	120.00	Establishing link conveyor for supply of Lignite to NNTPS	Oct 2018
<b>Projects under Formulation</b>					
2	Mine III (11.5 MT) (AAP 7.05 Cr)	Under formulation	1.00	Preparation of EIA /EMP report	March 2019
3	Talabira Mine II & III	MDO mode	300.00 *	Land Acquisition and Railway siding	March 2019
4	Misc New Schemes		30.00		
<b>COAL SECTOR - TOTAL</b>			<b>451.00</b>		
<b>POWER SECTOR</b>					
<b>Projects under Implementation /Formulation</b>					
5	NNTPS - 1000 MW	5907.11	550.00	Commissioning of one unit	Oct 2018
				Commissioning of other unit	Jan 2019
6	TPS-II 2 <sup>nd</sup> Expansion (2x660MW)	8733.49	750.00	Issue of LOA for Main Plant and BOP packages	Feb 2019
7	Solar Projects in Tamilnadu Phase-I (500 MW)	2125.00	625.00	Commissioning of 500 MW SPP	Oct 2018
8	Solar Projects in Tamilnadu Phase-I (709 MW)	3055.80	1200.00	70 % erection completion of 709 MW SPP	March 2019
9	Roof top Solar -1 MW	8.05	2.40	Commissioning of Roof top Solar -1 MW	March 2019
10	Misc New Schemes and Joint Ventures		1.60		
11	Talabira Thermal Power Plant (3x800 MW)	17637.00	500.00 *	Land Acquisition	March 2019
<b>POWER SECTOR - TOTAL</b>			<b>3629.00</b>		
<b>TOTAL NLCIL (Standalone)</b>			<b>4080.00</b>		

\* The project expenditure in respect of Talabira Mine II & III project and Talabira Thermal Power Plant (3x800 MW) is subject to acceptance of R&R package by the RPDAC and EC clearance.

Rajasthan Projects (Bithnok Mines cum TPS, Hadla Mine, Barsingsar expansion TPS) which are put on hold are not considered in the CAPEX target

**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 2018-19. In case, any deviation is found at any point of time, DPE is free to evaluate the performance as per MoU Guidelines.

  
26/4/2018  
Chairman and Managing Director



**PART-A- TREND ANALYSIS**

SI.No	Financial Performance Criteria	Unit	Target Vs. Actual	2012-13 IGAAP	2013-14 IGAAP	2014-15 IGAAP	2015-16 IND AS	2016-17 IND AS	Current year 2017-18	
									H1 unaudited	Estimated IND AS
1	Revenue from Operations - Gross	Rs. crore	Actual	5,603.29	5,980.75	6,114.64	6,652.05	8,672.84	4,246.85	7,720.08
	Revenue from Operations - Net			5,590.07	5,967.23	6,087.68	6,652.05	8,672.84	4,246.85	7,720.08
2	a. Profit Before Tax			2,047.65	2,209.13	2,383.33	1,856.07	3,027.56	960.36	1,555.11
	b. Other Incomes			582.95	1,024.76	709.29	525.15	674.41	201.94	200.66
	c. Extraordinary & Exceptional Items			161.34	(72.97)	345.57	(28.38)	(180.08)	(2.39)	--
	d. Prior Period Items	Rs. Crore		-	-	-	-	-	-	-
	e. Net Movement in Regulatory Deferral							(873.56)		
	f. Operating Profit / Loss (a-b+/-c+/-d+/-e)		Actual	1,303.36	1,257.34	1,328.47	1,359.30	1,659.67	760.81	1,354.46
3	a. PAT			1,459.75	1,501.88	1,579.68	228.00	2,368.81	642.97	1,016.92
	b. Net Worth at year end			12,925.15	13,881.07	14,772.45	12,721.06	12,198.63	12,648.38	12,338.63
	c. Average Net Worth			12,457.36	13,403.11	14,326.76	13,746.76	12,383.86	12,347.52	12,192.64
	d. PAT / Net Worth	%	Actual MoU	11.72%	11.21%	11.03%	1.66%	19.13%	5.21%	8.34%
4	e. Paid-up Share Capital			1,677.71	1,677.71	1,677.71	1,677.71	1,528.57	1,528.57	1,528.57
	f. Gol Share			1,569.67	1,509.94	1,509.94	1,509.94	1,365.39	1,365.39	--
	g. Reserves & Surplus			11,273.62	12,225.91	13,193.97	11,247.79	10,670.05	11,286.12	10,962.03
	Total Expenses	Rs. crore		4,125.37	4,782.86	4,413.64	5,321.13	6,139.60	3,108.56	6,365.62
	Total Incomes			6,173.02	6,991.99	6,796.97	7,177.20	9,347.25	4,448.79	7,920.74
	Total Expenses / Total incomes	%		66.83%	68.40%	64.94%	74.14%	65.68%	69.87%	80.37%
7	Detail of Other Incomes									
	a. Interest			492.31	591.73	566.95	417.99	230.20	38.34	0.43
	b. Dividend			-	-	-	-	-	-	-
	c. Other Incomes	Rs. crore		90.64	433.03	142.34	107.16	444.21	163.60	200.23
8	d. Total			582.95	1,024.76	709.29	525.15	674.41	201.94	200.66
	a. Cash and Bank Balance and Equivalent			2,866.64	4,258.58	3,265.47	2,780.68	38.58	30.66	1,399.88
	b. Investment in Mutual Funds			-	-	-	-	-	-	-
	c. Investment in shares other than Subsidiary/JVs			-	-	-	-	-	-	-
	d. Total (a+b+c)			2,866.64	4,258.58	3,265.47	2,780.68	38.58	30.66	1,399.88
	e. Cash Credit / Over-draft loan / Short - Term Loan			-	-	-	15.61	16.61	-	-
9	f. Balance in Current account			-	-	-	-	-	-	-
	Dividend Paid /declared for the year, excluding Dividend Tax			469.76	469.76	469.76	503.32	1,121.97	-	602.33

Note: Trend would be given for actual figures for preceding five years (audited) and estimates of current year, i.e. previous year to the year in respect of which targets are being negotiated.  
# including regulatory price difference.

Sl. No.	Financial Performance Criteria	Unit	Target / Actual	2012-13	2013-14	2014-15	2015-16	2016-17	Current year		
									Actual H1	Estimated 2017-18	
1	<b>Installed capacity in respect of each product</b>										
a	Lignite	LT		30.60	30.60	30.60	30.60	30.60	30.60	30.60	30.60
b	Power	MW		2740	2740	2750	3275.50	3295	3379		3432
2	<b>Capacity utilization / Production in respect of each product</b>										
a	Lignite Production	LT	Actual	262.23	266.09	265.43	254.51	276.17	101.26		248.35
			MoU	248.00	248.00	256.00	266.00	--	--		--
b	Power Generation Gross	MU	Actual	19902.34	19988.65	19729.13	19182.21	21033.10	10285.17		20500
			MoU	18600.00	18400.00	20285	20944.52	21567.76			22000
3 a	Research & Development (No. of milestones)	Number	Actual	5 (1 at fair level)	6	--	3	1	--		1
			MoU	6	6	--	3	1			1
3 b	Technology up-gradation (No. of milestones)		Actual	Not a parameter in MoU							
			MoU	Not a parameter in MoU							
4	CAPEX	Rs Cr	Actual	348.15	747.59	1,007.56	1,385.69	3569.00	991.93		3860@
			MoU	1827.90	1817.32	1969.76	1666.04	4575.68	1236.19		5211\$
5	CAPEX Contracts / projects running/ completed without tme/cost overrun to total value of CAPEX	%	Actual	1687.00	2490.14	2036.00	4205	5040			3798
			MoU	Not a MoU parameter							
				100							

**PART-B- TREND ANALYSIS (contd..)**

Sl. No.	Financial Performance Criteria	Unit	Target / Actual	2012-13	2013-14	2014-15	2015-16 IND AS	2016-17 IND AS	Current year	
									Actual H1	Estimated 2017-18
6	Trade Receivables (net)	Rs Cr	Actual	3,800.27	2,204.45	2,282.07	3010.88	5066.00	4630.38	3066.00
			MoU	Not a MoU parameter						
7	Trade Receivables (net) as number of days of RO (Gross)	Days	Actual	247.55	134.54	136.22	135.00	435		145
			MoU	Not a MoU parameter						
8	Claims against the company not acknowledged raised by:	Rs Cr	Actual	2,186.50	3,393.07	4075.46	4285.22	4523.00	Would be available only at the end of the year	
			MoU	Not a MoU parameter						
9	Total Ash Utilisation excluding TPS-I (Fly ash & Bottom Ash)	%	Actual	74.57	92.02	99.06	99.86	99.58		99.86
			MoU	Not a MoU parameter						
10	Reclamation of lands in mines against the Mine Closure Plan	Ha	Actual	99.11	62.43	80.01	96.40	68.22	75.75	137.20
			MoU	Not a MoU parameter						