

File No. M-02/0049/2015-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: 15th June, 2015

OFFICE MEMORANDUM

Sub: Signing of MoU for the year 2015-16.

The undersigned is directed to refer Coal India Limited Letter No. CIL: DT: 680 dated 11/06/2015 on the subject mentioned above and to forward herewith two copies of the authenticated MoU for the year 2015-16 in respect of Northern Coalfields Limited. It is requested that a statement indicating the MoU targets and actuals for the last five years, MoU targets for 2015-16 in respect of the financial parameters along-with the details of computation, self declaration certificate may please be annexed to the final MoU to be signed by the CPSE with the Ministry.

2. It is requested that the approved MoU may please be signed and two copies of the signed MoU along with the soft copy may please be sent to this Department for record.
3. The signed copy of the MoU for the year 2015-16 may please be laid in both the houses of Parliament by the Administrative Ministry/Department.
4. The Administrative Ministry and the CPSE may consider posting on their website the signed copy of the MoU 2015-16 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 :

Joint Secretary, Ministry of Coal

Copy To:

1. CMD, Coal India Limited
2. CMD, Northern Coalfields Limited

Memorandum of Understanding



between


Northern Coalfields Limited

&

Coal India Limited

for

2015-16

MoU 2015-16
Approved by DPE/TF
Signed 



NORTHERN COALFIELDS LIMITED

MEMORANDUM OF UNDERSTANDING 2015-16

PART-I:

1.1 MISSION & VISION

MISSION

To produce the planned quantity of coal efficiently & economically in an eco-friendly manner with due regard to safety, conservation and quality.

VISION

To emerge as one of the leading player in the energy sector by adopting best practices from mine to market with due care to environmental & social sustenance.

1.2 OBJECTIVES

Major Objectives of Northern Coalfields Limited (NCL) are:

1. To ensure long-term energy security through development and expansion of coal mines.
2. To improve the quality of life of employees and to discharge the corporate obligations to society at large and the community around the coalfield in particular.
3. To Undertake continuous efforts to inculcate safe mining practices & promote safety management to strive to 'Zero Harm'.
4. To lay due emphasis on afforestation & protection of environment.

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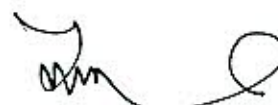
1.3 ASSISTANCE REQUIRED :

In order to enable NCL to achieve its objectives and the level of performance set in the MOU, the following help is required from CIL and from MoC, MoEF & Government through CIL :


1. To assist NCL in ensuring availability of average 26 rakes/day for raw coal from Railway Authorities for facilitating achievement of its off-take target for the year 2015-16.
2. Expediting construction of Railway Siding at Block-B OCP.
3. 4 MTY Incremental EC for AMLOHRI Expansion OCP (10 to 14)
4. 3.75 MTY Incremental EC for NIGAHI Expansion OCP (15 to 18.75).
5. FC for Forest Land (386 Ha Forest & 38.5 Ha Revenue Forest) for Nigahi Expansion OCP.
6. Early Notification u/s 11 of CBA Act 1957 by MoC for Bina-Kakri Amalgamation Project (10mtpa).
7. Early procurement of 14 nos. 850 HP Dozers & 10 nos. 450-460 HP Wheel Dozers against Indents pending at CIL/HQ, Kolkata.
8. Early decision on Special Cadre Scheme for Dragline Operators.
9. To assist in appointment of Non-Official Director on the Board of NCL as per applicable regulation.



(S. Bhattacharya)
Chairman
Coal India Limited



(T. K. Nag)
Chairman- cum-Managing Director
Northern Coalfields Limited

MoU 2015-16
Approved by DPE/TF
Signed 

MEMORANDUM OF UNDERSTANDING : 2015 - 16

NORTHERN COALFIELDS LIMITED

Sl. No.	Evaluation Criteria	Unit	Weight (in %)	MoU Target					Documentary evidence & Source/origin of documents
				Excellent	Very Good	Good	Fair	Poor	
1	Static / Financial Parameters			5	4	3	2	1	Audited Annual Accounts
(i)	Mandatory Parameters		20						
	(a) Sales Turnover (Net Sales)	Rs. Crs.	10	9825.12	9653.70	9171.02	8712.46	8276.84	
	(b) Gross Operating Margin Rate	%	10	21.59	19.68	18.70	17.76	16.87	
(ii)	Profitability Parameters		12						
	(a) PAT/Net Worth	%	5	23.32	21.41	20.34	19.32	18.36	
	(b) EBITDA/Net Block	%	7	89.80	85.71	81.42	77.35	73.49	
(iii)	Costs/Output Efficiency Parameters		10						
	(a) Sales Turnover/Net Block	%	10	333.67	337.91	321.01	304.96	289.72	
(iv)	Liquidity/Leverage		8						
	(a) Debtor Turnover Ratio (Average Collection Period)	No. of Days	8	21.59	22.69	23.82	25.02	26.27	
	Sub Total		50						
	1. Impact of Penalty imposed by Competition Commission of India for Rs. 1773.05 crores (CIL) has not been considered in the Targets of 2015-16 BE since the same has been appealed against by the company in the Competition Appellate Tribunal. Impact of the above penalty, if paid in 2015-16 will be excluded and accordingly the financial parameters (P&L A/c and Balance Sheet) will be recasted at the time of evaluation of MoU 2015-16.								
	2. For the purpose of calculation of Average Collection Period of Trade Receivables, Gross Sales as appearing in P&L A/c in Audited Accounts (inclusive of Excise duty and all other levies & taxes) and Average Trade Receivables as appearing in the Audited Accounts (net off provision for bad & doubtful debts) have been considered.								
	3. Gradewise working of Sales & Itemwise working of Gross Operating Margin are attached with MOU 2015-16.								
	4. Impact of MMDR bill if becomes an act and implemented, its impact will be excluded.								
	5. Impact of Post Retirement Benefit Scheme for Non-Executives has not been considered in preparation of MoU Targets for 2015-16.								

MoU 2015-16
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Signed *[Signature]*

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NORTHERN COALFIELDS LIMITED

Sl. No.	Evaluation Criteria	Unit	Weight (in %)	MoU Target					Documentary evidence & Source/origin of documents
				Excellent	Very Good	Good	Fair	Poor	
2				5	4	3	2	1	
I	Dynamic Parameters		12						
	Initiatives for Growth		6						
	a. Acquisition of Land (Notification under LA/CBA)								
	i) Notification u/s 11 of CBA Act 1957 for Acquisition of 180 Ha land for Bina-Kakri Amalgamation Project (10 MTPA)	Date	3	15 Jan'16	31 Jan'16	14 Feb'16	29 Feb'16	15 Mar'16	Copy of Notification by Moc
	ii) Possession of Land	Ha	3	40	35	30	25	20	Certification by Management
	b. Formulation/Approval of Projects		6						
	i) Approval of EPR for Block-B Expansion OCP (3.5 to 7/8 MTPA) by NCL Board.	Date	3	15 Jan'16	31 Jan'16	14 Feb'16	29 Feb'16	15 Mar'16	Board's Resolution
	ii) Preparation of EPR for Dudhichua Expansion OCP (10 to 20 MTPA).	Date	3	31 Jan'16	15 Feb'16	29 Feb'16	15 Mar'16	15 Mar'16	Copy of EPR
II	Project Management & Implementation		10						
	(a) Construction of 4 MTPA CHP at Krishnashila OCP (%age achievement in financial terms)	%	1	70	65	60	55	50	Certification by Management
	(b) Construction of 3.5 MTPA CHP at Block-B OCP with (-)100mm crushing facility (%age achievement in financial terms)	%	2	100	95	90	85	80	Certification by Management
	(c) Construction of 6 MTPA Incremental CHP at Khadia Expansion OCP with (-) 100mm crushing facility (%age achievement in financial terms)	%	1	50	45	40	35	30	Certification by Management
	(d) Construction of 5 MTPA Incremental CHP at Nigahi Expansion OCP with (-) 100mm crushing facility (%age achievement in financial terms)	%	1	50	45	40	35	30	Certification by Management
	(e) Erection of one no. 24cum/88mR Dragline at Amlohri Expansion OCP.	Date	1	15 Nov'15	30 Nov'15	15 Dec'15	31 Dec'15	15 Jan'16	Certification by Management
	(f) Commissioning of 2nd. Silo at Dudhichua OCP	Date	2	Jul'15	Aug'15	Sep'15	Oct'15	Nov'15	Commissioning Report
	(I) CAPEX	Rs.Crs.	2	800	700	600	500	400	Capital Expenditure Report

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NORTHERN COALFIELDS LIMITED

Sl. No.	Evaluation Criteria	Unit	Weight (in %)	MoU Target					Documentary evidence & Source/origin of documents
				Excellent	Very Good	Good	Fair	Poor	
III	Productivity & Internal Processes		11						
(a)	Utilisation of Dragline*	%	1	75	73	71	69	67	Certification by Management
(b)	Utilisation of Shovel*	%	1	60	58	56	54	52	Certification by Management
(c)	Utilisation of Dumper*	%	1	52	50	48	46	44	Certification by Management
(d)	Utilisation of Dozer*	%	1	47	45	43	41	39	Certification by Management
(e)	Utilisation of Drill*	%	1	42	40	38	36	34	Certification by Management
(f)	System Capacity Utilisation	%	1	70	68	66	64	62	Annual Report
(g)	Output per Man Shift (O.M.S.)	tes.	1	13.0	12.5	12.0	11.5	11.0	Annual Report
(h)	Electrical Audit & Benchmarking for Power Consumption in 02 Mines of NCL	Date	1	31 Dec'15	15 Jan'16	31 Jan'16	15 Feb'16	29 Feb'16	Certification by Management
(i)	Reduction in Sp.Power Consumption (KWH/Cum) w.r.t. last year in 02 mines of NCL.	%	1	5.0	4.5	4.0	3.5	3.0	Certification by Management
(j)	Study of Productivity by National Productivity Council in 02 mines of NCL for Labour & Coal Extraction Productivity and setting of Targets.	Date	1	Oct'15	Nov'15	Dec'15	Jan'16	Feb'16	Study Report of NPC
(k)	Setting up of Cost Control Unit at NCL for improvement in financial scenarios.	Date	1	Sep'15	Oct'15	Nov'15	Dec'15	Jan'16	Certification by Management
* The Targets will change if new norms are issued by CMPDI and the new norms fixed by CMPDI shall form VG Target with 2% difference in all other categories.									
IV	Technology, Quality, Innovative Practices		6						
(a)	Reduction in Fatality Rate (Fatality Rate/MT) w.r.t. last FY	%	1	3.0	2.5	2.0	1.0	0.5	Certification by Management
(b)	Reduction in Serious Injury Rate (Serious Injury Rate/MT) w.r.t. last FY	%	1	3.0	2.5	2.0	1.0	0.5	Certification by Management
(c)	Introduction of GPS based Vehicle Monitoring System in Mines	Nos. of Mines	1	3	2	1	-	-	Certification by Management
(d)	Introduction of Surface Miners	Date	1	Nov'15	Dec'15	Jan'16	Feb'16	Mar'16	Certification by Management
(e)	Simulator Training of Dumper Operators	Nos.	1	200	190	180	170	160	Certification by Management
(f)	Despatch of Sized Coal to Power Sector by Rail	%	1	100	99	98	96	96	Certification by Management

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Signed



