

**MEMORANDUM OF UNDERSTANDING
(2017-18)**

between

Power System Operation Corporation Limited

and

Ministry of Power

MoU 2017-18

Performance Evaluation Parameters and Targets

Part A

S. No.	Parameter	Unit	Marks	Current year estimation	Best in 5 years	MoU Target					%age Improvement
						Excellent	Very Good	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
i Turnover											
	Revenue from Operations	Rs Crore	10	170.15	220.04	178.65	170.00	165.00	160.00	155.00	-0.09
ii Operating Profit/ Revenue from Operations											
	Operating Profit / Revenue from operations	%	20	8.20	36.92	8.65	8.50	8.40	8.30	8.20	3.66
iii Return on Investment											
	PAT/Average Net Worth	%	20	14.47	56.19	12.25	12.00	11.75	11.50	11.00	-17.07
Part B											
iv Capacity Utilisation											
	Inter-Regional Energy Exchange	BU	10	128	117.03	140	138	136	134	132	7.81
v Production Efficiency Parameters											
a	Processing (Approval/Denial) of the shut down requests having all India impact for taking an element in or out of the system within three days of receipt of the request	%	5	97	96.06	100	95	90	89	88	-2.06
b	Availability of SCADA System	%	5	99.9	99.9	99.9	99.8	99.7	99.6	99.5	-0.10
vi R&D, Innovation, Technology Up-gradation											
a	Development and Implementation of Electricity Market Information System and Implementation of Pilot Project on Automatic Generation Control (AGC)	Date	5	Not Applicable (New Parameter)		31.1.18	15.2.2018	28.2.2018	15.3.2018	31.3.18	-
b	Reporting of Voltage Deviation Index (VDI), Frequency Deviation Index (FDI) and System Reliability to Regional Power Committees by 5 th of every month	no.	5	Not Applicable (New Parameter)		12	11	10	9	8	-
vii Human Resource (HR) Parameters											
a	On-line submission of ACR/APAR in respect of all executives (E0 and above) along with compliance of prescribed timelines w.r.t. writing of ACR/APAR	% of number of executives	2	Not Applicable (New Parameter)		100	95	90	85	80	-
b	Online Quarterly vigilance clearance updation for Senior Executives (AGM and above)	% of number of senior executives	2	Not Applicable (New Parameter)		100	95	90	85	80	-
c	Preparation of succession plan and its approval by Board of Directors	Date	2	Not Applicable (New Parameter)		30.09.2017	10.10.2017	20.10.2017	31.10.2017	10.11.2017	-
d	Holding of DPC without delay for executive (E0 and above level)	%	2	Not Applicable (New Parameter)		100	95	90	85	80	-

S. No.	Parameter	Unit	Marks	Current year estimation	Best in 5 years	MoU Target					%age Improvement
						Excellent	Very Good	Good	Fair	Poor	
						100%	80%	60%	40%	20%	
e	Talent management and carrier progression by imparting at least one week training in Centre of Excellence e.g. IITs, IIMs, NITs, ICAI etc.	% of executives	2		Not Applicable (New Parameter)	10	9	8	7	6	-
viii	Any other sector specific result oriented measurable parameter										
a	Monitoring of interconnection meter error and submission of report on weekly basis by Friday to Regional Power Committees	no.	5		Not Applicable (New Parameter)	52	50	49	48	47	-
b	Reporting of Grid Incidents and Grid Disturbance on monthly basis to CERC by 5th of the every month	no.	5		Not Applicable (New Parameter)	12	11	10	9	8	-
	Total		100								


 (I.S. Jha)
 Chairman, POSOCO


 (P.K. Pujari)
 Secretary, Ministry of Power

TREND Analysis

PART A

S. No.	Financial Performance Criteria	Unit	Target v/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current Year	
									Actual upto Sept'16	Estimated upto Mar'17
1	Revenue from Operations - Gross	Rs. Crore		161.59	220.04	197.05	197.08	165.08	90.16	170.15
	Revenue from Operations - Net		Actual	161.59	220.04	197.05	197.08	165.08	90.16	170.15
			MoU	160	191	199	208	165.03	194	
2	a. Profit before Tax	Rs. Crore		79.89	130.35	90.96	79.71	81.23	41.24	63.95
	b. Other Incomes			52.75	46.33	53.24	52.94	66.57	29.37	50
	c. Extraordinary & Exceptional Items			0	0	0	-5.13	0	0	0
	d. Prior Period Items			-5.76	-2.79	10.63	0	0	0	0
	e. Operating Profit (a-b+/-c+/-d)		Actual	21.38	81.23	48.35	21.64	14.66	11.87	13.95
		MoU	NA	NA	NA	NA	NA	42		
3	a. PAT	Rs. Crore		50.52	85.65	60.81	48.04	55.55	26.67	43.95
	b. Net Worth at year end			116.76	188.12	218	242.08	289.31	313.09	318.26
	c. Average Net worth				152.44	203.06	230.04	265.70		303.79
	d. PAT / Net Worth	%	Actual	43.27	45.53	27.89	19.84	19.20	8.52	13.81
			MoU						19.5	
	d. PAT /Average Net Worth				56.19	29.95	20.88	20.91		14.47
	e. Paid - up Share Capital			30.64	30.64	30.64	30.64	30.64	30.64	30.64
	f. Gol share			0	0	0	0	0	0	100
g. Holding Co. share			100	100	100	100	100	100	0	
h. Reserves and surplus			86.12	157.48	187.36	211.44	258.67	282.45	287.62	
4	Total Expenses	Rs. Crore		140.21	138.81	148.7	175.44	150.42	78.29	156.20
5	Total Incomes	Rs. Crore		214.34	266.37	250.29	250.02	231.65	119.53	220.15
6	Total Expenses / Total Incomes	%		65.41	52.11	59.41	70.17	64.93	65.50	70.95
7	Detail of other incomes									
	a. Interest	Rs. Crore		24.29	35.24	43.58	47.54	43.76	22.83	40
	b. Dividend			0	0	0	0	0	0	
	c. Other Incomes			28.46	11.09	9.66	5.4	22.81	6.54	10
d. Total			52.75	46.33	53.24	52.94	66.57	29.37	50	
8	a. Cash and Bank Balance and equivalent	Rs. Crore		675.09	889.31	468.52	768.44	982.18	956.97	-
	b. Investment in mutual funds	Rs. Crore		NA	NA	NA	NA	NA	NA	NA
	c. Investment in shares other than subsidiary / JVs	Rs. Crore		NA	NA	NA	NA	NA	NA	NA
	d. Total (a+b+c)			675.09	889.31	468.52	768.44	982.18	956.97	-
	e. Cash credit / Over draft loan / Short - Term loan	Rs. Crore		0	0	0	0	0	0	-
	f. Balance in Current account	Rs. Crore		231.4	582.06	184.46	322.19	231.87	286.93	-
9	Dividend paid / declared for the year, excluding Dividend Tax	Rs. Crore		9.2	12.26	26.04	19.92	4.75	0	4.75

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

PART B

TREND Analysis

S. No.	Financial Performance Criteria	Unit	Target v/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current Year	
									Actual upto	Estimated
1	Installed Capacity in respect of each product			NA	NA	NA	NA	NA	NA	NA
2	Capacity Utilisation in respect of each product		Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
	Inter-Regional Energy Exchnage	BU	Actual	58.99	65.86	78.38	89.22	117.03	64	128
			MoU	NA	NA	NA	NA	NA	120	
3	Contribution of each product of sales	%		NA	NA	NA	NA	NA	NA	NA
4	New orders received during the year	Rs. Crore	Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA

S. No.	Financial Performance Criteria	Unit	Target v/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current Year	
									Actual upto	Estimated
5	Exports as a percentage of Revenue from operations	%	Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
6	Development or Revenue from new products or product with new features		Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
7	Production efficiency parameters									
a	Processing (Approval/Denial) of the shut down requests having all India impact for taking an element in or out of the system within three days of receipt of request	%	Actual	NA	NA	NA	NA	96.06	97.85	97
			MoU	NA	NA	NA	NA	80	97	97
d	Availability of SCADA System	%	Actual	99.9	99.9	99.9	99.9	99.9	99.9	99.9
			MoU	80	80	90	90	90	99.9	99.9
8	Completion of milestone of clients orders / agreements without time overrun	%	Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
9	R&D, Innovation, Technology up-gradation parameter	Date	Actual	Projects vary year on year basis						
			MoU	Projects vary year on year basis						
10	Market share	%	Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
11	CAPEX	Rs. Crore	Actual	5.01	8.76	4.29	13.15	55.77	1.47	-
			MoU		NA	NA	NA	NA	NA	NA
12	CAPEX contracts / projects running / completed without time / cost overrun to total value of CAPEX	%	Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
13	Inventory of finished goods and work in progress	Rs. Crore		NA	NA	NA	NA	NA	NA	NA
14	Inventory of finished goods and work in progress to RO (Net)	%	Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
15	Inventory of finished goods of more than one year		Actual	NA	NA	NA	NA	NA	NA	NA
16	Inventory of finished goods of more than one year as a percentage of RO	%	Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
17	Trade Receivables (Net)	Rs. Crore	Actual	21.72	4.61	5.35	13.77	9.00	11.28	-
			MoU	NA	NA	NA	NA	NA	NA	NA
18	Trade Receivables (Net) as number of days of RO (Gross)	Days	Actual	48.39	7.54	9.77	25.15	19.63	45.04	-
			MoU	NA	NA	NA	NA	NA	NA	NA
19	Claims against the Company not acknowledged raised by:									
	Central Government Departments	Rs. Crore								
	State Governments / Local Authorities									
	CPSEs									
	Others									
	Total		Actual	0	0	0	0	0	0	0
	MoU	NA	NA	NA	NA	NA	0	0		
20	Loans Disbursed / Total Funds Available		Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
21	Overdue Loans / Total Loans (Net)		Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
22	NPA / Total Loans (Net)		Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA

S. No.	Financial Performance Criteria	Unit	Target v/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current Year	
									Actual upto	Estimated
23	Cost of raising funds as compared to similarly rated CPSEs / entities		Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
24	Return (share of profit / loss) on Investment in Joint Ventures	%	Actual	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA
25	Any other result - oriented parameters taken for target setting		Actual							
			MoU							
a	Monitoring of interconnection meter error and submission of report on weekly basis by Friday to Regional Power Committees	No.		NA	NA	NA	NA	NA	NA	NA
b	Reporting of Grid Incidents and Grid Disturbance on monthly basis to CERC by 5th of the every month	No.		NA	NA	NA	NA	NA	NA	NA
c	On-line submission of ACR/APAR in respect of all executives (EO and above) along with compliance of prescribed timelines w.r.t. writing of ACR/APAR	% of number of executives		NA	NA	NA	NA	NA	NA	NA
d	Online Quarterly vigilance clearance updation for Senior Executives (AGM and above)	% of number of senior executives		NA	NA	NA	NA	NA	NA	NA
e	Preparation of succession plan and its approval by Board of Directors	Date		NA	NA	NA	NA	NA	NA	NA
f	Holding of DPC without delay for executive (EO and above level)	%		NA	NA	NA	NA	NA	NA	NA
g	Talent management and carrier progression by imparting at least one week training in Centre of Excellence e.g. IITs, IIMs, NITs, ICAI etc.	% of executives		NA	NA	NA	NA	NA	NA	NA
h	Monitoring of interconnection meter error and submission of report on weekly basis by Friday to Regional Power Committees	no.		NA	NA	NA	NA	NA	NA	NA
e	Reporting of Grid Incidents and Grid Disturbance on monthly basis to CERC by 5th of the every month	no.		NA	NA	NA	NA	NA	NA	NA

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. **RO: Revenue from Operations**