

**MEMORANDUM OF UNDERSTANDING**


**FOR THE YEAR 2012-2013**

**BETWEEN**

**POWER GRID CORPORATION OF INDIA LTD.**

**AND**

**MINISTRY OF POWER, GOVT. OF INDIA**

MoU 2012-13  
Approved by DIPETP  
Signature 

(PART-III)  
**PERFORMANCE EVALUATION PARAMETERS AND TARGETS**

S. No.	Parameter	Units	Weights	Parameter Scale for FY 2012-13					Documentary evidence and source/ origin of documents	BE 2011-12	BE 2010-11
				Excellent	V.Good	Good	Average	Poor		Target	Target
				5	6	7	8	9		(V.Good)	(V.Good)
1	2	3	4	5	6	7	8	9	10	11	12
<b>1</b>	<b>Static Financial Parameters @</b>										
	<b>(a) Financial Indicators- Profit related ratios</b>								Annual Report (ARY Audited Results)		
	(i) Gross Margin / Gross Block	(%)	2	13.58	13.04	12.59	12.17	11.76		13.25	12.28
	(ii) Net Profit / Net Worth	(%)	10	12.69	12.11	11.57	11.06	10.57		11.38	8.77
	(iii) Gross Profit / Capital Employed	(%)	10	13.07	12.58	12.10	11.64	11.20		12.36	10.21
	<b>(b) Financial indicators - Size related</b>										
	(i) Gross Margin (from projects commissioned upto 31 Mar.2012)	(Rs. Crs.)	6	9048	8620	8237	7866	7533		7936	6400
	(ii) Gross Margin (from projects commissioned after 31 Mar.2012)	(Rs. Crs.)	2	688	598	542	495	430			
	(iii) Gross Sales	(Rs. Crs.)	4	10877	10350	9854	9394	8947		9000	7340
	<b>(c) Financial Returns - Productivity related</b>										
	(i) PBDIT / Total Employment	(Rs. Lacs/ Employee)	7	98.87	93.81	89.15	84.91	80.87		76.19	61.54
	(ii) Added Value / Gross sales	(%)	9	41.39	39.32	37.33	35.29	33.16	38.00	33.89	
<b>2</b>	<b>Dynamic Parameters</b>										
	<b>a) Quality (ISO certification, Internalisation of quality)</b>										
	(i) Implementation of PAS 99 in NR-I & NR-II	Date	0.5	Jan.' 2013	Feb.' 2013	Mar.' 2013	-	-	AR	-	-
	<b>b) Customer Satisfaction</b>										
	No. of Trippings per line attributable to POWERGRID #										
	(i) Un-Planned	Nos.	0.5	2.20	2.40	2.60	2.80	2.90	AR	2.40	2.60
	<b>c) Business Development</b>										
	(i) Assignment	Nos.	0.5	27	25	24	23	22	AR	22	20
	(ii) Order Value (Project Cost)	(Rs. Crs.)	0.5	625	565	535	510	485		500	-
	<b>d) Rajiv Gandhi Grammen Vidyutikaran Yojna</b>										
	(i) Energisation of Villages	Nos.	2	1100	1000	950	900	850	Data submitted to MoP	28302 (Cumulative)	-
	(ii) BPL Household Connections	No. in lacs	3	2	1.8	1.7	1.6	1.5		7.10	6.35
	<b>e) Human Resource Management</b>										
	HRM Targets attached at Annexure-II (as per Annexure-XIV of MoU Guidelines 2012-13)		5	-	-	-	-	-	Independent Expert/ Agency	-	-

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@ 1. Transmission charges for 2012-13 have been estimated based on GERC tariff norms (2009-14) notified on 20.01.2009.  
The absolute values of Gross Profit, Net Profit, Networth, Gross Block & Capital Employed against "Excellent" target are considered as Rs.6940 Cr, Rs.3220 Cr, Rs.25381 Cr, Rs.71716 Cr & Rs.52332 Cr respectively.  
Impact of International Financial Reporting Standards not considered in above.  
# The no. of trippings (unplanned) do not include those attributable to sub-station bays of POWERGRID, but maintained by other utilities.

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				(V.Good)	(V.Good)						
1	2	3	4	5	6	7	8	9	10	11	12
	<b>f) R&amp;D for Sustained &amp; Continuous Innovation (Template Attached at Annexure-III)</b>										
	(i) Proto Development & Testing of +/- 800kV HVDC A-type (Suspension) Tower with metallic return	Date	0.5	15-Dec-2012	15-Jan-2013	15-Feb-2013	28-Feb-2013	31-Mar-2013	R&D Expert Group Report	-	-
	(ii) Proto Development & Testing of +/- 800kV HVDC B-type Tower with metallic return	Date	0.5	15-Feb-2013	1-Mar-2013	15-Mar-2013	31-Mar-2013	-		-	
	(iii) High Temperature Super conductor cable pilot project Feasibility Study	Date	0.5	1-Mar-2013	15-Mar-2013	31-Mar-2013	-	-		-	
	(iv) Charging of 1200kV D/C line at 1200kV National Test Station Bina	Date	0.5	31-Jan-2013	15-Feb-2013	28-Feb-2013	15-Mar-2013	31-Mar-2013		-	
	(v) Assessment of TRV for 1200 kV Circuit Breaker (Parameter Optimization)	Date	0.5	31-Dec-2012	31-Jan-2013	15-Feb-2013	28-Feb-2013	31-Mar-2013		-	
	(vi) R & D Expenditure	% of PAT of 2011-12	2.5	1.00	0.90	0.80	0.70	0.60		0.80	-
	<b>g) Project Implementation</b>										
	(i) Activities for timely completion of transmission projects								AR		
	a) Foundation	Nos.	1	15000	13636	12987	12369	11780		13630	12730
	b) Tower Erection	Nos.	1	13000	11818	11255	10719	10209		13180	11820
	c) Stringing	Ckms.	1	7000	6364	6061	5772	5497		8630	6820
	d) No. of Ckt. Kms ready for commissioning*	GW-Ckms.	1	7240	6580	6265	5965	5680		5858	-
	e) Cumulative GW-Ckt. Kms	GW-Ckms.	1	58240	55580	55265	54965	54680		-	-
	f) Transformation capacity addition/ ready for commissioning	MVA	1	20000	18110	17295	16295	15295		16425	5010
	g) Inter-regional power transmission capacity addition/ ready for commissioning	MW	1	4200	2100	-	-	-		2100	-
	h) Capital Expenditure of Rs. 20,000 Crore (BE)	%	1	100	80	60	40	-	AR	-	-
	* List of major Lines enclosed at Annexure-I										
	<b>3 Corporate Social Responsibility (Template Attached at Annexure-IV)</b>										
	(i) Health - Conducting Health Camps etc.	Nos.	1	30	27	26	25	24	Independent expert/ agency	25	21
	(ii) Infrastructure Development in backward villages	Nos.	0.5	15	14	13	12	11		25	21
	(a) Drinking Water facilities										
	(b) Sanitation facilities etc.	Nos.	0.5	15	13	12	11	10			
	(iii) Promotion of livelihood activities for economically weaker sections through forward & backward linkages	Nos.	1	30	27	26	25	24		25	21
	(iv) Ecology and Environment - Tree plantation	Nos. in Thousand	1	60	55	52	48	46	50	45	
	(v) Expenditure on CSR activities	% of PAT of 2011-12	1	0.5	0.45	0.40	0.35	0.30	0.45	-	

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				Excellent	V.Good	Good	Average	Poor		Target	Target	
				(V.Good)	(V.Good)							
1	2	3	4	5	6	7	8	9	10	11	12	
<b>4</b>	<b>Sustainable Development (Template Attached at Annexure-V)</b>											
	(i) Activities/ Projects											
	a) Water Management (Rain water harvesting pits)	No. of Pits	0.5	12	10	8	6	4		-	-	
	b) Finalization of design of one green building (As per GRIHA- Green Rating for Integrated Habitat Assessment)	Months	0.5	10	10.5	11	11.5	12		-	-	
	c) Waste Management (Responsible Waste Disposal Practices)	Yes/No	0.5	Yes	No	-	-	-		-	-	
	d) Sustainability Reporting following GRI Guidelines	Date	0.5	15-Mar-2013	31-Mar-2013	-	-	-		-	-	
	e) Training /Awareness of employees/contract labour/ partners /other stakeholders on SD/Environment Conservation/ Safety Education	Mandays trained/year	0.5	1500	1364	1299	1236	1177		-	-	
	(ii) Total SD Expenditure (Rs. 50 Lakhs + 0.1% of the PAT of FY 2011-12 exceeding Rs. 100 Crore)	%	1	100	90	85	80	75		Rs. 22.5 Lakhs	-	
	(iii) Formation of designated committee for SD and its regular meetings	Yes/ No	0.5	Yes	No	-	-	-		-	-	
	(iv) No. of projects evaluated by an Independent External Agency/ Expert/ Consultant	Nos.	0.5	5	4	3	2	1		-	-	
	(v) Publication of SD Performance Report	Yes/ No	0.5	Yes	No	-	-	-		-	-	
	<b>5</b>	<b>Compliance of Corporate Governance about:</b>										
	(i) Date of submission to DPE of completed data-sheet for PE Survey and penalties	Date	1	(NIL)	(NIL)	(0.25)	(0.50)	(1)		(NIL)	-	
				15-Sep-2012	01-Oct-2012	15-Oct-2012	31-Oct-2012	After 31-Oct-2012		01-Oct-2011	-	
	(ii) Grading on the basis of compliance of Guidelines on Corporate Governance (in accordance with DPE OM no. 18(8)/2005 GM dated June 22, 2011)	Annual Score	4	85	75	60	50	Below 50		-	-	
	<b>6</b>	<b>Compliance of DPE Guidelines about:</b>										
	(i) Issue of Bonus shares to Govt. of India – to submit the proposal after approval of the Board	Yes/ No	1	Yes	No	-	-	-		-	-	
	(ii) Reservation for SC, ST & OBC in Appointments	Yes/ No	1	Yes	No	-	-	-		-	-	
	(iii) Posting of Deputationists	Yes/ No	0.5	Yes	No	-	-	-		-	-	
	(iv) Implementation of 2007 Pay Revision	Yes/ No	1	Yes	No	-	-	-		-	-	
	(v) Switching over from CDA to IDA pattern of pay scales	Yes/ No	1	Yes	No	-	-	-		-	-	
	(vi) Submission of Report on Compliance of DPE guidelines	Date	0.5	30-Jun-12	31-Aug-12	30-Sep-12	31-Oct-12	After 31-Oct-12		-	-	
	<b>7</b>	<b>Enterprise - specific Parameters</b>										
	(a) Operational Targets											
	(i) Availability of Tr. System *	(%)	5	99.20	98.80	98.40	98.00	97.60	AR	98.80	98.80	
	(i) Total		100									
	* Transmission System availability calculated as per CERC methodology.											

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