




समझौता ज्ञापन
Memorandum of Understanding
2017-18

राष्ट्रीय इस्पात निगम लिमिटेड
Rashtriya Ispat Nigam Limited
&
इस्पात मंत्रालय
Ministry of Steel



MEMORANDUM OF UNDERSTANDING

BETWEEN

RASHTRIYA ISPAT NIGAM LIMITED

AND

MINISTRY OF STEEL

2017-18

Rashtriya Ispat Nigam Limited (RINL) and Ministry of Steel (MoS) agree to enter into Memorandum of Understanding (MOU) for the year 2017-18.

The MOU contains the following annexures in accordance with MoU 2017-18 Guidelines issued by Department of Public Enterprises (DPE):

- Annexure I** : **Brief about RINL**
- Annexure II** : **Performance Evaluation Parameters and Targets (Part-A and Part-B)**
- Annexure III** : **Trend Analysis (Part-A and Part-B)**

Brief about CPSE

1.	Name of the CPSE	RASHTRIYA ISPAT NIGAM LIMITED
2.	Status (Please tick): As per DPE guidelines	Sick/ Incipient Sick / weak/none
3.	Reasons of Sickness, if applicable	Not applicable
4.	Whether registered with BIFR, If yes, details	No
5.	Schedule of the CPSE (Please tick)	A/B/C/D/ none
6.	Purpose for which CPSE has been setup and the main business now	The main purpose is to do business in the Iron and Steel Manufacturing Industry.
7.	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years.	Appendix-1
8.	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years	Appendix-2
9.	Details of revival plan approved earlier	Nil

Annexure II

Part-A

Sl. No.	Financial Performance Criteria	Unit	Marks	Current Year (Est.)	Best in 5 years	MoU Target for the year 2017-18					% Improv.*
						Excel 100%	V.G. 80%	Good 60%	Fair 40%	Poor 20%	
1	Turnover Revenue from Operations	Rs. Crore	10	11129	13251	14600	14310	13600	12950	12230	29%
2	Operating Profit/Loss Reduction in operating Loss/ Deficit (s) over previous year	%	20	-1863 #	775 #	100	13	6	4	2	-
3	Return on investment: Reduction in Total Expenses as a percentage of Total Income as compared to previous year	%	20	114 ^ (**)	92 ^	15	3.6	3.0	2.0	1.0	-
Total (A)			50								

Part-B

1	Production of Saleable Steel	Mt	10	3.847	3.51	4.90	4.80	4.70	4.60	4.50	25%
2	CAPEX	Rs. Crore	10	1406	1896	1581	1550	1500	1450	1400	10%
3	Percentages 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 as per Appendix-3	%	5	91	-	100	90	80	70	60	-
4	Inventory of finished goods and work in progress to Revenue from operations (Net)	Days	5	74	49	60	63	66	69	72	15%
5	Trade Receivables (Net) as number of days of Revenue from Operations (Gross)	Days	5	30.92	10.70	20	21	22	23	24	32%
6	Reduction in claims against the Company not acknowledged as debt	%	5	3004 #	2806 #	2.0	1.8	1.6	1.4	1.2	-
7	HRM related parameters:										
A	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 no. of Exe.	2	-	-	100	95	90	85	80	-
B	Online Quarterly vigilance clearance updation for Senior Executives (AGM and above)	% of no. of Sr.Exe.	2	-	-	100	95	90	85	80	-
C	Preparation of succession plan and its approval by Board of Directors	Date	2	-	-	30.09.17	15.10.17	31.10.17	15.11.17	30.11.17	-
D	Holding of DPC without delay for Executives (E-0 and above level)	%	2	-	-	100	95	90	85	80	-
E	Talent management and career progression by imparting at least one week training in Centre of Excellence within India e.g. IITs, IIMs, NITs, ICAI etc.	% of Exe.	2	-	-	10	9	8	7	6	-
Total (B)			50								

*Improvement worked out on Very Good target for MoU over Current year provisional figures.

#Figures in Absolute Terms i.e. Rs. Crore^ Total Expense as % of Total Income

(**) However, in case the ratio of total expenses / total income goes up from 114%, the target at excellent level would increase so that total expenses / total income will not be more than 100%.

P Madhusudan

Chairman-cum-Managing Director
Rashtriya Ispat Nigam Ltd.

Date: 22.06.2017.

Dr. Aruna Sharma
Secretary
Ministry of Steel, GoI

Part-A (Trend Analysis)

Sl	Financial Performance Criteria	Unit	Target v/s Actual	2011- 12	2012- 13	2013- 14	2014- 15	2015- 16	Current Year	
									Actual upto Dec-16	Estimate d
1	Revenue from Operations -Gross	Rs. crore		14570	13565	13431	10432	10133	8575	12410
	Revenue from Operations -Net		Actual	13251	12111	12028	9314	8990	7721	11129
			MoU	12422	13712	14141	10740	10697	7837	11250
2	a. Profit before Tax	Rs. crore		1110	526	549	103	-1417	-1279	-1691
	b. Other Incomes			328	455	307	256	348	128	171
	c. Extraordinary & Exceptional items			-	-	-	-	-	-	-
	d. Prior Period Items			-6	-15	-2	-5	-371	-	-
	e. Operating Profit/ Loss (a-b+/-c+/- d)		Actual	775	56	240	-158	-2136	-1407	-1863
		MoU	-115	255	-21	223	77	-1586	-1922	
3	a. PAT	Rs. crore		751	353	366	62	-1421	-978	-1271
	b. Net Worth at year end			13659	12477	12141	11594	9873	8898	8602
	c. Average Net worth			13444	13068	12309	11867	10734	9385	9238
	d. PAT/ Net Worth	%	Actual	5.50	2.83	3.02	0.54	-14.39	-10.97	-14.77
			MoU	0.69	2.44	0.82	2.50	0.98	-15.33	-22.34
	e. Paid-up Share Capital	Rs. crore		7727	6347	5740	5190	4890	4890	4890
	f. Gol share	%		100	100	100	100	100	100	100
g. Reserves and surplus	Rs. crore		5932	6131	6401	6404	4983	4008	3712	
4	Total Expenses	Rs. crore		12476	12055	11788	9473	11125	9067	12943
5	Total Incomes	Rs. crore		13579	12566	12335	9571	9337	7849	11308
6	Total expenses/ Total Incomes	%		92	96	96	99	119	116	114
7	Detail of other incomes									
	a. Interest	Rs. crore		250	233	180	67	89	41	54
	b. Dividend			0.48	0.13	0.11	0.01	0.00	0.00	0.00
	c. Other Incomes			78	222	127	189	259	87	117
	d. Total			328	455	307	256	348	128	171
8	a. Cash and Bank Balance and equivalent	Rs. crore		2068	1625	176	64	46	40	4
	b. Investment in mutual funds			-	-	-	-	-	-	-
	c. Investment in shares other than subsidiary/ JVs)			-	-	-	-	-	-	-
	d. Total (a+b+c)			2068	1625	176	64	46	40	4
	e. Cash credit			840	597	819	2220	2353	3570	3971
	f. Short-Term Borrowings			1735	3062	2921	5225	4232	4691	4078
	g. Balance in Current account			4	5	55	3	14	11	9
9	Dividend paid/ declared for the year, excluding Dividend Tax	Rs. crore		188	127	93	25	-	-	-

Annexure III

Part-B (Trend Analysis)

Sl. No.	Performance Criteria	Unit	Target v/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current Year	
									Actual upto Dec-16	Estimated
1	Installed Capacity in respect of Saleable Steel	Mt		2.66	2.66	3.22	5.27	4.81	3.94	5.34
2	Capacity Utilisation in respect of Saleable Steel	Mt	Actual	2.99	2.90	3.02	3.02	3.51	2.76	3.85
			MoU	3.47	3.47	3.47	4.15	4.00	3.10	4.32
3	Contribution of Saleable Steel product in sales.	%		89	73	89	92	94	95	94
4	New orders received during the year *	Rs. Cr.	Actual							
			MoU							
5	Exports as a percentage of Revenue from operations	%	Actual	2.91	4.57	5.58	4.04	4.14	9.49	8.54
			MoU	3.36	4.61	3.41	8.82	10.64	9.41	9.07
6	Development or Revenue from new products or product with new features *		Actual							
			MoU							
7	Production efficiency parameter- Value Added Steel Production	Mt	Actual	2.32	2.23	2.36	2.19	2.64	2.23	3.23
			MoU	1.87	1.87	2.08	-	-	1.91	2.70
8	Completion of milestone of clients orders/ agreements without time overrun *	%	Actual							
			MoU							
9	R&D, Innovation, Technology up-gradation parameter *		Actual							
			MoU							
10	Market share*	%	Actual							
			MoU							
11	CAPEX	Rs. Cr.	Actual	1896	1287	1512	1623	1492	1057	1406
			MoU	1800	1200	1000	1535	1402	1022	1350
12	CAPEX contracts/ projects running/ completed without time/ cost overrun to total value of CAPEX	%	Actual	-	-	-	-	-	91	-
			MoU	-	-	-	-	-	90	90
13	Inventory of finished goods and work in progress	Rs. Cr.		1780	2084	2065	3130	1873	2532	2254
14	Inventory of finished goods and work in progress to RO(Net)	Days	Actual	49.03	62.80	62.67	122.66	76.06	119.68	73.91
			MoU	-	-	-	-	-	-	66
15	Inventory of finished goods of more than one year *	Rs. Cr,								
16	Inventory of finished goods of more than one year as a percentage of RO *	%	Actual							
			MoU							
17	Trade Receivables (net)	Rs. crore	Actual	427	1010	804	1035	958	790	1051
			MoU	199	331	800	1555	1235	1100	1100
18	Trade Receivables (Net) as number of days of Revenue from Operations (Gross)	No of Days	Actual	10.70	27.17	21.84	36.23	34.51	33.46	30.92
			MoU	-	-	-	-	-	-	32.15

Part-B (Trend Analysis)...continued

Sl. No.	Performance Criteria	Unit	Target v/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current Year	
									Actual upto Dec-16	Est.
19	Claims against the Company not acknowledged as debt raised by*:									
	Central Government Departments	Rs. crore		384	409	438	407	423	439	439
	State Governments/ Local Authorities			1894	2185	2351	2112	1387	1423	1423
	CPSEs			32	25	31	75	79	6	6
	Others			496	554	739	1020	979	1137	1137
	Total			Actual	2806	3173	3559	3614	2869	3004
		MoU	-	-	-	-	-	-	-	
20	Loans disbursed/ Total Funds Available *		Actual							
			MoU							
21	Overdue loans/ Total loans (Net)*		Actual							
			MoU							
22	NPA/ Total loans (Net)*		Actual							
			MoU							
23	Cost of raising funds as compared to similarly rated CPSEs/ entities*		Actual							
			MoU							
24	Return (share of profit/loss) on Investment in Joint Ventures*	%	Actual							
			MoU							
25	Sector- Specific result-oriented parameters taken for target setting-Power from Waste Heat Recovery		Actual	21.77	26.54	26.83	23.31	25.76	30.2	30.2
			MoU	-	-	-	-	-	27.2	27.2

*Explanation for criteria not proposed as parameters in Annexure-2 and trends of the same in Annexure-3 in MoU 2017-18 brought out at Appendix-4.

Appendix-1**Number and Name of subsidiary companies along with amount invested and share in its profit during last five years.****1. Eastern Investments Limited**

Year	Name of Subsidiary	Amount Invested Cumulative (Rs Crores)*	Share in its Profits (Rs Cr)
2011-12	M/s Eastern Investments Limited	361.02	0.87
2012-13	M/s Eastern Investments Limited	361.02	0.75
2013-14	M/s Eastern Investments Limited	361.02	0.05
2014-15	M/s Eastern Investments Limited	361.02	-6.49
2015-16	M/s Eastern Investments Limited	361.02	0.74

2. M/s Orissa Minerals Development company Ltd. (Step down subsidiary)

Year	Name of Subsidiary	Amount Invested (Rs Crores)*	Share in its Profits (Rs Cr)
2011-12	Orissa Minerals Development company Ltd.	NIL	1.72
2012-13	Orissa Minerals Development company Ltd.	NIL	6.43
2013-14	Orissa Minerals Development company Ltd.	NIL	3.13
2014-15	Orissa Minerals Development company Ltd.	NIL	8.85
2015-16	Orissa Minerals Development company Ltd.	NIL	5.32

3. M/s Bisra Stone lime company Ltd. (Step down subsidiary)

Year	Name of Subsidiary	Amount Invested (Rs Crores)*	Share in its Profits (Rs Cr)
2011-12	Bisra Stone lime company Ltd.	NIL	-3.45
2012-13	Bisra Stone lime company Ltd.	NIL	-9.11
2013-14	Bisra Stone lime company Ltd.	NIL	-9.43
2014-15	Bisra Stone lime company Ltd.	NIL	-13.70
2015-16	Bisra Stone lime company Ltd.	NIL	-8.12

Subsidiaries(Consolidated)

year	Name of Subsidiary	Amount Invested Cumulative (Rs Crores)*	Total Share (Rs Cr)
2011-12	M/s EIL,OMDC & BSLC	361.02	-0.86
2012-13	M/s EIL,OMDC & BSLC	361.02	-1.93
2013-14	M/s EIL,OMDC & BSLC	361.02	-6.25
2014-15	M/s EIL,OMDC & BSLC	361.02	-11.33
2015-16	M/s EIL,OMDC & BSLC	361.02	-2.07

* Rs 361.02 Crores was invested by RINL in M/s Eastern Investments limited during FY 2010-11

Appendix-2

Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years

1. M/s International Coal Ventures PRIVATE LIMITED

Year	Name of Joint venture	Amount Invested Cumulative (Rs .Cr)	Share in Profits (Rs. Cr)
2011-12	International Coal Ventures PRIVATE LIMITED	1.00	0.00
2012-13	International Coal Ventures PRIVATE LIMITED	2.90	0.00
2013-14	International Coal Ventures PRIVATE LIMITED	2.90	0.00
2014-15	International Coal Ventures PRIVATE LIMITED	239.15	-61.82
2015-16	International Coal Ventures PRIVATE LIMITED	334.95	-106.72

2. M/s RINMOIL FERRO ALLOYS PRIVATE LIMITED

Year	Name of Joint venture	Amount Invested Cumulative (Rs .Cr)	Share in Profits (Rs. Cr)#
2011-12	RINMOIL FERRO ALLOYS PRIVATE LIMITED	0.10	0.00
2012-13	RINMOIL FERRO ALLOYS PRIVATE LIMITED	0.10	0.00
2013-14	RINMOIL FERRO ALLOYS PRIVATE LIMITED	0.10	0.00
2014-15	RINMOIL FERRO ALLOYS PRIVATE LIMITED	0.10	0.00
2015-16	RINMOIL FERRO ALLOYS PRIVATE LIMITED	0.10	0.00

3. M/s RINL POWERGRID TLT PRIVATE LIMITED (RPTPL)

Year	Name of Joint venture	Amount Invested Cumulative (Rs .Cr)	Share in Profits (Rs. Cr)#
2011-12	RINL POWERGRID TLT PRIVATE LIMITED	0.00	0.00
2012-13	RINL POWERGRID TLT PRIVATE LIMITED	0.00	0.00
2013-14	RINL POWERGRID TLT PRIVATE LIMITED	0.00	0.00
2014-15	RINL POWERGRID TLT PRIVATE LIMITED	0.00	0.00
2015-16	RINL POWERGRID TLT PRIVATE LIMITED	0.10	0.00

Consolidated Joint Ventures

Year	Name of Joint venture	Amount Invested Cumulative (Rs .Cr)	Total Share (Rs. Cr)#
2011-12	M/S ICVL, RINMOIL & RPTPL	1.10	0.00
2012-13	M/S ICVL, RINMOIL & RPTPL	3.00	0.00
2013-14	M/S ICVL, RINMOIL & RPTPL	3.00	0.00
2014-15	M/S ICVL, RINMOIL & RPTPL	239.25	-61.82
2015-16	M/S ICVL, RINMOIL & RPTPL	335.15	-106.72

RINMOIL & RPTPL has not started commercial operations

Appendix-3**CAPEX Contracts/ Projects running/ scheduled to be completed during 2017-18...1**

Sl. No	Name of Project	Actual Date / Anticipated date of Commissioning	Approved Cost / Estimated cost (Rs crs)	Exp. Planned 2017-18 (Rs crs)	Milestone in 2017-18	Date of Milestone
1	3rd Converter & 4th Caster	3rd Converter: July'15	975	150	4th Caster - Commissioning	31 st Jul '17
		4th Caster : July'16				
2	Cat-1 Capital Repairs of BF-1 & 2	BF-1: Dec'12	1663	100	Completion of Cat-1 Capital Repairs of BF-2	30 th Jun'17
		BF-2: July'15				
3	SP Productivity enhancement	Oct'16	488	50	Modernisation of Sinter M/C - 1	31 st May '17
					Modernisation of Sinter M/C - 2	30 th Sep '17
4	SMS Revamping	July'15	401	20	SMS-1 Modernisation of SMS-1 Converter - B	31 st May'17
5	Coke Oven Battery no.5	Dec'17	2858	250	1. Commencement of equipment erection works of CDCP5	30 th Jun '17
					2. Commissioning of Coke Route(From Battery-4 to BF-3) of Coal and Coke Handling system of COB5	31 st Jul 17
6	Turbo Blower-5	Sept'16	280	50	Commissioning	30 th Jun '17
7	Augmentation of water storage (KBR-2)	July'18	466	60	1.Completion of cut-off trench of embankment dyke	31 st Dec '17
					2.Completing feeding canal of additional water Reservoir	30 th Jan '18
					3.Completing Civil works of PH	31 st Mar '18
8	Central dispatch yard	Aug'18	321	50	1. Completion of buildings for Marketing, Traffic operating CDY project	31 st Oct '17
					2. Completion of Railway tracks for unloading yard.	28 th Feb '18
9	Wheel Plant	Sept'18	1683	200	1. Commissioning of the construction power system	30 th Jun '17
					2. Completion of Design & Engineering of Main Technological	31 st Mar '18
					3.Start of Plant equipment erection	31 st Mar '18

Continued....

CAPEX Contracts/ Projects running/ scheduled to be completed during 2017-18...2

Sl. No	Name of Project	Actual Date / Anticipated date of Commissioning	Approved Cost / Estimated cost (Rs crs)	Exp. Planned 2017-18 (Rs crs)	Milestone in 2017-18	Date of Milestone
10	Expansion to 6.3 Mtpa	June'11	12291	100	Part of the balance payment.	31 st Mar '18
11	Coke oven Battery Ph.1 &2	Oct'12	736	12	Part of the balance payment	31 st Mar '18
12	PCI (BF1 &BF2)	Sept'09	133	10	Part of the balance payment	31 st Mar '18
13	330 TPH Boiler-6	Dec'09	350	10	Part of the balance payment	31 st Mar '18
14	67.5 MW Power Plant (TG-5)	Dec'09	344	5	Part of the balance payment	31 st Mar '18
15	220 KV Augmentation	Aug'11	58	4	Part of the balance payment.	31 st Mar '18
16	Augmentation of Iron ore Storage	May'12	450	20	Part of the balance payment	31 st Mar '18
17	Captive Power Plant-2 (CPP_2)	Sept'13	677	30	Part of the balance payment	31 st Mar '18
18	Railway signalling system	Dec'17	62	10	Completion	31 st Dec'17
19	Twin LHF (SMS-2)	May'18	109	10	1.Completion of Piling works 2.Supply completion for major equipment	31 st Jul '17 31 st Mar '18
20	KBR-1 rectification works	Nov'16	59	25	Completion	31 st Dec '17
21	HP Nitrogen Compressor	Mar '18	41	10	Work completion	31 st Mar '18
22	110 MVA, 220/33 KV transformer SMS-2	Apr '18	17	5	Supply of Equipment	28 th Feb '18
23	Charging Crane & Slag yard crane SMS-2	May '18	33	15	Supply of Equipment	28 th Feb '18
24	Revamping of LMMM Furnace	Under finalisation	199	50	Pre-project activities	31 st Mar '18
25	Rebar Mill	Under finalisation	431	10	Pre-project activities	31 st Mar '18
26	Revamping and Modernisation of CCD	Under finalisation	640	10	Pre-project activities	31 st Mar '18
27	Desalination Plant	Under finalisation	757	5	Pre-project activities	31 st Mar '18
Total				1271*		

*Projects under monitoring in the MoU 2017-18. However, MoU target for CAPEX under 'Very Good' is Rs.1550 crs.

Appendix-4**Explanation for criteria from Annexure-II, Part –B not proposed as parameters for MoU 2017-18**

Sl. No	Criteria (Annexure-II, Part –B)	Remarks
1	New orders Received during the year	<i>Business Model is not order based.</i>
2	Development or Revenue from new products or product with new features	<i>Current Focus is on Stabilisation of new units.</i>
3	Completion of milestone of clients orders/ agreements without time overrun	<i>Business model is not order based.</i>
4	R&D, Innovation, Technology up-gradation parameter	<i>Current Focus is on adoption and harnessing of New Technologies as part of expansion and modernisation.</i>
5	Increase in Market share	<i>No independent / authentic mechanism available for reporting market share where more than 70% of the market space is controlled by secondary players. JPC Data available only w.r.t. production.</i>
6	Reduction in Inventory of more than one year old to Revenue from operations (Net)	<i>Not applicable</i>
7	Return (share of profit/loss) on Investment in JV	<i>JVs not yet operational</i>
8	Milestones with respect to subsidiary CPSEs not signing MoUs separately	<i>EIL is a shell company. OMDC was exempted as there were no operations.</i>
9	Parameters pertaining to milestones of Revival	<i>Not applicable</i>