

समझौता ज्ञापन

Memorandum of Understanding

2012-13

राष्ट्रीय इस्पात निगम लिमिटेड

Rashtriya Ispat Nigam Limited

&

इस्पात मंत्रालय

Ministry of Steel

MoU 2012-13
Approved by DPE/TF
Signed 

1

MEMORANDUM OF UNDERSTANDING
BETWEEN
RASHTRIYA ISPAT NIGAM LIMITED
AND
MINISTRY OF STEEL
2012-13

Rashtriya Ispat Nigam Limited (RINL) and Ministry of Steel (MOS) agree to enter into Memorandum of Understanding (MOU) for the year 2012-13.

The MOU contains the following parts:

- Part I : Vision, Mission and Objectives of RINL
- Part II : Autonomy and delegation of Financial Powers
- Part III : Performance Evaluation Parameters and Targets
- Part IV : Commitment / Assistance from the Government
- Part V : Action Plan for implementation and monitoring of MOU

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PART - I**1.0 VISION, MISSION AND OBJECTIVES OF RINL**

The Vision, Mission & Objectives of RINL, prepared with the participation of a cross section of employees, are brought out below:

VISION

To be a continuously growing world class company,

We shall

- harness our growth potential and sustain profitable growth
- deliver high quality and cost competitive products and be the first choice of customers
- create an inspiring work environment to unleash the creative energy of people
- achieve excellence in enterprise management
- be a respected corporate citizen, ensure clean and green environment and develop vibrant communities around us

MISSION

To attain 16 million tonne (Mt) liquid steel capacity through technological up-gradation, operational efficiency and expansion; augmentation of assured supply of raw materials; to produce steel at International Standards of Cost and Quality; and to meet the aspirations of the Stakeholders.

OBJECTIVES

- Stabilise 6.3 Mt expansion by 2012-13 with the mission to expand further in subsequent phases as per the corporate plan.
- Revamp existing Blast Furnaces to make them energy efficient to contemporary levels and in the process increase their capacity by 0.5 Mt each, thus total hot metal capacity to 7.5 Mt.
- Be amongst top five lowest cost liquid steel producers in the world.
- Achieve higher levels of customer satisfaction.
- Vibrant work culture in the organisation.
- Be proactive in conserving environment, maintaining high levels of safety and addressing social concerns.

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PART - II

2.0 AUTONOMY AND DELEGATION OF FINANCIAL POWERS

- 2.1 With conferment of Navratna status in Nov 2010, the company will use enhanced empowerment of the Board in cost effective and timely decisions on modernization, expansion, and acquisition / JV initiatives.

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PART - III

3.0 PERFORMANCE EVALUATION PARAMETERS AND TARGETS

3.1 RINL undertakes to achieve targets with respect to the identified parameters during 2012-13. These parameters are broadly divided into two categories i.e. **common parameters** and **specific parameters**.

3.2 The performance evaluation sheet for 2012-13 is given at Page-5.

3.3 Details of the performance evaluation parameters are brought out below:

3.3.1 The **common parameters** include **static financial parameters** and **dynamic parameters**. The static financial parameters are further divided into three groups, i.e. financial performance indicators, financial indicators and financial returns. The static financial parameters and targets for 2012-13 will be as per **Annexure A**.

The **dynamic parameters** include quality – defectives in saleable steel & production of value added steel, Customer satisfaction parameters - customer satisfaction index and improvement of marketing distribution network; HRM parameters as per MOU 2012-13 guidelines; R&D Project milestones and project implementation milestones & capital expenditure. These are indicated at **Annexure B, C, D, E and F** respectively.

3.3.2 The **specific parameters** have been divided into **sector specific (Annexure G)** and **enterprise specific parameters (Annexure-H)**, expenditure and projects for Sustainable Development (**Annexure I**) in line with MOU 2012-13 guidelines and DPE guidelines on Sustainable Development for CPSEs. CSR Expenditure and List of CSR Projects is at **Annexure J**.

3.3.3 Documentary evidence with respect to non-financial parameters will be submitted at the time of submission of Performance Evaluation Report.


3.4 Major assumptions made for financial estimates for 2012-13 are as under:

- i. Average Net Sales realisations (NSR per tonne) of ₹ 35,400/- and ₹ 23,700/- have been considered for Saleable Steel and Pig Iron respectively.
- ii. Prices of major raw materials considered are as follows:

Imported Coking coal	FOB Price (\$ per ton)
Imported Coking Coal (Hard)	230
Soft coking coal	163
Coal for PCI	170

Base prices considered for iron ore is given below:

Iron Ore	Price (₹ per ton)
Iron Ore Lump	4150
Iron Ore Fines	2590
CLO	4960

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PERFORMANCE EVALUATION FOR 2012-13

	Criteria	Units	Weightage (%)	Criterion values				
				Excellent	Very good (Budget)	Good	Fair	Poor
				1	2	3	4	5
1	Static financial parameters							
(a)	Financial performance indicators							
i	Gross margin/Gross block	%	2.0	6.31	6.01	5.71	5.42	5.15
ii	Net profit after tax / Net worth	%	10.0	2.56	2.44	2.32	2.20	2.09
iii	Gross profit / Capital employed	%	10.0	4.96	4.72	4.48	4.26	4.05
(b)	Financial indicators							
i	Gross margin	₹. Cr	8.0	1300	1275	1211	1151	1093
ii	Gross sales	₹. Cr	4.0	15300	15000	14250	13538	12861
(c)	Financial returns							
i	PBDIT / Total employment	₹. lac/employee	7.0	6.97	6.64	6.31	5.99	5.69
ii	Added value / Gross sales	%	9.0	-1.06	-1.11	-1.17	-1.22	-1.28
2	Dynamic parameters							
(d)	Quality							
i	Defectives in saleable steel	%	0.5	0.94	0.99	1.04	1.10	1.15
ii	Value added steel production in saleable steel	%	0.5	56	54	52	50	48
(e)	Customer Satisfaction							
i	Improvement of marketing distribution network	%	0.5	105	100	95	90	86
ii	Customer satisfaction index	Index	0.5	80	78	76	74	72
(f)	HRM							
i	Parameters as per Annexure XIV of MOU	-	5.0	As per Annexure D				
(g)	R&D							
i	R&D expenditure as % of PAT	%	2.5	1.05	1.00	0.95	0.90	0.86
ii	R&D projects implementation	Months	2.5	As per Annex E				
(h)	Project implementation							
i	Plant Expansion (6.3MTPA)	Months	5.0	1 month ahead	As per Annex F	1 month behind	2 months behind	3 months behind
(i)	Capital expenditure	₹. Cr	1.0	1260	1200	1140	1083	1029
(j)	Globalisation / JV s							
i	Commencement of Process of JV for Cement Plant	Months	1.0	Nov'12	Dec'12	Jan'13	Feb'13	Mar'13
(k)	Compliance to Corporate Governance							
i	Date of submission to DPE of completed data sheet for PE survey.	Date	1.0	15.09.12	01.10.12	15.10.12	31.10.12	After 31.10.12
ii	Grading/Score of CPSE on the basis of Compliance with guidelines on Corporate Governance issued by DPE(OM Dated 22.06.2011)	%	4.0	85 and above	75-84	60-74	50-59	Below 50
(l)	Compliance of Guidelines issued by DPE(OM Dated 20.01.2012)							
i	Issue of Bonus shares	-	-	Not Applicable				
ii	Reservation for SC, ST and OBC in appointment	Guidelines fully Complied	1.25	Yes	-	-	-	No
iii	Posting of Deputationists	Guidelines fully Complied	1.25	Yes	-	-	-	No
iv	Implementation of 2007 Pay Revision : As per Proforma - 1	% Compliance of Guidelines	1.25	100	80	60	40	20
v	Switching over from CDA to IDA pattern of pay scales : As per Proforma -2	% Compliance of Guidelines	1.25	100	80	60	40	20
(m)	Approval of the proposal for listing by the Board	Date	1.0	Feb'13	Mar'13	-	-	-
3	Sector-specific							
i	Saleable steel production	Mt	5.0	3.55	3.47	3.29	3.13	2.97
ii	BF productivity	t/cum/day	1.0	1.96	1.87	1.78	1.69	1.60
iii	LD converter productivity	tcs/cum/day	0.5	24.00	23.00	21.85	20.76	19.72
iv	Labour productivity	tcs/man/year	0.5	340	330	314	298	283
4	Enterprise-specific							
i	Frequency rate (safety)	Rate	1.0	0.50	0.67	0.64	0.60	0.57
ii	Sustainable Development	-	5.0	As per Annexure I				
iii	Specific energy consumption	Gcal/tcs	1.0	6.52	6.85	7.21	7.59	7.99
iv	Specific water consumption	cum/tcs	1.0	2.80	2.94	3.09	3.26	3.43
5	CSR							
i	Commitment of expenditure on CSR activities	₹.Cr	2.5	8.00	7.50	7.00	6.50	6.00
ii	CSR Projects	-	2.5	As per Annexure J				
			100.0					

1.00 -1.50 = Excellent; 1.51 - 2.50 = Very Good; 2.51 - 3.50 = Good; 3.51 - 4.50 = Fair; 4.51 - 5.00 = Poor

PART-IV

4.0 COMMITMENT / ASSISTANCE FROM THE GOVERNMENT

- 4.1 To help in allotment of iron ore and coal mines in the country to RINL as captive mines for meeting major raw material requirements.

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PART - V

5.0 ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF MOU

The performance of RINL with respect to MOU targets will be closely monitored on monthly basis by CMD, RINL. Quarterly review meetings will also be organized at Board level of RINL and also suitably at Ministry of Steel level to monitor the performance.



A.P. Choudhary
Chairman-cum-Managing Director
Rashtriya Ispat Nigam Ltd.



P.K. Misra
Secretary
Ministry of Steel, GOI

Dated: 21 MAR 2012

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Annexure-A

STATIC FINANCIAL PARAMETERS
2012-13

S.No.	Items	Unit	Budget
1 (a)	Financial performance indicators		
i	Gross margin / Gross block	%	6.01
ii	Net profit after tax / Net worth	%	2.44
iii	Gross profit / Capital employed @	%	4.72
1 (b)	Financial indicators		
i	Gross Margin	₹. Cr.	1275
ii	Gross Sales	₹. Cr.	15000
1 (c)	Financial returns		
i	PBDIT / Total employment #	₹. lakhs/employee	6.64
ii	Added value / Gross sales	%	-1.11

@ Increase in Net block of ₹ 8911.84 Cr is due to Capitalisation of New Units of 6.3MTPA expansion & other modernization projects

Increase in 998 number of Employees due to envisaged recruitment of new employees for 6.3 MPTA expansion

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Annexure-B

QUALITY & VALUE ADDED STEEL
2012-13

S.No.	Item	Unit	Budget
2 (d)	Quality		
i	Defectives in Saleable Steel	%	0.99
ii	Value Added Steel Production in Saleable Steel	%	54

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**CUSTOMER SATISFACTION PARAMETER
2012-13**

IMPROVEMENT OF MARKETING DISTRIBUTION NETWORK

S.No.	Item	Unit	Target
2(e) i	Improvement of Marketing Distribution Network		
	- Appointment of District Level Dealers (DLDs) / Rural Dealership Scheme(RDS) / CSAs	Nos.	100
	- Opening of new branches	Nos.	2
2(e) ii	Customer Satisfaction Index (CSI)	Index	78

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Annexure-D....continued

HRM Performance Evaluation
2012-13

Sl	HRM Performance Indicators	Measurement Unit	Weightage	Target Value Five Point Scale				
A	Competency & Leadership Development			Excellent (1)	Very Good Budget (2)	Good (3)	Fair (4)	Poor (5)
A1 Compulsory								
1	% actualization of training plan & training days per employee per year	% Fulfillment & Days/employee per year	5	100 4	95 3.8	90 3.6	85 3.4	80 3.2
2	Developing critical mass of leaders through a system of career planning & development	% coverage of identified leaders	5	100	95	90	85	80
3	Training budget as % of employee cost	% of employees cost	5	0.093	0.089	0.085	0.080	0.076
4	% fulfillment of training plan for multi-skilling / Skill Upgradation of non-executives	%	5	100	95	90	85	80
A2 Optional (out of below five, one is to be taken in the MOU)								
5	% of executives covered in 360 degree feedback system against plan	%						
6	% of senior level executives (HoDs & GMs and above) covered in Assessment & development centre	%						
7	Training interventions in new/advanced technology-% fulfillment of training plan in new technology (no. of employees covered 250)	%	5	100	95	90	85	80
8	Interventions towards Industry - Academia Interface	Yes/No: Details						
9	% fulfillment of plan for carrying out competency mapping of employees	%						
	Total		25					
B Performance Management								
10	To ensure implementation of Bell Curve approach in PMS rating	Yes / No	4					Yes
11	Linkage of Developmental Plan of Executives with performance management system	Yes / No	3					Yes
12	Implementation of PRP linked to PMS	Yes/No: Details	3					Yes
	Total		10					
Sl No	HRM Performance Indicators	Measurement Unit	Weightage	Target Value five point scale				
C Recruitment, Retention & Talent Management								
13	Manpower Rationalisation through - Voluntary Retirements - Redeployment Any Other	%	5	2.89	2.75	2.61	2.48	2.36
14	Attrition as % of Total employees	%	5	2.85	3.00	3.16	3.32	3.50
15	Presence of Mentorship Development Programme -Nos of Mentors and Mentees.	Yes/No : Numbers	5					Yes Mentors: 25; Mentees: 80
16	Formulation/Implementation of systems for management of Talent such as - Job rotation system, reward system, sponsoring sr. executives for Advanced Management Programme, growth opportunities etc.	Sponsoring Sr. executives for Advanced Management Programmes (Nos)	5	4	3	2	1	0
	Total		20					

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**HRM Performance Evaluation
2012-13**

Sl	HRM Performance Indicators	Measurement Unit	Weightage	Target Value Five Point Scale				
D Enabling Creativity and Innovation								
17	Nos. of Nominations/entries submitted for National Awards (PM Shram Awards, Vishwakarma Rashtriya Puraskar)	Nos. of Nominations/ entries submitted for national awards	5	8	6	4	2	0
18	Number of suggestions generated per employee per year	Nos. per employee	5	0.9	0.8	0.7	0.6	0.5
19	% of Quality Circle projects completed against total Quality Quality circle projects taken in a year	% fulfilment	5	100	95	90	85	80
	Total		15					
E Employee Relations & Welfare								
20	Effectiveness of Grievance Redressal system -% of grievances settled vis-à-vis received during the year	% settled (Within stipulated period under the schemes)	4	100	95	90	85	80
21	Introduction of Pension Scheme for Executives	Pension scheme for executives by Dec'12	2	Dec'12	Jan'13	Feb'13	Mar'13	-
22	Yoga Classes	Number of persons covered	2	125	100	90	80	70
23	Employee satisfaction survey -ESI measure in %	%	4	70	68	66	64	62
24	Formulation & implementation of social security scheme	Yes/No	4	Yes				
25	Number of structured meetings with employees' representatives	Number of meetings	4	315	300	285	271	257
	Total		20					
F HR Branding & Excellence-Indicate achievement in this field for initiatives such as:								
26	Participation in survey conducted by external agencies(Participation in best place to work for or such similar study)	Date	4	Feb'13	Mar'13	-	-	-
27	Organising culture building initiatives	Number of programs/ workshops conducted	3	3	2	1	-	-
28	Collaboration with Academic/ Professionals Institutes	Date	3	Feb'13	Mar'13	-	-	-
	Total		10					
	Grand Total		100					

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**R&D Projects - milestones
2012-13**

S.No. 2 (g) ii	Title of the Project	Performance indicator	Wt (%)	Target Value				
				Excellent	Very Good	Good	Fair	Poor
1	Development of value added ceramic product from solid waste – LD slag, BF slag, fly ash	Completion time	0.5	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13
2	Improvement in MgO-C brick to enhance converter life							
a	Lab Testing	Completion time	0.1	Apr-12	May-12	Jun-12	Jul-12	Aug-12
b	Procurement of Material	Completion time	0.1	Jun-12	Jul-12	Aug-12	Sep-12	Oct-12
c	Manufacturing of Brick	Completion time	0.2	Aug-12	Sep-12	Oct-12	Nov-12	Dec-12
d	Trial Testing	Completion time	0.1	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13
3	Enhancement of BF gas CV by separating CO ₂ & N ₂	Completion of CO ₂ separation	0.25	Jan-13	Feb-13	Mar-13	-	-
4	Sintering iron ore micro-fines (-100#) (Total Nos. of Experiment:70)	Completion of 50% of targeted experiments	0.5	Jan-13	Feb-13	Mar-13	-	-
5	Product Development	Nos	0.5	4	3	2	1	0
6	Approval of R&D Plan by Board	Completion time	0.25	Oct-12	Nov-12	Dec-12	Jan-13	Feb-13
		Total	2.5					

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**PROJECT IMPLEMENTATION
2012-13**

CAPITAL EXPENDITURE

S.No.	Project	Wt	Budget (₹.Cr)
2 (i)	Capital Expenditure	1	1200

PROJECT / MILESTONES

S.No.	Project / Milestone	Wt	Target (V Good)
2 (h) i	Project Implementation		
1	SMS-2 – Commencement of commissioning of CCM-2	0.5	May '12
2	STM – Commencement of testing of priority crane in Mill bay	0.5	May '12
3	ASU-V – Completion of major equipment erection work	0.5	Jun '12
4	SMS-2 – Commencement of commissioning of LF-2	0.5	Jul '12
5	PP-2 – Commencement of civil work	0.5	Jul '12
6	SMS-2 – Commencement of commissioning of RH	0.5	Aug '12
7	STM – Commencement of cold trials of water system	0.5	Nov '12
8	Commencement of commissioning of Coke Oven battery No. 4 Phase II	0.5	Nov '12
9	PP-2 – Start of equipment erection for water system	0.5	Dec '12
10	Commencement of commissioning of augmentation of iron ore storage in RMHP	0.5	Dec '12
	Total	5	

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Annexure-G

**SECTOR SPECIFIC PARAMETERS
2012-13**

S.No.	Items	Unit	Target
3	Sector Specific		
i	Saleable steel production	Mt	3.467
ii	BF productivity *	t /cum/day	1.87
iii	LD converter productivity *	tcs /cum/day	23.00
iv	Labour productivity *	tcs /man/year	330

* For efficiency parameters performance of only existing units is considered

Mt : million tons
t : ton
tcs : ton of crude steel
cum : cubic metres

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Annexure-H

**ENTERPRISE SPECIFIC PARAMETERS
2012-13**

S.No.	Items	Unit	Target
4	Enterprise Specific		
i	Frequency Rate (Safety)	Rate	0.67
ii	Specific Energy Consumption *	Gcal / tcs	6.85
iii	Specific Water Consumption *	cum / tcs	2.94

* For efficiency parameters performance of only existing units is considered

Gcal : Giga calories

tcs : ton of crude steel

cum : cubic metre

Frequency Rate = (No of reportable accidents/ Man-hours worked) x 10⁶

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Annexure-I... Continued

Sustainable Development Performance Targets
2012-13

SI No. 4 (ii)

S.No.	Activity	Yes/No No. and Date of Board Resolution
1	Whether Sepcific SD Plan and Budget passed by Board or its Designated Committee	
	1	2
Budget will be put up for Board Approval after finalisation of MOU		

Board Level Designated Committee Name	Chairman of Board Level Designated Committee	Number of regular meetings held	Key decisions during the year
1	2	3	4
Board Level Sub Committee will be constituted during 2012-13			

Total Score for this table	0.5
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Score allotted by Task Force	
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Target value as % of PAT					Total expenditure (Rs Lakhs in Current FY)	PAT (Rs Lakhs in Previous 2011-12) - Likely
Excellent	Very Good	Good	Fair	Poor		
0.22	0.21	0.2	0.19	0.18	77.4	37400

Total Score for this table	1.0
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Score allotted by Task Force	
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Annexure-I

Sustainable Development Performance Targets
2012-13

Table 3 : Projects Chosen by CPSE							Target Set				
S. No	Sch A/B	Project Activity	Weightage	Performance Indicator	Total Expenditure on Project Activity (in ₹. Lakhs)	Duration S/M/L	Excellent	Very Good	Good	Fair	Poor
							1	A	Migration from BS EN 15001 to ISO 50001 Energy Management System	0.5	Certification date
2	A	Registration of CDM Projects	0.5	No. of projects for which HCA obtained	10	S	4	3	2	1	0
3	A	Rain water harvesting at VSP Premises.	0.25	Order placement for civil works for construction of pond & pump house	1400	S	Aug'12	Sept'12	Oct '12	Nov'12	Dec'12
4	B	Installation of 20.6 MW waste heat recovery system on sinter straight line cooler	0.25	Completion date	15000	S	Oct '12	Nov '12	Dec '12	Jan '13	Feb '13
5	B	Training programmes on SD aspects	0.5	No. of programmes	16	S	20	18	16	14	12
6	B	Purchase of Renewable Energy Certificates(RECs) to offset carbon footprints	0.5	Date	-	S	Feb'13	Mar'13	-	-	-
Total Score for this table			2.5								

Score allotted by Task Force	
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Table 4 : Evaluation of Projects	
No. of Projects evaluated by an Independent External Agency/Expert/Consultant, etc.	
Status will be reported at the time of Evaluation	

Total Score for this table	0.5
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Score allotted by Task Force	
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Table 5 - Publication of SD Performance Report		
Activity	Yes/No	Mode of SD Report (If reported, whether a stand-alone SD Report or a part of Annual Report etc.)
1	2	3
SD Performance Report		
Status will be reported at the time of Evaluation		

Total Score for this table	0.5
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Score allotted by Task Force	
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Total Score for all tables	5.0
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Total Score allotted for all tables	
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Annexure-J

CSR PERFORMANCE

Sl No	CSR Performance Indicators	Measurement Unit	Weightage	Target Value				
				Excellent (1)	Very Good Budget (2)	Good (3)	Fair (4)	Poor (5)
A	CSR Expenditure			8.00	7.50	7.00	6.50	6.00
1	Commitment of expenditure on CSR Activities	₹. Cr	2.5					
	Total		2.5					
B	CSR Projects			Excellent (1)	Very Good Budget (2)	Good (3)	Fair (4)	Poor (5)
1	Sanskriti (Cultural efflorescence under peripheral development) - construction of Multi purpose halls in Rehabilitation colonies of RINL - laying of ground floor slabs for at least 2 buildings.	Date	0.3	Feb'13	Mar'13	-	-	-
2	Kalyan (Community Welfare) - construction of Function hall for SC colony residents of Kanithi, Visakhapatnam - Completion upto lintel level	Date	0.3	Jan'13	Feb'13	Mar'13	-	-
3	Suraksha (Medical Infrastructure) - construction of Dormitory for HIV/AIDS affected children in St. Joseph Hospital, Prathipadu - Laying of plinth beam.	Date	0.2	Nov'12	Dec'12	Jan'13	Feb'13	Mar'13
4	Jaladhara (Safe Drinking Water) - providing Safe drinking water supply to residents in Tribal villages of Visakhapatnam Agency area- using Gravity system to utilize natural spring water - Completion of collection tanks and laying of pipelines.	Date	0.4	Sep'12	Oct'12	Nov'12	Dec'12	Jan'13
5	Surya(New and Renewable sources of Energy) -providing Solar Street lights, lanterns and home lighting - Order Placement	Date	0.1	Nov'12	Dec'12	Jan'13	Feb'13	Mar'13
6	Impact assessment study in one village	Date	1.0	Sep'12	Oct'12	Nov'12	Dec'12	Jan'13
7	Saksham (Female Literacy and Women Empowerment) - Increasing the female literacy through literacy and skill development training for women empowerment in at least one model village	Date	0.2	Feb'13	Mar'13	-	-	-
	Total		2.5					
	Grand Total		5.0					

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Rashtriya Ispat Nigam Limited
Visakhapatnam Steel Plant

MoU.Plan- 2012-13

₹ Crores

	PARTICULARS	MOU-2011-12 (Anticipated)	MoU.Plan 2012-13 (Proposed)
I.	INCOME		
	% of net sales to Gross Sales	0.90	88.86%
	1.Pig Iron	1065.84	583.13
	2.Saleable Steel	12297.98	13850.44
	3.By-Products,Scrap etc.,	585.02	566.90
	Total Gross Sales:	13948.84	15000.47
	1. Excise Duty		1304.09
	2. Freight Outward		366.76
	3. JPC Cess		0.00
	Total	1582.72	1670.84
	Net Sales	12366.13	13329.63
	Export Benefits	7.81	15.79
	Power Export	0.00	0.00
	Interest on deposits	198.23	25.00
	Interest other than deposits	39.84	28.58
	Internal Steel for Expansion	0.00	0.00
	Misc. Income	81.52	78.71
	Total Income	12693.53	13477.70
II.	EXPENDITURE		
	Stock Accretion(-)/Decretion	-220.45	-26.77
	Raw Materials	8423.66	8617.72
	Stores,Spares & Consumables	495.45	650.00
	Employee Remunerartion	1460.35	1680.00
	Power,Fuel & Water	514.23	576.94
	Repair & Maintenance	178.70	285.00
	Other Expenses	345.17	419.46
	Total Expenditure	11197.10	12202.36
III.	Gross Margin	1496.43	1275.35
	Interest	187.08	293.26
IV.	Cash Profit	1309.35	982.09
	Depreciation	345.00	595.03
	DRE written off	0.00	0.00
V.	Net Profit (before Tax)	964.35	387.06
	Income Tax	313.02	77.44

Rashtriya Ispat Nigam Limited
Visakhapatnam Steel Plant
Balance Sheets

Rs Crore

	As on 31.3.2012 (Anticipated)	As on 31.3.2013 (Projected)
Share Capital	7727.32	6346.82
Reserves & Surplus	6053.23	6362.85
Loans-Secured	946.95	946.95
Loans Unsecured	2557.07	4207.07
Deferred Tax Liability	6.00	6.00
Total	17290.57	17869.69
Fixed Assets		
Gross Block	10294.60	21208.38
Depreciation	8609.71	9204.74
Net Block	1684.89	12003.64
Held for disposal	0.03	0.03
Capital Work in progress	11426.71	3033.98
Investments	362.58	422.58
Working Capital	2267.94	2347.24
Term Deposits with Banks	1548.42	62.22
Total	17290.57	17869.69

TREND OF CPSE'S PERFORMANCE ON FINANCIAL PARAMETERS FOR LAST FIVE YEARS

Particulars	Unit	2007-08		2008-09		2009-10		2010-11		2011-12		Projected as on 31.3.2012	2012-13 Projected
		MOU (Revised)	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL		
Production (Saleable Steel)	6001	3210.00	3075.00	3080.00	2701.00	3080.00	3167.00	3100.00	3077.00	3467.00	3060.00	3467.00	3467.00
Gross Sales	₹ Crores	9583.76	10431.07	10500.46	10410.63	9660.86	10634.63	10500.00	11516.99	13606.53	13948.84	15000.47	15000.47
Gross Margin	%	2482.79	3514.93	2400.00	2355.51	706.71	1602.37	1000.00	1412.15	800.38	1496.43	1275.35	1275.35
Profit before tax	₹ Crores	1707.49	2995.36	1958.09	401.71	1247.65	438.21	981.66	981.66	29.21	964.35	387.05	387.05
Gross Block	₹ Crores	9295.87	8900.83	9421.94	9005.99	9450.63	9421.94	15987.89	9794.60	19417.90	10294.60	21208.38	21208.38
Less dep	₹ Crores	7396.16	7516.18	7807.05	7749.74	8006.19	8008.55	8347.04	8264.71	8841.88	8609.71	9204.74	9204.74
Net block	₹ Crores	1899.71	1384.64	1614.89	1256.25	1444.44	1465.35	7640.85	1529.89	10576.02	1684.89	12603.64	12603.64
Share capital of CPSE	₹ Crores	6782.32	7827.32	6282.32	7827.32	7827.32	7827.32	7827.32	7827.32	7827.32	7727.32	6346.82	6346.82
Reserves & surplus of CPSE	₹ Crores	3079.99	3653.72	4365.13	4592.59	4927.48	5057.68	5137.63	5401.90	5384.03	6053.23	6362.85	6362.85
Less deferred revenue exp./ pre-acquisition loss	₹ Crores	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less Profit & Loss A/c	₹ Crores	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net worth of CPSE	₹ Crores	9862.31	11481.04	10647.45	12419.91	12754.80	12885.00	12964.95	13229.22	13111.35	13780.55	12709.67	12709.67
Investment	₹ Crores	0.05	0.05	0.05	0.05	0.05	0.25	0.25	361.60	361.60	362.58	412.58	412.58
Sundry debtors/sales	₹ Crores	93.41	93.41	191.27	191.27	181.18	181.18	330.61	330.61	330.61	362.58	412.58	412.58
Inventory	₹ Crores	1761.15	1761.15	3215.28	3215.28	2451.52	2451.52	3354.71	3354.71	3354.71	362.58	412.58	412.58
Total Current assets	₹ Crores	7171.79	11894.59	5489.49	11859.32	6802.36	9550.66	5460.14	7625.21	4620.81	8850.08	7363.85	7363.85
Total current liabilities & provision	₹ Crores	1619.21	3191.62	1852.73	4181.32	1811.26	4307.84	3186.77	4607.49	2703.39	5033.72	4954.43	4954.43
Net current assets	₹ Crores	5552.58	8611.97	3636.76	7678.00	4991.10	5242.82	2273.38	3017.72	1917.41	3816.36	2409.45	2409.45
Capital employed (Net block + net current assets) @	₹ Crores	7452.29	9997.61	5251.66	8934.25	6435.54	6708.17	9914.23	4847.61	12493.43	5501.25	14413.10	14413.10
Total debt (loan funds)	₹ Crores	471.19	440.73	1050.00	1007.76	440.73	1232.55	3357.76	1136.76	2664.50	3504.02	5154.02	5154.02
Total assets	₹ Crores	10345.22	11481.04	11901.58	12419.91	13393.26	12885.00	12964.95	13229.22	13164.18	13780.55	12715.67	12715.67
No. of employees of CPSE #	No.	16466	16416	16668	17225	18206	17810	18982	17829.00	19220.00	18202.00	19200.00	19200.00
Dividend paid	₹ Crores	0.00	0.00	0.00	339.18	0.00	285.29	0.00	271.47	0.00	0.00	0.00	0.00
Added value (gross margin less capital recovery factor 4% of capital employed for social sector and 10% for other CPSE)	₹ Crores	1737.56	2515.17	1774.83	1462.08	63.16	931.55	8.58	957.39	-448.96	946.30	-165.96	-165.96
Ratio													
Debt/equity		0.10	0.09	0.21	0.21	0.09	0.25	0.69	0.23	0.54	0.72	1.05	1.05
Return on Net worth (% age)	%	13.88	16.92	12.07	10.75	2.04	6.18	0.98	4.98	0.69	4.73	2.44	2.44
EBDIT/ Total employment of CPSE (Rs.)	₹ in Lakhs	1508	2143	1364	1401	388	839	527	792	416	822	664	664
Gross Profit/Capital employed (% age)	%	49.22	99.10	51.09	59.47	3.00	59.96	6.53	25.20	1.74	20.93	4.72	4.72
Net Profit / Net Worth (% age)	%	13.88	16.92	12.07	10.75	2.04	6.18	0.98	4.98	0.69	4.73	2.44	2.44
Working of gross margin													
Net profit	₹ Crores	1369.11	1942.74	1285.14	1335.57	260.75	796.67	126.63	658.49	89.88	651.33	309.61	309.61
Tax	₹ Crores	762.96	1053.22	672.96	691.02	140.97	450.98	311.57	323.17	-60.67	313.02	77.44	77.44
Net profit before tax	₹ Crores	2132.00	2995.96	1958.09	2026.59	401.71	1247.65	438.20	981.66	29.21	964.35	387.05	387.05
add Prior period	₹ Crores	0.00	0.58	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
add extra ordinary items	₹ Crores	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit before prior period	₹ Crores	2132.00	2996.54	1958.09	2026.59	401.71	1247.65	438.20	981.66	29.21	964.35	387.05	387.05
add Interest	₹ Crores	24.80	31.67	35.50	88.14	60.00	77.55	209.50	164.55	187.84	187.08	293.26	293.26
Gross profit	₹ Crores	2156.84	3028.11	1993.59	2114.73	461.71	1325.20	647.70	1146.21	217.05	1151.43	680.31	680.31
add depreciation	₹ Crores	311.00	471.87	306.41	340.78	245.00	277.17	352.30	265.94	583.33	345.00	595.03	595.03
Misc. expenditure written off	₹ Crores	14.95	14.95	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Margin before Interest, depreciation & misc. expenditure written off	₹ Crores	2482.79	3514.93	2300.00	2355.51	706.71	1602.37	1000.00	1412.15	800.38	1496.43	1275.35	1275.35

Note: Ratios arrived are calculated as per agreed MOU terms.

* Increase in Net block of ₹ 8911.84 Cr is due to Capitalisation of New Units of 5.MTPA expansion & other modernisation projects
Increase in 988 number of Employees is due to unutilized recruitments of new employees for 1.3 MTPA expansion

Annexure-X

Self declaration/certification by CPSE

It is hereby certified that the targets and actual achievements in respect of financial parameters have been worked out as per MoU Guidelines by adopting the norms and definitions laid down in MoU Guidelines for the year 2012-13. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per audited accounts as per MoU Guidelines. CPSE has no right of claim in this regard.



Authorized Signatory

प्रकाश सी दास-PRAKASH C DAS
मह. प्रबंधक (सी एस एम)
General Manager (CSM)
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