


**समझौता ज्ञापन**  
**Memorandum of Understanding**  
**2016-17**

**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**  
**2016-17**

Rashtriya Ispat Nigam Limited (RINL) and Ministry of Steel (MOS) agree to enter into Memorandum of Understanding (MOU) for the year 2016-17.

The MOU contains the following parts:

- Part I : Performance Evaluation Parameters and Targets in Form-I, Part-A**
- Part II : Trend Analysis in Form-I, Part-B**

**PART – I**

**1.0 PERFORMANCE EVALUATION PARAMETERS AND TARGETS**

- 1.1 RINL undertakes to achieve targets with respect to the identified parameters during 2016-17.
- 1.2 The performance evaluation sheet for 2016-17 in Form-1, Part-A is given at Page-3.

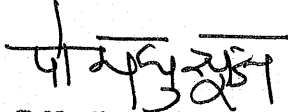
## Form-1, Part-A (Performance Evaluation for MoU 2016-17)

Sl No	PARTICULARS	Unit	Wtg. (%)	2016-17 MoU Targets				
				Excellent	V.Good	Good	Fair	Poor
i	<b>Capacity Utilisation</b>							
	Saleable Steel Production	Mt	10	4.540	4.324	4.108	3.902	3.707
ii	<b>A. Efficiency Parameters (Physical operations)</b>							
	Reduction in Specific energy consumption as compared to previous year	%	5	4.0	3.0	2.5	2.0	1.0
	Increase in productivity of BF-3 (on 2 BF operation days) as compared to previous year	%	5	9	8	7	6	5
	<b>B. Technology up-gradation</b>							
	Commissioning of Pulverised Coke Injection (PCI) in Blast Furnace-2	Date	5	15-02-2017	28-02-2017	10-03-2017	20-03-2017	31-03-2017
iii	<b>Leveraging Net Worth</b>							
	CAPEX	₹ Rs. Cr	15	1377	1350	1283	1218	1157
iv	<b>Monitoring Parameter</b>							
	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 (Projects at Annexure-1)	%	5	100	90	80	70	60
v	<b>Turnover from operations</b>							
	Revenue from Operations (Net of Excise duty)	₹ Rs. Cr	5	11500	11250	11000	10750	10500
vi	<b>Operating Profit / Surplus</b>							
	Reduction in Loss (Loss before tax adjustment excluding other income, Extraordinary and Exceptional items) over previous year	%	10	100	10	8	6	4
vii	<b>Early Signs of weakness</b>							
	Reduction in claims against the company not acknowledged as debt over the previous year Claims raised by CPSEs	%	5	100	75	60	40	20
viii	<b>Marketing Efficiency Ratios</b>							
	A. No. of days of inventory of Finished goods and Work-in-progress to sale of products	No. of days	5	32	34	36	38	40
	B. Trade Receivables as %age of Revenue from Operations (Gross)	%	5	8.64	8.81	9.27	9.76	10.28
ix	<b>Return on Investment</b>							
c	<b>Loss making CPSEs or CPSEs having accumulated losses</b>							
i	Reduction in total expenses (excluding Interest & Depreciation) per tonne of crude steel over previous year	%	10	2.00	1.50	1.25	1.00	0.75
ii	Increase in production of Value Added Steel over previous year	%	5	3.0	2.5	2.0	1.5	1.0
iii	Increase in Capacity Utilisation of WRM-2 over previous year	%	5	50	45	40	35	30
x	<b>Sector Specific Targets</b>							
	Increase in Power Generation from Waste Heat Recovery over previous year	%	5	7	5	4	3	2
	<b>Total</b>		100					

MoU 2016-17  
Approved by IMC

Signed /

- 1) It was decided that where achievement is not verifiable from annual report of the CPSE, the same would be accepted on the basis of certification by way of resolution from Board of Directors.
- 2) It was noted that the targets approved by IMC are based on Provisional figures submitted by the company for FY 2015-16. In case of better performance of the CPSE during the year 2015-16 as compared to Provisional figures, the difference between actual figures and provisional figures shall be added to the targets of 2016-17.
- 3) The targets are unconditional and no offset will be allowed under any condition. Further, evaluation would be subject to compliance of additional eligibility criteria as mentioned in para 14.2/14.3 of MoU guidelines 2016-17.




**P Madhusudan**  
Chairman-cum-Managing Director  
Rashtriya Ispat Nigam Ltd.



**Aruna Sundararajan**  
Secretary  
Ministry of Steel, GOI

Date:

MoU 2016-17  
Approved by IMC  
Signed 

## Annexure-1

**CAPEX contracts/ projects running/ scheduled to be completed during 2016-17**

Sl. No.	Name of the Project	Schedule Date of Completion	Estimated Project Cost (₹Cr)
Projects being entered in OCMS of MoSPI			
1	Turbo Blower-5	Sept'16	280
Other Projects Costing ₹ 150 Cr & above to be included in OCMS of MoSPI			
2	Coke Oven Battery-5	Dec'17	2858

## PART – II (Trend Analysis) Form-1, Part-B

Sl.No.	PARTICULARS	Unit	2011-12	2012-13	2013-14	2014-15	2015-16 (Audited)	2016-17 Projected
(i)	Capacity Utilisation (Based on Part A)							
	Saleable Steel Production	Mt	2.990	2.900	3.016	3.017	3.513	4.324
(ii)	Efficiency Parameters (Physical operations) - Based on Part A							
	Specific Energy Consumption	Gcal/tCS	6.06	6.31	6.19	6.37	6.40	6.21
	BF-3 Productivity (on 2 BF operation days)	Cum/tCS	-	-	-	-	1.76	1.90
(iii)	CAPEX	Rs Crs	1896.45	1287.43	1512.06	1623.11	1491.63	1350.00
(iv)	Paid-Up Share Capital	Rs Crs	7727.32	6346.82	5739.85	5189.85	4889.85	4889.85
(v)	Accumulated Reserves	Rs Crs	5931.97	6130.50	6400.89	6404.08	4983.35	3180.33
(vi)	Net worth	Rs Crs	13659.29	12477.32	12140.74	11593.93	9873.20	8070.18
(vii)	Borrowings (shown in Non-Current Liability)	Rs Crs	0.00	1241.56	1203.53	66.52	3805.48	5935.48
(viii)	Borrowings/ Networth	%	0.00	9.95	9.91	0.57	38.54	73.55
(ix)	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 (wherever applicable)	%						90.00
(x)	Revenue from Operations (Gross)	Rs Crs	14570.19	13565.28	13431.48	10432.17	10132.90	12484.97
(xi)	Revenue from Operations (Net of Excise duty)	Rs Crs	13251.04	12110.69	12028.33	9314.36	8989.50	11249.96
(xii)	Profit before Tax	Rs Crs	1110.01	526.47	549.15	103.35	-1417.23	-1803.02
(xiii)	Other income							
	interest	Rs Crs	249.56	233.33	180.05	67.20	88.76	53.40
	dividend	Rs Crs	0.48	0.13	0.11	0.01	0.00	0.00
	others	Rs Crs	78.35	221.96	126.83	189.08	258.92	65.70
	<b>Total</b>	Rs Crs	<b>328.39</b>	<b>455.42</b>	<b>306.99</b>	<b>256.29</b>	<b>347.68</b>	<b>119.10</b>
(xiv)	Extraordinary Items and Prior Period Adjustments	Rs Crs	-6.24	-15.06	-1.88	-5.33	-370.77	0.00
(xv)	Exceptional items	Rs Crs	0.00	0.00	0.00	0.00	0.00	0.00
(xvi)	Profit before Tax (excluding other income, Extraordinary, Exceptional items and PPA)	Rs Crs	775.38	55.99	240.28	-158.27	-2135.68	-1922.12
(xvii)	Profit after Tax	Rs Crs	751.46	352.83	366.45	62.38	-1420.64	-1803.02
(xviii)	Revenue from operations (Net)/ Total Expenses (excluding extra ordinary/exceptional items, if shown separately and tax (income tax ) expense, PPA)	%	106.22	100.46	102.04	98.33	80.80	85.41
(xix)	closing inventory of finished goods	Rs Crs	253.33	458.75	365.44	1211.86	454.62	601.97
(xx)	closing inventory of work-in-progress	Rs Crs	225.87	369.88	341.15	339.87	405.71	450.31
(xxi)	Sale of Products (Net of Excise duty)	Rs Crs	13142.72	12008.51	11961.02	9282.34	8915.94	11227.91
(xxii)	Number of days of Inventory of Finished goods and work-in-progress to Sale of products (wherever applicable)	No. of Days	13	25	22	61	35	34
(xxiii)	Trade Receivables of over 6 months	Rs Crs	20.34	33.98	20.87	22.25	34.19	32.77
(xxiv)	Trade Receivables (Total)	Rs Crs	427.15	1009.65	803.65	1035.43	958.11	1100.00
(xxv)	Trade Receivables as a percentage of Revenue from Operations (Gross)	%	2.93	7.44	5.98	9.93	9.46	8.81
(xxvi)	Cash and Bank Balance	Rs Crs	2068.34	1625.02	175.89	63.94	45.56	45.56
(xxvii)	PAT/Networth	%	5.50	2.83	3.02	0.54	-14.39	-22.34
(xxviii)	Dividend/PAT	%	25.01	35.86	25.28	40.64	0.00	0.00
(xxix)	Dividend/Networth or Surplus/Networth	%	1.38	1.01	0.76	0.22	0.00	0.00
(xxx)	Claims against the company not acknowledged as debt							
	By Central Government Depts	Rs Crs	384.04	408.54	438.01	407.02	423.03	423.03
	By State Depts	Rs Crs	1893.77	2184.61	2351.16	2112.03	1386.98	1386.98
	By CPSEs	Rs Crs	32.34	25.14	30.82	75.30	79.47	79.47
	By others	Rs Crs	496.23	554.27	738.89	1020.10	979.19	979.19
(xxxi)	CPSE specific/sector specific (List all from Part A) Power Generation from Waste Heat Recovery	MW	21.77	26.54	26.83	23.31	25.89	27.18
(xxxii)	Resources Raised	Rs Crs	1439.65	2326.3	43.46	3707.27	1740.42	2630
(xxxiii)	Surplus Redeployed		Not Applicable as RINL does not have surplus resources for re-deployment					
(xxxiv)	Major Expenses							
	1. Cost of Raw Material Consumed	Rs Crs	8422.55	8046.49	6967.25	5127.54	4141.59	6161.31
	2. Employee Benefits	Rs Crs	1466.67	1469.07	1751.10	1918.16	1923.20	2150.00
	3. Other Expenses	Rs Crs	1987.18	2296.75	2441.45	2541.76	2913.15	3488.13

**Self-declaration/Certification by CPSE**

It is hereby certified that the targets /actual achievements in respect of MoU parameters have been worked out as per MoU Guidelines by adopting norms and definitions laid down in MOU Guidelines for the year 2016-17. In case, any deviation is found at point of time, DPE is free to evaluate as per MoU Guidelines. CPSE has no right to claim in this regard.



Authorised Signatory  
अनित इडिकुल्ला - ANITA IDICULLA  
महा प्रबंधक - General Manager  
सी एस एम विभाग - CSM Deptt.  
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