


समझौता ज्ञापन
Memorandum of Understanding
2018-19

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

2018-19

Rashtriya Ispat Nigam Limited (RINL) and Ministry of Steel (MoS) agree to enter into Memorandum of Understanding (MOU) for the year 2018-19.

The MOU contains the following annexures in accordance with MoU Guidelines for 2017-18 and onwards 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 (Estimated)	Best in 5 years	MoU Target for the year 2018-19					% Improv.#
						Excel 100%	V.G. 80%	Good 60%	Fair 40%	Poor 20%	
1	Turnover	Rs. Crore	10	14333	12111	22000	21000	20000	19000	18000	46.52%
	Revenue from Operations										
2	Operating Profit/Loss			Op. Loss Rs. 1554 Cr.*	Op. Profit Rs. 240 Cr*	100	30	20	10	5	-
	Reduction in operating Loss/ Deficit (s) over previous year	%	20								
3	Return on investment:			109.53 * (%TE/TI)	95.57 * (%TE/TI)	12.0	2.0	1.5	1.0	0.5	-
	Reduction in Total Expenses as a percentage of Total Income as compared to previous year	%	20								
Total (A)			50								
Part-B											
1	Production of Saleable Steel	Mt	10	4.5	3.85	5.8	5.5	5.4	5.3	5.2	22.22%
2	Improvement in Specific Water Consumption	%	3	2.40 * Cum/tCS	2.32* Cum/tCS	4	3	2	1	0.5	-
3	CAPEX	Rs. Crore	10	1550	1623	1450	1400	1350	1300	1250	-
4	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 .	%	3	92	91	100	90	85	80	75	-
5	Inventory of finished goods and work in progress to Revenue from operations (Net)	Days	3	59	63	40	42	44	45	47	28.81%
6	Trade Receivables (Net) as number of days of Revenue from Operations (Gross)	Days	3	25	22	20	21	22	23	24	16%
7	Reduction in claims against the Company not acknowledged as debt (overall)	%	4	Rs. 2998 Cr* Closing Bal.	Rs. 2869 Cr* Closing Bal.	6	5	4	3	2	-
8	Increase in Production of Dolomite over previous year in the subsidiary i.e. Bisra Stone Lime Company Limited	%	3	5.40 Lac t*	4.82 Lac t*	50	40	30	20	10	-
9	HRM related parameters:										
A	Assessment of level in line with People Capability Maturity Model (PCMM) or its equivalent in the CPSE & placing the matter before the Board for taking a decision whether to go for up-gradation in level and, if yes, getting the approval for the timelines from the Board and if no, justifiable reason to be recorded in the Board Resolution	Date	4	-	-	15.12.18	15.01.19	31.01.19	15.02.19	28.02.19	-
B	Online Human Resource Management System (HRMS) Implementation (consisting of online employee data administration, employee self-service, exit procedure, talent management, etc.) and its integration with finance	Date	4	-	-	15.12.18	15.01.19	31.01.19	15.02.19	28.02.19	-
10	Other Sector Specific Result Oriented Parameter: Registration of new MSE Vendors/Start-up Entrepreneurs with GST No.	Nos	3	72	75	50	48	46	44	22	-
Total (B)			50								

Improvement worked out on Very Good target for MoU over Current year estimated figures;

* Figures in Absolute Terms

प. मधुसूदन
P Madhusudan

Chairman-cum-Managing Director
Rashtriya Ispat Nigam Ltd.

Date : 24/05/18

Dr. Aruna Sharma
Secretary

Ministry of Steel, Gol

डा. अरुणा शर्मा / DR. ARUNA SHARMA

सचिव / Secretary
इस्पात मंत्रालय / Ministry of Steel
भारत सरकार / Govt. of India
नई दिल्ली / New Delhi

Part-A (Trend Analysis)

Sl	Financial Performance Criteria	Unit	Target v/s Actual	2012- 13	2013- 14	2014- 15	2015- 16	2016- 17	2017-18	
									Actual upto Sep-17	Estimated
1	Revenue from Operations -Gross	Rs. crore		13565	13431	10432	10163	12419	5819	14596
	Revenue from Operations -Net		Actual	12111	12028	9314	9020	11141	5556	14333
	MoU		13712	14141	10740	10697	11250	6569	14307	
2	a. Profit before Tax	Rs. crore		526	549	103	-1702	-1690	-874	-1382
	b. Other Incomes			455	307	256	348	260	102	172
	c. Extraordinary & Exceptional items			-	-	-	-	-	-	-
	d. Prior Period Items			-15	-2	-5	-	-	-	-
	e. Operating Profit/ Loss (a-b+/-c+/-d)		Actual	56	240	-158	-2050	-1951	-975	-1554
	MoU		255	-21	223	77	-1922	-1071	-1619	
3	a. PAT	Rs. crore		353	366	62	-1604	-1263	-726	-858
	b. Net Worth at year end			12477	12141	11594	9914	8651	7828	7712
	c. Average Net worth			13068	12309	11867	10754	9282	8239	8141
	d. PAT/ Net Worth (Avg.)	%	Actual	2.70	2.97	0.52	-14.92	-13.61	-8.85	-10.54
		MoU	2.40	0.80	2.48	0.96	-18.65	-	-18.84	
	e. Paid-up Share Capital	Rs. crore		6347	5740	5190	4890	4890	4890	4890
	f. Gol share	%		100	100	100	100	100	100	100
	g. Reserves and surplus	Rs. crore		6131	6401	6404	5024	3761	2938	2822
4	Total Expenses	Rs. crore		12055	11788	9473	11070	13092	6531	15887
5	Total Incomes	crore		12566	12335	9571	9369	11401	5658	14506
6	Total expenses/ Total Incomes	%		96	96	99	118	115	115	109.53
7	Detail of other incomes									
	a. Interest	Rs. crore		233	180	67	89	66	22	56
	b. Dividend			0.13	0.11	0.01	0.00	0.15	0.09	0.09
	c. Other Incomes			222	127	189	259	194	80	116
	d. Total			455	307	256	348	260	102	172
8	a. Cash and Bank Balance and equivalent	Rs. crore		1625	176	64	46	54	53	80
	b. Investment in mutual funds			-	-	-	-	-	-	-
	c. Investment in shares other than subsidiary/ JVs)			-	-	-	-	-	-	-
	d. Total (a+b+c)			1625	176	64	46	54	53	80
	e. Cash credit			597	819	2220	2353	3971	4388	4153
	f. Short-Term Borrowings			3062	2921	5225	4232	4078	4509	5059
	g. Balance in Current account			5	55	3	15	9	23	20.51
9	Dividend paid/ declared for the year, excluding Dividend Tax	Rs. crore		127	93	25	-	-	-	-

Annexure III

Part-B (Trend Analysis)

Sl. No.	Performance Criteria	Unit	Target v/s Actual	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
									Actual upto Sep-17	Estimated
1	Installed Capacity in respect of Saleable Steel	Mt		2.66	3.22	5.27	4.81	4.97	2.72	5.57
2	Capacity Utilisation in respect of Saleable Steel	Mt	Actual	2.90	3.02	3.02	3.51	3.85	1.96	4.50
			MoU	3.47	3.47	4.15	4.00	4.32	1.98	4.80
3	Contribution of Saleable Steel product in sales.	%		73	89	92	94	94	94	94
4	New orders received during the year *	Rs. Cr.	Actual							
			MoU							
5	Exports as a percentage of Revenue from operations	%	Actual	4.57	5.58	4.04	4.14	8.77	10.89	11.46
			MoU	4.61	3.41	8.82	10.64	9.07	8.58	8.54
6	Development or Revenue from new products or product with new features *		Actual							
			MoU							
7	Production efficiency parameter-Specific Water Consumption	cum/tCS	Actual	2.23	2.36	2.19	2.64	3.10	1.61	3.70
			MoU	1.87	2.08	-	-	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	1287	1512	1623	1492	1406	658	1550
			MoU	1200	1000	1535	1402	1350	643	1550
12	CAPEX contracts/ projects running/ completed without time/ cost overrun to total value of CAPEX	%	Actual	-	-	-	-	91	92	92
			MoU	-	-	-	-	90	90	90
13	Inventory of finished goods and work in progress	Rs. Cr.		2084	2065	3130	1873	2344	3017	2332
14	Inventory of finished goods and work in progress to RO(Net)	Days	Actual	63	63	123	76	77	99	59
			MoU	-	-	-	-	66	68	63
15	Inventory of finished goods of more than one year *	Rs. Cr.	Actual							
16	Inventory of finished goods of more than one year as a percentage of RO *	%	Actual							
			MoU							
17	Trade Receivables (net)	Rs. crore	Actual	1010	804	1035	958	879	805	996
			MoU	331	800	1555	1235	1100	912	912
18	Trade Receivables (Net) as number of days of Revenue from Operations (Gross)	No of Days	Actual	27	22	36	35	26	25	25
			MoU	-	-	-	-	32	23	21

Part-B (Trend Analysis)...continued

Sl. No.	Performance Criteria	Unit	Target v/s Actual	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
									Actual upto Sep-17	Est.
19	Claims against the Company not acknowledged as debt raised by*:									
	Central Government Departments	Rs. crore		409	438	407	423	438	438	422
	State Governments/ Local Authorities			2185	2351	2112	1387	1440	1440	1502
	CPSEs			25	31	75	79	6	6	6
	Others			554	739	1020	979	1084	1084	1068
	Total		Actual	3173	3559	3614	2869	2968	2968	2998
	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	Other specific result-oriented parameters : Registration of new MSE Vendors/Start-up Entrepreneurs with GST No.	Nos.	Actual	70	68	71	69	75	32	72
			MoU	-	-	-	-	-	-	-

*Explanation for criteria not proposed as parameters in Annexure-2 and trends of the same in Annexure-3 in MoU 2018-19 brought out at Appendix-3.

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

Based on Consolidated P&L of M/S EIL:

Year	Name of Subsidiary	Amount Invested Cumulative (Rs Crores)*	Total Share (Rs Cr)
2012-13	M/s Eastern Investments Limited	361.02	-1.94
2013-14	M/s Eastern Investments Limited	361.02	-6.33
2014-15	M/s Eastern Investments Limited	361.02	-11.37
2015-16	M/s Eastern Investments Limited	361.02	-2.77
2016-17	M/s Eastern Investments Limited	361.02	-5.27

* 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)
2012-13	International Coal Ventures PRIVATE LIMITED	4.3	0.00
2013-14	International Coal Ventures PRIVATE LIMITED	4.3	0.00
2014-15	International Coal Ventures PRIVATE LIMITED	240.56	-61.82
2015-16	International Coal Ventures PRIVATE LIMITED	336.36	-201.94
2016-17	International Coal Ventures PRIVATE LIMITED	376.35	-17.83

2. M/s RINMOIL FERRO ALLOYS PRIVATE LIMITED

Year	Name of Joint venture	Amount Invested Cumulative (Rs .Cr)	Share in Profits (Rs. Cr)#
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
2016-17	RINMOIL FERRO ALLOYS PRIVATE LIMITED	0.10	-0.03

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

Year	Name of Joint venture	Amount Invested Cumulative (Rs .Cr)	Share in Profits (Rs. Cr)#
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
2016-17	RINL POWERGRID TLT PRIVATE LIMITED	3.40	0.00

Consolidated Joint Ventures

Year	Name of Joint venture	Amount Invested Cumulative (Rs .Cr)	Total Share (Rs. Cr)#
2012-13	M/S ICVL, RINMOIL & RPTPL	4.40	0.00
2013-14	M/S ICVL, RINMOIL & RPTPL	4.40	0.00
2014-15	M/S ICVL, RINMOIL & RPTPL	240.66	-61.82
2015-16	M/S ICVL, RINMOIL & RPTPL	336.56	-201.94
2016-17	M/S ICVL, RINMOIL & RPTPL	379.85	-17.86

RINMOIL & RPTPL has not started commercial operations

Appendix-3**Explanation for criteria from Annexure-II, Part –B not proposed as parameters for MoU 2018-19**

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 and ramping up of production from new/revamped 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, OMDC & BSLC have been exempted from signing of MoU for 2018-19. However, target for BSLC included in MoU of RINL.</i>
9	Parameters pertaining to milestones of Revival	<i>Not applicable</i>