



MEMORANDUM OF UNDERSTANDING

between

NMDC LIMITED

and

**MINISTRY OF STEEL,
GOVERNMENT OF INDIA**

for

2018-19

NMDC LIMITED
HYDERABAD (TELANGANA)
May, 2018

BACKGROUND AND OBJECTIVES

1. Background:

NMDC was established on 15th November 1958 as Public Sector Undertaking to explore, develop and exploit mineral resources other than fuel oil and atomic minerals. It is engaged in mining of iron ore and Diamonds. NMDC is India's single largest iron ore producer, presently producing about 35 million tonnes of iron ore from 3 fully mechanized mines in Chhattisgarh and Karnataka States.

In acknowledgment of its substantial contribution to the domestic mineral sector during the last five decades it has been accorded the status of a Schedule-A public sector Company. In recognition of the Company's consistent performance, the Company was also categorized as Navratna Public Sector Enterprise in 2008.

NMDC, a PSU under Ministry of Steel, primarily engaged in the business of exploring minerals and development of mines to produce raw materials for the steel industry is now integrating forward into value-added products like steel and pellets.

2. Objectives

A) Macro Objectives

- To expand the operations in the areas of Mining and Mineral Processing to meet the growing demands from domestic and international Markets.
- Achieve international standards in per capita productivity, value addition and cost effectiveness.
- Setting up of Steel Plant at Nagarnar.

B) Micro Objectives


- Achieve growth by:
 - (i) Expansion of existing mines
 - (ii) Operating new mines fully owned by NMDC or in Joint Ventures.
- Give thrust to exploration and exploitation of coal, gold and other minerals.
- To take measures for environment protection.
- To conserve mineral resources through scientific mining.
- To maintain high level of customer satisfaction.
- To improve the quality of life of people in general and socio economic environment in and around the mines in particular.

NMDC LIMITED


MOU Parameters and Targets 2018-19

Sl.No.	Performance Criteria	Unit	Marks	2017-18	Best in	MOU Target					Impro-
				(Est.)	last 5	Excell.	VG	Good	Fair	Poor	vement
					years	100%	80%	60%	40%	20%	%
	<i>MANDATORY PARAMETERS:</i>										
1	Turnover										
	Revenue from Operations (excl. Forest Development Fee)	Rs.Cr.	10	11,500	12,356	11,500	11,400	11,000	10,500	10,000	-0.87
2	Operating Profit										
	Operating Profit as % of Revenue from Operations (Net)	%	20	50	67.49	50.0	45.0	44.5	44.0	43.5	-10.00
3	Return on Investment										
	PAT/ Average Net Worth	%	20	18	24.44	15.25	13.25	13.0	12.5	12.0	-26.39
	<i>OTHER PARAMETERS</i>										
4	Production of iron ore	LT	10	345	340.05	355	345	335	325	315	-
5	Improving recovery of iron values from lean tailing of Donimalai Beneficiation and Pellet plant complex	%	4	-	-	2.0	1.75	1.5	1.0	0.50	-
6	CAPEX *	Rs.cr.	8	2,800	2,887	3,185	3,085	2,985	2,885	2,785	10.18
7	Percentage 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	-	-	100	90	80	70	60	-
8	Number of days of Inventory of finished goods and work in progress to Revenue from operations (Net)	No. of Days	3	14	16.77	13	14	15	16	17	-
9	Trade receivables (Net) (Excluding Monitoring Committee) as no. of days of Revenue from Operations (Gross)	No. of Days	4	24	45	23	24	25	26	27	-
10	Reduction in claims against the Company not acknowledged as debt (Overall)	%	3	-	-	5	4	3	2	1	-

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					years	100%	80%	60%	40%	20%	%
11	Human Resource Management										
11.1	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	5	-	-	15.1.19	31.1.19	15.2.19	28.2.19	15.3.19	-
11.2	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	5	-	-	15.1.19	31.1.19	15.2.19	28.2.19	15.3.19	-
12	Exploratory Drilling	Mtrs.	5	12,500	-	16,000	15,000	14,000	13,000	12,000	20.00
	Total		100								
* If the investment in Joint Ventures is less than Rs 593 crore, the difference would be added to the targets. Further, if the CPSE gets the Capital Outlay reduced at the RE stage, the targets in respect of this parameter would be revised accordingly.											


(N. Baijendra Kumar, IAS)
 Chairman-cum-Managing Director
 NMDC Limited
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Date: 25/5/18


(Dr. Aruna Sharma, IAS)
 Secretary, GOI
 Ministry of Steel
 New Delhi

डा. अरुणा शर्मा / DR. ARUNA SHARMA
 सचिव / Secretary
 इस्पात मंत्रालय / Ministry of Steel
 भारत सरकार / Govt. of India
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