




समझौता ज्ञापन
Memorandum of Understanding
2019-20

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

2019-20

Rashtriya Ispat Nigam Limited (RINL) and Ministry of Steel (MoS) agree to enter into Memorandum of Understanding (MOU) for the year 2019-20.

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):	Maharatna / Navratna <input checked="" type="checkbox"/> / Minratna / Others
3.	Schedule of the CPSE (Please tick)	<input checked="" type="checkbox"/> B/C/D/ none
4.	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.
5.	Any capital restructuring during 2017-18, i.e., buyback of shares, issue of bonus shares, issue of fresh shares, splitting of shares, and percentage of PAT given as dividend.	-
6.	Whether shares are listed.	-
7.	Any change in Capacity during the year or next year (MoU Year)	-
8.	Any business unit hived off or to be hived off or Added or to be added during the year or next year (MoU Year)	-
9.	Brief about the Sector in which the CPSE is operating and national and international environment, regulatory environment etc.	Appendix-1
10.	Details of revival plan, if approved.	Not Applicable
11.	Any adverse comment by statutory auditors and its impact on Revenue/Profit/Loss/Assets/Liabilities	-
12.	Whether C&AG Supplemented the comments of the Statutory Auditor. If not, give details alongwith impact.	Not Applicable
13.	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years.	Appendix-2
14.	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years.	Appendix-3

Annexure II

Sl. No.	Financial Performance Criteria	Unit	Marks	Part-A		MoU Target for the year 2019-20					% Improv.*
				Current Year (Estimated)	Best in 5 years	Excel-100%	V.G. 80%	Good 60%	Fair 40%	Poor 20%	
1	Turnover	Rs. Crore	10	20471	14344	27500	26000	25000	24000	23000	27.01%
	Revenue from Operations (Net)										
2	Operating Profit/Loss	%	20	Op. Loss Rs -808Cr*	Op. Profit Rs. 240 Cr*	100	70	40	30	20	70%
	Reduction in operating Loss/ Deficit (s) over previous year										
3	Return on Investment:	%	20	0.55	2.98	5.5	5.1	4.5	4.0	3.5	>100%
	PAT / Average Net Worth										
	Total (A)		50								
Part-B											
1	Production of Saleable Steel	Mt	7	5.05	4.5	6.1	5.8	5.6	5.4	5.2	14.85%
2	Improvement in BF Productivity over the previous year	%	3	1.62 t/cum/day	1.87 t/cum/day	15	10	6	4	2	10%
3	Improvement in BF Coke Rate over the previous year	%	3	460* kg/tHM	459* kg/tHM	5	4	3	2	1	4%
4	Improvement in Specific Water Consumption over the previous year	%	3	2.33* Cum/tCS	2.32* Cum/tCS	1.5	1.3	1.0	0.75	0.5	1.3%
5	CAPEX	Rs. Crore	5	1926	1623	1450	1400	1350	1300	1250	-
6	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	95	92	100	95	90	85	80	-
7	Inventory of finished goods and work in progress to Revenue from operations (Net)	Days	3	60	61	43	45	47	49	51	25.00%
8	Trade Receivables (Net) as number of days of Revenue from Operations (Gross)	Days	3	20	22	20	21	22	23	24	-
9	Reduction in claims against the Company not acknowledged as debt (overall)	%	3	Rs. 3234Cr* Closing Bal.	Rs. 2869 Cr* Closing Bal.	15	12	10	8	6	17.0%
10	Increase in Production of Dolomite over previous year in the subsidiary i.e. Bisra Stone Lime Company Limited	%	3	4.80 Lact*	5.67 Lact*	25	20	15	10	5	70%
11	HRM related parameters:										
A	Achievement of HR Parameters (as per Annexure - B)	Nos	4	-	-	9	8	7	6	5	-
B	Initiatives for Women Employees for work-life balance as well as leadership development	Nos. of initiatives	3	-	-	12	11	10	9	8	-
C	Capability development programmes for employees to build their technical & managerial competencies for higher positions with special focus on Web learning programmes	No. of programmes	3	-	-	6	5	4	3	2	-
12	CPSE Conclave:										
A	Global Outreach: Production from ICVL operations:	Million Tonnes	2	1.02	1.018	1.6	1.4	1.2	1.0	0.8	37.25%
B	Forex saving from import substitution by providing indigenous developed forged wheels	Rs. Crs.	2	-	-	25	22	20	18	16	-
	Total (B)		50								

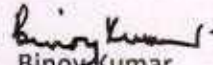
#Improvement worked out on Very Good target for MoU over Current year estimated figures;

*Figures in Absolute Terms



P K Rath
Chairman-cum-Managing Director
Rashtriya Ispat Nigam Ltd.

Date :



Binoy Kumar
Secretary to GoI
Ministry of Steel

Annexure-B

Sl No.	Parameter
i	Continuation of online submission of ACR/APAR in respect of all Executives (E0 & above) along with compliance of prescribed timelines w.r.t. writing of ACR/APAR
ii	Continuation of online Quarterly Vigilance Clearance updation for all Senior Executives (E5 & above)
iii	Regular updation of succession plan and its approval by Board of Directors
iv	Continuation of Holding of DPC in all cases without delay for Executives (E0 & above level)
v	Continuation of Talent management and career progression by imparting at least one week training of at least 10% Executives in Centre of Excellence within India e.g. IITs, IIMs, NITs, ICAI etc
vi	Implementation of recommendation of consultant in order to achieve next level of People Capability Maturity Model (PCMM) or its equivalent
vii	Regular updation of 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.
viii	Doing away with requirement of attestation of documents from gazetted officer.
ix	Review of Employee performance on the lines of FR(56)j and submitting a Compliance Report to Board of Directors at the end of the year

Part-A (Trend Analysis)

Sl	Financial Performance Criteria	Unit	Target	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	
			v/s Actual						Actual upto Sep-18	Estimated
1	Revenue from Operations -Gross	Rs. crore		13431	10432	10163	12419	14607	9600	20471
	Revenue from Operations -Net		Actual	12028	9314	9020	11141	14344	9600	20471
			MoU	14141	10740	10697	11250	14310	9647	21000
2	a. Profit before Tax	Rs. crore		549	103	-1702	-1690	-1911	9	-332
	b. Other Incomes			307	256	349	260	265	84	250
	c. Extraordinary & Exceptional items			0	0	0	0	541	0	-225
	d. Prior Period Items			-2	-5	0	0	0	0	0
	e. Operating Profit/ Loss (a-b+/-c+/-d)		Actual	240	-158	-2051	-1951	-1636	-75	-808
			MoU	-21	223	77	-1922	-1619	-664	-1148
3	a. PAT	Rs. crore		366	62	-1604	-1263	-1369	89	40
	b. Net Worth at year end			12141	11594	9914	8651	7221	7313	7304
	c. Average Net worth			12309	11867	10754	9283	7936	7267	7262
	d. PAT/ Net Worth (Avg.)	%	Actual	2.98	0.53	-14.91	-13.61	-17.25	1.23	0.55
			MoU	0.80	2.48	0.96	-18.65	-18.84	-5.60	-9.58
	e. Paid-up Share Capital	Rs. crore		5740	5190	4890	4890	4890	4890	4890
	f. GoI share	%		100	100	100	100	100	100	100
g. Reserves and surplus	Rs. crore		6401	6404	5024	3761	2331	2423	2414	
4	Total Expenses	Rs. crore		11788	9473	11070	14370	15980	9675	21278
5	Total Incomes	Rs. crore		12335	9571	9369	12679	14610	9684	20720
6	Total expenses/ Total Incomes	%		95.56	98.98	118.17	113.33	109.38	99.91	102.69
7	Detail of other incomes									
	a. Interest	Rs. crore		180	67	95	66	79	23	76
	b. Dividend			0.11	0.01	0	0.15	0.09	0.04	0
	c. Other Incomes			127	189	254	194	186	61	174
	d. Total			307	256	349	260	265	84	250
8	a. Cash and Bank Balance and equivalent	Rs. crore		176	64	46	54	52	72	121
	b. Investment in mutual funds			-	-	-	-	-	-	-
	c. Investment in shares other than subsidiary/ JVs)			-	-	-	-	-	-	-
	d. Total (a+b+c)			176	64	46	54	52	72	121
	e. Cash credit			819	2220	2353	3971	5062	7317	7735
	f. Short-Term Borrowings			2921	5225	4232	4078	4159	1983	1986
	g. Balance in Current account			55	3	15	9	5	7	31
9	Dividend paid/ declared for the year, excluding Dividend Tax	Rs. crore		93	25	-	-	-	-	-

Annexure III

Part-B (Trend Analysis)

Sl. No.	Performance Criteria	Unit	Target	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	
			v/s Actual						Actual upto Sep-18	Estimated
1	Installed Capacity in respect of Saleable Steel	Mt		3.22	5.27	4.81	4.97	5.57	2.87	5.72
2	Capacity Utilisation in respect of Saleable Steel	Mt	Actual	3.02	3.02	3.51	3.85	4.50	2.36	5.00
			MoU	3.47	4.15	4.00	4.32	4.80	2.46	5.50
3	Contribution of Saleable Steel product in sales.	%		89	92	94	94	96	95	96
4	New orders received during the year	Rs. Cr.	Actual							
			MoU							
5	Exports as a percentage of Revenue from operations	%	Actual	5.58	4.04	4.13	8.77	12.17	6.12	6.38
			MoU	3.41	8.82	10.64	9.07	8.54	6.77	8.29
6	Development or Revenue from new products or product with new features		Actual							
			MoU							
7	Production efficiency parameter-Specific Water Consumption	cum/tCS	Actual	2.32	2.78	2.63	2.50	2.40	2.36	2.32
			MoU	2.94	2.80	2.80	-	-	2.33	2.33
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	1512	1623	1492	1406	1584	774	1926
			MoU	1000	1535	1402	1350	1400	651	1400
12	CAPEX contracts/ projects running/ completed without time/ cost overrun to total value of CAPEX	%	Actual	-	-	-	91	92	95	94
			MoU	-	-	-	90	90	90	90
13	Inventory of finished goods and work in progress	Rs. Cr.		2065	3130	1873	2344	2411	3168	3367
14	Inventory of finished goods and work in progress to RO(Net)	Days	Actual	63	123	76	77	61	60	60
			MoU	-	-	-	66	63	54	42
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	804	1035	958	879	996	1051	1130
			MoU	800	1555	1235	1100	912	1210	1210
18	Trade Receivables (Net) as number of days of Revenue from Operations (Gross)	No of Days	Actual	22	36	34	26	25	20	20
			MoU	-	-	-	32	21	23	21

Part-B (Trend Analysis)...continued

Sl. No.	Performance Criteria	Unit	Target	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19	
			v/s Actual						Actual upto Sep-18	Estimated
19	Claims against the Company not acknowledged as debt raised by:									
	Central Government Departments	Rs. crore		438	407	423	438	429	437	414
	State Governments/ Local Authorities			2351	2112	1387	1440	1525	1568	1608
	CPSEs			31	75	79	6	2	2	2
	Others			739	1020	979	1084	1068	1022	1210
	Total		Actual	3559	3614	2869	2968	3023	3029	3234
	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	BF Coke Rate	kg/tHM	Actual	525	543	543	490	459	465	460
26	BF Productivity	t/cum/day	Actual	1.38	1.28	1.45	1.87*	1.78*	1.58	1.61
27	Production of Dolomite in the subsidiary i.e. Bisra Stone Lime Company Limited	Lakh t	Actual	5.34	1.05	4.82	4.76	5.67	2.275	5.34

* Under 2 BF operation

Appendix-1

Brief about the Sector in which the CPSE is operating and national and international environment, regulatory environment/ benchmarks etc.

As per World Steel Association forecast – SRO October 2018, global steel demand in 2019 is expected to be moderate with a growth of 1.4% in 2019 as against 3.9% in 2018, which is mainly due to uncertainty arising from trade frictions between China & US and volatile currency movements. Chinese steel demand is expected to decelerate unless stimulus measures are taken by Chinese Govt. to contain the potential slowdown of the economy. India's steel demand is expected to be healthy with a growth rate of 7.3% as against 7.5% in 2018.

RINL operates exclusively in Long products segment with major share (>85%) of products belonging to Bars & Rods category, where more than 65% of market share is occupied by secondary players.

As per JPC reports, in Bars & Rods category, during the period Apr-Sep'18, there was 11.0% increase in consumption due to better demand conditions. However, the prices remained flat during the period with stiff competition from secondary sector which leveraged on its available unused capacities and lower global prices of scrap and registered a production growth of 10.2% as against 4.5% by Main producers. The import of scrap increased by 29% during the period Apr-Sep'18.

Also, on raw material front, there has been a 16% increase in prices of IOF and 22% in the price of IOL between Apr and Sep' 18. Also prices of Australian coking coal (FOB - \$/t) is showing a rising trend from Aug'18 onwards and is currently 30% above the levels of Aug'18 and depreciation of Rupee has further added to the adverse impact.

Even with improved demand conditions, long product segment prices are not expected to go up any further due to strong competition from secondary sector in India and rising raw material prices pose a real threat to the margins.

Appendix-2

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)
2013-14	M/s Eastern Investments Limited	361.03	-6.33
2014-15	M/s Eastern Investments Limited	361.03	-11.37
2015-16	M/s Eastern Investments Limited	361.03	-2.77
2016-17	M/s Eastern Investments Limited	361.03	-5.27
2017-18	M/s Eastern Investments Limited	361.03	-134.74

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

Appendix-3**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)
2013-14	International Coal Ventures PRIVATE LIMITED	4.31	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	376.36	-17.83
2017-18	International Coal Ventures PRIVATE LIMITED	376.36	5.64

2. M/s RINMOIL FERRO ALLOYS PRIVATE LIMITED

Year	Name of Joint venture	Amount Invested Cumulative (Rs .Cr)	Share in Profits (Rs. Cr)#
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
2017-18	RINMOIL FERRO ALLOYS PRIVATE LIMITED	0.10	-0.01

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

Year	Name of Joint venture	Amount Invested Cumulative (Rs .Cr)	Share in Profits (Rs. Cr)#
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
2017-18	RINL POWERGRID TLT PRIVATE LIMITED	3.40	-0.01

Consolidated Joint Ventures

Year	Name of Joint venture	Amount Invested Cumulative (Rs .Cr)	Total Share (Rs. Cr)#
2013-14	M/S ICVL, RINMOIL & RPTPL	4.41	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	379.86	-17.86
2017-18	M/S ICVL, RINMOIL & RPTPL	379.86	5.61

RINMOIL & RPTPL have not started commercial operations