MEMORANDUM OF UNDERSTANDING (MoU)

BETWEEN

MOIL LIMITED

AND

MINISTRY OF STEEL
GOVT. OF INDIA

2013-14

MOIL LIMITED
"MOIL BHAWAN", 1A, KATOL ROAD
NAGPUR – 440 013

AUTHENTICATED

(BENI PRASAD VERMA)
STEEL MINISTER

MEMORANDUM OF UNDERSTANDING (MoU)

BETWEEN

MOIL LIMITED AND MINISTRY OF STEEL

Whereas it is necessary to maintain and accelerate the momentum gained in the performance of MOIL, the Ministry of Steel and MOIL Limited hereby agree to achieve the objectives as set forth below :

This MOU has been structured in the following five parts :

PART I	:	VISION /MISSION AND OBJECTIVES.
PART II	:	EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS.
PART III	:	PERFORMANCE EVALUATION PARAMETERS AND TARGETS.
PART IV	:	COMMITMENTS/ ASSISTANCE FROM THE GOVERNMENT.
PART V	:	ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MoU.

MoU 2013-14
Approved by DPE/TF

Signed

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MOIL

PART I
VISION /MISSION AND OBJECTIVES

VISION / MISSION

1. To become one among the best manganese mining companies in the world, through utilization & up gradation of skills/talents available.
2. To globally expand the activities of the company in all possible areas keeping in view the value addition, through joint ventures / Technology Transfer.

OBJECTIVES

1. To maintain the status of market leader in manganese industry in India.
2. To generate adequate surpluses and ensure optimum returns to the satisfaction of all stake holders.
3. To maintain quality of manganese ore and related products at all stages and enhance total customer satisfaction through prompt delivery of quality materials and services.
4. Through R&D and adoption of new technologies, to diversify and modernize, mining and beneficiation methods for upgrading low and medium grade ores and achieve growth through value addition.
5. a. To improve productivity, capacity utilisation and cost effectiveness through optimising both human and physical resources.

   b. To explore all possibility of cost effective power services for Ferro Manganese Plant.
6. To make mining areas clean, green and eco-friendly.
7. To strive for a zero accident rate, by further improving safety practices.
8. To ensure high quality of life to employees and other stake holders in the vicinity of the industry.

MoU 2013-14
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PART II

EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS

All Powers available to MoU Signing *Miniratna* Category-I companies be continued to MOIL Limited.

MoU 201
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PART III

PERFORMANCE EVALUATION PARAMETERS AND TARGETS

To update the physical and financial performance of MOIL in the preceeding 5 years indicated in Annexure. The perfomance indicators and relative weightage for each of them for evaluation of the Company's performance during 2013-14 are indicated below :-

	PERFORMANCE	UNIT	WT	MoU 2012-13	PERFORMANCE RATING Excellent 1	Very Good 2	Good 3	Fair 4	Poor 5	Documentary evidence and source / origin of documents
PART - A										
A.	**STATIC FINANCIAL PARAMETERS**		<u>50</u>							
a.	**Financial Perfomance Indicators**									
i)	Gross Margin / Gross Block	%	2	101.28	92.57	88.16	83.75	79.34	74.93	
ii)	Net Profit / Net Worth	%	10	11.96	11.56	11.01	10.46	9.91	9.36	
iii)	Gross Profit / Capital Employed	%	10	18.81	18.32	17.45	16.58	15.70	14.83	
b.	**Financial Indicators - size**									
i)	Gross Margin (` Crores)	`	8	516.00	552.00	526.00	500.00	473.00	447.00	Annual Report
ii)	Gross Sales (` Crores)	`	4	793.84	877.00	835.00	793.00	752.00	710.00	Annual Report
c.	**Financial Returns - Labour Productivity and Total Factor Productivity**									
i)	PBDIT/Total Employment	`	7	767286	812205	773529	734853	696176	657500	
ii)	Added Value / Gross Sales	%	9	32.84	30.91	29.44	27.96	26.49	25.02	
Note :-										
1)	Gross Profit (GP) (` Crores)	`	-	480.03	513.84	489.37	464.90	440.43	415.96	Annual Report
2)	Capital Employed (CE) as at the end of the year (` Crores)	`	-	2552.66	2944.69	2804.47	2664.24	2524.02	2383.80	Annual Report
3)	Net Profit (NP)	`	-	320.58	339.18	323.03	306.88	290.73	274.58	Annual Report
4)	Net Worth (NW)	`	-	2680.83	3081.56	2934.82	2788.07	2641.33	2494.59	Annual Report
5)	Added Value (` Crores)	`	-	260.73	258.08	245.79	233.50	221.21	208.92	Annual Report
6)	Gross Block (` Crores)	`	-	509.46	626.49	596.66	566.83	536.99	507.16	Annual Report
7)	Total Employment	Nos.	-	6725	6800	6800	6800	6800	6800	Annual Report

Note :

1. The assumption of average selling price of Manganese Ore has been considered as ` 7200 per MT. Since manganese ore prices are volatile, if the variation *via-a-vis* actual realisation per MT is above +/- 10%, the evaluation will be done according to assumed price of MoU 2013-14 i.e., ` 7200 per MT.

2 : Non-compliance of Corporate Governance will be penalized by way of negative marking and the MoU Score will be increased in accordance with DPE OM 18(8)/2005-GM, Dtd. 22/06/2011 and OM 3(12)/2012-DPE(MoU), Dtd. 10/01/2013.

3 : CPSEs have to give a certificate regarding implementation of guidelines issued by DPE as per OM No. DPE/14(38)/10-Fin Dated 28th June 2011 and also a certificate from their auditors / Chartered Accountant in Practice. Non-compliance of DPE Guidelines determines on the basis of certificate submitted will be penalized upto 1 mark at the discretion of Task Force at the time of MoU Evaluation. (In other words, the MoU Ratings can be increased by 0.04).

MoU 2013-14
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PERFORMANCE		UNIT	WT	MoU 2012-13	PERFORMANCE RATING Excellent 1	Very Good 2	Good 3	Fair 4	Poor 5	Documentary evidence and source / origin of documents
PART - A										
II	DYNAMIC PARAMETERS		35							
i)	Quality									
	ISO 9000-2008 Certification		2							
(a)	For Ferro Manganese Plant.		1		Nov 30 2013	Dec 31 2013	Jan 31 2014	Feb 28 2014	Mar 31 2014	ISO Certificate
(b)	For Electrolytic Manganese Dioxide Plant.		1		Nov 30 2013	Dec 31 2013	Jan 31 2014	Feb 28 2014	Mar 31 2014	ISO Certificate
ii)	Customer Satisfaction		2							
a)	No. of complaints received against the D.O. issued.	%	1	2.25	2.15	2.25	2.36	2.48	2.60	Certified Statement
b)	Bonus Receivable of Sales (` Lakhs)		1	110	120.00	110.00	100.00	90.00	80.00	Certified Statement
iii)	Human Resources Management		5							
a)	Total mandays spent on training to total mandays.	%	1		1.30	1.20	1.10	1.00	0.90	Certified Statement
b)	Training Budget as % of employees cost.	%	1		0.21	0.20	0.19	0.18	0.17	Certified Statement
c)	Covering 10 Sr. Level Executives in Assessment & Development Centre	30 man days	1		32	30	28	26	24	Certified Statement
d)	Formulation/Implementation of systems for management of Talent-sponsoring four Sr. executives for Advanced Management Programme, Growth Opportunities etc.	12 man days	0.5		13	12	11	10	9	Certified Statement
e)	Training based on Project Management.	30 man days	0.5		32	30	28	26	24	Certified Statement
f)	Risk Management training course for senior management personnel	12 man days	1		13	12	11	10	9	Certified Statement
iv)	R & D Activities		5		As per Annexure - I					

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	PERFORMANCE	UNIT	WT	MoU 2012-13	PERFORMANCE RATING Excellent 1	Very Good 2	Good 3	Fair 4	Poor 5	Documentary evidence and source / origin of documents
v)	**Projects implementation (Modernisation and expansion)**		6							
(a)	Sinking of Munsar Vertical Shaft upto 156 Mtrs.		2		Sep 30 2013	Oct 31 2013	Nov 30 2013	Dec 31 2013	Jan 31 2014	Project Completion Certificate
(b)	Sinking of Ukwa Vertical Shaft upto 110 Mtrs.		1		Jan 31 2014	Feb 15 2014	Feb 28 2014	Mar 15 2014	Mar 31 2014	Project Completion Certificate
(c)	Preparation of approach to the bottom of holmes shaft (20 mtrs.) and deepening by 10 mtrs at Balaghat Mine.		1		Jan 31 2014	Feb 15 2014	Feb 28 2014	Mar 15 2014	Mar 31 2014	Project Completion Certificate
(d)	Deepening of Vertical Shaft at Chikla Mine upto 20 Mtrs. Including raising.		2		Jan 31 2014	Feb 15 2014	Feb 28 2014	Mar 15 2014	Mar 31 2014	Project Completion Certificate
vi)	**Capital Expenditure / Green field investments / Joint Ventures**		6							
(a)	Installation of permanent Winder for Vertical Shaft at Munsar Mine		1		Jan 31 2014	Feb 15 2014	Feb 28 2014	Mar 15 2014	Mar 31 2014	Project Completion Certificate
(b)	Preparation of Feasibility report for High speed shaft at Gumgaon Mine.		1		Aug 31 2013	Sep 30 2013	Oct 31 2013	Nov 30 2013	Dec 31 2013	Project Completion Certificate
(c)	Commissioning of Service Winze with hoisting arrangement at Munsar Mine.		1		Nov 30 2013	Dec 31 2013	Jan 31 2014	Feb 28 2014	Mar 31 2014	Project Completion Certificate
(d)	Investment decision by Board on Sintering Plant for Value Addition		1		Nov 15 2013	Nov 30 2013	Dec 15 2013	Dec 31 2013	Jan 15 2014	Board Resolution
(e)	Preparation of project report for Balaghat Mine for enhancement of production.		1		Sept 30 2013	Oct 31 2013	Nov 30 2013	Dec 31 2013	Jan 31 2014	Report of external agency.
(f)	Capital Expenditure (` in Crores) (as per BE 2013-14)		1		185.00	176.00	167.00	158.00	150.00	Annual Report
vii	**Extent of Globalisation**		**1**							
(a)	Identification of properties abroad for due diligence through consultants.		1		Jan 31 2014	Feb 15 2014	Feb 28 2014	Mar 15 2014	Mar 31 2014	Certified Statement
viii	**Corporate Social Responsibility (CSR) & Sustainable Development (SD)**		**8**							
	Expenditure under CSR & SD (` Lakhs)		8		**As per Annuxure - II (A) & (B)**					

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PART - B										
	PERFORMANCE	UNIT	WT	MoU 2012-13	PERFORMANCE RATING Excellent 1	Very Good 2	Good 3	Fair 4	Poor 5	Documentary evidence and source / origin of documents
	SPECIFIC PARAMETERS		15							
1	SECTOR SPECIFIC PARAMETERS		3							
i.	Exploration									
(a)	Explratory Drilling	Mtrs	1	4400	4800	4600	4400	4200	4000	Certified Statement
(b)	Location of New Reserves / Resources of Manganese Ore at Munsar & Ukwa Mine.		1		Jan 31 2014	Feb 15 2014	Feb 28 2014	Mar 15 2014	Mar 31 2014	Project Completion Certificate
(c)	Stores Inventory as % of Total Stores & Spares consumption	%	1	25	21	22	23	24	25	Annual Report
2	ENTERPRISE-SPECIFIC & EFFICIENCY PARAMETERS		12							
a.	Production									
i)	Manganese Ore (exluding Fines)	000T	4	900	900	875	831	788	744	
ii)	Manganese Ore - Fines	000T	2	250	250	250	238	225	213	Annual Report
iii)	Manganese Ore - Total	000T		**1150**	**1150**	**1125**	**1069**	**1013**	**957**	
b.	Development									
i)	Opencast	$000M^3$	3	4576	5045	4805	4565	4325	4084	Certified Statement
ii)	Underground	Mtrs	2	7281	7282	6935	6588	6242	5895	Certified Statement
c.	Safety									
i)	Mandays lost per 1000 mandays worked due to accident	Man-days	1	0.26	0.45	0.50	0.55	0.60	0.65	Certified Statement
	TOTAL SCORE		100							

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R & D PROJECTS FOR MoU 2013-14

Sr. No.	Name of the Project	Performance Indicator	Weightage	Target Value					Documentary evidence and source / origin
				Excellent	Very Good	Good	Fair	Poor	
1	Study of Rock Mechanics Instrumentation (Strain Bars) for ground control at Balaghat Mine from CIMFR, Nagpur (Mine Safety)	Report from CIMFR for Stope Design	0.5	Jan 31 2014	Feb 15 2014	Feb 28 2014	Mar 15 2014	Mar 31 2014	Project Completion certificate
2	Study of Ventilation System at Deeper Levels for Boundary Ventilation at Gumgaon Mine from IIT, Kharagpur (Mine Environment)	Report from IIT, Kharagpur	0.5	Sep 30 2013	Oct 15 2013	Nov 15 2013	Dec 15 2013	Jan 15 2014	Project Completion certificate
3	Change of Method of Stoping at Ukwa Mine - Room & Pillar / ROLF Mining by CIMFR, Dhanbad / NIRM, KGF, Bangaluru (Mining Technology)	Report from CIMFR / NIRM	1	Dec 31 2013	Jan 15 2014	Jan 31 2014	Feb 15 2014	Mar 15 2014	Project Completion certificate
4	Long Hole Blasting studies at Balaghat Mine for introduction of Boomers for development headings/Stope Blasting by IIT / ISM (Mining Technology)	Report from ISM, Dhanbad	0.5	Jan 15 2014	Jan 31 2014	Feb 15 2014	Feb 28 2014	Mar 15 2014	Project Completion certificate

Sr. No.	Particulars	Unit	Weightage	Target Value					
				Excellent	Very Good	Good	Fair	Poor	
1	Total R& D Expenditure as % of PAT 2012-13	%	2.5	0.53	0.50	0.48	0.45	0.43	Annual Report
	Total Score on R & D		5						

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CSR & SD ANNEXURE

Sr. No.	Name of the Project	Unit	Weightage	Target Value				
				Excellent	Very Good	Good	Fair	Poor
1 (i)	The degree of involvement of the employees and the top management in internalising the CSR and SD within the organisation	No. of employees	1.00	600	570	542	515	489
1 (ii)	Imact of such involement on products / services / processes and reduction in carbon foot-print							
(a)	Reduction of energy consumption in domestic use.	% of reduction	1.00	1.05	1.00	0.95	0.90	0.85
(b)	Plantation in housing colony, play grounds etc. of Mines / Head office.	no. of saplings	1.00	20000	19000	18050	17100	16150
2	The efforts made and the success achieved in the engagement of key stakeholders through adoption of a good corporate communication strategy							
(a)	Formulation of Communication Strategy		0.5	30 June 2013	31 July 2013	31 Aug. 2013	30 Sep 2013	31 Oct 2013
(b)	Interaction between management & key stake holders	No. of meetings	0.25	26	25	24	23	22
(c)	Satisfaction survey	%	0.25	>=85	75-84	60-74	50-59	<50
3	The adoption of sustainability reporting and disclosure procedures and practices							
	Publication on CSR & SD in Annual Report, journal / inhouse magazine and information updation on Website		1.00	Yes				No
4	Projects undertaken for CSR and SD (one each) (annexure attached)		2.00	Yes				No
5	The expenditure incurred on CSR and SD activities	% (PAT 2012-13)	0.50	2.10	2.00	1.90	1.80	1.70
6	The effectiveness of the two-tier organizational structure in the process of planning, implementing and monitoring the CSR activities.							
(a)	Existence of 2-Tier Committee		0.25	Yes				No
(b)	Meetings held by the Board level committee	No. of meeting	0.25	4	3	2	1	0
	Total Weightage		8.00					

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ANNEXURE - II B

CSR & SD PROJECTS FOR MoU 2013-14
TABLE 1
DETAILS OF CHOSEN PROJECTS

Sl. No.	Name of the Project	Project under	Starting Date	Completion Date	Amount	Documentary evidence and source / origin of documents
1	2	3		4	5	6
1	Rejuvenation of Gandhi Sagar Lake at Tumsar, dist Bhandara.	CSR	Apr. 2013	Mar. 2014	87.50	Project completion certificate.
2	Providing drinking water in the backward district Bhandara / Balaghat. 50 Nos. of Borewells / Hand pumps	CSR	Apr. 2013	Dec. 2013	40.00	Project completion certificate.
3	Afforestation through social forestry mode	SD	Apr. 2013	Mar. 2014	41.00	Project completion certificate.
4	Construction of check dams for stowing water under Rain Water Harvesting	SD	Apr. 2013	Mar. 2014	10.00	Project completion certificate.
				Total	178.50	

MoU 2013-14
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PART IV.
COMMITMENTS/ASSISTANCE FROM THE GOVERNMENT

The Government Undertakes to assist MOIL –

(i) In obtaining necessary clearances from appropriate authorities as and when mining leases come up for renewal.

(ii) In obtaining railway wagons for dispatch of manganese ore, whenever the need arises.

PART V.
ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MoU

(i) MOIL undertakes to submit quarterly reports on the various performance areas within 30 days of the end of each quarter.

(ii) MOIL's Board will also ensure internal monitoring of performance against MoU targets.

(iii) Half yearly joint review meetings will be held at the Ministerial level.

(G. P. KUNDARGI)	**(D. R. S. CHAUDHARY)**
Chairman-Cum-Managing Director	Secretary
MOIL Ltd.	Ministry of Steel
NAGPUR	NEW DELHI

Date :

Place :

MOIL LIMITED

TREND OF PERFORMANCE ON FINANCIAL PARAMETERS FOR LAST 5 YEARS

(` Crores)

Particulars	2008-09		2009-10		2010-11		2011-12		2012-13		2013-14
	MoU	Actual	MoU	Actual	MoU	Actual	MoU	Actual	MoU	Projected for 31.03.13	Projected
Production(Mn Ore)excl fines(000T)	900	905	800	828	825	836	830	839	900	900	875
Production(Mn Ore)fines(000T)	275	270	275	265	325	314	320	232	250	250	250
Production(Manganese Ore)(000T)	1175	1175	1075	1093	1150	1150	1150	1071	1150	1150	1125
Gross Sales	550.00	1284.84	632.59	965.47	1000.00	1145.31	1150.00	905.68	793.84	793.84	835.00
Gross Margin	300	1031.42	392.05	732.09	650.00	912.66	782.00	636.54	516.00	516.00	526.00
Profit Before Tax	274.62	1006.76	364.21	706.79	619.75	880.15	749.65	606.63	480.03	480.03	489.37
Profit After Tax	181.28	663.79	240.42	466.35	409.10	588.05	500.64	410.77	320.58	320.58	323.03
Gross Block	341.04	342.00	385.68	357.03	425.14	396.46	479.16	422.58	509.46	509.46	596.66
Less Depreciation	136.85	136.36	167.27	160.49	194.84	190.48	223.09	215.53	259.41	259.41	296.28
Net Block	204.19	205.64	218.41	196.54	230.30	205.98	256.07	218.72	250.05	250.05	300.38
Paid up Share Capital	28.00	28.00	28.00	168.00	168.00	168.00	168.00	168.00	168.00	168.00	168.00
Reserves & Surplus	697.22	1292.87	1589.98	1509.37	1764.63	1960.29	2340.80	2273.30	2512.83	2512.83	2766.82
Less : Deferred Rev.Exp/	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Pre acquisition loss	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	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Worth	725.22	1320.87	1617.98	1677.37	1932.63	2128.29	2508.80	2441.30	2680.83	2680.83	2934.82
Investment	0.02	0.11	0.11	0.21	67.61	2.21	60.21	4.21	82.21	0.00	72.21
Sundry Debtors/Sales	14%	4.75%	12%	15.69%	12%	6.00%	12%	10.97%	12%	12%	12%
Inventory	23.54	58.37	89.12	47.54	36.87	97.43	65.19	81.29	65.00	65.00	65.00
Total Current Assets	598.47	1448.60	1589.98	1742.79	1750.70	2204.20	2455.58	2479.55	2609.72	2609.72	2446.79
Total Current Liabilities&Provisions	88.23	330.42	265.55	271.52	123.45	311.39	279.94	229.36	307.11	307.11	307.11
Net Current Assets	510.24	1118.18	1324.43	1471.27	1627.25	1892.81	2175.64	2250.19	2302.61	2302.61	2139.68
Capital Employed	714.43	1323.82	1542.84	1667.81	1857.55	2098.79	2431.71	2468.91	2552.66	2552.66	2804.47
(Net Block+Net Current Assets)											
Total debt(loan funds)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Assets											
No. of Employees	6827	6823	6823	6734	6756	6667	6725	6569	6725	6725	6800
Added Value(Gross Margin less capital revovery factor@10%)	228.56	899.04	237.77	565.31	464.25	702.86	538.83	397.4	260.73	260.73	245.79
Ratio											
Debt/Equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
PBDIT/Total Employment(Rs.)	439432	1511681	574601	1087155	962108	1368922	1162825	969006	767286	767286	773529
Gross Profit/Capital Emplpoyed(%age)	38.44	76.05	23.61	42.38	33.36	41.94	30.83	24.57	18.81	18.81	17.45
Net Profit/Net Worth(%age)	25	50.25	14.86	27.80	21.17	27.63	19.96	16.83	11.96	11.96	11.01
Working of Gross margin(*)											
Net Profit	181.28	663.79	240.42	466.35	409.10	588.05	500.64	410.77	320.58	320.58	323.03
Income Tax-	93.34	342.97	123.79	240.44	210.65	292.1	249.01	195.86	159.45	159.45	166.34
Net Profit before tax	274.62	1006.76	364.21	706.79	619.75	880.15	749.65	606.63	480.03	480.03	489.37
Add : Prior period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Add : Extra ordinary items	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	274.62	1006.76	364.21	706.79	619.75	880.15	749.65	606.63	480.03	480.03	489.37
Add : Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Profit	274.62	1006.76	364.21	706.79	619.75	880.15	749.65	606.63	480.03	480.03	489.37
Add : Depreciation	25.38	24.66	27.84	25.30	30.25	32.51	32.35	29.91	35.97	35.97	36.87
Misc. expenditure written off	5.00	0.64	2.00	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	305.00	1032.06	394.05	732.09	650.00	912.66	782.00	636.54	516.00	516.00	526.24

SELF DECLARATION/CERTIFICATION

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 2013-14. In case any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per audited accounts on or per MoU Guidelines. CPSE has no right of claim in this regard.

(G. P. KUNDARGI)
CHAIRMAN–CUM-MANAGING DIRECTOR