

समझौता ज्ञापन
Memorandum of Understanding

2014-15

राष्ट्रीय इस्पात निगम लिमिटेड

Rashtriya Ispat Nigam Limited

&

इस्पात मंत्रालय

Ministry of Steel

MoU 2014-15
Approved by DPE/TF
Signed 

MEMORANDUM OF UNDERSTANDING
BETWEEN
RASHTRIYA ISPAT NIGAM LIMITED
AND
MINISTRY OF STEEL
2014-15

Rashtriya Ispat Nigam Limited (RINL) and Ministry of Steel (MOS) agree to enter into Memorandum of Understanding (MOU) for the year 2014-15.

The MOU contains the following parts:

- Part I : Vision, Mission and Objectives of RINL**
- Part II : Autonomy and delegation of Financial Powers**
- Part III : Performance Evaluation Parameters and Targets**
- Part IV : Commitment / Assistance from the Government**
- Part V : Action Plan for implementation and monitoring of MOU**

PART - I**1.0 VISION, MISSION AND OBJECTIVES OF RINL**

The Vision, Mission & Objectives of RINL, prepared with the participation of a cross section of employees, are brought out below:

VISION

To be a continuously growing world class company,

We shall

- harness our growth potential and sustain profitable growth
- deliver high quality and cost competitive products and be the first choice of customers
- create an inspiring work environment to unleash the creative energy of people
- achieve excellence in enterprise management
- be a respected corporate citizen, ensure clean and green environment and develop vibrant communities around us

MISSION

To attain 20 million tonne (Mt) liquid steel capacity through technological up-gradation, operational efficiency and expansion; augmentation of assured supply of raw materials; to produce steel at International Standards of Cost and Quality; and to meet the aspirations of the Stakeholders.

OBJECTIVES

- Stabilise 6.3 Mtof Liquid Steel expansion by 2014-15 with the mission to expand further in subsequent phases as per the corporate plan.
- Revamp existing Blast Furnaces to make them energy efficient to contemporary levels and in the process increase their capacity by 0.5 Mt each, thus total hot metal capacity to 7.5 Mt. by 2015-16.
- Achieve higher levels of customer satisfaction.
- Vibrant work culture in the organisation.
- Be proactive in conserving environment, maintaining high levels of safety and addressing social concerns.

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PART - II

2.0 AUTONOMY AND DELEGATION OF FINANCIAL POWERS

- 2.1 With conferment of Navratna status in Nov 2010, the company will use enhanced empowerment of the Board in cost effective and timely decisions on modernization, expansion, and acquisition/ JV initiatives.

PART - III

3.0 PERFORMANCE EVALUATION PARAMETERS AND TARGETS

3.1 RINL undertakes to achieve targets with respect to the identified parameters during 2014-15. These parameters are broadly divided into two categories i.e. **static/ financial parameters** and **dynamic/ non-financial parameters**.

3.2 The performance evaluation sheet for 2014-15 is given at Page-6.

3.3 Details of the performance evaluation parameters are brought out below:

3.3.1 The **static / financial parameters** are further divided into five groups, i.e. growth/ size/ activity, profitability, costs and output efficiency, liquidity / leverage and efficiency of asset use. The financial parameters and targets for 2014-15 will be as per **Annexure A**.

The **dynamic/ non-financial parameters** include CSR and Sustainability Parameters, Research and development, initiatives for growth, project management & implementation, productivity and internal processes, technology, quality, innovative practices and human resource management. These are indicated at **Annexure B, C, D, E, F, G and H** respectively.

3.3.2 The sector specific parameters / enterprise specific parameter is given at **Annexure-I**.

3.3.3 Documentary evidence with respect to non-financial parameters will be submitted at the time of submission of Performance Evaluation Report.

3.4 Major assumptions made for financial estimates for 2014-15 are as under:


- i. Average Net Sales realisations (NSR per tonne) of ₹ 33,400/- and ₹22,755/- have been considered for Saleable Steel and Pig Iron respectively.
- ii. Exchange Rate (USD) : ₹62 / \$
- iii. Prices of major raw materials considered are as follows:

Imported Coking coal	FOB Price (\$ per ton)
Imported Coking Coal (Hard) – ICC	152
Soft coking coal	130
Coal for PCI	120

Base prices considered for iron ore is given below:

Iron Ore	Price (₹ per ton)
Iron Ore Lump – IOL	3842
Iron Ore Fines – IOF	2599

Continued in next page

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3.5 Provision to incorporate correction in financial targets :

- i. If variation in actual NSR of Saleable Steel, Price of ICC, IOL & IOF and Exchange Rate adopted for 2014-15 is outside the range of +/-5%.
- ii. If variation in Net Block is outside the range of +/-5% of the amount projected In MoU 2014-15.
- iii. If actual production of Saleable Steel is more than 5% of MoU 2014-15 Target.

The ranges for above provisions are as given below:


a. Provisions related to Assumptions:

S.No	Item	Unit	Assumption	Lower Range (-5%)	Higher Range (+5%)
1	Saleable Steel NSR	₹ per ton	33400	31730	35070
2	Dollar Exchange Rate	₹ per \$	62	58.90	65.10
3	Imported Coking Coal (Hard) – ICC	\$ per ton	152	144	160
4	Iron Ore Lump – IOL	₹ per ton	3842	3650	4034
5	Iron Ore Fines – IOF	₹ per ton	2599	2469	2729

b. Other Provisions:

S.No	Item	Unit	Assumption	Lower Range (-5%)	Higher Range (+5%)
1	Net Block	₹ in Crores	15545	14768	16322

S.No	Item	Unit	Assumption	Higher Range (+5%)
1	Saleable Steel	Mt	4.15	4.36

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PERFORMANCE EVALUATION FOR 2014-15

Annexure II

Sl No.	Evaluation Criteria	Units	Weight (in %)	MoU Target					Documentary evidence and source / origin of documents
				Excellent	Very good (Budget)	Good	Fair	Poor	
				1	2	3	4	5	
1	Static/ Financial Parameters								
(i)	Growth/ Size/ Activity								
a	Sales Turnover	₹. Cr	9.0	16614	16289	15474	14700	13965	Annual Accounts and Annual Report
b	Gross Operating Margin Rate	%	9.0	12.97	12.35	11.73	11.15	10.59	Annual Accounts and Annual Report
(ii)	Profitability								
b	EBIT/Average Capital Employed	%	10.0	10.92	10.40	9.88	9.39	8.92	Annual Accounts and Annual Report
(iii)	Costs and Output Efficiency								
a	Sales Turnover/ Net Block	%	8.0	107	105	100	95	90	Annual Accounts and Annual Report
(iv)	Liquidity/ Leverage								
a	Current Ratio	Ratio	8.0	1.04	1.02	0.97	0.92	0.87	Annual Accounts and Annual Report
(v)	Efficiency of Asset Use								
a	Average No. of Days of Inventory (Iron & Steel Products)	Days	6.0	19	20	21	22	23	Annual Accounts and Annual Report
2	Dynamic/ non-financial Parameters								
(i)	CSR and Sustainability								
a	CSR and Sustainability Parameters	-	3.0	As per Annexure B					Report on Annexure B Certified by Board level Official
(ii)	R&D	-	2.0	As per Annexure C					Report on Annexure C Certified by Board level Official
(iii)	Initiatives for Growth	-	10.0	As per Annexure D					Annual Statistics and related details as required Certified by Board level Official and Annual Accounts
(iv)	Project Management & Implementation	-	10.0	As per Annexure E					Certification by the Consultant and Annual Accounts / Annual report
(v)	Productivity and Internal Processes	-	7.0	As per Annexure F					Annual statistics and related details as required certified by Board level Official
(vi)	Technology, Quality, Innovative practices	-	5.0	As per Annexure G					Certificate from consultant / Filing receipt from Patent Office
(vii)	HRM	-	8.0	As per Annexure H					Report on Annexure H Certified by Board level Official
3	Sector Specific/ Enterprise Specific								
a	Labour Productivity	tcs/man/ year	5.0	416	408	388	368	350	Annual Statistics and related details as required certified by Board level Official

100.0

1.00 -1.50 = Excellent; 1.51 - 2.50 = Very Good; 2.51 - 3.50 = Good; 3.51 - 4.50 = Fair; 4.51 - 5.00 = Poor

Note: Non-compliance to Corporate Governance and other Guideline/Regulations will result in negative marking as per Clause 3.21 and 3.22 of the Guidelines for Memorandum of Understanding (MoU) for the year 2014-15 issued by Department of Public Enterprises(DPE).

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PART-IV**4.0 COMMITMENT / ASSISTANCE FROM THE GOVERNMENT****4.1 Concerns pertaining to 2014-15:**

- a) To impress Government of Andhra Pradesh to ensure power supply as per the contractual maximum demand.
- b) To recommend for increase in export benefit on pig iron, semis and finished steel products from the existing 1.3%, 1.7% and 1.9% to 3%, 4% and 6% respectively.
- c) To recommend for increase in customs duty on wire rods from present level of 5% to 10% to discourage imports.
- d) To take up with Ministry of Railways for increasing the allocation of rakes for despatch of steel products from Plant from current level of 2.5 to at least 4 rakes per day during 2014-15 and 2 rakes per day for boiler coal to Visakhapatnam Steel Plant.

4.2 Long term concerns:

- a) To help in allotment of iron ore and coal mines in the country to RINL as captive mines for meeting major raw material requirements.
- b) Transfer of 3 mining leases in the name of BPMEL (in liquidation) to OMDC in Odisha.
- c) Restructuring of capital base.

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PART - V

5.0 ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF MOU

The performance of RINL with respect to MOU targets will be closely monitored on monthly basis by CMD, RINL. Quarterly review meetings will also be organized at Board level of RINL and also suitably at Ministry of Steel level to monitor the performance.




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



G Mohan Kumar
Secretary
Ministry of Steel, GOI


Dated: 25th March 14

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**STATIC/ FINANCIAL PARAMETERS
2014-15**

Sl No.	Evaluation Criteria	Units	Weight (in %)	Target	Documentary evidence and source / origin of documents
(i)	Growth/ Size/ Activity				
a	Sales Turnover *	₹. Cr	9.0	16289	Annual Accounts and Annual Report
b	Gross Operating Margin Rate	%	9.0	12.35	
(ii)	Profitability				
a	EBIT/Average Capital Employed	%	10.0	10.40	
(iii)	Costs and Output Efficiency				
a	Sales Turnover/ Net Block	%	8.0	105	
(iv)	Liquidity/ Leverage				
a	Current Ratio	Ratio	8.0	1.02	
(v)	Efficiency of Asset Use				
a	Average No. of Days of Inventory (Iron & Steel Products)	Days	6.0	20	
Total			50.0		

* Sales Turnover includes sales of products produced during trial run period.

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Annexure-B

**CSR AND SUSTAINABILITY PARAMETERS
2014-15**

Sl. 2(i)	Parameter	Units	Wtg. (%)	Criterion Values					Documentary evidence and source / origin of documents
				Excellent 1	Very Good (Budget) 2	Good 3	Fair 4	Poor 5	
1	Upgradation of air pollution control systems at Burden Handling System-1 & Cast House Exhaust System-1 of Blast Furnace-1	Month	0.25	Dec'14	Jan'15	Feb'15	Mar'15	-	Report on Annexure B Certified by Board level Official
2	Number of meetings/consultations held with key Stakeholders	Nos.	0.25	4	3	2	1	0	
3	Publishing of Sustainability Report in line with GRI guidelines	Month	0.25	Feb'15	Mar'15	-	-	-	
4 (a)	CSR Project: Sanskriti - Construction of Multipurpose halls in 2 rehabilitation colonies of RINL	Month	1.0	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	
	Saksham - Total Adult literacy program to cover illiterates in peripheral villages of VSP	Nos.	0.75	420	400	380	360	340	
4 (b)	SD Project: Complete erection, Testing & commissioning of Rain Water Harvesting Pump House near 18 MLD	Month	0.5	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	
Total			3.0						

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R&D PARAMETERS 2014-15

SI No 2(ii)	Title of the Project	Performance indicator	Wtg (%)	Target Value					Documentary evidence and source / origin of documents
				Excellent	Very Good	Good	Fair	Poor	
1	Feasibility studies of enrichment of BF gas for enhancement of calorific value	Completion of laboratory studies on Nitrogen separation	0.4	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Report on Annexure C Certified by Board level Official
2	Effect of iron ore micro-fines on sintering process	Completion of all 147 experiments as per project plan	0.4	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	
3	Development of Thermo Mechanically Treated bars with improved seismic resistance	Completion of all trials	0.4	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	
4	Studies on Carbonation Techniques of the Steel Slag Wastes	Completion of 50 Carbonation Tests on Steel Slag	0.4	Feb-15	Mar-15	-	-	-	
5	Product Development	Nos	0.4	4	3	2	1	0	
Total			2.0						

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INITIATIVES FOR GROWTH 2014-15

SI No. 2(iii)	Evaluation Criteria	Units	Weight (in %)	MOU Target					Documentary evidence and source / origin of documents
				Excellent	Very Good	Good	Fair	Poor	
1	Saleable Steel Production	Million tons	2.5	4.20	4.15*	3.94	3.75	3.56	Annual Statistics and related details as required Certified by Board level Official
2	Pig Iron Production	Million tons	2.5	0.50	0.40	0.38	0.36	0.34	
3	Export Sales	₹ Cr	5.0	1050	1000	950	903	857	Annual Accounts
Total			10.0						

* Subject to Production of Hot Metal at the rate of 6 Mtpa, Liquid Steel at the rate of 5.2 Mtpa and Saleable Steel at the rate of 4.8 Mtpa in the last quarter of 2014-15.

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Annexure-E

PROJECT MANAGEMENT & IMPLEMENTATION 2014-15


Sl.No. 2 (iv)	Parameter	Wtg (%)	MOU Target					Documentary evidence and source / origin of documents
			Excellent	Very Good	Good	Fair	Poor	
1	Capital expenditure (₹ Cr)	2	1612	1535	1458	1385	1316	Annual report / Annual Accounts

Sl.No. 2 (iv)	Project / Milestone	Wtg (%)	MOU Target					Documentary evidence and source / origin of documents
			Excellent	Very Good	Good	Fair	Poor	
1	Commissioning of PP-2	2	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	Project Milestones certified by the Consultant
2	Commissioning of Special Bar Mill	2	Jul'14	Aug'14	Sep'14	Oct'14	Nov'14	
3	Commissioning of Structural Mill	2	Aug'14	Sep'14	Oct'14	Nov'14	Dec'14	
4	Revamping of SMS-1 Converter -3	1	Feb'15	Mar'15	-	-	-	
5	Completion of supply of major equipment for SMS-2 Converter-3	1	Feb'15	Mar'15	-	-	-	
SubTotal		8.0						
Total		10.0						

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**PRODUCTIVITY AND INTERNAL PROCESSES
2014-15**

Sl. No. 2(v)	Performance Indicators	Unit	Wtg. (%)	Criterion Values					Documentary evidence and source / origin of documents
				Excellent	Very Good (Budget)	Good	Fair	Poor	
				1	2	3	4	5	
1	BF Productivity of BF-3	t/cum/d	1	2.10	2.00	1.90	1.81	1.71	Annual statistics and related details as required certified by Board level Official
2	BF coke rate in BF-3	kgs/thm	1	462	485	509	535	561	
3	PCI rate in BF-3	kgs/thm	2	55	50	45	40	35	
4	Specific energy consumption	Gcal/tcs	2	6.01	6.15	6.46	6.78	7.12	
5	Specific water consumption	cum/tcs	1	2.60	2.80	2.94	3.09	3.24	
Total			7.0						

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Annexure-G


**TECHNOLOGY, QUALITY, INNOVATIVE PRACTICES
2014-15**

SI No. 2(vi)	Evaluation Criteria	Units	Weight (in %)	MOU Target					Documentary evidence and source / origin of documents
				Excellent	Very Good	Good	Fair	Poor	
1	Introduction of RH Degassing technology	Months	1.5	Jun'14	Jul'14	Aug'14	Sep'14	Oct'14	Project Milestones certified by the Consultant
2	Bring into operation reducing and sizing block in WRM-2	Months	1.5	Jul'14	Aug'14	Sep'14	Oct'14	Nov'14	Project Milestones certified by the Consultant
3	Intellectual property - filing of patents	Nos	2.0	4	3	2	1	0	Patent filing receipt of Patent Office
Total			5.0						

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HUMAN RESOURCE MANAGEMENT 2014-15

Sl. No. 2(vi)	HRM Performance Indicators	Unit	Wtg. (%)	Criterion Values					Documentary evidence and source / origin of documents
				Excellent	Very Good (Budget)	Good	Fair	Poor	
				1	2	3	4	5	
1	Assessment center for gradation of employees for succession planning :	Date							Report on Annexure H Certified by Board level Official
	Appointment of outside expert consultant		0.5	May'14	Jun'14	Jul'14	Aug'14	Sep'14	
	Coverage of 100% of GMs, EDs		0.5	Dec'14	Jan'15	Feb'15	Mar'15	-	
	Coverage of 100% of Middle level (DGM and above Managers)		0.5	Jan'15	Feb'15	Mar'15	-	-	
2	Training of Employees:								
	50% coverage - CEO's, Directors, ED's/GM on leadership, corporate governance and strategy & risk management .	Date	0.5	Feb'15	Mar'15	-	-	-	
	50% coverage - Senior Managers, Middle Managers & lower management as per functional requirement	Date	0.5	Feb'15	Mar'15	-	-	-	
	10% Coverage - Workers in skill development programmes	Date	0.5	Feb'15	Mar'15	-	-	-	
3	Motivation to employees :	Date							
	Submission of report by an outside expert consultant for survey of motivation and ways to enhance motivation of the employees		0.5	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	
	Initiation of action on the above study		0.5	Feb'15	Mar'15	-	-	-	
4	Development of SERVICE CHARTER for welfare of employees								
	Constituting a Committee	Date	0.5	May'14	Jun'14	Jul'14	Aug'14	Sep'14	
	No. of Meetings of the committee per year	Nos	0.25	6	5	4	3	2	
	No. of Meetings of the committee with CMD	Nos	0.25	2	1	-	-	-	
5	Image Building :								
	Submission of report by an outside expert consultant's to improve image	Date	0.5	Dec'14	Jan'15	Feb'15	Mar'15	-	
6	MOU between functional directors with ED's / GM's under them.	Date	0.5	May'14	Jun'14	Jul'14	Aug'14	Sep'14	
7	Appointment of outside expert consultant on Talent management studies:								
	Submission of Report by Expert Consultant		0.5	Nov'14	Dec'14	Jan'15	Feb'15	Mar'15	
8	HR Audit for organisation	Date	0.5	Dec'14	Jan'15	Feb'15	Mar'15	-	
9	% Reduction in Administrative expenses over the projected Administrative cost of ₹ 314 Cr for 2014-15	Nos	0.5	5	4	3	2	1	
10	Revisit of Promotion policy.	Date	0.5	Dec'14	Jan'15	Feb'15	Mar'15	-	
Total			8.0						


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Annexure-I

SECTOR SPECIFIC PARAMETER / ENTERPRISE SPECIFIC PARAMETER
2014-15

SI No. 3	Evaluation Criteria	Units	Weight (in %)	Target	Documentary evidence and source / origin of documents
1	Labour Productivity	tcs/man/ year	5.0	408	Annual Statistics and related details as required certified by Board level Official

tcs : ton of Crude Steel

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Annexure- VI

TREND OF CPSE'S PERFORMANCE ON FINANCIAL PARAMETERS FOR THE LAST FIVE YEARS

PARTICULARS	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15
	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	LIKELY	PROJECTED
Capacity Utilisation (for each plant separately)	116	119	108	116	108	113	107	109	107	111	109
Production (in Qty.)	3080	3167	3100	3077	3467	2990	2850	2900	3470	3003	4150
Production (in Rs. Cr.)	8738	9042	9448	10642	12123	12659	11111	11888	13576	11739	15225
Profit & Loss Statement Items											
Sales Turnover, Excluding interest and other income (Operating Turnover) (Sales Turnover Shall not include Excise Duty, Custom Duty, VAT or any other duty, tax, etc.) ##	9158.44	9809.15	9741.79	10471.18	12409.04	13142.72	11564.42	12008.51	14127.05	11836.98	16288.56
Interest and other income	441.59	626.76	254.57	426.25	144.22	328.39	132.29	455.42	169.91	255.47	219.75
Gross Operating Margin Rate (%)	8.25	12.49	11.15	12.50	6.62	13.29	10.17	10.46	8.90	12.21	12.35
Gross Operating Margin	755.39	1225.42	1085.94	1309.23	821.48	1746.82	1175.81	1255.75	1257.23	1444.99	2012.36
EBITDA (Earnings Before Interest, Taxes, Depreciation and amortization)	706.71	1595.13	1000.01	1377.19	800.39	1639.23	1075.25	1057.54	1101.27	965.00	1572.76
Depreciation	245.00	277.17	352.30	265.94	583.33	344.86	462.93	186.88	526.96	280.00	550.00
EBIT(Earnings Before Interest & Taxes)	461.71	1325.20	647.71	1146.21	217.06	1300.61	612.32	885.72	574.31	685.01	1022.76
Interest Expenses	60.00	77.55	209.50	164.55	187.84	190.60	393.26	359.25	425.86	380.00	580.00
Prior Period Adj. (Net Credit (-)/Exp. (+))	0.00	-7.24	0.00	-34.96	0.00	-6.24	0.00	-15.06	0.00	0.00	0.00
Extra Ordinary Items											
Any other Expenses											
Profit Before Tax	401.71	1247.65	438.21	981.66	29.22	1110.01	219.06	526.47	148.45	305.01	442.76
Tax	140.96	450.98	311.57	323.17	-60.67	358.55	71.08	173.64	50.46	103.67	150.49
Profit After Tax	260.75	796.67	126.64	658.49	89.89	751.46	147.98	352.83	97.99	201.34	292.26
Dividend paid		332.67		315.51		221.78		159.14			
Profit transferred to Statutory Reserves											
Any Other Item											
Profit Transferred to Balance Sheet		464		343		530		194		201	292
Balance Sheet Items											
Gross Block	9451	9474	15988	9795	19418	10394	17873	12588	22018	14289	25173
Less: Depreciation	8006	8009	8347	8265	8842	8607	9073	8799	9349	9079	9629
Net Block	1444	1465	7641	1530	10576	1787	8801	3790	12669	5211	15545
Share Capital of CPSE	7827	7827	7827	7827	7727	7727	6347	6347	5740	5740	5190
Reserves & Surplus of CPSE	4927	5058	5138	5402	5384	5932	6201	6131	6188	6245	6479
Less: Deferred revenue Exp./Pre-acquisition Loss	0	0							0		
Less: Profit & Loss A/c (Loss figure)	0	0							0		
Net Worth of CPSE	12755	12885	12965	13229	13111	13659	12548	12477	11928	11985	11668
Investments	55	0	480	362	648	363	423	363	463	363	428
Total Current Assets	6802	9551	5460	7402	4621	8492	7300	9978	10361	9570	10355
Total current Liabilities & provisions	1811	4308	3187	5118	2703	7222	5157	10185	8093	10221	10152
Net Current Assets	4991	5243	2273	2284	1917	1271	2143	-207	2268	-650	203
Capital Employed (Net worth + Long-term debt-Investments)	6436	5378	9914	3413	12493	2686	10944	3369	14937	4258	15425
Total long term debt (loan funds)	0	0	0	0	0	0	0	1241.56	4600.00	2500.00	4800.00
Total Assets	13293	18523	16669	19053	15829	21505	22892	24653	25550	25588	27561
No of employees of CPSE	18206	17830	18982	17829	19220	18079	19200	18072	19795	18593	18743
Sales Turnover	9158	9809	9742	10471	12409	13143	11564	12009	14127	11837	16289
Gross Operating Margin Rate (%)	8.25	12.49	11.15	12.50	6.62	13.29	10.17	10.46	8.90	12.21	12.35
Ratios											
PAT/Net Worth	0.020	0.062	0.010	0.05	0.01	0.06	0.01	0.03	0.01	0.02	0.03
EBITDA/Net Block	0.489	1.089	0.131	0.90	0.08	0.92	0.12	0.28	0.09	0.19	0.10
EBIT/Average Capital Employed	0.079	0.187	0.079	0.26	0.02	0.43	0.05	0.29	0.04	0.18	0.10
Salesturnover/Net block	6.34	6.69	1.27	6.84	1.17	7.36	1.31	3.17	1.12	2.27	1.05
PAT per Employee (Rs. Lakhs)	1.43	4.47	0.67	3.69	0.47	4.16	0.77	1.95	0.50	1.08	1.56
Current Ratio	3.76	2.22	1.71	1.45	1.71	1.18	1.42	0.98	1.28	0.94	1.02
Debt Service Coverage Ratio - Total FC	7.70	17.09	3.09	6.97	1.16	6.82	1.56	2.47	1.35	1.80	1.76
Operating Cash Flow	*	1622.90	*	-418.81	*	832.44	*	250.83	-209.77	176.33	364.70
Average No. of Days of Inventory(Iron&Fin. Steel)	*	28	*	25	*	17	*	16	*	24	20
Average No. of Days of Inventory(Coke & Other Prod.)	*	35	*	36	*	40	*	49	*	53	44
Inventory Turnover Ratio (Iron & Fin. Steel)	*	13.0	*	14.4	*	20.9	*	22.3	*	15.3	18.4
Inventory Turnover Ratio (Coke & Other prod.)	*	10.4	*	10.1	*	9.1	*	7.4	*	6.9	8.4
Average collection period of Trade Receivables	*	27	*	34	*	41	*	45	*	77	71
Debtors Turnover Ratio	*	14	*	11	*	9	*	8	*	5	5

* Not a parameter in earlier MOU

Excludes excise duty and includes other elements like Freight and Handling Charges

Calculation of Gross Operating Margin for MoU 2014-15

		₹ Crores
	PARTICULARS	2014-15 Projected
I.	INCOME	
	1.Pig Iron	1005.17
	2.Saleable Steel	16296.99
	3.By-Products,Scrap etc.,	800.11
	Total Gross Sales:	18102.28
	1. Excise Duty	1813.72
	Net Sales	16288.56
II.	EXPENDITURE	
	Stock Accretion(-)/Decretion	306.81
	Raw Materials	9720.27
	Stores,Spares & Consumables	684.82
	Employee Remunerartion	1864.85
	Power,Fuel & Water	861.05
	Repair & Maintenance	288.40
	Depreciation	550.00
	Total Expenditure	14276.20
	Gross Operating Margin	2012.36
	Gross Operating Margin %	12.35%

MoU 2014-15
Approved by DPE/TF
Signed 

Annexure-VII**Self-declaration/certification by CPSE**

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 2014-15. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per MoU Guidelines. CPSE has no right of claim in this regard.


 Authorised Signatory

टी.वी.एस.कृष्ण कुमार
 T.V.S.KRISHNA KUMAR
 महा प्रबंधक (वि व ले)
 GENERAL MANAGER (F & A)
 विशाखपट्टणम इस्पाट संयंत्र
 VISAKHAPATNAM STEEL PLANT
 विशाखपट्टणम-VISAKHAPATNAM-530 031

Annexure-VIII**Self-declaration for Compliance of Directives of Government & Regulators**

It is hereby certified that the CPSE has complied all the directives of government and requirements of regulators. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per Guidelines, directives issued by the government/regulators. CPSE has no right of claim in this regard.

**Authorised Signatory**

अनित इडिकुल्ला - ANITA IDICULLA

उप महा प्रबंधक - Dy. General Manager

सी एस एम विभाग - CSM Deptt.

विशाखपट्टनम इस्पात संयंत्र

VISAKHAPATNAM STEEL PLANT

विशाखपट्टनम - VISAKHAPATNAM-530 031