

# **MEMORANDUM OF UNDERSTANDING FOR THE YEAR 2011-2012**

**BETWEEN**

**HINDUSTAN STEELWORKS CONSTRUCTION LIMITED**

**AND**

**MINISTRY OF STEEL, GOVERNMENT OF INDIA**

This Memorandum of Understanding is made between Hindustan Steelworks Construction Limited and Ministry of Steel, Government of India for the year 2011-2012.

## **PART-I : MISSION/ VISION & OBJECTIVES**

### **MISSION/VISION :**

To become a profitable Construction Company and contribute in development of the country by execution of various infrastructure and Steel Sector projects.

### **OBJECTIVES:**

- ◆ To achieve a Turnover of Rs.2500 Cr. with an Operational Profit of Rs.200 Cr. by the end of FY 2015-16.
- ◆ To diversify into new areas of profitable activities and widen its pan India presence by setting up unit offices to cater to the increasing business needs of the Company.
- ◆ To upgrade the quality & skill of the employees on the basis of identified training needs.
- ◆ To achieve high levels of safety standards.
- ◆ To take measures for effecting all round economy by judicious cost control.
- ◆ To take appropriate steps for realizing Company's outstanding.
- ◆ To modernise its equipment holding.
- ◆ To improve the asset base of the Company.
- ◆ To take up activities for contributing to the society as a PSU.
- ◆ To adhere to the DPE guidelines on Corporate Governance.
- ◆ To strengthen Corporate Communication for image building and for achieving higher marketing capabilities.

**PART - II : EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS**

Normal delegation of power approved in respect of MOU signing companies shall be followed in respect of HSCL.

**INDUSTAN STEELWORKS CONSTRUCTION LTD**  
**PERFORMANCE EVALUATION PARAMETERS AND TARGETS FOR 2011-12**  
 MOU Assessment Format for 'Sick and loss making' CPSEs

Annexure-VII

Sl No	Evaluation Criteria	Unit	Wt. (in %)	MOU Target						B.E 2011-12
				Ex	VG	G	F	P		
1	Static / Financial Parameters (40%)									
1.1	Gross sales	Rs.in Cr.	10	1260.00	1200.00	1140.00	1080.00	1030.00	1200.00	
1.2	Gross margin	Rs.in Cr.	10	84.00	80.00	76.00	72.00	68.00	80.00	
1.3	Gross Profit	Rs.in Cr.	5	80.00	76.00	72.00	68.00	64.00	76.00	
1.4	Net profit	Rs.in Cr.	5	-22.00	-26.00	-30.00	-34.00	-38.00	-26.00	
1.5	Cash Generation from Operation	Rs.in Cr.	5	71.50	68.00	64.40	60.90	57.30	68.00	
1.6	Working Capital/Turnover	Ratio	5	0.215	0.222	0.231	0.240	0.247	0.222	
2	Sub-total (1)		40							
	Dynamic Parameters (25%)									
2.1	Physical Targets	Not applicable								
2.2	Order Booking during the year	Rs.in Cr.	10	1890	1800	1710	1625	1540	1800	
2.3	Quality - (LD as a percentage of turnover)	%	5	No LD	0.25%	0.30%	0.35%	0.40%	0.25%	
2.4	Customer Satisfaction [no. of jobs completed to the satisfaction of client as per their assessment]	%	5	100%	95%	90%	85%	80%	95%	
	Project Implementation - Modernisation and replacement of equipment bank (capex)	Rs.in Cr.	5	25.00	23.75	22.50	21.25	20.00	23.75	
	Sub-total (2)		25							

PART-III



**PART-IV : COMMITMENT /ASSISTANCE FROM THE GOVERNMENT**


i) Approval of the Revival Plan of the Company.


**PART-V : ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF MOU**

Frequency of Evaluation :-

Quarterly review of performance will be taken up by the Board of Directors of the Company.

A joint review of performance will be undertaken by Ministry on half-yearly basis and the evaluation will be done by DPE at the end of the year.

  
(SRI MALAY CHATTERJEE) 14/3/11  
Chairman-Cum-Managing Director  
Hindustan Steelworks Construction Ltd.

  
14/3/11  
(SRI P. K. MISRA)  
Secretary to Govt. of India  
Ministry of Steel