

MEMORANDUM OF UNDERSTANDING (MoU)

BETWEEN

MOIL LIMITED

AND

MINISTRY OF STEEL

GOVT. OF INDIA

2015-16



Regd. Office :

"MOIL BHAWAN",

1-A, Katol Road, Nagpur-440013



MOIL LIMITED

Adding **Strength** to Steel

MEMORANDUM OF UNDERSTANDING (MoU)

BETWEEN

MOIL LIMITED


AND

**MINISTRY OF STEEL
GOVT. OF INDIA**

2015-16



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

MoU 2015-16
Approved by DPE/TF
Signed 
24/3/15



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.

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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



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.


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PART III

To update physical and financial performance of MOIL Limited in preceding five years indicated in Annexure. The performance indicators and relative weightage for each of them for evaluation of the Company's performance during 2015-16 are indicated below.

PERFORMANCE	UNIT	WT	MoU 2014-15	PERFORMANCE RATING : 2015-16					Documentary evidence and source / origin of documents	
				Excel.	V. Good	Good	Fair	Poor		
				1	2	3	4	5		
PART - A										
1 STATIC / FINANCIAL PARAMETERS		50								
(i) Growth / Size / Activity										
a)	Sales Turnover (Net) (₹ in crores)	₹	19	858.00	858.00	820.00	779.00	740.00	703.00	Annual Report
b)	Gross Operating Margin (₹ in crores)	₹	15	432.72	360.00	345.00	328.00	312.00	296.00	Annual Report
(ii) Profitability										
a)	PAT / Net Worth	%	6	11.40	10.93	10.41	9.89	9.40	8.93	
b)	EBITDA/Net Block	%	5	198.76	191.17	182.07	172.97	164.32	156.10	
c)	EBIT / Average Capital Employed	%	5	18.63	17.42	16.59	15.76	14.97	14.22	
Note :-										
1)	Profit before tax (EBIT)(₹ Crores)	₹	-	555.66	567.71	540.68	513.65	487.97	463.57	Annual Report
2)	Profit after tax (PAT)(₹ Crores)	₹	-	366.79	371.24	353.56	335.88	319.09	303.14	Annual Report
3)	Proj. Opening Cap. Employed (14-15)	₹	-	2804.47	3320.11	3162.01	3003.91	2853.71	2711.02	Annual Report
	Proj. Closing Cap. Employed (15-16)	₹	-	3162.01	3525.28	3357.41	3189.54	3030.06	2878.56	Annual Report
	Average Capital Employed (₹ Crores)	₹	-	2983.24	3422.70	3259.71	3096.73	2941.89	2794.79	Annual Report
4)	Net Worth (NW) (₹ Crores)	₹	-	3215.78	3567.18	3397.31	3227.44	3066.07	2912.77	Annual Report
6)	Gross Block (₹ Crores)	₹	-	617.90	705.01	671.44	637.87	605.98	575.68	Annual Report
7)	Net Block (₹ Crores)	₹	-	298.08	332.16	316.34	300.52	285.49	271.22	Annual Report
8)	Gross Margin (₹ Crores) EBITDA	₹	-	592.46	604.76	575.96	547.16	519.80	493.81	Annual Report
Note :										
1. The assumption of average selling price of manganese ore has been considered as ₹ 6975 per MT. Since manganese ore prices are volatile, if the variation <i>via-a-vis</i> actual realisation per MT is above +/- 10%, the evaluation will be done according to assumed price of MoU 2015-16.										
2. Gross sales target (very good) is Rs.866.86 crores and accordingly net sales target (very good), after deducting royalty, taxes and duties, works out to Rs. 820.24 Crores (rounded of to Rs. 820.00 crores).										

MoU 2015-16
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PERFORMANCE	UNIT	WT	MoU 2014-15	PERFORMANCE RATING : 2015-16					Documentary evidence and source / origin of documents	
				Excel. 1	V. Good 2	Good 3	Fair 4	Poor 5		
2 DYNAMIC / NON-FINANCIAL PARAMETERS		43								
(i) Research & Development		3								
i	Expenditure % of PAT 2014-15	%	1	0.50	0.53	0.50	0.48	0.46	0.44	Annual Report
ii	R&D studies for de-phosphorisation of high carbon ferro manganese by NML, Jamshedpur - submission of report	Date	1		Jun 30 2015	Jul 31 2015	Aug 31 2015	Sep 30 2015	Oct 31 2015	Report of external agency
	Beneficiation study of Ukwa black dump rejects	Date	1		Jan 31 2016	Feb 15 2016	Feb 29 2016	Mar 15 2016	Mar 31 2016	Report of external agency
(ii) Initiative for Growth		11								
a) Physical targets / output										
i	Production of manganese ore (Total)	000T	6	1125	1165	1140	1083	1029	978	Certified Statement
ii	Revision of corporate plan in line with strategic management plan, to be prepared by M/s KPMG, Consultant	Date	1		Dec 31 2015	Jan 15 2016	Jan 31 2016	Feb 29 2016	Mar 31 2016	Revised Corporate Plan
iii	Commencement of implementation of ERP	Date	1		Oct 30 2015	Dec 31 2015	Jan 31 2016	Feb 29 2016	Mar 31 2016	Certificate
b) Expansion/diversification/aquisitions/joint ventures										
i	Completion of 9000 Mtrs. of core drilling in new non-forest area for P.L. in Maharashtra	Date	1		Dec 31 2015	Jan 15 2016	Jan 31 2016	Feb 29 2016	Mar 31 2016	Project Completion Certificate
ii	Location of New resources/ reserves of Manganese ore at Balaghat & Ukwa Mine for expansion	Date	1		Jan 31 2016	Feb 15 2016	Feb 29 2016	Mar 15 2016	Mar 31 2016	Project Completion Certificate
iii	Receipt of Expansion Project Report (EPR) from CMPDIL for Gumgaon mine to enhance production	Date	1		Jun 30 2015	Jul 31 2015	Aug 31 2015	Sep 30 2015	Oct 31 2015	Report of external agency
(iii) Project Management & Implementation		12								
(a) Number of new projects to be completed during the year										
(i)	Completion of vertical shaft deepening and commencement of production at Chikla mine	Date	2		Jan 31 2016	Feb 15 2016	Feb 29 2016	Mar 15 2016	Mar 31 2016	Project Completion Certificate
(ii)	Capital Expenditure on MOIL's projects (₹ in Crores) (as per BE 2015-16)	₹ in Crores	2	123.94	127.47	123.94	117.74	111.55	105.35	Annual Report
(iii)	Exploratory Drilling project at all mines.	Mtrs	2	4900	5000	4900	4800	4700	4500	Certified Statement
(iv)	Certification on Project Management Training program	No. of executives	2		10	5	4	3	2	Training certificate
(b) Milestones to be reached for new/on-going projects that cannot be completed during the year										
(i)	Deepening of Holmes Shaft Balaghat upto 100 Mtrs.	Date	2		Jan 31 2016	Feb 15 2016	Feb 29 2016	Mar 15 2016	Mar 31 2016	Project Completion Certificate

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PERFORMANCE	UNIT	WT	MoU 2014-15	PERFORMANCE RATING : 2015-16					Documentary evidence and source / origin of documents
				Excel.	V. Good	Good	Fair	Poor	
				1	2	3	4	5	
(ii) Preparatory work and construction of shaft collar for sinking of 2nd vertical shaft at Chikla Mine.	Date	1		Jan 31 2016	Feb 15 2016	Feb 29 2016	Mar 15 2016	Mar 31 2016	Project Completion Certificate
(iii) Finalisation of tender for project of 'Deepening of vertical shaft at Kandri mine'.	Date	1		Jan 31 2016	Feb 15 2016	Feb 29 2016	Mar 15 2016	Mar 31 2016	Project Completion Certificate
(iv) Productivity and Internal Processes		6							
(a) Measures taken to increase efficiency and productivity of manpower/ resources									
(i) Output per manshift (OMS)	Output per Manshift	3		1.05	1.00	0.95	0.90	0.85	Certificate
(ii) % recovery of beneficiation plant at Balaghat Mine	%	1	69	78	75	70	65	60	Certified Statement
(b) Customer Focus - Customer Satisfaction Index and Complaints									
(i) No. of complaints received against the D.O. issued.	%	2	1.84	1.75	1.84	1.93	2.03	2.13	Certified Statement
(v) Technology, Quality, Innovative practices		6							
(a) Quality Management									
(i) OHSAS 18001-2007 Certification for Gumgaon Mine.	Date	1		Nov 30 2015	Dec 31 2015	Jan 31 2016	Feb 29 2016	Mar 31 2016	OHSAS Certificate
(ii) OHSAS 18001-2007 Certification for Munsar Mine.	Date	1		Nov 30 2015	Dec 31 2015	Jan 31 2016	Feb 29 2016	Mar 31 2016	OHSAS Certificate
(b) Safety Management									
(i) Mandays lost per 1000 mandays worked due to accident	Man-days	2	0.50	0.45	0.50	0.55	0.60	0.65	Certified Statement
(ii) Safety audit at Group I mines from independent auditors	Date	2		Jan 31 2016	Feb 15 2016	Feb 29 2016	Mar 15 2016	Mar 31 2016	Report
(vi) Human Resource Management		5		As per Annexure-I					
3 Sector Specific Parameter		7							
(i) Development in Opencast mines	000M ³	4	5525	6005	5725	5420	5135	4849	Certified Statement
(ii) Development in Underground mines	Mtrs	3	7425	8320	7904	7509	7114	6718	Certified Statement
Total		100							
Note :									
1 : All internal documents are to be signed by one of the functional Directors.									
2 : Negative marking for non-compliance of Corporate Governance principles, non-compliance of guidelines relating to the percentage fixed for procurement from MSME, Non-compliance to DPE guidelines and CSR provisions as per Companies Act and other non-compliance of any directives of Government including submission of data for Public Enterprises (PE) survey and MOSPI data up-dating will be penalized by way of negative marking and the MoU Score will be increased in accordance with DPE OM 18(8)/2005-GM, dated 22/06/2011 and OM 3(12)/2012-DPE(MoU), Dtd. 10/01/2013.									

MoU 2015-16
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HRM Template FOR MoU 2015-16									
Sr. No.	Name of the Project	Unit	Wt.	Target Value					Documentary evidence and source / origin of documents
				Excel.	V. Good	Good	Fair	Poor	
1	Training of employees								
(a)	50% of Board level executives and EDs/GM on 'Management Development Program'		1	Yes				No	Training certificate
(b)	In-house training for 50% of other executives and 10% of staff/workers		1	Yes				No	Training certificate
2	Employee motivation								
(a)	Action plan and implementation of any two areas of improvement coming out of motivation survey		2						
(i)	Skill upgradation	No. of employee		20	18	16	14	12	Internal certificate
(ii)	Reward and recognition	Nos. of programs		4	3	2	1	0	Internal certificate
(iii)	Communication forums	Nos. of interaction		4	3	2	1	0	Internal certificate
(b)	Succession planning								
	Training Programme for executives covered under succession planning on studies done during the year 2014-15 : 20 executives to improve upon the gaps suggested in the report under various parameters.	Training program	1	Yes				No	Certificate from Trainer / Consultant
			5						

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Working of Gross Operating Margin

(Rs. in Crores)

Particulars		FY 2015-16	
		(Proposed)	
Gross sales			866.86
Less :	Excise duty	9.25	
	Royalty and welfare cess	37.37	
			46.62
Net sales			820.24
Less :			
	Total expenses	532.86	
	Accretion/decretion to stock	-3.58	
			529.28
Add :	Administrative/selling expenses		53.56
Gross operating margin			344.52
Add :	Other income		285.00
Less :	Administrative/selling expenses		53.56
Gross margin			575.96

MoU 2015-16
 Approved by D.P.
 Signed 



**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**

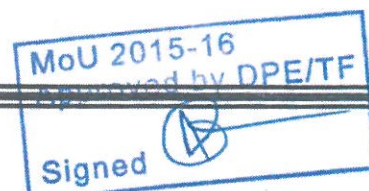
- (i) MOIL undertakes to submit quarterly reports on the various performance areas within 30 days of the end of each quarter.
- (ii) MOIL's Board will also ensure internal monitoring of performance against MoU targets.
- (iii) Half yearly joint review meetings will be held at the Ministerial level.

(G. P. KUNDARGI)
Chairman-Cum-Managing Director
MOIL Ltd.
NAGPUR

(RAKESH SINGH)
Secretary
Ministry of Steel
NEW DELHI

Date : 30.03.2015

Place : Udyog Bhawan, New Delhi.





MOIL LIMITED
TREND OF PERFORMANCE ON FINANCIAL PARAMETERS FOR THE LAST FIVE YEARS

(₹ Crores)

Particulars	2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	2016-17	2017-18
	MoU	Actual	MoU	Actual	MoU	Actual	MoU	Actual	MoU	Proj.	Projected	Projected (*)	Projected (*)
Production(Mn Ore)excl fines(000T)	825	836	830	839	900	883	875	875					
Production(Mn Ore)fines(000T)	325	314	320	232	250	256	250	250					
Total Production(000T)	1150	1150	1150	1071	1150	1139	1125	1135	1125	1125	1140	1165	1190
Production (₹ in Crores)	465.25	410.44	486.35	502.37	473.81	573.51	555.14	562.44	556.00	556.00	611.18	638.00	665.00
Gross Sales	1000.00	1145.31	1150.00	905.68	793.84	975.03	797.43	1028.45	900.00	900.00	866.86	889.00	911.00
Excise Duty & Royalty	42.64	48.84	49.77	39.20	36.06	44.29	23.00	45.77	42.00	42.00	46.62	52.00	53.00
Net Sales	957.36	1096.47	1100.23	866.48	757.78	930.74	774.43	982.68	858.00	858.00	820.00	837.00	858.00
Interest and other income	85.00	145.28	86.00	203.32	160.00	235.27	209.51	303.32	245.00	245.00	285.00	299.00	314.00
Gross Operating Margin Rate (%)	67.89%	77.73%	69.87%	58.39%	58.23%	55.85%	51.88%	57.32%	50.43%	50.43%	42.01%	42.05%	42.19%
Gross Operating Margin	649.94	852.32	768.73	505.95	441.26	519.80	401.75	563.27	432.72	432.72	344.52	352.00	362.00
EBITDA	650.00	912.66	782.00	636.54	516.00	669.81	526.00	804.51	592.46	592.46	575.96	587.00	599.00
Depreciation	30.25	32.51	32.35	29.91	35.97	33.03	36.63	35.18	36.80	36.80	35.28	37.00	39.00
EBIT	619.75	880.15	749.65	606.63	480.03	636.78	489.37	769.33	555.66	555.66	540.68	550.00	560.00
Interest Expenses													
Prior period expenses													
Extra ordinary items													
Any other expenses													
Profit before tax	619.75	880.15	749.65	606.63	480.03	636.78	489.37	769.33	555.66	555.66	540.68	550.00	560.00
Tax	210.65	292.10	249.01	195.86	159.45	205.06	166.34	259.77	188.87	188.87	187.12	190.00	194.00
Profit after tax	409.10	588.05	500.64	410.77	320.58	431.72	323.03	509.56	366.79	366.79	353.56	360.00	366.00
Dividend Paid	81.82	117.60	100.13	84.00	64.12	92.40	64.61	126.00	73.36	73.36	142.80	142.80	142.80
Profit transferred to Statutory reserves													
Any other item													
Profit transferred to Balance Sheet	313.00	450.00	366.00	300.00	241.00	325.00	247.00	370.00	281.00	281.00	181.53	188.00	194.00
Balance Sheet Items													
Gross Block	425.14	396.46	479.16	422.58	509.46	479.91	596.66	510.07	617.90	617.90	671.44	739.00	813.00
Less Depreciation	194.84	190.48	223.09	215.53	259.41	246.39	296.28	277.73	319.82	319.82	355.10	382.00	411.00
Net Block	230.30	205.98	256.07	218.72	250.05	233.52	300.38	232.34	298.08	298.08	316.34	357.00	402.00
Paid up Share Capital	168.00	168.00	168.00	168.00	168.00	168.00	168.00	168.00	168.00	168.00	168.00	168.00	168.00
Reserves & Surplus	1764.63	1960.29	2340.80	2273.30	2512.83	2597.64	2766.82	2959.33	3047.78	3047.78	3229.31	3417.31	3611.31
Less : Deferred Rev.Exp/pre acquisition loss													
Less : Profit & Loss A/C													
Net Worth	1932.63	2128.29	2508.80	2441.30	2680.83	2765.64	2934.82	3127.33	3215.78	3215.78	3397.31	3585.31	3779.31
Investments	67.61	2.21	60.21	4.21	82.21	4.21	72.21	4.21	4.21	4.21	4.21	4.21	4.21
Total Current Assets	1750.07	2204.20	2455.58	2479.55	2609.72	2846.99	2646.79	3471.83	2840.23	2840.23	2982.24	3131.00	3288.00
Total Current Liabilities&Provisions	123.45	311.39	279.94	229.36	307.11	275.17	296.54	344.50	344.09	344.09	361.29	379.00	398.00
Net Current Assets	1626.62	1892.81	2175.64	2250.19	2302.61	2571.82	2350.25	3127.33	2496.14	2496.14	2620.95	2752.00	2890.00
Capital Employed	1856.92	2098.79	2431.71	2468.91	2552.66	2734.45	2650.63	3359.67	2794.22	2794.22	2937.29	3109.00	3292.00
(Net Block+Net Current Assets)													
Capital Employed													
(Net Worth-CWIP-Investment)	1857.55	2097.29	2431.71	2539.76	2552.66	2734.45	2850.63	3054.14	2794.22	2794.22	3357.41	3525.00	3701.00
Total debt(loan funds)													
Total Assets	2012.87	2442.68	2756.63	2743.25	2914.17	3134.91	2947.17	3704.17	3138.31	3138.31	3298.58	3488.00	3690.00
Ratio													
PAT/Net Worth	21.17	27.63	19.96	16.83	11.96	15.61	11.01	16.29	11.41	11.41	10.41	10.04	9.68
EBITDA/Net Block	282.24	443.08	305.39	291.03	206.36	286.83	175.11	346.26	198.76	198.76	182.07	164.43	149.00
EBIT/Capital Employed	33.38	41.94	30.83	24.57	18.81	23.29	18.46	22.90	19.89	19.89	18.41	17.69	17.01

(*) Based on trends and current market conditions.



MOIL LIMITED

TREND OF PERFORMANCE ON NON-FINANCIAL PARAMETERS FOR THE LAST FIVE YEARS ALONGWITH PROJECTIONS FOR 2015-16

Objective	Action	Unit	2010-11		2011-12		2012-13		2013-14		2014-15		2015-16	2016-17	2017-18
			MoU	Actual	MoU	Actual	MoU	Actual	MoU	Actual	MoU	Proj.	Proj.	Projected	Projected
Corporate Social Responsibility & Sustainability *		₹ in lakhs	542.00	575.39	598.00	655.00	680.00	1055.94	NA	NA	NA	NA	NA	NA	NA
Research & Development		%	0.50	0.59	0.50	0.97	0.50	2.01	0.50	2.13	0.50	0.50	0.50	0.50	0.50
Initiative for Growth															
	Physical targets / output or No. of new orders / projects														
	Production of manganese ore	000 T	1150	1151	1150	1071	1150	1139	1125	1134	1125	1125	1140	1165	1190
	Expansion/diversification/acquisitions/joint ventures														
	Exploratory drilling project at all mines	Mtr	4200	5027	4200	5031	4400	5573	4600	5743	4900	4900	4900	5000	5000
Technology, Quality, Innovative practices															
	Safety Management - safety incidents index, reportable incidents														
	Mandays lost per 1000 mandays worked due to accident	Mandays	1.20	0.26	1.20	0.26	0.26	0.24	0.50	0.24	0.50	0.50	0.50	0.50	0.50
Sector specific parameter/Enterprise specific parameters															
	Development in opencast mine	000M ³	3150	4576	3800	5881	4576	4995	4805	4808	5525	5525	5725	5800	5900
	Development in underground mine	Mtrs	6700	7281	6900	7252	7281	7325	6935	7288	7425	7425	7904	8000	8250

* - The parameter has been deleted w.e.f. FY 2013-14. Hence, the details from FY 2013-14 are not applicable.



SELF DECLARATION/CERTIFICATION FOR 2015-16

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 latest MoU Guidelines. 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.

A handwritten signature in blue ink, appearing to read "G. P. Kundargi".

(G. P. KUNDARGI)

CHAIRMAN-CUM-MANAGING DIRECTOR

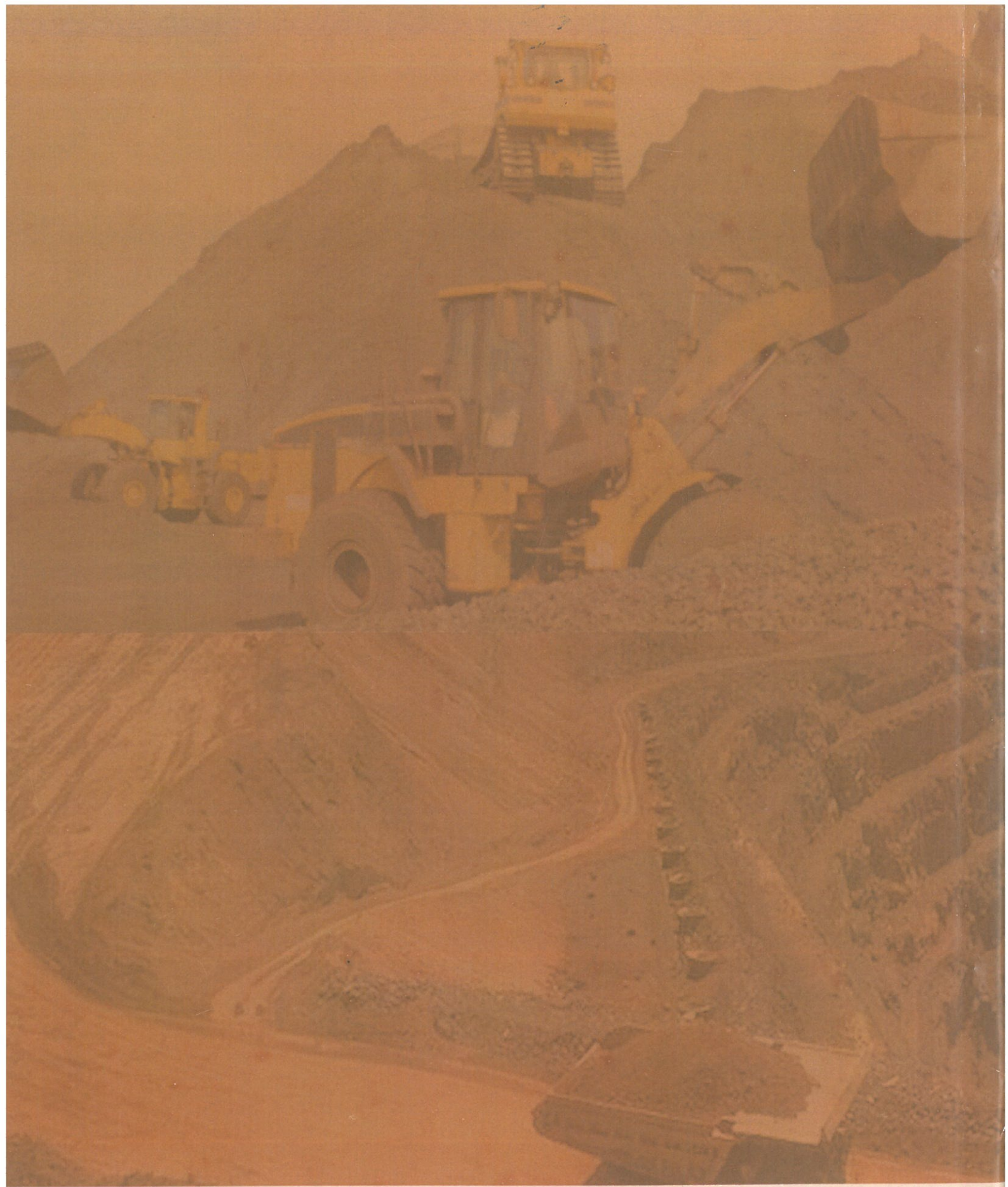


Self-declaration for Compliance of Directives of Government & Regulators

It is hereby certified that the MOIL Limited 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.

(G. P. KUNDARGI)

CHAIRMAN-CUM-MANAGING DIRECTOR



MOIL LIMITED

(A Government of India Enterprise)

CIN:L99999MH1962GOI012398

PAN: AAACM8952A

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