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No. M-01/0049/2018-DPE (MoU)
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises
(MoU Division)

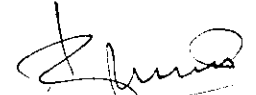
Block No.14, 4th Floor,
CGO Complex, Lodhi Road,
New Delhi-110003
Dated: 24 April, 2018

OFFICE MEMORANDUM

Subject: Minutes of the IMC Meeting on MoU 2018-19 held on 21.03.2018

The Undersigned is directed to forward herewith a copy of the minutes of IMC meeting held on 21.03.2018 to discuss MoU Target for the year 2018-19 in respect of Mishra Dhatu Nigam Limited (MIDHANI).

2. It is requested that the MoU may please be signed as per Para 12 of MOU guidelines 2017-18 and onwards.
3. A copy of the signed MoU along with the soft copy may please be sent to this Department for record.
4. The signed copy of the MoU for the year 2018-19 may be placed in Parliament as prescribed in statement on Industrial Policy dated July 24, 1991.
5. The Administrative Ministry and the CPSE may consider posting the copy of the MoU 2018-19 on their website.



(Saibal Sarkar)
Director (MoU)

Tel: 011-24363720

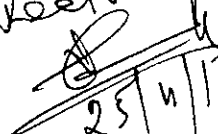
Email: mou-dpe@nic.in

To,

1. Secretary (Dr. Ajay Kumar), Ministry of Defence, Department of Defence Production, Room No. 136, South Block, New Delhi 110 011.
2. CMD, Mishra Dhatu Nigam Limited (MIDHANI).

Copy to:

1. Secretary (Smt. Seema Bahuguna), DPE.
2. Secretary (Shri. K. V. Eapen), Ministry of Statistics & Programme Implementation, S.P. Bhawan, Parliament Street, New Delhi-110001.
3. Additional Secretary (Shri Yaduvendra Mathur), NITI Aayog, Yojana Bhawan, Sansad Marg, New Delhi-110001

Received

25/4/18



MoU targets setting for the year 2018-19
Minutes of Inter-Ministerial Committee (IMC) meeting

CPSE : Mishra Dhatu Nigam Limited (MIDHANI)
Date & Time : 21.03.2018 at 11.00 AM
Venue : Chamber of Secretary, DPE, Room No. 305,
New Delhi-110003.

1. List of participants is at Annexure-A. Representatives of MoSPI and NITI Aayog did not attend the meeting.
2. Chairperson welcomed all the participants and requested Economic Adviser, DPE to start the meeting. It was informed that draft MoU of MIDHANI was received within time (01/12/2017).
3. IMC requested CMD, MIDHANI to present his viewpoint on the targets recommended by Pre negotiation committee (PNC) and where ever PNC has recommended targets lower than achievement of 2016-17.
4. Economic Adviser, DPE informed that in the pre-negotiation meeting following was informed by CMD, MIDHANI:
 - a. MIDHANI is a Miniratna-I CPSE under the administrative control of Department of Defence Production, Ministry of Defence. It was incorporated in 1973 to manufacture, trade, process, material test and characterize various grades, types and sizes of special metals. It caters the requirements of strategic sectors such as defence, space, aerospace, nuclear power, thermal power, electronics and communication, railways, petrochemical, renewable energy industry and of general engineering industries, additive manufacturing industries and nanotechnology industries etc.
 - b. It was informed that overall steel sector in India is undergoing very tough time. Similarly, MIDHANI, being a metallurgical industry has also been facing challenges to compete in global/ Indian market. Practically every order executed by the company is an import substitute. MIDHANI has now started offering its core competence of developing and manufacturing custom alloys tailor-made to suit the specific requirements of customers for their critical applications.
 - c. It was also informed that MIDHANI has no subsidiary or joint venture.
 - d. Following are the Score & Rating of last 5 years:

Year	Score	Rating
2012-13	1.28	Excellent
2013-14	1.12	Excellent
2014-15	1.01	Excellent
2015-16	97.06	Excellent
2016-17	90.92	Excellent



e. CPSE had provided following financial information which formed the basis for target setting:

(Rs. Cr.)

Sl.	Particulars	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
							Actual Upto Dec. 17	Est.
1.	Revenue from Operations (Gross)	558.59	562.71	655.70	761.45	809.71	401.13	754.37
2.	Revenue from Operations (Net)	553.90	554.62	647.38	716.50	773.28	396.77	750.00
3.	Profit before Tax	117.78	121.44	138.51	161.85	186.35	71.48	171.45
4.	Extraordinary & Exceptional items	-	-2.63	-	-	-	-	-
5.	Prior Period Items	-	-	-	-	-	-	-
6.	Other Incomes	19.86	20.93	22.69	29.00	23.39	17.44	29.11
7.	Operating Profit	97.92	97.88	115.82	132.85	162.96	54.00	142.34
8.	Operating Profit as percentage of Revenue from operations (%)	17.68	17.65	17.89	18.54	21.07	13.60	18.98
9.	Profit after Tax (Profit for the year)	82.52	82.46	102.13	119.37	126.31	46.74	124.49
10.	Paid-up Share Capital	187.34	187.34	187.34	187.34	187.34	187.34	187.34
11.	Reserve & Surplus (Other Equity) (Exc. OCI Reserves)	219.43	257.79	313.81	430.21	513.91	517.57	585.92
12.	Net Worth at year end	406.77	445.13	501.15	617.55	701.25	705.48	773.26
13.	Average Net Worth	387.28	425.95	473.14	538.86	659.40	704.91	738.80
14.	PAT/Avg. Net Worth (%)	21.30	19.36	21.59	21.90	19.16	6.63	16.85
15.	Finished Goods and Work in Progress	226.59	236.14	228.81	190.85	113.20	85.92	122.51
16.	Inventory of finished goods and work in progress to Revenue from Operations (Net) (No. of Days)	149	155	129	97	53	59	60
17.	Trade Receivables (Net)	267.38	243.63	220.45	209.05	288.53	326.21	250.00
18.	Trade Receivables (Net) as number of days of Revenue from Operations (Gross) (Days)	175	158	123	100	130	222	120
19.	Dividend paid/ declared for the year, excluding Dividend Tax	37.47	37.47	37.47	35.41	37.89	-	-
20.	Govt Share (%)	100	100	100	100	100	100	100
21.	Long Term Borrowings				9.02	1.24		
22.	Cash and Bank Balance and equivalent	172.98	105.65	89.40	195.86	207.93	97.82	135.67
23.	Balance in Current account	-	-	-	22.31	33.91	-	-
24.	Cash credit/ Over-draft loan/ Short-Term Borrowings	-	-	0.08	0.00	12.55	-	-

PNC observed that CPSE was maintaining bank balance and overdraft at the same time. CPSE informed that cash was received after banking hours on 31st March. PNC had suggested CPSE to avoid keeping balance in current account to save interest on overdraft.

5. In the PNC meeting CMD, MIDHANI had confirmed that targets proposed were not less than those given in Annual plan / corporate plan of CPSE.
6. IMC had gone through the parameters and targets discussed by PNC. Targets finalised by IMC are as under:

A. Compulsory parameters:

i. Revenue from Operations (Rs. Cr.) (10 Marks) :

a. Trend:

Target/ Actual	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
						Actual upto Dec, 17	Est.
Actual	553.90	554.62	647.38	716.50	773.28	401.13	750.00
MoU	-	535.00	590.00	650.00	710.00	800 (Ex.)	

b. Targets proposed by CPSE / Administrative Ministry:

2017-18 (Est.)	Best in 5 years	MoU Targets					%Improvement
		Ex	VG	Good	Fair	Poor	
750	773	800	780	760	740	<740	4

CMD, MIDHANI informed that till 31st Dec, 2017, CPSE had achieved revenue from operations to the tune of Rs.400 Cr. and it may not be possible to achieve the target of Rs.750 Cr. in 2017-18 as projected earlier. He had further informed that most of the customers are from Government sector, however, it has now started to cater private sector. PNC had desired to increase targets, however, CMD had requested PNC not to increase the targets and informed market conditions may improve only from the year 2019-20 onwards and higher targets may be given for 2019-20.

After deliberations, PNC had recommended the following targets:

c. Targets recommended by PNC:

2017-18 (Est.)	Best in 5 years	MoU Targets					%Improvement
		Ex	VG	Good	Fair	Poor	
750	773	825	750	725	700	650	-

CMD, MIDHANI requested IMC to reduce the target at Excellent level to Rs. 800 Cr., as the expected Revenue from Operations (Net) for the year 2017-18 stands revised from Rs. 750 Cr. to Rs. 700 Cr. After discussions, IMC revised the Target of Excellent level from Rs. 825 Cr. to Rs. 815 Cr. and finalised as below:

d. Targets finalised by IMC:

2017-18 (Est.)	Best in 5 years	MoU Targets					%Improvement
		Ex	VG	Good	Fair	Poor	
700	773	815	750	725	700	650	7.14

ii. Operating Profit as percentage of Revenue from operations (Net) (%) (20 Marks):

a. Trend:

Target/ Actual	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
						Actual upto Dec, 17	Est.
Actual	17.68	17.65	17.89	18.54	21.07	13.60	19.00
MoU	-	-	-	-	-	19.5 (Ex.)	

b. Targets proposed by CPSE/Administrative Ministry:

2017-18 (Est.)	Best in 5 years	MoU Targets					% Improvement
		Ex	VG	Good	Fair	Poor	
19.00	21.07	18.50	18.00	17.50	17.00	16.50	-5.26

In the PNC meeting, CMD had informed that earlier it had estimated 19% operating profit for 2017-18, however, now it seems difficult to achieve 19% operating profit as the raw material price of Cobalt and Nickel have increased and this trend is expected to continue in 2018-19 also. CMD had further informed that they are working to develop a technology/ agency to recover Cobalt and Nickel from scrap which would reduce its input cost, however, this project would take at least 8-10 month to start.

PNC informed that as per MoU guidelines excellent target should be more than expected achievement of 2017-18. Therefore, after deliberations, PNC had recommended the following targets:

c. Targets recommended by PNC:

2017-18 (Est.)	Best in 5 years	MoU Targets					% Improvement
		Ex	VG	Good	Fair	Poor	
19.00	21.07	19.50	17.50	16.50	15.50	15.00	-7.89

IMC agreed with the targets recommended by PNC.

iii. PAT as percentage of Average Net worth (%) (20 Marks):

a. Trend:

Target/ Actual	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
						Actual upto Dec, 17	Est.
Actual	21.30	19.36	21.59	21.90	19.16	6.63	15.50
MoU	-	-	-	15.13	16.00	17.00 (Ex.)	

b. Targets proposed by CPSE/Administrative Ministry:

2017-18 (Est.)	Best in 5 years	MoU Targets					% Improve ment
		Ex	VG	Good	Fair	Poor	
15.50	21.90	13.00	12.50	12.00	11.50	11.00	-19.35

During the PNC meeting, CMD, MIDHANI informed that the estimated PAT/ Average Net Worth for 2017-18 had been revised upward from 15.50% as submitted in draft MoU to 17.00%. He had further informed that in 2016-17, other income was Rs.23.39 Cr. which is likely to come down in 2018-19 as the cash and bank balance would come down due to expansion plan of the company (CAPEX) and payment of dividend. In view of the above mentioned reasons, CMD, MIDHANI had requested PNC to keep the targets as proposed by the CPSE/ Administrative Ministry.

Considering the above, PNC had recommended the following targets:

c. Targets recommended by PNC:

2017-18 (Est.)	Best in 5 years	MoU Targets					% Improve ment
		Ex	VG	Good	Fair	Poor	
17.00	21.90	15.00	12.50	12.00	11.50	10.00	-26.47

PNC clarified that PAT would not include Other Comprehensive Income (OCI) and Net worth would not include OCI Reserve as per the provisions of the Companies Act.

IMC agreed with the targets recommended by PNC.

B. Optional Parameters:

i. Capacity Utilization:

(a.) Trend:

Performance Criteria	Unit	Target/ Actual	2012	2013	2014-	2015	2016	2017-18	
			-13	-14	15	-16	-17	Actual upto Sep,17	Est.
Installed Capacity (Finished Production)	MT	Actual	4037	4037	4037	5044	5044	5044	-
Capacity Utilization/ Prod/ Generation/ Transmission, etc.	MT	Actual	4687	4111	4732	5205	6107	1439	5500
		MoU	-	-	-	-	4750	Not a target	

(b.) Parameter & Targets proposed by CPSE/Administrative Ministry:

Performance Criteria	Marks	2017- 18 (Est.)	Best in 5 years	MoU Target					% Improv ement
				Ex.	VG	Good	Fair	Poor	
Capacity Utilization Prod/Generation/ Transmission, etc. (MT)	5	5500	6107	6200	6150	5500	5000	<5000	11.82

PNC had observed that parameter proposed by the CPSE was not clear and suggested to change the parameter as "Production", which was agreed by the CPSE and Administrative Ministry.

After discussion, PNC had recommended the following parameter and targets.

(c.) Parameter & Targets recommended by PNC:

Performance Criteria	Marks	2017-18 (Est.)	Best in 5 years	MoU Target					%Improvement
				Ex.	VG	Good	Fair	Poor	
Production (MT)	10	5500	6107	6200	6150	5500	5000	4500	11.82

IMC agreed with the parameter & targets recommended by PNC.

ii. **New Orders received during the year:** Not proposed by CPSE/Administrative Ministry.

iii. **Exports as percentage of Revenue from Operations:**

(a.) Trend:

Performance Criteria	Unit	Target/Actual	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
								Actual upto Sep,17	Est.
Exports as percentage of Revenue from Operations	%	Actual	-	-	-	-	-	-	-
		MoU				8.00			Not a target

(b.) Parameter and Targets proposed by CPSE/Administrative Ministry:

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
Exports as percentage of Revenue from Operations (%)	5	10	8	6	4	2

After discussion, PNC had agreed with the parameter and targets proposed by CPSE and finalized as below:

(c.) Parameter and Targets recommended by PNC:

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
Exports as percentage of Revenue from Operations (Rs. Cr.)	5	10	8	6	4	2

IMC agreed with the parameter & targets recommended by PNC.

iv. Development or Revenue from new products or product with new features:

(a.) Trend:

Performance Criteria	Unit	Target/ Actual	2012- 13	2013- 14	2014- 15	2015- 16	2016- 17	2017-18	
								Actual upto Sep,17	Est.
Development or Revenue from new products or product with new features	Nos	Actual	5	5	5	3	-		
		MoU	5	5	4	2		3 parameters with targets dates	

(b.) Parameters and Targets proposed by CPSE/Administrative Ministry:

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
Value added product through recycling of scrap (Ferro Titanium) (Date)	4	31.10.18	30.11.18	31.12.18	31.01.19	Beyond 31.01.19
Development and commercialization of super alloys (Superni 625, Superni 825) for commercial sectors (Date)	3	30.11.18	31.12.18	31.01.19	28.02.19	Beyond 28.02.19
Development and type approval of special titanium alloys for Naval Application (Date)	3	31.01.19	15.02.19	01.03.19	15.03.19	Beyond 15.03.19

PNC was of the view that parameters should be result oriented, which was agreed by CPSE and administrative ministry.

After discussion, PNC had recommended following parameters and targets:

(c.) Parameters & Targets recommended by PNC:

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
Development of technology for making Ferro Titanium from scrap and first billing (Date)	4	31.10.18	30.11.18	31.12.18	31.01.19	31.03.19
Development and commercialization of super alloys (Superni 625/ Superni 825) for commercial sectors and first billing (Date)	3	30.11.18	31.12.18	31.01.19	28.02.19	31.03.19
Development and type approval of special titanium alloys for Naval Application (Date)	3	31.12.18	15.01.19	31.01.19	15.02.19	31.03.19

During IMC meeting, IMC expressed that considering the strategically important nature of MIDHANI's operations, a higher weightage needs to be accorded for Technology and Innovation and accordingly the weightage for "Development of Technology for making Ferro Titanium from scrap" was revised from 4 marks to 5 marks and weightage for "Development and commercialization of Super Alloys for commercial Sectors" was also revised from 3 marks to 4 marks and finalised as below:

(d.) Parameters & Targets finalised by IMC:

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
Development of technology for making Ferro Titanium from scrap and first billing (Date)	5	31.10.18	30.11.18	31.12.18	31.01.19	31.03.19
Development and commercialization of super alloys (Superni 625/ Superni 825) for commercial sectors and first billing (Date)	4	30.11.18	31.12.18	31.01.19	28.02.19	31.03.19
Development and type approval of special titanium alloys for Naval Application (Date)	3	31.12.18	15.01.19	31.01.19	15.02.19	31.03.19

v. Production Efficiency Parameter:

(a.) Trend:

Performance Criteria	Unit	Target / Actual	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
								Actual upto Sep,17	Est.
Specific LPG Consumption	MT	Actual	0.18	0.16	0.18	0.20	0.14	0.16	0.14
		Target	0.28	0.28	0.22	0.22	-	-	-
Power cost Rs./T of Sales	Rs/MT of Sales	Actual	29795	42491	57179	61548	72013	121020	75000
		Target	-	-	-	-	-	-	-
Specific Electricity Consumption	Kwh	Actual	2091	1942	2016	2000	1530	1742	-
		Target	2450	2450	2100	2100	-	-	-
Reduction in Energy Consumption as compared to value after baseline survey	%	Actual	-	-	-	-	1.09	-	-
		Target	-	-	-	-	1.00	-	-
Yield improvement (Top Three items) as compared to previous year	%	Actual	-	-	-	-	0.8	-	-
		Target	-	-	-	-	0.5	-	-
Reduction in Liquidated Damages (LD) as % of turnover over previous year	%	Actual	-	-	-	-	47.56	-	-
		Target	-	-	-	-	35	-	-
Increase in outsourcing from 2016-17	%	Actual	1.67	1.91	4.80	0.67	0.18	-	-
		Target	-	-	-	-	-	-	-

(b.) Parameters and Targets proposed by CPSE/Administrative Ministry:

Performance Criteria	Marks	2017-18 (Est.)	Best in 5 years	MoU Target					%Improvement
				Ex.	VG	Good	Fair	Poor	
Specific LPG Consumption (MT)	3	0.14	0.14	0.13	0.14	0.16	0.20	> 0.20	0
Power cost (Rs./ MT of Sales)	2	75000	29795	72000	73000	74000	75000	76000	2.67

PNC was of the view that efficiency should be measured as improvement over previous year instead of absolute figure. CMD, MIDHANI informed that it is not possible to reduce power consumption over previous year as the level of efficiency has reached at saturation point. He therefore requested to drop the parameter, which was also supported by Administrative Ministry.

After discussions, PNC had recommended the following parameter and targets:

(c.) Parameter & Targets recommended by PNC:

Performance Criteria	Marks	2017-18 (Est.)	Best in 5 years	MoU Target				
				Ex.	VG	Good	Fair	Poor
Reduction in Specific LPG Consumption over previous year (%)	4	0.14 (Absolute)	0.14	10	8	6	4	2

IMC suggested that parameter "Reduction in specific LPG consumption" should have a higher weightage and accordingly the same was revised from 4 marks to 5 marks as below:

(d.) Parameter & Targets finalised by IMC:

Performance Criteria	Marks	2017-18 (Est.)	Best in 5 years	MoU Target				
				Ex.	VG	Good	Fair	Poor
Reduction in Specific LPG Consumption over previous year (%)	5	0.14 (Absolute)	0.14	10	8	6	4	2

- vi. **Completion of milestone of clients orders/ agreements without time overrun (%):** Not proposed by CPSE/ Administrative Ministry.
- vii. **R&D, Innovation, Technology up-gradation parameter:** Not proposed by CPSE/ Administrative Ministry.
- viii. **Increase in Market Share:** Not applicable.
- ix. **CAPEX:**

(a.) Trend:

Performance Criteria	Unit	Target/ Actual	2012- 13	2013- 14	2014 -15	2015 -16	2016 -17	2017-18	
								Actual upto Sep,17	Est.
CAPEX	Rs.	Actual	137.52	30.13	31.23	29.13	87.71	46.06	92
	Cr.	MoU	60.00	57.00	25.00	17.00	80.00	92 (Ex.)	

(b.) Parameter and Targets proposed by CPSE/Administrative Ministry:

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
CAPEX (Rs. Cr.)	10	166	158	150	142	135

CMD had informed PNC that it had given CAPEX of Rs.160 Cr. in the budget and requested to keep excellent target at Rs.160 Cr., which was also supported by Administrative Ministry. PNC agreed to the request of the CPSE and recommended the following targets:

(c.) Parameter & Targets recommended by PNC:

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
CAPEX (Rs. Cr.)	5	160	150	140	130	120

PNC clarified that CAPEX would mean addition in Property, Plant & Equipments (PPE), Intangible assets, investment properties and changes (Increase/ Decrease) in CWIP, Capital Advances & Prepaid Lease Rentals shown in Non-current assets. Further, Customer funded assets/ assets acquired out of grants, which are capitalised in CPSE's books would be treated as CAPEX.

IMC agreed with the targets recommended by PNC.

x. Percentage 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:

(a.) Trend: Not applicable

(b.) Targets proposed by CPSE/Administrative Ministry:

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
Percentage 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) (%)	5	100	90	80	70	60

PNC was of view that as the CAPEX plan of the CPSE is low therefore weightage of the parameter may be reduced to 3 marks.

After discussion, PNC recommended following parameter and targets:

(c.) Parameter & Targets recommended by PNC:

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
Percentage 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	100	90	80	70	60

IMC agreed with the targets recommended by PNC.

xi. Inventory of finished goods and work in progress to Revenue from Operations (Net) (No. of days):

(a.) Trend:

Performance Criteria	Unit	Target/ Actual	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
								Actual upto Sept,17	Est.
Inventory of Finished goods and work in progress to revenue from operation	No of Days	Actual	149	155	129	97	53	257	53.43
		Target	-	-	-	-	-	95 (Ex)	

(b.) Parameter and Targets proposed by CPSE/Administrative Ministry:

Performance Criteria	Marks	2017-18 (Est.)	Best in 5 years	MoU Target					% Improvement
				Ex.	VG	Good	Fair	Poor	
Inventory of Finished goods and work in progress to revenue from operation (Days)	5	60	53.43	75	70	65	60	55	16.67

PNC observed that CPSE had proposed targets in reverse order i.e. highest in excellent and lowest at poor level. CPSE had stated that it is working in strategic sector therefore; reduction in inventory is not in the control of the MIDHANI.

In view of the above, PNC had decided not to recommend the parameter.

IMC agreed with the view of PNC.

xii. Reduction in Inventory of more than one year old to Revenue from operations: Not proposed by CPSE/Administrative Ministry.

xiii. Trade Receivables (Net) as number of days of Revenue from Operations (Gross):

(a.) Trend:

Financial Performance Criteria	Unit	Target / Actual	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	
								Actual upto Sep,17	Est
Trade Receivables (Net) as number of days of Revenue from Operations (Gross)	No. of Days	Actual	175	158	123	100	130	105	120
		MoU	-	-	-	-	-	97 (Ex)	

(b.) Parameter and Targets proposed by CPSE/ Administrative Ministry: Not proposed by CPSE/ Administrative Ministry.

CPSE had informed PNC that all the trade receivables were due from government therefore it was not possible to reduce it and requested to drop the parameter.

Considering the request of the CPSE, PNC had agreed not to recommend the parameter.

IMC agreed with the view of the PNC.

xiv. Reduction in Claims against the Company not acknowledged as debt:

(a.) Trend:

Performance Criteria	Unit	Target/ Actual	2012- 13	2013- 14	2014- 15	2015- 16	2016- 17	2017-18	
								Actual upto Sep,17	Est.
Claims against the Company not acknowledged as debt raised by:									
Central Government Departments	Rs. Cr.		108.46	186.35	163.11	161.33		18.85	
State Governments/ Local Authorities			5.02	6.24	6.39	1.57		-	-
CPSEs			-	-	-	-	-	-	-
Others			0.11	0.11	0.18	0.47	-	3.16	-
Total		Actual	113.59	192.70	169.68	163.39	21.80	22.01	-
	MoU							Not a target	

(b.) Parameter and Targets proposed by CPSE/Administrative Ministry: Not proposed by CPSE/ Administrative Ministry.

PNC observed that CPSE has Claims against the company not acknowledged as debt, however, CPSE had not proposed this parameter. PNC was of view that "Reduction in claims against the Company not acknowledged as debt" should be parameter with aim to monitor and control the claims.

After discussion, PNC had recommended following parameter and targets:

(c.) Parameter and Targets recommended by PNC:

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
Reduction in claims against the Company not acknowledged as debt (overall) (%)	3	5	4	3	2	1

PNC clarified that if CPSE has made any provision, target/ achievement would be based on net of provisions.

IMC was of the view that the amount of "Claims against the company not acknowledged as Debt" is not significant. After discussion, IMC decided to drop this parameter.

xv. Return (share of profit/ loss) on Investment in JV: Not applicable

xvi. Milestones with respect to subsidiary CPSEs not signing MoUs separately: Not applicable.

xvii. Parameter pertaining to milestones of Revival: Not applicable.

xviii. Human Resource Management:

- (a.) **Trend:** Not applicable.
- (b.) **Targets proposed by CPSE/Administrative Ministry:** Not proposed by CPSE/ Administrative Ministry.

CPSE had not proposed any parameter in respect of Human Resource Management but PNC suggested CPSE to take HRM parameters regarding PCMM, online HRMS implementation and integration with Finance Division etc. After discussion, PNC had recommended the following parameters and targets, which were agreed by the CPSE and administrative ministry:

(c.) Targets recommended by PNC:

Performance Criteria	Unit	Mar ks	MoU Target				
			Ex.	VG	Good	Fair	Poor
Assessment of level of People Capability Maturity Model (PCMM) in the CPSE & placing the matter before the Board for taking a decision whether to go for up-gradation in level and, if yes, getting the approval for the timelines from the Board. If not justifiable reason to be recorded in the Board Resolution	Date	3	01.10.18	1.11.18	1.12.18	15.12.18	31.12.18
Online Human Resource Management System (HRMS) Implementation and integration with Finance Division (consisting of online employee data administration, employee self-service, exit procedure, talent management, etc.) (E0 and above)	Date	3	01.01.19	15.01.19	31.01.19	15.02.19	28.02.19
Preparation of Career Paths for all levels and its approval by the Board (E3 and above)	Date	2	01.10.18	01.11.18	01.12.18	15.12.18	31.12.18
Talent management and carrier progression by imparting at least one week training in Centre of Excellence e.g. IITs, IIMs, NITs, ICAI etc. (No. of executives) within India	No of Emplo yees	2	35	30	25	20	15

After discussion, IMC finalised the following parameters and targets:



(d.) Parameters & Targets finalised by IMC:

Performance Criteria	Unit	Marks	MoU Target				
			Ex.	VG	Good	Fair	Poor
Assessment in line with People Capability Maturity Model (PCMM) or equivalent in the CPSE & placing the matter before the Board for taking a decision whether to go for up-gradation in level and, if yes, getting the approval for the timelines from the Board. If not justifiable reason to be recorded in the Board Resolution (Date)	Date	5	01.10.18	1.11.18	1.12.18	15.12.18	31.12.18
Online Human Resource Management System (HRMS) Implementation and integration with Finance Division (consisting of online employee data administration, employee self-service, exit procedure, talent management, etc.) (Date)	Date	5	01.01.19	15.01.19	31.01.19	15.02.19	28.02.19

xix. Other sector specific result oriented measurable parameters: Not proposed by CPSE/Administrative Ministry

7. Parameters & Targets finalised by IMC are summarised below:

iv. Revenue from Operations (Rs. Cr.):10 Marks :

2017-18 (Est.)	Best in 5 years	MoU Targets					%Improvement
		Ex	VG	Good	Fair	Poor	
700	773	815	750	725	700	650	-

v. Operating Profit as percentage of Revenue from operations (Net) (%) (20 Marks):

2017-18 (Est.)	Best in 5 years	MoU Targets					%Improvement
		Ex	VG	Good	Fair	Poor	
19.00	21.07	19.50	17.50	16.50	15.50	15.00	-7.89

vi. PAT as percentage of Average Net worth (%) (20 Marks):

2017-18 (Est.)	Best in 5 years	MoU Targets					%Improvement
		Ex	VG	Good	Fair	Poor	
17.00	21.90	15.00	12.50	12.00	11.50	10.00	-26.47

vii. Capacity Utilization:

Performance Criteria	Marks	2017-18 (Est.)	Best in 5 years	MoU Target					%Improvement
				Ex.	VG	Good	Fair	Poor	
Production (MT)	10	5500	6107	6200	6150	5500	5000	4500	11.82

viii. Exports as percentage of Revenue from Operations:

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
Exports as percentage of Revenue from Operations (Rs. Cr.)	5	10	8	6	4	2

ix. Development or Revenue from new products or product with new features:

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
Development of technology for making Ferro Titanium from scrap and first billing (Date)	5	31.10.18	30.11.18	31.12.18	31.01.19	31.03.19
Development and commercialization of super alloys (Superni 625/ Superni 825) for commercial sectors and first billing (Date)	4	30.11.18	31.12.18	31.01.19	28.02.19	31.03.19
Development and type approval of special titanium alloys for Naval Application (Date)	3	31.12.18	15.01.19	31.01.19	15.02.19	31.03.19

x. Production Efficiency Parameter:

Performance Criteria	Marks	2017-18 (Est.)	Best in 5 years	MoU Target				
				Ex.	VG	Good	Fair	Poor
Reduction in Specific LPG Consumption over previous year (%)	5	0.14 (Absolute)	0.14	10	8	6	4	2

xi. CAPEX:

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
CAPEX (Rs. Cr.)	5	160	150	140	130	120

xii. Percentage 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:

Performance Criteria	Marks	MoU Target				
		Ex.	VG	Good	Fair	Poor
Percentage 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	100	90	80	70	60

xiii. Human Resource Management:

Performance Criteria	Unit	Mar ks	MoU Target				
			Ex.	VG	Good	Fair	Poor
Assessment of in line with People Capability Maturity Model (PCMM) or equivalent in the CPSE & placing the matter before the Board for taking a decision whether to go for up-gradation in level and, if yes, getting the approval for the timelines from the Board. If not justifiable reason to be recorded in the Board Resolution (Date)	Date	5	01.10.18	1.11.18	1.12.18	15.12.18	31.12.18
Online Human Resource Management System (HRMS) Implementation and integration with Finance Division (consisting of online employee data administration, employee self-service, exit procedure, talent management, etc.) (Date)	Date	5	01.01.19	15.01.19	31.01.19	15.02.19	28.02.19

8. It was agreed that the targets finalised by the IMC are based on provisional/ estimated figures submitted by the CPSE for the year 2017-18. In case of better performance of the CPSE as per actual results, the difference may be added to the targets for the year 2018-19. In case figures for the year 2017-18 are recasted / restated in audited accounts, comparison of actual results shall be made based on recasted / restated figures.
9. In working out achievements for the year 2018-19, quantified qualifications of CAG/ Statutory Auditors would be adjusted in case of overstatement of Revenue/ Profit/ Surplus or understatement of Loss/ Deficit in addition to the negative marks prescribed in MoU guidelines.
10. It was agreed that targets decided in MoU are unconditional and no offset will be allowed. Further evaluation would be subject to compliance of Additional Eligibility criteria as contained in MoU guidelines.

The meeting ended with a vote of thanks to the chair.



A. List of Members of Inter-Ministerial Committee (IMC) present at meeting held on 21st March, 2018 to discuss and fix targets for MoU 2018-19 of Mishra Dhatu Nigam Limited (MIDHANI):

1.	Ms. Seema Bahuguna, Secretary (DPE)	Chairperson
2.	Shri Vijayendra, Joint Secretary (NS), Ministry of Defence, Department of Defence Production	Member
3.	Representative of Secretary, Ministry of Statistics and Programme Implementation	Not Attended
4.	Representative of Additional Secretary, NITI Aayog	Not Attended
5.	Shri Agrim Kaushal, Economic Adviser, DPE	

B. Mishra Dhatu Nigam Limited (MIDHANI):

1. Dr. D. K. Likhi, CMD
2. Shri Sanjeev Singhal, Director (F)

C. In attendance:

1. Shri Vijay Kumar Darak, Assistant Director (MoU), DPE
2. Shri Gori Shankar, Assistant Director (MoU), DPE
3. Shri Dinesh K. Rustagi, Member Resource Group
4. Shri Ankur Jain, Member Resource Group

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