



MEMORANDUM OF UNDERSTANDING

BETWEEN

RAJASTHAN ELECTRONICS & INSTRUMENTS LIMITED

AND

MINISTRY OF HEAVY INDUSTRIES & PUBLIC

ENTERPRISES

DEPARTMENT OF HEAVY INDUSTRY

GOVERNMENT OF INDIA

FOR FY 2011-2012

RAJASTHAN ELECTRONICS & INSTRUMENTS LIMITED

2, KANAKPURA INDUSTRIAL AREA, SIRSI ROAD, JAIPUR-302012

MANAGING DIRECTOR'S OFFICE:

D-280, TODARMAL MARG,

BANIPARK,

JAIPUR-302016

TEL : (0141) 2203038, 2470926

FAX : (0141) 2202701

WEBSITE : www.reiljp.com

E-MAIL : reiljp@sancharnet.in



MEMORANDUM of UNDERSTANDING
2011-2012

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PART - I

1.1. VISION:

Strive to be leader in the area of Rural Electronics, Non conventional energy systems and Information Technology by developing, manufacturing and marketing quality products in these and other emerging areas by offering quality services.

MISSION:

Commitment to total customer satisfaction by identifying their specific needs, translating them into quality products, providing dependable after sales service and to work for continual improvement of Quality Management System by developing/marketing quality products.

1.2. OBJECTIVES:

1.2.1 Qualitative Objectives:

- **Prompt and efficient after-sales-service** by responding to customer complaints within 7 days; reducing the number of complaints below 5% and by executing orders as per the delivery schedule.
- **Development and Implementation of Energy Management System.**
- **Customer satisfaction** through a multi-step approach of product improvement, quality after-sales-support and value for money.
- **Development of employee skills and efficiency** by identifying training needs and thereby providing a targeted 50 man-days of training.



1.2.2 Quantitative Objectives:

The quantitative objectives/targets of the company for the year 2011-2012 are tabulated in the table below:

Particulars	Target	
	2011-2012	2010-2011
	(Rs. in Lac)	(Rs. in Lac)
Turnover	13000	10650
PBDIT	1079	781
PBT	571	361
PAT	381	239

1.3 ASSISTANCE FROM THE GOVERNMENT

- a) Consideration of proposal for up-gradation of categorization from schedule 'C' to schedule 'B' for higher degree of visibility and for ranking in line with organizations of similar performance in the cognate group so as to leverage competitive standing.



PART - 2

2.1 PERFORMANCE ASSESSMENT TARGETS AND THEIR DETERMINATION

The various performance evaluation parameters of REIL and the targets that it plans to achieve are enclosed. The qualitative parameters are projected on a 5-point scale from Excellent to Poor.

A handwritten signature in black ink, appearing to be 'A.K. Jain', written in a cursive style.

**A.K. JAIN
MANAGING DIRECTOR
RAJASTHAN ELECTRONICS
& INSTRUMENTS LIMITED**

Date: 24.03.2011

A handwritten signature in black ink, appearing to be 'B.S. Meena', written in a cursive style.

**B.S. MEENA
SECRETARY
GOVT. OF INDIA
MINISTRY OF HEAVY INDUSTRIES**

Date: 24.03.2011



RAJASTHAN ELECTRONICS & INSTRUMENTS LIMITED, JAIPUR

**2.2 PROPOSED CRITERION OF PERFORMANCE EVALUATION FOR 2011-12
(FINANCIAL TARGETS - STATIC)**

S. No	EVALUATION CRITERIA	Weightage	2011-2012 (MoU)	MOU TARGET				
				Excellent (1)	Very Good (2)	Good (3)	Fair (4)	Poor (5)
I.	STATIC / FINANCIAL PARAMETERS							
(a)	Financial Indicators-Profit related ratios							
	i) Gross Margin / Gross Block (%age)	02	30.6	32.7	30.6	29.0	27.6	26.2
	ii) Net Profit/Net Worth (%age)	10	12.2	13.1	12.2	11.6	11.0	10.5
	iii) Gross Profit/Capital Employed (%age)	10	15.4	16.5	15.4	14.7	13.9	13.2
(b)	Financial Indicators - Size							
	i) Gross Margin (Rs. in crore)	08	10.79	11.5	10.79	10.3	9.7	9.3
	ii) Gross Sales (Rs. in crore)	04	130.0	136.5	130.0	123.5	117.3	111.5
(c)	Financial Returns- Productivity related							
	PBDIT/Total Employment (Rs. in Lac)	07	4.3	4.6	4.3	4.1	3.9	3.7
	Added Value / Gross Sales (% age)	09	3.7	3.9	3.7	3.5	3.3	3.1
	Sub Total I (a+b+c)	50						



RAJASTHAN ELECTRONICS & INSTRUMENTS LIMITED, JAIPUR

2.3 PROPOSED CRITERIA OF PERFORMANCE EVALUATION FOR 2011-2012
(NON-FINANCIAL TARGETS)

S. No	EVALUATION CRITERIA	Weightage	MOU TARGET							
			2011-12 (MoU)	Excellent (1)	Very Good (2)	Good (3)	Fair (4)	Poor (5)		
II	DYNAMIC PARAMETERS									
	i) Customer Satisfaction -									
	➤ Order executed as per delivery schedule	02	90%	91%	90%	86%	81%	77%		
	➤ Customer complaints attended to within Seven days.	02	90%	91%	90%	86%	81%	77%		
	➤ complaints during warranty period	01	3.5%	3%	3.5%	4.0%	4.2%	4.5%		
	ii) HUMAN RESOURCE MANAGEMENT									
	- <i>Training to employees</i>	02	50	54	50	48	45	43		
	- <i>Improvement in productivity per employee (Rs.in Lac)</i>	03	54	57	54	51	48	46		
	iii) R&D for sustained and continuous improvements. [a] R&D investment as percentage of sales turnover	02	1.3% Within 10.0 Months	1.4% Within 9.0 Months.	1.3% Within 10.0 Months	1.2% Within 11.0 Months	1.1% Within 11.5 Months.	1.0% Within 12.0 Months.		
	[b] Improvement in R&D infrastructure	01	Within 10.0 Months	Within 9.0 Months.	Within 10.0 Months	Within 11.0 Months	Within 11.5 Months.	Within 12.0 Months.		
	[c] Development of Net base data transfer unit for Electronic Milk Analysers	02	Within 10.0 Months	Within 9.0 Months.	Within 10.0 Months	Within 11.0 Months	Within 11.5 Months.	Within 12.0 Months.		

