



MEMORANDUM
OF
UNDERSTANDING
2011 - 2012

DEPARTMENT OF HEAVY INDUSTRY
AND
RICHARDSON & CRUDDAS (1972) LTD.

PART - I


I. VISION/MISSION & OBJECTIVES OF R&C

1.1 VISION/MISSION

To grow and become a major engineering enterprise catering to core sector of economy."

1.2 OBJECTIVES

- (i) To increase production/sales by 10% over the previous year (2010-11).*
- (ii) Enhance employee productivity by 10% during 2011-2012.*
- (iii) Reduction in over due outstanding (excluding amount locked in court cases) by 15% over the current level.*
- (iv) Consolidation of production facilities at two locations (Nagpur & Chennai) and readying for sale of fixed assets of Mulund and Byculla at Mumbai.*

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Evaluation Criteria		Unit	Weight (in %)	Excellent	V. Good	Good	Fair	Poor
				1	2	3	4	5
1	Static/Financial Parameters (40%)							
1.1	Gross Sales	Cr.	10	128	122	116	110	104
1.2	Gross Margin	Cr.	10	17.00	15.00	14.00	12.00	11.00
1.3	Gross Profit	Cr.	5	16.30	14.30	13.30	11.30	10.30
1.4	Net Profit	Cr.	5	(15.00)	(17.00)	(18.00)	(20.00)	(21.00)
1.5	Cash Generation from Operations	Cr.	5	(14.60)	(16.20)	(17.99)	(18.60)	(20.00)
1.6	Working Capital/turnover	Ratio	5	6	7	7	8	9
Sub-Total - 1 (1.1+1.2+1.3+1.4+1.5+1.6)			40					
2	Dynamic Parameter (25%)*							
2.1	Physical Targets	MT	7.5	32500	30200	27800	23100	20800
2.2	Order Booking	Cr.	7.5	150	140	135	130	125
2.3	Quality :Jobs where rectification of defects is required.	%	5	NIL	5	10	15	20
2.4	Customer Satisfaction: Survey on the basis of feed back received from them.	%	5	5	4	3	2	1
Sub-Total - 2 (2.1+2.2+2.3+2.4)*			25					
3	Sector/Enterprise Specific Parameters (35%)							
3.1	Generation of funds from non-performing assets	Cr.	10	5	4	3	2	1
3.2	Human Resource Development (Training & motivation).	Nos.	5	20	15	10	8	5
3.3	Reduction in receivables a) "Recovery of sundry debtors more than 6 months old".	Cr.	5	5	4	3	2	1
	b) "No.of days to sales".	No. of days	5	15	20	25	30	35
3.4	Inventory control	No. of days	5	10	15	20	25	30
3.5	Corporate Governance	%	5	Compliance of all DPE Guidelines	CPSE** Mgmt.			***
Sub-Total - 2. (3.1+3.2+3.3+3.4+3.5)*			35					
Total (1+2+3)			100					

*For verification of non financial parameters, company will collect quarterly physical report from the units and submit the same at the time of MOU evaluation.

**Compliance of these DPE guidelines, implementation of which is under control of CPSE Management.

***Non compliance of these DPE guidelines, implementation of which is under control of CPSE Management.

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Assistance from the Government

- (i) Government to assist in early disposal of fixed assets in Mumbai and consolidation of production facilities at Nagpur and Chennai.
- (ii) Finalisation of revival plan.

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