

MEMORANDUM OF UNDERSTANDING (MOU)

FOR THE YEAR

2011-12

BETWEEN



THE GOVERNMENT OF INDIA

REPRESENTED BY

THE MINISTRY OF HEAVY INDUSTRIES

&

PUBLIC ENTERPRISES

AND



ENGINEERING PROJECTS (INDIA) LTD.

(A Government of India Enterprise)

A Mini Ratna Company

लोक/राज्य सभा के पटल पर रखे जाने के लिए
To be laid on the Table of Lok/Rajya Sabha
अधिप्रमाणित/AUTHENTICATED

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दिनांक
Date

मफुल्ल पटेल
PRAFUL PATEL
मंत्री/MINISTER

भारी उद्योग एवं लोक उद्यम मंत्रालय
Ministry of Heavy Industries & Public Enterprises

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1. MISSION / VISION AND OBJECTIVES OF THE PSE

1.1 MISSION / VISION

To be the leading turnkey project execution company, committed to quality and timely completion of projects, continuously enhancing stakeholder value.

1.2 OBJECTIVES

- i) Focus and maintain business in its most profitable segments while expanding into new business segments.
- ii) Deliver exceptional client service with an unrelenting focus on value creation.
- iii) Pursue operational excellence with a strong focus on quality and margins.

The following thrust areas have been identified for achieving the objectives:

- a) Mass Rapid Transport System & Urban Renewal Projects
- b) Material Handling Systems (Coal Handling Plants, Ash Handling Plants) in Power, Steel and other sectors
- c) Process & Technological Projects
- d) Irrigation, Water Supply, Sewerage & Drainage Schemes
- e) Health & Education Sector
- f) Power & Transmission systems

2. AUTONOMY AND DELEGATION OF FINANCIAL POWERS

As applicable to Mini Ratna Companies.

3. EPI'S PERFORMANCE MATRIX FOR 2011-12

Sl. No.	Evaluation Criteria	Unit	Wt. (in%)	MoU Target				
				Excellent	Very Good	Good	Fair	Poor
				1	2	3	4	5
1.0 Static / Financial Parameters (50%)								
a) Financial Indicators - Profit Related Ratios								
i)	Gross Margin / Gross Sales	%	10	3.03	2.93	2.93	2.90	2.88
ii)	Operating Turnover / Employee	Rs. Lacs	12	317.31	288.46	261.54	245.19	230.77
b) Financial Indicators - Size Related								
i)	Gross Margin	Rs. Cr.	8	50.00	44.00	40.00	37.00	34.50
ii)	Gross Sales	Rs. Cr.	4	1650.00	1500.00	1360.00	1275.00	1200.00
c) Financial Returns - Productivity Related								
i)	PBDIT / Total Employment	Rs. Lacs	7	9.62	8.46	7.69	7.12	6.63
ii)	Added Value / Sales	%	9	1.83	1.64	1.54	1.43	1.32
2.0 Dynamic Parameters								
d)	Customer Satisfaction as certified by ISO Certification Body	%	3	85	80	75	70	65
e) HRD (Employee training and Motivation)								
i)	Training	Mandays	4	180	160	150	140	130
ii)	Maintaining the level of employment of minorities in organisation		1	-	-	-	-	-

Sl. No.	Evaluation Criteria	Unit	Wt. (in%)	MoU Target				
				Excellent 1	Very Good 2	Good 3	Fair 4	Poor 5
f) R & D								
i)	Development of 3 new softwares in the field of design/execution/monitoring of projects	Date	3 (1 each)	December 2011	January 2012	February 2012	-	-
ii)	Sponsored study by ITI/CIDC in the field of development of Tools/Technologies/Improving quality of works and efficiency of construction workers (Anticipated expenditure on R & D is Rs. 1.00 Cr.)	Date	2	December 2011	January 2012	February 2012	-	-
g) Project Implementation								
	Achievement of Milestone as per the projects given in Annexure-I	Nos.	5	5	4	3	2	1
h)	Signing of 2 Nos. MoUs/Joint Venture/Consortium/Strategic Alliances for projects in New areas	Date	4 (2 each)	November 2011	December 2011	January 2012	February 2012	March 2012
i)	Order Booking	Rs. Crs.	6	1680	1600	1520	1445	1370
j) Corporate Social Responsibility (CSR) One each of								
i)	Construction of Borewell for Drinking Water	Date	5 (1 each)	January 2012	February 2012	March 2012	-	-
ii)	Skill enhancement of construction workers at site							
iii)	Organise Health Checkup Camps for contract workers including their families at site							
iv)	Underlay the work of sanitation & cleanliness in the project area							
v)	Distribution of Solar Torch/light near project areas							

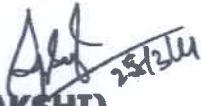
Sl. No.	Evaluation Criteria	Unit	Wt. (in%)	MoU Target				
				Excellent 1	Very Good 2	Good 3	Fair 4	Poor 5
k) Sustainable Development one each of :								
i)	Providing Solar Energy Devices/System	Date	3	January 2012	February 2012	March 2012	-	-
ii)	Use of Water Harvesting System	Date	2	January 2012	February 2012	March 2012	-	-
(Total expenditure on Sustainable Development would be approx. Rs. 15 lacs)								
l) Corporate Governance								
i)	Approval of Risk Management Policy by Board of Directors	Date	2	October 2011	November 2011	December 2011	January 2012	February 2012
ii)	Timely submission of Public Enterprise Survey Data	Date	1	As per schedule fixed by Deptt. of Public Enterprises				
iii)	Reconciliation of balances of all contractors and clients	Date	1	March 2012	-	-	-	-
iv)	Timely submission of MOU	Date	1	As per schedule fixed by Deptt. of Public Enterprises				
3.0 Enterprise - Specific								
	Implementation of ERP (HR & Pay Roll, Financial Management)	Date	2	January 2012	February 2012	March 2012	-	-
4.0 Sector - Specific Parameters								
i)	Reduction in Sundry Debtors (more than 6 months old as on 31.03.2011, other than cases in Arbitration/Litigation)	%	3	30	25	20	15	10
ii)	Strengthening of internal audit System	Date	2	October 2011	November 2011	December 2011	-	-
Total (1+2+3+4)			100					

4. COMMITMENTS / ASSISTANCE FROM THE GOVERNMENT

- 4.1 Joint development of surplus land with PSUs under the Ministry of HI & PE.
- 4.2 Support & help from Ministry in securing Projects of PSUs / Departments of the Ministry and of other Departments of the Govt. of India on Deposit / Contract Basis.
- 4.3 Help in setting of EPI's outstanding dues with Govt. Departments / other PSUs.
- 4.4 Award of Balance of plant (BOP) works of Power Plants by BHEL to EPI or its consortium with PSUs under DHI.

5. ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU

Performance of the Company will be reviewed internally on the basis of the action taken on the various parameters quarterly and by the Department of Heavy Industry once in six months.


(S. P. S. BAKSHI)
Chairman-cum-Managing Director
Engineering Projects (India) Ltd.


(B. S. MEENA)
Secretary
Department of Heavy Industry
Ministry of Heavy Industries &
Public Enterprises

MILESTONES SCHEDULED FOR COMPLETION 2011-12

Sl. No.	Name of Project	Description of Milestone	Project Value (Rs. Lacs)	Target Completion
1	Construction of New CDRI Campus at Sitapur Road, Lucknow (U.P.)	*Completion of project	23908.50	Mar. 2012
2	Augmentation of Raw Material Receipt & Handling Facilities with New Ore Handling Plant, Part-B (Pkg-61) of Bhilai Steel Plant, Bhilai (Chhattisgarh)	i) Design & Engg. of major Structure & Equipment	55082.27	Jan. 2012
		ii) Completion of major Civil & Structural work.		Mar. 2012
		iii) Supply of major Equipment.		Mar. 2012
3	Extension of Eastern Break Water by 125 M, along the original alignment in Fishing Harbour, for CPT, Chennai, (Tamil Nadu)	*Completion of project	1148.99	Jun. 2011
4	Planning, Designing, Detailed Engineering and Construction of Central Prison at Bishalgarh (West Tripura) on Turnkey basis	Completion of Prisoner Ward, Kitchen & Dining, Hospital, Administrative Block, Vocational Training Centre etc.	6255.40	Dec. 2011
5	Construction of Fakhruddin Ali Ahmed Medical College at Barpeta, (Assam)	i) Completion of structure of Hospital Building (G+3) & College Building (G+2)	13176.00	Sep. 2011
		ii) Ground Floor structural Work of Nurses Quarters, Nurses Hostel, Male Hostel and Female Hostel		Sep. 2011

*Completion of project means 95% achievement (since SD/PG gets released after the Defect Liability Period)

MOU TARGETS AND ACTUALS FOR THE LAST FIVE YEARS

Sl. No.	Particulars	2006-07		2007-08		2008-09		2009-10		2010-11
		MOU Target	Actual	MOU Target	Actual	MOU Target	Actual	*MOU Target	**Actual	MOU Target (V.Good)
1	Gross Sales (Rs. in Crores)	700.00	763.61	780.00	851.05	950.00	958.71	1125.00	1062.00	1240.00
2	Gross Margin (PBDIT) (Rs. in Crores)	18.35	22.13	20.50	23.69	26.80	28.59	32.60	34.52	35.00
3	Net Profit/New Worth (%age)	11.72	14.71	13.37	16.26	16.27	18.40	-	-	-
4	Operating Turnover/ No. of Employees (Rs. in Lakhs)	150.54	163.51	-	-	-	-	216.35	244.14	238.46
5	Gross Margin/ Gross Sales (%age)	2.62	2.90	2.63	2.78	2.82	2.98	2.90	3.25	2.82
6	PBDIT/ Total Employment (Rs. in Lakhs)	3.95	4.74	4.11	4.75	5.21	6.06	6.27	7.94	6.73
7	Added Value/ Gross Sales (%age)	0.94	1.50	1.21	1.51	1.48	1.67	1.69	1.80	1.59
8	Administrative Cost/ Turnover (%age)	-	-	5.73	5.43	5.65	5.09	-	-	-

*The expenditure on account of pay revision has not been considered in working out the Gross Margin and other related parameters, as the amount is yet to be assessed.

**Rs. 4.11 Crores has been added in working out Gross Margin and other related parameters, towards expenditure incurred on account of implementation of pay revision.

COMPUTATION OF FINANCIAL PARAMETERS MOU 2011 - 12

(Rs. in Crores)

Sl. No.	Particulars	Computation	MOU TARGETS				
			Excellent	V. Good	Good	Fair	Poor
1	Gross Sales		1650.00	1500.00	1360.00	1275.00	1200.00
2	Gross Margin (PBDIT)		50.00	44.00	40.00	37.00	34.50
3	Depreciation		2.50	2.50	2.50	2.50	2.50
4	Gross Profit	(2-3)	47.50	41.50	37.50	34.50	32.00
5	Interest		2.00	2.00	2.00	2.00	2.00
6	Net Profit (Before Dividend & I. Tax)	(4-5)	45.50	39.50	35.50	32.50	30.00
7	Income Tax		9.07	7.87	7.08	6.48	5.98
8	Net Profit (After I. Tax)	(6-7)	36.43	31.63	28.42	26.02	24.02
9	Proposed Dividend		7.28	7.08	7.08	7.08	7.08
10	Tax on Dividend		1.40	1.30	1.30	1.30	1.30
11	Net Profit (After Dep., Intt., Dividend & I. Tax)	(8-9-10)	27.75	23.25	20.04	17.64	15.64
12	Total Net Worth		198.27	193.77	190.56	188.16	186.16
13	Total Capital Employed	(12)	198.27	193.77	190.56	188.16	186.16
14	Total Employment		520	520	520	520	520
15	Net Profit/Net Worth (%age)	(8/12)	18.37	16.32	14.92	13.83	12.90
16	Operating Turnover/Employee (Rs. In lakhs)	(1/14)	317.31	288.46	261.54	245.19	230.77
17	Gross Margin/Gross Sales (%age)	(2/1)	3.03	2.93	2.93	2.90	2.88
18	PBDIT/Total Employment (Rs. in Lakhs)	(2/14)	9.62	8.46	7.69	7.12	6.63
19	Value Added (G.Margin - 10 % Cap. Emp.)		30.17	24.62	20.94	18.18	15.88
20	Added Value/Gross Sales (%age)	(19/1)	1.83	1.64	1.54	1.43	1.32

SELF DECLARATION/CERTIFICATION

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 MoU Guidelines for the year 2011-12. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per audited accounts as per MoU guidelines. EPI has no right of claim in this regard.



(L. R. NAHAR)

Group General Manager (P & M)