

MEMORANDUM OF UNDERSTANDING

BETWEEN

P E C LTD.

AND

**THE MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)
GOVT. OF INDIA**

FOR

2009– 2010



P E C LTD.



MOU 2009-2010

**MEMORANDUM OF UNDERSTANDING BETWEEN MINISTRY
OF COMMERCE AND INDUSTRY (DEPTT. OF COMMERCE)
AND PEC LTD. FOR THE YEAR 2009-2010**

PART I

MISSION / VISION & OBJECTIVES

MISSION

To Trade in the international and domestic market in a manner to create an image of quality, reliability, ethical values and sustained long term relationship with the customers and other business partners by:-

1. Export of engineering projects and equipment specially from small and medium enterprises
2. Export, Import and Domestic trade of commodities, raw materials and Bullion etc., and develop new products and new markets

To serve as an effective instrument of public policy and social responsibility.

VISION

A highly market focused company, engaged in international and domestic trade; organization which is lean and flexible; capable of responding to the changing environment and always conscious of its obligations of delivering value to stakeholders.

A company capable of providing total service to the customers related to trade.



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OBJECTIVES

- To be a profit oriented international trading organisation.
- To provide adequate return to the stakeholders, commensurate with the market expectations.
- To seek new opportunities in the global and domestic market.
- To focus on export of engineering projects and equipment specially from small and medium enterprises.
- To trade in commodities such as agricultural products, industrial raw materials, chemicals and bullion.
- To continuously strive for enhancement of the corporate image of a reliable, long term and professionally competent organisation.
- To continuously strive for improvement in productivity and competitiveness.



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PART II

**EXERCISE OF ENHANCED AUTONOMY AND
DELEGATION OF FINANCIAL POWERS.**

Board to have powers on all financial matters pertaining to human resources in the organisation subject to any instruction / order issued by Ministry of Commerce / DPE which is applicable to MOU signing companies.



III . PERFORMANCE TARGETS

MOU 2009-10

MOU TARGETS (2009-10) CRITERIA VALUES ON A 5 POINTS SCALE

Criteria	Unit	Weight	Criteria values				
			1	2	3	4	5
I. Static Financial Parameters							
(a) Financial Indicators - Profit related ratios							
(i) Gross Margin / Gross sales	%	10	1.05	1.05	1.05	1.05	<1.05
(ii) Operating turnover/ Employee	Rs. Cr.	12	27.63	26.30	25.00	23.75	<23.75
(b) Financial Indicators - size related							
(i) Gross Margin	Rs. Cr.	8	57.75	55.00	52.25	49.64	<49.64
(ii) Gross Sales (Non Bullion)	Rs. Cr.	4	5,525	5,260	5,000	4,750	< 4,750
(c) Financial Returns - Productivity related							
(i) PBDIT / Total Employment	Rs. '000	7	2,888	2,750	2,613	2,482	<2,482
(ii) Added Value / Sales	%	9	0.709	0.696	0.681	0.665	<0.665
		50					
II. Dynamic Parameters							
(i) Training on International Finance, Maritime Laws & Insurance	Nos	3	22	20	18	16	<16
(ii) Specialised employee training for future/forward trading	Nos	3	12	10	8	6	<6
(iii) Training for Junior and Middle level managers for behaviour and performance improvement	Nos	4	12	10	8	6	<6
(iv) Structured Paper for new line of activity and diversification to meet medium and short term Challenges (to be put up to Board)	Date	6	1st June '09	15th June '09	30th June '09	15th July '09	After 15th July '09
(v) Pre feasibility study on two possible Joint Ventures for increasing business (to be put up to Board)	Date	4	30th Nov. '09	31st Dec. '09	31st Jan. '10	28th Feb. '10	After 28th Feb. '10
(vi) Trading in Commodities Exchanges	Rs. Cr.	5	2100	2000	1900	1800	<1800
(vii) Business from any or all new ten products / commodities	Rs. Cr.	5	53	50	47	44	<44
		30					
III. Sector specific Parameters							
(i) Financing to Associates for Exports	Rs. Cr.	5	420	400	380	360	<360
(ii) Exports of Projects, Equipments & Mfgd. Goods**	Rs. Cr.	5	200	185	170	155	<155
		10					
IV. Enterprise Specific Parameters							
(i) Direct Buying/Selling (Own Exposure)	Rs. Cr.	5	22	20	18	16	<16
(ii) Business from New Markets	Rs. Cr.	5	22	20	18	16	<16
		10					
		100					

* List of Basket of 10 products/ Commodities:

- | | |
|----------------------------|-------------------|
| (i) Industrial Chemicals | (vi) Molasses |
| (ii) Ethyl Alcohol | (vii) Dunn Peas |
| (iii) Non Ferrous Metals | (viii) Guar |
| (iv) Petrochemicals | (ix) Cotton Seeds |
| (v) Surveillance Equipment | (x) Groundnuts |

** Includes Project, equipment, engineering, pharmaceutical and any other value added products (Excluding raw materials)

Notes: 1) For 2009-10 MOU Targets for Turnover have been fixed for Non-Bullion trades only as target for MOU for financial year 2008-09 were for Non-Bullion turnover.

2) Target for excellent is 5% above very good.



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PART IV

ASSISTANCE FROM THE GOVERNMENT.

1. PEC to continue to remain as one of the Nodal Agency for export of Defence Stores and import of Bullion.
2. In the event of opportunity for Govt. business of export and import, PEC to be given its fair share.
3. To take up release of Subsidy / Reimbursement of losses on actual basis by Ministry of Food & Public Distribution on import of Pulses and Edible Oils.



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PART V

**ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF
THE MOU**

MOU evaluation will be done once a year on the basis of audited data by 31st
August 2010

A. K. Mirchandani
Chairman-cum-Managing Director
For PEC Ltd.

G.K. Pillai
Commerce Secretary
For Ministry of Commerce & Industry
(Department of Commerce)
Government of India

Place: New Delhi

Dated: 26th March 2009