

**MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

**MINISTRY OF AGRICULTURE**

**AND**

**NATIONAL SEEDS CORPORATION LTD.**

**FOR THE YEAR 2014-15**



**National Seed Corporation Limited**

(A Govt. of India Undertaking)

Beej Bhawan, Pusa Complex,

New Delhi-110012

**MEMORANDUM OF UNDERSTANDING (MOU)  
FOR THE YEAR 2014-15  
BETWEEN  
NATIONAL SEEDS CORPORATION LTD.  
AND  
GOVERNMENT OF INDIA**

**PART-I: MISSION/VISION & OBJECTIVES OF THE PSE:**

**MISSION:**


To lead the Indian Seed Industry by producing and marketing quality seeds of a wide range of crop varieties and hybrids, and adding value through other agro related inputs and services to the satisfaction of farmers.

**VISION:**

To contribute to the prosperity of farmers through supply of quality seeds and other agro inputs/services and to enhance agricultural productivity.

**OBJECTIVES:**

- (a) To ensure growth in the activities of the Corporation.
- (b) To undertake production and supply of quality seeds for enhancing agricultural productivity in the country.
- (c) To diversify the product-mix with more focus on oilseeds, pulses and hybrid seeds.
- (d) To introduce new crop varieties.
- (e) To strengthen and modernize infrastructural facilities.
- (f) To enhance seed production, processing and marketing by expanding Growers net-work and through Public-Private-Partnership.
- (g) To explore new distribution channels & strengthen the existing distribution network.
- (h) To provide training/extension and other seed related services to the farmers.
- (i) To expand activities in North Eastern States.

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**PART-II: EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS.**

Financial powers have been delegated at various levels for enhanced autonomy and quick decision making.

**PART-III: PERFORMANCE EVALUATION PARAMETERS AND TARGETS**

Performance Evaluation Parameters and Targets are given in **Annexure-I**

**PART-IV: COMMITMENTS/ASSISTANCE FROM THE GOVERNMENT**

**COMMITMENTS OF NSC:**

1. NSC undertakes to achieve during 2014-2015 the targets set out in **Annexure-I.**

**COMMITMENTS / ASSISTANCE FROM THE GOVERNMENT**

1. To assist the organization as per policy and programme of the Government.

**PART-V: ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU.**

NSC undertakes to review the quarterly progress of achievements of each of the MOU criteria for taking corrective measures. In addition, the Board of Directors will also monitor the progress of achievements in its quarterly meetings. NSC undertakes to submit quarterly progress to the Ministry of Agriculture.

*V. K. Gaur*  
21/03/14

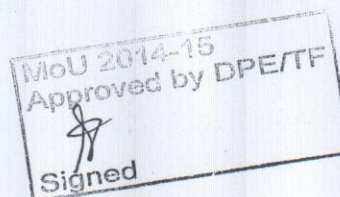
(V. K. Gaur )  
Chairman cum Managing Director  
National Seeds Corporation Ltd.

*(Signature)*

(Ashish Bahuguna, I.A.S.)  
Secretary (Agriculture & Co-operation)  
Department of Agriculture & Cooperation  
Ministry of Agriculture  
Government of India

Place: New Delhi

Dated: 25-3-2014




## NATIONAL SEEDS CORPORATION LIMITED

NSC's OBLIGATION UNDER MOU 2014-2015

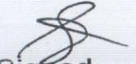
In fulfillment of the objectives set out, NSC undertakes to achieve the various performance targets for 2014-2015 as detailed below :

S.No	Evaluation Criteria	Unit	Weightage (in %)	MoU Target					Documentary Evidence and Source/Origin of Documents
				Excellent	Very Good (BT)	Good	Fair	Poor	
				(1)	(2)	(3)	(4)	(5)	
<b>1. STATIC/FINANCIAL PARAMETERS</b>									
<b>A. Mandatory Parameters {Sr. No. (i) - (iii)}</b>									
(i)	<b>Growth/Size/Activity (Two)</b>								
	a) Sale Turnover	Rs. Cr.	9	708.75	675.00	641.25	609.19	578.73	Audited Accounts
	b) Gross Operating Margin	Rs. Cr.	9	134.66	128.25	121.84	115.74	109.96	Audited Accounts
(ii)	<b>Profitability</b>								
	a) PAT/Net Worth	In %	10	9.47	9.01	8.56	8.14	7.73	Audited Accounts
(iii)	<b>Efficiency</b>								
	a) PAT/Per Employee	₹ in lacs	8	3.45	3.29	3.12	2.97	2.82	Audited Accounts
<b>B. Optional Parameters {Sr. No. (iv) &amp; (v)}</b>									
(iv)	<b>Liquidity/Leverage</b>								
	a) Current Ratio	Ratio	8	1.78	1.87	1.97	2.07	2.17	Audited Accounts
(v)	<b>Efficiency of Asset Use</b>								
	a) Average Collection Period of Govt. Trade Receivables	Days	6	130	140	150	160	170	Audited Accounts
Sub-total 1 (i to v)			50						
<b>2. DYNAMIC/NON-FINANCIAL PARAMETERS</b>									
(i)	<b>Corporate Social Responsibility &amp; Sustainability</b>								
	a) Tree Plantation (Fruit Trees should also be given)	Nos.	1	60000	45000	30000	15000	10000	Third Party Certification

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(ii)	<b>Research &amp; Development</b>								
a)	Testing Markers for Genetic Purity testing of Hybrids - Paddy, Maize & Vegetables	Date	2	31.01.15	28.02.15	31.03.15	30.04.15	31.05.15	Certificate from IARI
(iii)	<b>Initiatives for Growth</b>								
a)	Populiarisation of New Varieties along with best practices to be followed by the farmers - crop wise.	Nos.	15	25	22	20	18	15	A Certificate to this effect including name of the new Varieties.
(iv)	<b>Project Management &amp; Implementation</b>								
a)	CAPEX	Rs. Cr.	10	5	4	3	2	1	Completion Report
(v)	<b>Productivity and Internal Processes</b>								
a)	%age of increase in sale of non-subsidized and non-government/above financial year 2013-14	%age	8	5	4	3	2	1	Statutory Auditor Certificate
b)	Farmers Complaints Redressal (Established Complaints)	Nos.	2	90	80	70	60	50	Statutory Auditor Certificate
(vi)	<b>Technology, Quality, Innovative Practices</b>								
a)	No. of Seed Samples tested in Quality Control Labs to ensure the quality of the seed before supplying to the Farmers	Nos.	5	25000	24000	23000	22000	21000	Third Party Certification
(vii)	<b>Human Resource Management</b>								
a)	Training Programme for Skill Upgradation	No. of Program	2	6	5	4	3	2	Third Party Certification
<b>3. Sector Specific Parameter/Enterprise Specific Parameter</b>									
a)	Total Production of seed. It should include Pulses Seeds 2.02 lakh Qtls and Oil Seeds 3.84 lakh Qtls.	Lac/QtL.	5	14.18	13.50	12.83	12.18	11.57	Production Record
	<b>Sub-total (2+3)</b>		<b>50</b>						
	<b>Total (1+2+3)</b>		<b>100</b>						

- (1) Negative marking as per the MOU guidelines issued by DPE for non-compliance of DPE Guidelines and corporate governance as per parameters No. 3.21 & 3.22.  
(2) Reduction in audit qualifications in compare to the audit qualifications mentioned in the audit report for the F.Y. 2012-13.

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(Rs. In Crore)

## TREND OF CPSE's PERFORMANCE ON FINANCIAL PARAMETERS FOR THE LAST FIVE YEARS

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15	Latest Benchmarking Details available
	MoU	ACTUAL	MoU	ACTUAL	MoU	ACTUAL	MoU	ACTUAL	MoU	Projected for 31.3.14	Projected	
Capacity Utilisation (for each plant separately)												
Production/procurement (Quantity in lac Qtls.)		15.11		18.11		17.47		16.67		12.43	13.50	
Production/procurement (₹ in Crore.)	152.66	369.97	335.30	507.68	410.70	523.07	444.75	548.97	347.87	488.12	498.04	
<b>Profit &amp; Loss Statement Items</b>												
Sales Turnover, excluding interest and other income (Operating Turnover) (Sales Turnover shall not include excise duty, custom duty, VAT or any other duty, tax; etc.)	251.45	464.80	493.00	627.29	645.00	625.33	670.00	684.77	560.00	663.21	675.00	Sales figure for 2013-14 based own prod.
Govt. Sales		134.92		157.93		171.24		199.80		234.00	187.20	
Interest and other income		7.61		6.05		6.70		6.57		4.00	4.00	
Gross Operating Margin Rate(%)	15.45	27.83	11.46	19.79	12.56	19.75	9.00	20.25	-	19.49	19.00	
Gross Operating Margin	-	129.38	-	124.17	-	123.50	-	138.65	-	129.25	128.25	
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	38.85	84.80	56.52	64.46	81.00	62.48	60.30	69.59	50.00	51.90	47.15	
Depreciation	1.20	1.42	1.45	1.60	1.70	2.53	1.75	3.29	3.00	4.50	5.00	
EBIT (Earnings Before Interest and Taxes)	37.65	83.38	55.07	62.86	79.30	59.95	58.55	66.30	47.00	47.40	42.15	
Interest Expenses	0.82	3.68	4.77	10.36	7.75	10.09	8.00	4.95	7.98	5.00	5.50	
Prior period Expenses (Net)	-	-0.14	-	-0.01	-	0.19	-	-0.91	-	-	-	
Extra Ordinary Items	-	-	-	-	-	-	-	-	-	-	-	
Any Other Expenses	-	-	-	-	-	-	-	-	-	-	-	
Profit Before Tax	36.83	79.84	50.30	52.51	71.55	49.67	50.55	62.26	39.02	42.40	36.65	
Tax	12.28	27.65	17.10	15.13	22.08	18.72	15.43	17.96	13.13	15.42	13.46	
Profit after Tax	24.55	52.19	33.20	37.38	49.47	30.95	35.12	44.30	25.89	26.98	23.19	
Dividend Paid including Dividend Distribution Tax	-	2.65	2.64	2.64	4.80	4.80	4.79	4.79	4.79	4.79	5.27	
Profit transferred to Statutory reserves (Med. Health Scheme transfer)	-	-	-	1.20	-	0.79	-	2.38	-	0.78	0.78	

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15	Latest Benchmarking Details available
	MoU	ACTUAL	MoU	ACTUAL	MoU	ACTUAL	MoU	ACTUAL	MoU	Projected for 31.3.14	Projected	
Any other Item	-	-	-	-	-	-	-	-	-	-	-	
Profit Transferred to Balance Sheet	24.55	49.54	30.56	33.54	44.67	25.36	30.33	37.13	21.10	21.41	17.14	
<b>Balance Sheet Items</b>												
Gross Block	30.39	33.07	41.65	37.82	70.00	49.75	49.00	57.73	62.00	68.25	76.00	
Less: Depreciation	20.23	18.57	20.21	20.00	21.82	22.05	23.65	24.92	27.85	28.75	33.25	
<b>Net Block</b>	10.16	14.50	21.44	17.82	48.18	27.70	25.35	32.81	34.15	39.50	42.75	
Share Capital of CPSE	20.62	20.62	20.62	20.62	20.62	20.62	20.62	20.62	22.68	20.62	22.68	
Reserves & Surplus of CPSE	84.65	96.91	103.40	131.64	196.54	157.80	187.69	197.31	201.53	219.12	234.55	
Less: Deferred revenue exp./ pre-acquisition loss	-	-	-	-	-	-	-	-	-	-	-	
Less: Profit & Loss A/c (Loss Figure)	-	-	-	-	-	-	-	-	-	-	-	
<b>Net worth of CPSE</b>	105.27	117.53	124.02	152.26	217.16	178.42	208.31	217.93	224.21	239.74	257.23	
<b>Investments</b>	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	
Total current assets	149.60	361.17	379.28	392.60	416.04	409.90	416.21	467.96	465.37	515.59	541.82	
Total current liabilities & provision	54.02	151.94	265.07	216.43	126.50	216.45	165.00	242.82	213.75	273.15	289.15	
<b>Net current assests</b>	95.58	209.23	114.21	176.17	289.54	193.45	251.21	225.14	251.62	242.44	252.67	
<b>Capital employed (Net block + net current assets)</b>	105.74	223.73	135.65	193.99	337.72	221.15	276.56	257.95	285.77	281.94	295.42	
<b>Total long-term debt (loan funds)</b>	-	-	-	-	-	-	-	-	-	-	-	
<b>Total Assets(Gross Block)</b>	30.39	33.07	41.65	37.82	70.00	49.75	49.00	57.73	62.00	68.25	76.00	
No. of employees of CPSE	710	759	725	816	840	805	785	767	785	767.00	705.00	
<b>Ratios</b>												
PAT/ Net Worth	0.23	0.44	0.27	0.25	0.23	0.17	0.17	0.20	0.12	0.11	0.09	
EBITDA/ Net Block	3.82	5.85	2.64	3.62	1.68	2.26	2.38	2.12	1.46	1.31	1.10	
EBIT/ Average Capital Employed	0.53	0.55	0.46	0.30	0.34	0.29	0.19	0.28	0.17	0.18	0.15	
PAT per Employee	0.03	0.07	0.05	0.05	0.06	0.04	0.04	0.06	0.03	0.04	0.03	
Current Ratio	2.77	2.38	1.43	1.81	3.29	1.89	2.52	1.93	2.18	1.89	1.87	
Average No. Days of Inventory		43.82		41.20		51.62		52.35		54.97	56.41	
Inventory Turnover Ratio		8.33		8.86		7.07		6.97		6.64	6.47	
Average Collection Period of Govt. Trade Receivables		150.31		144.79		97.60		99.82		105.04	140.38	
Debtors Turnover Ratio		2.43		2.52		3.74		3.66		3.47	2.60	
Sales turnover/net block		32.06	22.99	35.20	13.39	22.58	26.43	20.87	16.40	16.79	15.79	

**National Seeds Corporation Limited  
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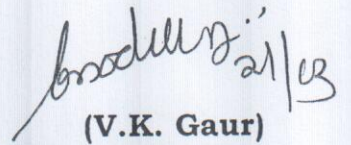
No. 3(2)/2014-15/CS/NSC

Dated: 21<sup>st</sup> March, 2014

**Self declaration/certification by CPSE**

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 2014-15. 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. CPSE has no right of claim in this regard.

Thanking you,

 21/3

**(V.K. Gaur)  
Chairman-cum-Managing Director**




**NATIONAL SEEDS CORPORATION LTD.**

**Calculation of Gross Operating Margin as per DPE Guidelines:  
(Amt in Rs. Crore)**

A.	<b><u>Sales Turnover</u></b>	<b>675.00</b>
	<b>Less: <u>Cost of Goods Sold(COGS):</u></b>	
	Opening Stock	83.00
	Add: Purchases	515.15
	Add: Operational Expenses	34.60
	Less: Closing Stock	86.00
B.	<b>COGS</b>	<b>546.75</b>
	<b><u>Gross Operating Margin*(A-B)</u></b>	<b>128.25</b>

\* However Taskforce have decided that the Gross operating Margin will be @ 19% of Sales Turnover.

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