

MEMORANDUM OF UNDERSTANDING

BETWEEN

MINISTRY OF AGRICULTURE

AND

NATIONAL SEEDS CORPORATION LTD.

FOR THE YEAR 2011-12



**National Seed Corporation Limited**

(A Govt. of India Undertaking)

Beej Bhawan, Pusa Complex,  
New Delhi-110012

**MEMORANDUM OF UNDERSTANDING (MOU)  
FOR THE YEAR 2011-12  
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.

**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:**

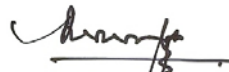
1. NSC undertakes to achieve during 2011-2012 the targets set out in **Annexure-I.**

**COMMITMENTS / ASSISTANCE FROM THE GOVERNMENT**


1. To provide requisite funds for proposed modernization of the processing plants.
2. To assist NSC realize its outstanding dues from State Governments.

**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.



(S. K. Roongta)  
Chairman cum Managing Director  
National Seeds Corporation Ltd.



(Prabeer Kumar Basu)  
Secretary (Agriculture & Co-operation)  
Department of Agriculture & Cooperation  
Ministry of Agriculture  
Government of India

Place : New Delhi  
Dated: 14<sup>th</sup> March, 2011

NATIONAL SEEDS CORPORATION LIMITED									
NSC's OBLIGATION UNDER MOU 2011-2012									
In fulfillment of the objectives set out, NSC undertakes to achieve the various performance targets for 2011-2012 as detailed below :									
S.No	Performance Indicator	UOMs	Weight age (%)	Excellent	Very Good (BT)	Good	Fair	Poor	Annexure-I
	<b>Part 'A'</b>								
	<b>COMMON PARAMETERS</b>								
<b>I</b>	<b>Static Financial Parameters (50%)</b>								
	<b>Financial performance indicators</b>								
	(i) Gross Margin/Gross Block	%	2	121.50	115.71	110.20	104.95	99.95	
	(ii) Net Profit/Net Worth	%	10	21.36	20.34	19.37	18.45	17.57	
	(iii) Gross Profit/Capital Employed	%	10	24.65	23.48	22.36	21.30	20.28	
	<b>Financial indicators - Size</b>								
	(i) Gross Margin	Rs. in Crores	8	85.00	81.00	77.14	73.47	69.97	
	(ii) Gross Sale of Seed	Rs. in Crores	4	678.00	645.00	614.29	585.03	557.18	
	<b>Financial returns - Labour productivity and total factor productivity</b>								
	(i) PBDIT/Total Employment	Rs. in lakhs	7	10.12	9.64	9.18	8.74	8.33	
	(ii) Added Value/Gross Sale of Seed *	%	9	7.69	7.32	7.06	6.79	6.50	
<b>II</b>	<b>DYNAMIC PARAMETERS</b>								
	<b>(i) Quality</b>								
	(a) Improvement / Strengthening of effectiveness of quality control system	Date of completion	1	By 30.09.11	By 31.10.11	By 30.11.11	By 31.12.11	By 31.01.12	
	(b) Condemnation of seeds - %age of turnover on value basis	%	1	0.40	0.45	0.50	0.55	0.60	
	(c) %age of seed lots meeting the quality standards	%	1	96.00	95.00	94.00	93.00	92.00	



(ii) Customer Satisfaction :										
(a) Action on recommendations made by evaluating agency (RITES)		Date of implementation		By 30.09.11	By 31.10.11	By 30.11.11	By 31.12.11	By 31.01.12		
	(b) Dealers / Distributors meet	Numbers of meet	1	38	36	34	32	30		
	(c) Training to Growers, progressive farmers/Cooperatives / Farmers Association etc.	Numbers	1	3600	3400	3200	3000	2800		
	(d) Farmers grievances/complaints redressal	%	1	75	70	65	60	55		
(iii) HRD (Employees training & motivation)										
	(a) No. of employees to be trained (Executive)	No of employees	1	20	18	16	14	12		
	(b) No of employees to be trained (Non executive).	No of employees	1	100	90	80	70	60		
	(c) Encouragement for representation of Minorities in New recruitments by CPSE. (%age of total recruitment)	%	1	5.00	4.50	3.50	3.00	2.50		
	(d) Preparation of Strategic Plan on HRD	Date of completion	2	By 31.12.11	By 31.01.12	By 29.02.12	By 15.03.12	By 31.03.12		
(iv) Project Implementation (modernization & expansion)##										
	(a) Automation of weighing, bagging and sealing (no. of plants)	In numbers	1	8	6	5	4	4		
	(b) Creation of storage capacity	In quintals	1	50000	45000	40000	35000	30000		
	(c) Creation of processing capacity	In quintals	2	75000	70000	65000	60000	55000		
(v)	Market shares in Non-Cereals (% based on Qty.)@	%	2	9.00	8.37	7.97	7.59	7.23		
(vi) R&D ACTIVITIES-(5%)										
	(a) Expenditure on R & D (%age of PAT)	%	2.5	3.00	2.50	2.00	1.90	1.81		
	(b) Establishment of DNA Finger Print Lab	Date of completion	1.5	By 31.12.11	By 31.01.12	By 29.02.12	By 15.03.12	By 31.03.12		
	(c) Introduction of new varieties (Nos.)	Numbers	1	29	26	25	24	23		

(vii)	<b>SUSTAINABLE DEVELOPMENT-(5%)</b>							
	(a) Natural resources conservation / management by creation of rainwater harvesting structures in NSC's own godowns	Numbers	1	5	4	3	2	1
	(b) Tree plantation	Numbers	0.5	20000	15000	12000	10000	8000
	(c) Establishing solar power system	Numbers	0.5	5	4	3	2	1
	(d) Expenditure on Sustainable Development (%age of PAT)	%	1	1.00	0.75	0.50	0.40	0.30
	(e) Soil testing for NSC's seed growers	Numbers	1	400	350	300	250	200
	(f) Promotion of Bio-pesticide / Bio-fertiliser	Date of completion	1	By 30.09.11	By 31.10.11	By 30.11.11	By 31.12.11	By 31.01.12
(viii)	<b>CORPORATE SOCIAL RESPONSIBILITY- (5%)</b>							
	(a) Expenditure on CSR (%age of PAT)	%	1	3.50	3.00	2.50	2.25	2.00
	(b) Facilitating safe storage of seeds by providing seed bins.	Numbers	0.5	500	400	300	200	100
	(c) Free veterinary camps	Numbers	0.5	20	15	12	10	8
	(d) Prison Reforms programmes in jail premises by facilitating cultivation of vegetables, medicinal plants and fruits.	Numbers	1	5	4	3	2	1
	(e) Adoption of villages through third party presence.	No of Beneficiaries	1	5	4	3	2	1
	(f) Conducting De-addiction programmes, Blood Donation camps and health awareness campaigns.	No of Beneficiaries	1	15	12	8	6	4
(ix)	<b>CORPORATE GOVERNANCE-(5%)</b>							
	(a) Adpotation of Code of Conduct	Date	1	By 30.09.11	By 31.10.11	By 30.11.11	By 31.12.11	By 31.01.12
	(b) Appointment of Independent Director	Date	1	By 30.09.11	By 31.10.11	By 30.11.11	By 31.12.11	By 31.01.12
	(c) Training of Directors on Corporate Governance	Date	1	By 30.09.11	By 31.10.11	By 30.11.11	By 31.12.11	By 31.01.12
	(d) Timely submission PE Survey report to DPE	Date of submission	1	As per Guideline	As per Guideline	As per Guideline	As per Guideline	As per Guideline
	(e) Preparation of Cetizen's charter / public greivances system	Date	1	By 30.09.11	By 31.10.11	By 30.11.11	By 31.12.11	By 31.01.12

Part 'B'							
I. SECTOR-SPECIFIC PARAMETERS							
(i) Product mix Changes (on value basis) (Cereal: Non-Cereal)@	Ratio	1	41 : 59	43:57	45 :55	47 : 53	49 : 51
(ii) Turnover through Sale of Hybrid seeds	% of Turnover	1	3.00	2.50	2.00	1.90	1.81
(iii) Sale of Vegetable seeds (including Potato)	% of Turnover	1	2.50	2.33	2.10	2.00	1.90
(iv) Sale of Fodder seeds	% of Turnover	1	1.00	0.95	0.92	0.88	0.83
(v) Sale of Green manure	% of Turnover	1	1.00	0.95	0.92	0.88	0.83
(vi) Turnover through dealers / distributors	% of Turnover	1	63.00	60.00	57.00	54.29	51.70
II. ENTERPRISE-SPECIFIC PARAMETERS							
(i) Marketing in Remote Areas #	% of Turnover on quantity basis	1	10.00	9.50	9.00	8.57	8.16
(ii) %age of proposals approved within 15 days of submission of complete documents under GOI's Central Sector Scheme on "Assistance for Boosting Seed Production in Private Sector" \$	%	2	100.00	95.00	90.00	85.00	80.00
(iii) Compliance of Internal Audit Para before end of next quarter.	%	1	75.00	65.00	55.00	45.00	40.00
(iv) Production / Procurement of Certified Seeds	In lakh quintals	2	16.80	16.00	15.50	14.76	14.06
* Calculated as per DPE guidelines by taking 10% as capital recovery factor on capital employed by Corporation.							
@ Cereals mean wheat and paddy; Non-cereals mean all crops other than wheat and paddy; Market size is based on 'Agricultural Statistics at a							
# Includes N.E.States, J&K, H.P., Sikkim, Darjeeling Gorkha Hill Council, and remote areas of Uttaranchal, Andmand Nikobar, Lakshadweep.							
\$ Subject to continuation of the scheme during the year 2011-12.							
## Subject to availability of funds from GOI.							



NATIONAL SEEDS CORPORATION LIMITED  
NEW DELHI-12

(Rs. In Crore)

## TREND OF CPSE'S PERFORMANCE OF FINANCIAL PARAMETERS FOR LAST 5 YEARS

S.No.	Particulars	2005-06		2006-07		2007-08		2008-09		2009-10		2010-11		2011-12	
		MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	Actual upto Dec. 10	Anticipated 10-11	Projected Targets
1	Production	0.00	62.35	62.45	96.47	70.61	142.37	102.60	181.43	152.66	314.14	335.30	315.85	370.86	410.70
2	Gross Sales	99.09	108.41	109.05	160.72	160.72	228.92	176.50	301.70	251.45	485.60	493.00	510.13	600.00	645.00
3	Gross Margin	5.90	8.38	6.62	21.11	20.94	34.57	22.03	42.89	39.14	84.80	56.52	71.46	90.62	81.00
4	Profit before tax	5.15	7.69	5.87	20.14	20.14	33.43	20.93	40.96	37.12	79.84	50.30	63.69	77.57	71.55
5	Gross Block	21.25	23.21	24.00	24.86	27.00	26.39	28.24	28.24	30.39	32.50	41.65	36.75	40.00	70.00
6	Less dep	15.00	14.99	16.00	15.79	16.49	16.38	18.39	17.62	20.23	18.57	20.21	19.73	20.12	21.82
7	Net block	6.25	8.22	8.00	9.07	10.51	10.01	9.85	10.62	10.16	13.93	21.44	17.02	19.88	48.18
8	share capital of CPSE	20.62	20.62	20.62	20.62	20.62	20.62	20.62	20.62	20.62	20.62	20.62	20.62	20.62	20.62
9	Reserves & surplus of CPSE	0.00	0.14	0.00	2.08	1.61	23.00	23.08	66.15	84.65	96.91	103.40	136.75	149.47	196.54
10	Capital Grant Reserve										26.04	18.93	26.04	26.04	26.04
11	Less deferred reve exp / pre-acquisition loss	0.72	0.92	1.00	0.60	0.75	0.81	0.00	0.56	0.00	0.00	0.00	0.00	0.00	0.00
12	Less Profit & Loss A/c														
13	Net worth of CPSE	19.90	19.84	19.62	22.10	21.48	42.81	43.70	86.21	105.27	143.57	142.95	183.41	196.13	243.20
14	Investment	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87	8.87
15	Sundry debtors/Net sales %	25.00	12.49	25.00	10.28	19.00	17.00	17.00	11.00	17.00	17.00	16.00	13.00	11.91	12.65
16	Inventory	14.06	12.50	14.19	14.35	14.50	24.09	15.50	29.95	36.76	50.55	82.09	50.83	75.30	72.10
17	Total Current assets	53.33	59.67	68.24	92.12	69.80	133.41	93.90	217.80	149.60	361.17	379.28	455.12	441.92	416.04
18	Total current liabilities & provision	23.77	41.98	33.85	62.86	37.00	83.35	68.70	149.81	54.02	151.94	265.07	139.73	112.15	126.50
19	Net current assets	29.56	17.69	34.39	29.26	32.80	50.06	25.20	67.99	95.58	209.23	114.21	315.39	329.77	289.54
20	Capital employed ( Net block + net current assets)	35.81	25.91	42.39	38.33	43.31	60.07	35.05	78.61	105.74	223.16	135.65	332.41	349.65	337.72
21	Total debt (loan funds)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	93.64	0.00	162.49	9.00	110.00
22	Total Assets (Gross Block)	21.25	23.21	24.00	24.86	27.00	26.39	28.24	28.24	30.39	32.50	41.65	36.75	40.00	70.00
23	No of employess of CPSE	754	745	721	712	700	664	720	703	710	759	725	819	821	840



S.No.	Particulars	2005-06		2006-07		2007-08		2008-09		2009-10		2010-11		2011-12	
		MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	Actual upto Dec. 10	Anticipated 10-11	Projected Targets
24	Dividend paid	0.00	0.00	0.00	1.03	0.00	1.55	0.00	1.86	0.00	2.27	2.06	2.06	4.12	4.12
25	Added value ( gross margin less capital recovery factor 4% of capital employed for social sector and 10% for other CPSE)	2.31	5.77	2.55	17.28	7.08	20.59	18.63	34.94	28.57	62.48	42.96	38.22	55.66	47.23
	<b>Ratio</b>														
26	Debt/equity	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.54	0.00	7.88	0.44	5.33
27	Return on Net worth (% age)	25.88	38.76	29.92	91.13	93.76	78.09	47.89	47.51	35.26	55.61	35.19	34.73	39.55	29.42
28	PBDIT/ Total employment of CPSE (Rs. In lakhs)	0.78	1.12	0.92	2.96	2.99	5.21	3.06	6.10	5.51	11.17	7.80	8.73	11.04	9.64
29	Gross Profit/Capital employed (% age)	14.38	29.80	14.25	52.54	24.64	55.75	59.74	53.05	35.89	37.36	40.60	21.15	25.11	23.48
30	Net Profit / Net Worth (% age)	10.45	21.82	15.34	59.05	29.42	53.10	30.46	30.79	23.28	36.35	23.22	23.04	28.02	20.34
	<b>Working of Gross Margin</b>														
31	Net profit	2.08	4.33	3.01	13.05	6.32	22.73	13.31	26.54	24.51	52.19	33.20	42.25	54.96	49.47
32	Tax	1.12	2.80	2.00	6.87	3.70	10.69	7.13	14.41	12.62	27.65	17.10	21.44	21.35	22.08
33	Net profit before tax	3.20	7.13	5.01	19.92	10.02	33.42	20.44	40.95	37.13	79.84	50.30	63.69	76.31	71.55
34	Add Prior period	0.00	0.03	0.00	0.01	0.05	0.01	0.00	0.09	0.00	-0.14	0.00	0.00	0.00	0.00
35	Add extra ordinary items														
36	Profit before prior period	3.20	7.16	5.01	19.93	10.07	33.43	20.44	41.04	37.13	79.70	50.30	63.69	76.31	71.55
37	Add Interest	1.95	0.56	1.03	0.21	0.60	0.06	0.50	0.66	0.82	3.68	4.77	6.62	11.50	7.75
38	Gross profit	5.15	7.72	6.04	20.14	10.67	33.49	20.94	41.70	37.95	83.38	55.07	70.31	87.81	79.30
39	Add depreciation	0.75	0.66	0.75	0.97	0.75	1.09	1.10	1.19	1.20	1.42	1.45	1.15	1.55	1.70
40	Misc. expenditure written off														
41	Gross Margin before Interest, depreciation & misc. expenditure written off	5.90	8.38	6.79	21.11	11.42	34.58	22.04	42.89	39.15	84.80	56.52	71.46	89.36	81.00

फैक्स/FAX : 91-011-25846462

फोन/PHONES : 25841379, 25842383, 25843357  
25846272, 25846292, 25846295



नेशनल सीड्स कारपोरेशन  
(भारत सरकार का उपक्रम)  
बीज भवन, पूसा परिसर  
नई दिल्ली-११० ०१२ (भारत)

NATIONAL SEEDS CORPORATION  
(A Government of India Undertaking)  
BEEJ BHAWAN, PUSA COMPLEX  
NEW DELHI-110 012 (INDIA)

No. 3(2)/2011-12/NSC

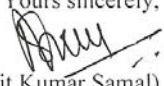
Dated: 4<sup>th</sup> March 2011

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 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. CPSE has no right of claim in this regard.

Thanking you,

Yours sincerely,

  
(Ajit Kumar Samal)  
Company Secretary

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इस उपक्रम में हिन्दी में प्राप्त पत्रों का स्वागत है