



**MEMORANDUM OF UNDERSTANDING  
FOR THE YEAR**

**2015-16**

**BETWEEN**

**NATIONAL SEEDS CORPORATION LTD.**

*and*


**MINISTRY OF AGRICULTURE,  
GOVERNMENT OF INDIA**

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**NATIONAL SEEDS CORPORATION LTD.**

(A Govt. of India Undertaking)  
Beej Bhawan, Pusa Complex  
New Delhi - 110012

MoU 2015-16  
Approved by DPE/TF

Signed 



# National Seed Corporation Limited

(A Govt. of India Undertaking)  
Beej Bhawan, Pusa Complex,  
New Delhi-110012

## MEMORANDUM OF UNDERSTANDING (MOU) FOR THE YEAR 2015-16 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 and production of fibre and vegetables and sapling of fruit plants.

#### 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.
- (j) To run the agricultural farms for production of high quality seeds and planting materials.

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- (k) To develop the farms as model farms.  
(l) To achieve increase in the production of breeder, foundation, certified seeds and planting material.

**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:**

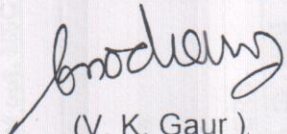
1. NSC undertakes to achieve during 2015-16 the targets set out in Annexure-I.

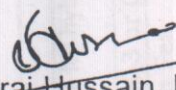
**COMMITMENTS / ASSISTANCE FROM THE GOVERNMENT**

1. To assist the organization as per policy and programme of the Government.  
2. To appoint the required number of independent Directors on the Board of NSC.


**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)  
Chairman cum Managing Director  
National Seeds Corporation Ltd.

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

Place: New Delhi  
Dated: 31.03.2015

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## NATIONAL SEEDS CORPORATION LIMITED

Annexure-I

In fulfillment of the objectives set out, NSC undertakes to achieve the various performance targets for 2015-16 as detailed below :

S.No	Evaluation Criteria	Unit	Weight age	MoU Target					Documentary Evidence and Source/Origin of Documents
				Excellent	Very Good (BT)	Good	Fair	Poor	
<b>1. STATIC/FINANCIAL PARAMETERS</b>									
<b>A. Mandatory Parameters {Sr. No. (i) - (iii)}</b>									
(i)	Growth/Size/Activity (Two)	Rs. Cr.	9	1102.50	1050.00	997.50	947.63	900.24	Audited Accounts
	a) Sale Turnover	% of sale	9	16.28	15.50	14.73	13.99	13.29	Audited Accounts
	b) Gross Operating Margin	In %	10	8.15	7.76	7.37	7.01	6.66	Audited Accounts
(ii)	Profitability								
	a) PAT/Net Worth(%)	Rs. in lac	8	2.01	1.92	1.82	1.73	1.64	Audited Accounts
(iii)	Efficiency								
	a) PAT/Per Employee	Ratio	8	1.90	2.00	2.10	2.21	2.32	Audited Accounts
<b>B. Optional Parameters {Sr. No. (iv) &amp; (v)}</b>									
(iv)	Liquidity/Leverage	Days	6	130	135	140	145	150	Audited Accounts
	a) Average Collection Period of Govt. Trade Receivables (Days)	Sub-total 1 (i to v)	50						
<b>2. DYNAMIC/NON-FINANCIAL PARAMETERS</b>									
(i)	Corporate Social Responsibility & Sustainability	Nos.	1	70000	65000	60000	50000	40000	Self certification
	a) Tree Plantation (No. of Trees)								
<b>(ii) Research &amp; Development</b>									
	Testing of molecular markers for hybrid crop seed in two crops:	Date	3	01.01.16	01.02.16	01.03.16	01.04.16	01.05.16	Certificate from IARI
	a) Hybrid Paddy: CORH-3 or CORH-4 OR								
	b) Hybrid Pulse: Pigeon Pea								

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S.No	Evaluation Criteria	age (in %)	Performance					Documentary Evidence and Source/Original Documents
			Excellent (1)	Very Good (BT) (2)	Good (3)	Fair (4)	Poor (5)	
(iii)	<b>Initiatives for Growth</b>							
a)	Production of raw seeds for both season in F.Y. 2015-16 based on estimated production Cereals 12.06 lac qtls Pulses 02.92 lac qtls Oil Seeds 06.02 lac qtls Others 02.12 lac qtls Total 23.12 lac qtls	15	24.281	23.125	21.969	20.87	19.827	Third party certification
(iv)	<b>Project Management &amp; Implementation</b>							
a)	Installation of additional (new) central pivot Sprinkler System in Rajasthan by 31st March, 2016 (1 System = 50 hectares, 6 System = 300 hectares.)	Nos. 3	8	6	4	2	0	Third party certification
b)	Installation of additional (new) Micro irrigation system at Raichur before 31st March, 16 (1 System = 40 hectares., 2 System = 80 hectares.)	Nos. 2	3	2	1	0	0	Third party certification
(v)	<b>Productivity and Internal Processes</b>							
a)	Percentage of total sales through non-Government channel (%)	%age 4	60	55	50	45	40	Third party certification
c)	Construction of covered threshing floor	Nos. 4	7	5	3	2	1	Third party certification
(vi)	<b>Technology, Quality, Innovative Practices</b>							
a)	Testing Nutrient Efficiency Bioavailability (NEB) with Soyabean Seeds in kharif and Wheat seeds in Rabi with specific NEB Seed Treatment material	Nos. 3	11	9	7	5	3	Third party certification
(vii)	<b>Human Resource Management</b>							
a)	Integration of staff cadres of earlier two entities & preparation of HR Manual as merged entity	Date 2	30.11.15	31.12.15	31.01.16	29.02.16	31.03.16	Third party certification
<b>3. Sector Specific Parameter/Enterprise Specific Parameter</b>								
(viii)	<b>Act as repository and multiply into foundation seed of breeder seed varieties from SAARC countries as approved by Govt. of India (for Paddy-Bina Dhan-8 and Bina Dhan-10)</b>	Qtls. 3	4	3	2	1	0	Self certification
b)	Export of seeds to SAARC countries/ any other country	Qtls. 2	7	5	3	2	1	Audit Report

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TREND OF CPSE's PERFORMANCE ON FINANCIAL PARAMETERS

Particulars	2010-11		2011-12		2012-13		2013-14		2014-15		Half Year 1-4-14 to 30-9-2014 Revised	2015-16 Projected	2016-17 Projected	2017-18 Projected
	MoU	ACTUAL	MoU	ACTUAL	MoU	ACTUAL	MoU	ACTUAL	MoU	Projected				
Capacity Utilisation (for each plant separately)														
Production/procurement (Quantity in lac Qltis.)	*6	26.67	23.55	26.24	24.50	24.56	22.50	19.89	18.00	15.69		18.50	20.12	20.83
Production/procurement/ Purchased (Rs. in Crore.)	573.30	671.37	670.48	717.11	745.25	827.17	697.31	869.49	652.40	510.76	277.90	700.00	720.00	770.00
<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.)	778.00	935.01	965.00	1,004.30	1,032.00	1,152.82	967.00	1,233.25	1,032.00	805.43	403.44	1,050.00	1,100.00	1,150.00
Interest and other income		10.45		16.02		24.07		28.85	20.40	20.90	5.93	23.00	24.00	26.00
Gross Operating Margin Rate(%)	16.17	20.48	16.86	19.90	14.65	17.84	-	21.88	17.32	13.11	21.98	15.50	18.93	19.42
Gross Operating Margin	-	237.11	-	297.41	-	290.01	-	269.81	178.78	105.61	88.68	162.75	208.23	223.30
EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)	95.02	112.47	131.22	122.49	113.80	131.68	110.00	145.16	87.30	30.47	10.24	80.49	118.27	129.17
Depreciation	5.45	3.84	5.70	5.28	6.75	7.20	7.00	7.40	11.50	10.74	3.46	9.47	9.60	9.60
EBIT (Earnings Before Interest and Taxes)	89.57	108.63	125.52	117.21	107.05	124.48	103.00	137.76	75.80	19.73	6.78	71.02	108.67	119.57
Interest Expenses	8.27	11.90	10.75	10.18	10.00	5.14	8.98	2.22	6.50	3.00	0.20	7.50	7.50	7.50
Prior period Expenses (Net)	0.50	-4.59	0.50	1.27	0.50	-0.69	-	4.25	-	1.00	-	1.00	1.00	1.00
Extra Ordinary Items	-	-	-	-2.09	-	-	-	1.03	-	-	-	-	-	-
Any Other Expenses	-	-	-	-	-	-	-	-0.12	-	-	-	-	-	-
Profit Before Tax	80.80	101.32	114.27	107.85	96.55	120.03	94.02	140.95	69.30	15.73	6.58	62.52	100.17	111.07
Tax	28.10	34.06	40.88	37.94	36.93	33.15	32.83	45.04	23.87	5.19	-	21.25	34.05	37.75
Profit after Tax	52.70	67.26	73.39	69.91	59.62	86.88	61.19	95.91	45.43	10.54	6.58	41.27	66.12	73.32
Dividend Paid	6.14	4.48	7.72	6.63	8.45	7.53	8.45	7.61	12.10	-	-	-	-	-
Profit transferred to Statutory reserves (Med. Health Scheme transfer)	-	1.20	-	0.79	-	2.38	-	-	0.68	-	-	-	-	-
CSR Activities	-	-	-	-	-	-	-	-	-	1.71	-	1.50	1.25	1.31
Profit Transferred to Balance Sheet	46.56	61.58	65.67	62.49	51.17	76.97	52.74	88.30	32.65	8.83	6.58	39.77	64.87	72.01
<b>Balance Sheet Items</b>														
Gross Block	114.84	101.09	138.83	126.71	136.54	154.96	190.54	184.43	219.43	219.43	249.43	249.43	279.43	309.43
Less: Depreciation	47.93	44.45	49.45	48.33	57.60	53.79	61.13	59.61	73.36	70.35	79.97	79.82	89.42	99.02
Net Block	66.91	56.64	89.38	78.38	78.94	101.17	129.41	124.82	146.07	149.08	169.46	169.61	190.01	210.41
Share Capital of CPSE	52.11	52.11	52.11	52.11	52.11	52.11	54.17	54.17	57.32	54.17	54.17	54.17	54.17	54.17
Reserves & Surplus of CPSE	209.88	258.32	333.88	330.09	373.26	413.18	472.98	509.44	495.09	438.23	444.81	477.50	541.82	613.18
Less: Deferred revenue exp./ pre-acquisition loss	0.50	-	-	-	0.50	-	1.00	-	-	-	-	-	-	-
Less: Profit & Loss A/c (Loss Figure)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Net worth of CPSE</b>	261.99	310.43	385.99	382.20	425.37	465.29	527.15	563.62	552.41	492.40	498.98	531.67	595.99	667.35
<b>Investments</b>	9.07	9.07	9.07	9.07	9.07	9.07	9.07	8.01	9.07	8.01	8.01	8.01	8.01	8.01
Total current assets	580.34	669.23	698.33	771.11	737.35	922.95	849.44	924.75	1,019.68	796.81	807.34	699.35	950.00	1,028.53
Total current liabilities & provision	359.70	342.89	258.26	387.20	304.27	477.58	437.96	400.99	547.97	285.67	290.62	349.16	340.51	355.50
Net current assets	220.64	326.34	440.07	383.91	433.08	445.37	411.48	523.76	471.71	511.14	516.72	350.19	609.49	673.03
Capital employed (Net block + net current assets)	287.55	382.98	529.45	462.29	512.02	546.54	540.89	648.58	617.78	660.22	686.18	519.80	799.50	883.44

	2010-11		2011-12		2012-13		2013-14		30-9-2014		2014-15		2015-16		2016-17		2017-18	
	MoU	ACTUAL MoU	ACTUAL MoU	ACTUAL MoU	ACTUAL MoU	ACTUAL MoU	ACTUAL MoU	ACTUAL MoU	ACTUAL MoU	Projected	Revised	Projected	Projected	Projected	Projected	Projected	Projected	Projected
Total long-term debt (loan funds)	15.13	-	24.10	-	20.10	1.40	-	2.50	3.00	-	-	-	-	-	-	-	-	-
Total Assets(Gross Block)	114.84	101.09	138.83	126.71	136.54	154.96	190.54	184.43	219.43	219.43	249.43	249.43	249.43	279.43	279.43	309.43	309.43	309.43
No. of employees of CPSE	2.625	2.577	2.690	2.565	2.635	2.330	2.485	2.367	2.255	2.202	2.203	2.155	2.155	2.100	2.100	2.030	2.030	2.030
<b>Ratios</b>																		
PAT/Net Worth (%)	20.12	21.67	19.01	18.29	14.02	18.67	11.61	17.02	8.22	2.14	1.32	7.76	7.76	11.09	11.09	10.99	10.99	10.99
EBITDA/ Net Block (%)	1.42	1.99	1.47	1.56	1.44	1.30	0.85	1.16	0.60	0.20	0.06	0.47	0.47	0.62	0.62	0.61	0.61	0.61
EBIT/ Average Capital Employed (%)	0.33	0.34	0.31	0.28	0.21	0.25	0.20	23.05	0.13	3.01	0.30	12.49	12.49	14.89	14.89	17.04	17.04	17.04
PAT per Employee	2.01	2.61	2.73	2.73	2.26	3.73	2.46	4.05	2.01	0.48	0.30	1.92	1.92	3.15	3.15	3.61	3.61	3.61
Current Ratio (Times)	1.61	1.95	2.70	1.99	2.42	1.93	1.94	2.31	1.86	2.79	2.78	2.00	2.00	2.79	2.79	2.89	2.89	2.89
Operating Cash Flow		92.11		21.43		2.34												
Debt Service Coverage Ratio																		
Operating Cash Flow																		
Average No. Days of Inventory		71.16		86.94		78.57		86.18	91.76	133.04		125.66	125.66	146.90	146.90	173.09	173.09	173.09
Average Collection Period of Trade Receivables (Days)		144.01		122.48		149.05		133.92	108.03	204.61		135.00	135.00	150.83	150.83	144.27	144.27	144.27
Inventory Turnover Ratio		5.13		4.20		4.65		4.24	3.98	2.74		2.90	2.90	2.48	2.48	2.11	2.11	2.11
Debtors Turnover Ratio		0.14		0.14		0.18		2.73	3.38	1.78		2.36	2.36	2.42	2.42	2.53	2.53	2.53

\* No Production target fixed of NSC in MoU

Annexure - VII

DS CORPORATION LIMITED

... Certification by CPSE

... and actual achievement in respect of financial ...  
 ... per MoU Guidelines by adopting the norms ...  
 ... Guidelines for the year 2015-16. In case, any ...  
 ... appraisal of performance, DPE is free to evaluate ...  
 ... MoU Guidelines, CPSE has no right of claim in the ...

*Smadley*  
 Authorised Signatory

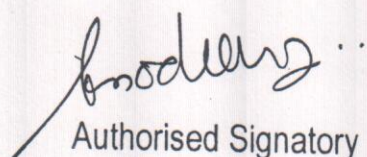
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# NATIONAL SEEDS CORPORATION LIMITED

## Self declaration / Certification by CPSE

It is hereby certified that the targets and actual achievement 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 2015-16. 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.

  
Authorised Signatory

MoU 2015-16  
Approved by DPERTF  
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NATIONAL SEEDS CORPORATION LIMITED  
 CALCULATION OF GROSS OPERATING MARGIN UNDER MOU

Sr. No.	Particulars	Amount (In Rs. Crore)	
		Projected 2015-16	
	SALES		1,050.00
	LESS: COST OF GOOD SOLD		
	<i>OPENING STOCK</i>	180.00	
	<i>Add: PURCHASES</i>	700.00	
	<i>Add: OPERATIONAL EXPENSES &amp; FARMS EXPENSES INCLUDING SALARY &amp; WAGES, DEPRECIATION &amp; OTHER EXPENSES OF FARMS</i>	157.25	
	<i>Less: CLOSING STOCK</i>	150.00	887.25
	<b>GROSS OPERATING MARGIN</b>		<b>162.75</b>

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