

मद्रास फ़र्टिलाइज़र्स लिमिटेड
और

रसायन तथा उर्वरक मंत्रालय
उर्वरक विभाग

के बीच

वर्ष 2012-13 के लिए

समझौता ज्ञापन



MEMORANDUM OF UNDERSTANDING

BETWEEN

MADRAS FERTILIZERS LIMITED

AND

MINISTRY OF CHEMICALS & FERTILIZERS,

DEPARTMENT OF FERTILIZERS

FOR THE YEAR 2012-13

MEMORANDUM OF UNDERSTANDING

BETWEEN

MADRAS FERTILIZERS LIMITED

AND

**MINISTRY OF CHEMICALS & FERTILIZERS,
DEPARTMENT OF FERTILIZERS**

FOR THE YEAR 2012-13

Part - I

1.1 MISSION / VISION AND OBJECTIVES OF THE COMPANY

1.1.1 CORPORATE MISSION / VISION

To become the leader and sustain leadership position in fertilizer and related products in a sustainable manner in peninsular India.

1.1.2 OBJECTIVES

- TM To increase capacity utilization of Ammonia from 81% at present to 87%, and NPK from present 9% to 50% during 2012-13 and to maintain capacity utilization of urea at 98% or more.
- TM Number of stream days to be increased from present 310 days to 330 days for Ammonia and Urea Plants in 2012-13.
- TM Energy efficiency to be improved from present level of 7.65 Gcal to 7.38 Gcal per ton of Urea in 2012-13.
- TM To achieve reduction in fixed cost per tonne of fertilizer by 15% in 2012-13.

Part - II

1.2 Exercise of Enhanced Autonomy And Delegation of Financial Power:

To avail of powers applicable to MoU signing companies.

Part - III

1.3 PERFORMANCE EVALUATION CRITERIA AND TARGETS

The Performance Evaluation parameters and targets are given separately.

Part - IV

1.4 COMMITMENTS / ASSISTANCE FROM THE GOVERNMENT

For long term sustenance of the company, the Government on its part will endeavor to assist MFL in:

™ Financial Restructuring / Revival

™ Budgetary support for capital schemes

Part - V

1.5 ACTION PLAN FOR MONITORING OF MOU

Evaluation and review of performance will be done quarterly by the Board and DoF and annually by DPE.

Satish Chandra
Chairman and Managing Director
On behalf of
Madras Fertilizers Limited

Ajay Bhattacharya
Secretary
Dept. of Fertilizers
On behalf of
Govt. of India

Part - III 1.3 PERFORMANCE EVALUATION CRITERIA AND TARGETS : MoU 2012-13

(Criteria range - 5 levels of performance viz., Excellent, Very Good, Good, Fair & Poor)

Sl. No.	Evaluation Criteria	Unit	Wt. (In %)	MOU Target					Documentary evidence and source/origin of documents
				Excellent (1)	Very Good (2)	Good (3)	Fair (4)	Poor (5)	
1	Static/Financial Parameters (40%)								
	1.1 Gross Sales	` Cr	10.0	3495.00	3329.00	3170.00	3012.00	2861.00	ANNUAL REPORT (AR)
	1.2 Gross Margin	` Cr	10.0	280.00	266.00	254.00	241.00	229.00	
	1.3 Gross Profit	` Cr	5.0	232.15	218.15	206.15	193.15	181.15	
	1.4 Net Profit	` Cr	5.0	138.35	119.66	105.08	87.03	69.72	
	1.5 Cash Generation from Operations	` Cr	5.0	186.20	167.51	152.93	134.88	117.57	
	1.6 Working Captial / Turnover	Ratio	5.0	0.031:1	0.033:1	0.034:1	0.036:1	0.038:1	
	Sub-total- 1 (1.1+1.2+1.3+1.4+1.5+1.6)		40.0						
2	Dynamic Parameters (25%)								
	2.1 Physical Targets								
	a) Urea Production	Lac MT	4.0	4.87	4.80	4.70	4.47	4.25	Certification from Statutory Auditors
	b) NPK Complex Production	Lac MT	4.0	4.20	4.12	4.04	3.96	3.88	
	c) Bio-Fertilizer Production	MT	2.0	495	472	450	427	405	
	2.2 Customer Satisfaction								
	Customer Satisfaction Survey to be rated on a 5 point scale vetted by an outside agency and approved by Board of Directors by 31st March	Weighted average rating	5.0	5	4	3	2	1	Copy of Board Note and Bord Minutes thereof
	2.3 Project Implementation								
	Procurement of all equipments and material for Naphtha De-aerator Project	Date	5.0	15 th Feb 2013	28 th Feb 2013	15 th March 2013	22 nd March 2013	31 st March 2013	-Do-
	2.4 Energy consumption per MT of Urea	Gcal	2.5	7.38	7.49	7.60	7.71	7.83	-Do-
	2.5 Reduction in fixed cost per tonne by 15% over 2011-12	%	2.5	15	14	13	12	11	-Do-
	Sub-total- 2 (2.1+2.2+2.3+2.4+2.5)		25.0						

Part - III 1.3 PERFORMANCE EVALUATION CRITERIA AND TARGETS : MoU 2012-13 contd..

Sl.No	Evaluation Criteria	Unit	Wt. (In %)	MOU Target					Documentary evidence and source/origin of documents
				Excellent (1)	Very Good (2)	Good (3)	Fair (4)	Poor (5)	
3	Sector / Enterprise Specific Parameters (35%)								
	3.1 Technology Upgradation								
	Completion of Ammonia and Urea control system upgradation	Date	6.5	15 th Feb 2013	28 th Feb 2013	15 th March 2013	22 nd March 2013	31 st March 2013	Copy of Board Note and Bord Minutes thereof
	3.2 Generation of funds from non-performing assets								
	Recovery from doubtful sundry debtors	` lakh	3.0	25.0	22.5	20.0	17.5	15.0	Certification from Statutory Auditors
	Realization from sale of scrap	` Cr	3.0	3.0	2.5	2.0	1.5	1.0	
	3.3 Human Resource Development								
	a) Training of executive/staff for knowledge/skill upgradation	Nos.	2.0	300	250	200	150	100	Copy of Board Note and Bord Minutes thereof
	b) Implementation of Bell Curve approach in PMS Rating	Date	1.0	30.09.12	15.10.12	31.10.12	15.11.12	31.11.12	
	c) Development of "Sucession Plan"	Date	1.0	30.06.2012	31.07.2012	31.08.2012	30.09.2012	31.10.2012	
	d) Inclusion of a representative from minorities in the committees for recruitment at different levels	Included	1.0	-	-	Excellent	-	-	
	3.4 Inventory Control								
	Total inventory to material consumed	No.of days	3.0	75	77	80	82	85	Certification from Statutory Auditors
	3.5 Preparation of Corporate Plan								
	Preparation of Corporate Plan and its approval by Board of Directors	Date	6.0	15 th Jan 2013	31 st Jan 2013	15 th Feb 2013	28 th Feb 2013	15 th Mar 2013	Copy of Board Note and Bord Minutes thereof
	3.6 Corporate Governance								
	Compliance of DPE guidelines on Corporate Governance	%	5.0	85	75-84	60-74	50-59	Below 50	It shall be directly monitored by DPE
	3.7 Submission of Data for Public Enterprise Survey	Date	1.0	15.09.2012	01.10.2012	15.10.2012	31.10.2012	After 31.10.2012	
	3.8 Compliance of DPEs guidelines by CPSEs								
	Submission of information regarding implementation of 2007 pay revision as per DPE O.M No 3(11)/2011-DPE (MoU) dated 20th January 2012	Implemented	1.0	-	-	Excellent	-	-	
	Reservations for SC, ST & OBC in appointment	Implemented	1.0	-	-	Excellent	-	-	
	3.9 Submission of Report on compliance of DPE guidelines as per DPE O.M No 3(11)/2011-DPE (MoU) dated 20th January 2012	Date	0.5	30.06.2012	31.08.2012	30.09.2012	31.10.2012	After 31.10.2012	
	Sub-total- 3 (3.1+3.2+3.3+3.4+3.5+3.6+3.7+3.8+3.9)		35.0						
	Total (1+2+3)		100.0						