

मद्रास फ़र्टिलाइजर्स लिमिटेड

और

रसायन तथा उर्वरक मंत्रालय
उर्वरक विभाग

के बीच

वर्ष 2013-14 के लिए

समझौता ज्ञापन



MEMORANDUM OF UNDERSTANDING

BETWEEN

MADRAS FERTILIZERS LIMITED

AND

MINISTRY OF CHEMICALS & FERTILIZERS,
DEPARTMENT OF FERTILIZERS

FOR THE YEAR 2013-14



MoU 2013-14
Approved by DPE/TF
Signed

MEMORANDUM OF UNDERSTANDING

BETWEEN

MADRAS FERTILIZERS LIMITED

AND

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

FOR THE YEAR 2013-14

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

- ❖ Feedstock Conversion to Natural Gas from Naphtha
- ❖ To explore feasibility of Joint Venture (JV) projects

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.

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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
- ❖ The existing subsidy to MFL to be continued till the implementation of Gas Conversion

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.


Dr I Vijayakumar
Chairman and Managing Director
On behalf of
Madras Fertilizers Limited


Sudhir Mital
Secretary
Dept. of Fertilizers
On behalf of
Govt. of India

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Part - III 1.3 PERFORMANCE EVALUATION CRITERIA AND TARGETS : MoU 2013-14
(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	3133.08	3080.29	3016.24	2894.50	2799.34	ANNUAL REPORT (AR)
	1.2 Gross Margin	₹ Cr	10.0	295.13	255.10	213.75	166.10	123.09	
	1.3 Gross Profit	₹ Cr	5.0	249.26	209.27	167.88	120.23	77.22	
	1.4 Net Profit	₹ Cr	5.0	162.01	122.08	80.77	33.25	(9.66)	
	1.5 Cash Generation from Operations	₹ Cr	5.0	(4.60)	(6.75)	(9.96)	(13.62)	(20.30)	
	1.6 Working Capital / Turnover	Ratio	5.0	0.186 : 1	0.176 : 1	0.166 : 1	0.157 : 1	0.147 : 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	3.0	4.87	4.80	4.70	4.47	4.30	Certification from Statutory Auditors
	b) NPK Complex Production	Lac MT	3.0	3.15	3.08	3.02	2.96	2.90	
	2.2 Order Booking								
	a) Urea	Lac MT	2.0	4.87	4.80	4.70	4.47	4.30	Certification from Statutory Auditors
	b) NPK Complex	Lac MT	2.0	3.15	3.08	3.02	2.96	2.90	
	2.3 Quality - No. of FCO cases	No.	1.0	8	9	10	11	12	Copy of Board Note and Board Minutes thereof
	2.4 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 2014	Weighted average rating	4.0	5	4.5	4	3.5	3	Copy of Board Note and Board Minutes thereof
	2.5 Project Implementation								
	Naphtha Deaerator installation	Date	2.0	15/02/2014	28/02/2014	15/03/2014	22/03/2014	31/03/2014	Copy of Board Note and Board Minutes thereof
	Process Condensate Boiler - Provision of dual fuel system	Date	2.0	01/02/2014	08/02/2014	15/02/2014	22/02/2014	01/03/2014	
	Completion of Gas Conversion Project	Date	4.0	01/02/2014	08/02/2014	15/02/2014	22/02/2014	01/03/2014	
	2.6 Energy consumption per MT of Urea	Geal	2.0	7.26	7.37	7.48	7.59	7.70	Certification from Statutory Auditors
	Sub-total- 2 (2.1+2.2+2.3+2.4+2.5+2.6)		25.0						

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Part - III 1.3 PERFORMANCE EVALUATION CRITERIA AND TARGETS : MoU 2013-14 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 Preparation of Business Plan									
	Preparation of corporate plan and its approval by Board	Date	5.0	30/09/2013	31/10/2013	30/11/2013	31/12/2013	31/01/2014		Copy of Board Note and Board Minutes thereof
	3.2 Technology Upgradation									
	Advanced Process Control (APC) along with on-line Analyzers	Date	5.0	15/02/2014	28/02/2014	15/03/2014	22/03/2014	31/03/2014		Copy of Board Note and Board Minutes thereof
	Mobile Fertilizer Movement System (MFMS) implementation	Date	5.0	31/08/2013	15/09/2013	30/09/2013	01/10/2013	15/10/2013		
	Finalization of Gas Agreement	Date	3.0	10/12/2013	20/12/2013	30/12/2013	10/01/2014	20/01/2014		
	3.3 Generation of funds from non-performing assets									
	Realization from sale of scrap	₹ Cr	3.0	3.0	2.5	2.0	1.5	1.0		Certification from Statutory Auditors
	3.4 Human Resource Development									
	Risk Management Training Courses for Senior Management Personnel	No.	3.0	4	3	2	1	0		Copy of Board Note and Board Minutes thereof
	3.5 Inventory Control									
	Total inventory to material consumed	No. of days	3.0	60	65	70	75	80		
	3.6.1 Reduction in fixed cost (per ton) of UREA	Rupees per ton	2.0	4178	4263	4350	4437	4526		Certification from Statutory Auditors
	3.6.2 Reduction in fixed cost (per ton) of NPK	Rupees per ton	2.0	2209	2254	2300	2346	2393		

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Part - III 1.3 PERFORMANCE EVALUATION CRITERIA AND TARGETS : MoU 2013-14 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)	
3.7	Corporate Social Responsibility (CSR) & Sustainability (SD)								
	(a) Staff/Stakeholders involvement								
	i. Board level CSR & SD committee	Meetings with minutes	0.5	4	3	2	1	0	
	ii. Senior Management CSR & SD committee	Meetings with minutes	0.5	4	3	2	1	0	Copy of Board Note and Board Minutes thereof
	iii. Staff involvement/sensitisation	%	0.5	25%	20%	15%	10%	5%	
	iv. Stakeholders engagement	Consultation/feedback	0.5	4	3	2	1	0	
	(b) Sustainability Planning & Communications								
	i. CSR & SD Plan	Plan document	0.5	30/06/2013	31/07/2013	31/08/2013	30/09/2013	31/10/2013	
	ii. CSR & SD Monitoring System	Documentary evidence	1.0	30/06/2013	31/07/2013	31/08/2013	30/09/2013	31/10/2013	Copy of Board Note and Board Minutes thereof
	iii. CSR & SD Reporting	Annual Report & Website	0.5	Done	-	-	-	Not done	
	Sub-total- 3 (3.1+3.2.+3.+3.4+3.5.+3.6+3.7)		35.0						
	Total (1+2+3)		100.0						

Note: 1. Non-compliance of Corporate Governance will be penalized by way of negative marking and the MoU Score will be increased in the following manner in accordance with DPE OM 18(8)/2005-GM, Dated 22 June 2011.

Sl.	Annual Score	Grading	Penalty Marks	Difference in Score from 'Excellent' Grade
01	85% and Above	Excellent	0	0.00
02	75%-84%	Very Good	0	0.00
03	60%-74%	Good	0.5	0.02
04	50%-59%	Fair	0.5	0.02
05	Below 50%	Poor	1.0	0.04


If a CPSE fails to submit the Self-evaluation report in the format enclosed with the OM, its Grading will be treated as poor and score will be inflated accordingly.

2. CPSE has to give a Certificate regarding Implementation of Guidelines issued by DPE as per OM No.DPE/14(38)/10-Fin Dated 28th June 2011 and also a certificate from their auditors/Chartered Accountant in Practice. Non-compliance of DPE Guidelines determined on the basis of certificate submitted will be penalized up to 1 mark at the discretion of Task Force at the time of MoU Evaluation. (In other words, the MoU Ratings can be increased by 0.04).

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Self-Declaration / Certification by MFL

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 2013-14. 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. MFL has no right of claim in this regard.



Dr. I. Vijayakumar
Chairman & Managing Director
Madras Fertilizers Limited

