



MEMORANDUM OF UNDERSTANDING

BETWEEN

NATIONAL FERTILIZERS LIMITED

AND

DEPARTMENT OF FERTILIZERS

(MINISTRY OF CHEMICALS AND FERTILIZERS)

FOR THE YEAR

2017-18

MEMORANDUM OF UNDERSTANDING
BETWEEN
NATIONAL FERTILIZERS LIMITED
AND
DEPARTMENT OF FERTILIZERS
MINISTRY OF CHEMICALS & FERTILIZERS
FOR THE YEAR 2017-18

PART-I

Vision, Mission & Objectives of the PSE

1. Vision

To be a leading Indian company in fertilizers and beyond with commitment to all stakeholders.

2. Mission

A dynamic organization committed to serve the farming community and other customers to their satisfaction through timely supply of fertilizers and other products & services; continually striving to achieve the highest standards in quality, safety, ethics, professionalism, energy conservation with a concern for ecology and maximizing returns to stakeholders.

3. Objectives

- a) To produce and market fertilizers, chemicals and other products efficiently and economically.
- b) To effectively manage the assets and resources of the Company
- c) To ensure a reasonable return on investment and to maximize internal resources.
- d) To import fertilizers for trading and carry out port handling activities
- e) To trade in agro & other products
- f) To maintain international quality of production & services as per ISO-9001: 2008
- g) To achieve international standard of excellence in plant & operational safety and maintaining environment as per international standard OHSAS 18001 & ISO-14001 respectively.
- h) To continuously improve energy, process, quality and introduction of new products through R&D.
- i) To carry out business activities through diversification, expansion, etc. to increase the profitability of the company
- j) To carry out agri extension activities for facilitating the Agricultural community.
- k) To further develop organizational environment for encouraging individual and group initiative and productivity by improving employee skills through training.
- l) To carry out CSR activities for the welfare & sustainable development of the society.

Brief about NFL

1	Name of the CPSE	National Fertilizers Limited		
2	Status (Please tick): As per DPE guidelines	Sick/Incipient Sick/Weak/None [√]		
3	Reasons of Sickness, if applicable	NA		
4	Whether registered with BIFR, If yes, details	No		
5	Schedule of the CPSE	A		
6	Purpose for which CPSE has been setup and the main business now	Manufacture/Sale of Urea Fertilizer		
7	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years:			
	Year	Name of subsidiary	Amount invested (₹ Crore)	Share in its profit (₹ Crore)
	-----Nil-----			
8	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years:			
	Year	Name of Joint Venture	Amount invested (₹ Crore)	Share in its profit (₹ Crore)
	2008	Urvarak Videsh Limited (M/s UVL) (Declared Dormant)	0.18	33%
	2015	Ramagundam Fertilizers & Chemicals Limited (M/s RFCL)	367 (Total share) 214 (As on date)	26%
9	Details of revival plan approved earlier	NA		

Mandatory Parameters
(PART - A)
NATIONAL FERTILIZERS LIMITED
MoU 2017-18

Sr.	Financial Performance Criteria	Unit	Marks	MoU Target for the year 2017-18				
				Excellent (100%)	V.Good (80%)	Good (60%)	Fair (40%)	Poor (20%)
1	Turnover							
	Revenue from Operations	₹ Crore	10	7500	7400	7300	7200	7100
2	Operating Profit							
	Operating Profit / Revenue from operation	%	20	1.85	1.69	1.51	1.33	1.14
3	Return on investment							
	PAT / Average Networth	%	20	6.50	6.20	6.00	5.75	5.50
	Total		50					

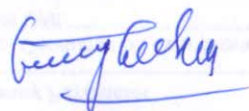
(PART - B)
NATIONAL FERTILIZERS LIMITED
MoU 2017-18

Sr.	Performance Criteria	Unit	Marks	MoU Target for the year 2017-18				
				Excellent (100%)	V.Good (80%)	Good (60%)	Fair (40%)	Poor (20%)
1	Capacity Utilisation							
	Urea Production	LMT	5	38.00	37.50	37.00	36.50	36.00
2	Production Efficiency Parameter							
	Reduction in Energy Consumption over previous year (2016-17) at Panipat Unit.	%	5	0.75	0.70	0.60	0.50	0.40
3	R&D, Innovation, Technology up-gradation parameter							
	Production of Murate of Potash (MoP) from sub-soil bitterns available in Little Rann of Kutch (LRK) from Pilot Plant.	MT	5	60.00	50.00	45.00	40.00	35.00
4	CAPEX	₹ Crore	7	283	260	240	220	200
5	Percentages of value of Capex contracts / projects running/completed during the year without time / cost overrun to total value of Capex contracts running / completed during the year. (Annexure-III)	%	5	100	90	85	80	75
6	Inventory of finished goods and work-in-progress to Revenue from Operations (Net)	No. of Days	5	11	12	13	14	15
7	Reduction in claims against the company not acknowledged as debt- "Others"	%	5	10	9	8	7	6
8	Sector Specific result oriented measurable parameters							
a)	Growth in sale of certified seeds produced through Seeds Multiplication Program over previous year	%	3	60	50	45	40	35
b)	Commissioning & commencement of production of Bentonite Sulphur Plant at Panipat Unit	Date	5	31-12-2017	15-01-2018	31-01-2018	15-02-2018	28-02-2018

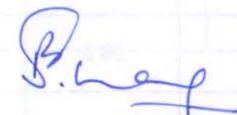
Sr.	Performance Criteria	Unit	Marks	MoU Target for the year 2017-18				
				Excellent (100%)	V.Good (80%)	Good (60%)	Fair (40%)	Poor (20%)
9	HR Parameters							
a)	Online submission of ACR/APAR in respect of all Executives (E0 and above) along with compliance of prescribed timelines w.r.t writing of ACR/APAR (% of number of executives).	%	1	100	95	90	85	80
b)	Online quarterly vigilance clearance updation for senior executives (E-5 and above) (% of number of senior executives).	%	1	100	95	90	85	80
c)	Preparation of Succession plan and its approval by Board of Directors	Date	1	30-09-2017	15-10-2017	31-10-2017	15-11-2017	30-11-2017
d)	Holding of DPC without delay for eligible executives (E0 and above level)	%	1	100	95	90	85	80
e)	Talent management and career progression by imparting at least one week training in centre of Excellence e.g. IITs, IIMs, NITs, ICAI etc.) (% of Executives)	%	1	10	9	8	7	6
Total			50					

Foot Notes

- 1 Gas price @ 7.50 USD / MMBTU at Exchange rate of 1 USD = ₹ 67 is assumed while computing the targets for Revenue from Operations. In case, price of gas varies, this would be adjusted in the target of revenue from operations only. Impact of change in gas rate by 1 USD/MMBTU is ₹ 521.00 crore and impact of change in exchange rate by ₹1 per USD is ₹ 58 crore.
- 2 Evaluation would be subject to compliance of additional eligibility criteria as contained in para 14.2 of MoU guidelines 2017-18.



MANOJ MISHRA
Chairman & Managing Director
On behalf of
National Fertilizers Limited



Ms. BHARATHI S. SIHAG
Secretary
Department of Fertilizers
On behalf of
Government of India

Annexure-III

Projects to be monitored during 2017-18

(₹ Crore)

Sr.	Description	Total Project Cost	Milestone for 2017-18	Time Schedule	Capex (2017-18)
1	Energy Saving Schemes (Nangal Unit)	262	10 % Progress	31-03-18	20
2	Energy Saving Schemes (Bathinda Unit)	217	10 % Progress	31-03-18	15
3	Energy Saving Schemes (Panipat Unit)	217	10 % Progress	31-03-18	15
4	Bentonite Sulphur Plant at Panipat Unit	42	Commissioning & Commencement of Production	31-12-17	32
TOTAL		738			82

PART-II

Exercise Of Enhanced Autonomy & Delegation Of Financial Powers

There is sufficient autonomy / delegation of powers available with the Board of Directors of NFL for operations of the company.

PART-III

Action Plan For Implementation & Monitoring Of The MoU

- i) Evaluation and review of performance will be done by Department of Public Enterprises (DPE).
- ii) Information for the purpose of evaluation will be given to DPE in the Proforma as given in Annexure-II (Part – A & Part – B).
- iii) Quarterly performance monitoring and review system in vogue at Department of Fertilizers will continue.



एन एफ एल
NFL

Self Declaration / Certification by NFL

It is hereby certified that the targets/ actual achievements in respect of MoU Parameters have been worked out as per MoU Guidelines by adopting the norms and definitions laid down in MoU Guidelines for the year 2017-18. In case, any deviation is found at any point of time, DPE is free to evaluate the performance as per MoU Guidelines. NFL has no right of claim in this regard.

(Manoj Mishra)

Chairman & Managing Director
National Fertilizers Limited