



MEMORANDUM OF UNDERSTANDING

BETWEEN

**GOVERNMENT OF INDIA
DEPARTMENT OF HEAVY INDUSTRY
MINISTRY OF HEAVY INDUSTRIES
& PUBLIC ENTERPRISES**

AND

ANDREW YULE GROUP

YEAR 2012-13

PART-I

VISION / MISSION AND OBJECTIVES

VISION :

To resurrect “YULE” brand in all areas of business of the group and be ready for future by focusing on development of state of the art products through innovation.

MISSION :

- Rs. 2000 Cr. Group Turnover by 2015.
- Diversify in new business area to achieve Target Turnover.
- To be amongst top 10 Tea Producers of the country.

OBJECTIVES :

- a) Ensure steady growth in turnover and profit for achieving Mission of the Company.
- b) To accelerate CSR activity for Skill Development.

Exercise of enhanced Autonomy and delegation of Powers

AYCL will be empowered with all such delegated powers as are given to MOU signing Companies from time to time .

COMPANY'S OBLIGATION UNDER THE MOU AND PERFORMANCE TARGET FOR 2012-13 : ANDREW YULE GROUP

Sl	Particulars	Unit	Weight (in %)	2012-13 MOU Target				
				Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)
1	<u>Static/ Financial Parameters (50%)</u>		50					
	a) <u>Financial Indicators</u>							
	Profit related ratio							
	i) Gross margin/gross block	%	2	41.38	39.34	37.47	35.60	33.82
	ii) Net profit/net worth	%	10	17.35	16.26	15.49	14.72	13.98
	iii) Gross profit/capital employed	%	10	23.99	22.59	21.51	20.43	19.41
	b) <u>Financial indicators-size related</u>							
	i) Gross Margin	Rs. Crores	8	180	168	160	152	144
	ii) Gross Sales	Rs. Crores	4	1500	1415	1347	1280	1216
	c) <u>Financial returns productivity related</u>							
	i) PBDIT/total employment	In RS.	7	111695	106163	101108	96053	91250
	ii) Added value/sales	%	9	7.62	7.18	6.84	6.50	6.17
	ii) Added value/sales	%	9					
2	<u>Dynamic Parameters</u>							
	a) <u>Quality</u>							
	i) Tea price on North India Auction Average	Rs/Kg.	2	15	14	13	12	11
	b) <u>Customer Satisfaction</u>							
	i) Engineering Division (warranty expenditure)	as % of Turnover	1	0.60	0.70	0.80	0.90	1.00
	ii) Electrical Division (L-D)	as % of Turnover	1	0.80	0.85	0.90	0.95	1.00
	c) <u>Project Implementation / Capital Expenditure</u>							
	i) Plantation in Tea Estate Uprooting	Hectares	5	138	131	125	119	113
	ii) Plantation in Tea Estate Re-plantation	Hectares	1	138	131	125	119	113
	iii) Plantation in Tea Estate Infilling	No.	1	66150	63000	60000	57000	54150
	iv) Electrical division-Acquiring of land for Transformer plant	Date	1	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
	v) Engineering Division-Capital Expenditure	Rs in Cr	1	6.00	5.50	5.00	4.50	4.00

Sl	Particulars	Unit	Weight (in %)	2012-13 MOU Target				
				Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)
3	<u>Sector / Enterprise Specific Productivity/Efficiency ers:</u> Preparation / Implementation of the Business plan		11					
	i) Secure order for air separation business (New Business)	Date	1	May'12	Jun'12	Jul'12	Aug'12	Sep'12
	ii) Secure order for Small Wind Turbines (New Business)	Date	1	Apr'12	May'12	Jun'12	Jul'12	Aug'12
	iii) Procurement Order for 40 KA Breaker (New Product)	Date	1	Sep'12	Oct'12	Nov'12	Dec'12	Jan'13
	<u>Technology Upgradation</u>							
	iv) Development of 11 KV VCB - 1600A 40KA	Date	1	Jun'12	Jul'12	Aug'12	Sep'12	Oct'12
	v) Productivity at Tea Gardens	Kg/ Hectare	2	1819	1733	1650	1568	1489
	vi) Realisation of debtors prior to 2010-11	Rs. Crores	1	1.20	1.10	1.00	0.90	0.80
	vii) Sundry Debtors (No. of days to sales)	No of Days	1	45	50	55	60	65
	viii) Inventory Control (No. of days Production)	No of Days	1	50	55	60	65	70
	ix) Productivity of Tide Water Oil Co.(I) Ltd	Kl / employee	1	147	140	133	126	120
	x) Value added / Employee Cost [Sales+Additions to Inventory - (Purchase of goods and services from outside)]/ Total Employee Cost	% age improvement over previous year	1	10%	7%	5%	3%	1%
4	<u>Corporate Social Responsibility (CSR)</u>		5					
	i) Expenditure on-CSR (AYCL)	% of PAT	1	4	3.5	3	2.5	2
	ii) Projects implementations (AYCL)		3					
	iii) Preparation of Long term plan for CSR (AYCL) and approval by the Board	Date	1	30 Sept'12	31 Oct'12	31 Jan'13	28 Feb'13	31 Mar'13
5	<u>Research & Development</u>		5					
	i) Total R & D Exp as %age of PAT	%	2.50	0.70	0.60	0.50	0.40	0.30
	ii) Development of Communication and control system for scada application	Date	0.80	Sep'12	Oct'12	Nov'12	Dec'12	Jan'13
	iii) Process development in manufacturing of power transformer	Date	0.80	Nov'12	Dec'12	Jan'13	Feb'13	Mar'13
	iv) Development of ID Fans to intermediate size to narrow	Date	0.90	Dec'12	Jan'13	Feb'13	Mar'13	Beyond Mar'13

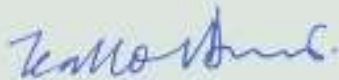
Sl	Particulars	Unit	Weight (in %)	2012-13 MOU Target				
				Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)
6	<u>Sustainable Development</u>		5					
	i) Expenditure on SD	% of PAT	1.0	0.7	0.6	0.5	0.4	0.3
	ii) Formulation of SD Policy & Budget	Date	0.5	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
	iii) SD Projects & targets		3.5	As per Appendix-2 to Annexure III				
7	<u>Corporate Governance (AYCL)</u>		5	As per DPE Circular No. 18(18)/2005-GM dated 22nd June 2011				
8	<u>Human Resource Management - HRM (AYCL)</u>		5	As per Appendix-3 to Annexure III				
9	<u>Compliance with DPE Guidelines</u>		5					
a)	<u>Targets as per DPE's OM No. 3(11)/2011-DPE(MoU) dated 20th January 2012.</u>							
	i) Compliance to Reservation directives on SC, ST and OBC appointment	.	1.0	Yes				
	ii) Appointment of deputationists (other than with the approval of DPE)		0.5	Nil				
	iii) Implementation of 2007 Pay Revision (Proforma-1)		1.0	Yes				
	iv) Switching over from CDA to IDA pattern of pay scale		1.0	Yes				
	v) Timely submission of reports on compliance of DPE guidelines		0.5	30.06.2012	31.08.2012	30.09.2012	31.10.2012	After 31.10.2012
b)	<u>Submission of PE Survey to DPE</u>							
	i) Submission of completed data sheet for PE Survey to DPE		1.0	15.9.12.	1.10.12	15.10.12	31.10.12	After 31.10.2012
			100					

Commitments / Assistance from the Government :

1. No Budgetary support required for new Project Proposal
 - a. Air Separation Business
 - b. Small Wind Turbine : Solar-Hybrid Business
 - c. Enhancement of capacity & rating of transformer production unit.

Action Plan for implementation and monitoring the MOU

1. AYCL undertake to submit quarterly reports on the various aspects of the MOU within 30 days of each quarter ending June, September, December, 2012 and March, 2013.
2. The Board of Directors of AYCL will ensure monitoring of performance against MOU targets in every meeting.
3. Secretary (HI) will review AYCL's performance against MOU targets once in six months.
4. Annual evaluation of performance against MOU targets will be undertaken by the Department of Public Enterprises.



(KALLOL DATTA)
Chairman & Managing Director
Andrew Yule & Company Limited



(S. SUNDARESHAN)
Secretary to the Govt. of India
Department of Heavy Industry,
Ministry of Heavy Industries &
Public Enterprises

TREND OF ANDREW YULE GROUP PERFORMANCE OF FINANCIAL PARAMETERS FOR LAST 5 YEARS

Particulars	2007-08		2008-09		2009-10		2010-11		2011-12	2012-13		
	MOU Tgt	Actual	MOU Tgt.	Actual	MOU Tgt.	Actual	BE (MOU Target)	Actual	Mou Target	Review result 30.09.11	Estimated for the Year	MOU Target
Production		624.95	721.17	692.15	859.30	785.97	996.14	952.62	1110.60	534.50	1119.80	1195.74
Gross Sales		711.04	800.00	828.30	969.96	973.99	1100.00	1128.47	1246.92	607.94	1257.87	1347.49
Gross Margin		72.86	45.00	93.20	70.18	125.62	110.00	140.32	151.00	66.19	151.20	159.68
Profit Before Tax		44.69	100.57	79.35	38.49	93.25	73.86	110.01	110.09	50.51	109.74	120.42
Gross Block		293.50	324.67	310.67	354.85	365.49	346.88	373.80	405.94	385.76	405.80	426.20
Less Dep		99.39	106.30	106.95	118.54	113.51	128.08	126.71	139.13	131.71	140.65	154.43
Net Block		194.11	218.37	203.72	236.31	251.98	218.80	247.09	266.81	254.05	265.15	271.77
Share Capital of CPSE		74.32	98.23	82.75	101.64	83.81	83.81	82.81	83.82	82.81	82.81	82.81
Reserve & Surplus of CPSE		236.55	254.83	260.99	287.15	314.28	338.12	372.41	443.15	402.29	460.10	533.58
Less deferred reve exp / pre-acquisition Loss		0.29	0.00	0.09	0.00	0.09	0.00	0.09	0.09	0.09	0.09	0.00
Less Profit & Loss A/c		219.06	150.78	187.30	100.10	111.54	121.46	72.04	100.14	66.29	61.84	50.99
Net Worth of CPSE		91.52	202.28	156.35	288.69	286.46	300.47	383.09	426.74	418.72	480.98	565.40
Investment		22.41	6.54	22.35	3.11	10.02	9.78	9.80	10.00	10.02	59.40	59.40
Sundry Debtors/Sales		95.11	101.15	97.69	117.09	100.55	134.02	128.17	142.03	156.53	169.24	202.58
Inventory		134.94	142.55	117.66	146.15	176.35	157.51	220.39	167.25	234.53	212.58	197.07
Total Current Assets		501.18	331.34	469.34	529.18	502.91	612.55	589.95	581.53	639.39	652.52	691.71
Total Current Liabilities & Provision		293.08	197.09	237.39	287.27	268.92	283.78	282.56	228.90	314.76	276.90	287.95
Net Current Assets		208.10	134.25	231.95	241.91	233.99	328.77	307.39	352.63	324.63	375.62	403.76
Capital Employed (Net Block + Net Current Assets)		402.21	352.62	435.67	478.22	485.97	547.57	554.48	619.44	578.68	640.77	675.53
Total Debt (Loan Funds)		342.95	162.08	319.72	196.24	210.28	263.40	181.13	211.79	165.24	227.95	183.36
Total Assets		424.62	359.16	458.02	481.33	495.99	557.35	564.28	629.44	588.70	700.17	734.93
No. of Employees of CPSE		16537	15855	16376	16099	16010	16090	15888	15888	15888	15808	15793
Dividend Paid		1.74	0.00	2.61	0.00	4.36	0.00	5.23	0.00	0.00	0.00	0.00
Add Value (Gross Margin less Capital Recovery factor 4% of Capital Employed for Social Sector and 10% for other CPSE)		32.64	9.74	49.63	22.36	77.02	55.24	84.87	89.06	8.32	87.12	92.13

TREND OF ANDREW YULE GROUP PERFORMANCE OF FINANCIAL PARAMETERS FOR LAST 5 YEARS

(Rs. in Crore)

Particulars	2007-08		2008-09		2009-10		2010-11		2011-12		2012-13	
	MOU Tgt	Actual	MOU Tgt.	Actual	MOU Tgt.	Actual	BE (MoU Target)	Actual	MoU Target	Review result 30.09.11	Estimated for the Year	MoU Target
Ratio												
Debt/Equity		4.61	1.69	3.86	1.93	2.51	3.14	2.19	2.81	2.00	2.75	2.21
Return on Net Worth (%age)		29.72	1.62	24.78	9.85	20.03	18.19	19.78	18.32	8.51	16.61	15.49
PBDIT / Total Employment of CPSE (Rs.)		44058.78	28383.54	56912.55	43592.77	78463.46	68365.44	88318.23	95040.28	41660.37	95647.77	101108.09
Gross Profit/Capital Employed (%age)		16.40	10.09	19.66	12.77	23.60	18.13	22.67	22.14	10.22	21.46	21.51
Net Profit / Net Worth (%age)		29.72	1.62	24.78	9.85	20.03	18.19	19.78	18.32	8.51	16.61	15.49
<u>Working of Gross Margin</u>												
Net Profit		27.20	3.27	38.74	28.44	57.39	54.66	75.76	78.20	35.64	79.90	87.56
Tax		15.32	6.45	20.49	10.05	31.62	19.20	30.15	31.89	14.87	29.84	32.86
Net Profit Before Tax		42.52	9.72	59.23	38.49	89.01	73.86	105.91	110.09	50.51	109.74	120.42
Add Prior Period		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Add Extra-Ordinary Items		2.17	90.85	20.12	0.00	4.24	0.00	4.10	0.00	0.00	0.00	0.00
Profit Before Prior Period		44.89	100.57	79.35	38.49	93.25	73.86	110.01	110.09	50.51	109.74	120.42
Add Interest		23.44	25.85	26.41	22.57	25.66	25.41	19.79	27.05	8.65	27.74	24.88
Gross Profit		65.96	35.57	85.64	61.06	114.67	99.27	125.70	137.14	59.16	137.48	145.30
Add Depreciation		6.90	9.43	7.56	9.12	10.95	10.73	14.62	13.86	7.03	13.72	14.38
Misc. Expenditure Written Off		0	0	0	0	0	0	0	0	0	0	0
Gross Margin Before Interest, Depreciation & Misc. Expenditure Written Off		72.86	45.00	93.20	70.18	125.62	110.00	140.32	151.00	66.19	151.20	159.68

Self declaration/certification by AYCL

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 2012-13. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate the performance based on audited accounts as per MoU Guidelines. AYCL has no right of claim in this regard.



Authorised Signatory

Appendix-1 to Annexure III

CSR Project Implementation for 2012-13 (AYCL)

Sl. No	Projects	Performance Indicator	Weightage	Excellent	Very Good	Good	Fair	Poor	Actual
1	Skill Development Programme	No of beneficiaries	1.00	215	200	185	170	155	
2	Free Schooling for under privileged children	No of beneficiaries	0.60	35	30	25	20	15	
3	Free Distribution of Sanitary napkin	No of beneficiaries	0.80	240	220	200	180	160	
4	Drinking Water Facilities	No of taps	0.60	7	6	5	4	3	
	Total		3.00						

SD Projects and Evaluation for Andrew Yule Group

Sr No	Schedule A/B	Project / activity (Please refer Annexure-I)	Performance Indicator and Unit of measurement	Project cost (Rs lakhs)	Duration (S/M/L) And Weight	Excellent	V. Good	Good	Fair	Poor
1	A	Management of Bio waste at MIM Tea Estate & Hoolungoorree Tea Estate.	ECl In Tone	2.50	M 0.50	55.00	52.50	50.00	47.50	45.00
2	A	Water Harvesting Technology at Choonabhutti/New Dooars Tea Estate	MPI Date	1.50	M 0.50	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
3.	A	Installation of Renewable Energy (hybrid) System at T& S Unit, Chennai	ECl & MPI KWH produced Date of Commission	10.00	M 0.25 0.25	2500 June '12	2200 July '12	2000 Aug '12	1800 Sept '12	1600 Oct '12
3	B	Carbon Registration of Tide Water Oil (T) Co. Ltd.	MPI Date	10.00	M 0.50	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13
4	B	Carbon Management: Clean Energy Generation through wind turbine at TWOIL, Chennai. Reduction in Green House Gas Emission	ECl M.T of CO ₂ p.a saved	35.00	M 1.00	5800	5524	5260	5000	4750
5		Evaluation & Reporting	MPI Date	5.00	0.50	Mar-13	Apr-13	May-13	Jun-13	Jul-13
		Total		64.00	3.50					

Appendix-3 to Annexure III

MOU Target for HRM (AYCL)

Sl.	HRM - PERFORMANCE INDICATORS	Measurement Unit	Weightage	Excellent	V.Good	Good	Fair	Poor
A	Competency & Leadership Development		20					
	A1 Compulsory							
1	% actualization of Training Plan Target 120 Mandays	% fulfillment	5	100	95	90	85	80
2	Developing critical mass of leaders through a system of career planning & development (For E5 and E6 5No. of persons)	% fulfillment	5	100	80	60	40	20
3	Training budget Rs. 30 lakhs	% achievements	5	100	95	90	85	80
4	% fulfillment of training plan for Multi-skilling / Skill Upgradation of non-executives. Target 75 Mandays	% fulfillment	5	100	95	90	85	80
	A2 Optional (Out of below five, one is to be taken in the MOU)		5					
5	Project work and Academic Institution interface (Summer Projects)	No of Projects	5	10	9	8	7	6
B	Performance Management		15					
6	Implementation of Performance Agreement for DGM and above under PMS	No of Executives	7	16	15	14	13	12
7	Developmental Plan of Executives under Performance Management System	No of Executives	8	140	130	120	110	100
C	Recruitment, Retention & Talent Management		20					
8	Manpower Rationalization through	Number	5					
	- Voluntary retirements		2	30	25	20	15	10
	- Redeployment		2	20	18	16	14	12
	- Any other Multitasking		1	10	8	6	4	2
9	Attrition as % of total employees (AYCL)	%	5	1.5	1.4	1.3	1.2	1.1

Sl.	HRM - PERFORMANCE INDICATORS	Measurement Unit	Weightage	Excellent	V.Good	Good	Fair	Poor
10	Mentorship Development Programme	Number of Programmes	5	5	4	3	2	1
11	Talent management (Reward system)	Number of Schemes	5	5	4	3		
D	Enabling Creativity & Innovation		10					
12	Nos. of Nominations/entries submitted for National Awards.	Nos.	5	2	1			0
13	Taking care of suggestions generated for Engineering & Electrical Division	In %	5	100	90	85	80	75
E	Employee Relations & Welfare		20					
14	Effectiveness of Grievance Redressal system - % of grievances settled	% settlement	5	100	90	80	70	50
15	Pension, medicare, Yoga classes to reduce stress where the job is stressful, setting up of wellness centre such as Gym etc.	Number of programs	5	5	4	3	2	1
16	Continuing of social security scheme	No of Schemes	5	5	4	3	2	1
17	Number of structured meetings with employees' representatives	Number of meetings	5	12	11	10	9	8
F	HR Branding & Excellence - Indicate achievement in this field for initiatives such as :		10					
18	Revision of (i) Promotion & Recruitment Policies	Date	5	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13
	(ii) Preparing HR Manual							
19	Organization Culture Survey	Date	5	Nov 12	Dec 12	Jan 13	Feb 13	Mar 13
	Grand Total (A1+A2+B+C+D+E+F)		100					