



**MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

**BRAHMAPUTRA VALLEY FERTILIZER CORPORATION LIMITED**

**AND**

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

**FOR THE YEAR 2020-21**

**MEMORANDUM OF UNDERSTANDING  
BETWEEN  
BRAHMAPUTRA VALLEY FERTILIZER CORPORATION LIMITED  
AND  
MINISTRY OF CHEMICALS & FERTILIZERS  
DEPARTMENT OF FERTILIZERS  
FOR THE YEAR 2020-21**

**PART-I**

**1.1 BACKGROUND:**

The Namrup Complex of Brahmaputra Valley Fertilizer Corporation Limited (BVFCL) presently comprises of two operating units viz. Namrup-II and Namrup-III. The Company was formed w.e.f. 5<sup>th</sup> April 2002 after hiving off Namrup unit from Hindustan Fertilizer Corporation Limited. It is located on the bank of the river Dilli on the South-Western border of Dibrugarh District in Assam, India. It was the first plant to produce urea from associated natural gas in India.

The plants are underperforming because of high energy consumption, unproven technology, frequent breakdowns of the equipments and machineries as well as non-availability of required quantity of Natural gas. For long term viability, the Union Cabinet in its meeting dated 21.05.2015 had approved that 48% equity of the New Project to be allotted to M/s OIL, Govt. of Assam and BVFCL @ 26%, 11% and 11% respectively. The remaining 52% equity was to be allotted to private/public entity through bidding route to establish the project on PPP mode by forming a JV Company. However, due to lack of response from the perspective bidders, it was not successful. A new initiative was taken by Dept. of Fertilizer/Gol to form a Joint Venture of CPSEs and Govt. of Assam for establishing the project. Equity participation by all the stake holders is yet to be finalized.

## **1.2 MISSION AND OBJECTIVE OF THE COMPANY**

### **1.2.1 Vision:**

To be a major producer of fertilizer in an efficient, economical and environment friendly manner.

### **1.2.2 Mission:**

Produce and market fertilizers efficiently and economically maintaining optimum efficiency and productivity and provide agricultural services to the farmers in the Eastern India.

### **1.2.3 Objectives of the Company**

- a) To produce and market fertilizers efficiently and economically in an environment friendly manner.
- b) To maintain optimum levels of efficiency and productivity in all activities and to carry out up-gradation of Technology.
- c) To maintain the optimum specific energy consumption per MT of Urea produced through most economic use of feedstock and fuel.
- d) To continuously improve plant operation condition and safety.
- e) To continuously upgrade the quality of human resources of the company and promote organisational development.

## **PART-II**

## **1.3 AUTONOMY AND DELEGATION OF FINANCIAL POWERS**

Enhanced autonomy and delegation of Financial Powers on Capital Expenditure is not required as the Company is not of economic size to generate surplus fund for capital expenditure or expansion/ diversification etc.

**PART-III**

**1.4 ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU:**

- 1.4.1 The major parameters of the MOU shall be monitored by the Board on quarterly basis.
- 1.4.2 The Department of Fertilizers shall continue to monitor the performance of the company on monthly / quarterly basis through Quarterly Review Meetings in vogue.
- 1.4.3 Evaluation of performance will be done by D.P.E annually.



**(Ashim Kumar Ghosh)**

Chairman & Managing Director  
Brahmaputra Valley Fertilizer Corporation Limited



**(Chhabendra Roul, IAS)**

Secretary (Fertilizer),  
On behalf of Government of India  
Department of Fertilizers



ब्रह्मपुत्र वैली फर्टिलाइजर कॉर्पोरेशन लिमिटेड  
नामरूप  
Brahmaputra Valley Fertilizer Corporation Limited  
Namrup

(A Government of India Undertaking)  
CIN U24123AS2002GOI006786  
GST IN: 18AABCB9399R1ZK

Annexure-VII

SELF DECLARATION/CERTIFICATION BY CPSE

*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 2020-21. 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.*

(Ashim Kumar Ghosh)

Chairman & Managing Director

**ए. के. घोष / A. K. Ghosh**

अध्यक्ष एवं प्रबंध निदेशक / Chairman & Managing Director  
बी.वी.एफ.सी.एल., नामरूप / B.V.F.C.L., Namrup

## Brief about the CPSE

1.	Name of the CPSE	Brahmaputra Valley Fertilizer Corporation Limited, Namrup		
2.	Status (Please tick): As per DPE guidelines	Sick/Incipient Sick/ <del>Weak</del> /None		
3.	Reasons of Sickness, if applicable	Old & obsolete equipments & machineries, plant & Technology.		
4.	Whether registered with BIFR, If yes, details	No		
5.	Schedule of CPSE (Please tick)	A/B/C/D/None		
6.	Purpose for which CPSE has been set-up and main business now	Production and marketing Urea fertilizer. The Company is now involved in production and marketing of Bio Fertilizer and Vermi Compost also, along with Neem Coated Urea. It is also doing trading of other fertilizers and allied items to make sure that all the relevant items are available to the farmers through single window.		
7.	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years	Separate sheet may be attached, if more than one subsidiary. Information may be separately given in respect of each subsidiary and aggregated (consolidated) also.		
	Year*	Name of subsidiary	Amount invested (Rs.)	Share in its profit (Rs.)
	2014-15	Nil	Not applicable	Not applicable
	2015-16	Nil	Not applicable	Not applicable
	2016-17	Nil	Not applicable	Not applicable
	2017-18	Nil	Not applicable	Not applicable
	2018-19	Nil	Not applicable	Not applicable
8.	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years	Separate sheet may be attached, if more than one Joint Venture. Information may be separately given in respect of each Joint Venture and aggregated (consolidated) also.		
	Year*	Name of Joint Venture	Amount invested (Rs.)	Share in its profit (Rs.)
	2014-15	Nil	Not applicable	Not applicable
	2015-16	Nil	Not applicable	Not applicable
	2016-17	Nil	Not applicable	Not applicable
	2017-18	Nil	Not applicable	Not applicable
	2018-19	Nil	Not applicable	Not applicable
9.	Details of revival plan approved earlier	The Union Cabinet had accorded approval on 21.05.2015 for establishing a 8.646 LMTPA New Brown Field Ammonia Urea Complex at the existing location by formation of a Joint Venture Company in PPP mode by allotting 52% equity to a private/public entity through bidding. However no party came forward for submission of their bid for investment in the proposed JV. Subsequently a fresh initiative has been taken to establish the plant through PSU route for present day standard size capacity of 12.70 LMT/year of urea by forming a JV of CPSEs and Govt. of Assam through nomination route. Further action in this matter is awaited.		

**Mandatory Parameters****PART-A**

(Applicable to all CPSEs except CPSEs Distributing Government grant)

Sl. No.	Financial Performance Criteria	Unit	Marks	2019-20 (Provisional)	Best in 5 years	MoU Target for the year 2020-21					% Improvement
						Excellent	V.G.	Good	Fair	Poor	
i.	Turnover Revenue from Operation	Rs. Crore	10	327.00	627 (2015-16)	627	334	303	287	271	-
ii.	Reduction in Operating Loss	%	20	Rs.124.00 Cr (Op. Loss)	-	100	70	50	40	30	-
iii.	Reduction in Total Expenses as a percentage of Total Income as compared to previous year.	%	20	138.24% (TE/TI)	-	32	10	9	8	7	-
Total (A)			50								

**Optional Parameters****PART-B**

(Applicable to all CPSEs except CPSEs in Finance Sector)

Sl. No.	Performance Criteria	Unit	Marks	2019-20 (Provisional)	Best in 5 years	MoU Target for the year 2020-21					% Improvement
						Excellent	V.G.	Good	Fair	Poor	
iv.	<b>Capacity Utilization</b>										
	Production of Urea Fertilizer	MT	10	155992	359000	359000	220000	200000	190000	180000	
v.	<b>Development or Revenue from new products or product with new features.</b>										
	Sale of Bio Fertilizer (MT)	MT	5	29.60	44.87	45	35	32	30	28	-
	Sale of City Compost (MT)	MT	5	565	168	3000	1200	1100	1000	900	-
vi.	<b>Production Efficiency Parameter</b>										
	a. Reduction in energy consumption over previous year for Namrup-III	Gcal/MT	5	15.33	11.20	14.00	14.63	14.92	15.22	15.52	-



Sl. No.	Performance Criteria	Unit	Marks	2019-20 (Provisional)	Best in 5 years	MoU Target for the year 2020-21					% Improvement
						Excellent	V.G.	Good	Fair	Poor	
vii.	<b>Inventory of finished goods and work in progress to Revenue from Operations(Net) (No. of days)</b>										
	Inventory of finished goods and work in progress to Revenue from Operations(Net)	No. of days	5	26	2 (2014-15)	5	10	13	14	15	-
viii.	<b>Trade Receivables (Net.)</b>										
	Trade Receivables (Net) as number of days of Revenue from Operations (No. of days)	No. of days	5	320	83	83	120	150	180	210	-
ix.	<b><u>Other Sector specific result oriented parameters</u></b>										
a.	Production of Vermi Compost to promote Organic fertilizer.	MT	5	83.86	99.72	150	100	80	70	60	-
b.	Sale of MoP & SSP through BVFCL Marketing network (MT)	MT	5	18,909	20,002	20002	19000	18000	17000	16000	-
c.	Percentage of procurement of goods and services through GeM portal to total procurement of goods and services during the previous year i.e. FY 2019-20 (%)	%	5	-	-	25.00	20.00	15.00	10.00	5.00	
	Total (B)		50								
	Total (A) + (B)		100								

- NB: 1. In working Out achievements for the year, quantified qualifications of CAG / Statutory Auditors would be adjusted in case of overstatement of Revenue/ Profit / Surplus or understatement of Loss / Deficit, in addition to the negative marks prescribed in MoU guidelines.
2. Adjustment would be made in the targets in case of improvement in actual performance over the estimated performance in the base year (2019-20) as per MoU Guidelines.
3. It was agreed that targets decided are unconditional and no offset will be allowed on any ground. Further, evaluation would be subject to compliance of Additional Eligibility criteria as contained in MoU guidelines.



## PART-A

Annex-III

## TREND Analysis

Sl. No.	Financial Performance Criteria	Unit	Target V/s Actual	2014-15	2015-16	2016-17	2017-18	2018-19	Current Year 2019-20	
									Actual upto Sept'19	Provisional for the year
1.	Revenue from Operation - Gross	Rs. Cr.	Actual	599.44	628.27	447.21	381.46	460.84	181.30	327.27
	Revenue from Operation - Net		MoU	597.51	626.54	445.62	381.16	460.84	181.30	327.27
			MoU	580.00	708.01	511.14	520.00	582.77		600.00
2.	a. Profit before tax	Rs. Cr.		647.44	28.50	7.50	-0.54	-63.15	-58.75	-129.70
	b. Other incomes			14.36	20.19	17.12	41.98	16.00	10.00	10.40
	c. Extraordinary & Exceptional Items			774.62	0	0	21.96	0.00	0	-16.88
	d. Prior period items			15.07	-5.39	2.71	-9.02	-2.43	0	0
	e. Operating profit/Loss (a-b+/-c+/-d)		Actual	-156.61	13.69	-12.33	-55.46	-76.72	-68.75	-123.22
			MoU	-95.28	-94.70	7.61	0.00	14.86		0.08
3.	a. PAT	Rs. Cr.		646.12	28.50	7.50	0.79	-63.15	-58.75	-129.70
	b. Net worth at year end			64.51	93.00	100.50	79.33	16.17	-42.58	-113.53
	c. Average net Worth			-269.49	78.76	96.75	89.91	47.75	-13.20	-48.68
	d. PAT/ Net Worth	%	Actual	1001.58%	30.64%	7.46%	0.99%	-390.50%	137.98%	114.25%
			MoU	11.78%	468.84%	23.06%	12.99%	27.35%		55.39%
	PAT/Av. Net Worth	%		-239.8%	36.2%	7.7%	0.9%	-132.3%	-445.0%	-266.4%
	e. Paid up Share Capital			365.83	365.83	365.83	365.83	365.83	365.83	365.83
	f. Gol Share			365.83	365.83	365.83	365.83	365.83	365.83	365.83
g. Reserve & Surplus			-301.32	-272.83	-265.33	-286.51	-349.66	-408.41	-479.36	
4. Total Expenses	Rs. Cr.	Actual	723.98	618.24	455.24	445.64	539.99	250.06	484.25	
5. Total Incomes		Actual	611.88	646.68	462.74	423.15	476.83	191.30	337.67	
6. Total Expenses / Total Incomes			1.18	0.96	0.98	1.05	1.13	1.31	1.4341	
7. Detail of other incomes										
a. Interest			11.15	5.61	6.25	16.23	11.94	0.58	3.57	
b. Dividend			0	0.00	0.00	0.00	0.00	0.00	0.00	
c. Other Incomes			3.21	14.59	10.87	25.75	4.06	9.42	6.83	
d. Total			14.36	20.19	17.12	41.98	16.00	10.00	10.40	
8. a. Cash and Bank Balance and Equivalent			48.21	17.34	138.19	306.78	110.74	27.86	26.25	
b. Investment in Mutual Funds			0	0	0	0	0	0	0	
c. Investment in Shares other than subsidiary/ JVs			0	0	0	0	0	0	0	
d. Total (a+b+c)			48.21	17.34	138.19	306.78	110.74	27.86	26.25	
e. Cash credit/ Over draft loan/ Short term loan			0	0	0	0	0	0	0	
f. Balance in Current account			12.26	4.61	1.61	1.64	25.83	0.82	20.48	
9. Dividend paid/ declared for the year, excluding Dividend Tax			0	0	0	0	0	0	0	

Note: Trend would be given for actual figures for preceeding five years (audited) and estimates of current year i.e. Previous year to the year in respect of which targets are being negotiated.

**PART-B**  
(Trend Analysis)

Sl. No.	Financial Performance Criteria	Unit	Target V/s Actual	2014-15	2015-16	2016-17	2017-18	2018-19	Current Year 2019-20	
									Actual upto Sept'19	Provisional for the year
1.	<b>Installed Capacity in respect of each product</b>									
	Urea (Namrup-II)	MT	-	240000	240000	240000	240000	240000	-	240000
	Urea (Namrup-III)	MT	-	270000	270000	270000	270000	270000	-	270000
2.	<b>Capacity Utilisation in respect of</b>									
	Urea (Namrup-II)	%	Actual	41	28	25	24	24	-	19
		%	MoU	50	50	8				
	Urea (Namrup-III)	%	Actual	97	95	93	78	85	-	41
		%	MoU	100	100	97				
3.	<b>Contribution of each product in Sales</b>									
	Urea Fertilizer	%	Prov.	96.13	98.93	99.12	97.75	98.05%	90.68%	84.85%
			MoU	91.71	94.35	95.70	95.00	95.54%	-	98.03%
	Bio-fertilizer, Vermi Compost, Trading etc.		Prov.	3.87	1.07	0.88	2.25	1.95%	9.32%	15.15%
	MoU		8.29	5.65	4.30	5.00	4.46%	-	1.97%	
4.	New orders received during the year	Rs. Cr.	Actual	Not applicable						
			MoU	Not applicable						
5.	Exports as a percentage of Revenue from Operation	%	Actual	Not applicable						
			MoU	Not applicable						
6.	Development or Revenue from new products or product with new		Actual	Not applicable						
			MoU	Not applicable						
7.	<b>Production Efficiency Parameter - Sp. Energy Consumption</b>	Gcal/MT of Urea	Actual	Not applicable						
			MoU	Not applicable						
	Urea (Namrup-II)		Actual	16.84	17.18	18.30	18.87	17.28	-	22.93
			MoU	14.50	14.60					
	Urea (Namrup-III)	Actual	11.52	11.75	11.20	12.86	12.77	-	15.33	
		MoU	9.50	10.20						
8.	Completion of Milestones of clients orders/ agreements with time	%	Actual	Not applicable						
			MoU	Not applicable						
9.	<b>R&amp;D, Innovation, Technology up-gradation parameters</b>		Actual	Not applicable						
			MoU	Not applicable						
10.	Market share	%	Actual	Not applicable						
			MoU	Not applicable						
11.	CAPEX	Rs in Crores	Actual	33.81	3.48	23.27	15.26	3.66	1.52	8.13
			MoU							
12.	CAPEX contracts/ projects running/ completed without time/ cost over run to total value of CAPEX	%	Actual	The CAPEX is projected for one year only. Projects related to the F.Y. 2019-20 is not running presently. Hence the current running status has not been given in respect of the above mention CAPEX figures.						
			MoU	The CAPEX is projected for one year only. Projects related to the F.Y. 2019-20 is not running presently. Hence the current running status has not been given in respect of the above mention CAPEX figures.						
13.	<b>Inventory of finished goods and work in progress</b>	Rs. Cr.		3.83	7.97	27.88	19.27	18.55	19.90	20.23
14.	<b>Inventory of finished goods and work in progress to Revenue from Operations (Net) (Excluding subsidy)</b>	Days	Actual	2	5	23	18	15	20	23
15.	Inventory of finished goods of more than one year	Rs. Cr.	Actual	Not applicable						
			MoU	Not applicable						
16.	Inventory of finished goods of more than one year as a percentage of RO	%	Actual	Not applicable						
			MoU	Not applicable						
17.	<b>Trade receivables (Net) (Excluding subsidy) including subsidy</b>	Rs. Cr.	Actual	17.59	3.88	2.24	5.94	0.00	0.00	13.43
			MoU	386.6	422.0	275.6	87.4	268.8	188.58	287.60
18.	<b>Trade receivables (Net) as number of days of Revenue from Operations (gross) (Excluding subsidy) including subsidy</b>	Days	Actual	30	8	5	12	0	0	15
			MoU							
		Days	235	245	225	84	213	190	321	

19.	<b>Claims against the Company not acknowledged raised by:</b>									
	<b>Central Govt. Depts.</b>	Rs. Cr.		0.00	0.00	0.00	0.00	0.00	0.00	
	<b>State Govts. / Local Authorities</b>			0.00	0.00	0.00	0.00	0.00	0.00	
	<b>Others</b>			47.73	1.17	0.00	0.00	0.00	0.00	
	<b>Total</b>		Actual	47.73	1.17	0.00	0.00	0.00	0.00	
	MoU									
20.	Loans disbursed/ Total Funds Available		Actual	Not applicable						
			MoU	Not applicable						
21.	Overdue Loans/ Total Loans (Net)		Actual	Not applicable						
			MoU	Not applicable						
22.	NPA/ Total Loans (net)		Actual	0.00	0.00	0.00	0.00	0.00	0.00	
			MoU	0.00	0.00	0.00	0.00	0.00	0.00	
23.	Cost of raising funds as compared to similarly rated CPSEs/ entities		Actual	0.00	0.00	0.00	0.00	0.00	0.00	
			MoU	0.00	0.00	0.00	0.00	0.00	0.00	
24.	Return (share of profit/loss) on Investment in Joint Ventures		Actual	Not applicable						
			MoU	Not applicable						
25.	Any other result oriented parameters taken for target setting		Actual	Not applicable						
			MoU	Not applicable						
	Sale of Vermi & city compost	In MT	Actual	43.33	99.72	82.17	207.18	267.60	77.55	629.73
	Sale of Rock Phosphate	Rs. in crore	Actual	0.36	0.00	0.00	0.00	0.00	0.00	1.62

Note: Trend would be given for actual figures for preceeding five years (audited) and estimates of current year i.e. Previous year to the year in respect of which targets are being negotiated.