



**MEMORANDUM OF UNDERSTANDING**


**BETWEEN**

**BRAHMAPUTRA VALLEY FERTILIZER  
CORPORATION LIMITED**

**AND**

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

**FOR THE YEAR 2015-16**

MoU 2015-16  
Approved by DPE/TF  
Signed 

**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN**  
**BRAHMAPUTRA VALLEY FERTILIZER**  
**CORPORATION LIMITED**  
**AND**  
**MINISTRY OF CHEMICALS & FERTILIZERS**  
**DEPARTMENT OF FERTILIZERS**  
**FOR THE YEAR 2015-16**

**PART-I**

**1.1 MISSION AND OBJECTIVE OF THE COMPANY**

**1.1.1 Vision**


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

**1.1.2 Mission**

Produce and market fertilizers efficiently and economically maintaining optimum levels of efficiency and productivity and provide package agricultural services in Eastern India.

**1.1.2 Objectives of the Company**

- a) To produce and market fertilizers efficiently and economically in an environmentally sound manner.
- b) To maintain optimum levels of efficiency and productivity in all activities and to carry out up-gradation of Technology.
- c) Reduction in specific energy consumption of the product by taking up and implementing energy savings schemes.
- d) To continuously improve plant operation safety.

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- e) To attain increase in urea production capacity utilization to full capacity during 2015-16
- f) To continuously upgrade the quality of human resources of the company and promote organisational development.

## **PART-II**

### **1.2 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-IV**

### **1.3 COMMITMENT/ ASSISTANCE FROM THE GOVERNMENT**

The Government will assist in:


- a) Permission to export urea to Nepal and Bangladesh as special case.
- b) Financial restructuring of the Company.
- c) Enhancement of superannuation age from 58 to 60 years and pay revision
- d) Setting up a brown field ammonia-urea plant at Namrup.
- e) Filling up the post of director (finance) and non-official director on the Board of the Company.

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## PART-IV

### **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.
- 1.4.4 Information for the purpose will be submitted by the Company in the proforma as given in Annexure-IV.

  
(S D Singh) 30.3.15

Chairman & Managing Director  
On behalf of  
Brahmaputra Valley Fertilizer  
Corporation Limited

  
(Shri Jugal Kishore Mohapatra)

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

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**BRAHMAPUTRA VALLEY FERTILIZER CORPORATION LIMITED**  
**PERFORMANCE EVALUATION CRITERIA AND TARGETS**

Annexure-IV

COMMITMENTS OF PSE							2015-16	
Evaluation Criteria	Unit	Weight	Excellent (5)	V. Good (4)	Good (3)	Fair (2)	Poor (1)	Documentary evidence and source/origin of documents
<b>1. Static /Financial Parameters</b>								
<b>(a) Financial Performance Indicators</b>								
(i) Sales Turnover	Rs.Cr.	8	781.54	743.90	708.00	672.27	638.31	Audited annual accounts
(ii) Gross Operating Margin	Rs.Cr.	8	156.31	148.78	141.60	134.45	127.66	
(iii) Net Profit	Rs.Cr.	5	-42.62	-65.70	-82.00	-114.25	-141.09	
(iv) Net Worth	Rs.Cr.	5	-759.00	-782.00	-798.00	-830.00	-857.00	
(v) Cash Generation from operations	Rs.Cr.	5	44.22	13.31	-3.00	-35.24	-62.08	
(vi) Working Capital Turnover Ratio	Ratio	3	-0.70	-0.65	-0.60	-0.55	-0.50	
(vii) Average no. days of inventory	days	3	3	4	5	6	7	
(viii) Average collection period of trade receivables (other than FICC subsidy)	days	3	0	0	0	0	0	
<b>Sub-Total 1 (i to viii)</b>		<b>40</b>						
<b>2. Dynamic Parameters</b>								
<b>(i) Physical Targets (Weightage: 15)</b>								
Namrup-II Urea Production	MT	5	132300	126000	120000	114000	108300	Relevant pages of FICC annual technical report
Namrup-III Urea Production	MT	5	299880	285600	272000	258400	245480	Self-certification
Bio-fertilizers and Vermicompost combined	MT	5	44	42	40	38	36	Third party certification
<b>(ii) Customer Satisfaction: (Weightage: 5)</b>								
Complaint Redressal	%	5	100	95	90	85	80	Self-certification
<b>(iii) Project Implementation Management (Weightage: 5)</b>								
Pursuing Brown Field Project for approval by DoF and taking preparatory steps	date	5	15.12.15	15.01.16	15.02.16	15.03.16	31.03.16	Self-certification
<b>(iv) Technology Upgradation (Weightage: 5):</b>								
Upgradation of suction and discharge valves of CO2 Compressors (CA-1A/B) from metallic to non-metallic	date	5	30.06.15	15.07.15	31.07.15	15.08.15	31.08.15	Self-certification

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Evaluation Criteria	Unit	Weight	Excellent (5)	V. Good (4)	Good (3)	Fair (2)	Poor (1)	Documentary evidence and source/origin of documents
<b>(v) Generation of funds from non-performing assets (Weightage: 5)</b> Use of Carbonate Coolers of Ammonia-I as Condensers of Process Refrigeration Compressor in Ammonia-II after suitable modification	date	5	30.09.15	15.10.15	31.10.15	15.11.15	30.11.15	Self-certification
<b>(vii) Human Resource Management (Weightage: 5)</b> In-house Training Mandays during the year	no of training manday	5	500	450	400	350	300	Self-certification
<b>(viii) Productivity (Weightage: 5)</b> <b>(a) Improvement in Process: Installation of Dust Separation Unit in Urea-III</b>	date	2	30.09.15	15.10.15	31.10.15	15.11.15	30.11.15	Self-certification
<b>(b) Energy Audit of Namrup-III Plant</b>	date	3	01.12.15	01.01.16	01.02.16	01.03.16	31.03.16	Self-certification
<b>(ix) CSR &amp; Sustainability (Weightage: 10)</b> Installation of Automatic Power Factor Controller and LED/Sodium Lamps	Number	10	1100	1050	1000	950	900	Self-certification
<b>Sub-Total 2 (i to ix)</b>		<b>55</b>						
<b>3. Sector/ Enterprise Specific Parameters (Weightage: 5)</b>								Self-certification
<b>(a) Take up with M/S BHEL for recovery of outstanding advance with interest</b>	date	1	15.12.15	15.01.16	15.02.16	15.03.16	31.03.16	
<b>(b) Process Energy efficiency</b>								Relevant pages of FICC annual report
Specific Energy Consumption in Namrup-II (one stream)	Gcal/MT	2	14.10	14.60	14.97	15.50	16.00	
Specific Energy Consumption in Namrup-III	Gcal/MT	2	9.70	10.20	10.30	11.00	11.60	
<b>Sub-Total 3 (x)</b>		<b>5</b>						
<b>Total (1+2+3)</b>		<b>100</b>						

Note: Internal documents submitted by BVFCL for evaluation of parameters will be certified by Board level official.

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Evaluation Criteria	Unit	Weight	Excellent (5)	V. Good (4)	Good (3)	Fair (2)	Poor (1)	Documentary evidence and source/origin of documents
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**Assumption made for MOU 2015-16**

1. Realization price of urea for Namrup-II: Rs.19464/MT (Concession Price Rs.18364 & Freight charges (reimbursed) Rs.1100/MT)  
 1. Realization price of urea for Namrup-III: Rs.15912/MT (Concession Price Rs.14812 & Freight charges (reimbursed) Rs.1100/MT)

**2. Input Prices**

Natural Gas Rs.8379 per 1000 SM3 (\$3.03 per MMBTU at 9570 Gcal/SM3 as GCV)  
 Bags Rs.2024 per 100 bags

**3. Production criteria**

Production has been taken based on achievable figures.

Basic Target is placed at 'Good' column

4. A. Non-compliance of Corporate Governance will be penalized by way of negative marking and the MoU Score will be increased in

Annual Score	Grading	Penalty marks
85% and above	Excellent	0
75-85%	V.Good	0
60-74%	Good	0.5
50-59%	Fair	0.5
Below 50%	Poor	1.0

- B. Non-compliance of DPE Guidelines, Public procurement policy for MSME, entry of MoSPI & Survey Data will be penalized up to 1 mark.

i) 'Cost of good sold = (i) Cost of Materials, (ii) Labour cost and (iii) Factory overhead

Cost of Good Sold

a) Material consumed P&L 2.17

b) Power & fuel P&L 2.23

c) Cost of trading goods P&L 2.18

ii) Labour P&L 2.20

iii) Factory overhead P&L 2.25 \*

iv) Repair & Maint. P&L 2.22

Total

\* Factory over head consists of Only Misc expenses for factory & cleaning work inside factory

Gross Sales

Gross Operating Margin = Sales Turn over - cost of goods

Gross Operating Margin

Gross Operating Rate %

Gross Operating Margin = Gross operating rate \* gross sales /100

179.35	175.38	169.89	169.42	167.78
322.66	315.85	305.65	306.38	304.47
41.90	39.90	38.00	36.10	34.30
63.18	63.18	63.18	63.18	63.18
4.23	4.23	4.23	4.23	4.23
13.92	13.92	13.92	13.92	13.92
625.23	612.46	594.87	593.23	587.87
781.54	743.9	708.01	672.27	638.31
Set by Task Force	Set by Task Force	Set by Task Force	Set by Task Force	Set by Task Force
156.31	148.78	141.60	134.45	127.66
20	20	20	20	20
156.31	148.78	141.60	134.45	127.66

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