

MEMORANDUM OF UNDERSTANDING

Between

THE JUTE CORPORATION OF INDIA LIMITED

And

**MINISTRY OF TEXTILES
GOVERNEMENT OF INDIA**

For The Year

2019-2020

Part -I

Annexure-I

Brief about the CPSE

1.	Name of the CPSE	:	The Jute Corporation of India Limited																								
2.	Status (Press tick) : As per DPE guidelines	:	None																								
3.	Reasons of Sickness, if applicable	:	Not Applicable																								
4.	Whether registered with BIFR, if yes, details	:	No																								
5.	Schedule of the CPSE (Please tick)	:	C																								
6.	Purpose for which CPSE has been setup and the main business now	:	To carry out MSP operation for raw jute																								
7.	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years	:	Not Applicable																								
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9.	Details of revival plan approved earlier																										

*Note : For each succeeding year of MoU, one more year may be added after the MoU 2019-20 and the first year deleted so that total data available is for the past five years.

MANDATORY PARAMETERS

(PART – A)

Sl. No.	Financial performance criteria	Unit	Marks	2018-19 (Provisional)	Best in 5 years	MoU target for the year 2019-20					% improvement (on excellent basis)
						Excellent	V.G	Good	Fair	Poor	
1	Turnover : Revenue from Operations	Rs. Crore	10	150	180.04	220	180	140	120	100	20%
2	Operating Profit as a Percentage of Revenue from Operations (Net) (%)	%	20	3.2	44.51 (Please see Note No.1)	10	8	6	4	2	150
3	Return on investment : PAT/Average Net Worth	%	20	4.1	14.82 (Please see Note No.1)	15	6	4	3	2	46.34%
	Total (A)		50								

Note No.

Note : 1) Operating profit and ROI for 2015-16 were achieved on abnormally higher side due to commercial sale of previous year's unsold MSP inventory resulted to non-execution of linkage B. Twill orders by Jute Mills. Also the operating profits mentioned in that year are subject to further downward adjustment towards inventory holding costs for the intervening period (i.e. from MSP operation to actual sale date), which were not factored in that year. Due to deep MSP for the financial year 2017-18 massive procurement occurred and also getting time linkage of sale order for MSP procurement stock from JC Office, the return on investment was on higher side.

2) All the above, mandatory parameters are dependent on occurrence of MSP situation in raw jute market.

Other Parameters
(Part-B)

Applicable to all Operating CPSEs except CPSEs in Finance Sector

Sl. No.	Performance Criteria	Unit	Marks	2018-19 Estimate	Best in 5 years	MoU Target for the year 2019-20					%Improvement * (on excellent basis)
						Excellent	V.G.	Good	Fair	Poor	
1	Purchase of Raw Jute (including MSP operation) (Bales)		10	80000	310587	350000	310000	300000	290000	280000	
2	Reduction in inventory of more than one year old to revenue from operations	%	5	40	92	100	75	60	50	40	87.50%
3	Reduction in operating time for making of bulk bales from loose jute over the previous year (No. of Days)	No. of Days	10	25	-	20	15	12	11	10	-
4	Trade receivables (Net) as number of days of Revenue from Operations (gross)	No. of Days	3	17	3	10	15	20	23	24	11.76%
5	Reduction in Claims against the Company not acknowledged as debt (overall basis)	%	4	-	-	30	25	20	15	10	-
6	Human Resource Management:										
	No. of HR parameters of continuous nature as per list given below (No. of parameters)	Board Resolution	4	-	-	7	6	5	4	3	-
	Capability development programs for executives to build their technical & managerial competencies for higher positions with special focus on Web learning programs (No. of programs)	Board Resolution	3	-	-	5	4	3	2	1	-
7	Other sector specific result oriented measurable parameters:										
	Payment to farmers within 3 working days (%)	Directors Report	5			100	95	94	93	92	-
	Support to start-ups in the year (No. of Start-ups)	Directors Report	3			5	4	3	2	1	
	Revenue from Jute diversified product as a percentage of revenue from operations (%)	Directors Report	3	0.35%		1.50	1.25	1.00	0.80	0.70	
	Total (B)		50								

Note : 1) Availability of godown capacity is dependent on issuance of B. Twill linkage orders (for MSP stock of raw jute) by GoI and acceptance of same by the jute mills.

2) New order value will be dependent on B. Twill linkage orders to be issued by GoI in MSP situation.

LIST OF HR PARAMETERS OF CONTINUOUS NATURE REFERRED TO IN POINT NO.6 ABOVE

Sl. No.	Parameter
i.	Continuation of Online submission of ACR/APAR in respect of all Executives (E0 & above) along with compliance of prescribed timeline w.r.t. Writing of ACR/APAR
ii.	Continuation of Online Quarterly vigilance clearance updation of Senior Executives (E5 & above)
iii.	Updation of succession plan and its approval by Board of Directors.
iv.	Continuation of Holding of DPC without delay for Executives (E0 & above level)
v.	Continuation of Talent Management & career progression by imparting at least 1 week training of at least 10% Executives (E0 & above) in Centre of Excellence within India e.g. IITs, IIMs, NITs, ICAI etc.
vi.	Regular updation of Online Human Resource Management System (HRMS) (consisting of online employee data administration, employee self service, exit procedure, talent management etc.) and its Integration with Finance.
vii.	Review & its implementation of employee performance on the lines of FR (56) (J) and submitting a compliance report to Board of Directors at the end of year.

PART – A
TREND Analysis

(Rs. Cr.)

Sl	Particulars	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 (Provisional)
1.	Revenue from Operations (Gross)	125.75	89.45	21.34	63.30	180.04	150.00
2.	Revenue from Operations (Net)	125.75	89.45	21.34	63.30	180.04	150.00
3.	Profit before Tax	16.52	16.13	18.29	12.89	27.46	7.90
4.	Extraordinary & Exceptional items	-	-	-	-	-	-
5.	Prior Period Items	0.05	0.03	-0.06	0.58	-0.06	-
6.	Other Incomes	68.75	63.22	60.90	60.06	52.89	53.00
	Other Incomes (Excl'd. subsidy)	7.16	8.22	8.79	10.68	6.11	3.00
7.	Operating Profit	9.43	8.02	9.50	2.21	21.35	4.90
8.	Operating Profit as percentage of Revenue from operations (%) (Incl'd. subsidy)	7.50	8.96	44.51	3.49	11.86	3.27
9.	Profit after Tax (Profit for the year)	9.87	10.55	10.89	9.20	17.68	5.30
10.	Paid-up Share Capital	5	5	5	5	5	5
11.	Reserve & Surplus (Other Equity)	81.37	91.84	102.73	108.61	119.90	123.00
12.	Net Worth at year end (excl'd. OCI reserve)	86.37	96.84	107.73	113.61	124.90	128.00
13.	Average Net Worth	81.43	91.60	102.28	110.67	119.26	126.60
14.	PAT/Avg. Net Worth (%)	12.12	11.52	10.65	8.31	14.82	4.19
15.	Finished Goods and Work in Progress	44.51	7.78	1.80	94.74	139.89	83.93
16.	Sales of products	-	-	21.34	63.30	180.04	150.00
17.	Inventory of finished goods and work in progress to Revenue from Operations (Net) (No. of Days)	129	32	31	546	283	204
18.	Trade Receivables (Net)	3.85	7.04	1.74	0.58	46.90	7.10
19.	Trade Receivables (Net) as number of days of Revenue from Operations (Gross) (Days)	11	29	30	3	95	17
20.	Dividend paid/ declared for the year, excluding Dividend Tax	-	-	-	2.76	5.30	-
21.	Govt Share (%)	100%	100%	100%	100%	100%	100%
22.	Long Term Borrowings	-	-	-	-	-	-
23.	Cash and Bank Balance and equivalent	108.55	89.22	165.53	87.93	75.60	-
24.	Balance in Current account	4	6.05	5.33	7.32	5.30	-
25.	Cash credit/ Over-draft loan/ Short-Term Borrowings	-	-	-	0.46	36.59	-

*As was submitted with Draft MoU – 2019-20 in November, 2018.

(Part-B) - TREND Analysis

Sl. No.	Financial Performance Criteria	Unit	Target v/s Actual	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19 Estimated
1	Capacity Utilization: Purchase of Raw Jute (including MSP operation) (Bales):			190467	56650	4961	224585	310537	185017
2	Reduction in inventory of more than one year old as a percentage of revenue from operations	%	Actual	75	89	92	2	24	40
			MoU	-	-	-	-	-	-
3	Reduction in operating time for making of bales from loose jute over the previous year	%	Actual						
			MoU						
			MoU						
			MoU						
4	Trade receivables (Net) as number of days of Revenue from Operations (gross)	days	Actual	1	29	30	3	95	17
			MoU	-	-	-	2.92	25	-
5	Reduction in Claims against the Company not acknowledged as debt (overall basis)	%	Actual (As per Annual Report)	-	-	21.31	40.55	23.88	-
			MoU				5.00	5.00	
6	Payment to farmers within 3 working days (%)	%	Actual	-	-	-	25	100	100
			MoU				40	-	
7	HRM Parameter		Actual						
			MoU						



(A.K. Jolly)

Chairman and Managing Director
The Jute Corporation of India Limited



(Ragnendra Singh)

Secretary, Ministry of Textiles
Government of India

Part -II

Annexures

Annexure – 1

List of Documentary Evidence and Source / Origin of Documents for Evaluating MoU Assessment

Evaluation Criteria	Documentary Evidence and source / origin of documents
Turnover : Revenue from Operations (Net) Operating profit/surplus as a percentage of Revenue from operations (Net)	Audited Annual Accounts/ Internal Audit Report
Return on investment : PAT as percentage of Average Net Worth	
Capacity Utilisation ((Including MSP Operations (Bales))	
Reduction in operating time for making of bales from loose jute over the previous year	
Trade receivables (Net) as number of days of Revenue from Operations (gross)	Management Report / Certificates/ Audited Annual Accounts/Board Resolutions
Reduction in claims against the Company not acknowledged as date.	
HRM Parameter	
Any other sector specific result-oriented measurable parameters (Payment to Farmer within 3 working days)	

Annexure – 3

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 definition laid down in MoU Guidelines for the year 2017-18 and onwards. 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 Guideline. CPSE has no right of claim in this regard.



(A.K. JOLLY)

**Chairman-cum-Managing Director
The Jute Corporation of India Limited.**

THE JUTE CORPORATION OF INDIA LIMITED

Annexure - 2

Projected Profit & Loss Account for the Financial Year 2019-20

SL No	Particulars	Amount	Amount
		(in Rs.Crores)	(in Rs.Crores)
A)	GROSS SALE :		
	Raw Jute 3.22 lakh qntl. @ Rs.4720/- (appx.)	152.00	
	Jute Seed 500MT @ Rs.150 per kg	7.50	
	Sale of Diversified Product	0.75	
	TOTAL(A)		160.25
B)	COST OF GOODS SOLD		
	Jute Purchase 2.69 lakh qntl. @ Rs.3950/- (appx.)	106.00	
	Seed purchase 500 MT @ Rs.150 per kg.	7.50	
	Purchase of Diversified Product	0.71	
	SUB-TOTAL		114.21
	Operation Expenses (2.69 *130)+(3.22*240)		11.23
	Additional Godown Rent		2.15
	Change in Inventory (118.68 – 99.41)		19.27
	TOTAL(B)		146.86
C)	MARGIN (A-B)		13.39
D)	Subsidy Income from Govt.		50.00
E)	ADMINISTRATIVE EXPENDITURE		
	Salary & Wages	44.50	
	Other Administration Expenses	5.70	
	Godown Rent & Office Rent	2.10	
	Maintenance expenses for Godown	1.00	
	TOTAL		53.30
F)	Operating Profit (PBT), Excluding other income, extraordinary item and exceptional items but including subsidy (C+D-E)		10.09
G)	Interest and other income (net of borrowing cost)		1.51
H)	EBITDA (F+G)		11.60
I)	Depreciation		0.20
J)	GROSS PROFIT (H-I)		11.40
K)	OTHER EXPENDITURE		0.30
L)	NET PROFIT (J-k)		11.10
M)	TAX		3.77
N)	PROFIT AFTER TAX(L-M)		7.33
O)	AVERAGE NET WORTH. (128.30+132.99)/2		130.64
P)	PAT/NET WORTH (%) (N/O)		5.61%
Q)	PROPOSED DIVIDEND*		2.20
N.B	Propose dividend is excluding of Dividend Distribution Tax		