



**MEMORANDUM OF  
UNDERSTANDING  
2017 – 2018**

*BETWEEN*

NATIONAL HANDLOOM DEVELOPMENT CORPORATION  
LIMITED

*AND*

THE MINISTRY OF TEXTILES, GOVERNMENT OF INDIA,  
NEW DELHI

# **MEMORANDUM OF UNDERSTANDING**

**2017- 2018**

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**NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED (NHDC)**

**AND**

**THE MINISTRY OF TEXTILES, GOVERNMENT OF INDIA,**

**NEW DELHI**

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**MEMORANDUM OF UNDERSTANDING 2017-2018**  
**between**  
**NHDC and the Ministry of Textiles, Government of India**

Annex-I

**Brief about the CPSE**

1.	Name of the CPSE	National Handloom Development Corporation Limited (NHDC)		
2.	Status (Please tick): As per DPE guidelines	Sick/ Incipient Sick / weak/ <input checked="" type="checkbox"/> 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)	<input type="checkbox"/> A <input checked="" type="checkbox"/> B <input type="checkbox"/> C <input type="checkbox"/> D <input type="checkbox"/> None		
6.	Purpose for which CPSE has been setup and the main business now	National Handloom Development Corporation Limited (NHDC) was set up in February, 1983 by the Government of India, in pursuance of the imperative need for a National Level Agency to assist the speedy development of the Handloom Sector by coordinating all actions covering the procurement and supply of inputs at reasonable prices, augmenting the marketing efforts of State Handloom Agencies and initiating developmental activities for upgrading the technology in the Handloom Sector and improving productivity. Main activities of NHDC include supply of yarn under Yarn Supply Scheme (YSS) of Govt. of India and Dyes & Chemicals to handloom weavers.		
7.	Number and Name of subsidiary companies along with amount invested and share in its profit during last five years		NIL	
	Year*	Name of subsidiary	Amount invested (Rs.)	Share in its profit (Rs.)
	2011-12	Not Applicable		
	2012-13	Not Applicable		
	2013-14	Not Applicable		
	2014-15	Not Applicable		
	2015-16	Not Applicable		
8.	Number and Name of Joint Venture companies along with amount invested and share in its profit during last five years		NIL	
	Year*	Name of Joint Venture	Amount invested (Rs.)	Share in its profit (Rs.)
	2011-12	Not Applicable		
	2012-13	Not Applicable		
	2013-14	Not Applicable		
	2014-15	Not Applicable		
	2015-16	Not Applicable		
9.	Details of revival plan approved earlier	NOT APPLICABLE		

**Compulsory Parameters**  
**PART A**

Sl. No.	Financial Performance Criteria	Unit	Marks	2016-17 (Prov.)	Best in 5 years	MoU Target for the year 2017-18					% Improvement*
						Excellent 100%	V.Good 80%	Good 60%	Fair 40%	Poor 20%	
1	<b>Turnover</b> Revenue from Operations	Rs. crore	10	2994	2406	3300	3000	2900	2800	2700	
2	<b>Operating Profit/Loss</b> CPSEs with operating profit (Profit/ Surplus before Tax excluding other Income, Extraordinary and Exceptional Items):-  Operating profit as a percentage of Revenue from operations (net). CPSEs with operating Loss (Loss/ Deficit not taking into account other Incomes, Extraordinary and Exceptional Items):-  Reduction in operating Loss/ Deficit (s) over previous year.	Rs. crore  %	20	1.38	1.48	1.48	1.40	1.30	1.25	1.20	
3	<b>Return on investment:</b> Profit Earning CPSEs with no accumulated losses:  PAT / Average Net Worth Loss making CPSEs or CPSEs having Accumulated losses:  Reduction in Total Expenses as a percentage of Total Income as compared to previous year.	Rs. crore  %	20	29.6	43	43	30	29	28	27	
	<b>Total (A)</b>		50								

\*Improvement would be worked out on very Good Target for MoU year over Current year expected actuals.

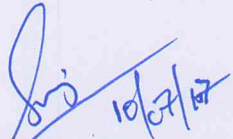
**Other Parameters**  
(Part-B)

Sl. No.	Performance Criteria	Unit	Marks	2016-17 (Prov.)	Best in 5 years	MoU Target for the year 2017-18					% Improvement*
						Excellent 100%	V.Good 80%	Good 60%	Fair 40%	Poor 20%	
1	<b>Capacity Utilisation</b>										
	Yarn Supply	Lac Kg	10	1750	1728	1900	1800	1700	1600	1500	
2	Trade receivables (Net) as number of days of Revenue from Operations (Gross)	No. of Days	10	26	28.9	25	26	27	28	30	
3	Reduction in claims against the Company not acknowledged as debt over the previous year	%	10	32	-	15	10	8	6	5	
4	<b>Any other sector specific result-oriented measurable parameter</b>										
	Supply of Dyes & Chemical	Rs. in Crore	10	46	49.5	50	45	40	35	30	
5	<b>HRM Parameters:</b>										
i.	On-line 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	2			100	95	90	85	80	
ii.	Online Quarterly Vigilance clearance updation for Senior Executives (E5 and above)	% of number of senior executives	2			100	95	90	85	80	
iii.	Preparation of succession plan and its approval by Board of Directors	Date	2			30.9.17	15.10.17	31.10.17	15.11.17	30.11.17	
iv.	Holding of DPC without delay for executive (E0 and above level)	%	2			100	95	90	85	80	
v.	Talent management and carrier progression by imparting at least one week training in Centre of Excellence e.g. IITs, IIMs, NITs, ICAI, etc. in India	% of executives	2			10	9	8	7	6	
	Total (B)		50								

\*Improvement would be worked out on very Good Target for MoU year over Current year expected actuals.

**Note:-**

1. It was agreed that Corporation will update the land holdings details on Government Land Information System (GLIS).
2. It was agreed that the targets approved by the IMC are based on estimates submitted by the corporation for the year 2016-17. In case of better performance of the corporation as per final results as compared to estimates, the difference shall be added to the targets for the year 2017-18.
3. It was agreed that targets decided in MoU are unconditional and no offset will be allowed. Further, evaluation would be subject to compliance of additional eligibility criteria as contained in para 14.2 of MoU guidelines 2017-18.
4. It was decided that where achievement is not verifiable from Annual Report of the corporation, the same would be accepted on the basis of certification by way of resolution from Board of Directors.

  
10/07/17

**(SARVEPALLI SRINIVAS)  
MANAGING DIRECTOR  
NHDC LTD.**

  
10.7.17

**(ANANT KUMAR SINGH)  
SECRETARY (TEXTILES)  
GOVT. OF INDIA**

**Date: July' 2017**

PART A  
TREND Analysis

Sl. No.	Financial Performance Criteria	Unit	Target v/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current Year 16-17		FY 2016-17 Provisional
									Actual upto 31.12.16	Estimated	
1	Revenue from Operations - Gross	Rs. crore	Actual	1101.1	1375.5	1840	2217	2406	2001	2619	2994
	Revenue from Operations - Net		Actual	1101.1	1375.5	1840	2217	2406	2001	2619	2994
2	a. Profit before Tax	Rs. crore	Actual	4.1	10.3	18.4	38.6	36.97	32.8	41.6	48
	b. Other Incomes		Actual	3.3	8.5	7.4	6.6	6.8	6.7	9.0	8
	c. Extraordinary & Exceptional items		Actual	0.2	0.5	2.4	0.21	0.31	0.7	1.4	1.4
	d. Prior Period Items		-	-	-	-	-	-	-	-	-
	e. Operating Profit/ Loss (a-b+/-c+/-d)		Actual	1	2.3	13.4	31.83	29.88	26.8	34	41.4
			MoU					30		36.4	36.4
	Operating profit/ Revenue from Operation	%	Actual	0.09	0.17	0.73	1.44	1.24	1.34	1.30	1.38
3	a. PAT	Rs. crore	Actual	2.8	7	12	25.4	24.07	22.4	27.2	31.4
	b. Net Worth at year end		Actual	35.5	40.6	49.7	68.5	83.3		100	101
	c. Average Net worth		Actual	34.5	38.1	45.2	59.1	75.9		92	92.0
	d. PAT/ Net Worth	% MoU	Actual	8	17.2	24.2	37.1	28.9		27	31
							11.28	22.74		26	26
	e. PAT/ Avg. Net Worth	%	Actual	8.1	18.4	26.6	43.0	31.71		29.6	29.6
	f. Paid-up Share Capital	Rs. crore	Actual	19	19	19	19	19	19	19	19
	g. GoI share		%	Actual	100	100	100	100	100	100	100
h. Reserves and surplus		Actual	16.5	21.6	30.7	49.5	64.3	78.5	81.8	80.9	
4	Total Expenses	Rs. crore	Actual	1152.4	1468.5	1988.3	2400.9	2597	2171.2	2844	
5	Total Incomes		Actual	1156.7	1479.2	2009.2	2440.4	2635	2205.8	2887	
6	Total expenses/ Total Incomes	%	Actual	99.6	99.3	99	98.4	98.6	98.4	98.5	
7	Detail of other incomes										
	a. Interest	Rs. crore	Actual	3.1	8.1	6.9	3.6	5.7	6.5	8.7	7.8
	b. Dividend		-	-	-	-	-	-	-	-	
	c. Other Incomes		Actual	0.2	0.4	0.6	3	1.1	0.2	0.3	0.2
d. Total	Actual		3.3	8.5	7.4	6.6	6.8	6.7	9.0	8.0	
8	a. Cash and Bank Balance and equivalent	Rs. crore	Actual	45.45	103.5	66	40.5	121	188	190	
	b. Investment in mutual funds			0	0	0	0	0	0	0	
	c. Investment in shares other than subsidiary/ JVs)	Rs. crore		0	0	0	0	0	0	0	
	d. Total (a+b+c)		Rs. crore	Actual	45.45	103.5	66	40.5	121	188	190
	e. Cash credit/ Over-draft loan/ Short-Term loan	Rs. crore		0	0	0	0	0	0	0	
	f. Balance in Current account	Rs. crore	Actual	17.95	29.58	21.67	23.16	38.19	30.86	31	
9	Dividend paid/ declared for the year, excluding Dividend Tax	Rs. crore	Actual	0.57	1.41	2.41	5.11	7.31		8.25	9.42

## Annex-III (Part-B) - TREND Analysis

Sl. No.	Financial Performance Criteria	Unit	Target v/s Actual	2011-12	2012-13	2013-14	2014-15	2015-16	Current Year		FY 2016-17
									Actual upto 31.12.16	Estimated	
1	Installed Capacity in respect of each product			NA	NA	NA	NA	NA	NA	NA	NA
2.	Capacity Utilisation in respect of each Product										
	a. Yarn Supply	Lac Kg	Actual	967	1089	1270	1487	1728	1229	1750	1800
			MoU	NA	NA	NA	NA	NA		1850	1850
	b. Dyes & Chemical Supply	Rs. crore	Actual	18.3	20.9	35.7	49.5	44.8	34.3	46	46
			MoU	NA	NA	NA	NA	60		85	85
3.	Contribution of each product in sales										
	a. Yarn	%	Actual	98.19	98.39	98.02	97.76	98.14	98.29	98.24	98.5
	b. Dyes & Chemical	%	Actual	1.66	1.52	1.94	2.23	1.86	1.71	1.76	1.5
	c. Fabrics	%	Actual	0.15	0.09	0.04	0.01	-	-	-	-
4.	New orders received during the year	Rs. Cr	Actual	NA	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA	NA
5.	Exports as a percentage of Revenue from operations	%		NA	NA	NA	NA	NA	NA	NA	NA
6.	<b>Development or Revenue from new products or product with new features:</b>										
	Development of new products by using different kind of yarns	Number	Actual	12	8	8	12	-	NA	NA	NA
			MoU	9	5	4	8	NA	NA	NA	NA
7	<b>Production efficiency parameters</b>										
	a. Supply under 10% Yarn Supply Component #	Lac Kg	Actual	3.07	134.4	227.0	286.3	257.1	202.8	270	350
			MoU	NA	NA	NA	NA	NA	NA	NA	NA
8.	Completion of milestone of clients orders/ agreements without time overrun	%	Actual	NA	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA	NA
9.	<b>R&amp;D, Innovation, Technology up-gradation parameter</b>										
	a. Organizing familiarization/ knowledge sharing visits of the handloom weavers (i.e., weaver group of consisting of approx. 15 weavers) to other states to know the yarn used and products manufactures by them (FY 2015-16)	No. of Groups Visits	Actual					6		9	9
			MOU	-	-	-	-	5	NA	NA	NA
	b. A comprehensive study by an institute of repute on amelioration of the economic conditions of weavers in an identified area under the handloom cluster (FY 2015-16)	Date	Actual					29/1/16	NA	NA	NA
			MoU	-	-	-	-	29/2/16	NA	NA	NA
	c. Implementation of ERP modules (Financial & HR module and porting of data) (FY 2016-17)	Date	Actual						30/11/16	30/11/16	30/11/16
			MoU	-	-	-	-	-	15/12/16	15/12/16	15/12/16
10.	Market Share	%	Actual	NA	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA	NA
11.	CAPEX	Rs. crore	Actual	NA	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA	NA
12.	CAPEX contracts/ projects running/ completed without time/ cost overrun to total value of CAPEX	%	Actual	NA	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA	NA



13.	Inventory of finished goods and Work in Progress (as on the last day of the financial year)	Rs. crore		0.7	0.8	0.9	1.3	1.5	2.1	2.1	
14.	Inventory of finished goods and work in progress to RO(Net)	%	Actual	0.06	0.06	0.05	0.06	0.06	0.1	0.08	
			MoU	NA	NA	NA	NA	NA	NA	NA	NA
15.	Inventory of finished goods of more than one year	Rs. crore	Actual	NA	NA	NA	NA	NA	NA	NA	NA
16.	Inventory of finished goods of more than one year as a percentage of RO	%	Actual	NA	NA	NA	NA	NA	NA	NA	NA
			MoU	NA	NA	NA	NA	NA	NA	NA	NA
17.	Trade Receivables (net)	Rs. crore	Actual	114.4	130.8	148.6	175.6	223.7	190.6	185	216
			MoU								
18.	Trade receivables (Net) as number of days of RO(gross)	Days	Actual	37.9	34.7	29.5	28.9	33.9	26.2	25.8	26
			MoU	NA	NA	NA	NA	NA		NA	NA
19.	Claims against the Company not acknowledged raised by:										
	Central Government Departments		-	-	-	-	-	-	-		
	State Governments/ Local Authorities	Rs. crore	Actual	5.7	0.1	1.1	2.9	2.9	1.8	1.8	1.8
	CPSEs										
	Others	Actual	0.33	0.31	0.73	0.49	0.49	0.49	0.49	0.49	
	Total	Actual	6.03	0.41	1.83	3.39	3.39	2.29	2.29	2.29	
	MoU	NA	NA	NA	NA	NA		3.12	3.12		
20.	Loans disbursed/ Total Funds Available		Actual	NA	NA	NA	NA	NA		NA	NA
			MoU	NA	NA	NA	NA	NA		NA	NA
21.	Overdue Loans/ Total Loans		Actual	NA	NA	NA	NA	NA		NA	NA
			MoU	NA	NA	NA	NA	NA		NA	NA
22.	NPA/ Total Loans (Net)		Actual	NA	NA	NA	NA	NA		NA	NA
			MoU	NA	NA	NA	NA	NA		NA	NA
23.	Cost of raising funds as compared to similarly rated CPSEs/ entities		Actual	NA	NA	NA	NA	NA		NA	NA
			MoU	NA	NA	NA	NA	NA		NA	NA
24.	Return (share of profit/loss) on Investment in Joint Ventures	%	Actual	NA	NA	NA	NA	NA		NA	NA
			MoU	NA	NA	NA	NA	NA		NA	NA
25.	Any other result-oriented parameters taken for target setting Supply of Dyes & Chemical	Rs. crore	Actual	18.3	20.9	35.7	49.5	44.8	34.3	46	46
			MoU	NA	NA	NA	NA	60		85	85