

**MEMORANDUM OF
UNDERSTANDING**
(M o U)

BETWEEN

THE ASSAM CO-OPERATIVE
JUTE MILLS LTD.

AND

CO-OPERATION DEPARTMENT
Government of Assam

For the Financial Year 2006-07

THE ASSAM CO-OPERATIVE JUTE MILLS LTD.

PREAMBLE

THE ASSAM CO-OPERATIVE JUTE MILLS LTD., was commissioned in the year 1970. The mill after working for about 14 years had to be closed during March'1984 for acute financial crisis and accumulated losses. The mill was reopened on 1st January'1986 under the terms of the Assam Accord. After continuous struggles & efforts, the mill has started improving its economy from the year 1992-93 and making continuous progressive profits. Now, the mill is completely free from loans and liabilities, economically stable and providing an employment of about 900 local people

A. MISSION

To manufacture jute goods and it's products marketing for contribution towards the socio-economic development of the surrounding areas and the states and solution of unemployment including relief to the jute growers.

B. OBJECTIVES

The objects of the Society are to encourage self-help, thrift and co-operation and proper development of agriculture, agricultural and

other Industries and business and for that purpose it shall be competent for the Mills:-

1. To acquire land on purchase, lease or otherwise for the purpose of erection of factories, building, roads and means of transport.
2. To train members in improved methods of cultivation of jute and other crops and to supply seeds, manure, implements etc. for growing jute and other crops and to impart agricultural and industrial education if and when deemed necessary.
3. To manufacture various products out of jute procured from the members and others, to sell such manufactured goods and by-products to the best advantage of the Mills in markets in India and export goods to foreign markets.
4. To establish jute-manufacturing factories and to manage them by acquiring necessary plant & machinery and arranging required infrastructures.

C. PERFORMANCE TARGETS FOR THE FINANCIAL YEAR 2006-07

In fulfillment of its obligations under MoU, the Assam Cooperative Jute Mills Ltd. undertakes to achieve performance targets for the financial year 2006-07 as indicated below:

Criteria	Units	Weigh- tage (%)	Criteria Values				
			1	2	3	4	5
			Excellent	Very Good	Good	Fair	Poor
PRODUCTION TARGETS							
Sacking	TPA	25	4150	4050	3950	3850	3750
Hessian / DWT	TPA	10	300	275	250	225	200
Multifold Yarn	TPA	10	950	925	900	875	850
FINANCIAL TARGETS							
Turnover	Rs. in Lakh	10	1561	1517	1472	1427	1383
Profit before Tax	Rs. in Lakh	30	119	115	112	108	105

Dividend on Equity	%	5	10	8	7	6	5
DYNAMIC EFFICIENCY							
Technology up-gradation / Modernization	No. of M/cs	3	5	4	3	2	1
Accidents	Nos. /man-hour	3	0.0	0.00003	0.00004	0.00006	0.00007
Man-days /Tonne	Nos.	2	40	42	44	46	48
Statutory Audit of 2005-06	Month End	2	June'06	July'06	Aug'06	Sept'06	Oct'06

ACTUAL PERFORMANCE STATEMENT FOR LAST 5 YEARS

Criteria	Units	2001-02	2002-03	2003-04	2004-05	2005-06
PRODUCTION						
Sacking	TPA	4364	4012	3812	3809	4016
Hessian / DWT	TPA	96	82	161	138	158
Multifold Yarn	TPA	686	991	960	1089	1059
FINANCIAL						
Turnover	Rs. in Lakh	1414	1406	1277	1294	1581
Profit before Tax	Rs. in Lakh	80	112	121	118	92
Dividend on Equity	%	--	10	10 (Provisional)	10 (Provisional)	6 (Provisional)
DYNAMIC EFFICIENCY						
Technology Up-gradation / Modernization	Nos. of M/cs	1	4	4	5	6
Accidents	No. /man-hour	0.000050	0.000042	0.000029	0.000060	0.000029
Man-days / Tonne	Nos.	45	45	44	44	44
Statutory Audit (Previous year)	Month End	Oct'02	Oct'03	Oct'04	Oct'05	Aug'06

D. OBLIGATION AND ASSISTANCE FROM GOVERNMENT

1. The Govt. will consider for provide a **DEDICATED** power line to the mill.
2. The Govt. will consider instructing the appropriate authority to accelerate the **AUDIT WORKS** and to complete within 3 months from the completion of the financial year.
3. The Govt. will consider to take up the matter with the Railway Authority for **ALLOTMENT OF PIECEMEAL WAGON** to the mill despite restriction
4. The Govt. will consider taking-up with the appropriate authority for providing reasonable amount of **TRANSPORT SUBSIDY** on jute products for marketing outside the N.E. Region due to geographically isolation.
5. The Govt. will consider instructing the various Govt. Department/P.S.U. to **PURCHASE** their requirement of Jute Packing Materials from the mill.

E. FREQUENCY OF MONITORING & INFORMATION FLOW

1. Half yearly – within two month after completion of the half year.
2. Annual – submission of self-evaluation report on MoU performance by 30-06-2007.

Sd/ 25.12.06
Managing Director
The Assam Cooperative Jute Mills Ltd.
Silghat, Nagaon (Asom)

Sd/ 25.12.06
Secretary
Co-operation Department
Govt. of Assam