₹ 1300 Cr. PSU runs 98% of its intricate operations on Tally.ERP 9

"98% of the Corporation's turnover is handled by Tally" says Mr. J K Baweja, MD

Customer Overview

National Handloom Development Corporation Limited (NHDC) was set up in February, 1983 by the Government of India as a Public Sector Undertaking.

Its mandate came out of the imperative need for a national level agency to assist the speedy development of the Handloom Sector. The Corporation coordinates the procurement and supply of raw materials, augments the marketing efforts of State Handloom Agencies and initiates developmental activities for upgrading the technology in the Handloom Sector, as well as improving productivity.

The Corporation's Head Office is at Lucknow, Uttar Pradesh and the staff strength across the country totals 205 (as on 31.10.2011). Presently, the Corporation arranges supplies of yarn for handloom weavers in almost all the states. Dyes and Chemicals are essential input for value addition in the handloom fabric. The Corporation supplies all varieties of eco-friendly dyes and essential chemicals in the original form to the leading manufacturers. The offices at Panipat, Kolkata, Hyderabad, Coimbatore and Kannur focus on the supply of yarn, while Panipat and Tirupur handle dyes and chemicals. For reaching weavers, there are 33 Branch Offices mostly either at the State Capital or Handloom concentrated areas. Other developmental activities include organising of appropriate technology exhibitions, training program for dyers, workshops on awareness & sensitisation of Govt. Schemes and buyer seller meet.

Business Challenge

During 1999, the Corporation tried to use an MNC Software for both Yarn and Dyes & Chemicals divisions. The software did not yield the required reports. When the time for replacing the infrastructure came up in 2008, the Board proposed the acquisition of an alternative software, reasonably priced.
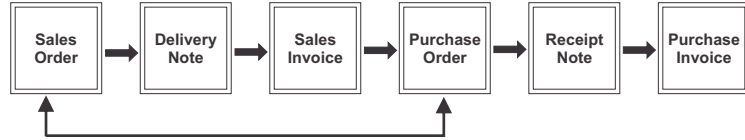
It was under the stewardship of Mr. J K Baweja, the then recent incumbent as Managing Director, and Mr. Jai Gopal Mahajan, Chief Manager (Finance & Accounts)/ Company Secretary of NHDC, that the first efforts at evaluating Tally software were made. The evaluation of Tally was undertaken and coordinated by Mr. Mahajan at Head Office taking into account the needs of all regional offices. The complete implementation of both, finance as well as distribution module was in the minds of the officials of NHDC. But after working with a partner, the Corporation found that the requirement of NHDC is too big to handle for a partner with a small setup.

The Solution

It was at this time that Suyog System & Software Pvt. Ltd., Lucknow – A Master Tally Partner – came into the picture.

Mr. Mahajan was asked to narrate the success story of Tally implementation which has transformed the operations of NHDC. He explained that when Mr. Baweja assigned him the challenging job of Tally implementation and coordinating the complete project, he submitted that for the successful implementation of Tally, he needed the following:-

- Training room fully equipped with 8-10 computers connected to LAN, printer and projector with screen etc.
- Two most knowledgeable officers, one each from Finance and commercial from each regional office, to be spared on full time basis by the regional in-charges for 3-4 weeks and few officers from Head Office.
- Constant support and involvement of the Managing Director in the entire project.

Customisation of Gateway of Tally

Mr. Baweja was kind enough to provide the above. Mr. Mahajan further explained that as expected based on his experience as 'core team member' for ERP implementation in his previous organisation, there was resistance from some of the regional in-charges to spare their key officers for 3-4 weeks, but it is at this stage, where the Managing Director intervened and made sure that all the desired officers are spared by each regional in-charge.

Thereafter, there started the training room sessions of 'NHDC core team members' with the 'Suyog team' which included Director of Suyog, Mr. Mukesh Singh. Each person contributed his/ her best to represent the requirements of his/ her regional office. At times there was difference of opinion among core team members, which was coordinated/ sorted out suitably by Mr. Mahajan and wherever the need arised, the help of Managing Director was also taken.

After the hard work of 4 weeks involving late hour working, all the masters and pilot testing was complete with the desired customisation. Tally package's 'Go Live' pilot was successful. Initially, Tally was implemented at the Regional Office Coimbatore and thereafter, it was rolled to the other regional offices.

Stole

Mr. Mahajan gives the credit of successful implementation to (i) the constant support and co-operation he received from the Managing Director, without whose direct interaction, it would
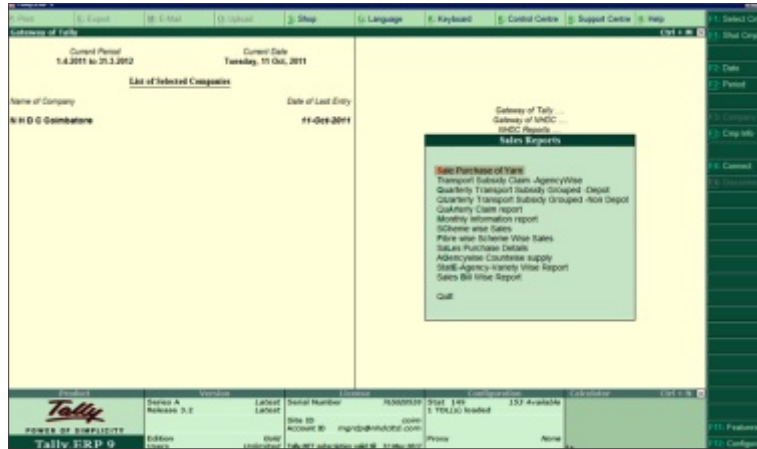

From sales order to purchase invoice - customisation carried out using Tally.ERP 9. A link between sales order and purchase order is created.

have been impossible to make it successful (ii) The hard work of the core team members of NHDC, who also implemented the 'Go Live' at their respective offices (iii) hard work and positive work attitude of Suyog team.

Entire implementation was completed in a record period of 3 months. After the initial teething problems, NHDC managed to stabilise the report generation as well.

Mr. Baweja appreciated the efforts of Suyog System saying "They have supported us throughout the implementation and even post-implementation, everything is going fine."

The MNC software, no doubt, was a comprehensive ERP. But it was too sophisticated and unwieldy for the Corporation's requirements. Besides, something was lacking at implementation front as well during 1999. On the other hand,

Fibre-wise / Count-wise / Mill-wise Purchase Analysis

Tally was found to match NHDC's requirement. Further, the implementation this time has been executed by NHDC in a systematic way involving all the user offices and in consultation with Suyog team.

When asked about the Partners, Mr. Baweja says, "We get all kinds of cooperation from them. What I have drawn from their organisation is that Suyog has a very well managed system. One person looks after the software part while another focuses on client servicing. I think it's what makes them successful. Because dealing with technical issues is one matter and handling the customer is quite another."

Mr.Mukesh Khanna - Director
Suyog System & Software Pvt. Ltd.

Mr. Mukesh Khanna, Director Suyog System relates, "The Corporation is not a purely commercial organisation, but they do buy and sell the yarn at the same ratethey don't add anything towards profit margin but get 1.5% as service charges from the Govt. of India"

Pending Purchase Orders

The Corporation gets an indent from the customer, which may carry some suggested mills from where the indenters want to buy. The indenter can either suggest a single particular supplier or can have choice of various mills. Based on this, the Corporation will confirm the indent and it will get converted into a sales order. On the sales orders, the NHDC officials will have an internal meeting (Purchase and sale committee meeting). This committee decides at what rate the material has to be purchased and from which mill. Negotiations take place and a document called P & S proposal gets prepared using Tally.ERP 9.

Based on the document and agreement from the mill, a purchase order is raised. After the sales order is linked with the purchase order, a report has to be provided giving details of the pending sales orders.

Saree

Once the purchase order is released, the material gets transported from mill to the customer directly since NHDC does not have its own warehouse. The supplier raises the invoice in the name of NHDC, who in turn raises the invoice in the name of customer. The customer sends the payment to NHDC and NHDC in turn releases the payment to the mill.

But there is a Mill Gate Price Scheme (MGPS) of Government of India wherein the freight component is reimbursed to weaver customers through NHDC. The claim for these reimbursements is being prepared automatically using Tally.ERP 9.

Each transaction has 4 to 5 steps, involving a good amount of customisation. The regional offices are in different States.

This has led to the customisation of the statutory part of the transactions. Tally.ERP 9 is helping the regional offices to file their VAT returns.

The customisation is about 70% on Tally.ERP 9. Connecting the purchase order to the sales order is done by Tally.

As the next step, stock management is being thought by the corporation. It wants to keep stock of materials unlike the earlier days when the material was being supplied on back to back basis. Earlier the material supply was after the receipt of order. Now it wants to procure and stock material before receipt of order. Discussions are on with Suyog System about this new requirement.

NHDC office at Coimbatore is slated as the best regional office among the lot. Operationally it is being run very well. The regional office has the maximum number of transactions. Tally's help has been taken by them to the maximum extent.

The indents are collected from various mills. A meeting with Government of Tamil Nadu is held and the rates are finalised and circulated to all the branches. The rates are stable for a month. The regional office deals with about 600 societies. Besides, there are 450 registered mills and out of the lot, 150 mills are being dealt regularly.

Towel

Mr. S Malik, Chief Manager (Commercial), NHDC Coimbatore, says, "Against the rates finalised with the mills, we procure the indents from our consumers. Based on that, we place the order on the mills. Mills supply the material and raise the invoice on us. We raise the invoice on our consumer and get the payment from them. Thereafter, we release the payment to our suppliers. We make the major transactions under the Mill Gate Price Scheme (MGPS) of GOI. In the Mill Gate Price there are two options – depot and non-depot."

The yarn is supplied not only to handloom and but also to the power loom. When supplied to power loom, handling charges are recovered from the customer, whereas, under the MGPS the handling charges are received from the GOI. In respect of MGPS supplies, the reimbursement claim are received from the weaver customers, details of transportation are checked and the transportation reimbursement is restricted to 1% of yarn value or actual whichever is lower. For the depot charges, NHDC reimburses 2 ½ %.

Mr. S Malik says, "We prepare a separate statement for every client. They send the claim to us. These claims are compiled and sent to Head Office. Then they are sent to the Ministry for getting the reimbursement."

The daily transaction crosses 250+ in the Coimbatore Regional office. The most important thing is that everything iscaptured in Tally. Right from the indents which are fed in Tally, to the invoice made/ raised in the name of the customer and the payment received from the customer, the complete MIS is on Tally including MGPS Claims.

Mr. Malik is happy that the entire staff works on Tally. The MIS reports are useful for comparing last year's statement. All the payments are made using Tally and the office has been made 'paperless'.

Curtain

"Tally is user friendly. We get the management reports, MGPS claims, etc. from Tally. Actually, we are using Tally to a 100% extent. We even get TDS, VAT reports in Tally," signs off Mr. S Malik.

Managing Director, Mr. J K Baweja is very clear about Tally's usage in all his offices. He says "Corporation's 98% turnover - Rs. 1200 Crores is on Tally. We have no problem".

Mr. Baweja says as a parting note, "Tally.ERP 9 is easy to operate. We have customised it in the way we want. Operation-wise it is simple. Speed has improved vastly and definitely the cumulative cost of the software implementation with all customisation has worked out less expensive. By and large Tally.ERP 9 is very good."

Mr. Mukesh Singh - Director
Suyog System & Software Pvt. Ltd.

BENEFITS

- Simple to Operate
- Less expensive
- Customisation
- Error-free State-wise VAT Returns