

MEMORANDUM OF UNDERSTANDING (MOU)

BETWEEN

MOU 2011-12
Approved By DPE/TF

J. Manu
Signed 24.3.11

THE GOVERNMENT OF INDIA

REPRESENTED BY

DEPARTMENT OF HEAVY INDUSTRY

**MINISTRY OF HEAVY INDUSTRIES
& PUBLIC ENTERPRISES**

AND

SCOOTERS INDIA LIMITED


FOR THE YEAR 2011 - 2012

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PART- I

MISSION, VISION & OBJECTIVES OF THE PSE


1.1 VISION	To improve the performance of the company so as to be competitive and profitable through constantly improving existing products adding new products and expanding customer base.
1.2 MISSION	To fulfill customers' needs for economic and safe mode of road transport and quality engineering products through contemporary technologies.
1.3 OBJECTIVES	<ul style="list-style-type: none">• To achieve 10% increase in production.• To achieve 5% decrease in cost.• Rationalization of Manpower.• To reduce energy input per unit of production. <div data-bbox="682 1232 1047 1400" style="border: 1px solid black; padding: 5px; margin: 10px auto; width: fit-content;"><p>MOU 2011-12 Approved By DPE/TF  Signed</p></div>

PART -II

DELEGATION OF POWERS

- **Powers as applicable to MOU signing companies.**

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PART - III


**MOU ASSESSMENT FORMAT FOR 'SICK AND LOSS MAKING CPSEs'
YEAR 2011 - 12**

Evaluation Criteria	Unit	Weight (in %)	MOU TARGETS					Anticipated 2010-11
			Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)	
I. Static Financial Parameters (40%)								
1.1 Gross Sales	Rs.Cr.	10	252.98	232.86	223.29	213.72	204.63	191.75
1.2 Gross Margin (PBDIT)	Rs.Cr.	10	3.55	0.29	(1.95)	(2.79)	(4.27)	(5.85)
1.3 Gross Profit	Rs.Cr.	05	1.99	(1.27)	(3.51)	(4.35)	(5.83)	(7.17)
1.4 Net Profit (Profit after Tax before extra ordinary items)	Rs.Cr.	05	(12.44)	(15.70)	(17.94)	(18.78)	(20.26)	(15.15)
1.5 Cash Generation from Operations	Rs.Cr.	05	1.43	(1.83)	(4.07)	(4.91)	(6.39)	(7.24)
1.6 Working Capital / turnover	Ratio	05	0.178	0.193	0.201	0.210	0.219	0.220
Sub Total 1 (1.1+1.2+1.3+1.4+1.5+1.6)		40						

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**MOU ASSESSMENT FORMAT FOR 'SICK AND LOSS MAKING CPSEs'
YEAR 2011 - 12**

Evaluation Criteria	Unit	Weight (in %)	MOU TARGETS				
			Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)
2. Dynamic Parameters (25%)							
2.1 Production of 3 Wheelers	% age Nos	5	19058	17325	16500	15675	14892
2.2 Quality							
2.2.1 Up gradation of QMS of the company from ISO 9001:2000 to ISO 9001:2008 and recertification.	Time	1	30.06.11	15.07.11	31.07.11	15.08.11	30.08.11
2.2.2 Implementation of Quality System (capturing standards, specification and performance parameters).	Time	4	30.09.11	31.10.11	30.11.11	31.12.11	31.01.12
2.3 Customer satisfaction							
2.3.1 % age of complaints attended for defect removal within 24hrs.	%age	2.5	99	98.5	98	97.5	97
2.3.2 Warranty Expenses as %age of Sales	%age	2.5	0.2256	0.2375	0.2500	0.2625	0.2756


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**MOU ASSESSMENT FORMAT FOR 'SICK AND LOSS MAKING CPSES'
YEAR 2011-12**

Evaluation Criteria	Unit	Weight (in %)	MOU TARGETS				
			Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)
2. Dynamic Parameters (25%)							
2.4 Project Implementation							
2.4.1 Feasibility study on Upgradation of SIL Two-stroke petrol engine to meet current emission norms.	Time	2	30.09.11	31.10.11	30.11.11	31.12.11	31.01.12
2.4.2 Commissioning of one Fine Boring Machine	Time	1.5	30.09.11	31.10.11	30.11.11	31.12.11	31.01.12
2.4.3 Commissioning of 5 nos. Spot Welding Machines.	Time	1.5	30.09.11	31.10.11	30.11.11	31.12.11	31.01.12
2.5 Research and development							
2.5.1 Development of Die-cast wet Clutch system.	Time	1	30.11.11	31.12.11	31.01.12	28.02.12	31.03.12
2.5.2 Manufacturing Prototype development of rear engine mounted 3 wheeler and report the same to the Board.	Time	4	31.03.12	-	-	-	-
Sub Total 2 (2.1+2.2+2.3+2.4+2.5)		25					

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**MOU ASSESSMENT FORMAT FOR 'SICK AND LOSS MAKING CPSE'S'
YEAR 2011-12**

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Evaluation Criteria	Unit	Weight (in %)	MOU TARGETS				
			Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)
3. Sector/ Enterprise Specific Parameters (35%)							
3.1 Technology Upgradation							
3.1.1 Prototype Development of 3 Wheeler engine capacity with capacity in the range of 250 cc to 300 cc.	Time	5	31.01.12	15.02.12	28.02.12	15.03.12	31.03.12
3.2 Generation of funds from Non Performing Assets							
3.2.1 Disposal of Scrap	Rs in lakhs	3.5	180	165	150	140	130
3.2.2 Recovery of Old court case debts	Rs in lakhs	1.5	12	11	10	9	8
3.3 Human resource development (manpower rationalization, productivity improvement, training, motivation and succession planning etc.)							
3.3.1 Training of employees	Man days	2.5	218	189	180	171	163
3.3.2 Preparation of training plan covering training need analysis, training gaps, et al and designing training programmes to bridge knowledge and/or skill gaps with approval of Board thereon.	Time	2.5	30.11.11	31.12.11	31.01.12	28.02.12	31.03.12
3.4 Reduction in receivables (in no. days sales)	no. of days sales	2.5	3.0	2.5	2.0	1.5	1.0
3.5 Inventory control							
3.5.1 Number of days of turnover :							
Finished Goods	Days	1.5	18	20	21	22	21
Raw materials, BOSF and WIP	Days	1	37	42	45	47	49
3.6 Corporate Governance	Compliance Milestone	5	A	B			C
3.7 %age Reduction of cost over previous year	% tage	10	5	4	3	2	1
Sub Total 3 (3.1+3.2+3.3+3.4+3.5+3.6+3.7)		35					
Grand Total (1+2+3)		100					

A = Compliance of all DPE Guidelines
 B = Compliance of those DPE Guidelines, Implementation of which is under control of CPSE Management.
 C = if A & B is not met company will be rated poor.

PART- IV

ASSISTANCE FROM THE GOVERNMENT

To assist in sanction and implementation of the Revival Plan of the company.

PART - V

ACTION PLAN FOR IMPLEMENTATION & MONITORING THE MOU

The performance will be reviewed monthly by the Management, Quaterly by Board of Directors, Half yearly by the administrative ministry and annually by DPE



Chairman & Managing Director
Scooters India Limited.



Secretary to the Govt. of India
Department of Heavy Industry
Ministry of Heavy Industries
and Public Enterprises

TREND OF CPSE'S PERFORMANCE ON FINANCIAL PARAMETERS FOR LAST FIVE YEARS

Particulars	2006-07	2006-07	2007-08	2007-08	2008-09	2008-09	2009-10	2009-10	2010-11	2010-11	2010-11	2010-11	2011-12
	MoU	ACTUAL	MoU	ACTUAL	MoU	ACTUAL	MoU	Actual	MoU	Actual Upto Sep.10	Estimated	MoU	
Production (in nos.)	19100	15162	19200	11512	19200	10107	17300	12178	15500	6401	14141	16500	
Gross Sales	199.70	190.20	227.90	152.15	264.17	135.58	199.73	139.84	191.87	76.83	171.21	223.29	
Gross Margin	8.47	(5.10)	13.50	(16.66)	8.56	(22.88)	(4.80)	(21.01)	(4.43)	(4.29)	(7.68)	(1.95)	
Profit before tax	3.02	(22.43)	6.11	(22.43)	0.61	(27.58)	(14.15)	(28.01)	(14.10)	(10.14)	(18.44)	(17.94)	
Gross Block	51.96	52.85	61.66	54.65	74.43	55.57	58.65	55.94	68.09	56.07	57.94	59.94	
Less: Dep	24.16	33.90	30.90	35.74	37.90	37.51	39.84	39.02	41.75	39.68	40.55	41.90	
Net Block	27.80	18.95	30.76	18.91	36.53	18.06	18.81	16.92	26.34	16.39	17.39	18.04	
Share Capital of CPSE	51.88	51.97	54.98	53.57	57.46	53.57	62.94	53.48	62.57	53.48	55.48	58.48	
Less: deferred revenue exp/pre-acquisition loss	0.30	0.24	-	0.14	0.19	0.06	0.14	-	-	-	-	0	
Less: Profit & Loss A/c	15.77	(6.38)	18.78	(28.85)	(19.01)	(56.51)	(65.26)	(84.51)	(98.72)	(94.66)	(102.95)	(116.55)	
Net Worth of CPSE	67.35	45.35	73.76	24.58	38.26	(3.00)	(2.46)	(30.94)	(36.15)	(41.09)	(47.38)	(57.98)	
Investment	0.01	-	-	-	-	-	-	-	-	-	-	-	
Sundry Debtors/Sales	5.34	7.52	5.82	5.28	6.19	3.55	5.09	2.91	5.34	2.92	3.48	4.04	
Inventory	29.63	41.74	32.29	29.28	34.36	19.71	28.22	26.83	29.62	36.02	32.00	49.95	
Total Current Assets	74.08	104.36	80.73	73.19	85.89	49.27	70.55	66.71	74.05	82.05	68.16	113.53	

Total Current Liabilities & Provision	18.83	50.09	20.94	44.33	41.01	46.12	54.33	61.65	11.84	67.49	37.94	68.00
Net Current Assets	55.25	54.27	59.79	28.86	44.89	3.15	16.22	5.06	62.21	14.56	30.22	45.53
Capital Employed (Net Block + Net Current Assets)	83.05	73.22	90.55	47.77	81.41	21.21	35.03	21.97	88.55	30.96	47.61	63.57
Total Debt (loan Funds)	15.62	27.94	16.77	23.20	43.24	24.24	52.22	53.02	124.70	72.26	96.99	127.55
Total Assets	101.89	123.38	111.56	92.11	122.60	67.36	104.09	83.73	100.39	98.66	87.55	131.57
No. of employees of CPSE	1,687	1,601	1,466	1,468	1,544	1,365	1,400	1,206	1,217	1,102	1,015	1,152
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-	-
Add value (gross margin less capital recovery factor 4% of capital employed for social sector and 10% for other CPSE)	0.16	(12.42)	4.49	(21.44)	0.42	(25.00)	(8.30)	(23.21)	(13.29)	(7.39)	(12.44)	(8.30)
Ratio												
Debt/equity	0.30	0.54	0.31	0.43	0.75	0.45	0.83	0.99	1.99	1.35	1.75	2.18
Return on Net Worth/(Gross Profit/Net Worth) (% age)	8.94	N.A	13.91	N.A	16.34	810.67	280.49	72.79	18.17	12.05	19.44	6.05
PBDIT/Total employment of CPSE (Rs.)	0.005021	N.A	0.009209	N.A	0.005544	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Gross Profit/Capital employed (% age)	0.000700	N.A	0.001100	N.A	0.000800	N.A	N.A	N.A	N.A	N.A	N.A	N.A
Net Profit / Net Worth (% age)	4.00	N.A	50.00	N.A	2.00	925.00	143.00	90.53	39.00	24.68	38.92	30.94

