



सत्यमेव जयते

वि **हम**

समझौता - जापन

2012-13

Memorandum of Understanding

2012-13
Approved by DRETF
23/03/12



MEMORANDUM OF UNDERSTANDING

2012-13

BETWEEN

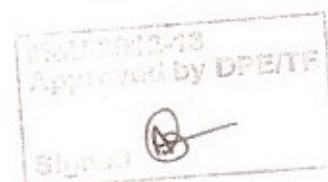
HMT LIMITED

AND

GOVERNMENT OF INDIA

**MINISTRY OF HEAVY INDUSTRIES & PUBLIC
ENTERPRISES**

DEPARTMENT OF HEAVY INDUSTRY



MEMORANDUM OF UNDERSTANDING**BETWEEN****HMT LIMITED & THE GOVERNMENT OF INDIA**

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HMT Limited is
Approved by DPE/TF
Signed 

PART - I

Vision

**To be a leading Engineering Enterprise
of International Repute,
Providing innovative Products & best value
for its stake holders**

Mission

- ❖ *To be significant contributor to the country's agriculture and farming sectors by providing appropriate products.*
- ❖ *To be the most admired Indian Tractor Manufacturing Company*
- ❖ *To achieve sustained growth & profitability*
- ❖ *To be an organisation that people enjoy working for & doing business with*

Objectives and goals

1. *To achieve annual growth of 25% with increase in production of tractors from 6000 nos to 8000 nos during 2012-13*
2. *Upgrade tractor engine technology to contemporary standards*
3. *To develop and launch Genset & Rotavator.*
4. *To expand marketing network with addition of 30 new dealers and increase visibility through sales promotion.*
5. *Productivity improvement through Modernisation of production facility.*

PART III
HMT LIMITED
STATIC FINANCIAL, DYNAMIC & SECTOR / ENTERPRISES
PARAMETERS & TARGETS: 2012-13

Sl No	Parameters	Unit	Wt in %	CRITERION VALUE					MoU 2012-13
				1 Excel lent	2 Very Good	3 Good (Tar)	4 Fair	5 Poor	
I Static Financial Parameters									
1.1	Gross Sales	₹ Cr.	10	353	336	320	305	290	320
1.2	Gross Margin	₹ Cr.	10	16	11	7	3	-2	7
1.3	Gross Profit	₹ Cr.	5	12	7	3	-1	-6	3
1.4	Net Profit	₹ Cr.	5	-63	-68	-72	-77	-81	-72
1.5	Cash Generation from operations	₹ Cr.	5	12	7	3	-1	-6	3
1.6	Working Capital / Turnover	Ratio	5	1.31	1.37	1.44	1.52	1.60	1.44
			Sub Total 1	40					
II Dynamic Parameters									
2.1 Physical Targets									
	Tractor Indigenous Sale Nos	Nos	3	8820	8400	8000	7600	7220	8000
2.2 Order Booking									
	Order Booking during the Year	₹ Cr.	2	353	336	320	305	290	320
2.3 Quality									
Warranty Index									
	Warranty cost Turnover	%	3	0.63	0.67	0.70	0.74	0.77	0.70
2.4 Customer Satisfaction									
i)	Customer Satisfaction survey (on a scale point of 1 to 10)	Rating No	2	9	8	7	6	5	7
ii)	To expand the Dealers base from 265 to 290	Date	3	31-Dec-12	31-Jan-13	28-Feb-13	15-Mar-13	31-Mar-13	28-Feb-13
2.5 Project Implementation									
i)	Introduction of oil immersed brakes as optional in Tractors up to 35 HP (Direct Axle)	Month	2	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Sep-12
ii)	Development of Silent Diesel Generating Set Rating 25 KVA	Month	2	Sep-12	Oct-12	Nov-12	Dec-12	Jan-13	Nov-12
iii)	Development of new Tractor Engine 55 HP	Date	2	30-Nov-12	31-Dec-12	31-Jan-13	28-Feb-13	31-Mar-13	31-Jan-13
iv)	Type testing of 4 Wheel Drive Tractor Model 6522 (CFMTTI Budni Certification)	Date	2	30-Nov-12	31-Dec-12	31-Jan-13	28-Feb-13	31-Mar-13	31-Jan-13
v)	Testing of HMT Rotavator from Northern Region Farm Machinery Training & Testing Institute (NRFMTTI), Hissar for commercial production.	Date	2	30-Nov-12	31-Dec-12	31-Jan-13	28-Feb-13	31-Mar-13	31-Jan-13
2.6 Corporate Social Responsibilities (CSR)									
	Skill Development of Service Mechanics	Nos.	2	33	32	30	29	27	30
			Subtotal 2	25					
III Sector / Enterprise Specific Parameters									
3.1 Preparation / Implementation of Business / Revival Plan									
	Rotation of Rs.38 Cr. received from GOI as working capital assistance	No of Times	5	6	5	4	3	2	4
3.2 Technology Upgradation									
	Upgradation of Tractor Engine : 60 to 65 HP Peak Torque Capacity of 19.5 Kg-mtr to new peak torque capacity of 21.5 Kg-Mtr.	Month	5	Nov-12	Dec-12	Jan-13	Feb-13	Mar-13	Jan-13
3.3 Generation of Funds from Non performing Assets									
	Disposal of all non moving inventory	Month	5	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Sep-12
3.4 Human Resource Management									
i)	Preparation of Comprehensive HR policy with Board approval thereon.	Month	2	Jul-12	Aug-12	Sep-12	Oct-12	Nov-12	Sep-12
Implementation of HR Policy :									
ii)	HRD Training (No of Persons to be covered)	Nos.	3	364	347	330	314	298	330
3.5 Reduction in Receivables									
	Debtors/ Gross Sales (No of Days)	Days	5	45	50	55	60	65	55
3.6 Inventory Control									
i)	Raw Material to cost of raw material consumed	Days	2	51	53	56	59	62	56
ii)	Finished goods to Gross Sales	Days	2	13	14	15	16	17	15
3.7 Corporate Governance									
	Filling of Format for grading CPSEs on the basis of their compliance of guidelines on corporate governance and arriving at annual score on the basis of average of 4 quarters	% (Annual Score)	5	85 & above	75-84	60-74	50-59	Below 50	60-74
3.8 Compliance of DPEs guidelines by CPSEs									
	Reservations for SC, ST & OBC in appointment		1	Implemented				Not Implemented	
			Subtotal 3	35					
			Total	100					

PART - IV


COMMITMENTS / ASSISTANCE FROM THE GOVERNMENT

The Government agrees to:

*Assist in according approval for the Revival of HMT Ltd.,
HMT Machine Tools Ltd., HMT Watches Ltd. & HMT Bearings
Ltd., and ensure timely flow of funds as per Revival /
Restructuring plans.*

*Support in VRS implementation Programme with Financial
assistance in remodelling the Human Capital of HMT Watches Ltd.*

*In witness thereof, the parties hereto set their hands this
the 30th day of March, 2012, in New Delhi.*

MoU 2012-13
Approved by DPE/TF
Signed: 

PART - V

ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU

The frequency of monitoring the MOU will be as below:

- Monitoring of static financial parameters on a monthly basis.
- Monitoring of all the parameters on a quarterly basis and in every Board meetings.
- Review by administrative ministry on half yearly basis.
- Evaluation & review of performance of the company shall be done yearly by DPE.



(S.G. Sridhar)
Chairman & Managing Director
HMT Limited



(S.Sundareshan)
Secretary to the
Government of India
Department of Heavy Industry
Ministry of Heavy Industries &
Public Enterprises