

**MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

**DEPARTMENT OF HEAVY INDUSTRY  
MINISTRY OF HEAVY INDUSTRIES &  
PUBLIC ENTERPRISES  
GOVERNMENT OF INDIA**

**AND**

**HINDUSTAN CABLES LIMITED**

**FOR THE YEAR  
2014-15**

MEMORANDUM OF UNDERSTANDING BETWEEN DEPARTMENT OF HEAVY  
INDUSTRY, MINISTRY OF HEAVY INDUSTRIES & PUBLIC ENTERPRISES

AND

HINDUSTAN CABLES LIMITED

**MOU FOR THE YEAR 2014-15**

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**PART I**

**VISION/ MISSION AND OBJECTIVE OF HINDUSTAN CABLES LIMITED**

**Vision:**

**To get back on its feet with a view to serving the country's economy in a constructive manner through a suitable venture.**

**Mission & Objective:**

**To work towards product diversification, financial restructuring, and manpower rationalization for long term viability.**

## **PART II**

### **EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF POWER**

**The Company shall exercise the powers delegated to MOU signing companies in accordance with circulars issued by DPE from time to time.**

PART III

PERFORMANCE EVALUATION CRITERIA

Particulars	Unit	Wtg.	MOU Targets 2014-15	Excellent	Very Good	Good	Fair	Poor
<b>Static/Financial parameters :</b>								
Finalization of Accounts of 2013-14	Month	30%	Oct'14	Aug'14	Sept'14	Oct'14	Nov'14	After Nov'14
<b>Dynamic &amp; Sector specific parameters :</b>								
Obtaining Final decision of the Competent authority regarding the future of the Company	Month	70%	Oct'14	June'14	Aug'14	Oct'14	Dec'14	Feb'15

The CPSE undertakes to comply Guidelines issued by DPE as per OM No. DPE/14(38)/10-Fin Dated 28th June 2011

and will be penalized for non compliance at the discretion of Task Force at the time of MoU Evaluation.

**PART IV**

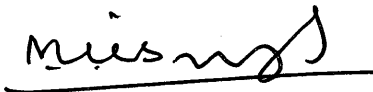
**COMMITMENT/ASSISTANCE FROM THE GOVERNMENT**

Ministry will ensure that final decision is taken by competent authority within the target date

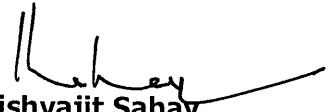
**PART V**

**ACTION PLAN FOR IMPLEMENTATION AND  
MONITORING OF THE MOU**

The Board of Directors shall review the implementation of the MOU targets on a quarterly basis. DHI would review the status of the implementation of MOU half yearly and yearly by DPE.



**Mahendra Kumar Singh  
(Chairman and Managing Director)  
Hindustan Cables Limited**



**Vishvajit Sahay  
Joint Secretary  
Department of Heavy Industry  
Ministry of Heavy Industries  
and Public Enterprises**

## MOU Assessment Format for 'Sick and Loss making CSPSEs'

Evaluation Criteria			MoU Target					Documentary evidence and Source/ origin of documents
			Excellent 1	V. Good 2	Good 3	Fair 4	Poor 5	
<b>1. Static/Financial Parameters</b>	<b>Unit</b>	<b>Wight (In %)</b>						
(I) Sales Turnover, excluding interest and Other income (Operating Turnover) (Sales Turnover shall not include Excise duty, custom duty, VAT or any Other duty, tax, etc.)	Rs. Cr..	8						
(II) Gross Operating Margin Or Gross Operating Margin Rate	Rs. Cr. %	8						
(III) Net Profit (PAT)	Rs. Cr.	5						
(IV) Net Worth	Rs. Cr.	5						
(V) Cash Generation from Operations	Rs. Cr.	5						
(VI) Working Capital Turnover Ratio	Ratio	3						
(VII) Average No. of Days of Inventory (or, Inventory Turnover Ratio)	Days/ Ratio	3						
(VIII) Average Collection Period of Trade Receivables (or, Debtors Turnover Ratio)	Days/ Ratio	3						
<b>Sub-total 1 (I to VIII)</b>		<b>40</b>						
<b>2. Dynamic Parameters</b>								
(i) Physical Targets/output Or No. of new orders/projects								
(ii) Customer Satisfaction		30-45						
(iii) Project Implementation								
(iv) Technology Up-gradation								
(v) Preparation/ Implementation (as the case May be) of the Business/ Revival Plan								
(vi) Generation of Funds from non performing Assets								
(vii) Revenue generation from Resources Available With the company								
(viii) Human Resource Management- HRM		25-45						
(ix) R&D Quality improvement, energy efficiency Cost reduction, development of new products, Improvement in product & processes(refer para 4.3.9 of R&D guidelines)								
(x) CSR and Sustainability								
<b>3.Sector Specific Parameters/ Enterprises Specific parameters</b>		<b>Up to 5</b>						
<b>Sub-total (2 + 3)</b>		<b>60</b>						
<b>Total (1+2+3)</b>		<b>100</b>						

Not Applicable as there is no production in the Company



## Trend of CPSE's Performance on Financial parameters for the Last Five Years

(Rs. In Crore)

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15
	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	Anticipated	
Production	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Sales	0.00	0.36	0.00	0.19	0.00	0.00	0.00	0.06	0.00	0.00	0.00
Gross Margin	-93.20	-126.08	-146.05	-171.43	-103.65	-154.44	-130.00	-150.84	-147.61	-110.28	-29.50
Profit before tax	-445.11	-459.32	-526.32	-607.39	-564.65	-648.27	-615.00	-885.05	-873.27	-800.28	-850.00
Gross Block	524.02	525.45	525.41	525.45	525.45	525.46	525.45	525.49	525.46	525.49	525.49
Less dep	432.67	447.05	458.78	459.03	469.65	469.56	480.03	476.45	479.56	486.45	491.45
Net block	91.35	78.40	66.63	66.42	55.80	55.90	45.42	49.04	45.90	39.04	34.04
Share Capital of CPSE	419.36	419.36	419.36	419.36	419.36	419.36	419.36	419.36	419.36	419.36	419.36
Reserve & Surplus of CPSE	56.74	56.74	56.74	56.74	56.74	56.74	56.74	56.74	56.74	56.74	56.74
Less Deferred revenue expenditure/pre acquisition loss											
Less Profit & Loss A/C	-3582.18	-3647.99	-4195.35	-4255.38	-4739.17	-4903.65	-5470.38	-5788.70	-6525.19	-5794.56	-6638.70
Net worth of CPSE	-3106.08	-3171.89	-3719.25	-3779.28	-4263.07	-4427.55	-4994.28	-5312.60	-6049.09	-5318.46	-6162.60
Investment	74.28	58.70	113.87	41.72	58.70	32.49	40.00	60.07	30.00	60.07	60.00
Sundry Debtors/Sales	150.00	140.38	140.38	107.68	140.38	176.53	90.00	176.58	125.00	176.58	176.58
Inventory	27.00	27.63	27.63	27.62	27.63	42.49	27.63	42.52	40.00	42.52	42.00
Total Current Assets	251.28	226.71	281.88	177.02	226.71	251.51	157.63	102.60	195.00	102.60	95.00
Total Current Liabilities Provision	752.57	755.16	889.53	833.98	1613.24	793.71	830.00	996.56	840.00	1005.00	1020.00
Net Current Assets	-501.29	-528.45	-607.65	-656.96	-1386.53	-542.20	-672.37	-893.96	-645.00	-902.40	-925.00
Capital employed	-409.94	-450.05	-541.02	-590.54	-1330.73	-486.30	-626.95	-845.01	-599.10	-900.00	-890.96
Total Debt (Loan funds)	2738.00	2774.85	3231.25	3231.68	2985.35	3811.62	3391.68	4500.16	4011.61	4550.16	4670.16
Total Assets	342.63	358.12	348.51	286.39	282.51	376.98	203.05	398.53	376.98	398.53	400.00
No of Employees of CPSE	2900	2389	2550	2141	2269	1958	1838	1832	1958	1700	1540.00
Dividend Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Add Value (Gross margin less capital recovery factor)% of capital employed for social sector and 10% for other CPSE)	-52.21	-81.08	-91.95	-112.38	29.42	-105.81	-67.31	-66.34	-87.70	-20.28	-59.60
Ratios											
Debt/ Equity	6.53	6.62	7.71	7.71	7.12	9.09	8.09	10.73	9.57	10.85	11.14
Return on net worth(% age)	14%	14%	14%	16%	13%	15%	12%	17%	14%	15%	14%
PBDIT/ Total employment of CPSE (Rs.)	-321379.31	-527752.20	-572745.10	-800700.61	-456809.17	-788764.04	-707290.53	0.00	-753881.51	0.00	0.00

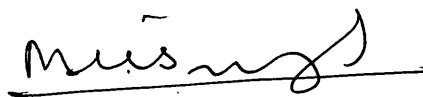


**HINDUSTAN CABLES LIMITED**

**Annexure VIII**

**Self declaration/ Certification**

It is hereby certified that the targets and actuals achievements in respect of financial parameters have been worked out as per MOU Guidelines by adopting the norms and definitions laid down in the MOU Guidelines for the year 2014-15(Not applicable in case of HCL). In case, any deviation is found at the time of appraisal of performance , DPE is free to evaluate as per audited Accounts as per MOU Guidelines. CPSE has no right of claim in this regard.



**Mahendra Kumar Singh**  
**(Chairman and Managing Director)**  
**HINDUSTAN CABLES LIMITED**





MOU Target & Actual						Annexure IX
2013-14						
Parameters:	Unit	Weightage (%)	Mou Target	Actual	Composite Score	
<b>Static Financial Parameters:</b>						
Reconciliation of Accounts of CPSE	Month	30	Aug'2013			
<b>Dynamic and Sector Specific Parameters:</b>						
Finalization of proposals/ final decision of the competent authority regarding the future of the company	Month	70	Jan'2014			Accounting year continuing
						100

**AGENDA BY CIRCULATION**

**SL.NO.1 MOU FOR THE YEAR 2014-15**

**DRAFT RESOLUTION**

Resolved that MOU for the year 2014-15 prepared in line with previous years as placed herewith be and is hereby approved.

**BRIEF**

The Company has prepared Draft Memorandum of Understanding (MOU) for the year 2014-15 to be entered into between Ministry of Heavy Industries & Public Enterprises and Hindustan Cables Limited (copy enclosed).

The Board of Directors may kindly consider the above and approve the MOU for 2014-15 as placed herewith. Approval of the Board was not taken earlier as the company, and subsequently DHI, had requested DPE to exempt HCL from signing the MOU for the year 2014-15,

approved

12/2/2014

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Misra  
12/02/14



Minutes of MoU negotiation meeting held on 4<sup>th</sup> March'14 at 15:00 hrs at BHEL Conference Hall, Lodi Road, New Delhi to finalise the MoU of Hindustan Cables Ltd. for the year 2014-15.

**Participants:**

**Task Force (TF)**

- |                      |          |
|----------------------|----------|
| 1. Sh. Brijesh Kumar | Convener |
| 2. Sh. Nirmal Singh  | Member   |
| 3. Sh. Anil Agrawal  | Member   |
| 4. Sh. Ashok Nayak   | Member   |

**Hindustan Cables Ltd.**

- |                        |                |
|------------------------|----------------|
| 1. Shri M.K.Singh      | CMD            |
| 2. Shri Vivekanada Pal | Manager (Fin.) |

**Ministry of Heavy Industries & Public Enterprises**

Shri S.Jainendar Kumar      Director

**Department of Public Enterprises (DPE)**

Shri Kapil Gupta      Member Resource Group

After the initial welcome and introductory remarks, MD, Hindustan Cables made a presentation giving brief details about product range and present status of the Company. CMD explained that HCL was incorporated in the year 1952 and earned a good reputation in terms of product quality, performance, durability and reliability. Due to opening up of the economy, HCL started making losses since 1995-96 and was registered under BIFR in Nov.2002. With the introduction of wireless technology, the demand for Company's main product, Polythene Insulated Jelly Fitted (PIJF) cables drastically dropped. In the absence of orders from BSNL/MTNL, production in all units stopped since January 2003.

CMD apprised the Task Force that as on 1<sup>st</sup> Feb'2014 total manpower of the company is 1720 and salary support is being given by DHI since 2003-04. The Task Force showed concern and enquired from DHI the future plans and strategy for HCL. He explained that proposal for taking over of HCL by OFB is in advance stage and DHI is waiting completion of due diligence by Deptt. of Defence Production.

Since there is no production and revenue generation, DHI requested DPE to exempt HCL from signing the MoU for 2014-15. The Task Force took note of this and recommended that if the same status continues, DPE should consider exemption request favourably.

After deliberations, following MOU parameters and targets were agreed upon:

**Part - I: Vision/Mission & Objectives: No change**

**Part - II: No change.**

**Part - III: Performance Evaluation Criteria**

The Task Force noted that in the previous year also, CPSE proposed same parameters with different targets, after deliberations it was agreed to replace the financial parameter "Reconciliation of Accounts of CPSE" by "Finalization of Accounts of 2013-14" and targets would be by 31<sup>st</sup> August'2014 for Excellent category and one month later for other lower category.

Similarly, parameter "Finalization of Proposals/ Final decision of the Competent authority...." was revised as "Obtaining final decision of the Competent authority regarding the future of the Company and the targets would remain same.

Revised parameters and targets would be as given below:

Particulars	Unit	Wt.	Excellent	V. Good	Good	Fair	Poor
<b><u>Static/Financial Parameters:</u></b> Finalization of Accounts of 2013-14	Month	30%	Aug'14	Sep'14	Oct'14	Nov'14	After Nov.14
<b><u>Dynamic &amp; Sector Specific Parameters:</u></b> Obtaining Final decision of the Competent authority regarding the future of the Company	Month	70%	June'14	Aug'14	Oct'14	Dec'14	Feb'15

**Part - IV: Commitments/ Assistance from Governments:**

Commitments/ Assistance from Government was revised as under:

"Ministry will ensure that final decision is taken by the competent authority within the target date."

CPSE would assess the requirement of Non-Official Directors as per applicable regulations and if there is any requirement of NOD on the Board of Directors, it should include the same under "Commitment/Assistance from Ministry/Department". CPSE should also indicate name of Ministry/Departments from whom it require commitment/Assistance other than its parent ministry.

The Task Force desired that while finalizing the MoU 2014-15, instructions contained in DPE's OM No.3/19/2013-DPE(MoU) dated 11th November, 2013 should also be complied with. Although there is no weightage/marks kept for this, there would be negative marking in case of non-compliance of DPE guidelines and Corporate Governance as per para no.3.21 and 3.22 of DPE guidelines.

The meeting ended with a vote of thanks to the chair.

  
**(Brijesh Kumar)**  
**Convener - Task Force**