



**MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

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

**AND**

**HINDUSTAN CABLES LIMITED**

**FOR THE YEAR  
2011-12**

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

**AND**

**HINDUSTAN CABLES LIMITED**

**PROPOSED MOU FOR THE YEAR 2011-12**

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**PART I**

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

**1. 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 PARAMETERS AND TARGET**

Financial Parameters	Unit	Weight-age	MOU TARGET 2011-12	Excellent	Very Good	Good	Fair	Poor
Reconciliation of Accounts of CPSE	Month	40	January 2012	November 2011	December 2011	January 2012	February 2012	March 2012
Dynamic & Sector specific parameters.								
Finalization of proposals/ Final decision of the competent authority regarding the future of the company	Month	40	January 2012	September 2011	November 2011	January 2012	February 2012	March 2012
Manpower rationalisation through VRS	No	20	300	500	400	300	250	200
		100						

**PART IV**

**COMMITMENT/ASSISTANCE FROM THE GOVERNMENT**

Government will endeavour to expedite a final decision regarding the future of the company.

**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.



**Kishore Rungta  
Chairman and Managing Director  
Hindustan Cables Limited**



**B. S. Meena  
Secretary  
Department of Heavy Industry  
Ministry of Heavy Industries  
and Public Enterprises**

MOU Assessment Format for 'Sick and Loss making CSPSEs'

Evaluation Criteria	Unit	Wight (In %)	MoU Target				
			Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)
<b>1. Static/Financial Parameters (40%)</b>							
1.1 Gross Sales	Rs. Cr.	10					
1.2 Gross Margin	Rs. Cr.	10					
1.3 Gross Profit	Rs. Cr.	5					
1.4 Net Profit	Rs. Cr.	5					
1.5 Cash Generation from Operations	Rs. Cr.	5					
1.6 Working Capital/Turnover	Ratio	5					
<b>Sub-total 1 (1.1+1.2+1.3+1.4+1.5+1.6)</b>		<b>40</b>					
<b>2. Dynamic Parameters (25%)</b>							
2.1 Physical Targets							
2.2 Order Booking							
2.3 Quality							
2.4 Customer Satisfaction							
2.5 Project Implementation							
2.6 Corporate Social Responsibility (CSR)							
2.7 Sustainable Development							
2.8 Human Resource Management							
2.9 Corporate Governance							
2.10 Research & Development							
<b>Sub-total 2 (2.1+2.2+2.3+2.4+2.5+2.6+2.7+2.8+2.9+2.10)</b>		<b>25</b>					
<b>3. Sector/ Enterprise Specific Parameters (35%)</b>							
3.1 Preparation/Implementation (as the case may be) of the Business/Revival Plan							
3.2 Technology Upgradation							
3.3 Generation of funds from non-performing assets							
3.4 Human Resource Development (manpower rationalization, productivity improvement training, motivation and succession planning etc.)							
3.5 Reduction in receivables.							
3.6 Inventory Control							
3.7 Corporate Governance							
<b>Sub-total 3 (3.1+3.2+3.3+3.4+3.5+3.6+3.7)</b>		<b>35</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

Particulars	2006-07		2007-08		2008-09		2009-10		2010-11		2011-12	
	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	Projected as on 31.3.2011	Projected
Production		3.66	0.00	2.00	0.00	0.97	0.00	0.13	0.00	0.00	0.04	0.00
Gross Sales		2.23	0.00	2.08	0.00	1.23	0.00	0.00	0.36	0.00	0.15	0.00
Gross Margin		79.98	79.67	99.54	108.09	99.91	128.08	93.20	128.08	116.05	101.39	105.65
Profit before tax		310.65	310.00	343.98	399.59	445.35	459.32	445.11	459.32	526.32	526.53	567.65
Gross Block		524.22	524.02	525.87	524.02	525.41	525.45	524.02	525.45	525.41	525.45	525.45
Less dep		407.77	417.21	422.28	432.67	434.78	447.05	432.67	447.05	458.78	458.65	469.65
Net block		116.45	106.81	103.59	91.35	90.63	78.40	91.35	78.40	66.63	66.80	55.80
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		-2308.29	-1998.29	-2743.30	-3083.70	-3188.67	-3647.99	-3582.18	-3647.99	-4195.35	-4174.52	-4739.17
Net worth of CPSE		1832.19	1522.19	2267.20	2607.60	2712.57	3106.08	3106.08	3171.89	3719.25	3688.42	4230.7
Investment		61.66	61.66	50.19	10.00	84.57	58.70	74.28	58.70	113.87	58.70	58.70
Sundry Debtors/Sales		169.15	169.17	169.17	169.17	169.27	140.38	150.00	140.38	140.38	140.38	140.38
Inventory		31.43	31.43	31.92	31.92	28.04	27.63	27.00	27.63	27.63	27.63	27.63
Total Current Assets		262.24	262.26	251.28	211.09	281.88	226.74	251.28	226.74	281.88	226.74	226.74
Total Current Liabilities Provision		587.83	493.93	648.85	795.48	686.75	755.16	752.57	755.16	889.53	1153.59	1613.24
Net Current Assets		325.59	231.67	397.57	585.39	404.87	501.29	501.29	528.45	607.65	926.88	1366.53
Capital employed (Net Block+Net Current Assets)		209.14	124.86	293.98	494.04	314.24	450.05	409.94	450.05	547.02	860.98	1307.3
Total Debt (Loan funds)		1677.59	1449.71	2026.95	2165.85	2451.49	2774.85	2738.00	2774.85	3231.25	2891.35	2985.35
Total Assets		432.07	369.07	408.26	302.44	425.54	358.12	342.63	358.12	348.51	293.51	227.51
No of Employees of CPSE		3105	3061	3018	2955	2909	2389	2900	2389	2550	2319	2269
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 4% of capital employed for social sector and 10% for other CPSE)		-59.07	-67.18	-70.14	-58.69	-68.49	-81.08	-52.21	-81.08	-91.95	-153.8	-29.42
Ratios												
Debt/ Equity		4.00	3.46	4.83	5.16	5.85	6.62	6.53	6.62	7.74	6.99	7.12
Return on net worth(% age)		17%	20%	19%	15%	16%	14%	14%	14%	14%	14%	13%
PBDIT/ Total employment of CPSE (Rs.)		257584.54	260274.42	329821.07	365786.80	343451.36	527752.20	321379.31	527752.20	572745.10	437214.32	568091.7
Gross profit / Capital employed(%age)		45.57%	70.94%	38.94%	24.32%	35.90%	30.73%	25.60%	30.73%	29.24%	31.4%	36.2%
Net Profit/Net worth(%age)		16.96%	20.37%	19.19%	15.33%	16.42%	14.48%	14.33%	14.48%	14.15%	14.24%	13.25%
Working of gross margin												
Net Profit		-310.65	-310.00	-434.98	-399.62	-445.35	-459.32	-445.11	-459.32	-526.32	-526.53	-564.65
Tax		0.00	0.00	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit before tax		310.65	310.00	434.98	399.59	445.35	459.32	445.11	459.32	526.32	526.53	564.65
add prior period		3.71	0.00	5.66	0.00	0.62	0.00	0.00	0.62	0.00	0.00	0.00
add extra ordinary items		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit before prior period		306.94	310.00	429.32	399.59	444.73	445.11	445.11	445.11	506.05	506.53	564.65
add interest		211.64	221.43	314.84	279.45	331.91	340.18	340.18	367.73	415.00	415.54	450.00
Gross profit		95.30	88.57	114.48	120.14	112.82	104.93	104.93	138.32	158.05	112.99	114.95
add depreciation		13.65	8.90	14.13	12.05	12.70	11.73	11.73	12.10	12.00	11.60	11.00
Misc. expenditure written off		1.67	0.00	0.81	0.00	0.21	0.00	0.00	0.14	0.00	0.00	0.00
Gross Margin before Interest,depreciation & misc.expenditure written off		79.98	79.67	99.54	108.09	99.91	128.08	93.20	128.08	116.05	101.39	105.65

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