

**MEMORANDUM OF UNDERSTANDING**

**BETWEEN**

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

**AND**

**HINDUSTAN CABLES LIMITED**

**FOR THE YEAR  
2012-13**

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

**AND**

**HINDUSTAN CABLES LIMITED**

**PROPOSED MOU FOR THE YEAR 2012-13**

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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 2012-13	Excellent	Very Good	Good	Fair	Poor
Reconciliation of Accounts of CPSE	Month	30%	August 2012	June 2012	July 2012	August 2012	September 2012	After September 2012
<b>Dynamic &amp; Sector specific parameters.</b>								
Finalization of proposals/ Final decision of the competent authority regarding the future of the company	Month	70%	January 2013	September 2012	November 2012	January 2013	February 2013	March 2013
		100%						

**PART IV**

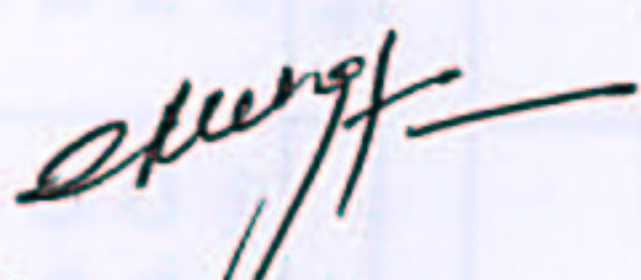
**COMMITMENT/ASSISTANCE FROM THE GOVERNMENT**

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

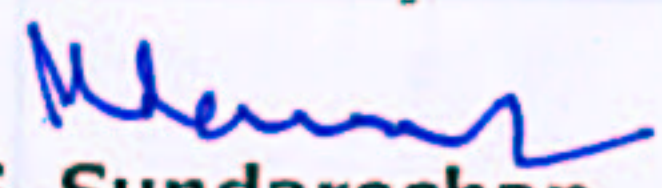
**PART V**

**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**



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

Evaluation Criteria	Unit	Weight (in %)	MoU Target			
			Excellent (1)	V. Good (2)	Good (3)	Fair (4)
<b>1. Static/Financial Parameters (40%)</b>						
1.1 Gross Sales	Rs. Cr.	10				
1.2 Gross Margin	%	10				
1.3 Gross Profit	Rs. Cr.	10				
1.4 Net Profit	Rs. Cr.	10				
1.5 Cash Generation from Operations	Rs. Cr.	10				
1.6 Working Capital/Turnover	Days	10				
Sub-total 1 (1.1+1.2+1.3+1.4+1.5+1.6)		60				
<b>2. Dynamic Parameters (25%)</b>						
2.1 Physical Targets		5				
2.2 Order Booking		5				
2.3 Quality		5				
2.4 Customer Satisfaction		5				
2.5 Project Implementation		5				
2.6 Corporate Social Responsibility (CSR)		5				
2.7 Sustainable Development		5				
2.8 Human Resource Management		5				
2.9 Corporate Governance		5				
2.10 Research & Development		5				
Sub-total 2 (2.1+2.2+2.3+2.4+2.5+2.6+2.7+2.8+2.9+2.10)		50				
<b>3. Sector/Enterprise Specific Parameters (35%)</b>						
3.1 Preparation/Implementation (as the case may be) of the Business/Revival Plan		10				
3.2 Technology Upgradation		10				
3.3 Generation of funds from non-performing assets		10				
3.4 Human Resource Development (manpower rationalization, productivity improvement, training, motivation and succession planning)		10				
3.5 Reduction in receivables		5				
3.6 Inventory Control		5				
3.7 Corporate Governance		5				
Sub-total 3 (3.1+3.2+3.3+3.4+3.5+3.6+3.7)		60				
<b>Total (1+2+3)</b>		<b>170</b>				

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

Evaluation Criteria	MoU Target				
	Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)
<b>1. Static/Financial Parameters (40%)</b>					
1.1 Gross Sales					
1.2 Gross Margin					
1.3 Gross Profit					
1.4 Net Profit					
1.5 Cash Generation from Operations					
1.6 Working Capita/Turnover					
<b>Sub-total 1 (1.1+1.2+1.3+1.4+1.5+1.6)</b>					
					40
<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>					25
<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>					35
<b>Total (1+2+3)</b>					100

Not Applicable as there is no production in the Company



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

Particulars	2007-08		2008-09		2009-10		2010-11		2011-12		2012-13	
	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	Projected as on 31.3.2012	Projected
Production	0.00	2.00	0.00	0.97	0.13	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Sales	0.00	2.08	0.00	1.23	0.00	0.36	0.00	0.19	0.00	0.00	0.00	0.00
Gross Margin	-79.67	-99.54	-108.09	-99.91	-93.20	-126.08	-146.05	-171.43	-103.65	-139.00	-139.00	-130.00
Profit before tax	-310.00	-434.98	-399.59	-445.35	-445.11	-459.32	-526.32	-607.39	-564.65	-600.00	-600.00	-615.00
Gross Block	524.02	525.87	524.02	525.41	524.02	525.45	525.41	525.45	525.45	525.45	525.45	525.45
Less dep	417.21	422.28	432.67	434.78	432.67	447.05	458.78	459.03	469.65	470.03	470.03	480.03
Net block	106.81	103.59	91.35	90.63	91.35	78.40	66.63	66.42	55.80	55.42	55.42	45.42
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	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	56.74
Less Deferred revenue expenditure / pre acquisition loss												
Less Profit & Loss A/C	-1998.29	-2743.30	-3083.70	-3188.67	-3582.18	-3647.99	-4195.35	-4255.38	-4739.17	-4855.38	-4855.38	-5470.38
Net worth of CPSE	-1522.19	-2267.20	-2607.60	-2712.57	-3106.08	-3171.89	-3719.25	-3779.28	-4263.07	-4379.28	-4379.28	-4994.28
Investment	61.66	50.19	10.00	84.57	74.28	58.70	113.87	41.72	58.70	40.00	40.00	40.00
Sundry Debtors/Sales	169.17	169.17	169.17	169.27	150.00	140.38	140.38	107.68	140.38	100.00	100.00	90.00
Inventory	31.43	31.92	21.09	28.04	27.00	27.63	27.63	27.62	27.63	27.63	27.63	27.63
Total Current Assets	262.26	251.28	211.09	281.88	251.28	226.71	281.88	177.02	226.71	167.63	167.63	157.63
Total Current Liabilities Provision	493.93	648.85	796.48	686.75	752.57	755.16	889.53	833.98	1613.24	830.00	830.00	830.00
Net Current Assets	-231.67	-397.57	-585.39	-404.87	-501.29	-528.45	-607.65	-656.96	-1386.53	-662.37	-662.37	-672.37
Capital employed (Net Block+Net Current Assets)	-124.86	-293.98	-494.04	-314.24	-409.94	-450.05	-541.02	-590.54	-1330.73	-606.95	-606.95	-626.95
Total Debt (Loan funds)	1449.71	2026.95	2165.85	2451.49	2738.00	2774.85	3231.25	3231.68	2985.35	3311.68	3311.68	3391.68
Total Assets	369.07	408.26	302.44	425.54	342.63	358.12	348.51	286.39	282.51	223.05	223.05	203.05
No of Employees of CPSE	3061	3018	2955	2909	2900	2389	2550	2141	2269	2003	2003	1838
Dividend Paid	0.00	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)	-67.18	-70.14	-58.69	-68.49	-52.21	-81.08	-91.95	-112.38	29.42	-78.31	-78.31	-67.31
Ratios												
Debt/ Equity	3.46	4.83	5.16	5.85	6.53	6.62	7.71	7.71	7.12	7.90	7.90	8.09
Return on net worth(% age)	20%	19%	15%	16%	14%	14%	14%	16%	13%	14%	14%	12%
PBDIT/ Total employment of CPSE (Rs.)	-260274.42	-329821.07	-365786.80	-343451.36	-321379.31	-527752.20	-572745.10	-800700.61	-456809.17	-693959.06	-693959.06	-707290.53
Gross profit / Capital employed(%age)	70.94%	38.94%	24.32%	35.90%	25.60%	30.73%	29.21%	31.06%	8.62%	24.71%	24.71%	22.33%
Net Profit/Net worth(%age)	20.37%	19.19%	15.33%	16.42%	14.33%	14.48%	14.15%	16.07%	13.25%	13.70%	13.70%	12.31%
Working of gross margin												
Net Profit	-310.00	-434.98	-399.62	-445.35	-445.11	-459.32	-526.32	-607.39	-564.65	-600.00	-600.00	-615.00
Tax	0.00	0.00	0.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit before tax	-310.00	-434.98	-399.59	-445.35	-445.11	-459.32	-526.32	-607.39	-564.65	-600.00	-600.00	-615.00
add prior period	0.00	5.66	0.00	0.62	0.00	-46.73	-46.73	2.74	0.00	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	0.00
Profit before prior period	-310.00	-429.32	-399.59	-444.73	-445.11	-506.05	-573.05	-604.65	-564.65	-600.00	-600.00	-615.00
add interest	221.43	314.84	279.45	331.91	340.18	367.73	415.00	421.23	450.00	450.00	450.00	475.00
Gross profit	-88.57	-114.48	-120.14	-112.82	-104.93	-138.32	-158.05	-183.42	-114.65	-150.00	-150.00	-140.00
add depreciation	8.90	14.13	12.05	12.70	11.73	12.10	12.00	11.99	11.00	11.00	11.00	10.00
Misc. expenditure written off	0.00	0.81	0.00	0.21	0.00	0.14	0.00	0.00	0.00	0.00	0.00	0.00
Gross Margin before Interest, depreciation & misc. expenditure written off	-79.67	-99.54	-108.09	-99.91	-93.20	-126.08	-146.05	-171.43	-103.65	-139.00	-139.00	-130.00