



MEMORANDUM OF UNDERSTANDING

FOR THE YEAR 2014 - 2015

BETWEEN

HEAVY ENGINEERING CORPORATION LIMITED

AND

GOVERNMENT OF INDIA

DEPARTMENT OF HEAVY INDUSTRY

Heavy Engineering Corporation Ltd. (HECL), Ranchi

MOU FOR FY : 2014-2015

SL NO.	CONTENTS	PAGE NO.
Part I	A. VISION B. MISSION C. OBJECTIVES	1
Part II	EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS	2
Part III	PERFORMANCE EVALUATION PARAMETERS AND TARGETS	2
Part IV	COMMITMENT OF HECL ASSISTANCE FROM THE GOVERNMENT OF INDIA	3
Part V	ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU	3
<u>ANNEXURES</u>		
I	Performance Evaluation Parameters	4-5
II	Working of Financial Ratio	6-7
III	Performance Data	8-11
	Profit Loss, Balance Sheet and Cash Flow Statement	12-14
IV	Self declaration/certification by CPSE	15
V	Self-declaration for Compliance or Directives of Government & Regulators	16

PART - I

VISION

1. To be a market leader in Heavy Engineering industry in India providing quality products and services to the Steel, Mining, Railways and other Strategic Sectors.

MISSION

1. To achieve growth of 20% in Turnover after completion of modernization/upgradation of Plant/Facilities

OBJECTIVES

1. **GROWTH**

To achieve a growth of atleast 11% in Turnover (net) during 2014-15 against negative growth of 5% anticipated during 2013-14

2. **PROFITABILITY**

To earn Net Profit during 2014-15 against likely loss during 2013-14.

3. **HUMAN RESOURCE PLANNING & DEVELOPMENT**

- (i) 1 (One) Training days per employee
- (ii) To keep attrition rate below 8%

4. **CUSTOMER SATISFACTION**

To build a high degree of customer confidence by providing increased value for his money through improved product quality, delivery, performance and customer service.

5. **CAPEX for MODERNISATION**

Submission of DPR for Capex Plan in March 2014 and all out efforts for funding of CAPEX within six months.

MoU 2014-15
Approved by DPE/TF
Signed 


PART -II

EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS:

Delegation as granted to MOU signing companies by the Government of India as per Ministry of Industry's OEM No. BPE 1(18)/88-Fin. (PPU) dated 19.10.1988 and subsequent orders on the subject will be applicable to HEC.

PART-III

Separate Statement at Pages 4 to 5

MoU 2014-15
Approved by DPE/TF
Signed 

PART -IV

COMMITMENT OF HECL

HEC undertakes to achieve the performance targets for the Financial Year 2014-15 in respect of operational, financial and other parameters as outlined in the enclosed Statement.

ASSISTANCE FROM THE GOVERNMENT OF INDIA

1. The Govt. of India will assist HEC in obtaining orders from Central Public Sector Enterprises in the Steel, Coal & Mining and Railways.
2. The Govt. of India will provide help in liquidating dues against supply of equipments from Central Public Sector Enterprises in the Steel, Coal & Mining and Railways
3. The Govt. of India will consider providing following Financial/Non-Financial assistance :
 - 3.1 Extension of Govt. Guarantee of Rs.253 crore upto 31.3.2017
 - 3.2 Financial Assistance of Rs.350 crore in the Form of Equity/Loan to upgrade facilities.
 - 3.3 Getting Rs.111.30 crore from Govt. of Jharkhand, a part of Revival Package approved for HEC.
 - 3.4 Non Plan Loan for liquidating statutory Gratuity Dues

PART-V

ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU

1. HEC will submit the quarterly progress reports to the Board and Administrative Ministry for review.
2. Half yearly review of performance against MOU targets will be undertaken by the Secretary, Dept. of Heavy Industry.
3. Annual evaluation will be done by the Department of Public Enterprises.



Chairman-cum-Managing Director
Heavy Engineering Corporation Limited



Secretary to the Govt. of India
Department of Heavy Industry



Annexure-I
(Sheet 1 of 2)

Evaluation Criteria	Unit	Weight (in %)	MoU Target 2014-15					Documentary evidence & source of documents
			Excellent	V. Good	Good	Fair	Poor	
			1	2	3	4	5	

1. Static/ Financial Parameters

(i) Growth/ Size/ Activity

a) Sales Turnover (excluding interest and other income, duty, tax, etc.)	Rs.Cr.	12	892.00	850.00	807.50	767.13	728.77	Annual Accounts
b) Gross Operating Margin Rate	%	14	11.55	11.00	10.45	9.93	9.43	

(ii) Profitability

PAT / Net Worth	%	8	9.46	9.01	8.56	8.13	7.72	Annual Accounts
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(iii) Costs and Output Efficiency

PAT per Employee	Rs. Lakh	6	1.03	0.98	0.94	0.89	0.84	Annual Accounts
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(iv) Efficiency of Asset Use

a) Average No. Days of Inventory	No. of Days	5	114	120	126	132	139	Annual Accounts
b) Average Collection Period of Trade Receivables (Debtors Turnover Ratio)	No. of Days	5	167	175	183	193	203	

Static Total		50						
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2. Dynamic/ non-financial Parameters

(i) Research & Development (weight 2)

Design Development and Supply of 12 mtr long Deep Hole Boring Machine	Date	2	Nov-2014	Dec-2014	Jan-2015	Feb-2015	Mar-2015	Inspection Certificate by Customer
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(ii) Initiatives for Growth (weight 7)

a) Effluent Water Treatment Plant in all three plants	Date	1.5	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014	Commissioning Certificate
b) Commissioning of reclamation of foundry sand in FFP	Date	1.5	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014	Commissioning Certificate
c) Procurement and commissioning of CNC Flame Cutting Machine	Date	2	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014	Procurement & Commissioning Certificate
d) LPG Conversion of 2 nos. of Gas fired furnace	Date	2	Aug 2014	Sep 2014	Oct 2014	Nov 2014	Dec 2014	Commissioning Certificate

Annexure-I
(Sheet 2 of 2)

Evaluation Criteria	Unit	Weight (in %)	MoU Target 2014-15					Documentary evidence & source of documents
			Excellent	V. Good	Good	Fair	Poor	
			1	2	3	4	5	

2. Dynamic/ non-financial Parameters (contd)

(iii) Productivity and Internal Processes (weight 15)

(a) Market Share								
24/96 Dragline	%	3	38	36	34	32	30	Certificate from CMD
5 CuM Electric Rope Shovel	%	3	83	79	75	71	67	
PG Crusher	%	3	56	53	50	47	44	
(b) Customer Focus Customers Satisfaction Survey by an independent agency (on the scale of 10)	Point	6	7.35	7	6.6	6.3	6	Agency's Report

(iv) Human Resource Management (weight 8)

Employees Grievance Redressal Improvement in % over previous year	%	3	100	60	50	40	30	Certificate from Dir (P)
Formulation of HRM (manpower) 5 year Plan	%	5	Nov-2014	Dec-2014	Jan-2015	Feb-2015	Beyond Feb-2015	Board Approval

3. Sector Specific Parameter/ Enterprise Specific Parameters (weight 18)

a) Power Consumption per ton of Liquid metal Prod. from Furnace	KWH	4	740	779	820	861	904	Certificate from Dir(Prod)
b) Reduction in Coal consumption per ton of production in FFP	%	4	10	8	6	3	2	Certificate from Dir(Prod)
c) Recovery of Doubt-full Debtors	Rs. Cr.	4	7	6	5	4	3	Certificate from Dir(Mktg)
d) Disposal of slack Coal & Scraps (Ferrous/Non Ferrous)	%	2	100	80	60	40	Below 40	Certificate from Dir(Prod)
e) Disposal of Scraps and obsolete inventory (vehicle & plant & machinery)	%	4	100	80	60	40	Below 40	Certificate from Dir(Pers) & Dir(Prod)

- Negative marking as per DPE guidelines will be given at the time of evaluation for non-compliance of Corporate Governance norms and DPE guidelines as per para no.3.21 and 3.22 of DPE guidelines.
- Company will timely submit the periodical reports to various Ministries/Departments related to the projects, if any.

Working of Financial Ratios

(a) Gross Operating Margin Rate

Value in Rs. Lakhs

		2010-11 (Actual)	2011-12 (Actual)	2012-13 (Actual)	2013-14 (RE)	2014-15 (Proj)
I.	Revenue from Operation					
(a)	Sales (net of duties)	64089.95	68161.44	68283.26	64861.05	85000.00
(b)	Job Done for Internal Use	848.42	1076.43	924.02	437.33	512.00
	Total	64938.37	69237.87	69207.28	65298.38	85512.00
II.	Other Income	2874.20	2331.61	4758.18	1811.98	1632.00
III.	TOTAL REVENUE	67812.57	71569.48	73965.46	67110.36	87144.00
IV.	OPERATING EXPENSES:					
(a)	Cost of Material Consumed	31205.09	36895.64	32973.16	26151.64	35259.91
(b)	Employees Benefits Expenses	15270.61	18213.69	14809.87	14921.99	15431.76
(c)	Depletion & Amortization	1144.83	55.4	58.71	0.00	0.00
(d)	Research & Development Exp	45.66	58.09	62.02	68.00	70.00
(f)	Manufacturing Service Cost	3273.84	3028.35	3236.04	3559.34	4122.71
(g)	Manufacturing & Other Operating Exp.	7066.41	6534.01	12454.89	19128.69	21858.66
(h)	Other Provisions / Exp. Written Off	2001.74	924.96	2856.49	1045.91	1050.96
	Total (a to h) [Cost of Goods Sold]	60008.18	65710.14	66451.18	64875.57	77794.00
V.	Gross Operating Margin (III – IV)	7804.39	5859.34	7514.28	2234.79	9350.00
	Gross Operating Margin rate (as % of Sales (net))	12.18%	8.60%	11.00%	3.45%	11.00%
VI.	Administration, Selling & Distribution Exp	3544.41	4024.96	3859.34	4491.83	4853.12
VII.	Gross Margin (V-VI)	4259.98	1834.38	3654.94	-2257.04	4496.88
VIII.	Depreciation	405.97	431.37	535.64	627.35	685.18
IX.	Finance Costs	92.37	515.30	1101.21	975.00	1350.00
X.	Exceptional Items	52.34	(29.30)	19.81	0.00	0.00
XI.	Profit (Loss) before Tax (VII-	3813.98	858.41	2037.90	-3859.39	2461.70
XII.	Tax Expenses	0.00	0.00	0.00	0.00	0.00
XIII	Profit After Tax	3813.98	2037.90	858.41	-3859.39	2461.70

(b) PAT / Net Worth (%)

Value in Rs. Lakhs

		2010-11 (Actual)	2011-12 (Actual)	2012-13 (Actual)	2013-14 (RE)	2014-15 (Proj)
A.	Profit after Tax (PAT)	3813.98	858.41	2037.90	-3859.39	2461.70
B.	Net Worth Calculation					
B1	Share Capital	60607.89	60607.89	60607.89	60607.89	60607.89
B2	Capital Reserve & Surplus	12295.11	11827.57	11360.02	10892.47	10424.92
B3	Deferred Revenue Expenditure	305.55	151.42	98.31	45.20	0.00
B4	Accumulated Loss	90319.65	89461.24	87423.34	46161.55	43699.85
	Net Worth (B1+B2-B3-B4)	-17722.20	-17177.20	-15553.74	25293.61	27332.96
	PAT / Net Worth (%)	-21.52%	-5.00%	-13.10%	-15.26%	9.01%

(c) PAT per Employee

		2010-11 (Actual)	2011-12 (Actual)	2012-13 (Actual)	2013-14 (RE)	2014-15 (Proj)
A	PAT (Rs. Lakh)	3813.98	2037.90	858.41	-3859.39	2461.70
B	Manpower (Nos.) at year end	2769	2404	2389	2135	2500
	PAT per Employee (A÷B)	1.38	0.36	0.85	-1.81	0.98

(d) Average No. of Days of Inventory

Value in Rs. Lakhs

		2010-11 (Actual)	2011-12 (Actual)	2012-13 (Actual)	2013-14 (RE)	2014-15 (Proj)
I.	Inventory (at year end)	23455.37	27374.81	25385.14	24537.93	26575.00
II	Average Inventory (Prev & Current year)	19693.08	25415.09	26379.98	24961.54	25556.47
III	Cost of Goods Sold (Operating Expenses)	60008.18	65710.14	66451.18	64875.57	77794.00
IV	Inventory Turnover Ratio (III ÷ II)	3.0472	2.5855	2.5190	2.5990	3.0440
V	Av. No. of Days of Inventory [365÷ IV]	120	141	145	140	120

(e) Average Collection Period of Trade receivables

Value in Rs. Lakhs

		2010-11 (Actual)	2011-12 (Actual)	2012-13 (Actual)	2013-14 (RE)	2014-15 (Proj)
I	Trades receivable	20970.92	37757.41	37573.66	44226.00	42780.00
II	Average Trades receivable	20534.60	29364.17	37665.54	40899.83	43503.00
III	Gross Sales	68120.59	72523.01	74046.65	69724.85	90736.00
	Average Collection Period of Trade Receivables (Days) (Debtors Turnover Ratio) (365 x II ÷ III)	110	148	186	214	175

Performance Data

Value in Rs. Crore

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15	
	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Anticip	MOU	Proj.
Capacity Utilisation (for each plant separately)												
Production (Physical)												
HMBP (Tons)	10314	9951	10373	8978	11965	8502	11827	9195	12991	9300	12991	9766
FFP (Tons)	8847	8192	11081	8081	11922	6887	12235	8147	11624	6350	11624	6528
HMTP (No. of Machine Tools)		9		5		10		5		7		7
Production (Rs. Cr.)												
HMBP	335.56	332.11	391.80	384.49	430.04	373.12	418.91	424.25	488.80	333.27	488.80	447.14
FFP	142.30	103.27	177.91	93.68	177.53	89.79	188.76	91.63	158.80	71.19	158.80	121.85
HMTP	30.48	24.73	38.19	37.33	42.01	34.76	39.91	26.70	40.23	40.23	40.23	39.00
Profit & Loss Statement Items												
Gross Turnover (As per MOU Target)	550.00	528.53	700.00	681.21	1000.00	725.23	1001.00	740.47	1001.00	697.25	1001.00	907.36
Net Turnover (Based on Gross Turnover Target)	493.51	496.56	660.41	640.90	945.28	681.61	946.81	682.83	930.03	648.61	930.03	648.61
Sales Turnover (net of duty, interest & other income, etc.)												850.00
Interest and other income (including Township Income)	10.19	34.14	14.02	29.20	10.27	23.32	12.26	47.58	14.72	18.12	14.72	16.32
Gross Operating Margin Rate (%)				12.18%		8.60%		11.00%		3.45%		11.00%
Gross Operating Margin				78.04		58.59		75.14		22.35		93.50
EBITDA (Earnings Before Interest, Taxes, Depreciation, and Amortization)	46.50	34.38	54.00	42.60	62.00	18.34	61.00	36.55	66.07	-22.57	66.07	44.97
Depreciation	5.16	3.81	5.20	4.06	5.15	4.31	6.62	5.36	5.61	6.27	5.61	6.85
EBIT (Earnings Before Interest and Taxes)	41.34	30.58	48.80	38.54	56.85	14.03	54.38	31.19	60.46	-28.84	60.46	38.12
Interest Expenses	19.79	0.47	12.00	0.92	4.75	5.15	12.50	11.01	19.75	9.75	19.75	13.50
Prior period Expenses	0.00	-14.17	0.00	-0.52	0.00	0.29	0.00	-0.20	0.00	0.00	0.00	0.00
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
Any other expenses	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 Tax	21.55	44.27	36.80	38.14	52.10	8.58	41.88	20.38	40.71	-38.59	40.71	24.62

Annexure-III
(Sheet 2 of 7)

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15	
	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual
Tax	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 after tax	21.55	44.27	36.80	38.14	52.10	8.58	41.88	20.38	40.71	-38.59	24.62	24.62
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
Profit transferred to Statutory reserves	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Any Other Item	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 Transferred to Balance Sheet	21.55	44.27	36.80	38.14	52.10	8.58	41.88	20.38	40.71	-38.59	24.62	24.62
Balance Sheet Items												
Gross Block	360.76	337.99	363.84	340.82	352.09	343.86	378.82	379.13	393.43	372.67	377.67	377.67
Less: depreciation	281.40	279.75	286.06	283.81	285.64	288.13	294.93	293.49	298.60	296.45	303.30	303.30
Net block	79.36	58.24	77.79	57.00	66.46	55.73	83.89	85.65	94.83	76.22	74.37	74.37
Capital W.I.P.	112.05	24.95	52.93	25.37	103.80	26.29	36.10	2.00	224.04	3.00	5.00	5.00
Share Capital of CPSE	617.75	606.08	606.08	606.08	606.08	606.08	606.08	606.08	706.08	606.08	606.08	606.08
Reserves & Surplus of CPSE	206.58	127.47	201.66	122.95	118.47	118.28	113.60	113.60	108.92	108.92	104.25	104.25
Less: deferred revenue expenditure/ pre-acquisition loss	4.94	3.92	1.55	3.06	1.15	1.51	1.50	0.98	0.50	0.45	0.00	0.00
Less: Profit & Loss A/c (Loss figure)	489.58	941.34	484.38	903.20	428.82	894.61	856.32	874.23	841.51	461.62	437.00	437.00
Net worth of CPSE	329.82	-211.72	321.82	-177.22	294.57	-171.77	-138.14	-155.54	-27.01	252.94	273.33	273.33
Investments												
Current Assets												
Inventory	136.52	159.31	150.12	234.55	201.73	273.75	246.82	253.85	305.38	245.38	265.75	265.75
Trades Receivable	151.37	200.98	191.78	209.71	268.05	377.57	318.92	375.737	317.28	442.26	427.80	427.80
Other Non Current Assets	0.00	133.99	0.00	292.96	178.70	145.15	171.73	206.128	170.84	196.13	159.45	159.45
Loan & Advance	34.65	21.23	15.20	29.15	15.61	35.48	45.11	33.79	38.74	34.25	35.74	35.74
Cash & Bank	83.52	176.99	163.17	24.48	50.21	31.36	37.89	6.30	15.00	5.75	5.00	5.00
Total Current assets	406.05	692.50	520.27	790.84	714.29	863.31	820.47	875.80	847.24	923.77	893.74	893.74
Current Liabilities & Provisions												
Current Liabilities	71.87	722.04	149.68	785.52	297.40	824.04	766.46	860.66	853.04	367.74	402.55	402.55
Provisions	95.78	153.30	149.48	175.27	210.68	198.66	192.14	213.29	138.08	211.21	202.24	202.24
Total current liabilities & provision	167.65	875.34	299.17	960.79	508.08	1022.70	958.60	1073.95	991.12	578.95	604.78	604.78
Net current assets	238.40	-182.84	221.10	-169.95	206.21	-159.39	-138.13	-198.16	-143.88	344.82	218.59	218.59

Annexure-III
(Sheet 3 of 7)

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15	
	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual
Capital employed (Net block+ net current assets)	317.76	-124.60	298.89	-112.94	272.67	-103.66	-54.24	-112.51	-49.05	421.03	363.33	
Total long-term debt (loan funds)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00	0.00
Total Assets (Current Assets + Net Block +Capital WIP)	597.46	775.69	650.98	873.22	884.55	945.33	940.46	963.45	1166.11	1002.98	973.11	
No of employees of CPSE	3200	2870	3500	2769	3000	2404	2800	2389	2800	2135	2500	
Ratios												
PAT / Net Worth	0.065	-0.209	0.114	-0.215	0.177	-0.050	-0.303	-0.131	-1.507	-0.153	0.090	
EBITDA/Net Block	0.5860	0.5904	0.6942	0.7473	0.9330	0.3292	0.7272	0.4267	0.6967	-0.2961	0.6047	
EBIT/Average Capital Employed												
PAT per Employee (Rs. Lakhs)	0.6735	1.5425	1.0515	1.3774	1.7367	0.3571	1.4956	0.8530	1.4538	-1.8077	0.9847	
Current Ratio	2.422	0.791	1.739	0.823	1.406	0.844	0.856	0.815	0.855	1.596	1.478	
Operating Cash Flow		0.93		-126.61		11.53		46.31		-118.77	95.85	
Average No. Days of Inventory				120	95.24	414	113.25	145	363.17	140	120	
Average Inventory	129.79	141.18	154.71	196.93	218.14	254.15	260.29	263.80	279.61	249.62	255.56	
Cost of Goods Sold				600.08	836.01	657.10	838.91	664.51	281.02	648.76	777.94	
Inventory Turnover Ratio				3.047	3.83	2.5585	3.22	2.519	1.01	2.599	3.04	
Average Collection Period of Trade Receivables (Debtors Turnover Ratio)				110		148		186		214	175	
Average Trades receivables				205.35	474.71	293.64	506.69	376.66	534.99	409.00	435.03	
Sales / Net Block	6.22	8.53	8.49	11.24	14.22	12.23	11.29	7.97	9.81	8.51	11.43	

Annexure-III
(Sheet 4 of 7)

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15	
	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Anticip	MOU	Proj.
Working of Gross Margin (EBIDT)												
Net profit	21.55	44.27	36.80	38.14	52.10	8.58	41.88	20.38	40.71	-38.59	24.62	
Add Tax	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net profit before tax	21.55	44.27	36.80	38.14	52.10	8.58	41.88	20.38	40.71	-38.59	24.62	
add Prior period	0.00	-14.17	0.00	-0.52	0.00	0.29	0.00	-0.20	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 and extraordinary items	21.55	30.10	36.80	37.62	52.10	8.88	41.88	20.18	40.71	-38.59	24.62	
add Interest	19.79	0.47	12.00	0.92	4.75	5.15	12.50	11.01	19.75	9.75	13.50	
Gross Profit	41.34	30.58	48.80	38.54	56.85	14.03	54.38	31.19	60.46	-28.84	38.12	
add Depreciation	5.16	3.81	5.20	4.06	5.15	4.31	6.62	5.36	5.61	6.27	6.85	
Misc. expenditure written off	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Margin before Interest, depreciation & misc. expenditure written off	46.50	34.38	54.00	42.60	62.00	18.34	61.00	36.55	66.07	-22.57	44.97	
Working of Gross Operating Margin												
Gross Margin		34.38		42.60		18.34		36.55		-22.57		44.97
Add Administrative, Selling & Distribution				35.4441		40.2496		38.59		44.92		48.53
Gross Operating Margin				78.04		58.59		75.14		22.35		93.50
Gross Operating Margin Rate as % of Net Sales				12.18%		8.60%		11.00%		3.45%		11.00%

Annexure-III

(Sheet 5 of 7)

Profit / Loss Statement

Value in Rs. Crore

Sl. No.	Particulars	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15 Proj.
		(MOU)	Actual	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Anticip	
1.	Total Income											
1.1	Gross Turnover	550.00	528.53	700.00	681.21	1000.00	725.23	1001.00	740.47	1001.00	697.25	907.36
1.2	Less : Excise Duties & Others	56.49	31.97	39.59	40.31	54.72	43.62	54.19	57.63	70.97	48.64	57.36
1.3	Net Turnover	493.51	496.56	660.41	640.90	945.28	681.61	946.81	682.83	930.03	648.61	850.00
1.4	Job Done for Own use	5.00	9.90	5.29	8.48	5.04	10.76	5.04	9.24	5.00	4.37	5.12
1.5	Accm / Depletion of WIP/FG Inventory	-0.23	31.26	2.00	51.17	1.90	-4.64	1.53	-15.31	5.43	-7.89	-2.92
1.6	Production (net of Excise Duty)	498.28	537.72	667.70	700.55	952.22	687.74	953.38	676.77	940.46	645.10	852.20
1.7	Add Other Income (excl Township)	3.69	25.84	7.02	21.18	2.27	11.79	3.51	33.27	2.72	4.62	2.22
	Total Income (1.6 to 1.7)	501.97	563.56	674.72	721.74	954.49	699.53	956.89	710.04	943.18	649.72	854.42
2.	Total Expenditure											
2.1	Material Cost	218.72	222.20	330.14	363.68	497.57	364.32	371.05	314.43	381.74	253.63	349.68
2.2	Administrative & Other Manufacturing Expenses (excluding Township)	136.46	133.77	150.42	144.67	205.33	132.02	345.48	191.36	317.47	266.74	302.69
2.3	R&D Expenses	0.13	0.07	0.07	0.46	0.0957	0.58	0.55	0.62	0.59	0.68	0.70
2.4	Salaries & Wages (Plants+HQRS)	89.59	136.44	123.26	137.96	164.98	166.00	153.69	134.66	158.90	137.01	141.50
2.5	Provision & Misc. Losses	6.00	26.76	9.86	20.74	9.50	8.73	9.07	28.62	7.98	10.11	10.16
2.6	Township Load (net of Revenue))	4.58	9.93	6.97	11.63	15.01	9.54	16.04	3.80	10.43	4.12	4.72
	Total Expenditure (2.1 to 2.6)	455.47	529.17	620.72	679.14	892.49	681.18	895.89	673.49	877.11	672.29	809.45
3.	Gross Margin	46.50	34.38	54.00	42.60	62.00	18.34	61.00	36.55	66.07	-22.57	44.97
3.1	Depreciation	5.16	3.81	5.20	4.06	5.15	4.31	6.62	5.36	5.61	6.27	6.85
3.2	Gross Profit	41.34	30.58	48.80	38.54	56.85	14.03	54.38	31.19	60.46	-28.84	38.12
4.	Profit on Sale of Assets		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5.	Prior Period Adjustment	0.00	-14.17	0.00	-0.52	0.00	0.29	0.00	-0.20	0.00	0.00	0.00
6.	Extraordinary Exp. (VRS Exp)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7.	Interest	19.79	0.47	12.00	0.92	4.75	5.15	12.50	11.01	19.75	9.75	13.50
8.	Provision for tax (including deferred & FBT)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
9.	Net Profit	21.55	44.27	36.80	38.14	52.10	8.58	41.88	20.38	40.71	-38.59	24.6170
10.	Dividend Paid	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11.	Tax on Dividend	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12.	Retained Profit	21.55	44.27	36.80	38.14	52.10	8.584	41.88	20.38	40.71	-38.59	24.62
13.	Return to Capital @ 10% / 4% whichever is applicable #	31.78	-12.46	29.89	-11.29	27.27	-10.37	-5.42	-11.25	-4.90	42.10	36.33
14.	Added Value (3-13)	14.72	46.84	24.11	53.89	34.73	28.71	66.42	47.80	70.97	-64.67	8.64
15.	No. of Employees	3200	2870	3500	2769	3000	2404	2800	2389	2800	2135	2500

Note : 2013-14 (Anticip) is without considering extra-ordinary items (implementation of reliefs already received from Govt. of Jharkhand) effect of which has been considered in Balance Sheet only.

Annexure-III
(Sheet 6 of 7)

Balance Sheet Data
(as on 31st March)

Value in Rs. Crore

Sl. No.	Particulars	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15 Proj.
		MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Anticip	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
1.	Sources of Fund											
1.1	Shareholders fund (a+b+c)	824.33	733.54	807.74	729.03	724.54	724.35	719.68	719.68	815.00	715.00	710.33
	a. Paid-up Capital	617.75	606.08	606.08	606.08	606.08	606.08	606.08	606.08	706.08	606.08	606.08
	b. Share Application Money	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	c. Reserves & Surplus	206.58	127.47	201.66	122.95	118.47	118.28	113.60	113.60	108.92	108.92	104.25
1.2	Secured Loan	100.00	112.07	30.00	89.66	81.90	94.41	120.00	45.03	102.00	96.10	95.00
1.3	Short term Bank Loan & Interest	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	75.00	0.00
1.4	Loan from FIs for Capex	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
1.5	Long-Term Loans (GOI)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	0.00	0.00
	Total (1.1 to 1.5)	924.33	845.61	837.74	818.69	806.45	818.76	839.68	764.71	1017.01	886.10	805.33
2.	Application of Funds											
2.1	Gross Block	360.76	337.99	363.84	340.82	352.09	343.86	378.82	379.13	393.43	372.67	377.67
2.2	Less: Depreciation	281.40	279.75	286.06	283.81	285.64	288.13	294.93	293.49	298.60	296.45	303.30
2.3	Net Block	79.36	58.24	77.79	57.00	66.46	55.73	83.89	85.65	94.83	76.22	74.37
2.4	Capital Work in Progress	112.05	24.95	52.93	25.37	103.80	26.29	36.10	2.00	224.04	3.00	5.00
2.5	Investments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.6	Current Assets	406.05	692.50	520.27	790.84	714.29	863.31	820.47	875.80	847.24	923.77	893.74
	Trade receivables	151.37	200.98	191.78	209.71	268.05	377.57	318.92	375.737	317.28	442.26	427.80
	Other Non-Current Assets	0.00	133.99	0.00	292.96	178.70	145.15	171.73	206.128	170.84	196.13	159.45
	Inventory	136.52	159.31	150.12	234.55	201.73	273.75	246.82	253.85	305.38	245.38	265.75
	Loans and Advances	34.65	21.23	15.20	29.15	15.61	35.48	45.11	33.79	38.74	34.25	35.74
	Cash & Bank	83.52	176.99	163.17	24.48	50.21	31.36	37.89	6.30	15.00	5.75	5.00
2.7	Current Liabilities + Provisions	167.65	875.34	299.17	960.79	508.08	1022.70	958.60	1073.95	991.12	578.95	604.78
	Current Liabilities	71.87	722.04	149.68	785.52	297.40	824.04	766.46	860.66	853.04	367.74	402.55
	Provision	95.78	153.30	149.48	175.27	210.68	198.66	192.14	213.29	138.08	211.21	202.24
2.8	Net Current Assets (2.6 - 2.7)	238.40	-182.84	221.10	-169.95	206.21	-159.39	-138.13	-198.16	-143.88	344.82	288.96
2.9	Deferred Revenue Expenditure	4.94	3.92	1.55	3.06	1.15	1.51	1.50	0.98	0.50	0.45	0.00
2.10	Deferred Tax Asset	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
2.11	Profit & Loss Account (DR)	489.58	941.34	484.38	903.20	428.82	894.61	856.32	874.23	841.51	461.62	437.00
	Total	924.33	845.61	837.74	818.69	806.45	818.76	839.68	764.71	1017.01	886.10	805.33

Note : 2013-14 (Anticip) is considering implementation of reliefs already received from Govt. of Jharkhand with the approval of Govt. of India to provide Grant for Capital Gain Tax arising on reliefs from State Govt. to HEC.

Cash Flow Statement

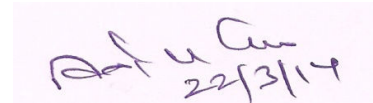
Value in Rs. Crore

	2009-10 (Actual)	2010-11 (Actual)	2011-12 (Actual)	2012-13 (Actual)	2013-14 (Anticip)	2014-15 (Proj)
A. CASH FLOW FROM OPERATING ACTIVITIES						
Net Profit (before extra ordinary item)	44.27	38.14	8.58	20.38	-38.59	24.62
Less						
Prior Period Income	14.17	0.52	-0.29	0.20	0.00	0.00
Extra- ordinary Items (VRS/FBT)	0.00	0.00	0.00	0.00	0.00	0.00
Net Operating Profit	30.10	37.62	8.88	20.18	-38.59	24.62
Adjustments for:						
Depreciation	3.56	4.06	4.31	5.36	6.27	6.85
Interest Expenses	0.47	0.92	5.15	11.01	9.75	13.50
Employee Benefits Provision	0.00	0.00	0.00	0.00	0.00	0.00
D.R.E.	0.72	0.87	1.54	0.53	0.53	0.45
Lease Income	-4.61	-4.68	-4.68	-4.68	-4.68	-4.68
Incremental Provisions	46.75	21.97	23.39	-15.29	-2.08	-8.97
Operating Profit before Working Capital Changes	76.99	60.76	38.60	16.58	-28.80	31.77
Adjustments for:						
Trade & Other Receivables	-130.37	-167.70	-20.06	-59.14	-56.52	51.14
Inventories	-36.25	-75.25	-39.19	19.90	8.47	-20.37
Trade Payables (net of relief from GOJ ①)	96.68	63.49	38.52	66.55	-41.46	34.80
Fringe Benefit Tax Payment	0.00	0.00	0.00	0.00	0.00	0.00
Loans & Advances	-6.13	-7.91	-6.33	1.69	-0.46	-1.49
Cash Generated from Operations	0.93	-126.61	11.53	46.31	-118.77	95.85
B. CASH FLOW FROM INVESTING ACTIVITIES						
Purchase of Fixed Assets	-0.94	-2.83	-3.04	-36.40	-2.00	-5.00
Sale/Adjustment of Fixed Assets	0.00	0.00	0.00	1.12	8.21	0.00
Adjustment in Accumulated Depreciation	0.00	0.00	0.00	0.20	-3.31	0.00
Adjustment in Capital Work-in-Progress	-3.43	-0.43	-0.92	24.29	-1.00	-2.00
Lease income	4.61	4.68	4.68	4.68	4.68	4.68
Net Cash from Investing Activities	0.24	1.43	0.72	-6.11	6.58	-2.32
C. CASH FLOW FROM FINANCING ACTIVITIES						
Increase/Reduction(-) in Share capital	152.84	0.00	0.00	0.00	0.00	0.00
Proceed/ Adj. on GOI Loan from Long-Term Borrowing	0.00	0.00	0.00	0.00	0.00	0.00
Interest Payment	-0.47	-0.92	-5.15	-11.01	-9.75	-13.50
Waival / Restructuring of Unsecured Loan	0.00	0.00	0.00	0.00	0.00	0.00
Impact of Restructuring	79.02	0.00	0.00	0.00	0.00	0.00
Short Term Loans	111.52	-22.41	4.75	-49.38	126.07	-76.10
Loan from FI (for Capex)	0.00	0.00	0.00	0.00	0.00	0.00
Adjustment of Share Application Money	-152.85	0.00	0.00	0.00	0.00	0.00
Liability for leased assets	-83.72	-4.51	-4.68	-4.68	-4.68	-4.68
Net cash from financing activities	106.34	-27.85	-5.08	-65.06	111.64	-94.28
D. CASH FLOW FROM OTHER ACTIVITIES						
Expenses on Prior Period	14.17	0.52	-0.29	0.20	0.00	0.00
VRS Expenditure/FBT	0.00	0.00	0.00	0.00	0.00	0.00
Net cash from Other activities	14.17	0.52	-0.29	0.20	0.00	0.00
Net Increase in cash/cash equivalent	121.68	-152.51	6.88	-25.06	-0.55	-0.75
Opening Balance of Cash/Cash Equivalents	55.31	176.99	24.48	31.36	6.30	5.75
Closing Balance of Cash/Cash Equivalents	176.99	24.48	31.36	6.30	5.75	5.00

① Rs.451.46 crore

Self declaration/certification by CPSE

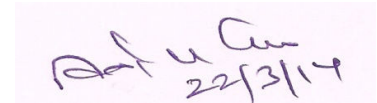
It is hereby certified that the targets and actual achievements in respect of financial parameters have been worked out as per MoU Guidelines by adopting the norms and definitions laid down in MoU Guidelines for the year 2014-15. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per audited accounts as per MoU Guidelines. CPSE has no right of claim in this regard.

Handwritten signature in purple ink, appearing to read 'A.V. Krishna', with the date '22/3/14' written below it.

(A.V. Krishna)
Director (Marketing)

Self-declaration for Compliance or Directives of Government & Regulators

It is hereby certified that the CPSE has complied all the directives of government and requirements of regulators. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per Guidelines, directives issued by the government/regulators. CPSE has no right of claim in this regard.

Handwritten signature in purple ink, appearing to read 'A.V. Krishna', with the date '22/3/14' written below it.

(A.V. Krishna)
Director (Marketing)