



MEMORANDUM OF UNDERSTANDING
BETWEEN
HINDUSTAN SALTS LIMITED
AND
MINISTRY OF HEAVY INDUSTRIES
& PUBLIC ENTERPRISES
DEPARTMENT OF HEAVY INDUSTRY
GOVERNMENT OF INDIA
FOR
FY 2011-12

HINDUSTAN SALTS LIMITED
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MEMORANDUM OF UNDERSTANDING
2011-12

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PART - I

1. VISION

- To be an efficient producer of Salts, Bromine & Bittern based high value products.

2. MISSION

- To produce / supply good quality of value added products.
- To accelerate the process of modernization/ mechanization of manufacture of salt and other by products. .

3. OBJECTIVES

- To increase percentage of high value items by 50% over the previous year.
- Setting up Salt Crusher and Semi-Automatic Packing Machine facility.
- To make available quality Iodized Salt to weaker section through Public Distribution System..
- Efficient Resource Mobilization.
- To increase the market share.



PART - II

EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS

HSL will be empowered with all such delegated powers as are given to MOU Signing Companies.

PART - III

PERFORMANCE EVALUATION PARAMETERS AND TARGETS

Separate statement at page 4

PART - IV

ASSISTANCE FROM THE GOVERNMENT OF INDIA

Assist Company in solving the land, taxes and lease rent disputes with the Governments of Gujarat and Rajasthan.

Help in setting up joint ventures for Solution Mining Project .



PART - V

ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF
MOU

Review of performance to be monitored by the Management on monthly basis, quarterly by Board, six monthly by Ministry and yearly by DPE.

(R.P.GOYAL)
CHAIRMAN & MANAGING DIRECTOR
HINDUSTAN SALTS LIMITED
JAIPUR

(B.S.MEENA)
SECRETARY
DEPTT. OF HEAVY INDUSTRY
MINISTRY OF HI&PE

Date:

Date:



Annexure I

MoU Assessment Format for "Sick and Loss Making CPSEs"

Evaluation Criteria			MoU Target				
			Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)
1. Static /Financial Parameters (40%)	Unit	Weight (in %)					
1.1 Gross Sales	Rs. Cr.	10	19.29	18.38	17.50	16.63	15.79
1.2 Gross Margin	Rs. Cr.	10	2.28	2.17	2.07	1.97	1.87
1.3 Gross Profit	Rs. Cr.	5	1.34	1.28	1.22	1.16	1.10
1.4 Net Profit	Rs. Cr.	5	0.06	0.055	0.05	0.045	0.04
1.5 Cash Generation from Operations.	Rs. Cr.	5	0.93	0.89	0.85	0.81	0.77
1.6 Working Capital / Turnover	Ratio	5	1.63	1.71	1.80	1.89	1.99
Sub-total 1 (1.1+1.2+1.3+1.4+1.5+1.6)		40					
2. Dynamic Parameters (25%)							
2.1 Physical Targets							
Salt	MT	2.5	77000	73500	70000	66000	63000
Bromine	MT	2.5	410	405	400	395	390
2.2 (a) Order Booking during the year	Rs. Cr.	4	20.00	19.00	18.00	17.00	16.00
(b) Export out of order booking as above	Rs. Cr	1	1.50	1.25	1.00	0.90	0.80
2.3 Quality							
(i) Redistillation of liquid Bromine as % of Production	% of production	5	0.80	0.90	1.00	1.10	1.20
2.4 Customer Satisfaction (No. of orders executed as per delivery schedule)	%	5	100	95	90	80	75
2.5 Project Implementation							
(a) Commissioning of salt Crusher	Date	2.5	30.11.11	15.12.11	31.12.11	15.01.12	31.01.12

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(b) Commissioning of Semi Automatic Packing Machine facility	Date	2.5	30.11.11	15.12.11	31.12.11	15.01.12	31.01.12
Sub-total-2. (2.1+2.2+2.3+2.4+2.5)		25					
3. Sector / Enterprise Specific Parameters (35%)							
3.1 Preparation Implementation of Revival Plan - Updation of Corporate Plan upto 2016-17 and approval of Board of Directors thereon	Date	10	31.12.11	15.01.12	31.01.12	15.02.12	29.02.12
3.2 Human Resource Development (manpower rationalization, productivity, improvement, training, motivation and succession planning etc.							
(a) Training for skill development to enhance production of Bromine Plant	mandays	4	60	50	40	30	20
(b) Inclusion of a representative from minorities in the selection committees for recruitment at different levels		1	included	-	-	-	Not included
3.3 Reduction in receivables in terms of Turnover Level of sundry Debtors (no. of days to sales)	no. of days	5	24	27	30	33	36

3.4 Capacity utilization of Bromine plant (installed capacity 900 MT)	%	5	50	45	40	38	35
3.5 Export of Salt	Rs. cr.	5	1.50	1.25	1.00	0.90	0.80
3.6 Corporate Governance		5	Compliance of all DPE guidelines	Compliance of DPE guidelines Implementation of which is under the control of management			
Sub total-3 (3.1+3.2+3.3+3.4+3.5+3.6)		35					
Total (1+2+3)		100					

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Annexure-I
Rs. in Crores

Particulars	2006-07		2007-08		2008-09		2009-10		2010-11		2011-12	
	MoU	ACTUAL	MoU	ACTUAL	MoU	ACTUAL	MoU	ACTUAL	MoU	Anticipated	MoU	MoU
Production	8.26	7.79	16.05	12.56	18.66	27.29	24.05	19.65	29.12	13.75	17.50	17.50
Gross Sales	9.16	8.45	16.96	13.30	19.52	27.40	25.00	19.74	29.00	13.72	17.50	17.50
Gross Margin	0.87	0.66	2.09	1.85	2.25	2.72	2.49	1.86	2.80	1.63	2.07	2.07
Profit before tax	0.52	0.39	1.54	1.26	1.55	1.95	1.49	1.20	2.00	0.88	1.65	1.65
Gross Block	5.75	4.98	7.66	8.36	14.95	9.85	11.25	9.87	14.00	11.37	11.87	11.87
Less dep	3.18	3.09	3.64	3.65	6.10	0.77	5.20	5.10	5.93	5.85	6.65	6.65
Net block	2.57	1.89	4.02	4.71	8.85	9.08	6.05	4.77	8.07	5.52	5.22	5.22
share capital of CPSE	19.45	18.95	21.33	19.45	20.70	22.56	26.80	25.56	26.56	26.56	27.56	27.56
Reserves & surplus of CPSE	10.32	10.28	10.35	10.28	10.27	10.27	10.25	10.27	10.27	10.28	10.32	10.32
Less deferred reve exp / pre-acquisition loss	0.60	1.13	0.60	1.26	1.20	1.25	0.81	2.27	1.37	2.57	2.77	2.77
Less Profit & Loss A/c	10.97	11.97	10.30	11.94	11.78	11.30	11.61	11.27	10.97	11.84	11.80	11.80
Net worth of CPSE	18.20	16.13	20.78	16.53	17.99	20.28	24.63	22.29	24.49	22.43	23.31	23.31
Investment	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60	0.60
Sundry debtors/sales (in %)	20.40%	28.83%	25.00%	12.86%	14.00%	19.53%	10.96%	13.48%	10.34%	19.83%	15.43%	15.43%
Inventory	0.90	0.90	0.85	0.91	0.86	0.60	0.95	0.51	0.99	0.52	0.56	0.56
Total Current assets	22.00	29.08	30.00	28.87	34.27	34.70	34.50	44.99	42.28	49.79	51.49	51.49

Particulars	2006-07		2007-08		2008-09		2009-10		2010-11		2011-12
	MoU	ACTUAL	MoU	ACTUAL	MoU	ACTUAL	MoU	ACTUAL	MoU	Anticipated	MoU
Total current liabilities & provision	4.68	7.27	4.50	9.40	6.50	12.17	8.25	16.61	8.25	18.42	19.80
Net current assets	24.57	22.91	27.71	22.12	34.27	27.06	34.50	28.38	34.03	31.37	31.69
Capital employed (Net block + net current assets)	27.14	24.80	31.73	26.83	43.12	36.14	40.55	33.15	42.10	36.89	36.91
Total debt (loan funds)	19.94	9.18	21.33	11.26	15.77	12.80	22.69	17.94	18.20	23.24	23.87
total assets	28.35	34.66	38.26	37.83	49.82	45.15	46.35	55.46	56.88	61.76	63.96
No of employess of CPSE	125	454	117	375	415	374	370	266	365	260	255
Dividend paid	-	-	-	-	-	-	-	-	-	-	-
Add value (gross margin less capital recovery factor 4% of capital employed for social sector and 10% for other CPSE)	(1.84)	(1.82)	(1.06)	(0.83)	(2.06)	(0.89)	(1.57)	(1.46)	(1.41)	(2.06)	(1.62)
Ratio											
Debt/equity	102.52%	48.44%	100.00%	57.89%	76.18%	56.74%	84.66%	70.19%	68.52%	87.50%	86.61%
Return on Net worth (% age)	0.22%	-2.67%	3.22%	0.18%	2.50%	3.16%	0.81%	0.13%	1.06%	-2.54%	0.21%
PBDIT/ Total employment of CPSE (Rs.)	9.32%	17.85%	35.82%	39.50%	38.02%	40.77%	55.50%	45.70%	43.43%	37.05%	45.00%
Gross Profit/Capital employed (% age)	1.92%	1.57%	4.85%	4.70%	3.59%	5.40%	3.67%	3.62%	4.75%	2.39%	4.47%
Net Profit / Net Worth (% age)	0.22%	-2.67%	3.22%	0.18%	2.50%	3.16%	0.81%	0.13%	1.06%	-2.54%	0.21%

Particulars	2006-07		2007-08		2008-09		2009-10		2010-11		2011-12
	MoU	ACTUAL	MoU	ACTUAL	MoU	ACTUAL	MoU	ACTUAL	MoU	Anticipated	MoU
Working of gross margin											
v) Project Commissioned in value terms											
v) financial return (difference of cost of borrowing & disbursement											
Additional for 'Trading & Consultancy Sector'											
i) Gross margin/ gross sales											
ii) Operating turnover/ Total No of employee of CPSE											
Gross margin - profit before interest, depreciation, tax including deferred tax, amortisation, prior period adjustment a/c & extra ordinary items - Rs in Crores											
Net profit after tax but before extra ordinary items and prior period adjustment a/c											
ADD VALUE (Rs in crores)											



Issues requiring assistance from various State Governments

Government of Gujarat

- (a) To settle the issue regarding 330 acres of land dispute matters at Rann Area and help the Company in eviction of unauthorized occupants from the Company's land and quarters.
- (b) To settle land ownership matter
- (c) For retaining the agricultural and non-agricultural assessment tax of Rs.2.00 per acre.
- (d) All PDS/Govt supplies should be through Hindustan Salts Limited or Sambhar Salts Limited