MEMORANDUM OF UNDERSTANDING
(YEAR 2016-17)

BETWEEN

MINISTRY OF CIVIL AVIATION

AND

PAWAN HANS LIMITED

MEMORANDUM OF UNDERSTANDING- 2016-17
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PAWAN HANS LIMITED
AND
MINISTRY OF CIVIL AVIATION

Sr. No.	Evaluation Criteria	UNIT	WEIGHT	MoU Target				
				EXCELLENT (100)	VERY GOOD (80)	GOOD (60)	FAIR (40)	POOR (20)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
(i)	**Capacity Utilisation**							
	Sector specific physical target- for service CPSEs - Fleet Deployment as a percentage of 80% of total fleet.	%	10%	88%	**85%**	83%	81%	79%
(ii)	**Efficiency parameters (physical operations)**							
	A. Production Efficiency - Sector Specific result oriented efficiency parameters against Benchmark - (i) percentage increase in serviceability over previous year	%	5%	6.0%	**2.0%**	1.5%	1.0%	0.5%
	(ii) Reduction in cost of operations (per flying hour) over previous year	%	5%	4%	**3%**	2%	1%	0%
	B. Technology upgradation - sector specific steps to upgrade technology / operational environment - (i) Installation of Flight Tracking System on 5 Dauphin N3 Helicopters	Date	3%	01.01.2017	**15.01.2017**	31.01.2017	15.02.2017	28.02.2017
	(ii) upgradation of ERP.V. 2001 to latest platform and its implementation in HR Division	Date	2%	01.01.2017	**15.01.2017**	31.01.2017	15.02.2017	28.02.2017
(iii)	**Leveraging Net Worth**							
	CAPEX	Rs./crores	15%	63	**60**	57	51	44
(iv)	**Monitoring Parameter**							
	Percentage of value of CAPEX contracts/projects running/ completed during the year without time/ cost overrun to total value of CAPEX contracts running / completed during the year.	%	5%	100%	**90%**	80%	70%	60%
(v)	**Turnover for Operations**							
	Revenue from operations (net of excise duty)	Rs./crores	5%	520	**515**	510	500	490

Sr. No.	Evaluation Criteria	UNIT	WEIGHT	Criteria Values				
				EXCELLENT (100)	VERY GOOD (80)	GOOD (60)	FAIR (40)	POOR (20)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
vi)	**Operating profit / surplus**							
	Profit before tax (excluding other income, extra-ordinary and exceptional items)	Rs./crores	10%	61	**58**	55	52	49
vii)	**Early sign of Weakness**							
	Reduction in claims against the Company not acknowledged as debt, over the previous year in respect of CPSEs.	%	5%	80%	**70%**	60%	50%	40%
viii)	**Marketing Efficiency Ratios**							
	A) Sector specific result oriented measurable parameter - Customer Satisfaction Index (CSI) survey to be conducted by third party.	On 5 point scale	5%	4.50	**4.30**	4.20	4.10	4.00
	B) Trade receivables as percentage of revenue from operations (Gross)	%	5%	40%	**42%**	44%	48%	56%
ix)	**Return on Investment for Profit earning CPSEs**							
	i) Dividend / PAT	%	5%	30%	**29%**	28%	27%	26%
	ii) PAT / Net Worth or shareholders fund	%	10%	8.10%	**6.95%**	6.45%	5.95%	5.45%
	iii) Dividend / Net Worth	%	5%	2.43%	**2.02%**	1.81%	1.61%	1.42%
x)	**Sector/CPSE Specific Targets** (i) Reduction in reportable incidents per 20000 hours of annual flying (Safety management system) over previous year	Nos.	3%	4	**3**	2	1	0
	(ii) Training to external pilots/engineers/ technical personnel on Revenue Model in its National Institute of Aviation Safety Services (NIASS).	Nos.	2%	100	**90**	80	70	60

1. The targets are based on Provisional figures submitted by the CPSE for 2015-16. In case of better performance of CPSE during 2015-16 as compared to provisional figures, the difference between actual achievement for the year 2015-16 and estimates submitted by the CPSE, shall be added to the targets of 2016-17.
2. Wherever achievement is not verifiable from the Annual Report, verification of the same would be done on the basis of certification by way of resolution by Board of Directors.
3. The targets decided in MoU are unconditional and no offset will be allowed in any condition. Further evaluation would be subject to compliance of additional eligibility criteria as contained in para 14.2 and 14.3 of MoU guidelines 2016-17.

(DR. B.P. SHARMA)
CHAIRMAN & MANAGING DIRECTOR
PAWAN HANS LIMITED

Date : 28th November 2016

(R. N. CHOUBEY)
SECRETARY
MINISTRY OF CIVIL AVIATION

Date : 28th November 2016

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Self declaration/certification by CPSE

It is hereby certified that the targets and actual achievements in respect of MoU parameters have been worked out as per MOU Guidelines by adopting the norms and definitions laid down in MOU Guidelines for the year 2016-17. In case, any deviation is found at any point of time, DPE is free to evaluate the performance as per MOU Guidelines. CPSE has no right of claim in this regard.

29/11/16

(DR. B.P. SHARMA)
Chairman & Managing Director
Pawan Hans Limited