MEMORANDUM OF UNDERSTANDING

BETWEEN

सत्यमेव जयते

MINISTRY OF CIVIL AVIATION

AND

PAWAN HANS LIMITED (PHL)

FOR THE YEAR 2013-14

MEMORANDUM OF UNDERSTANDING- 2013-14
BETWEEN
PAWAN HANS LIMITED
AND
MINISTRY OF CIVIL AVIATION

MoU 2013-14
Approved by DPE/TF
Signed 27/3/13

PART- I. MISSION AND OBJECTIVES OF PAWAN HANS LIMITED

a) MISSION

To become a market leader in Helicopters and Sea Plane services, to provide regional connectivity through Fixed Wing Aircrafts operations and setting up of repair/ overhaul services, components/assemblies at par with international standards.

b) OBJECTIVES:

- To initiate fleet replacement / enhancement plan.
- To achieve optimum utilization of the fleet by ensuring fleet serviceability of 80%.
- To ensure continuous improvement in safety both in the air and on the ground comparable to the best in the aviation industry.
- To expand and modernize repair/overhaul facilities.
- To provide helicopter training, safety service and create infrastructure namely Heliports/Helipads.

PART-II. AUTONOMY AND DELEGATION OF FINANCIAL POWERS

"to exercise powers as laid down by DPE for MOU signing Companies.

PART-III. EVALUATION PARAMETERS AND TARGETS

In fulfillment of its obligation under the MOU, Pawan Hans Ltd. undertakes to achieve the Performance Targets for 2013-2014 as per Annexure-I.

PART—IV. COMMITMENTS / ASSISTANCE FROM THE GOVERNMENT

To assist Pawan Hans in issues concerning Central/State Government agencies and PSUs for Helicopter, Sea Plane and Fixed Wings services. To facilitate early settlement of Government of India claim, recovery of dues from North-Eastern States & other customers, approval from DDA for Rohini Heliport and contract for hiring helicopters on nomination basis by ONGC.

PART—V. ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF MOU

Quarterly Performance Review of Pawan Hans will be carried out by the Ministry of Civil Aviation. Information on the quarterly review will be provided by Pawan Hans. Annual Evaluation would be done by DPE at the end of the financial year.

(ANIL SRIVASTAVA)
Chairman & Managing Director
Pawan Hans Limited
Date : 25th March, 2013

(K.N SHRIVASTAVA)
Secretary
Ministry of Civil Aviation
Date : 25th March, 2013

Pawan Hans Limited
MoU for 2013-14

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Annexure : 1

Sr.No.	CRITERIA	UNIT	WEIGHT	Criteria Values					Means of Verification
				EXCELLENT	VERY GOOD	GOOD	FAIR	POOR	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Part A								
I)	**Static Financial Parameters (50%)**		50%						
(a)	Financial performance Indicators								
i)	Gross Margin/Gross Block	%	2%	8.09%	**7.70%**	7.32%	6.95%	6.60%	Auditor's Certificate
ii)	Net Profit/Net Worth	%	10%	1.62%	**1.55%**	1.47%	1.40%	1.33%	Auditor's Certificate
iii)	Gross Profit/Capital employed	%	10%	3.11%	**2.97%**	2.82%	2.68%	2.54%	- do-
(b)	**Financial Indicators - Size**								
i)	Gross Margin (Profit before interest, depreciation and tax)	Rupees in Crores	8%	120.00	**115.00**	110.00	105.00	100.00	Auditor's Certificate
ii)	Gross Sales	Rupees in Crores	4%	520.00	**500.00**	480.00	470.00	460.00	- do-
(c)	**Financial Returns - Labour productivity and Total Factor productivity**								
i)	PBDIT/Total Employment	Rupees in Lacs	7%	11.48	**10.93**	10.38	9.87	9.37	Auditor's Certificate
ii)	Added Value/Gross Sales	%	9%	-2.17%	**-2.29%**	-2.40%	-2.52%	-2.65%	- do-
II)	**Dynamic Parameters (22%)**		22%						
i)	**Quality Control**		3%						
	- Certification of ISO 9001-2008 (QMS) for NIASS	Month	3%	Dec'13	**Jan'14**	Feb'14	15th Mar'14	31st Mar'14	ISO Auditor's Certificate
ii)	**Explore New Business**		7.0%						
	a) Preparation of Segment-wise Action Plan for Business expansion	Date	4.0%	31st Dec'13	**15th Jan'14**	Ist Feb'14	1s Mar'14	31st Mar'14	Note from Mkt Deptt.
	b) Setting of Organisational Structure of Business Development and operational Team	Date	3.0%	15th Jan'14	**15th Feb'14**	28th Feb'14	1s Mar'14	31st Mar'14	

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Sr.No.	CRITERIA	UNIT	WEIGHT	Criteria Values					Means of Verification
				EXCELLENT	VERY GOOD	GOOD	FAIR	POOR	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
iii)	**Customer Satisfaction**								
	a) Customer satisfaction by an independent Agency	%	3.0%	87%	**85%**	80%	75%	Bellow 75%	Certificate of Agency
iv)	**Human Resources Management**		**5%**						
	a) Risk Management Training for Sr.Mgt. (DGM and above)	Nos	2%	22	**20**	18	16	Bellow 16	HRD Deptt. Report
	b) Employee Training	Nos	1.5%	200	**180**	160	145	130	
	c) Training Interventions (Simulator Training - Pilots)	Nos	1.5%	40	**35**	30	25	20	
vi)	**Project Implementation**		**4.0%**						
	a) Fleet Acquisition - Advance Payment	Date	2.0%	Ist March,14	**10th March,14**	15th March,14	20th March,14	31st March,14	Mkt. Deptt.
	b) CAPEX	Rs/crs	1.0%	50.00	**40.00**	30.00	25.00	20.00	F&A Deptt.
	c) Heliport at Rohini, New Delhi - To achieve physical progress upto 30% of the project	% of physical progress	1.0%	35%	**30%**	25%	20%	18%	Certificate of Architect

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Sr.No.	CRITERIA	UNIT	WEIGHT	Criteria Values					Means of Verification
				EXCELLENT	VERY GOOD	GOOD	FAIR	POOR	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)
	Part B								
	Specific Parameters (28%)		28%						
1	**Enterprise Specific Measures (10%)**		10%						
i)	Safety Indicators No. of serious incidents per twenty thousand hours flying	Nos	2%	11	**12**	13	14	15	Report from Air Safety Deptt
ii)	Implementation of Integrated Information System	Date	2%	31.12.2013	**31.01.2014**	28.02.2014	15.03.2014	31.03.2014	IS Deptt.
iii)	Helicopter Productivity (Annual fleet hrs/Avg fleet size)	Hrs/Annum	2%	753	**717**	682	647	615	MIS Report
iv)	Cost of Operation (Total Cost/Annual Fleet Hrs)	Rs/Lac	2%	1.33	**1.40**	1.47	1.55	1.62	
v)	E- Procurement - Materials	% of Tender	2%	15%	**10%**	8%	6%	4%	Mats Deptt.
2	**Sector Specific (5%)**		5%						
i)	Helicopter Availabilty	%	3%	80%	**78%**	74%	70%	65%	MIS Report
ii)	Employee Productivity - Operating Revenue per employee	(Rs/lacs)	2%	49.90	**47.53**	45.15	42.89	40.76	MIS Report
3	**Non- Financial Parameters (13%)**		13%						
i)	**Corporate Social Responsibility & Sustainability Development**		8% ✓	**Details at Attachment- I & II**					CSR & SD Comm. Report
ii)	**R&D/Innovation: (5%)**		5% ✓	**Details at Attachment- IIII**					Engg.Deptt.

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CORPORATE SOCIAL RESPONSIBILITY & Sustainability Development (8%) **Attachment – I & II**

S No	Parameters	Unit	Wtg	Excellent	**Very Good**	Good	Fair	Poor
1	Scholarship – NE Students Training in Pawan Hans Training Institute (PHTI)	No of beneficiaries	3%	15	**10**	8	5	3
2	Water and Energy Management Audit	No of Bases	3%	3	**2**	1	1	-
3	Senior Management CSR & SD Committee	No of Meeting	1%	4	**3**	2	1	-
4	Expenditure on CSR& SD (3% of PAT FY 2012-13)	%	1%	3.15%	**3.00%**	2.85%	2.71%	2.56%

Note: Means of Verification : Reports from CSR&SD Committee.

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Attachment - III

Research & Development (5%)

S No	Parameters	Unit	Wtg	Excellent	**Very Good**	Good	Fair	Poor	**Achievement**
(1)	(2)	(3)	(4)	(5)	**(6)**	(7)	(8)	(9)	(10)
1	Total R&D Expenditure as % of PAT (2012-13)	%	2.5	0.40%	**0.30%**	0.20%	0.10%	0.08%	
2	Study on Indigenization of Spares	Date	1.0%	08.03.2014	**15.03.2014**	20.03.2014	25.03.2014	31.03.2014	
3)	Study on Flight Following System Based on GAGAN	Date	1.5%	15.01.2014	**31.01.2014**	15.02.2014	28.02.2014	15.03.2014	

Note: Means of Verification : Report from Engg.Deptt.

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Footnote:-

1. Non-compliance of Corporate Governance will also be penalised by way of negative marking and the MoU Score will be increased in the following manner in accordance with DPE OM 18(8)/2005-GM, dated 22nd June 2011.

Sl.	Annual Score	Grading	Penalty Marks	Difference in Score From 'Excellent' Grade
01	85% and Above	Excellent	0	0.00
02	75%-84%	Very Good	0	0.00
03	60%-74%	Good	0.5	0.02
04	50%-59%	Fair	0.5	0.02
05	Below 50%	Poor	1.0	0.04

If a CPSE fails to submit the Self evaluation report in the format enclosed with the OM, its Grading will be treated as poor and score will be inflated accordingly.

2. CPSEs have to give a Certificate regarding Implementation of Guidelines issued by DPE as per OM No.DPE/14(38)/10-Fin Dated 28th June 2011 and also a certificate from their auditors/Chartered Accountant in Practice. Non-compliance of DPE Guidelines determined on the basis of certificate submitted will be penalized up to 1 mark at the discretion of Task Force at the time of MoU Evaluation. (In other words, the MoU Ratings can be increased by 0.04).

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22/4/13

Annexure-

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 2013-14. 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.

Sanjiv Agrawal
(Sanjiv Agrawal)
Company Secretary
Pawan Hans Limited
Authorized Signatory

सजीव अग्रवाल/SANJIV AGRAWAL
कंपनी सचिव एवं महाप्रबंधक (विधि)
Company Secretary & GM (Legal)
पवन हंस लिमिटेड
PAWAN HANS LIMITED
(A Govt. of India Enterprise)
Safdarung Airport, New Delhi-110003

DRAFT MOU 2013-14

Working Details of Financial Parameters

From 2008-09 to 2013-14 (BE)

	Part - A - Static Financial Parameters	Unit	2008-09	2009-10	2010-11	2011-12	V.Good 2012-13 MoU Target	Estimated for the year	V.Good 2013-14 MoU Target
1	2	3	5	6	7	8	9	10	11
1	**Gross Margin (Profit before Intt., Tax & Dep.(PBDIT)**								
	Operating Profit (After Depreciation)		20.30	35.45	48.48	6.27	45.05	29.50	37.50
	Add: Depreciation		36.20	38.21	46.53	60.30	68.56	68.50	77.50
	Gross Margin	Rs.in crores	56.50	73.66	95.01	66.57	113.61	98.00	115.00
2	**Gross Block**	Rs.in crores	708.02	714.64	1022.22	1287.45	1415.97	1479.83	1492.83
3	Gross Margin/Gross Block	%	7.98%	10.31%	9.29%	5.17%	8.02%	6.62%	7.70%
4	**Gross Profit**								
	Gross Margin		56.50	73.66	95.01	66.57	113.61	98.00	115.00
	Less: Depreciation		36.20	38.21	46.53	60.30	68.56	68.50	77.50
	Gross Profit	Rs.in crores	20.30	35.45	48.48	6.27	45.05	29.50	37.50
5	**Net Profit after Tax**	Rs.in crores	25.12	35.45	18.50	(10.35)	2.25	2.00	7.50
6	**Net Worth**								
	Paid up Capital		113.76	113.76	245.62	245.62	245.62	245.62	245.62
	Reserve and surplus		186.61	222.20	240.30	229.95	244.55	231.95	239.45
			300.37	335.96	485.92	475.57	490.17	477.57	485.07
	Net Worth	Rs.in crores	300.37	335.96	485.92	475.57	490.17	477.57	485.07
7	**Capital employed**								
	Gross Block		708.02	714.64	1022.22	1287.45	1415.97	1479.83	1492.83
	Add: Capital WIP		42.29	37.60	25.52	23.03	30.82	11.00	20.00
			750.31	752.24	1047.74	1310.48	1446.79	1490.83	1512.83
	Less: Accumulated Depreciation		255.49	285.63	331.37	375.48	458.89	506.36	583.86
			494.82	466.61	716.37	935.00	987.90	984.47	928.97
	Add: Net Working Capital		(127.39)	(38.43)	(53.60)	307.87	(9.61)	380.85	335.50
	Capital Employed	Rs.in crores	367.43	428.18	662.77	1242.87	978.29	1365.32	1264.47
8	Net Profit/Net Worth	%	8.36%	10.55%	3.81%	-2.18%	0.46%	0.42%	1.55%
9	Gross Profit/ Capital Employed	%	5.52%	8.28%	7.31%	0.50%	4.60%	2.16%	2.97%
10	Gross Sales (Operating Revenue) Helicopter Hire Charges		305.93	380.52	420.61	428.87	494.20	444.10	498.00
	Add: Incidental Income		5.01	3.52	3.35	0.00	2.00	2.00	2.00
	Gross Sales	Rs.in crores	310.94	384.04	423.96	428.87	496.20	446.10	500.00
11	**Total Employment**								
	Opening Staff Strength		761	804	825	989	1015	967	955
	Closing Staff Strength		804	825	989	967	1180	955	1145
	Average Staff Strength	No. of Employees	783	815	907	978	1100	963	1052
12	PBDIT/Total Employment	Rs. in Lacs	7.22	9.04	10.48	6.81	10.33	10.18	10.93
13	**Added Value**								
	Gross Margin		56.50	73.66	95.01	66.57	113.61	98.00	115.00
	Less: 10% of Capital employed		36.74	42.82	66.28	124.29	97.83	136.53	126.45
	Added Value	Rs.in crores	19.76	30.84	28.73	(57.72)	15.78	-38.53	-11.45
14	**Added Value/Gross Sales (operating Rev.)**	%	6.35%	8.03%	6.78%	-13.46%	3.18%	-8.64%	-2.29%

	Dynamic / Specific Parameters	Unit	2008-09	2009-10	2010-11	2011-12	2012-13 MoU Target	2012-13 Estimated for the year	2013-14 MoU Target
	Dynamic Parameters								
	Quality (ISO Certification)								
	Safety Measures								
	Safety Indicators	a)No. of serious incidents per twenty thousand hours flying	25	20	18	12	16	16	12
	Customer Satisfaction	Based on customer feed back		above 90%	nil	100	75	75	85
	HRD	No. of Employees Trained							
	Risk Management Training for Sr.Mgt. (DGM and above)								20
	Pilot Training (Simulator Training)		40	39	91	51	30	0	35
	Employee Development Training		373	357	nil	225	175	0	180
	Part B								
	Specific Parameters								
	Sector Specific								
	Avg. Helicopters deployed per month	Helicopter used on long term lease	29.1	29.20	32.00	31.00	35.00	30.00	36.00
	Annual Fleet Utilisation	Hours per year	27050	29890	32175	29892	33000	28300	33000
	Enterprise Specific								
	Fleet Size		36	35	42	45	47	46	46
	Helicopter Availabilty	Serviciabilty %	81%	83%	83%	81%	77%	68%	78%
	Helicopter Productivity (Total Annual fleet hrs/fleet size)		751.39	830.28	766	664.27	702	622	717
	Employee Productivity	Operating Revenue per Employee (Rs./Lacs)	38.67	47.15	46.74	43.85	45.13	46.32	47.53
	Cost of Operation per hrs	Total operating Exp./ Annual fleet hrs (Rs./Lacs)	1.07	1.17	1.17	1.41	1.37	1.47	1.40

Income - Expenditure Statement

Annexure II (Rs./Crore)

Profit & Loss Particulars	2008-09	2009-10	2010-11	2011-12	V.Good 2012-13		V.Good 2013-14	
	Actual	Actual	Actual	Actual	MOU Target	RE	MOU Target	BE
Total Income	**310.94**	**384.04**	**423.96**	**428.87**	**496.20**	**446.10**	**500.00**	**500.00**
Operating/Sales/Services/Accretion/ Depletion to finished stocks to work-in-progress	310.94	384.04	423.96	428.86	496.20	446.10	500.00	500.00
Total Expenditure (Excl.Dep.)	**254.44**	**310.39**	**328.95**	**362.29**	**382.59**	**348.10**	**385.00**	**385.00**
Raw material	-	-	-	-	-	-	-	-
Purchase of products for resale	-	-	-	-	-	-	-	-
Duties and Other charges applicables to products	-	-	-	-	-	-	-	-
Fuel and Navigation	21.66	21.23	24.53	22.31	33.30	28.35	35.22	35.22
Salaries & Wages	81.13	109.04	121.47	135.93	131.00	127.00	135.00	135.00
Maintenance & Materials & Admn. Expenses	151.65	179.52	182.95	204.05	218.29	192.75	214.78	214.78
Gross Margin	**56.50**	**73.65**	**95.01**	**66.57**	**113.61**	**98.00**	**115.00**	**115.00**
Depreciation	36.20	38.20	46.53	60.30	68.56	68.50	77.50	77.50
Gross Profit	**20.30**	**35.45**	**48.48**	**6.27**	**45.05**	**29.50**	**37.50**	**37.50**
Prior Period Adjustment/Extraordinary Adjustments	9.77	7.64	0.66	21.34	19.73	6.73	7.00	7.00
Other Income/Interest Income (Net)	17.88	12.05	0.32	(5.17)	(26.93)	(14.35)	(18.62)	(18.62)
Provision for tax (inc.deferred tax)	22.83	19.55	30.96	32.79	35.60	19.88	18.38	18.38
Net Profit/(Loss) after Tax	**25.12**	**35.59**	**18.50**	**(10.35)**	**2.25**	**2.00**	**7.50**	**7.50**