

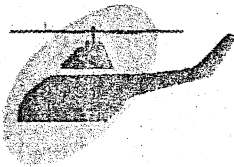
MEMORANDUM OF UNDERSTANDING

BETWEEN



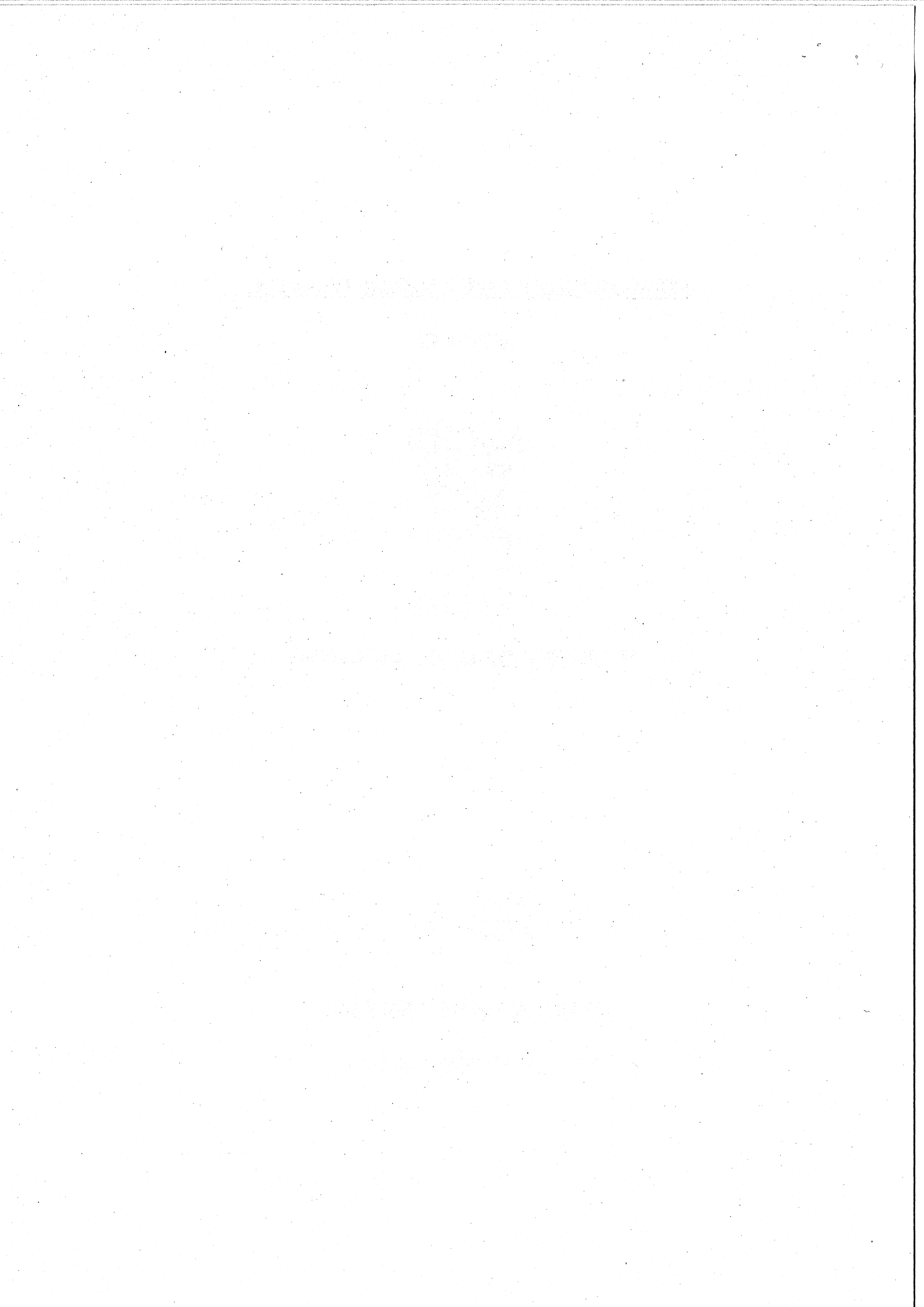
MINISTRY OF CIVIL AVIATION

AND



PAWAN HANS LIMITED

FOR THE YEAR 2014-15



ANNEX

**MEMORANDUM OF UNDERSTANDING- 2014-15
BETWEEN
PAWAN HANS LIMITED
AND
MINISTRY OF CIVIL AVIATION**

PART-I. VISION, MISSION AND OBJECTIVES OF PAWAN HANS LIMITED

- a) VISION
"Enable the people to have access to safe, secure, sustainable, affordable world class niche aviation services."
- b) MISSION
To become a market leader in Helicopters and Sea Plane services, to provide regional connectivity through Small Fixed Wing Aircrafts operations and provide repair/overhaul services at par with international standards.
- c) OBJECTIVES:
- To initiate fleet replacement / enhancement plan.
 - To achieve optimum utilization of the fleet.
 - To ensure continuous improvement in safety both in the air and on the ground comparable to the best in the aviation industry.
 - To diversify into repair/overhaul facilities / services.
 - To provide helicopter training, safety service and create infrastructure namely Heliports/Helipads.
 - Capital restructuring to facilitate fleet enhancement plan.
 - To improve Internal Management Practices and build capacity within the Organization.

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 2014-2015 as per Annexure-I.

PART-IV. COMMITMENTS / ASSISTANCE FROM THE GOVERNMENT

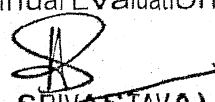
- a) To assist Pawan Hans in issues concerning Central / State Government agencies and PSUs for helicopter, seaplane and small fixed wing services.
- b) To facilitate early settlement of Government of India's claim with regard to purchase of Westland helicopters and capital restructuring of the Company.
- c) To help in timely recovery of dues from North Eastern States and other States / customers.
- d) To help Pawan Hans in getting the restriction of 5 years old aircraft recently introduced by ONGC removed or relaxed to 10 years.

Sauraj
29/03/2014

- e) Help in obtaining Government approval for (a) additional trade related allowances for pilots, AMEs and flight engineers and (b) regularization of pay scales of below board level officers.
- f) Ensure appointment of Functional and Independent Directors.

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 : 28th March, 2014


(ASHOK LAVASA)

Secretary
Ministry of Civil Aviation

Date : 28th March, 2014

Sauraj
27/03/2014

Sr. No.	CRITERIA	UNIT	WEIGHT	MoU Target					Documentary evidence and source/origin of documents (10)
				EXCELLENT	VERY GOOD	GOOD	FAIR	POOR	
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
1.	Static/Financial Parameters (50%) (Mandatory parameters (i) to (iii))		50%						
(i) Growth/Size/Activity (Two)									
a) Sales Turnover				9%	550.00	526.60	500.27	475.26	451.49
									Audited Accounts
b) Gross Operating Margin				9%	73.54	70.04	66.54	63.21	60.05
									Audited Accounts
(ii) Profitability									
a) Profit before Tax/Net Worth				10%	6.18%	5.88%	5.59%	5.31%	5.05%
									Audited Accounts
(iii) Costs and Output Efficiency									
a) Sales Turnover/Net Block				8%	63.30%	60.28%	57.27%	54.40%	51.68%
									Audited Accounts
(iv) Optional Parameters									
a) Debt Service Coverage Ratio based on PBIDYA				Ratio	1.39	1.32	1.25	1.19	1.13
									Audited Accounts
(v) Efficiency of Asset Use									
a) Average Collection Period of Trade Receivables				No. of Months	6%	4.4	4.6	5.0	5.5
									Audited Accounts
Debtors Turnover Ratio)									

Seal of
6/7/2014

Sr. No.	CRITERIA	UNIT	WEIGHT	Criteria Values						Documentary evidence and source/origin of documents
				EXCELLENT	VERY GOOD	GOOD	FAIR	POOR		
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	
2.	Dynamic/Non-Financial Parameters		43%							
i)	Corporate Social Responsibility & Sustainability		3%							CSR & SD Comm. Report
	a) CSR Project - Training to EWS women in any on handicraft, Tailoring etc. in North East	No of Persons	1%	35	30	25	20	15		
	b) SD - Water & Electrical Energy Audit at Offices / bases	No of Offices/ bases	2%	4	3	2	1	-		
ii)	Research & Development/Innovation		2%							Engg. Dept. Report
	a) Study on Operational Research for optimal utilisation of Pilots & Technical personnel	Date	2%	31.01.2015	15.02.2015	28.02.2015	15.03.2015	31.03.2015		
iii)	Initiatives for Growth		10%							
	a) Physical Targets/Output	Total Flying Hours	4%	34000	33500	32500	32000	30500		Mkt. Dept. Report
	b) Marketing initiatives new market - Seaplanes	Avg No. of Seaplane deployed	4%	2	1.5	1.0	0.5	-		Mkt. Dept. Report
	c) Study on feasibility & Modalities of setting up MRO facilities	Date	2%	30 Sept '14	31-Oct-14	15 Nov 14	30 Nov 14	31 Dec 14		Engg. Dept. Report
iv)	Project Management & Implementation/CAPEX		5%							Certificate of Agency
	Roohi Helipoint - physical progress, completion of air side works, steel structures of hangars and passenger terminal building.	Date	5%	31.01.2015	15.02.2015	28.02.2015	15.03.2015	31.03.2015		
v)	Productivity and Internal Process		11%							
	a) Helicopters - Deployed on contracts	No.	2%	35	34	32	30	29		Mkt. Dept. Report
	b) Customer Satisfaction by Independent Agency	%	2%	95%	90%	85%	80%	75%		Report
	c) Value Added/Employee Cost	%	3%	2.3%	2.2%	2.1%	2.0%	1.9%		Audited Accounts
	d) Operating Cost per flying hours	Rs./lacs	2%	1.40	1.47	1.55	1.62	1.70		
	e) Follow up Action on the Segment-wise Action Plan prepared under MoU 2013-14 - Action Taken Report	Date	2%	31.01.2015	15.02.2015	28.02.2015	15.03.2015	31.03.2015		Mkt. Dept. Report
vi)	Technology, Quality, Innovative practices		7%							
	a) Safety Management - Safety incidents index i.e. reportable incidents/20,000 hours of annual flying	Numbers	2.0%	11	12	13	14	15		Head (Safety) Report
	b) Operationalize Flight Following System on Dauphin N3 helicopters upon full commissioning of GAGAN	Date	3%	31.01.2015	15.02.2015	28.02.2015	15.03.2015	31.03.2015		
	c) E- Tendering for items of tender value of Rs.25 lacs and above, except for single manufacturer or mandatory OEM items	% of total tenders of this class	2.0%	100	90	80	70	60		IS Dept. Report
vii)	Human Resource Management		5%							
	a) Employees Training - Skilled/Managerial Training for effective utilization of (i) Pilots (ii) Engineers (iii) Other Executives and Staff	Numbers	3.0%	200	190	180	170	160		P&A Dept. Report
	b) Training in Marketing and Business Development from reputed Institute for E-4 and above level executives	Numbers	2.0%	20	15	12	10	8		
3.	Sector Specific Parameter/Enterprise Specific Parameter		7%							
	a) Fleet Serviceability	%	3.0%	85%	80%	78%	75%	72%		Engg. Dept.
	b) Helicopter Productivity (Annual Fleet Hrs/Lava, Fleet Size)	Hours/Aircraft	4.0%	770	733	697	662	629		

Sanjay
29/03/2014