

**MEMORANDUM OF UNDERSTANDING  
FOR THE FINANCIAL YEAR 2014-15**

**BETWEEN**

**HSCC (INDIA) LIMITED**

**AND**

**MINISTRY OF HEALTH & FAMILY WELFARE  
GOVERNMENT OF INDIA**

**HSCC (India) Limited  
Corporate Office  
E-6(A), Sector-1  
Noida-201301**

## CONTENTS

PART	TITLE	PAGE NO.
1.	Vision, Mission, Corporate values & Quality Policy	1
2.	Corporate Objectives Exercise of Changed Autonomy and Delegation of Financial Powers	2
3.	Performance Evaluation Parameters and targets for the Financial Year 2014-15	3 - 4
4.	Commitments/ Assistance from the Department	5
5.	Action Plan for implementation and Monitoring of the MOU	5
<b>Annexure</b>		
I	Computation of Gross Margin, NP, NW,CE etc.	6
II	No. of New/Ongoing Projects to be completed/ non Completed during the year .	7

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**AND**

**MINISTRY OF HEALTH & FAMILY WELFARE  
GOVERNMENT OF INDIA**

**1.0 VISION, MISSION & OBJECTIVES**

**1.1 VISION**

"To be a leading consulting company providing value-added, innovative and integrated services for enhancing healthcare in India and overseas, leveraging its core competence in other infrastructure projects and providing an invigorating and enabling work environment to its professional employees."

**1.2 MISSION**

"Providing comprehensive, concept to commissioning, project planning, architectural, engineering, project management, procurement and related consulting services for development of buildings and infrastructure for healthcare and other purposes in India and overseas."

**1.3 CORPORATE VALUES**

Focus on value addition to the customer  
Fostering Creativity and innovation within the organization  
Create a learning organization  
Team Spirit as the enabler for all our activities

**1.4 CORPORATE QUALITY POLICY**

To maintain leadership and customer confidence by providing continually improving quality consultancy services in the Healthcare and other Social Sectors.

## 1.5 CORPORATE OBJECTIVES

- A turnover of Rs. 100 Crores in the year 2020-21, implying a CAGR of 15 %.
- Acquire status of a Scheduled B company.
- A geographical spread and visibility over the entire country.
- Acquire competencies in public health and management consultancy and enhance delivery capacity in traditional areas of business.
- Implementation of knowledge management system.
- Develop an e-procurement platform.
- Undertake engineering and project management of other infrastructure projects.

## 2.0 EXERCISE OF CHANGED AUTONOMY AND DELEGATION OF FINANCIAL POWERS

As given by Government to Mini Ratna Companies.

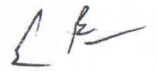
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MOU 2014-15  
HSCC (India) Ltd

3 PERFORMANCE EVALUATION PARAMETER AND TARGETS FOR 2014-15

The criteria weights and targets for the year 2014-15 will be as under:-

PARTICULARS	UNIT	WEIGHTAGE IN %	CRITERIA VALUE					Documentary Evidence	
			Excellent	Very Good	Good	Average	Poor		
As per Annexure I									
<b>STATIC/ FINANCIAL PARAMETERS</b>									
<b>A</b>									
<b><u>Mandatory</u></b>									
i)	<b><u>Growth/Size/Activity</u></b>								
(a)	<u>Turnover</u>	Rs. in Cr	15	41.00	39.50	38.00	36.50	35.00	Annual Accounts
	Consultancy fee								Annual Accounts
(b)	Gross Operating Margin Rate	%	15	46.34	46.15	45.95	45.75	45.57	Annual Accounts
ii)	<b><u>Profitability</u></b>								
(a)	Profit After Tax/ Net Worth	%	5	16.33	15.32	14.68	14.09	13.57	Annual Accounts
(b)	EBIT/Avg. Capital Employed	%	5	26.39	24.67	23.57	22.57	21.70	Annual Accounts
iii)	<b><u>Cost and Output Efficiency</u></b>								
(a)	Profit After Tax/ Number of Regular Employees	Rs. in lakhs	5	13.30	12.51	12.07	11.67	11.33	Annual Accounts
<b>B</b>									
<b><u>Optional</u></b>									
iv)	<b><u>Efficiency of Assets use</u></b>								
(a)	Average Collection Period of Trade Receivables	No of days	5	183	186	188	190	192	Annual Accounts



13



3 PERFORMANCE EVALUATION PARAMETER AND TARGETS FOR 2014-15

The criteria weights and targets for the year 2014-15 will be as under:-

PARTICULARS	UNIT	WEIGHTAGE IN %	CRITERIA VALUE					Documentary Evidence	
			Excellent	Very Good	Good	Average	Poor		
<b>Dynamic/Non Financial Parameters</b>									
<b>(i) Initiative for growth</b>									
(a)	New Order Booking (Fee)	Rs. In Crores	6	40	35	33	30	25	Agreement/Award
-	MOH&FW	Rs. In Crores	3	4	3.2	2.4	2	1.5	Agreement/Award
-	State Govt. and others	Rs. In Crores	3	1	0.8	0.7	0.4	0.2	Agreement/Award
-	Through open bidding								
(b)	MOU for Diversification with National/International Agencies	MOU	3	2	1	-	-	-	MOU Copy
<b>(ii) Human Resource Management</b>									
a)	Training in Diversification Area :	Mandays	4	60	50	40	30	25	HR Certificate
-	Facilities Management/Maintenance Service								
-	Bio Safety Labs								
-	PPP Consultancy								
-	Risk Management								
<b>(iii) ENTERPRISE SPECIFIC PARAMETERS</b>									
a)	Establishment of laboratory/Para Medical Training Complex( under CAPEX)	Rs. In Cr	2	5	4	3	2	1	Certificate
b)	Reduction in Sundry Debtors more than one year as on 31.03.14(other than litigation & arbitration cases)	%	2	45	40	35	30	25	Report
<b>(iv) Productivity and Internal Processes</b>									
a)	Customer Satisfaction Survey (As per format provided by DPE)	No	5	5	4	3	2	1	Certificate
(v)	<b>Corporate Social responsibility</b>	Rs. In lakhs	3	40	35	35	30	25	Voucher
a)	CSR-Woman Delivery Van for Govt. Hospital								
(vi)	<b>Technology, Quality, Innovative Practices</b>								
a)	Market Research by External Agency (Report to be placed before the Board)	Dates	4	31.12.14	31.01.15	28.02.15	15.03.15	31.03.15	Report
(vii)	<b>Project Implementation Monitoring Schedule</b>		15	As per Annexure II					Contractor/Client certificate

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- 4 -

#### 4.1 COMMITMENTS /ASSISTANCE FROM THE DEPARTMENT

4.1 MOH& FW will consider providing increased business support on nomination basis for better utilization of HSCC's demonstrated expertise at least 10% higher as compared to last years.

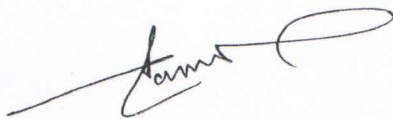
4.2 Assistance in clearing backlog of fees for old projects.

4.3 Assistance in grading the Company in Schedule 'B' to retain excellent manpower and to increase morale of the employees.

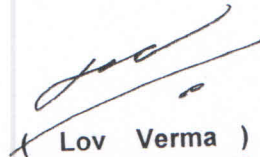
4.4 Limiting the liability of HSCC in Consultancy Projects & Procurement Projects in line with Indian Practice.

#### 5.0 ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU

5.1 Monthly review by PSE.



( Gyanesh Pandey )  
Chairman & Managing Director  
HSCC (India) Ltd



( Lov Verma )  
Secretary (H & FW)  
Ministry of Health & Family Welfare

## HSCC(India) Ltd.

## Annexure-I

## Computation of Gross Margin, NP, NW, CE, etc. (2014-15)

Particulars	(Rs. in lakhs)					
	Excellent Level	Very Good Level	Good Level	Average Level	Poor Level	
<b>A. Income (Turnover)</b>	4100	3950	3800	3650	3500	
i) Consultancy Fee (Gross Sales)	2400	2180	2075	1975	1880	
ii) Interest & Others						
<b>Total</b>	6500	6130	5875	5625	5380	
<b>B. Expenditure</b>	2200	2127	2054	1980	1905	
i) Salaries, Wages & Benefit	820	765	731	691	640	
ii) Administrative, Professional Services & Other Expenses	0	0	0	0	0	
iv) Intt. on Long term Liabilities						
<b>Total</b>	3020	2892	2785	2671	2545	
<b>C. Gross Margin(EBITDA)</b>	3480	3238	3090	2954	2835	
<b>D. Depreciation</b>	55	55	55	55	55	
<b>E. Gross Profit(EBIT)</b>	3425	3183	3035	2899	2780	
<b>F. Taxation</b>	1165	1082	1032	986	945	
<b>G. Profit After Tax</b>	2261	2100	2003	1913	1835	
<b>H. Net Worth (Opening)</b>	12109	12109	12109	12109	12109	
<b>I. Net Worth (Closing)</b>	13843	13721	13647	13577	13516	
<b>J. Capital Employed (Opening)(Net Worth-CWIP-Investments)</b>	12109	12109	12109	12109	12109	
<b>K. Capital Employed (Closing)(Net Worth-CWIP-Investments)</b>	13843	13721	13647	13577	13516	
<b>L. Average Capital Employed</b>	12976	12915	12878	12843	12813	
<b>M. Trade Receivables</b>	2060	2015	1959	1901	1842	
<b>N. Number of Regular Pay Scale Employees</b>	170	168	166	164	162	
<b>O. Turnover</b>	- A (i)	4100	3950	3800	3650	3500
<b>P. Gross Operating Margin</b>	- A (i) - B (i)	1900	1823	1746	1670	1595
<b>Q. Gross Operating Margin Rate (%)</b>	- P/A(i)	46.34	46.15	45.95	45.75	45.57
<b>R. Profit After Tax/ Net Worth (%)</b>	- G/I	16.33	15.32	14.68	14.09	13.57
<b>S. EBIT/Avg.Capital Employed(%)</b>	- E/L	26.39	24.67	23.57	22.57	21.70
<b>T. Profit After Tax/ Number of Regular Employees</b>	- G/N	13.30	12.51	12.07	11.67	11.33
<b>U. Trade Receivables Collection Period</b>		183	186	188	190	192

**Workings****I Details of Net Worth**

Particulars	Excellent Level	Very Good Level	Good Level	Average Level	Poor Level
Net Worth as on 31.3.13 as per the Balance Sheet	10587	10587	10587	10587	10587
PAT during 2013-14 as per revised budget	1983	1983	1983	1983	1983
Dividend @20 % of PAT or paid up capital whichever is higher	397	397	397	397	397
Corporate Dividend Tax	64	64	64	64	64
Net Worth as on 31.3.14	12109	12109	12109	12109	12109
PAT during 2014-15 (at 5 Level)	2261	2100	2003	1913	1835
Dividend @20 % of PAT or paid up capital whichever is higher	452	420	401	383	367
Corporate Dividend Tax	74	68	65	62	60
Net Worth as on 31.3.15	13843	13721	13647	13577	13516

**II Details of Capital Employed**

Net worth as on 31.3.14	12109	12109	12109	12109	12109
Less:- CWIP	0	0	0	0	0
Less:- Investments	0	0	0	0	0
Capital Employed as on 31.3.14	12109	12109	12109	12109	12109
Net worth as on 31.3.15	13843	13721	13647	13577	13516
Less:- CWIP	0	0	0	0	0
Less:- Investments	0	0	0	0	0
Capital Employed as on 31.3.15	13843	13721	13647	13577	13516

Note:- As per DPE Guidelines negative marking for non compliance of DPE Guidelines and Corporate Governance



## HSCC(India) Ltd.

## Project Management &amp; Implementation

## No. of New / on going Projects to be completed / non-completed during the year

S. No.	Name of the Project	Estimated Value (Rs. In Crores)	Milestones / Unit	Weightage	Excellent	Very Good	Good	Average	Poor	Evaluation Criteria
1	Safdarjung-SSB	442.72	Release of all RFC drawings	1	10.08.2014	24.08.2014	31.08.2014	07.09.2014	14.09.2014	Certificate by Contractor/Client
2	CNCI, Kolkata	306.00	Preparation of BOQ & upto issue of tender documents	1	15.11.2014	29.11.2014	06.12.2014	13.12.2014	20.12.2014	Certificate by Contractor/Client
3	RIMS Imphal (Ph-2) Increase of UG seats from 100 to 150	163.08	Preparation of BOQ & tender documents	1	17.07.2014	31.07.2014	07.08.2014	14.05.2014	21.05.2014	Certificate by Contractor/Client
4	AIIMA-Raebareilly-Housing Complex	159.50	Completion of Foundation work.	1	10.08.2014	24.08.2014	31.08.2014	07.09.2014	15.09.2014	Certificate by Contractor/Client
	LGBRIMH-TEJPUR(PKG-I)	91.11	Release of all RFC drawings	1	10.10.2014	24.10.2014	31.10.2014	07.11.2014	14.11.2014	Certificate by Contractor/Client
6	Kalpana Chawla Govt. Medical College	286.81	Release of all structural drawings.	1	28.02.2015	14.03.2015	21.03.2015	28.03.2015	31.03.2015	Certificate by Contractor/Client
7	RIPANS, Aizwal	68.70	Release of all RFC drawings	1	31.12.2014	14.01.2015	21.01.2015	28.01.2015	04.01.2014	Certificate by Contractor/Client
8	Dr.R.P.Medical College, Tanda	57.84	Substantial Completion of Construction work.	1	09.09.2014	23.09.2014	30.09.14	07.10.2014	14.10.2014	Certificate by Contractor/Client
9	AIIMS, Delhi - Surgical Block	50.18	Completion of Foundation work.	1	11.08.2014	25.08.2014	01.09.2014	08.09.2014	15.09.2014	Certificate by Contractor/Client
10	AIIMS Hostel- Delhi	50.00	Substantial completion of Hostel Block-III (Three)	1	10.07.2014	24.07.2014	31.07.2014	07.08.2014	14.08.2014	Certificate by Contractor/Client
11	AIIMS – Bhubneshwar	48.86	Release of all structure drawings.	1	09.09.2014	23.09.2014	30.09.2014	07.10.2014	14.10.2014	Certificate by Contractor/Client
12	Ayush-Shillong	45.52	Substantial completion of Homeopathy Teaching block and Ayurveda Teaching Block	1	10.12.2014	24.12.2014	31.12.2014	07.01.2015	14.01.2015	Certificate by Contractor/Client
13	AIIMS – Mother & Child	190.00	Release of all Foundation drawings.	1	31.08.2014	14.09.2014	21.09.2014	28.09.2014	05.10.2014	Certificate by Contractor/Client
14	Advance Cancer Diagnostic Treatment & Research Centre, Bhatinda	35.07	Substantial Completion, Civil Work	1	30.08.2014	13.09.2014	20.09.2014	27.09.2014	04.10.2014	Certificate by Contractor/Client
15	AIIMS like Institute - Bhubneshwar (Nursing Block)	24.90	Completion of structures including finishing works	1	31.12.2014	14.01.2015	21.01.2015	28.01.2015	04.01.2014	Certificate by Contractor/Client
			<b>Total</b>	<b>15</b>						

Note:- Timely submission of periodical reports of respective projects to Ministries/Clients.

HSCC (India) Ltd

MOU Targets & Actuals for the last five years and MOU Targets for 2013-14 & 2014-15 (Financial Parameters)

PARTICULARS	UNIT	2008-09		2009-10		2010-11		2011-12		2012-13		2013-14	2014-15
		MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual	MOU	MOU
<b>STATIC/ FINANCIAL PARAMETERS</b>													
<u>Growth/Size/Activity</u>													
(a) Turnover													
Consultancy fee	Rs. in Cr	14.50	19.36	14.60	21.38	20.30	23.11	22.50	29.29	27.50	33.80	33.00	38.00
(b) Gross Operating Margin Rate	%	43	45	25	38	21	40	36	49	40	52	46	45.95
<u>Profitability</u>													
(a) Profit After Tax/ Net Worth	%	6.05	14.74	4.32	11.87	4.94	10.58	8.19	16.36	9.05	21.11	9.55	14.68
(b) EBIT/Avg. Capital Employed	%	6	18	7	20	8	18	15	29	16	37	16	23.57
<u>Cost and Output Efficiency</u>													
(a) Profit After Tax/ Number of Regular Employees	Rs. in lakhs	2.30	6.98	1.87	6.36	2.30	6.41	4.53	11.87	5.99	18.35	7.11	12.07
<u>Optional</u>													
<u>Efficiency of Assets use</u>													
(a) Average Collection Period of Trade Receivables	No of days	137	164	325	162	302	253	277	206	212	169	199	188

Note:- MOU Targets have been considered at good level.

**Self declaration / certification by HSCC(India) Ltd**

It is hereby certified that the targets and actual achievements in respect of financial parameters have been worked out as per MOU Guidelines issued 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. HSCC(India) Ltd has no right of claim in this regard.

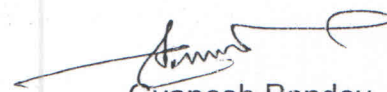
  
Gyanesh Pandey  
Chairman & Managing Director





### **Self declaration for Compliance of Directives of Government & Regulators**

It is hereby certified that the HSCC(India) Ltd. 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 government / regulators. HSCC(India) Ltd has no right of claim in this regard.



Gyanesh Pandey  
Chairman & Managing Director

