

**MEMORANDUM OF UNDERSTANDING
2015-16**

**AIRPORTS AUTHORITY OF INDIA
AND
MINISTRY OF CIVIL AVIATION**



Department of Corporate Planning and Management Services

AIRPORTS AUTHORITY OF INDIA

**MEMORANDUM OF UNDERSTANDING
2015-16
BETWEEN
AIRPORTS AUTHORITY OF INDIA
AND
MINISTRY OF CIVIL AVIATION**

This Memorandum of Understanding between Airports Authority of India (AAI) & Ministry of Civil Aviation is aimed at monitoring the overall performance of AAI. Whereas AAI shall be responsible for achieving the targets specified in MoU, Ministry of Civil Aviation will provide the necessary assistance to AAI for achievements.

This MoU has been structured in 5 parts as follows:

- Part-I Mission, Vision and Objectives
- Part-II Autonomy & Delegation of Financial Powers
- Part-III Performance Assessment Targets & their determination
- Part-IV Commitments/Assistance from Government
- Part-V Action Plan for Implementation & Monitoring of MoU

PART- I

1.0 MISSION, VISION AND OBJECTIVES

1.1 MISSION

“To achieve highest standards of safety and quality in air traffic services and airport management by providing state-of-the-art infrastructure for total customer satisfaction, contributing to economic growth and prosperity of the nation.”

1.2 VISION

To be a world-class organization providing leadership in air traffic services and airport management and making India a major hub in Asia Pacific region by 2016.

1.3 OBJECTIVES

- (a) Augmentation of capacities of Airports and Air Traffic Services to meet aircraft, passenger and cargo traffic needs.
- (b) To generate adequate internal resources for financing expansion and modernization plans.
- (c) Improvement of service standards at airports to match customers' expectations.
- (d) Provision of safe air and ground operations at airports through use of latest technology, equipments and practices.
- (e) To create business opportunities and infrastructure at airports to increase non-aeronautical revenue.
- (f) To improve operational efficiency.

PART-II

2.0 Autonomy & Delegation of Financial Powers

Airports Authority of India's Board is delegated the decision making powers as applicable to Mini Ratna Category – 1 PSEs.

PART-III

3.0 PERFORMANCE ASSESSMENT TARGETS AND THEIR DETERMINATION

Sl. No.	PARAMETERS	UNIT	WTG. (% age)	TARGET 2015-16	TARGETS ON 5 POINT SCALE					
					5	4	3	2	1	
1. STATIC FINANCIAL PARAMETERS										
Mandatory Parameters										
a)	Sales Turnover	Rs. in crore	12	8400.00/ 8600.00*	8820.00/ 9030.00*	8400.00/ 8600.00*	7980.00/ 8170.00*	7581.00/ 7761.50*	7201.95/ 7373.43*	
	Gross Operating Margin	Rs. in crore	8	3330.00/ 3530.00*	3496.50/ 3706.50*	3330.00/ 3530.00*	3163.50/ 3353.50*	3005.32/ 3185.83*	2855.05/ 3026.53*	
	EBIT/ Average Capital Employed	% age	8	17/ 19*	18/ 20*	17/ 19*	16/ 18*	15/ 17*	14/ 16*	
	PAT per employee	Rs. in lakhs	10	5.66/ 6.29*	5.94/ 6.60*	5.66/ 6.29*	5.38/ 5.98*	5.11/ 5.68*	4.85/ 5.39*	
Optional Parameters										
b)	Debtors Turnover	AI & Govt. agencies	No. of days	1	840	798	840	882	926	972
		Others		5	50	45	50	55	60	65
	Current Ratio	Ratio	6	1.7:1	1.8:1	1.7:1	1.6:1	1.5:1	1.4:1	

*The sales Turnover of AAI will be affected on the decision of (Airport Economic Regulatory Authority (AERA) on account of reduction of airport charges in respect of IGI airport. Therefore, financial parameters have been prepared in two scenario on the basis of following assumptions:

- o The target of Sales Turnover of Rs. 8400.00 crores has been calculated with the assumption that AERA may reduce the tariff in respect of DIAL by 78% in 2015-16. The target of Sales Turnover of Rs. 8600.00 crores has been calculated with the assumption that the appeal will be made against the decision of AERA and expected reduction in tariff will be about 58% in respect of DIAL during 2015-16.
- o For performance evaluation of AAI, any of the two alternatives will apply depending upon the decision of AERA.

MoU 2015-16
Approved by DPE/TF
Signed *ARay*

PART-III

3.0 PERFORMANCE ASSESSMENT TARGETS & THEIR DETERMINATION

Sl. No.	PARAMETERS	UNIT	WTG. (% age)	TARGET 2015-16	TARGETS ON 5 POINT SCALE					
					5	4	3	2	1	
2. DYNAMIC/ NON-FINANCIAL PARAMETERS										
c)	CSR & Sustainability	-	8	Details at Annexure 1						
Initiatives for growth:										
d)	Development of Risk Mitigation plan for 2 most important areas	Date	4	28 Feb, 2016	31 Jan, 2016	28 Feb, 2016	15 March, 2016	31 March, 2016	90% by March, 2016	
e)	H R D	Date	6	Details at Annexure 2						
Project Management and Implementation:										
g)	Project Implementation	Date	6	Details at Annexure 3						
h)	Capital Expenditure (CAPEX)	Rs. in crore	2	1973.48	2072.15	1973.48	1874.80	1781.06	1692.01	
Productivity and Internal Processes:										
i)	Customer Satisfaction*	ASQ Survey	On 5 point scale	4	4.15	4.20	4.15	4.10	4.05	4.0
		CSI Survey		4	4.15	4.20	4.15	4.10	4.05	4.0
Technology, Quality, Innovative Practices:										
j)	Implementation of Advance Surface Movement, Guidance & Control System at Amritsar & Lucknow airports for enhancing surveillance, safety efficiency & capacity of ground operations	%age	3	90%	100%	90%	80%	70%	60%	
k)	Validation of upper air space harmonization project in Delhi FIR using TAAM	%age	3	90%	100%	90%	80%	70%	60%	
l)	Implementation of 3 nos. of PBN RNAV-2 routes	%age	3	90%	100%	90%	80%	70%	60%	
3. SECTOR/ ENTERPRISE SPECIFIC PARAMETERS										
m)	Conducting of Internal Audit	No of Airports	2	30	32	30	28	26	24	
n)	Non-Aeronautical Revenue	Rs. in crore	3	1369.32	1437.78	1369.32	1300.85	1235.81	1174.02	
o)	Runway Incursion/Excursion	Per 10 K A/C M	2	1.00	0.95	1.00	1.05	1.10	1.15	

*Details are given at Annexure 4

Footnote:

- Activities to be covered as per Statement 14 of Department of Expenditure for the year 2015-16 in respect of AAI for Rs. 1820 crore may be included as part of MoU documents.
- All internal documents to be signed at least by functional Director of Board.
- Negative marking for CG rating, non-compliance to DPE guidelines, entry of MoSPI & survey data, non-compliance to MSME guidelines and CSR provisions as per Companies Act.

MoU 2015-16
Approved by DPE/CP
Signed *APay*

PART-IV

4.0 COMMITMENTS/ASSISTANCE FROM GOVERNMENT

Ministry of Civil Aviation has been providing the necessary support to AAI on issues related to other Government agencies. In particular, assistance of the Ministry is sought on the following issues:

- Appointment of Part time non-official Members on AAI Board.
- Reimbursement of revenue deficit on account of security expenses.
- Expeditious clearance of the UDF proposals.
- Recovery of dues from Air India.

PART-V

5.0 ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF MoU

Quarterly performance review of AAI will be carried out by the Ministry of Civil Aviation.



Chairman
Airports Authority of India
New Delhi.

Date:

6.4.2015



Secretary
Ministry of Civil Aviation
Govt. of India

Date:

6.4.2015

CORPORATE SOCIAL RESPONSIBILITY AND SUSTAINABILITY:

Sl. No.	Parameters	Unit	Wtg. (%age)	Target on 5 Point Scale				
				5	4	3	2	1
i)	Identification and construction of toilets in school for students (girls/boys) in coordination with concerned state Governments	Qty.	4	250	225	200	175	150
ii)	Establishment of Eco friendly system for waste management	No. of airports	4	5	4	3	2	1

MoU 2015-16
 Approved by DPE/TF
 Signed *Ajay*

HUMAN RESOURCE DEVELOPMENT:

Sl. No	Name of the Parameter	Wtg. (% age)	Unit	TARGETS ON 5 POINT SCALE				
				5	4	3	2	1
1.	Training need assessment and preparation of training plan	2	Date	December, 2015	January, 2016	February, 2016	March, 2016	90% by March, 2016
2.	Employees Training	1	Number	2500	2400	2300	2200	2100
3.	Online PMS system for G.M. and EDs	1	Date	31 st March, 2016	90% by 31 st March, 2016	80% by 31 st March, 2016	70% by 31 st March, 2016	60% by 31 st March, 2016
4.	Employee Satisfaction Survey	1	Date	31 st January, 2016	15 th February, 2016	29 th February, 2016	15 th March, 2016	31 st March, 2016
5.	Assessment of Manpower requirement for non-executives	1	Date	15 th February, 2016	29 th February, 2016	15 th March, 2016	30 th March, 2016	31 st March, 2016

MoU 2015-16
Approved by DPE/TF
Signed *J. Roy*

PROJECT IMPLEMENTATION:

Sl. No	Name of the Project	Wtg. (% age)	Unit	TARGETS ON 5 POINT SCALE				
				5	4	3	2	1
1.	Construction of New Terminal at Chandigarh Airport	1	Date	May, 2015	June, 2015	July, 2015	Aug, 2015	Sept, 2015
2.	Construction of new modular expandable integrated terminal building at Vadodara airport (balance work)	1	%age	75%	70%	65%	60%	55%
3.	Construction of operational office building for Airports Authority of India and Bureau of Civil Aviation Security at Mumbai Airport	1	%age	95%	90%	85%	80%	75%
4.	Extension and strengthening of runway for operation of wide bodied jet aircraft of 'E' category including provision of CAT-II lighting system at Jaipur Airport	1	%age	100%	90%	80%	70%	60%
5.	SITC of CCTV and access control system of ANS operational units at 10 facilities	1	%age	100%	90%	80%	70%	60%
6.	Implementation of approach radar at Lucknow airport for enhancing surveillance efficiency and capability of operations	1	%age	100%	90%	80%	70%	60%

MoU 2015
 Approved by DPE/TF
 Signed *Alay*

2 d) CUSTOMER SATISFACTION:

AAI's performance on Customer Satisfaction shall be evaluated on the basis of surveys to be conducted at top 62 airports.

Out of 62 airports, ASQ survey will be conducted at top 11 airports. At remaining 51 airports, Customer Satisfaction Survey will be conducted by an independent agency.

MoU 2015
Appd. by DPE/TF
Signed *J. Ray*

AIRPORT WISE TARGETS ON CUSTOMER SATISFACTION ON 5 POINT SCALE

Sl. No.	Airport	Wtg.
Airports for ASQ Survey		
1	KOLKATA	5
2	CHENNAI	5
3	AHMEDABAD	4
4	GOA	4
5	TRIVANDRUM	3
6	PUNE	3
7	CALICUT	3
8	GUWAHATI	3
9	JAIPUR	3
10	LUCKNOW	3
11	SRINAGAR	3
Airports for Customer Satisfaction Survey		
12	COIMBATORE	3
13	MANGALORE	2
14	BHUBANESWAR	2
15	INDORE	2
16	AMRITSAR	2
17	TRICHY	2
18	VISAKHAPATNAM	2
19	PATNA	1
20	BAGDOGRA	2
21	PORT BLAIR	2
22	JAMMU	1
23	VADODARA	1
24	AGARTALA	1
25	VARANASI	1
26	CHANDIGARH	1
27	RAIPUR	1
28	IMPHAL	1
29	MADURAI	1
30	UDAIPUR	1
31	RANCHI	1
32	BHOPAL	1
33	LEH	1
34	AURANGABAD	1
35	RAJKOT	1
36	DIBRUGARH	1
37	TIRUPATI	1
38	SILCHAR	1
39	BHUJ	1
40	JODHPUR	1
41	RAJAMUNDARY	1
42	DEHRADUN	1
43	KHAJURAHO	1
44	BHAV NAGAR	1
45	JAM NAGAR	1

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Signed *Ajay*

Annexure 4

(Page 3)

Sl. No.	Airport	Wtg.
46	JORHAT	1
47	VIJAYWADA	1
48	HUBLI	1
49	GAYA	1
50	DIMAPUR	1
51	BHUNTAR	1
52	JABALPUR	1
53	KANDLA	1
54	TUTICORIN	1
55	SURAT	1
56	AGATTI	1
57	GAGGAL	1
58	ALLAHABAD	1
59	GORKHPUR	1
60	PORBANDAR	1
61	AGRA	1
62	BARARANI	1

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Approved by DPE/TF
Signed *Jay*

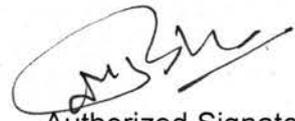
MEANS OF VERIFICATION

Sl. No.	Parameters	Means of Verification
1.	Financial Parameters {Sr. No. 1 a), 1 b), 2 d), 2 h), 3 n)}	Approval of Member (Finance)
2.	CSR & Sustainability {Sr. No. 2 c)}	Approval by Agency/ Specialist/ Consultant appointed during the year
3.	Development of Risk Mitigation Plan for 2 most important areas {Sr. No. 2 e)}	Approval by Member (Operations)
4.	Project Implementation {Sr. No. 2 g)}	Approval by Member (Plg.) and Member (ANS) for their concerned projects.
5.	Customer Satisfaction {Sr. No. 2 i)}	ASQ survey by ACI and CSI by an independent agency
6.	i) Implementation of ASMGCS at Amritsar and Lucknow airports for enhancing surveillance safety efficiency and capacity of ground operations {Sr. No. 2 j}) ii) Validation of upper air space harmonization project in Delhi FIR using TAAM {Sr. No. 2 k}) iii) Implementation of 3 nos. of PBN RNAV- 2 routes {Sr. No. 2 l}) iv) Runway Incursion/ Excursion {Sr. No. 3 o})	Approval by Member (ANS)
7.	Human Resource Development {Sr. No. 2 f)}	Approval by Member (HR)

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 Approved by DPE/TF
 Signed *Atay*

Self-Declaration/Certificate 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 2015-16. 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.

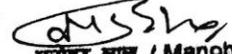


Authorized Signatory

Self-declaration for Compliance of Directive of Government & Regulation

It is hereby certified that the CPSE has complied all the directives of Government and requirement 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 the government/regulators. CPSE has no right of claim in this regard.

Authorised Signatory



मनोहर लाल / Manohar Lal
कार्यप्रमुख निदेशक (सी.पी. एवं एम.एल.), कार्गो, सीपए
Executive Director (CP&MS), CMAA
भारतीय विमानचालन प्राधिकरण / Airports Authority of India
सी-ब्लॉक, राजीव गांधी भवन / C-Block, Rajiv Gandhi Bhawan
सफदरजंग हवाई अड्डा / Safdarjung Airport
नई दिल्ली-110003 / New Delhi-110003

AIRPORTS AUTHORITY OF INDIA

Particulars	2011-12		2012-13		2012-13	2013-14		2014-15	Projected	2015-16
	MOU	ACTUAL	MOU	ACTUAL	Revised	MOU	ACTUAL	MOU	for 31.03.15	Projected
Capacity utilisation										
Production (in Qty)										
Production (in Rs. Crores)										
Profit & Loss Statement Item										
Sales Turnover, excluding interest and other income (operating turnover)	5381.56	5878.67	6295.18	6833.84	6645.93	7611.65	8018.62	8511.43	8586.37	8402
interest & other income	0.00	0.00	0.00	83.52	203.15	148.77	151.42	148.23	156.68	160
Gross operating Margin Rate %	35.68	37.88	45.01	36.63	40.04	39.44	48.19	37.59	46.54	40
Gross operating Margin	1920.33	2227.00	2833.50	2503.58	2592.71	3001.94	3864.57	3199.58	3995.82	3333
EBITDA	1920.33	2227.00	2833.50	2503.58	2592.71	3001.94	3864.57	3303.18	3995.82	3333
Depreciation	856.16	1010.09	1327.53	1203.60	1203.60	1466.39	1368.65	1525.18	1373.61	1419
EBIT	1064.17	1216.91	1505.97	1299.98	1389.11	1535.55	2495.92	1778.00	2622.21	1914
Interest Expenses	19.82	44.71	75.11	31.05	70.52	150.00	154.77	173.00	144.50	141
Prior Period expenses	0.00	0.00	-529.96	-68.28	-68.28	0.00	-111.78	0.00	0.00	0
Extra ordinary items	0.00	0.00	0.00	0.00	0.00	0.00	-67.38	0.00	0.00	0
Any other expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Profit Before Tax	1351.11	1364.13	1430.86	1337.21	1386.87	1385.55	2520.31	1605.00	2477.71	1773
Tax	541.38	505.12	529.96	602.22	651.87	633.59	1079.25	674.00	945.00	719
Profit after tax	809.73	859.01	900.90	734.99	735.00	751.96	1441.06	931.00	1532.71	1054
Dividend Paid	161.95	171.90	180.18	147.00	147.00	150.40	288.00	186.20	306.60	211
Profit transferred to Statutory Reserves	0.00	659.12	690.10	564.14	564.14	577.17	1094.33	713.16	1174.00	807
Any other item	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Profit transferred to Balance Sheet	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Balance Sheet Items										
Gross Block	15954.48	13857.17	18491.99	18346.79	18346.80	20347.94	19028.24	21471.84	20735.25	21435
Less: Depreciation	9396.33	7947.74	9345.33	9116.62	9116.62	10770.27	10374.30	12089.69	11747.91	13167
Net Block	6558.15	5909.43	9146.66	9230.17	9230.18	9577.67	8653.94	9382.15	8987.34	8268
Share Capital of CPSE	677.11	656.56	677.11	656.56	656.56	661.13	656.56	656.56	656.56	657
Reserves & Surplus of CPSE	8351.56	7610.44	9493.05	8174.58	8211.64	8686.99	9318.37	9469.06	10527.00	11487
Less deferred revenue exp./pre acquisition loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Less Profit & Loss A/c (Loss figure)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Net worth of CPSE	9028.67	8267.00	10170.16	8831.14	8868.20	9348.12	9974.93	10125.62	11183.56	12143
Investments	1159.14	1086.31	1159.14	1091.23	1091.23	1911.31	1096.13	1184.13	1196.13	1196
Total current assets	5062.22	5408.04	6243.67	5812.70	5379.93	6229.06	6905.06	6612.68	8123.56	9353
Total current liabilities & provision	7096.72	6659.30	9551.44	7544.23	5211.33	6337.88	6152.31	7158.32	6506.12	5514

AIRPORTS AUTHORITY OF INDIA

Particulars	2011-12		2012-13		2012-13	2013-14		2014-15	Projected for 31.03.15	2015-16 Projected
	MOU	ACTUAL	MOU	ACTUAL	Revised	MOU	ACTUAL	MOU		
Capacity utilisation										
Production (in Qty)										
Production (in Rs. Crores)										
Profit & Loss Statement Item										
Sales Turnover, excluding interest and other income (operating turnover)	5381.56	5878.67	6295.18	6833.84	6645.93	7611.65	8018.62	8511.43	8586.37	8600
interest & other income	0.00	0.00	0.00	83.52	203.15	148.77	151.42	148.23	156.68	160
Gross operating Margin Rate %	35.68	37.88	45.01	36.63	40.04	39.44	48.19	37.59	46.54	41
Gross operating Margin	1920.33	2227.00	2833.50	2503.58	2592.71	3001.94	3864.57	3199.58	3995.82	3531
EBITDA	1920.33	2227.00	2833.50	2503.58	2592.71	3001.94	3864.57	3303.18	3995.82	3531
Depreciation	856.16	1010.09	1327.53	1203.60	1203.60	1466.39	1368.65	1525.18	1373.61	1419
EBIT	1064.17	1216.91	1505.97	1299.98	1389.11	1535.55	2495.92	1778.00	2622.21	2112
Interest Expenses	19.82	44.71	75.11	31.05	70.52	150.00	154.77	173.00	144.50	141
Prior Period expenses	0.00	0.00	-529.96	-68.28	-68.28	0.00	-111.78	0.00	0.00	0
Extra ordinary items	0.00	0.00	0.00	0.00	0.00	0.00	-67.38	0.00	0.00	0
Any other expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Profit Before Tax	1351.11	1364.13	1430.86	1337.21	1386.87	1385.55	2520.31	1605.00	2477.71	1971
Tax	541.38	505.12	529.96	602.22	651.87	633.59	1079.25	674.00	945.00	800
Profit after tax	809.73	859.01	900.90	734.99	735.00	751.96	1441.06	931.00	1532.71	1171
Dividend Paid	161.95	171.90	180.18	147.00	147.00	150.40	288.00	186.20	306.60	234
Profit transferred to Statutory Reserves	0.00	659.12	690.10	564.14	564.14	577.17	1094.33	713.16	1174.00	897
Any other item	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Profit transferred to Balance Sheet	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Balance Sheet Items										
Gross Block	15954.48	13857.17	18491.99	18346.79	18346.80	20347.94	19028.24	21471.84	20735.25	21435
Less: Depreciation	9396.33	7947.74	9345.33	9116.62	9116.62	10770.27	10374.30	12089.69	11747.91	13167
Net Block	6558.15	5909.43	9146.66	9230.17	9230.18	9577.67	8653.94	9382.15	8987.34	8268
Share Capital of CPSE	677.11	656.56	677.11	656.56	656.56	661.13	656.56	656.56	656.56	657
Reserves & Surplus of CPSE	8351.56	7610.44	9493.05	8174.58	8211.64	8686.99	9318.37	9469.06	10527.00	11487
Less deferred revenue exp./pre acquisition loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Less Profit & Loss A/c (Loss figure)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0
Net worth of CPSE	9028.67	8267.00	10170.16	8831.14	8868.20	9348.12	9974.93	10125.62	11183.56	12143
Investments	1159.14	1086.31	1159.14	1091.23	1091.23	1911.31	1096.13	1184.13	1196.13	1196
Total current assets	5062.22	5408.04	6243.67	5812.70	5379.93	6229.06	6905.06	6612.68	8123.56	9353
Total current liabilities & provision	7096.72	6659.30	9551.44	7544.23	5211.33	6337.88	6152.31	7158.32	6506.12	5514

