

MEMORANDUM OF UNDERSTANDING

FOR THE YEAR

2014-2015

BETWEEN

NATIONAL BUILDINGS CONSTRUCTION

CORPORATION LTD.

AND

MINISTRY OF URBAN DEVELOPMENT

GOVERNMENT OF INDIA



*A Mini Ratna
Schedule 'A' PSE*

NATIONAL BUILDINGS CONSTRUCTION CORPORATION LIMITED

(A Mini Ratna Schedule 'A' PSE)

MEMORANDUM OF UNDERSTANDING

BETWEEN

NBCC AND MOUD FOR YEAR 2014-15

PART- I

CORPORATE VISION, MISSION AND OBJECTIVES

CORPORATE VISION:

To be a world-class construction business company attaining global standards of sustainability, quality, customer relations and responsiveness.

MISSION:

A leading company, with high brand equity in construction business, offering sustainable, innovative and cost-effective construction products and services contributing to National wealth, upholding responsibility for the environment, and promoting well-being of all stakeholders including employees, customers, shareholders and society.

OBJECTIVES:

The strategic objectives of NBCC are listed as follows:

1. To be the first ranked construction business company in India.
2. To adopt best practices and state-of-the art technology in construction business to achieve a premier position and gain sustainable competitive advantage.

3. To uphold transparency and ethical standards in decision making and all organizational activities.
4. To provide enough opportunities to its employees for capability building and growth.
5. To ingrain safety in its work practices.
6. To reduce the project time overruns and thus deliver value to projects through costs optimization and effective risk management.
7. To deliver quality products and services to the customers, thus helping to increase customer satisfaction.
8. To enhance speed in service delivery of the projects, thus enhancing customer relations.
9. To minimize disputes/grievances with all stakeholders including clients, partners and employees and enhance speedy redressal.
10. To achieve financial performance in terms of:
 - Sustained increase in profit margins;
 - Sustained increase in Return on Investment (ROI);
 - Sustained increase in revenues;
 - Increase in EVA on a sustainable basis.

PART-II

AUTONOMY AND DELEGATION OF FINANCIAL POWERS

- NIL -

PART-III										
Annexure - III										
PERFORMANCE ASSESSMENT TARGETS AND THEIR DETERMINATION FOR YEAR 2014-15										
NATIONAL BUILDINGS CONSTRUCTION CORPORATION LIMITED										
Sl. No	Evaluation Criteria	Unit	Weightage	Basic Target (BT)	Excellent	Very Good	Good	Fair	Poor	Documentary Evidence
1	Static/Financial Parameter		(100)	(Target)	(1)	(2)	(3)	(4)	(5)	
	i) Growth Size Activity									
	a) Sales Turnover, excluding interest and other income. (Operating Turnover / Sales Turnover shall not include excise duty, custom duty, VAT or any other duty, tax etc.)	Rs. Crore	15	3800	4200	4000	3800	3600	3400	Annual Report
	b) Gross Operating Margin Rate	%	15	9.83%	10.00%	9.90%	9.83%	9.63%	9.40%	Annual Report
	ii) Profitability									
	c) PAT / Net Worth	%	5	16.00%	17.64%	16.80%	16.00%	15.20%	14.44%	Annual Report
	d) EBIT / Avg. Capital Employed	%	5	29.48%	32.50%	30.95%	29.48%	28.01%	26.60%	Annual Report
	iii) Cost and Output efficiency									
	e) PAT / Employees	Rs. Lac.	5	9.33	10.29	9.80	9.33	8.87	8.42	Annual Report
	iv) Liquidity / Leverage									
f) Current Ratio	%	5	138.89%	138.89%	138.89%	138.89%	138.89%	138.89%	Annual Report	
Sub Total - 1										
2	Dynamic / non-financial Parameters									
	i) Initiatives for Growth									
	a) New Order during the Year	Rs. Cr.	10	4500	5000	4800	4500	4200	4000	Annual Report & Order Book
	b) Ratio between nomination and tender routes.	%	2		75:25	77:23	80:20	85:15	90:10	Annual Report & Order Book
	ii) Project Management & Implementation.									
	c) Number of new / on going projects to be completed during the year.		5							As per Annexure-A
d) Milestones to be reached for new / on-going projects that cannot be completed during the year.		10							As per Annexure-B	

MOU 2014-15
Approved by DPE/TF
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PERFORMANCE ASSESSMENT TARGETS AND THEIR DETERMINATION FOR YEAR 2014-15										
NATIONAL BUILDINGS CONSTRUCTION CORPORATION LIMITED										
Sl. No	Evaluation Criteria	Unit	Weightage	Basic Target (BT)	Excellent	Very Good	Good	Fair	Poor	Documentary Evidence
iii)	Productivity and internal Processes.									
	e) Customer satisfaction (Level of satisfaction)	%	5	75	85	80	75	70	65	Summary of customer feedbacks
	f) Implementation of new technology for shuttering at one project. (Project exceeding value 25 crore)	Date	3	31-03-2015	31-01-2015	28-02-2015	31-03-2015	-	-	Certificate from Project incharge
	g) Implementation of new technology for prefabrication at one project. (Project exceeding value 5 crore)	Date	2	31-03-2015	31-01-2015	28-02-2015	31-03-2015	-	-	Certificate from Project incharge
iv)	h) Human Resources Management		8							As per Annexure-C
3	Enterprise Specific Parameters									
i)	Purchase of land.	Rs. Cr.	2	50.00	75.00	65.00	50.00	45.00	40.00	Board Approval for Corporate Plan
ii)	Implementation of VRS Scheme (Scheme Circulation)	Date	3	30-11-2014	30-09-2014	31-10-2014	30-11-2014	31-12-2014	31-01-2015	Copy of circular
	Sub total - 2+3		50							
4	Negative Marking for Non-Compliance of other Guideline / Regulations.									
i)	Procurement from MSME. (Office consumables for NBCC's own consumption)	Compliance Certificate	0							In case of non compliance TF may penalise upto 1 mark.
ii)	Compliance of DPE Guidelines	Compliance Certificate	0							In case of non compliance TF may penalise upto 1 mark.
iii)	Other non-Compliance. Compliance of Data Submission for PE Survey, MOSPI data updation on their website etc.	Compliance Certificate	0							In case of non compliance TF may penalise upto 1 mark.
	Total (1+2+3+4)		100							

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PERFORMANCE ASSESSMENT TARGETS AND THEIR DETERMINATION FOR YEAR 2014-15

NATIONAL BUILDINGS CONSTRUCTION CORPORATION LIMITED

Sl. No	Evaluation Criteria	Unit	Weightage (100)	Basic Target (B1)	Excellent (1)	Very Good (2)	Good (3)	Fair (4)	Poor (5)	Documentary Evidence
	EBITDA (Gross Margin)			310.68	342.52	326.21	310.68	295.15	280.39	
	EBIT (Gross Profit)			309.53	341.26	325.01	309.53	294.05	279.35	
	PAT (Net Profit)			201.02	221.62	211.07	201.02	190.97	181.42	
	Net Worth			1256	1256	1256	1256	1256	1256	
	Current Asset			3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	3,750.00	
	Current Liabilities			2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	2,700.00	
	NET Block			25.00	25.00	25.00	25.00	25.00	25.00	
	Avg. Capital Employed			1,050.00	1,050.00	1,050.00	1,050.00	1,050.00	1,050.00	
	Total Employee (as on 01.02.2014)	Nos.		2,154	2,154	2,154	2,154	2,154	2,154	

* Note of Accounts: Gross margin has been calculated by deducting the Land cost/ material consumed (Note 23), Changes in inventories of work in progress (Note 24) and expenditure in piece rate work / consultancy (Note 24) from Revenue from operations (Note. 19+20).

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Number of new / on going projects to be completed during the year 2014-15

Annexure - A												
S No	Name of Project	Unit	Weightage	Contract value (in Cr)	Target date of Completion	Excellent	V Good	Good	Fair	Poor	Documentary Evidence	
1	CRPF Group Centre, Bahalgarh, Sonapat, Haryana.	Date	1	200	26.01.15	15.01.15	22.01.15	26.01.15	28.02.15	15.03.15	Client / Third Party Certification	
2	Admin Building, Training Block, barracks etc for CRPF, CIAT School, Shivpur, MP	Date	1	104	23.03.15	15.02.15	10.03.15	23.03.15	28.03.15	31.03.15	Client / Third Party Certification	
3	IIT, Patna	Date	1	174	31.01.15	15.01.15	22.01.15	31.01.15	28.02.15	15.03.15	Client / Third Party Certification	
4	CRPF, Balaghat.	Date	1	102	25.03.15	05.03.15	15.03.15	25.03.15	28.03.15	31.03.15	Client / Third Party Certification	
5	Construction of Academic Block-I & II at SVNIT Surat	Date	1	82	31.01.15	30.12.14	15.01.15	31.01.15	15.02.15	28.02.15	Client / Third Party Certification	
	Total		5	661.91								

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PROJECT MANAGEMENT & IMPLEMENTATION : MILE STONE TO BE REACHED DURING THE YEAR 2014-15.

ANNEXURE-B

S. No.	Name of Project	Unit	Weight age	Contract Value (Rs. Cr.)	Date of Start	Contractual date of completion	Excellent	Very Good	Good	Fair	Poor	Documentary evidence
1	Delhi Police Works, Vijay Vihar (ED-North)	Rs. Cr.	1	42.60	04.09.13	03.09.15	17.00	13.00	10.00	7.00	6.00	Billing during the year
2	Delhi Police Works, Dwarka (ED-North)	Rs. Cr.	1	40.66	30.08.13	29.08.15	17.50	14.00	12.00	10.00	8.00	Billing during the year
3	BPR&D and NCRB HQRS at Mahipalpur, New Delhi (ED-North)	Rs. Cr.	1	91.78	15.02.13	14.02.16	30.00	27.50	25.00	22.50	20.00	Billing during the year
4	Construction of 200 bedded hospital at Ambedkar Nagar, New Delhi	Rs. Cr.	1	124.72	30.10.13	29.10.15	40.00	30.00	20.00	15.00	10.00	Billing during the year
5	National Academy of customs, Excise & Narcotics (NACEN), Bangalore	Rs. Cr.	1	35.78	01.01.14	31.12.15	10.00	8.00	5.00	3.00	2.00	Billing during the year
6	Construction of Computer Department, Production Workshop at SVNIT, Surat	Rs. Cr.	1	32.81	01.01.14	30.06.15	18.00	13.00	8.00	5.00	3.00	Billing during the year
7	Construction of Mechanical Department, IC Lab, FM, Boiler Lab at SVNIT, Surat	Rs. Cr.	1	25.05	01.01.14	30.06.15	12.00	8.00	5.00	3.00	2.00	Billing during the year
8	Redevelopment of GPRA at East Kidwai Nagar, New Delhi	Rs. Cr.	1	2816.00	01.12.13	30.11.18	300.00	250.00	200.00	150.00	100.00	Billing during the year
9	Construction of Residential Complex for Income Tax dept. at Hadapsar Pune	Rs. Cr.	1	30.00	01.12.13	31.05.15	15.00	10.00	8.00	4.00	3.00	Billing during the year
10	CDTS Ghaziabad	Rs. Cr.	1	40.00	26.11.13	26.04.17	10.00	8.00	5.00	3.00	2.00	Billing during the year
	Total Weightage		10	3279.40								

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Template for HRM Performance Evaluation under Memorandum of Understanding

Sl. No.	HRM - PERFORMANCE INDICATORS	Measurement Unit	Weightage	Target value under five point scale	Verification Document
1	Project Management training Programme for the Technical Executives.	Man-days	2	150 - Excellent ; 125 - Very Good ; 100 - Good ; 80 - Fair ; < 80 - Poor	Certification by Training Head
2	Training Programme for Non-Executives.	Man-days	2	100 - Excellent ; 90 - Very Good ; 80 - Good ; 70 - Fair ; < 70 - Poor	Certification by Training Head
3	Risk Management Training programme to Sr. Management Personnels.	Man-days	2	10 - Excellent ; 6 - Very Good; 5 - Good; 3 - Fair ; < 3 - Poor	Certification by Training Head
4	Effectiveness of grievances redressal system - % of grievances settled viz-a-viz received during the year.	%	2	100% - Excellent ; 90% - Very Good ; 80% - Good ; 70% - Fair ; < 70% - Poor	Certification by HR Head
	Total		8		



PART-IV

COMMITMENTS / ASSISTANCE FROM THE GOVERNMENT

1. To pursue with Government of National Capital Region Territory (GNCTD) to comply with the orders of High Court relating to land at Ghitorni.
2. EFC / cabinet approval for Printing Press works at various locations and redevelopment of three colony at Netaji Nagar, Kasturba Gandhi Nagar, Thyagraj Nagar and CPWD/ NBCC works at Ghitorni.
3. Being a commercial organization and listed company, NBCC may be allowed to participate for Government projects to be executed in PPP mode.

PART-V

ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU

Performance will be reviewed by the Corporation on quarterly basis and on half-yearly basis by the Ministry of Urban Development against the targets given in this MOU.



ANOOP KUMAR MITTAL
Chairman-cum-Managing
Director,
National Buildings
Construction Corporation Ltd.
New Delhi.



Dr. SUDHIR KRISHNA, IAS
Secretary (UD),
Ministry of Urban Development
Government of India
New Delhi.

TREND OF CPSE'S PERFORMANCE ON FINANCIAL PARAMETERS FOR THE LAST FIVE YEARS

(` in Crore)

SL. NO.	PARTICULARS	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		Latest Benchmarking Details available
		MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	Achievment upto 31.12.13 (Provisional)	PROJECTED FOR 31.03.14	PROJECTED	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
1	Capacity Utilisation (for each plant separately)													
2	Production (in Qty.)													
3	Production (in Rs. Cr.)													
4	Profit & Loss Statement Items													
5	Sales Turnover, excluding interest and other income (Operating Turnover (Sales Turnover shall not include excise duty, custom duty, VAT or any other duty, tax, etc.)	1,950.00	2,981.98	2,540.00	3,126.77	3,400.00	3,429.32	3,500.00	3,186.82	3,600.00	2,563.53	3,600.00	3,800.00	
6	Interest and other income		87.07		104.69		152.98		160.63		107.60	165.00	169.00	
7	Gross Operating Margin Rate(%)		8.87%		9.17%		9.65%		11.49%		11.56%	9.83%	8.89%	
8	Gross Operating Margin		264.54		286.62		330.89		366.25		296.32	354.00	337.68	
9	EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization)		182.62		216.95		282.63		309.17		221.02	323.00	310.68	
10	Depreciation		3.12		9.21		1.96		1.35		1.04	1.25	1.15	
11	EBIT(Earnings Before Interest and Taxes)		179.50		213.74		280.57		307.82		219.98	321.75	309.53	
12	Interest Expenses		4.87		4.32		7.39		5.32		3.41	5.00	5.00	
13	Prior period Expenses		0.04		(0.21)		(3.13)		0.86		(0.26)	-	-	
14	Extra Ordinary Items		-		-		13.52		-		-	-	-	
15	Any other expenses		-		-		-		-		-	-	-	
16	Profit Before Tax		174.59		209.63		289.83		301.64		216.83	316.75	304.53	

TREND OF CPSE'S PERFORMANCE ON FINANCIAL PARAMETERS FOR THE LAST FIVE YEARS

(` in Crore)

SL. NO.	PARTICULARS	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		Latest Benchmarking Details available
		MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
17	Tax		58.09		69.29		99.66		94.14		73.52		103.51	
18	Profit after tax		116.50		140.34		190.17		207.50		143.31		201.02	
19	Dividend Paid		27.26		32.73		48.81		52.30		-		52.30	
20	Profit transferred to Statutory reserves													
21	Any Other Item													
22	Profit Transferred to Balance Sheet		89.24		107.61		141.36		155.20		143.31		156.79	148.72
23	Balance Sheet Items													
24	Grass Block		36.81		35.93		35.20		37.99		36.34		38.00	40.00
25	Less : Depreciation		10.67		11.68		11.88		13.66		12.80		13.50	15.00
26	Net Block		25.14		24.25		23.32		24.33		22.54		24.50	25.00
27	Share Capital of CPSE		90.00		90.00		120.00		120.00		120.00		120.00	120.00
28	Reserves & Surplus of CPSE		456.53		564.14		675.49		830.69		979.97		987.48	1,136.20
29	Less: deferred revenue exp./pre-acquisition loss													
30	Less: Profit & Loss A/c. (Loss figure)													
31	Net worth of CPSE		546.53		654.14		795.49		950.69		1,099.97		1,107.48	1,256.20
32	Investments		260.14		172.68		223.59		162.09		230.14		100.00	100.00
33	Total Current Assets		2,752.14		2,738.39		3,237.19		3,390.17		3,461.79		3,600.00	3,750.00
34														
35	Total current liabilities & provision		2,486.25		2,390.32		2,636.41		2,511.70		2,419.11		2,600.00	2,700.00
36	Net Current Assets		265.89		348.07		600.78		878.47		1,042.68		1,000.00	1,050.00
36	Capital employed (Net Block + Net current assets)		291.03		372.32		624.10		902.79		1,065.22		1,024.50	1,075.00

TREND OF CPSE'S PERFORMANCE ON FINANCIAL PARAMETERS FOR THE LAST FIVE YEARS

₹ in Crore)

Sl. No.	PARTICULARS	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		Latest Benchmarking Details available
		MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	Achivemnt upto 31.12.13 (Provisional)	PROJECTED FOR 31.03.14	PROJECTED	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
37	Total Long-term debt (Loan funds)													
38	Total Assets		2,752.14		3,272.22		3,637.23		3,729.03		3,791.84		4,326.00	
39	No. of Employees of CPSE		2,372		2,341		2,227		2,212		2,271.00		2,154.00	
40	Ratios													
41	PAT/Net Worth		0.21		0.21		0.24		0.22		0.13		0.16	
42	EBITDA/Net Block		7.26		8.95		12.11		12.71		9.81		12.43	
43	EBIT/Average Capital Employed		0.49		0.64		0.56		0.40		0.22		0.31	
44	PAT per employee (Rs. Lakhs)		4.91		5.99		8.54		9.38		6.31		9.33	
45	Current Ratio		1.11		1.15		1.23		1.35		1.43		1.39	
46	Debt Service Coverage Ratio													
47	Operating Cash Flow		118.88		91.45		114.15		61.66		15.98		63.00	
48	Average No. Days of Inventory		31.07		43.45		50.63		70.04		113.91		88.55	
49	Inventory Turnover Ratio		11.18		7.64		7.62		5.04		3.28		4.50	
50	Inventory Collection Period of Trade Receivables		101.59		102.20		100.75		110.86		150.70		104.68	
51	Debtors Turnover Ratio		3.38		3.60		3.35		3.50		2.13		3.46	
52	Loans sanctioned													
53	Disbursements													
54	NPA/Loan Assets													
55	Average cost of funds													
56	Additional for CPSEs registered under Sec. 25 of the Companies Act, 1956													
57	Disbursements													

TREND OF CPSE'S PERFORMANCE ON FINANCIAL PARAMETERS FOR THE LAST FIVE YEARS

(₹ in Crore)

Sl. No.	PARTICULARS	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15		Latest Benchmarking Details available	
		MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL		PROJECTED FOR 31.03.14
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	
58	% of total resources mobilized from sources other than grant in aid of Government														
59	EBITDA/ Total Employment														
60	Recoveries as a % of amount due (Current Year)														
61	Recoveries as a % of amount overdue for varying years (accumulated)														
62	CPSEs should provide all the information as mentioned above, wherever applicable to them.														

CORPORATE PLAN GROWTH PROJECTIONS
(2014-19)

S.No.	Parameters	(Actual)	Projections						
		2012-13	2013-14 (estimated)	2014-15	2015-16	2016-17	2017-18	2018-19	
1	Order Book as on 1st April.	8162	12163	12563	12763	13163	13663	14163	
2	Sales Turnover, excluding interest and other income.	3187	3600	3800	4100	4500	5000	5500	
3	BD during year	7188	4000	4000	4500	5000	5500	6000	
4	Gross Operating Margin	366	354	338	364	400	444	489	
5	EBIT	308	322	310	334	367	407	448	
6	Net Profit	207	209	201	217	238	265	291	
7	Net worth	951	1107	1256	1490	1680	1880	2090	

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ANNEXURE-VII

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 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. CPSE has no right of claim in this regard.

Ren Gupta

Authorised Signatory

**Self declaration for Compliance of Directives of
Government & Regulations**

It is hereby certified that the CPSE has compiled 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 the government / regulators. CPSE has no right of claim in this regard.

Al
Authorised Signatory
BORIN ADAVAL
निदेशक, अधिकारी
राष्ट्रीय विकास मंत्रालय
Ministry of Urban Development
निर्माण भवन, नई दिल्ली
Nirman Bhawan, New Delhi