MEMORANDUM OF UNDERSTANDING (MOU) 2014-2015

ASSAM ASHOK HOTEL CORPORATION LTD.

2014-15
...ved by DPE/TF
Sawraj 28/03/2014

BRAHMAPUTRA ASHOK
GUWAHATI-781 001

MEMORANDUM OF UNDERSTANDING (2014-15)
BETWEEN
ASSAM ASHOK HOTEL CORPORATION LTD.
AND
INDIA TOURISM DEVELOPMENT CORPORATION LTD.

PART-I

MISSION

To achieve the excellence as a business enterprise through the utmost professional approach towards guest satisfaction by providing customer oriented services in a contemporary ambience.

OBJECTIVES

- To function as an efficient corporation with better productivity levels and enhanced profit ratio through effective control.
- To play a prominent role in the promotion and development of tourism in North East.
- To perform through the management-staff partnership through better internal relationships and H.R. Development.
- To earn profit for the organisation and share holders
- To function up to the brand image of Ashok for the best customer satisfaction to maintain the niche market
- To upgrade the hotel facilities with a contemporary outlook.

Sawrefi 28/03/2014

PART - II

DELEGATION OF POWERS

The Assam Ashok Hotel Corporation Ltd. will sustain the powers as provided through various orders by the Department of Public Enterprises of MOU signing companies. Additional powers required in addition to the prevailing ones will be sought whenever felt necessary.

Part – III

PERFORMANCE CRITERIA

Keeping in view the Mission and Objectives, MOU performance criteria and Targets for the year 2014-15 are given in Performance Matrix.

The hotel will sustain its operations as per the set MOU and will continue functioning and operating to achieve higher revenue.

Sawraj 28/02/2014

HOTEL BRAHMAPUTRA ASHOK, GUWAHATI
OBLIGATION OF COMPANY
PERFORMANCE TRAGETS AND EVALUATION CRITERIA FOR 2014-15

(Rs. in Crores)

Evaluation Creteria			MoU Target 2014-15						
1 1. Static / Financial Parameters (40%)	Unit	Weight (in %)	Budget Est.2014-15	Execllent (1)	V.Good (2)	Good (3)	Fair (4)	Poor (5)	Documentary evidence and sources / original of documents
(i) Sales Turnover	Rs. Cr.	8	8.70	9.14	8.70	8.27	7.85	7.46	Audited annual accounts
(ii) Gross Operating Margin	Rs. Cr.	8	0.62	0.65	0.62	0.59	0.56	0.53	-do-
(iii) Net Profit (PAT)	Rs. Cr.	5	0.15	0.16	0.15	0.14	0.14	0.13	-do-
(iv) Net Worth	Rs. Cr.	5	-5.05	-4.80	-5.05	-5.30 ~~-4.80~~	-5.57 ~~-4.56~~	-5.85 ~~-4.33~~	-do-
(v) Cash Generation from Operation	Rs. Cr.	5	0.35	0.37	0.35	0.33	0.32	0.30	-do-
(vi) Working Capital / Turnover Ratio	Ratio	3	-0.43	-0.41	-0.43	-0.46	-0.48	-0.50	-do-
(vii) Average No. Days of Inventory (or Inventory Turnover Ratio)	Ratio	3	18.14	19.04	18.14	17.23	16.37	15.55	-do-
(viii) Avarage Collection Period of Trade Receivables (or, Debtors Turnover Ratio)	Days/Ratio	3	2.74	2.88	2.74	2.60	2.47	2.35	-do-
Sub-total 1 (I to viii)		40							

We ensure the compliance of :

1. Para 3.21 of Guidelines for MoU 2014-15 i.e. Negative Marking for non-compliance of Corporate Governance.
2. Para 3.22 of Guidelines for MoU 2014-15 i.e. Negative Marking for non-compliance of other guidelines/regulations.

Sd/- 28/03/2014

Evaluation Creteria | MoU Target

	Unit	Weight (in %)	Budget Est.2014-15	Execllent (1)	V.Good (2)	Good (3)	Fair (4)	Poor (5)	Documentary evidence and sources / original of documents
2 Dyanamic Parameters									
1 Physical Targets									
(a) Product of ARR & Occupancy	Rs/Per Day	5	2697	2832	2697	2562	2434	2312	Working sheet / Audited data
(b) Occupancy Rate (Industry Average 59%)	%	1	62	68	62	60	56	53	-do-
(c) Average Room Recovery (ARR) (industry Average 4175)	Rs/Per Day	1	4350	4567.5	4350	4132.5	3935	3739	-do-
(d) Reduction in Accounts receivable in terms of amount as on 31.03.14	%	1	15	16	15	14	13	12	Audited annual accounts
(e) Employee Cost / Turnover	%	1	47	45	47	50	52	55	-do-
(ii) Customer Satisfaction		2	87	96	87	83	79	75	Copy of CS Report
(iii) Project Implementation									
Setting up of Kazaringa Jungle Camp	Date	2	31.10.14	30.09.14	31.10.14	30.11.14	-	-	Work order / Completion Certificate
(iv) Technology Up-gradation									
(a) Up-gradation of existing Fire fighting system	Date	8	31.12.14	30.11.14	31.12.14	31.01.15	28.02.15	31.03.15	Work order /Bill
(b) Electronic Door Lock System for guest rooms		8	31.10.14	30.09.14	31.10.14	30.11.14	31.12.14	31.01.~~14~~ 15	Work order /Bill
(v) Prepration / Implementation (as the case may be) of the Business/ Revival plan									
Preparation of DPR for additional rooms	Dtae	4	30.06.14	31.05.14	30.06.14	31.07.14	31.08.14	30.09.14	Bill of Archeitect
(vi) Generation of funds from non- performing assets	Date								
(a) Construction of Board Room	Date	4	31.07.14	30.06.14	31.07.14	31.08.14	30.09.14	31.10.14	Work order /Bill

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(vii) Revenue Generation from Resources Available with the Company									
(a) Lease out Room No. 108,109	Date	3	30.04.14	31.03.14	30.04.14	31.05.14	30.06.14	31.07.14	Lease agreement
(viii) Human Resource Management - HRM									
(a) Computer Training for employees	Manday	5	5	6	5	4	3	2	Self Certification
(b) Training to operation staff in ITDC hotel	Manday	3	5	6	5	4	3	2	Self Certification
(ix) R&D Quality improvement, energy efficiency, cost reduction etc.	Rs.In lakhs								
(a) Energy Audit by PCRA	Date	2	31.10.14	30.09.14	31.10.14	11 30.~~09~~.14			work order / Bill
(b) Cost of food vs Food Sales	%	3	44.00	40.00	44.00	46.00	49.00	51.00	Audited annual accounts
(x) CSR and Sustainability									
(a) Ashok Followship HBA to student	Rs. In lakh	3	1.25	1.30	1.25	1.20	1.13	1.07	Audited annual accounts
3 ***Sector Specific parameters / Enterprises specific Parameter***	Date								
(a) Installation of PSM	Date	2	31.12.14	30.11.14	31.12.14	31.01.15	28.02.15	31.03.15	work order / completion certificate
(b) Initiating process of ISO 14000 certification of hotel	Date	2	28.02.15	31.01.15	28.02.15	31.03.15			Extract of Board meeting
Total (1+2+3)		100							

Annexure -I Trand of financial performance of the Company for the last five years.

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Part – IV

ASSISTANCE/ OBLIGATIONS OF THE GOVERNMENT

Subject to guidelines issued from time to time, the government undertakes to:

I. Assist Assam Ashok Hotel Corporation Ltd. in recovery of its outstanding dues with the Central/State Governments and Public Sector Undertakings.

II. Assist AAHCL in resolving contentious issues pending with Central and State Governments as well as with other organizations.

III. Assist AAHCL in getting Government Approval/Sanction in respect of coming projects/schemes.

COMMITMENT ASSISTANCE FROM THE GOVERNMENT

There are two posts of Independent Directors in AAHCL. The posts are vacant and will be filled in due course.

PART - V

REVIEW / EVALUATION OF PERFORMANCE.

While the performance would be reviewed by the company periodically, the India Tourism Development Corporation Ltd. may review the performance quarterly. The Performance Evaluation Report (Composite Score) on the basis of Audited data will be submitted to Department of Public Enterprises through India Tourism Development Corporation Ltd.

(Anjan Chakravarty)
Managing Director
Assam Ashok Hotel Corp. Ltd.

GShankar
(Girish Shankar)
Managing Director
India Tourism Dev. Corp. Ltd.

Date : 31.03.14

Approved by DPE/TF
Sanjay 28/03/2014

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ASSAM ASHOK HOTEL CORPORATION LIMITED

Unit: Hotel Brahmaputra Ashok - Guwahati

Trend of financial performance of the company for last Five years

(Figure in Corore)

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15
	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	ACTUAL	MOU	Projected	MOU
Capicity Utilisation											
Production (in Qty.)											
Production (in Rs. Cr.)											
Profit & Loss Statements Items											
Sales Turnover	6.26	3.78	6.60	5.92	6.60	6.68	7.18	7.40	7.73	8.07	8.70
Interest and other Income											
Gross Operating Margin Rate (%)	21	-20	20	-4	15	4	15	-2	8	6	7
Gross Operating Margin)	1.31	-0.75	1.35	-0.21	1.00	0.30	1.11	-0.18	0.60	0.45	0.62
EBITDA (Earnings before Interest, Taxes,Deperciation	1.31	-0.75	1.35	-0.21	1.00	0.30	1.11	-0.18	0.60	0.45	0.62
Depreciation	0.18	0.12	0.16	0.12	0.15	0.13	0.14	0.14	0.15	0.15	0.15
EBIT (Earning Before Interest and Taxes)	1.13	-0.87	1.19	-0.33	0.85	0.17	0.97	-0.32	0.45	0.30	0.47
Interest Expenses	0.25	0.21	0.27	0.21	0.27	0.22	0.25	0.22	0.24	0.24	0.24
Prior period Expenses		0.10		0.05	0	-0.02	0	-0.20	0	0	0
Extra Ordinary Items											
Any Other expenses											
Profit Before tax	0.88	-1.18	0.92	-0.59	0.58	-0.07	0.72	-0.34	0.21	0.06	0.23
Tax	0.29	0	0.28	0	0.18	-0.04	0.22	-0.12	0.06	0.02	0.08
Profit After Tax	0.59	-1.18	0.64	-0.59	0.40	-0.11	0.50	-0.22	0.15	0.04	0.15
Dividend Paid											
Profit transfer to Statutory reserves											
Any Other Item											
Profit Transfer to Balance Sheet											
Balance Sheet Items											
Gross block	5.50	4.72	9.41	4.84	9.43	5.04	10.18	5.17	5.23	5.19	5.32
Less: Deperciation	2.40	2.45	2.62	2.58	2.91	2.59	2.88	2.74	2.89	2.89	2.98
Net Block	3.10	2.27	6.79	2.26	6.52	2.45	7.3	2.43	2.34	2.30	2.34
Share Capital of CPSE	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Reserves & Surplus of CPSE	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Less: deferred revenue exp. / pre-acquistion loss	-	-	-	-	-	-	-	-	-	-	-

Less: Profit & Loss A/c (Loss figure)	-3.61	-5.58	-4.16	-6.18	-5.27	-6.29	-5.84	-6.51	-6.42	-6.47	-6.30
Net Worth of CPSE	-2.36	-4.33	-2.91	-4.93	-4.02	-5.04	-4.59	-5.26	-5.17	-5.22	-5.05
Investments	-	-	-	-	-	-	-	-	-	-	
Total current Assets	4.42	1.88	3.40	2.49	2.9	1.89	2.04	2.25	2.13	2.61	2.28
Total Current liabilities & provision	6.50	5.89	5.63	6.91	5.89	6.48	6.16	6.97	6.29	6.74	6.06
Net Current Assets	-2.08	-4.01	-2.23	-4.42	-2.99	-4.59	-4.12	-4.72	-4.16	-4.13	-3.78
Capital employed (Net block + net current assets)	1.02	-1.74	4.56	-2.16	3.53	-2.14	3.18	-2.29	-1.82	-1.83	-1.44
Total long-term debt (loan funds)	3.63	2.59	2.93	2.77	3.10	2.94	3.23	3.13	3.42	3.37	3.61
Total Assets	3.91	-1.43	6.03	-1.43	4.15	-1.95	3.50	-1.83	-1.95	-1.56	-1.68
No.of employees of CPSE	77	74	73	75	75	75	74	72	75	74	72
Ratio											
PAT / Net Worth	-0.25	0.27	-0.22	0.12	-0.10	0.02	-0.11	0.04	-0.03	-0.01	-0.03
EBITDA / Net worth	-0.56	0.17	-0.46	0.04	-0.25	-0.06	-0.24	0.03	-0.12	-0.09	-0.12
EBIT / Average Capital Employed	1.11	0.50	0.26	0.15	0.24	-0.08	0.31	0.14	-0.25	-0.16	-0.33
PAT per employee (Rs. Lkahs)	0.01	-0.02	0.01	-0.01	0.01	0.00	0.01	0.00	0.00	0.00	0.00
Current Ratio	0.68	0.32	0.60	0.36	0.49	0.29	0.33	0.32	0.34	0.39	0.38
Debt Service Coverage Ratio	0.36	-0.29	0.46	-0.08	0.32	0.10	0.34	-0.06	0.18	0.13	0.17
Operating Cash Flow	1.02	-0.75	1.07	-0.21	0.82	0.34	0.89	-0.06	0.54	0.43	0.54
Average No. Days of Inventory	20.05	35.56	19.72	23.10	20.24	29.59	22.05	23.46	20.3	24.08	20.12
Inventory Turnover Ratio	18.20	10.26	18.50	15.80	18.03	12.33	16.55	15.56	17.97	15.15	18.14
Debtors Turnover Ratio	1.88	1.48	1.89	2.49	2.06	3.07	2.19	2.36	2.24	2.49	2.74
Loan sanctioned											
Disbursements											
NPA/Loan Assets											
Average cost of funds											
Additional for 'Sick and Loss making CPSEs'											
Cash Generation from Operations	-	-0.27	-	0.65	0.24	-0.27	0.19	-0.14	0.20	0.10	0.35
Working Capital Turnover Ratio	-0.33	-1.06	-0.34	-0.75	-0.45	-0.69	-0.57	-0.64	-0.54	-0.51	-0.43

ANNEXURE – VII

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 2014-15. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per MoU Guidelines. CPSE has no right of claim in this regards.

Authorised Signatory
21.1.2014
(Anjan Chakravarty)
Managing Director
Assam Ashok Hotel Corporation Limited

ANNEXURE – VIII

Self declaration for Compliance of Directive of Government & Regulators

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

Authorised Signatory
21.1.2014
(Anjan Chakravarty)
Managing Director
Assam Ashok Hotel Corporation Limited