

M-01/0145/2014-DPE(MoU)
Government of India
Ministry of Heavy Industries & Public Enterprises
Department of Public Enterprises
(MoU Division)

Block No. 14, 3rd Floor
CGO Complex, Lodi Road
New Delhi-110 003

Dated: 27th March, 2014

OFFICE MEMORANDUM

Sub: Signing of MoU for the year 2014-15.

The undersigned is directed to refer **Department of Electronics & Information Technology** O.M. No. 5(7)/2014-EG-I dated 20.03.2014 on the subject mentioned above and to forward herewith two copies of the authenticated MoU for the year 2014-15 in respect of **National Information Centre Services Inc.(NICSI)**. It is requested that a statement indicating the MoU targets and actuals for the last five years, MoU targets for 2014-15 in respect of the financial parameters along-with the details of computation, self declaration certificate may please be annexed to the final MoU to be signed by the CPSE with the Ministry.

2. It is requested that the approved MoU may please be signed and two copies of the signed MoU along with the soft copy may please be sent to this Department for record.
3. The signed copy of the MoU for the year 2014-15 may please be laid in both the houses of Parliament by the Administrative Ministry/Department.
4. The Administrative Ministry and the CPSE may consider posting on their website the signed copy of the MoU 2014-15 after the same has been laid in the Parliament.


(Mukesh Kumar Gupta)
Director (MoU)
Tel: 011-24360841
e-mail: mou-dpe@nic.in

Encl: as above.

To

1. Joint Secretary, Department of Electronics & Information Technology
- ✓ 2. MD, NICSI

NATIONAL INFORMATICS CENTRE SERVICES INC.

MOU FOR FY 2014-15

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Approved by DPE/TF
Signed *A. M. K. S.*
21/03/14

PART – I

A. PREAMBLE

In order to facilitate provisioning of services in the ICT sector, Government of India set up National Informatics Centre Services Incorporated (NICSI) in 1995 as a section 25 company with NIC as the sole promoter and a total equity contribution of Rs 2 Crores through NIC, when the latter was under the Planning Commission. The objective of setting up of NICSI was to provide support to the National Informatics Centre for implementation of e-Governance projects and activities related to promotion of ICT in governance. To this end, NICSI provides operational and logistics support for NIC's mega projects.

B. VISION

"Achieve leadership position in the technology enablement of India and other developing countries thereby contributing effectively to accelerate socio-economic growth"

C. MISSION

"To promote and provide transparent value added Information and Communication Technology on end to end solutions including procurement services and business solutions to customers at competitive prices with a focus on socio-economic development"

D. OBJECTIVES

- i. To promote use of Information & Communication Technology (ICT)
- ii. To support faster implementation of ICT projects.
- iii. To procure hardware, software and support services at competitive rates through tendering and/or strategic alliance/ agreements with leading ICT and management organizations.
- iv. To help in the promotion and adoption of new technology in the area of ICT -enabled change management.
- v. To support creation of expertise in the frontier areas of ICT and ICT -enabled change management.

PART – II

EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS

- NICS I will exercise the powers available with MoU signing companies in accordance with Government Guidelines issued from time to time.

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PART – III

**PERFORMANCE EVALUATION PARAMETERS AND
TARGETS**

Separate Statement at Annexure – A & B

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Signed 

PART – IV

COMMITMENT BY NICSI

NICSI undertakes to achieve the performance targets for the Financial Year 2014–15 in respect of operational, financial and other parameters as outlined in this MoU.

ASSISTANCE FROM THE GOVERNMENT OF INDIA

- NICSI may be allowed by Government of India to undertake total ICT projects on nomination basis from various government departments/organizations or NICSI to be declared by the Government of India as a Central Purchasing Organisation for providing total ICT Solutions. Further, NICSI may be relaxed from the provisions of rules 159 of GFRs restricting advance payment to 40% only, in view of the fact that the Purchase Orders to be placed by NICSI to the empanelled vendors are for full amount of the contract value involved, as per the procedure laid down in the GFRs for such empanelment.

- NICSI to be exempted by DPE from the provisions in their O.M. no. 2 (70) / 08-DPE (WC) – GL – XVI / 08 dated 26.11.2008, in view of the peculiar set-up of NICSI, where, as per Government of India Notification dated 03.03.1998, the entire manpower is from NIC on rotational deputation basis, along with their posts, as a conduit for the progressive reduction of the manpower budget of NIC.

- To address current and future requirements, there is a need of setting up NICSI corporate office to accommodate approx staff of 500 , Data Centre with an approx. area of 1.5 to 2 Lakh Sq ft, development centre with seating capacity of approx 1000 etc at one location to integrate all of its services from one premise. Government may allocate approx 5-7 acres land in Delhi NCR and NICSI builds and establishes the campus. Timeframe: 2-3 years (approx).

- To assist NICSI in getting exemption under Income Tax, being a Section 25 Company.

PART – V

**ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF
THE MOU**

1. Quarterly monitoring of performance against MoU targets to be done by the Board of Directors of NICSI.
2. Quarterly performance review and Annual review after the close of the year to be done by DeitY.

Rajiv - 24/03/14

**MD
NICSI**

Anjali
24/3/14
Joint Secretary (e-gov)

for **Secretary**

Department of Electronics and Information Technology

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Signed *Anjali*
21/03/14

PART-VI

FOOTNOTE

1. Non-compliance of Corporate Governance will also be penalized by way of negative marking and the MoU Score will be increase in the following manner in accordance with DPE OM 18(8)/2005-GM, Dated 22nd June 2011.

Sl.	Annual Score	Grading	Penalty Marks	Difference in Score From 'Excellent' Grade
01	85% and above	Excellent	0	0.00
02	75%-84%	Very Good	0	0.00
03	60%-74%	Good	0.5	0.02
04	50%-59%	Fair	0.5	0.02
05	Below 50%	Poor	1.0	0.04

If a CPSE fails to submit the Self evaluation report in the format enclosed with the OM, its Grading will be treated as poor and score will be inflated accordingly.

2. CPSEs have to give a Certificate regarding Implementation of Guidelines issued by DPE as per OM No. DPE/14(38)/10-Fin Dated 28th June 2011 and also a certificate from their auditors/Chartered Accountant in Practice. Non-compliance of DPE Guidelines determined on the basis of certificate submitted will be penalized up to 1 mark at the discretion of Task Force at the time of MoU Evaluation. (In other words, the MoU Ratings can be increased by 0.04).
3. CPSE has to give a Certificate regarding Implementation of Guidelines issued by DPE as per OM No. DPE/14(38)/10-Fin Dated 28th June 2011.
4. Non-Compliance of MSME Order No.21(1)/2011-MA dated 25.04.2012, if applicable, will be penalized by way of negative marking.
5. Non-Compliance of any directive including submission of data for PE Survey, MOSPI Data updation and other non-compliances in serious cases will be penalized by way of negative marking.

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Signed 

National Informatics Centre Services Inc.(NICSI)

Performance Evaluation Parameters and Targets for the Year 2014-15

Evaluation Criteria		MoU Target							Documentary evidence to be provided at the time of evaluation (IV)
		Unit	Weight (In %)	Excellent	V. Good	Good	Fair	Poor	
(I)	(II)		(III)	Excellent	V. Good	Good	Fair	Poor	
1. Static/ Financial Parameters									
(a)									
(i)	EBITDA (Earnings before Interest, taxes depreciation and amortization)	(Rs in Crores)	10	90.00	85.00	80.00	75.00	70.00	Annual Report
(ii)	Sales turnover	(Rs in Crores)	16	660.00	630.00	600.00	570.00	540.00	
(iii)	EBITDA/total employment	Ratio	5	2.00	1.89	1.78	1.67	1.56	
(iv)	Debtors Turnover Ratio	Ratio	4	0.34	0.35	0.36	0.37	0.38	
(v)	Current Ratio	Ratio	5	1.25	1.22	1.19	1.16	1.13	
			40						
Sub-total (i to vi)									
2. Dynamic Parameters									
a)									
Customer Satisfaction									
(i)	No. of repetitive orders received during the year	No.	5	12	11	10	9	8	NICSI Certificate along with List of Projects
(ii)	Customer Satisfaction survey through third party on scale of 1 to 10	%	5	10	9	8	7	6	
b)									
Introduction of New / upgraded Products/ Services/Technology									
(i)	No. of new upgraded products and services to be tendered and implemented	No.	6	18	17	16	15	14	A certified copy of List
c)									
Entering into/renewal of number of MoU / Strategic Alliances /Re-seller Agreements									
i)	Networking	No.	3	10	9	8	7	6	A certified copy of List
ii)	Software	No.	3	22	21	20	19	18	
iii)	Hardware	No.	3	4	3	2	1	1	
d)									
Project Management and Implementation									
(i)	Number of new/on-going projects of above Rs. 1 Crore undertaken during the year	No.	5	30	25	22	19	17	List of projects undertaken during the year
(ii)	Number of Projects in difficult states like NE , J&K, Uttrakhand, HP	No.	5	6	5	4	3	2	
e)									
Productivity & Internal Processes									
(i)	Manpower utilisation in terms of actual manhours	%	5	80	75	70	65	60	Certificate by NICSI

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Signed

(i)	(ii)	(iii)	Excellent	V. Good	Good	Fair	Poor	(iv)	
(iii)	Measures taken to increase efficiency and productivity of manpower (No. of Specific Trainings)	No.	5	5	4	3	2	1	Attendance Sheet
f)	R & D (refer para 4.3.9 of R&D guidelines) Analytical Module development through ERP in - house implementation in the the FY 14-15	Date	5	31.03.2015	31.03.2015	-	-	-	Certificate by NICS I
g)	Human Resource Management								
(i)	Workshops in technical fields on emerging new technologies in the field of IT (one manday = eight hours)	In Hours	3	310	260	235	210	185	NICS I Certificate along with list of participants
(ii)	Workshops in non-technical fields i.e. procurement, financial management	In Hours	2	310	260	235	210	185	
h)	Sector specific-No. of e-governance Projects								
(i)	From NIC/ Deity	No.	1	250	235	220	205	200	Certified List of Projects
(ii)	From Central/ State /UT Governments (other than NIC/Deity)	No.	1	1200	1100	1000	900	800	
	Sub-total			1450	1335	1220	1105	1000	
i)	Enterprise Specific-No. of e-governance Projects								
(i)	IT application Projects	No.	2	475	450	425	400	375	Certified List of Projects
(ii)	Networking Projects	No.	1	220	200	180	160	140	
	Sub total			695	650	605	560	515	
	Sub-total(2+3)			60					
	Total (1+2+3)			100					

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Signed

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

It is hereby certified that the CPSE has complied all the directives of government and requirements of regulators to the extend applicable. 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.

For and on behalf of NICSI



[Handwritten Signature]
24.03.2014

**(Girish Kumar)
Company Secretary
Authorised Signatory**

ANNEXURE-IX

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.

For and on behalf of NICSI



24.10.2014
(Girish Kumar)
Company Secretary
Authorised Signatory

TREND OF NICSI PERFORMANCE ON FINANCIAL PARAMETERS FOR THE LAST FIVE YEARS

Particulars	2009-10		2010-11		2011-12		2012-13		2013-14		2014-15
	MoU	Actual	MoU	Actual	MoU	Actual	MoU	Actual (Net Basis)	MoU (Gross Basis)	Projected (Gross Basis)	Projected (Gross Basis)
Capacity Utilisation (for each plant separately)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Production (in qty)	-	-	-	-	-	-	-	-	-	-	-
Production	-	-	-	-	-	-	-	-	-	-	-
Profit & Loss statement items											
Sales turnover, excluding interest and other income (operating turnover) (sales turnover shall not include excise duty/custom duty, VAT or any other duty or tax etc.)	175.00	170.8	142.00	282.45	270.00	350.59	372.00	389.24	600.00	606.00	630.00
Interest and Other Income	39.37			44.77		56.83		66.98		67.65	68.65
Gross Operating margin rate(%)	49.83%	46.45%	31.69%	23.64%	25.31%	21.49%	22.47%	19.97%	20.00%	12.96%	12.65%
Gross Operating margin	87.20	79.34	45.00	66.76	68.33	75.34	83.60	77.75	120.00	78.53	79.69
EBITDA	87.20	54.95	49.09	75.40	79.33	87.69	83.49	81.07	120.00	81.88	85.00
Depreciation	2.05	5.41	5.64	6.12	5.90	5.94	6.49	6.45	7.02	6.51	6.61
Earnings before interest and taxes	85.15	49.54	43.45	69.28	73.43	81.75	77.00	74.62	112.98	75.37	78.39
Interest expenses	1.50			9.59		4.03	5.50		5.38		
Prior period expenses		0.65		0.55		-0.05		-2.96			
Extra Ordinary items								-17.62			
Any other expenses											
Profit before tax	83.65	48.89	43.45	59.14	70.64	77.77	71.50	54.04	107.60	75.37	78.39
Tax	28.43	17.51	14.77	19.43	24.01	26.28	25.00	27.00	36.57	25.62	26.64
Profit after tax	55.22	31.38	28.68	39.71	46.63	51.49	46.50	27.04	71.03	49.75	51.74
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Profit transferred to statutory reserves	-	-	-	-	-	-	-	-	-	-	-
Any other items	-	-	-	-	-	-	-	-	-	-	-
Profit transferred to Balance sheet	55.22	31.38	28.68	39.71	46.63	51.49	46.50	27.04	71.03	49.75	51.74
Balance Sheet Items											
Gross Block	37.08	47.51	56.00	54.12	56.25	60.48	-	71.44	71.52	72.15	73.23
Less: Depreciation	-	18.90	-	25.02	-	30.96	-	37.33	41.08	43.84	50.46
Net Block	2.00	28.61	2.00	29.10	2.00	29.52	-	34.11	30.44	28.31	22.77
Share Capital	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Reserves & Surplus	294.05	252.70	302.82	292.41	320.92	343.90	380.92	370.94	472.86	420.69	472.43
Less: Deferred Revenue Expenditure/Pre-acquisition loss	-	-	-	-	-	-	-	-	-	-	-
Less: Profit & Loss Account	-	-	-	-	-	-	-	-	-	-	-
Net Worth	296.05	254.70	304.82	294.41	322.92	345.90	382.92	372.94	474.86	422.69	474.43
Investments	-	-	-	-	-	-	-	-	-	-	-
Total Current Assets	-	642.78	-	1007.23	-	2318.57	-	1878.10	2741.71	1896.88	1925.05
Total Current Liabilities & Provisions	-	414.14	-	742.10	-	2006.90	-	1542.21	2373.16	1557.63	1580.77
Net Current Assets	-	228.64	-	265.13	-	311.67	-	335.89	368.55	339.25	344.29
Capital Employed (Net Block + Net Current Assets)	296.05	257.25	268.24	294.23	320.06	341.19	-	370.00	398.99	367.56	367.06
Total Debt (Loan Funds)	-	-	-	-	-	-	-	-	-	-	-
Total Assets	-	671.39	-	1036.33	-	2348.09	-	1912.21	2772.15	1925.19	1947.82
No. of Employees	-	54	-	54	-	45	-	60	45	48	45
Ratios											
PAT/Net worth	0.19	0.12	0.09	0.13	0.14	0.15	0.12	0.07	0.15	0.12	0.11
EBITDA/Net block	-	1.92	-	2.59	-	2.97	-	2.38	3.94	2.89	3.73

EBIT/Average capital employed	0.29	0.19	0.16	0.25	0.23	0.26		0.21	0.28	0.20	0.21
PAT per employee (Rs. In lakhs)		0.58		0.74		1.144	0.85	0.45	1.58	1.04	1.15
Current Ratio		1.55		1.36		1.16		1.22	1.16	1.22	1.22
Debt service coverage ratio	-	-	-	-	-	-	-	-	-	-	-
Operating Cash Flow		12.68		308.83		22.92		(2.84)		(2.87)	(2.91)
Average no. of days of inventory											
Inventory turnover ratio	0	0.03	0	0.02	0	0.05	0	0.03	0.03	0.018	0.017
Average collection period of trade receivables											
Debtors turnover ratio	0.00	0.77	0.00	0.57	0.00	0.36	0.00	0.34	0.31	0.35	0.35
Loans Sanctioned	-	-	-	-	-	-	-	-	-	-	-
Disbursements	-	-	-	-	-	-	-	-	-	-	-
NPA/Loan assets	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Average cost of funds	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Additional for CPSE regd u/s 25 of companies act 1956											
Disbursements											
% of total resources mobilized from sources other than Grant-in-aid	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
EBITDA/total employment		1.02		1.40		1.95	1.52	1.35	2.67	1.71	1.89
Recoveries as % of amount due (C.Yr.)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Recoveries as % of amount overdue for varying years (accumulated)	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Average capital employed				275.74		317.71		355.595		368.7794	367.30815
Sundry Debtors / Sales	-	0.77	-	0.57	-	0.36	-	0.34	0.31	0.35	0.35
Inventory	-	5.59	-	4.93	-	16.92	-	10.61	20.01	10.72	10.88
Dividend Paid	-	-	-	-	-	-	-	-	-	-	-
Add Value (Gross margin Less Capital Recovery Factor 4% of Capital Employed for Social Sector & 10% for others)	57.60	53.62	18.18	37.34	36.32	41.22	49.60	40.75	80.10	41.77	42.99
Ratios											
Debt/Equity	-	-	-	-	-	-	-	-	-	-	-
Return on networth (%)	18.53	12.32	10.11	13.49	15.32	14.89	12.14	7.25	15.31	8.52	7.71
PBDIT/Total employment (Rs.)	2.03	1.02	0.67	1.39	1.24	1.95	1.52	1.35	2.67	1.71	1.85
Gross profit/capital employed (%)	28.76	19.26	14.54	23.48	22.94	23.99	22.59	20.17	28.32	14.85	15.09
Net profit/Net worth (%)	18.53	12.32	10.11	13.49	15.32	14.89	12.14	7.25	15.31	8.52	7.71
Working of gross margin											
Net profit after tax	54.85	31.39	30.82	39.71	49.48	51.50	46.50	27.04	72.68	36.03	36.56
Tax	28.80	17.50	12.63	19.23	23.95	26.28	25.00	27.00	34.92	18.55	18.83
Net profit before tax	83.65	48.89	43.45	58.94	73.43	77.78	71.50	54.04	107.60	54.58	55.39
Add: Prior period		0.66		0.55		0.05		-2.96			
Add: Extraordinary items	-	-	-	-	-	-	-	-17.62	-	-	-
Profit before prior period	83.65	49.55	43.45	59.49	73.43	77.83	71.50	74.62	107.60	54.58	55.39
Add: Interest	1.50	-	-	9.59	-	4.03	5.50	-	5.38	-	-
Gross profit	85.15	49.55	39.00	69.08	73.43	81.86	77.00	74.62	112.98	54.58	55.39
Add: Depreciation	2.05	5.41	5.64	6.12	5.90	5.94	6.49	6.45	7.02	6.51	6.61
Misc. expenditure written off	-	-	-	-	-	-	-	-	-	-	-
Gross margin before interest, Depreciation & Misc. expenditure written off	87.20	54.96	44.64	75.20	79.33	87.80	83.60	81.07	120.00	81.88	83.10