
RAILTEL CORPORATION OF INDIA LTD.

MEMORANDUM OF UNDERSTANDING

FOR THE
YEAR 2014-2015

PART I: MISSION AND OBJECTIVES

1.1 VISION:

To become the preferred telecom solution and services provider for knowledge economy.

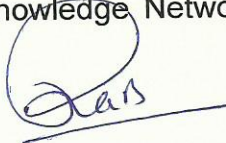
1.2 Mission:

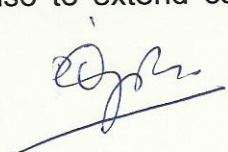
To attain leadership in providing premier telecom infrastructure service by offering cost-effective state-of-the-art communication solutions.

1.3 Objective :

The objectives of RailTel are :

- a) To facilitate Railways in 'expeditious' modernizing of train operation, safety systems and network by providing state of the art communication infrastructure.
- b) To plan, build, develop, operate and maintain a nationwide broadband telecom and multimedia network to supplement national telecom infrastructure to spur growth of telecom, broadband and IT enabled value added services in all parts of country specially rural, remote and backward areas;
- c) To generate revenue through commercial exploitation of its telecom network.
- d) To participate in building up nationwide Telecom & IT infrastructure through National Knowledge Network and also to extend connectivity to





Panchayats for providing broadband reach in rural & remote areas to facilitate inclusive growth.

PART II

EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS

RailTel will continue to exercise the powers granted to it under the orders of the Department of Public Enterprises to MOU signing companies from time to time.

PART III

PERFORMANCE EVALUATION PARAMETERS AND TARGETS:

The commitments of the PSE are furnished as per the enclosed sheets in Annexure I.

PART - IV

COMMITMENT/ ASSISTANCE FROM THE GOVERNMENT.

Commitment:

1. Ministry shall ensure timely action on filling up position of non official Directors on the Board of RailTel. At present, two vacancies are lying vacant since July and Sept, 2013. The tenure of appointment of existing two incumbents would also expire in May, 2014. The Ministry will assist RailTel in appointment of such Directors within next three months i.e. by June, 2014.



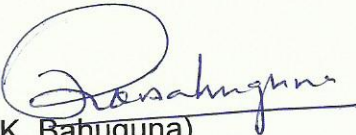
Assistance:

2. Ministry may consider providing Railway land/building space as and when offered to RailTel for its business at reasonable and comparable rates by giving treatment similar to other PSUs of Railways.
3. Ministry may consider waiver of / reduction in the overhead charges on electrical power supply connection to RailTel from 29% to 10% at par with other Railway PSU.
4. Ministry may consider RailTel's proposal for licence fee for land /space allotted for tower /building etc as revenue share instead of cost based, to expedite approvals to enable it to go ahead with tower business infrastructure.
5. Ministry may consider granting permission to RailTel to take up Railway signaling, telecom and safety related projects.
6. Ministry to consider RailTel in overseas project funded by the Govt. of India for execution.

PART V

ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU.

1. PSE management shall internalize and review the MoU within its regional units on quarterly basis.
2. The performance of RailTel will be reviewed against the targets given in this MOU once in six months by the Ministry of Railways.


(R.K. Bahuguna)

CHAIRMAN & MANAGING DIRECTOR
RAILTEL CORPORATION OF INDIA LTD.

Place: New Delhi

Dated: 28th March, 2014


(P.C. GAJBHIYE)

SECRETARY, RAILWAY BOARD,
MINISTRY OF RAILWAYS
GOVERNMENT OF INDIA

RAILTEL CORPORATION OF INDIA LIMITED
STATIC FINANCIAL PARAMETERS (50%)
MOU Assessment Format for CPSE 2014-15

Annexure I
Rs In Crores

Sl.No.	Particulars	Unit	Weight	2009-10	2010-11	2011-12	2012-13		2013-14	2013-14	2013-14	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15
				Actuals	Actuals	Actuals	MOU Target	Actuals	MOU Target	30.09.13	For the year	MoU Target	Excellent	V Good	Good	Fair	Poor
Mandatory Parameters																	
(i)	Growth/Size/Activity (Two)																
(a)	Sales Turnover (Excluding Interest and Other Income)	Rs in Cr	10	388.10	326.27	338.08	410.00	421.05	430.00	212.51	448.51	439	462	439	417	395	373
(b)	Gross Operating Margin	Rs in Cr	10	180.85	147.61	184.76	172.00	244.05	208.78	124.62	246.62	198	208	198	188	179	168
(ii)	Profitability																
(a)	EBITDA/Net Block	%	10	26.44%	26.21%	40.84%	18.53%	44.72%	25.20%	25.71%	47.47%	38.99%	40.94%	38.99%	37.04%	35.09%	33.14%
(iii)	Cost and Output Efficiency																
(a)	Sales Turnover/Net Block	%	10	57.38%	50.06%	59.37%	50.64%	79.88%	50.69%	44.28%	90.84%	80.73%	84.77%	80.73%	76.70%	72.66%	68.62%
Optional Parameters																	
(iv)	Liquidity/Leverage																
(a)	Current Ratio	Ratio	10	0.96:1	1.08:1	1.14:1	0.90:1	1.22:1	1.04:1	1.28:1	1.30:1	1.30:1	1.35:1	1.30:1	1.25:1	1.20:1	1.15:1
Sub Total			50														

Note: The proposed parameters relating to efficiency of asset use has been agreed to be deleted as the Company is basically a service provider and the inventory holding is not substantial.

RAILTEL CORPORATION OF INDIA LIMITED

(contd...)

MOU Assessment Format for CPSE 2014-15

Sl. No.	Particulars	Unit	Weightage	Documentary evidence	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15
					MOU Target	Excellent	V Good	Good	Fair	Poor
2	DYNAMIC PARAMETERS									
(i)	Corporation Social Responsibility & Sustainability	Crore	3	Directors Report	2.06	2.16	2.06	1.96	1.86	1.77
(ii)	Research & Development									
	Funding of Centre for Excellence (TCOE) with IIT Roorkee	Date	2	Preliminary Report	Feb'15	Jan'15	Feb'15	Mar'15	> Mar'15	> Mar'15
(iii)	Initiative for growth:									
a	Total new business value	Crore	4	Order proof	45	50	45	40	35	30
b	Number of Customers on Railwire business	Date	4	Report summary	25,000	27,500	25,000	22,500	20,000	17,500
c	Corporate/ Strategic Plan - Preparation/ determination/ identification of objectives/ goals	Date	3	Report summary	Jan-15	Dec-14	Jan-15	Feb-15	Mar-15	>Mar-15
(iv)	Project Management & Implementation									
(a)	Creating of OFC infrastructure for NOFN project									
1	Fibre connectivity to Gram Panchayats	No of GPs	4	Physical Report Summary	4500	5000	4500	4000	3500	3000
(b)	Setting up of Central NOC	Date	2	Physical Report Summary	Jan-15	Dec-14	Jan-15	Feb-15	Mar-15	>Mar-15
(c)	Capital increase for capacity enhancement and for increasing reach works.	Crore	4	LOAs Issued & Fixed Asset Schedule	150	157.50	150.00	142.50	135.00	127.50
(v)	Productivity & Internal Process									
	Benchmarking of parameter taken from TRAI report									
a	Availability of circuit for lease lines with 99.5% uptime	%	4	Physical Report Summary	95%	96%	95%	94%	93%	92%
b	Measures taken to increase efficiency and productivity - Roll out of two modules of ERP - SCM (procurement) & Operations	Date	4	Physical Report Summary	Jan-15	Dec-14	Jan-15	Feb-15	Mar-15	>Mar-15
(vi)	Technology, Quality, Innovative Practices									
	Implementation of MPLS/PTN at PoPs	Nos.	6	LOA issued / Status report	18	20	18	16	15	14

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Sl. No.	Particulars	Unit	Weightage	Documentary evidence	2014-15	2014-15	2014-15	2014-15	2014-15	2014-15
					MOU Target	Excellent	V Good	Good	Fair	Poor
(vii)	Human Resources Management									
	Training to personnel	% age	5	Copies of letters / corresp made	18	20	18	16	14	12
(viii)	Sector Specific Parameter									
a	Creation of IT Infrastructure (for RailTel's use)	Date	2	LOA Issued	Mar 15	Jan-15	Mar 15	>Mar 15	>Mar 15	>Mar 15
b	NKN Augmentation (Total Capacity)	Capacity	3	Physical Report Summary	200G	210G	200G	190G	180G	170G
			50							

Notes:-

- 1 The Company undertakes to comply with guidelines on Corporate Governance
- 2 (a) Non-compliance of Corporate Governance will be penalized by way of negative marking and the MoU Score will be

Sl.	Annual Score	Penalty Marks	Difference in Score From 'Excellent' Grade
1	85 % and Above	0	0
2	75%-84%	0	0
3	60%-74%	0.5	0.02
4	50%-59%	0.5	0.02
5	Below 50%	1	0.04

(b) 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

- 3 CPSEs will have to follow the Public Procurement Policy for Micro, Small and Medium Enterprises (MSMEs) Order, issued vide D.O. No. 21(1)/2011-M.A. dated April 25, 2012 and non-compliance with the said order will be penalized upto 1 mark at the discretion of Task Force at the time of MoU Evaluation.
- 4 Non-Compliance of any directives of government including submission of data for Public Enterprises (PE) Survey, MOSPI Data updation on their website etc. and non-compliance of requirements of regulators in serious cases may be penalized upto 1 mark depending on the degree and seriousness of non-compliance. CPSE have to give a certificate regarding compliance of directives of Government and requirement of regulators.
- 5 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 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).

RAILTEL CORPORATION OF INDIA LIMITED
Income-Expenditure Statement

Rs In Crores

Annexure II

Profit & Loss Particulars	2009-10	2010-11	2011-12	2012-13		2013-14	2013-14	2013-14	2014-15
	Actuals	Actuals	Actuals	MOU Target	Actuals	MOU Target	Upto 30.09.13	For the year	MOU Target
A Sales Turnover(1 to 8)	388.10	326.27	338.08	410.00	421.05	430.00	212.51	448.51	439.00
1 Sale Revenue IP-1	47.06	56.61	70.40	72.00	78.28	76.00	41.77	85.77	85.00
2 Sale Revenue-NLD (IP-II)	172.15	140.09	179.97	191.00	213.81	215.00	109.38	219.38	220.00
3 Sale Revenue VPN/ISP	31.21	28.37	33.10	31.00	25.44	40.00	9.90	19.90	42.00
4 Income From Railways	25.00	34.10	18.89	22.00	22.00	21.00	8.74	19.74	22.00
5 Execution of Railways works	112.68	67.10	35.72	94.00	18.91	25.00	9.83	24.83	35.00
6 Execution of other works	0.00	0.00	0.00	0.00	3.62	53.00	0.00	30.00	35.00
7 Interest earned on services rendered	0.00	0.00	0.00	0.00	58.99	0.00	32.89	48.89	0.00
8 Less: Excise Duties & Others (-)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
B Expenditure	207.25	178.66	153.32	238.00	177.00	221.22	87.89	201.89	241.00
9 Salaries & Wages	26.94	34.75	35.92	45.00	46.58	50.00	24.77	51.77	55.00
10 Repair & Maintenance	38.27	40.79	21.13	42.00	25.58	40.00	16.37	33.37	34.00
11 Licence Fees to DoT	12.65	11.00	12.70	17.00	27.51	20.48	13.45	27.45	30.00
12 Share to Railway	13.79	21.08	16.09	21.00	18.14	21.74	11.28	23.28	25.00
13 Purchase of Protection/Internet Bandwidth	8.96	5.55	31.98	20.00	42.25	14.25	14.44	29.44	34.00
14 Railway project Expenses	106.64	65.49	35.50	93.00	16.94	23.75	7.58	21.58	32.00
15 Execution of other works	0.00	0.00	0.00	0.00	0.00	51.00	0.00	15.00	31.00
C Gross Operating Margin(A-B)	180.85	147.61	184.76	172.00	244.05	208.78	124.62	246.62	198.00
16 Intt on retained earnings	11.60	36.80	65.89	14.00	14.53	30.00	8.22	12.22	36.00
17 Administrative Expenses	13.59	13.57	18.10	36.00	22.86	25.00	9.44	24.44	22.00
D EBITDA(C+16-17)	178.86	170.84	232.55	150.00	235.72	213.78	123.40	234.40	212.00
18 Depreciation	38.19	47.14	106.32	60.00	88.21	85.00	49.90	99.90	100.00
E Earning before Interest and Tax/EBIT(D-18)	140.67	123.70	126.23	90.00	147.51	128.78	73.50	134.50	112.00
19 Prior Period Adjustment/Extraordinary item	1.01	-3.58	11.37	0.00	1.33	7.00	0.24	0.74	0.50
20 Impairment/Others	0.00	18.70	4.01	1.00	0.00	0.00	0.00	0.00	0.00
21 Interest on Loan	14.79	11.27	6.19	2.00	0.72	0.00	0.00	0.00	0.00
22 Provision for Tax/FBT	5.39	1.12	18.81	2.00	29.94	10.10	13.97	20.77	12.24
23 Provision for Arbitration Claim	3.54	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
24 Provision for Doubtful Debts/Advances	3.65	0.78	0.00	0.00	3.93	4.00	0.00	2.00	2.00
F Net Profit (E-19 TO 24)	112.29	95.41	85.85	85.00	111.59	107.69	59.29	110.99	97.26
25 Dividend Paid	15.00	13.00	14.00	10.00	15.00	10.00	0.00	15.00	15.00
26 Tax on Dividend	2.55	2.16	2.27	2.00	2.43	2.00	0.00	3.00	3.00
G Retained Profits (F-25-26)	94.74	80.25	69.58	73.00	94.16	95.69	59.29	92.99	79.26
No of Employees	510.00	360.00	359.00	600.00	490.00	650.00	600.00	600.00	600.00

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RAILTEL CORPORATION OF INDIA LIMITED
BALANCE SHEET AS ON

Rs in Crores
Annexure-III

Particulars	2009-10	2010-11	2011-12	2012-13		2013-14	2013-14	2013-14	2014-15
	Actual	Actual	Actual	MOU Target	Actual	MOU Target	30.09.13	31/03/14	MOU Target
Sources of Funds									
Share holders funds (a+b+c)	552.62	633.02	706.77	776.19	796.61	871.88	855.90	889.60	968.86
(a) Paid up capital	320.94	320.94	320.94	325.26	320.94	325.26	320.94	320.94	320.94
(b) Share application money	0.00	0.15	4.32	0.00	0.00	0.00	0.00	0.00	0.00
(c) Reserves & Surplus	231.68	311.93	381.51	450.93	475.67	546.62	534.96	568.66	647.92
Term Loans	146.48	104.64	20.80	0.64	0.00	0.00	0.00	0.00	0.00
Deferred/Long Term Liability	0.30	0.88	1.26	0.88	0.28	51.36	0.82	0.16	0.90
Total	699.40	738.54	728.82	777.70	796.88	923.24	856.72	889.76	969.76
Application of funds									
Gross Block	869.42	910.50	938.35	1186.50	983.45	1347.41	986.19	1050.00	1200.00
Less: Depreciation	185.03	232.09	338.18	344.09	425.63	499.17	475.53	525.53	625.53
Less:- Impairment	8.00	26.70	30.71	32.70	30.71	0.00	30.71	30.71	30.71
Net Block	676.38	651.71	569.46	809.71	527.11	848.24	479.95	493.76	543.76
Capital Work in Progress	39.04	32.46	32.96	32.00	27.22	50.00	50.66	46.00	67.00
Current Assets (a)	212.74	499.44	820.00	400.00	1109.84	575.00	1171.11	1200.00	1250.00
Loans & Advances (b)	194.79	218.66	228.04	200.00	256.65	130.00	305.00	300.00	250.00
Total Current Assets (a+b)	407.53	718.10	1048.04	600.00	1366.49	705.00	1476.11	1500.00	1500.00
Current Liabilities (a)	423.55	663.73	921.64	664.01	1123.94	680.00	1150.00	1150.00	1150.00
Net Current Assets	-16.02	54.37	126.40	-64.01	242.55	25.00	326.11	350.00	350.00
Depreciation on Assets expected to be capitalised	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred Revenue Expenditure	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deferred tax assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit & Loss A/c (Dr Balance)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total (Net Block + CWIP + NCA)	699	739	728.82	777.70	796.88	923.24	856.72	889.76	960.76

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Ann IV



A Mini Ratna
Enterprise

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 MoU guidelines. CPSE has no right of claim in this regard.

For RailTel Corporation of India Ltd.

Chairman & Mg. Director

Gurgaon

9th December, 2013

रेलटेल कॉर्पोरेशन ऑफ इण्डिया लिमिटेड (भारत सरकार का एक उपक्रम, रेल मंत्रालय)
कॉर्पोरेट कार्यालय : 143, संस्थानिक क्षेत्र, सेक्टर-44, गुडगांव-122003, एन सी आर (भारत)
पंजीकृत कार्यालय : 10वां तल, बैंक आफ इंडोरा भवन, 16, संसद मार्ग, नई दिल्ली - 110001

RailTel Corporation of India Ltd. (A Government of India Undertaking, Ministry of Railways)
Corporate Office : 143 Institutional Area Sector-44, Gurgaon - 122003 NCR (India)



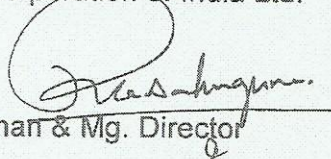
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RAILTEL

A Mini Ratna
Enterprise

Self declaration for compliance of Directives of Govt. and Regulations

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

For RailTel Corporation of India Ltd.


Chairman & Mg. Director

Gurgaon

Dated: 9th December, 2013

रेलटेल कॉर्पोरेशन ऑफ इण्डिया लिमिटेड (भारत सरकार का एक उपक्रम, रेल मंत्रालय)
कॉर्पोरेट कार्यालय : 143, संस्थानिक क्षेत्र, सेक्टर-44, गुडगांव-122003, एन सी आर (भारत)
पंजीकृत कार्यालय : 10वां तल, बैंक आफ इंडीया भवन, 16, संसद मार्ग, नई दिल्ली - 110001

RailTel Corporation of India Ltd. (A Government of India Undertaking, Ministry of Railways)
Corporate Office : 143 Institutional Area Sector-44 Gurgaon - 122003, NCR (India)