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RAILTEL CORPORATION OF INDIA LTD.

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MEMORANDUM OF UNDERSTANDING

FOR THE

YEAR 2013-2014

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PART I: MISSION AND OBJECTIVES

**1.1 Vision:**

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

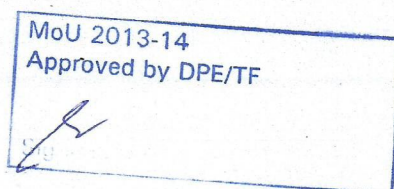
**1.2 Mission:**

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

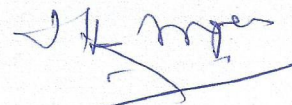
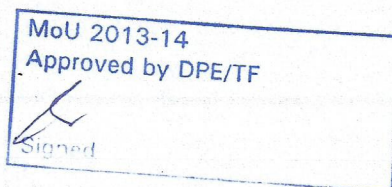
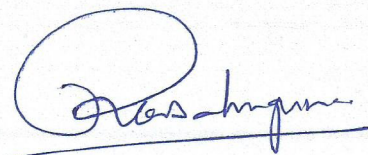
### PERFORMANCE EVALUATION PARAMETERS AND TARGETS:

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

## PART - IV

### COMMITMENTS/ ASSISTANCE FROM THE GOVERNMENT.

1. Ministry may consider providing Railway land/building space for NOC, Data Centre and other operational requirement of RailTel at special concessional license fee as these facilities would also be used for Railways requirement.



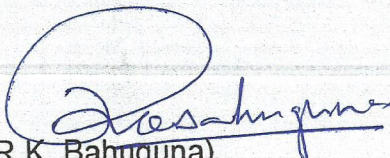
- 2. Ministry may consider waiver of / reduction in the overhead charges on electrical power supply connection to RailTel from 29% to 10% at par with other Railway PSU.
- 3. Ministry may consider RailTel's proposal for licence fee for land /space allotted for tower /building etc as revenue share instead of cost based, to expedite approvals to enable it to go ahead with tower business infrastructure.

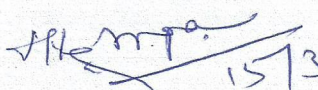
(The said assistance /commitment is delinked from the MoU targets)

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.

  
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 SECRETARY, RAILWAY BOARD,  
 (H.R. Jaggi)  
 MINISTRY OF RAILWAYS  
 GOVERNMENT OF INDIA

Place: New Delhi  
 Dated: 15<sup>th</sup> March, 2013

MoU 2013-14  
 Approved by DPE/TF  
  
 Signed

Sl. No.	Particulars	Unit	Points 2012-13	2009-10	2010-11	2011-12	2011-12	2012-13	As on 31/12/12	Expected 2012-13	2013-14	2013-14	2013-14	2013-14	2013-14	2013-14	
				Actuals	Actuals	MOU Target	Actuals	MOU Target			MOU Target	Excellent	V Good	Good	Fair	Poor	
<b>I. STATIC FINANCIAL PARAMETERS (50%)</b>																	
(a)	<b>Financial Indicators-profit Related Ratios</b>																
	(i) Gross Margin/Gross Block	(%)	2	20.57%	18.76%	22.43%	24.78%	12.64%	16.93%	15.66%	15.87%	16.66%	15.87%	15.07%	14.28%	13.49%	
	(ii) Net profit/ Net worth	(%)	10	20.32%	15.07%	22.12%	12.15%	10.95%	11.72%	10.86%	12.35%	12.97%	12.35%	11.73%	11.12%	10.50%	
	(iii) Gross Profit/Capital Employed		10	21.30%	17.52%	22.97%	18.14%	12.07%	14.03%	12.00%	14.75%	15.49%	14.75%	14.01%	13.27%	12.54%	
(b)	<b>Financial Indicators -Size related</b>																
	(i) Gross Margin	Rs. In Crore	8	178.86	170.84	253.00	232.55	150.00	164.86	167.30	213.78	225.00	213.78	202.50	192.50	182.75	
	(ii) Gross Sales	Rs. In Crore	4	388.10	326.27	552.00	338.08	410.00	249.41	380.00	430.00	461.50	430.00	408.50	387.00	365.50	
(c)	<b>Financial Returns- productivity related</b>																
	(i) PBIDT/Total Employment	Rs, in Lakhs per person	7	35.07%	47.46%	65.04%	64.78%	25.00%	27.48%	27.88%	32.89%	34.53%	32.89%	31.25%	29.60%	27.96%	
	(ii) Added Value/ Sales	%	9	29.07%	30.72%	31.79%	48.20%	18.40%	35.38%	21.05%	29.41%	30.88%	29.41%	27.94%	26.47%	25.00%	
	Sub-total (a) + (b) + (c)	Sub Total	50														
<b>2 DYNAMIC PARAMETERS</b>																	
(a)	Customer Satisfaction (Customer Orientation)	Circuit availability to customer for leased lines	%age leased circuits with over 99.5% efficiency for protected circuits	2	93.00%	95.00%	95.50%	94.00%	95.50%	94.76%	95.00%	96.00%	95.00%	94.00%	93.00%	92.00%	
		OFC failures.	% age of restoration in less than 10 hours		87.00%	87.00%	88.00%	88.00%	89.00%	87.60%							
(b)	<b>HRM</b>																
(i)	Technical Training	Man days	2														
(ii)	Marketing Training	Man days	2								400	420	400	380	360	340	
(iii)	Other Trainings	Man days	1								300	315	300	285	270	255	
(iv)	Risk Management Training courses to Senior Management Personnel	Man days	1								200	210	200	190	180	170	
											18	20	18	16	15	14	
<b>3 Capital Expenditure</b>																	
	Capital expenditure for increasing reach, network capacity, business delivery to customers and NE I and NE II projects etc.	Crore	7								250	280	250	220	190	170	
4 (a)	<b>Performance Evaluation of CSR and SD Activities</b>																
(i)	To provide broadband connectivity and IT infrastructure in schools community centre in backward areas in coordination with State Govt and Panchayat	Nos.	2	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	18	20	18	16	14	12

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(ii)	The number of seminars / workshop / training sessions organized to sensitize the employees and changing mind set / orientation at GM level	Nos	1	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	4	5	4	3	2	1	
(iii)	The total number of employees covered through such initiatives.	Nos	0.5	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	10	12	10	8	6	5	
<b>Formulation of a Corporate Communication Strategy.</b>																	
(iv)	Publication of chapter / para on performance of CSR and SD in Annual Report.	Date	0.5	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	Dec-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	
(v)	Updataion of performance of CSR and SD on the RailTel's website.	Date	0.5	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	N.A.	Dec-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	
<b>4 (b) Sustainable Development</b>																	
(vi)	Energy saving in 20 numbers of Point of Presence (PoP) locations	% age	3														
4 (a) & 4 (b)	Total Expenditure on CSR & SD	Cröre	0.5								5%	6%	5%	4%	3.5%	3.0%	
<b>R&amp;D - Adoption of Innovative practices</b>																	
4 (c)	Exploration Evaluation & implementations of cost effective technology for rural connectivity	Cröre	2.5	NA	NA	NA	NA	NA	NA	NA	0.44	0.46	0.44	0.42	0.40	0.38	
(i)	Commissioning of Centre for Excellence (TCOE)with IIT Roorkee	date	2.5	NA	NA	NA	NA	NA	NA	NA	Dec-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14	
(ii)	Adoption of risk management policy	dates	2	N.A.	N.A.	June, 2011	NII	NA	NA	NA	30/11/2013	30/09/2013	30/11/2013	31/01/2014	15/03/2014	31/03/2014	
<b>5(a) Sundry Debtors</b>																	
	a) Recovery of debts exceeding 6 months	%	3														
	b) Recovery of doubtful debts	%	1								60	62	60	57	54	51	
	Sub Total (d+e+f+g+h+i+j+k+l+m)	Sub Total	34								10	11	10	9	8	7	
<b>6 ENTERPRISE SPECIFIC</b>																	
(a)	NKN Implementation ( Total Capacity)	Capacity	4	N.A	N.A	200G	210G	200G	122G		200G	210G	200G	190G	180G	170G	
(b)	Creating of OFC infrastructure in NE I and NE II states under USOF obligations	RKMs	2								2200	2500	2200	1900	1800	1700	
(c)	Creating of OFC Infrastructure for NOFN project	RKMs	2								5000	5250	5000	4750	4500	4275	
(d)	Setting up of Data Centre	date	2								Dec-13	Oct-13	Dec-13	Jan-14	Mar-14	> Mar-14	
<b>7 Sector Specific</b>																	
<b>Implementation of ERP</b>																	
(a)	Implementation of ERP (2 modules)	Date	2	N.A	N.A	01-Mar-12	-				Dec-13	Nov-13	Dec-13	Feb-14	15/03/14	31/03/14	
(b)	Appointment of Professional Consultant for Strategic business	Date	2								Dec-13	Nov-13	Dec-13	Feb-14	15/03/14	31/03/14	
(c)	Appointment of Professional Consultant for strengthening of MIS and financial reporting	Date	2								Dec-13	Nov-13	Dec-13	Feb-14	15/03/14	31/03/14	
	Sub Total		16														
	Total (1+2+3+4)		100														

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**Notes:-**

- 1 The Company undertakes to comply with guidelines on Corporate Governance
- 2 The Company undertakes to submit timely the data for Public Enterprises Survey to DPE.
  - (a) Non-compliance of Corporate Governance will be penalized by way of negative marking and the MoU Score will be increased in the following manner in accordance with DPE OM 18(8)/2005-GM, Dated 22nd June 2011.
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Sl.	Annual Score	Grading	Penalty Marks	Difference in Score From 'Excellent' Grade
1	85 % and Above	Excellent	0	0
2	75%-84%	Very Good	0	0
3	60%-74%	Good	0.5	0.02
4	50%-59%	Fair	0.5	0.02
5	Below 50%	Poor	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

- 4 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).

  
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Sl. No.	Particulars	Unit	Points	2013-14	2013-14	2013-14	2013-14	2013-14	2013-14
			2012-13	MOU Target	Excellent	V Good	Good	Fair	Poor
<b>4 (a)</b>	<b>Performance Evaluation of CSR and SD Activities</b>								
(i)	To provide broadband connectivity and IT infrastructure in schools community centre in backward areas in cordination with State Govt and Panchayat	Nos.	2	18	20	18	16	14	12
(ii)	The number of seminars / workshop / training sessions organized to sensitize the employees and changing mind set / orientation at GM level	Nos	1	4	5	4	3	2	1
(iii)	The total number of employees covered through such initiatives.	Nos	0.5	10	12	10	8	6	5
	<b>Formulation of a Corporate Communication Strategy.</b>								
(iv)	Publication of chapter / para on performance of CSR and SD in Annual Report.	Date	0.5	Dec-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
(v)	Updataion of performance of CSR and SD on the RailTel's website.	Date	0.5	Dec-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14
<b>4 (b)</b>	<b>Sustainable Development</b>								
(vi)	Energy saving in 20 numbers of Point of Presence (PoP) locations	% age	3	5%	6%	5%	4%	3.5%	3.0%
<b>4 (a) &amp; 4 (b)</b>	<b>Total Expenditure on CSR &amp; SD</b>	<b>Crore</b>	0.5	2.99	3.15	2.99	2.84	2.70	2.57
<b>4 (c)</b>	<b>R&amp;D - Adoption of Innovative practices</b>								
(i)	Exploration Evaluation & implementations of cost effective technology for rural connectivity	<b>Crore</b>	2.5	0.44	0.46	0.44	0.42	0.40	0.38
(ii)	Commissioning of Centre for Excellence (TCOE)with IIT Roorkee	date		Dec-13	Nov-13	Dec-13	Jan-14	Feb-14	Mar-14

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