

**MEMORANDUM OF UNDERSTANDING
FOR THE
YEAR 2010-2011**

PART I: MISSION AND OBJECTIVES

1.2 Vision:

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

1.1 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 their operation and safety systems and network y 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.

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Shivaji Rakshit
15/3/10

PART II

EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS

RailTel will have the powers given under various 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 of Railways may consider giving cash equity to the extent of Rs. 100 crores to RailTel to enable it to augment its existing network for extending its reach and providing value added services. However, this is not condition precedent to achieving the MoU targets for the year 2010-11.
2. Ministry may consider deputing officials to RailTel at managerial levels till such time RailTel is able to create its own cadre. Ministry to consider relaxing the limit of 10% deputationists and increase it to 50% as RailTel is still in its formative stage and it is yet to build its cadre.
3. 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.
4. Ministry may assist in getting frequency spectrum allotment in 3.3 /3.5 GHZ band from WPC, Ministry of Communications and IT for WiMax deployment, which is extremely necessary for delivery of VPN and Internet services to end customers.
5. Ministry may consider waiver of / reduction in the overhead charges on electrical power supply connection to RailTel.
6. Ministry may consider RailTel's proposal for reduction in license fee for land/space allotted for tower /building space etc.

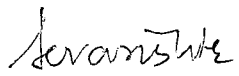
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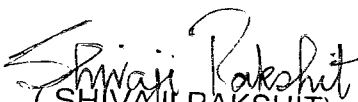
Shriyaji Rakshit
15/3/10

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.


(S.K. VASISHTA) 15/3/10
MANAGING DIRECTOR
RAILTEL CORPORATION OF
INDIA LTD.


(SHIVAJI RAKSHIT) 15/3/10
SECRETARY, RAILWAY BOARD,
MINISTRY OF RAILWAYS
GOVERNMENT OF INDIA

Place: New Delhi
Dated: 15th March, 2010

RAILTEL CORPORATION OF INDIA LIMITED
MOU targets for 2010-11

Annexure-I
Rs In Crores

Sl. No.	Unit	2009-10 Actuals 30.09.2009	Estimated for the year	2009-10 MOU Target	2010-11 MOU target	Excellent	Very Good	Good	Fair	Poor
1. STATIC FINANCIAL PARAMETERS (50%)										
(a) Financial Performance Indicators										
(i) Gross Margin/Gross Block	(%)	8.89%	20.26%	19.92%	23.37%	24.54%	23.37%	22.20%	21.03%	19.86%
(ii) Net Profit/ Net Worth	(%)	7.90%	18.22%	18.31%	19.93%	20.93%	19.93%	18.93%	17.94%	16.94%
(iii) Gross Profit/Capital Employed	(%)	8.35%	19.21%	22.40%	25.26%	26.53%	25.26%	24.00%	22.74%	21.47%
(b) Financial Indicators - Size related										
(i) Gross Margin	Rs. In Crore	70.35	161.00	192.79	206.00	216.30	206.00	195.70	185.40	175.10
(ii) Gross Sales	Rs. In Crore	201.18	427.00	430.00	512.00	537.60	512.00	486.40	460.80	435.20
(c) Financial Returns- productivity related										
(i) PBIDT/Total Employment	Rs. in Lakhs per person	13.79%	31.57%	37.80%	40.39%	42.41%	40.39%	38.37%	36.35%	34.33%
(ii) Added Value/ Gross Sales	%	5.84%	23.69%	30.22%	28.33%	29.74%	28.33%	26.91%	25.50%	24.08%
Sub-total (a) + (b) + (c)										
2. Dynamic parameters (30%)										
a) Customer Satisfaction (Customer Orientation-Strategic Business Unit-wise/ Product-wise)										
	Circuit availability to customer for leased lines	92.00%	92.00%	90.50%	92.00%	92.50%	92.00%	91.50%	91.00%	90.50%
	Mean time to repair (MTTR) of OFC failures.	87.00%	84.00%	82.50%	87.00%	87.65%	87.00%	86.35%	85.70%	85.05%
b) HRD (Employees Training and Motivation)										
	No. of Employees Trained	22	40	40	40	42	40	38	36	34
	No. of Employees Trained	9	25	25	25	26	25	24	23	21
ii) Project Management Training										
	No. of Employees Trained	30	130	100	100	105	100	95	90	85
iii) Technical training										
c) Project Implementation										
	RKM	1841	2300	2300	2675	2809	2675	2541	2408	2274
	RKM	2802	4000	4000	4400	4620	4400	4180	3960	3740
	RKM	2071	5000	5000	10000	10500	10000	9500	9000	8500
	RKM	92	210	210	220	231	220	209	198	187
d) Sundry Debtors										
	%age	21.00%	25.00%	25.00%	20.00%	21.00%	20.00%	19.00%	18.00%	17.00%

Shravanil Lakshmi 15/3/10

RAILTEL CORPORATION OF INDIA LIMITED
Income-Expenditure Statement

Rs In Crores

Annexure VII

Profit & Loss Particulars	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2009-10	2009-10	2010-11
	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals	Actuals 30.09.2009	Estimate for the year	MOU Target	MOU Target
Total Income	11.34	32.86	60.44	114.32	199.82	386.44	202.83	430.00	430.00	515.00
Sale Revenue IP-1	1.94	6.65	12.57	21.62	28.87	46.67	20.96	45.00	45.00	50.00
Sale Revenue-NLD (IP-II)	7.85	25.72	40.21	83.64	143.00	181.77	86.61	186.00	220.00	225.00
Sale Revenue VPN/ISP	0.00	0.00	3.34	7.70	16.73	23.34	13.77	33.00	49.00	50.00
Income From Railways	0.00	0.00	0.00	0.00	0.00	8.88	3.54	20.00	20.00	20.00
Execution of Railways works	0.00	0.00	0.00	0.00	0.00	113.99	76.29	143.00	93.00	157.00
Execution of other works	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	10.00
Gross Sales	9.79	32.37	56.12	112.96	188.60	374.65	201.18	427.00	427.00	512.00
Less: Excise Duties & Others	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Sales/Operating Income	9.79	32.37	56.12	112.96	188.60	374.65	201.18	427.00	427.00	512.00
Other Income	1.55	0.49	4.32	1.36	11.22	11.79	1.65	3.00	3.00	3.00
Total Expenditure	6.63	13.85	26.78	47.49	76.31	222.42	132.48	269.00	237.21	309.00
Salaries & Wages	0.85	1.58	3.35	7.86	15.35	35.83	18.02	36.00	30.70	40.00
Repair & Maintenance	1.20	4.96	10.09	13.76	18.12	22.76	9.37	19.00	30.00	20.00
Licence Fees to DoT	0.78	1.74	2.54	5.29	8.77	12.13	5.80	13.00	16.80	18.00
Share to Railway	0.68	1.82	3.24	5.31	8.52	12.01	8.34	15.00	21.01	18.00
Administrative Expenses	3.12	3.74	4.85	9.62	19.68	31.47	14.97	26.00	30.70	30.00
Purchase of Protection/Internet Bandwidth	0.00	0.00	2.72	5.65	5.87	7.13				
Railways Project Expenses	0.00	0.00	0.00	0.00	0.00	101.09	5.40	22.00	26.00	30.00
Exps on execution of other works	0.00	0.00	0.00	0.00	0.00	0.00	70.58	138.00	82.00	144.00
Gross Margin	4.70	19.01	33.66	66.83	123.51	164.02	70.35	161.00	192.79	206.00
Depreciation	6.92	17.79	19.56	5.09	38.01	28.70	21.40	46.00	50.00	52.00
Amortisation of Right of Way to be paid to IR	8.39	10.48	11.34	0.00	0.00	0.00	0.00	0.00		
Gross Profit/PBIT	-10.60	-9.26	2.76	61.74	85.50	135.32	48.95	115.00	142.79	154.00
Prior Period Adjustment	0.07	0.00	0.00	4.26	5.66	5.39	0.83	1.00	2.00	2.00
Deferred Revenue Expenditure	0.40	0.40	0.00	0.00	0.00	8.00	0.00	0.00	0.00	8.00
Interest on Loan	15.51	17.17	19.21	20.98	23.41	19.53	7.93	16.00	35.00	12.00
Less: Interest Capitalised	-10.83	-7.33	-6.43	-4.58	0.00	0.00	0.00	0.00	0.00	0.00
Net Interest	4.68	9.84	12.77	16.40	23.41	19.53	7.93	16.00	35.00	12.00
Provision for Tax/FBT	0.00	0.00	0.26	0.23	0.29	0.36	0.00	0.00	0.00	0.00
Net Profit	-15.75	-19.50	-10.27	40.85	56.14	102.04	40.19	98.00	105.79	132.00
Dividend Paid	0.00	0.00	0.00	0.00	0.00	8.00	0.00	15.00	15.00	15.00
Tax on Dividend	0.00	0.00	0.00	0.00	0.00	1.36	0.00	3.00	2.40	3.00
Retained Profits	-15.75	-19.50	-10.27	40.85	56.14	92.68	40.19	80.00	88.39	114.00
Return to Capital @ 10%										
Added Value	-64.50	-44.00	-22.96	13.53	67.02	105.41	11.74	101.15	129.04	145.04
No of Employees	109.00	146.00	246.00	424.00	413.00	510.00	510.00	510.00	510.00	510.00

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Shriji Palkhiti
15/3/10

RAILTEL CORPORATION OF INDIA LIMITED
BALANCE SHEET

Rs in Crore
Annexure-V

Particulars	As on 31.03.04	As on 31.03.05	As on 31.03.06	As on 31.03.07	As on 31.03.08	As on 31.03.09	2009-10 Actuals 30.09.2009	2009-10 Estimated for the year	2009-10 MOU Target	2010-11 MOU Target
Sources of Funds										
Share holders funds (a+b+c)	234.40	270.13	234.40	320.94	365.20	457.88	508.55	537.88	577.69	662.36
(a) Paid up capital	158.05	234.41	234.40	320.94	320.94	320.94	320.94	320.94	320.94	331.42
(b) Share application money	76.35	0.00	0.00	0.00	0.00	0.00	10.48	0.00	0.00	0.00
(c) Reserves & Surplus	0.00	35.72	0.00	0.00	44.26	136.94	177.13	216.94	256.75	330.94
Term Loans	150.00	170.00	217.00	272.00	230.16	188.32	167.40	146.48	146.50	104.64
Deferred/Long Term Liability	378.67	342.69	345.82	9.97	18.49	0.00	0.00	0.00	0.00	0.00
Total	763.07	782.82	797.22	602.91	613.85	646.20	675.95	684.36	724.19	767.00
Application of funds										
Gross Block	728.42	769.62	763.06	611.37	728.05	773.26	791.10	794.57	968.05	881.46
Less: Depreciation	15.88	46.23	75.06	80.14	118.15	146.85	168.25	192.69	218.25	244.10
Net Block	712.54	723.39	688.00	531.23	609.90	626.41	622.85	601.88	749.80	637.36
Capital Work in Progress	53.01	115.64	184.16	63.87	53.38	81.31	89.87	86.89	84.00	149.44
Investments (Financials)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Current Assets (a)	45.10	41.64	42.31	80.90	111.87	151.66	134.33	59.00	36.94	162.00
Loans & Advances (b)	9.40	11.60	31.05	112.01	78.82	149.98	156.33	156.33	100.00	50.00
Total Current Assets (a+b)	54.50	53.24	73.36	192.91	190.69	301.64	290.66	215.33	136.94	212.00
Current Liabilities (a)	74.98	146.47	195.18	191.13	240.12	363.16	327.43	218.70	249.25	239.76
Net Current Assets	-20.48	-93.23	-121.82	1.78	-49.43	-61.52	-36.77	-3.37	-112.31	-27.76
Depreciation on Assets expected to be capitalised							0.00	0.00	0.00	0.00
Deffered Revenue Expenditure	0.90	0.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Deffered Tax Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit & Loss A/c (Dr Balance)	17.11	36.61	46.87	6.03	0.00	0.00	0.00	0.00	0.00	0.00
Total	763.07	782.81	797.22	602.91	613.85	646.20	675.95	685.40	721.49	759.04

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Shriji Babshit
15/3/10

MANAGEMENT RATIOS

as on 31st March

Sl.No.	Particulars	Unit	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09	2009-10 Actuals 30.09.2009	Estimated for the year	2009-10		2010-11	
											MOU Target	MOU Target	MOU Target	MOU Target
1	Net worth	Rs	216.39	233.12	187.53	314.91	365.20	457.88	508.55	537.88	577.69			662.36
2	Capital employed	Rs	692.06	630.16	566.18	533.01	560.47	564.89	586.08	598.51	637.49			609.60
3	Gross Margin/ Gross block	Rs	0.65%	2.47%	4.41%	10.93%	16.96%	21.21%	8.89%	20.26%	19.92%			23.37%
4	Net profit / net worth	%	-7.28%	-8.36%	-5.48%	12.97%	15.37%	22.29%	7.90%	18.22%	18.31%			23.37%
5	Gross Profit / capital employed	%	-1.53%	-1.47%	0.49%	11.58%	15.26%	23.96%	8.35%	19.21%	22.40%			19.93%
6	PBDIT / Total employment	%	4.32%	13.02%	13.68%	15.76%	29.91%	32.16%	13.79%	31.57%	37.80%			40.39%
7	Added Value / Sales	%			11.98%	35.54%	41.25%	5.84%	23.69%	30.22%				28.33%

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Srinani Rakesh
15/3/10

Rs In Crores