

RailTel Corporation of India Ltd.

**MEMORANDUM OF UNDERSTANDING
FOR THE
YEAR 2011-2012**

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 their operation and 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

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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

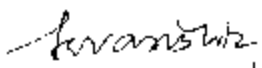
COMMITMENTS/ ASSISTANCE FROM THE GOVERNMENT.

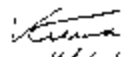
1. Ministry may consider providing Railway land/building space for NOC, Data Centre and other operational requirement of RailTel at special concessional license fee as these facilities would also be used for Railways requirement.
2. Ministry may consider waiver of / reduction in the overhead charges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

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) 11/4/11
 MANAGING DIRECTOR
 RAILTEL CORPORATION OF
 INDIA LTD.


 11/4/2011
 (V.K. GUPTA)
 SECRETARY, RAILWAY BOARD,
 MINISTRY OF RAILWAYS
 GOVERNMENT OF INDIA

Place: New Delhi

Dated: 11-4-2011

RAILTEL CORPORATION OF INDIA LIMITED

Annexure-III

MOU Assessment Format for CPSE 2011-12

Rs. In Crores

Sl. No.	Unit	2008-10	2009-10	2010-11	2010-11	2011-12	Excellent	V. Good	Good	Fair	Poor			
		MOU Target	Actuals 31.03.10	MOU Target (V.Good)	Estimate For the Year	MOU Target								
1. STATIC FINANCIAL PARAMETERS (50%)														
(a) Financial Indicators-profit Related Ratios														
(i) Gross Margin/Gross Block	(%)	2	19.92%	20.67%	23.37%	12.92%	22.43%	23.55%	22.43%	21.31%	20.24%	19.23%		
(ii) Net profit/Net worth	(%)	10	22.71%	20.32%	22.85%	8.77%	22.13%	23.24%	22.13%	21.02%	19.87%	18.97%		
(iii) Gross Profit/Capital Employed		10	22.53%	21.30%	24.16%	10.02%	22.97%	24.12%	22.97%	21.82%	20.73%	19.70%		
(b) Financial Indicators -Size related														
(i) Gross Margin	Rs. In Crores	8	192.79	178.86	206.00	117.00	253.00	265.65	263.00	240.35	228.33	218.92		
(ii) Gross Sales	Rs. In Crores	4	430.00	399.70	515.00	279.00	583.00	591.15	583.00	534.86	508.11	482.70		
(c) Financial Returns - productivity related														
(i) PBDIT/Total Employment	Rs. In Lakhs per person	7	37.80%	49.82%	40.39%	30.08%	55.04%	65.29%	65.04%	61.79%	58.63%	55.28%		
(ii) Added Value/ Sales	%	9	30.10%	28.23%	28.16%	18.69%	31.18%	32.73%	31.18%	29.62%	28.06%	26.50%		
Sub-total (a) + (b) + (c)	Sub Total	50												
2. Dynamic parameters														
(a)	Customer Satisfaction (Customer Orientation)	Circuit availability to customer for leased lines	% age leased circuits with over 99.5% efficiency for protected	2	90.50%	93.00%	92.00%	95.00%	95.50%	96.50%	94.50%	93.00%	82.00%	
		Survey of Customers by Independent external agency	Time Frame	1	N.A	N.A	N.A	N.A	31/Dec/11	30/Nov/11	31/Dec/11	31/Jan/12	29/Feb/12	31/Mar/12
		OFC failures.	% age of restoration in less than 10 hours	1	82.50%	87.00%	87.00%	87.00%	88.00%	89.00%	88.00%	87.00%	86.00%	85.00%
(b)	HRD (Employees Training and Motivation)													
(c)	OSM Development Training													
	(i) Training with focus on enhancement of Marketing Skills	Mandays	1	N.A	N.A	N.A	19	315	330	315	300	285	270	
	(ii) Training on Project management	Mandays	2	N.A	N.A	N.A	N.A	400	450	400	350	300	280	
	(iii) Encouragement for % representation of minorities in new recruitments during the year and regular submission of this information to DPE in the desired format		1	N.A	N.A	N.A	N.A	Mar-12	Jan-12	Mar-12	>Mar-12	>Mar-12	>Mar-12	

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MOU Assessment Format for CPSE 2011-12

Rs In Crores

Sl. No.	Unit	2008-10 MOU Target	2009-10 Actuals 31.03.10	2010-11 MOU Target (V.Gond)	2010-11 Estimate For the Year	2011-12 MOU Target	Excellent	V. Good	Good	Fair	Poor
3	Capital Expenditure	N.A	N.A	N.A	N.A						
	f) Laying of OFC (RKM)	2	N.A	N.A	N.A	2000	2200	2000	1800	1600	1400
	g) Long Haul DWDM system (RKM)	2	N.A	N.A	N.A	10000	11000	10000	8000	8000	7000
	h) Other Including Last Mile (RKM)	1	N.A	N.A	N.A	240	280	240	220	200	180
	h) PPP Projects (Broadband)										
	RFQ	1	N.A	N.A	N.A	Sep-11	<Sept-11	Sep-11	>Sept-11	Nov-11	Jan-12
	Approval of project	1	N.A	N.A	N.A	Dec-11	<Dec-11	Dec-11	>Dec-11	Jan-12	Mar-12
	EOI of bids	1	N.A	N.A	N.A	Mar-12	<Mar-12	Mar-12	>Mar-12	Mar-12	Mar-12
	i) Capital Expenditure of Rs. 100 crores	1	N.A	N.A	N.A	Jan-12	Dec-11	Jan-12	Feb-12	Mar-12	Mar-12
4 (a)	Corporate Social Responsibility (CSR)										
	No. of Bulabh Shauchalaya Complex in Village(s) including its maintenance	1	N.A	N.A	N.A	1	2	1	-	-	-
	Jalpur Foot by 31/12/11	1	N.A	N.A	N.A	150	200	180	100	80	-
	One Electronic Kiosk in TTC choupal in a village panchayat by 31/12/11	1	N.A	N.A	N.A	1	1	-	-	-	-
	Other Activities	0.5	N.A	N.A	N.A	3/31/2012	2/28/2012	3/31/2012	>Mar-12	>Mar-12	>Mar-12
	Overall expenditure (Rs. Crores)	1.5	N.A	N.A	N.A	2.00	2.60	2.00	1.50	1.25	1.00
4 (b)	Sustainable Development										
	Solar point of presence (PoP)	3	N.A	N.A	N.A	25	30	25	20	15	10
	Expenditure (Rs. Lakhs)	2	N.A	N.A	N.A	30	35	30	25	20	15
4 (c)	Corporate Governance										
	Appointment of Independent Directors	1	N.A	N.A	N.A	1	2	1	-	-	-
	Formulate and implement whistle blower policy and post it on website of the company	1	N.A	N.A	N.A	Jun-11	Apr-11	Jun-11	Aug-11	Oct-11	Dec-11
	Formulate statement of Board Charter clearly defining the roles & responsibilities of board, independent directors, Government directors	1	N.A	N.A	N.A	Jan-12	Dec-11	Jan-12	Feb-12	Mar-12	>Mar-12
	Forming & implementation of Risk Management Policy and review of internal controls	1	N.A	N.A	N.A	30/Jun/11	31/May/11	30/Jun/11	31/Jun/11	31/Aug/11	30/Sep/11

RAILTEL CORPORATION OF INDIA LIMITED

Annexure-III

MOU Assessment Format for CPSE 2011-12

Rs In Crores

Sl. No.	Unit	2009-10 MOU Target	2009-10 Actuals 31.03.10	2010-11 MOU Target (V.Good)	2010-11 Estimate For the Year	2011-12 MOU Target	Excellent	V. Good	Good	Fair	Poor		
	Compliance of Auditor's observations including those observations in the schedules in the accounts for the year 2009-10	1	N.A	N.A	N.A	N.A	31/Dec/11	30/Nov/11	31/Dec/11	31/Jan/12	28/Feb/12	31/Mar/12	
5	Sundry Debtors												
	Reduction of Sundry Debtors of over six months standing over the previous year (%)	1	N.A	N.A	N.A	N.A	40	50	40	30	20	10	
	Make Net Current Assets positive by	1	N.A	N.A	N.A	N.A	Sep-11	Jun-11	Sep-11	Dec-11	Mar-12	>Mar 12	
	Sub Total (d+e+f+g+h+i+j+k+l+m)	Sub Total	35										
6 (a & b)	Enterprise specific												
	Timely Submission of data for PE survey published by DPE	Date	1	Jan-10	Nov-09	Dec-10	N.A	Before due date					
	Restructuring of the organisation and Finalization of Corporate Plan and Initiation of Implementation		3	N.A	N.A	N.A	N.A	Dec-11	Nov-11	Dec-11	Jan-12	Feb-12	Mar-12
	NKN Implementation (Rs. Crores)	2.5	N.A	N.A	N.A	N.A	125	137	125	113	101	90	
	NKN Implementation (No. of Links)	2.5	N.A	N.A	N.A	N.A	200G	210G	200G	190G	180G	170G	
7	Sector Specific												
	Implementation of ERP												

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RAILTEL CORPORATION OF INDIA LIMITED

Annexure-III

MOU Assessment Form for CPSE 2011-12

Rs In Crores

Sl No.	Unit	2009-10 MOU Target	2009-10 Actuals 31.03.10	2010-11 MOU Target (V.Good)	2010-11 Estimate For the Year	2011-12 MOU Target	Excellent	V. Good	Good	Fair	Poor
Finalize the implementation of ERP by engaging suitable agencies or mechanism	2.5	N.A	N.A	N.A	N.A	31-08-2011	31-07-2011	31-08-2011	30-09-2011	31-10-2011	30-11-2011
Completion of the implementation of ERP project	2.6	N.A	N.A	N.A	N.A	>31-03-2012	31/Mar/12	>31-03-2012	>31-03-2012	>31-03-2012	>31-03-2012
Percentage of revenue coming from New business in 2011-12	1	N.A	N.A	N.A	N.A	20%	21%	20%	19%	18%	17%
	Sub Total										
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RAILTEL CORPORATION OF INDIA LIMITED
Income-Expenditure Statement

Rs In Crores

Profit & Loss Particulars	2008-09	2009-10	2009-10	2010-11	2010-11	2011-12
	Actuals upto 31.03.09	MOU Target	Actuals 31.03.10	MOU Target	Estimate for the Year	MOU Target
Total Income	386.44	430.00	399.70	515.00	279.00	563.00
Sale Revenue IP-1	46.67	45.00	47.06	50.00	45.00	63.00
Sale Revenue-NLD (IP-II)	181.77	220.00	171.99	225.00	133.00	210.00
Sale Revenue VPN/ISP	23.34	49.00	31.21	50.00	36.00	48.00
Income From Railways	6.88	20.00	25.16	20.00	19.00	22.00
Execution of Railways works	113.99	93.00	112.58	157.00	41.00	121.00
Broadband PPP						68.00
Other Projects				10.00		0.00
Other Income	11.79	3.00	11.61	3.00	5.00	11.00
Gross Sales	386.44	430.00	399.70	515.00	279.00	563.00
Total Expenditure	222.42	237.21	220.84	308.00	162.00	310.00
Salaries & Wages	35.83	30.70	28.94	40.00	30.00	40.00
Repair & Maintenance	22.78	30.00	27.44	20.00	25.00	30.00
Licence Fees to DoT	12.13	16.80	12.65	18.00	12.00	17.00
Share to Railway	12.01	21.01	13.79	18.00	14.00	23.00
Administrative Expenses	31.47	30.70	13.58	30.00	18.00	38.00
Purchase of Protection/Internet Bandwidth	7.13	26.00	19.79	30.00	28.00	35.00
Railways Project Expenses	101.09	82.00	106.64	144.00	37.00	115.00
Broadband PPP						12.00
Other Projects				9.00		
Gross Margin	164.02	192.79	178.86	206.00	117.00	253.00
Depreciation	28.70	50.00	38.19	52.00	52.00	75.00
Gross Profit/PBIT	135.32	142.79	140.67	154.00	65.00	178.00
Prior Period Adjustment	5.39	2.00	1.01	2.00	-	-
Deferred Revenue Expenditure	8.00	0.00	0.00	8.00	0.00	0.00
Interest on Loan	19.53	35.00	14.79	12.00	12.00	12.00
Less: Interest Capitalised	0.00	0.00	0.00	0.00	0.00	0.00
Net Interest	19.53	35.00	14.79	12.00	12.00	12.00
Provision for Tax/FBT	0.36	0.00	5.39	0.00	1.00	1.00
Provision for Arbitration cases			3.54	0	0	0.00
Provision for Doubtful Debts			3.65	0.00		0.00
Net Profit	102.04	106.79	112.29	132.00	52.00	165.00
Dividend Paid	8.00	15.00	15.00	15.00	10.00	10.00
Tax on Dividend	1.36	2.40	2.64	3.00	2.00	2.00
Retained Profits	92.68	88.39	94.75	114.00	40.00	163.00
Return to Capital @ 10%						
Added Value	107.53	129.40	112.83	145.04	52.14	175.52
No of Employees	510.00	510.00	359.00	610.00	389.00	389.00

RAILTEL CORPORATION OF INDIA LIMITED
BALANCE SHEET

Rs in Crores

Particulars	Actuals upto 31.03.09	2009-10	2009-10	2010-11	2010-11	2011-12
Sources of Funds		MOU Target	Actuals 31.03.10	MOU Target	Estimate for the Year	MOU Target
Share holders funds (a+b+c)	458	466	553	578	593	746
(a) Paid up capital	321	321	321	321	321	321
(b) Share application money	0	0	0	0	0	0
(c) Reserves & Surplus	137	145	232	257	272	425
Term Loans	188	147	148	147	102	58
Deferred/Long Term Liability	0	19	0	0	0	0
Total	646	631	699	724	695	804
Application of funds						
Gross Block	773	958	868	988	908	1128
Less: Depreciation	147	222	185	218	237	293
Net Block	628	746	683	770	671	835
Capital Work in Progress	81	84	39	84	47	29
Investments (Financials)	0	0	0	0	0	0
Current Assets (a)	152	37	213	37	200	300
Loans & Advances (b)	150	100	199	100	150	200
Total Current Assets (a+b)	302	137	411	137	350	500
Current Liabilities (a)	363	249	435	249	370	580
Net Current Assets	-52	-112	-24	-112	-20	-60
Depreciation on Assets expected to be capitalis	0	0	0	0	0	0
Deferred Revenue Expenditure	0	0	0	0	0	0
Deferred Tax Assets	0	0	0	0	0	0
Profit & Loss A/c (Dr Balance)	0	0	0	0	0	0
Total	646	718	699	721	695	804

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Rs In Crores

Sl.No.	Particulars	Unit	2008-09	2008-10	2009-10	2010-11	2010-11	2011-12
			Actuals upto 31.03.09	MOU Target	Actuals 31.03.10	MOU Target	Estimate for the Year	MOU Target
	Net worth	Rs	457.88	465.76	552.82	577.89	592.82	745.62
	Capital employed	Rs	564.89	633.89	660.37	637.49	646.59	774.80
	Net Profit	Rs	102.04	105.79	112.29	132.00	52.00	165.00
	Gross Profit	Rs	135.32	142.79	140.87	154.00	66.00	178.00
	Gross Sales	Rs	388.44	430.00	399.70	515.00	279.00	563.00
	Gross Margin or PBDT	Rs	164.02	192.79	178.88	206.00	117.00	253.00
	Gross Block	Rs	773.28	968.05	869.42	968.05	905.62	1128.03
	Total Employment		510.00	510.00	389.00	510.00	389.00	389.00
	Gross Margin/ Gross block	%	21.21%	19.92%	20.57%	21.28%	12.92%	22.43%
	Net profit / net worth	%	22.29%	22.71%	20.32%	22.85%	8.77%	22.13%
	Gross Profit / capital employed	%	23.96%	22.53%	21.30%	24.19%	10.02%	22.97%
	PBDIT / Total employment	%	32.16%	37.80%	49.92%	40.39%	30.08%	85.04%
	Added Value	Rs	107.53	129.40	112.83	145.04	52.14	178.52
	Added Value / Sales	%	27.83%	30.09%	28.23%	28.16%	18.69%	31.18%
	Gross Margin/Gross Sales	%	42.44%	44.83%	44.75%	40.00%	41.94%	44.94%

Added value=Gross Margin-10% of Capital Employed

Capital Employed= Gross Block-Accumulated Depreciation-net Working Capital

Net Worth=Share Capital+reserves & Surplus

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