

MEMORANDUM OF UNDERSTANDING

BETWEEN

**INDIAN RAILWAY CATERING AND TOURISM CORPORATION
LIMITED**

AND

MINISTRY OF RAILWAYS

YEAR 2010-11

MoU 2010-11
Approved by DPE/TF
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15/3/10
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**MEMORANDUM OF UNDERSTANDING
FOR THE
YEAR 2010-2011**

PART I: MISSION AND OBJECTIVES

1. PREAMBLE

As part of Indian Railways' wider organizational reform and to strengthen its marketing and service capabilities in the areas of rail catering, tourism, hospitality and passenger amenities a corporate entity, Indian Railways Catering And Tourism Corporation Limited (IRCTC) was incorporated on 27th September 1999 under the Companies Act 1956 as a Government company. The company obtained the Certificate for commencement of Business on 2nd December 1999. The full-fledged functioning of the Corporation started on 1st August 2001.

2. MISSION

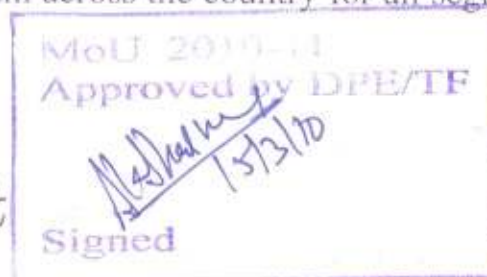
"To be the leader for providing high quality catering, tourism and travel related services on the Indian Railways primarily and also outside the Railways in the country."

3. OBJECTIVES

- (i) To be a technology driven customer oriented company through constant innovation and human resource development.
- (ii) To provide high quality catering services on trains and at stations for all segments of Railway Passengers across all price bands directly as well as through network of professionally competitive licensees.
- (iii) To be a significant player in the hospitality business for both Indian Railway and non-Indian Railway related services.
- (iv) To promote railway tourism across the country for all segments of Rail Passengers.







- (v) To provide single window solution to its customers including train travel, hotel accommodation, road transfers, hospitality, catering etc.
- (vi) To promote private sector participation and expertise to improve quality of products and services for all segments of Railway Passengers across all price bands.
- (vii) To imbibe strong customer friendly, professional and ethical work culture.
- (viii) To maintain leading position in internet ticketing, e-commerce and technology for customers interface for railway passengers/ customers.
- (ix) To develop budget hotels on Railway and non- Railway land.
- (x) To provide high quality package drinking water (Railneer) and ensure its availability across Indian Railway network.
- (xi) To adopt strong Corporate Governance practices and best and transparent industry practices.
- (xii) To work towards creation of additional infrastructure on Railway or non-railway premises in their mandated line of business with a view to improve the Gross Block.



PART II


EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS

IRCTC 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:

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The Commitments of the PSE are furnished as per the Sheet enclosed.

PART-IV

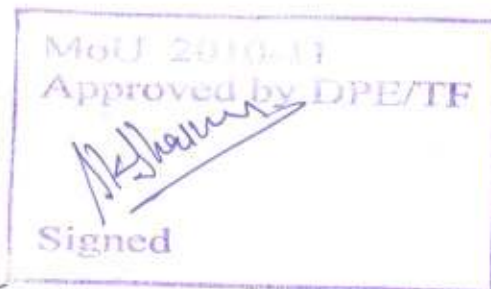
COMMITMENTS / ASSISTANCE FROM THE GOVERNMENT

Subject to Government guidelines issued from time to time the Government undertakes to:

- (i) Devise mechanism for prompt release of IRCTC dues in respect of catering and other services provided by IRCTC to various Zonal Railways.
- (ii) Review instructions with regard to imposition of Haulage cost on pantry cars.
- (iii) Ensure maintenance of Catering Equipments in the pantry cars and mini pantries.
- (iv) Extend support to IRCTC in running and management of the luxury tourist train.
- (v) Curb unauthorized vending in trains and at stations and prevent recycling of package drinking water bottle on Railway Stations.
- (vi) Provide space for base kitchens at important stations, wherever considered necessary.
- (vii) Rendering assistance to IRCTC in the sphere of e-ticketing and similar value added services.
- (viii) Examining provision of duty passes to inspecting officials of IRCTC.
- (ix) Ensure timely clearance of e-ticketing/ i-ticketing refund cases.



Shriaji Rakshit

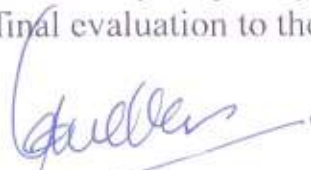



- (x) Ensure regular and correct feeding of train arrival and departure data relating to trains in National Train Enquiry System (NTES).
- (xi) Timely allotment of quota in trains for Value Added Tour (VAT) Packages based on request from IRCTC.


PART V

ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU.

While the Company would review the performance periodically, the Ministry of Railways shall review the performance on quarterly basis. The evaluation of performance would, however, be done at the close of the financial year jointly by the Company and the Ministry before submitting final evaluation to the DPE based on composite score of five point scale.


(R.K. Tandon)
MANAGING DIRECTOR
INDIAN RAILWAYS CATERING
AND TOURISM CORPORATION
LIMITED


(Shivaji Rakshit)
SECRETARY
MINISTRY OF RAILWAYS
GOVERNMENT OF INDIA

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PART-III
INDIAN RAILWAYS CATERING AND TOURISM CORPORATION LTD
COMMITMENTS OF THE COMPANY
PERFORMANCE, TARGETS AND EVALUATION CRITERIA FOR 2010-2011

Sl. No.	Evaluation Criteria	Unit	Weight (Out of 100)	Actual 2008-09	MOU Target 2009-10	Estimated 2009-10	Budgeted Estimates 2010-11	Performance					
								1	2	3	4	5	
								Excellent	Very good	Good	Fair	Poor	
1	I. Static Financial Parameters (50%)												
(a)	Financial Indicators												
	Profit Related Ratios												
	(i) Gross Margin/Gross Block	(%)	2	107.5%	56.6%	51.0%	47.3%	49.7%	47.3%	45.0%	42.6%	40.2%	
	(ii) Net Profit/Net Worth	(%)	10	40.6%	30.9%	31.2%	27.3%	26.7%	27.3%	25.0%	24.6%	23.2%	
	(iii) Gross Profit/Capital Employed	(%)	10	59.3%	47.1%	48.9%	42.1%	44.2%	42.1%	40.0%	37.9%	35.7%	
(b)	Financial Indicators - Size related												
	(i) Gross Margin	Rs. in Crore	8	82	80	86	97	102	97	92	87	82	
	(ii) Gross Sales	Rs. in Crore	4	556	550	616	680	715	680	646	612	578	
(c)	Financial Returns - Labour Productivity and Total												
	Productivity related												
	(i) PBDIT/Total Employment	Rs. in lakh per P	7	2.17	2.29	2.65	2.93	3.06	2.93	2.79	2.64	2.48	
	(ii) Added Value/ Gross Sales	(%)	9	12.0%	12.0%	11.8%	11.5%	12.1%	11.5%	10.9%	10.3%	9.8%	
	Sub-total 1(a+b+c)		50										
2	Dynamic Parameters (30%)												
2.1	R&D for sustained & Continuous Innovation												
	(i) Development and introduction of Airline Ticketing on Tourism Portal	Date	3				30.09.2010	31.06.2010	30.09.2010	31.10.2010	30.11.2010	31.12.2010	
	(ii) Development of Blue Print for introduction of cold chain system in Railway Catering with the help of professional agency	Date	2				31.12.2010	30.11.2010	31.12.2010	31.01.2011	28.02.2011	31.03.2011	
2.2	Sustainable Development												
	(i) Implementation of Pilot project for collection of used Rail/liner Boxes for recycling purposes	Date	4				31.12.2010	30.11.2010	31.12.2010	31.01.2011	28.02.2011	31.03.2011	
	(ii) Pilot Project on utilization of Solar Energy for Kitchens	Date	1				31.12.2010	30.11.2010	31.12.2010	31.01.2011	28.02.2011	31.03.2011	
2.3	Corporate Social Responsibility												
	Expenditure on CSR Activities as per DPE Guidelines and approved by Board	Rs. Crore	5				2.00	2.25	2.00	1.75	1.50	1.20	

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Shriyaji Rakshit

Sl. No.	Evaluation Criteria	Unit	Weight (Out of 100)	Actual 2008-09	MOU Target 2009-10	Estimated 2009-10	Budgeted Estimates 2010-11	1 Excellent	2 Very good	3 Good	4 Fair	5 Poor
2.4	Quality (ISO certification, internalisation of quality within SBU Products) & Customer orientation											
	(i) Cell Kitchens/ Base Kitchens	Nos	2				14	16	14	12	9	6
	(ii) Rajdhani/ Shatabdi/ Duronto Express Trains	Nos	2				8	9	8	6	4	2
2.5	(Customer Orientation-Strategic Business Unit-wise/ Product-wise											
	Customer Satisfaction Surveys by External Agency Int:											
	(i) Achieving 60 % Customer Satisfaction level in all Rajdhani/ Shatabdi Express Trains	(%)	1				90%	100%	90%	85%	70%	60%
	(ii) Achieving 80 % Customer Satisfaction level in Rajdhani and Shatabdi Trains	(%)	1				55%	60%	55%	50%	40%	30%
	(iii) Implementation of Customer Feedback for 80 % of the tourism products.	Date	2				30.06.2010	31.05.2010	30.06.2010	31.07.2010	31.08.2010	30.09.2010
	(iv) HRD (Employees training and Motivation)	Nos	1				2750	3000	2750	2500	2200	2000
2.6	Project Implementation/ Modernization and Expansion)											
	(i) Commencement of Production at Rainer Plant, Palur	Date	3				31.10.2010	30.09.2010	31.10.2010	30.11.2010	31.12.2010	31.01.2011
2.7	(ii) Awarding of Tender for Rainer Plant, Ambemath. Extent of Globalization	Date	1				15.02.2011	31.01.2011	15.02.2011	28.02.2011	15.03.2011	31.03.2011
	Booking of Common Wealth Games, 2010 Tickets through internet.	Date	2				30.06.2010	15.06.2010	30.06.2010	31.07.2010	31.08.2010	30.09.2010
	Sub-total (2.1 to 2.7)		30									

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Sl. No.	Evaluation Criteria	Unit	Weight (Out of 100)	Actual 2008-09	MOU Target 2009-10	Estimated 2009-10	Budgeted Estimates 2010-11	1	2	3	4	5
3	Sector Specific Parameters(10%) Travel and Tourism related initiatives :							Excellent	Very good	Good	Fair	Poor
3.1	No. of tour packages sold	Nos.	3				60000	65000	60000	50000	45000	40000
3.2	Catering initiatives.											
3.3	Improvement of catering services at Adarsh stations. Provision of Good Quality Food and Jan Ahaar	Nos.	2				30	35	30	25	20	15
	(a) Setting up of Cell Kitchens/ Base Kitchens	Nos	2				8	10	8	5	4	2
	(b) Jan Ahaar outlets	Nos	1				20	25	20	15	10	5
3.4	Introduction of E-Tendering System	Date	2				30.11.2010	31.10.2010	30.11.2010	31.12.2010	31.01.2011	26.02.2011
4	Sub-total 3 (3.1 to 3.4)		10									
	Enterprise Specific Parameters(10%)											
	Catering Activities											
	(i) Conducting of Food Safety & Hygiene Audits in all Rajdhani and Shatabdi trains and achieving rating of 55 %	(%)	1				90%	100%	90%	80%	60%	40%
	(ii) Conducting of Food Safety & Hygiene Audits in Rajdhani and Shatabdi trains and achieving rating of 70 %	(%)	1				55%	60%	55%	50%	45%	40%
	(iii) Conducting of food quality Audits in base Kitchens and Mail/ Express Trains	(%)	2				90%	100%	90%	80%	60%	40%
	(iv) Availability of Janta Khana	Nos per day	1				130000	150000	130000	110000	90000	70000
	(v) introduction of advance Meal ordering system in trains.	No. of Trains	1				11	12	11	10	8	6
	(vi) Implementation of pilot project on Induction Cooking System at Base Kitchen, New Delhi	Date	2				31.10.2010	30.09.2010	31.10.2010	30.11.2010	31.12.2010	31.01.2011
	(vi) Finalizing Comprehensive Professional document for performance related indices for catering in trains.	Date	2				31.12.2010	30.11.2010	31.12.2010	31.01.2011	28.02.2011	31.03.2011
	Sub-total 4		10									
	Grand Total (1+2+3+4)		100									
	Note:1 Normal variations/escalations in inputs have been taken into account while working out MOU Targets.											
	2 Ratios based on Capital Employed are based on existing Paid Up Capital position.											
	Enclosed : ANNEXURE -IX											

Shivaji Rakesh

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M. K. Raju
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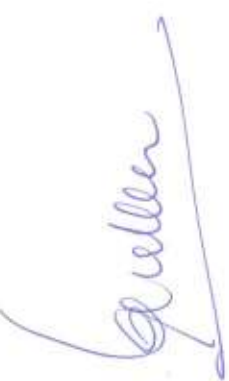
Key Financial Indicators of IRCTC for the last five years alongwith MOU Targets.

Annexure-IX
(Rs. in Crore)

Particulars	2005-06		2006-07		2007-08		2008-09		2009-10		2010-11	
	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual	Anticipated	MOU	Actual up to Sep.09	MOU
Production												
Gross Sales	200.90	260.89	360.71	421.34	485.85	511.83	510.48	596.19	618.12	550.09	312.84	550.09
Gross Margin	31.48	35.24	55.44	35.42	57.59	41.54	71.60	82.08	87.54	80.00	48.83	80.00
Profit Before Tax	29.02	31.64	51.97	30.00	52.12	33.26	63.70	71.98	71.54	65.14	41.83	65.14
Gross Block	26.33	31.01	34.51	41.61	49.63	61.38	65.13	76.36	143.47	140.78	82.88	140.78
Less Depreciation	9.72	10.82	15.23	16.10	20.71	24.38	28.61	34.24	52.30	52.04	41.24	52.04
Net Block	16.61	20.19	19.28	25.52	28.93	37.00	36.53	42.12	91.17	88.74	41.64	88.74
Share Capital	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00
Reserve and Surplus	26.82	27.32	42.56	42.96	68.92	58.85	101.13	94.46	130.41	119.06	117.39	119.06
Less : Deferred revenue/pre-acquisition loss	0.09	0.09	0	0	0	0	0	0	0	0	0	0
Less: Profit and Loss Account	0	0	0	0	0	0	0	0	0	0	0	0
Net Worth	46.73	47.23	62.56	62.96	88.92	78.85	121.13	114.46	150.41	139.06	137.39	139.06
Investment	0.00	0.00	0.00	0.00	0.00	0.00	0.00	2.50	2.50	0.00	2.50	0.00
Sundry debtors/ sales(in days)	76	115	121	105	90	137	145	147	142	159	140	159
Inventory	5.00	7.20	6.00	5.97	5.00	5.73	5.20	5.19	8.00	7.50	7.00	7.50
Total Current Assets	124.43	238.42	277.06	329.09	281.43	406.63	422.52	520.21	559.41	517.20	547.82	517.20
Total Current Liabilities and Provision	93.40	209.69	230.66	291.41	253.73	363.10	352.61	458.46	504.31	467.57	463.96	467.57
Net Current Assets	31.03	28.73	46.40	37.67	27.70	43.53	69.91	61.75	55.10	49.63	83.86	49.63
Capital Employed/(Net Block + net current assets)	47.64	48.92	65.68	63.19	56.63	80.53	106.43	103.87	146.27	138.37	125.50	138.37
Total Debt/(Loan Funds)	0	0	0	0	0	0	0	0	0	0	0	0
Total Assets	150.76	269.43	311.57	370.70	331.07	468.01	487.65	596.57	702.88	657.98	630.70	657.98
No. of employees	4602.00	5616.00	7000.00	5246.00	6300.00	4963.00	5500.00	3780.00	3300.00	3500.00	3300.00	3300.00
Added Value (Gross Margin less capital recovery factor 10 % of capital employed)	26.72	30.35	48.87	29.10	51.93	33.49	60.96	71.70	72.92	60.96	36.28	60.96

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Particulars	2005-06		2006-07		2007-08		2008-09		2009-10		2010-11	
	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual	MOU	Actual
Ratio												
Debt/Equity	0	0	0	0	0	0	0	0	0	0	0	0
Return on Net Worth(%age)	41.15	41.89	55.74	32.13	38.69	26.31	34.72	40.63	20.10	31.20	30.92	27.32
PBDIT/ Total employment(Rs.)	0.68	0.63	0.79	0.68	0.91	0.84	1.30	2.17	1.48	2.65	2.29	2.93
Gross Profit/ Capital Employed(%age)	60.92	64.67	79.13	47.48	92.03	41.30	59.85	69.30	33.33	48.91	47.08	42.06
Net Profit/ Net Worth (%age)	41.15	41.89	55.74	32.13	38.69	26.31	34.72	40.63	20.10	31.20	30.92	27.32
Working of Gross Margin												
Net Profit	19.23	19.78	34.87	20.23	34.40	20.75	42.05	46.50	27.61	46.93	43.00	51.96
Tax	9.79	11.85	17.10	9.77	17.71	12.51	21.65	27.35	14.22	24.62	22.14	26.76
Net Profit before tax	29.02	31.64	51.97	30.00	52.12	33.26	63.70	73.85	41.83	71.54	65.14	78.72
Add: prior period	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-1.87	0.00	0.00	0.00	0.00
Add: extra ordinary items	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Profit before Prior Period	29.02	31.64	51.97	30.00	52.12	33.26	63.70	71.98	41.83	71.54	65.14	78.72
Add: Interest	0	0	0	0	0	0	0	0	0	0	0	0
Gross Profit	29.02	31.64	51.97	30.00	52.12	33.26	63.70	71.98	41.83	71.54	65.14	78.72
Add: Depreciation	2.24	3.39	3.38	5.32	5.48	8.28	7.90	10.10	7.00	16.00	14.86	18.06
Misc. Expenditure Written Off	0.22	0.22	0.09	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Margin before Interest, depreciation & Misc. expenditure written off.	31.48	35.24	55.44	35.42	57.59	41.54	71.60	82.08	48.83	87.54	80.00	96.78
Additional for trading and Consulting Sector												
Gross Margin/ Gross Sales	15.67	13.51	15.37	8.41	11.85	8.12	14.03	13.77	15.61	14.16	14.54	14.23
Operating Turnover/Total No. of employees (Rs. in Lac)	4.37	4.65	5.15	8.03	7.71	10.31	9.28	15.77	9.48	18.73	15.72	20.61
Gross Margin-Profit before interest, depreciation, tax including deferred tax, amortization, prior period adjustment a/c & extra ordinary items-Rs. in crore.	31.48	35.24	55.44	35.42	57.59	41.54	71.60	82.08	48.83	87.54	80.00	96.78
Net Profit after tax but before extraordinary items and prior period adjustment a/c	19.23	19.78	34.87	20.23	34.40	20.75	42.05	44.63	27.61	46.93	43.00	51.96
Added Value (Rs. in Crore)	26.72	30.35	48.87	29.10	51.93	33.49	60.96	71.70	36.28	72.92	60.96	78.06

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