

REVISED
MEMORANDUM OF UNDERSTANDING

BETWEEN

**INDIAN RAILWAY CATERING AND
TOURISM CORPORATION LIMITED**



AND

MINISTRY OF RAILWAYS



FOR THE YEAR 2015-16

REVISED MEMORANDUM OF UNDERSTANDING
FOR THE YEAR 2015-16

PART I:

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 Railway 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.

1. VISION, MISSION AND OBJECTIVES

1.1 VISION

"To be the leading provider of high quality travel, tourism and hospitality related services, for a range of customer segments, with consistently high level of customer satisfaction."

1.2 MISSION

"IRCTC will establish itself as a leader in the area(s) of hospitality services, Travel and Tourism, packaged drinking water, and Internet Ticketing by providing value added products and services for passengers, tourists and other customers, targeting IR and Non-IR related services alike, building a resilient business portfolio that is scalable and based on core competence."

1.3 OBJECTIVES

- (i) To provide high quality catering services directly as well as through network of professionally competitive licensees and franchisees.
- (ii) To be a significant player in the hospitality business.
- (iii) To produce bulk food manufacturing facilities like food factories etc.
- (iv) To provide high quality package drinking water (Railneer) to passengers in trains and at Railway stations.

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- (v) To promote and market packaged drinking water in competitive market outside Railway premises under a different brand name or otherwise.
- (vi) To promote tourism across the country especially for all segments of Rail Passengers.
- (vii) Promote inbound travel mainly correlated to religious tourism thereby enhancing diplomatic initiatives through "people to people contact".
- (viii) To provide single window solution to its customers including train travel, road travel, air travel, hospitality, hotel accommodation and catering etc.
- (ix) To develop and operate "post arrival and pre-departures services" at Executive Lounges, Multi-functional complexes, budget hotels etc. through participation by professionals.
- (x) To maintain leading position in internet ticketing, e-commerce and technology for customers interface for railway passengers/ customers.
- (xi) To be a technology driven customer oriented company through constant innovation and human resource development.
- (xii) To promote private sector participation and expertise to improve quality of products and services.
- (xiii) To imbibe strong customer friendly, professional and ethical work culture.
- (xiv) To adopt strong Corporate Governance practices and best and transparent industry practices.
- (xv) 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.

2. PERFORMANCE ASSESSMENT TARGETS AND THEIR DETERMINATION

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



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PERFORMANCE ASSESSMENT TARGETS AND THEIR DETERMINATION FOR 2015-16

S. No.	Evaluation Criteria	Unit	Weight (in %)	MoU Target					
				Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)	
1.	Static/ Financial Parameters								
(i)	Mandatory parameters (Sr. No. (i)-(iii))								
	Growth/ Size/ Activity (Two)								
a)	Sales Turnover,* excluding interest and other income (Operating Turnover) (Sales Turnover shall not include excise duty, custom duty, VAT or any other duty, tax, etc.)	₹ Cr.	16	1025.00*	974.00	925.00	879.00	835.00	
b)	Gross Operating Margin	₹ Cr.	6	204.00	194.00	184.00	175.00	166.00	
(ii)	Profitability								
a)	EBITDA/Net Block	%	10	66.10	62.80	59.66	56.67	53.84	
(iii)	Costs and Output Efficiency								
a)	Sales Turnover/ Net Block	%	5	441.88	419.78	398.80	378.86	359.92	
b)	PAT per Employee	₹ Lakh	5	5.09	4.79	4.50	4.22	3.96	
(iv)	Optional Parameters {Sr No.(iv) & (v)}								
	Liquidity/ Leverage								
a)	Current Ratio	Ratio	8	1.153	1.146	1.139	1.133	1.126	
	Sub-Total (i to iv)		50						
	*CPSE has assumed that looking to past trend during the year they would be retaining at least 75% of departmental trains								

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Dynamic / non-financial Parameters							
Research & Development							
	Setting up In-House preform manufacturing facility at Rail Neer Plant, Ambernath	Date	3	30.06.15	31.07.15	31.08.15	31.10.15
Initiatives for Growth							
Physical Targets / Output or							
No. of new orders / projects							
i)	Roll out of Concierge/online cab services in Delhi and one more city	Date	3	31.10.15	30.11.15	31.12.15	31.01.16
ii)	Commissioning of new food plazas, food courts and new fast food units at Railway Stations	Number	3	28	25	20	15
(d) Brand building / Marketing initiatives / new products / new markets							
a)	Brand building of IRCTC through engagement of an outside firm	Date	4	31.12.15	31.01.16	29.02.16	15.03.16
(iv) Project Management & Implementation							
Number of new / on-going projects to be completed during the year.							
i)	Integration of mobile wallet as payment option for e-ticketing	Date	4	30.11.15	31.12.15	29.02.16	15.03.16

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(v)	Productivity and Internal processes							
(f)	Customer Satisfaction and redressal of customer grievances							
a)	Air Ticketing- Refund in case of cancellations in 85% cases (CO)	Days	4	30	35	40	45	>50
(g)	Customer Focus - Customer Satisfaction Index and Complaints per unit of sales							
a)	Online Customer Satisfaction Survey for e-ticketing services	Date	5	30.11.15	31.12.15	31.01.16	29.02.16	31.03.16
(vi)	Technology, Quality, Innovative practices							
(a)	New Technologies / Improving existing ones / other innovative practices							
i)	Preparation of Fraud Prevention Policy	Date	6	30.11.15	31.12.15	31.01.16	29.02.16	31.03.16
c)	Quality Management - Methods like TQM, six Sigma and ISO, Baldrige Performances Excellence Criteria, etc.							
i)	Hazard Analysis and Critical Control Points system (HACCP) for Food Plazas / FFUs/Food Court	Number	5	20	15	12	10	5
ii)	Introduction of Trolleys/Hygienic food boxes in trains	Date	4	31.12.15	31.01.16	15.02.16	29.02.16	31.03.16
(vii)	Human Resources Management							
a)	Enterprise Risk Management (for senior management personnel)	No. sent for training per year	3	10	8	6	4	2

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	Employee Programme (quarterly to resolve pending issues/ staff grievances)	Contact	No. of Programmes	2	6	5	4	3	2
b)	Actualization of Training plan & Target to be achieved		Man-days	2	5000	4000	3500	3000	2500
3. Sector Specific Parameter / Enterprise Specific Parameter									
a)	Commissioning of plant & machinery at Rail Neer plant, Bilaspur		Date	2	31.08.15	30.09.15	31.10.15	30.11.15	31.12.15
	Sub-Total (2 + 3)			50					
	Total (1 + 2 + 3)			100					

Non compliance of Corporate Governance will be penalised by way of negative marking and the MoU score will be inflated accordingly as mentioned in the para 3.22 of the MoU guidelines for the year 2015-16.

IRCTC will comply with para 3.23 of the MoU guidelines for the year 2015-16 regarding compliance of Public Procurement Policy for Micro, Small and Medium Enterprises (MSMEs); Certificate regarding implementation of Guidelines issued vide DPE OM No. 14(38)/10 Fin dated 28.06.2011, Compliance of CSR Guidelines and compliance of directives of government including submission of data for PE Survey, MOSPI data updation etc. Non-compliance of para 3.23 will be penalised by way of negative marking.

- a) All internal documents to be signed at least by Functional Director of Board.
- b) Negative marking for CG rating, Non Compliance to DPE guidelines, Entry of MoSPI & Survey data, Non Compliance to MSME guidelines and CSR provisions as per Companies Act.

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PART II

EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF
FINANCIAL POWERS

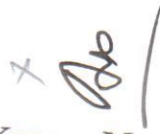
IRCTC will have the powers given under various orders of the Department of Public Enterprises to MoU signing companies from time to time.

PART III

ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE
MOU

The Performance of the parameters of Memorandum of Understanding will be reviewed as follows:

1. Periodically by the Functional Directors including CMD;
2. Half yearly by the Ministry of Railways;
3. Annually by the Company and the Ministry of Railways jointly before submitting final evaluation to the DPE based on composite score of five point scale.



(Dr. Arun Kumar Manocha)
Chairman & Managing Director
Indian Railway Catering and
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(R.K. Verma)
Secretary
Ministry of Railways
Government of India

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