

MEMORANDUM OF UNDERSTANDING

BETWEEN



INDIAN RAILWAY CATERING AND TOURISM
CORPORATION LIMITED

AND

MINISTRY OF RAILWAYS

YEAR 2009-2010

**MEMORANDUM OF UNDERSTANDING
FOR THE
YEAR 2009-2010**

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).
- (xi) To adopt strong Corporate Governance 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:

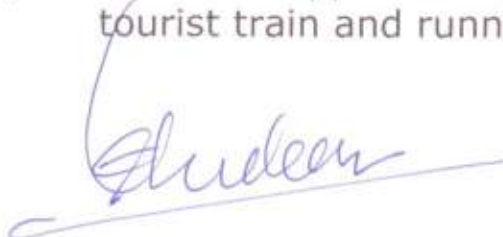
The Commitments of the PSE are furnished as per the Sheet enclosed.

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) Reconsider the instruction with regard to imposition of Haulage cost on pantry cars.
- (iii) Ensure maintenance of Catering Equipments in the pantry cars,
- (iv) Extend support to IRCTC in acquiring luxury tourist train and running and managing the same.

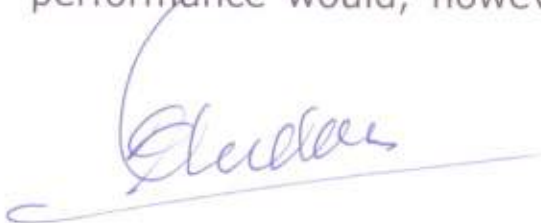


- (v) Extend support to IRCTC in securing long term lease/ Licence of Railway Land and properties for construction and operation of hotels on build, operate and transfer basis or other alternative models of public-private partnership.
- (vi) Curb unauthorized vending in trains and at stations and prevent recycling of package drinking water bottle on Railway Stations.
- (vii) Provide kitchens/ storage space at important stations to enable to make platform cooking free.
- (viii) Identification new sites or catering stalls in lieu of trolleys, which are to be phased out.
- (ix) Ensure timely clearance of e-ticketing/ i-ticketing refund cases.
- (x) Ensure regular 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

PART-III
INDIAN RAILWAYS CATERING AND TOURISM CORPORATION LTD
COMMITMENTS OF THE COMPANY
PERFORMANCE, TARGETS AND EVALUATION CRITERIA FOR 2009-2010

Sl. No.	Evaluation Criteria	Unit	Weight (Out of 100)	Actual 2007-08	MOU Target 2008-09	Estimated 2008-09	Budgeted Estimates 2009-10	1	2	3	4	5
1	I. Static Financial Parameters (50%)							Excellent	Very good	Good	Fair	Poor
(a)	Financial Indicators											
	Profit Related Ratios											
	(i) Gross Margin/Gross Block	(%)	2	67.66%	109.93%	75.00%	56.83%	63.93%	59.67%	56.83%	53.99%	51.14%
	(ii) Net Profit/Net Worth	(%)	10	26.31%	34.72%	33.52%	30.93%	34.80%	32.48%	30.93%	29.38%	27.84%
	(iii) Gross Profit/Capital Employed	(%)	10	41.30%	59.85%	62.08%	47.09%	52.98%	49.44%	47.09%	44.73%	42.38%
(b)	Financial Indicators - Size related											
	(i) Gross Margin	Rs. In Crore	8	42	72	66	80	92	85	80	76	72
	(ii) Gross Sales	Rs. In Crore	4	512	510	515	550	600	575	550	523	495
(c)	Financial Returns- Labour Productivity and Total											
	Productivity related											
	(i) PBDIT/Total Employment	Rs. In lakh per person	7	0.84	1.30	1.50	2.29	2.57	2.40	2.29	2.17	2.06
	(ii) Added Value/ Gross Sales	(%)	9	6.54%	11.94%	11.44%	12.03%	13.53%	12.63%	12.03%	11.43%	10.83%
	Sub-total 1(a+b+c)		50									
2	Dynamic Parameters (30%)											
(d)	Quality/ISO certification, Internalisation of quality within SBU Products) & Customer orientation											
	(i) Base Kitchens	No. of Base Kitchens	2				5	7	6	5	3	1
	(ii) Mobile Pantry Cars	No. of Units	2				10	12	11	10	7	5
	(iii) Food Plazas & Fast Food Kiosks	Nos	2				10	12	11	10	7	5
	(iv) RRI/ Cell Kitchens and other static catering units	Nos	2				10	12	11	10	7	5
(e)	(Customer Orientation-Strategic Business Unit-wise) Product-wise											
	Customer Satisfaction Surveys by External											
	(i) Rajdhani Express Trains	80 % rating in more than 50 % trains	2		80%	75%	80%	90%	84%	80%	70%	65%
	(ii) Shatabdi Express Trains	80 % rating in more than 50 % trains	2		80%	75%	80%	90%	84%	80%	70%	65%
(f)	Review of Coverage by Company in respect of A, B and C class stations and base kitchens, keeping in mind the importance of ensuring the quality, hygiene to be brought before the Board of Directors.	Period up to which the report would be placed before the Board	4				December 09	October 09	November 09	December 09	January 10	February 10
(g)	R&D for sustained & Continuous innovation	Study of feasibility of reducing delays in ticket refunds and establishment of norms in consultation with Ministry of Railways	2				November 09	Sept 09	October 09	November 09	December 09	January 10
(h)	Project Implementation(Modernization and Expansion)											
	(i) Construction of Shells for Luxury Tourist Train	Period up to which the construction would be completed	2				Nov 09	Sept 09	Oct 09	Nov 09	Dec 09	Jan. 2010

Shiraji Rabsht

Signed Rajeev

21/3/08

Sl. No.	Evaluation Criteria	Unit	Weight (Out of 100)	Actual 2007-08	MOU Target 2008-09	Estimated 2008-09	Budgeted Estimates 2009-10	1	2	3	4	5
(ii)	Finishing of the Luxury Tourist Train	Period up to which the train would be finally ready	2				March 10	Jan. 10	Feb. 10	March 10	April 10	May 10
(iii)	Expansion of Capacity of Railneer Plant, Danapur	Period up to which the project would be completed	2				Jan. 2010	Nov. 2009	Dec. 2009	Jan. 2010	Feb. 2010	March 2010
(iv)	Establishment of Railneer Plant at Palur	Period up to which the project would be completed	2				1st March, 2010	1st Feb. 2010	15th Feb. 2010	1st March, 2010	15th March, 2010	31st March, 2010
(i)	Placing of project report before board for IT related infrastructure.	Period up to which the report would be placed before the Board	2				December, 09	October, 09	November, 09	December, 09	January, 10	February, 10
(U)	Extent of Globalization											
(i)	Booking through passenger overseas	Passengers per annum	2			80000	115000	125000	120000	115000	90000	80000
	Sub-total 2(d+e+f+g+h+i+j)		30									
3	Sector Specific Parameters(10%)											
	Travel and Tourism related initiatives :											
(a)	No. of Tour Packages Sold	No. of persons per annum	2		5000	25000	32000	40000	35000	32000	29000	27000
(b)	Rail Tickets sold through IRTC Web Portal	Average no. of tickets sold per day	2		60000	100000	110000	125000	115000	110000	90000	80000
(c)	Calls attended per day on 139 Call Centre	Average no. of calls attended per day	2		150000	400000	500000	560000	525000	500000	475000	450000
(d)	Study by professional agency on geographical coverage, efficiency and customer satisfaction of 139 Rail Sampark Service	Period upto which study would be completed	4				Jan. 10	Nov. 09	Dec. 09	Jan. 10	Feb. 10	March 10
	Sub-total 3		10									
4	Enterprise Specific Parameters(10%)											
	Catering Activities											
(a)	Setting up of Modular Catering Stalls	No. of stalls	3			7	200	250	220	200	180	150
(b)	Study on benchmarking by professional agency of Rajdhani/Shatabdi Express Train and to be seen against comparable hospitality organization in respect of quality of service and value for money	Period upto which study would be completed	4				Jan. 10	Nov. 09	Dec. 09	Jan. 10	Feb. 10	March 10
(C)	Setting up of Food Plaza's/ Fast Food Kiosks	No. of Units	3			5	10	13	11	10	8	6
	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.											
3	The Figures related to Gross Margin, Gross Profit and Net Profit have been arrived at after providing for Haulage Cost of Rs.10 crore.											
4	The performance of IRTC would be judged in respect of Gross Margin, Gross Profit and Net Profit excluding the haulage charges.											
ANNEXURES												
	(i) Income-Expenditure Statement-Annexure-VI											
	(ii) Balance Sheet Data-Annexure-VIII											
	(iii) Management Ratios- Annexure-IX											

Rajeev

Shivaji Rakesh

INDIAN RAILWAYS CATERING AND TOURISM CORPORATION LTD.

Annexure-VII

(Rs. in Crore)

Sl. No	Profit and Loss Particulars	2003-2004		2004-2005		2005-2006		2006-07		2007-2008		2008-09		2009-10	
		Actual Achievements	Actual Achievements	Actual Achievements	Actual Achievements	Actual Achievements	Actual Achievements	Actual Achievements	Actual Achievements	MOU Target	Actual	MOU Target	Actual up to 30.09.08	Estimated for year	MOU Target (Projected)
1	Total Income	69.82	128.32	270.25	433.31	501.72	527.27	526.80	263.12	530.01	568.61	510.48	254.59	514.70	550.09
1.1	Gross Sales	65.89	123.77	260.89	421.34	485.85	511.83	510.48	254.59	514.70	550.09	510.48	254.59	514.70	550.09
1.2	Less : Excise Duty & others	0.93	2.36	2.68	2.88	3.08	3.32	3.53	1.90	4.16	3.63	3.53	1.90	4.16	3.63
1.3	Net Sales/Operating Income	64.96	121.42	258.21	418.46	482.77	508.50	506.95	252.69	510.54	546.46	506.95	252.69	510.54	546.46
1.4	Accretion / Depletion to finished stocks/ work in progress	1.17	1.22	2.27	-0.23	2.27	-0.39	-0.23	0.00	-0.30	-0.30	-0.23	0.00	-0.30	-0.30
1.5	*Other Income	3.69	5.68	9.78	15.08	16.68	19.16	20.08	10.43	19.77	22.45	20.08	10.43	19.77	22.45
2	Total Expenditure	60.22	116.54	235.01	397.89	444.13	485.72	455.20	230.43	462.30	488.61	455.20	230.43	462.30	488.61
2.1	*Raw Material/ Purchases of Products for Resale	34.89	64.39	135.27	204.92	232.30	213.02	226.93	107.49	219.54	242.31	226.93	107.49	219.54	242.31
2.2	Manufacturing Expenses/ Direct Expenses/ Operational Expenses	12.40	15.37	21.51	73.99	62.96	113.20	73.48	41.87	78.50	83.05	73.48	41.87	78.50	83.05
2.3	* Power, Fuel, Water, etc.	0.84	2.70	5.37	8.90	8.31	7.58	9.74	5.34	10.69	10.88	9.74	5.34	10.69	10.88
2.4	* Salaries & Wages	5.56	18.29	49.98	78.22	96.13	115.13	102.42	54.47	110.07	105.58	102.42	54.47	110.07	105.58
2.5	Other Expenses														
(i)	Marketing/Selling Expenses	2.06	7.90	12.26	17.73	21.21	15.94	22.51	11.77	18.97	21.62	22.51	11.77	18.97	21.62
(ii)	Administrative Expenses	4.47	7.88	10.61	14.12	23.22	20.85	20.11	9.49	24.53	25.16	20.11	9.49	24.53	25.16
	Total Other Expenses	6.53	15.78	22.87	31.85	44.43	36.79	42.63	21.26	43.50	46.78	42.63	21.26	43.50	46.78
3	Gross Margin(PBDIT)	9.60	11.78	35.24	35.42	57.59	41.54	71.60	32.69	67.71	80.00	71.60	32.69	67.71	80.00
3.1	Depreciation/ DRE														
(i)	Deferred Revenue Expenditure(DRE)	0.15	0.23	0.22	0.09	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
(ii)	Depreciation	3.03	3.61	3.39	5.32	5.48	8.28	7.90	6.40	12.80	14.86	7.90	6.40	12.80	14.86
	Total Depreciation/DRE	3.18	3.85	3.61	5.42	5.48	8.28	7.90	6.40	12.80	14.86	7.90	6.40	12.80	14.86
3.2	Gross Profit(Operating Income)/PBIT	6.42	7.93	31.64	30.00	52.12	33.26	63.70	26.29	54.91	65.14	63.70	26.29	54.91	65.14
4	Profit/ Loss on Sale of Assets	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
5	Prior Period Adjustments	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
6	Extra Ordinary Items(Net)	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Interest	0	0	0	0	0	0	0	0	0	0	0	0	0	0
8	Provision for tax (including deferred tax and EBT)	2.30	2.72	11.85	9.77	17.71	12.51	21.65	9.63	19.35	22.14	21.65	9.63	19.35	22.14
9	Net Profit	4.12	5.21	19.78	20.23	34.40	20.75	42.05	16.66	35.56	43.00	42.05	16.66	35.56	43.00
10	Dividend Paid	1.00	1.00	4.00	4.00	6.88	4.15	8.41	2.50	7.11	8.60	8.41	2.50	7.11	8.60
11	Tax on Dividend	0.13	0.13	0.56	0.59	1.16	0.71	1.43	0.42	1.21	1.46	1.43	0.42	1.21	1.46
12	Retained Profit	2.99	4.08	15.22	15.64	26.36	15.89	32.21	13.74	27.24	32.94	32.21	13.74	27.24	32.94
13	Return to Capital @10 % -4 % Whichever is applicable	2.78	3.17	4.89	6.32	5.66	8.05	10.64	7.77	8.84	13.83	10.64	7.77	8.84	13.83
14	Added Value(3-13)	6.83	8.61	30.35	29.10	51.93	33.49	60.96	24.92	58.86	66.17	60.96	24.92	58.86	66.17
15	Number of Employees	1318.00	2146.00	5616.00	5246.00	6300.00	4963.00	5500.00	4800.00	4500.00	3500.00	5500.00	4800.00	4500.00	3500.00

Shriji Patel

Shriji Patel

Indian Railway Catering and Tourism Corporation Limited
Balance Sheet Data (As at 31st March)

Annexure-VIII

Sr. No.	Particulars	Unit	2003-04		2004-05		2005-06		2006-07		2007-08		2008-09		2009-10		(Rs. In Crore)
			Actual Achievement	Actual Achievement	Actual Achievement	Actual Achievement	Actual	MOU Targets	Actual	MOU Target	Actual up to 30.09.08	Estimated for the year	MOU Target (Projected)				
1	2	3	4	5	6	7	8	9	10								
	1 Sources of Funds																
	1.1 Shareholders Funds(a+b+c)	In Rs. Crore	28.01	32.10	47.32	62.96	88.92	78.85	121.13	106.09	92.58	106.09	139.03				
	(a) Paid up Capital	In Rs. Crore	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00	20.00				
	(b) Share Application Money	In Rs. Crore	-	-	-	-	-	-	-	-	-	-	-				
	(C) Reserve and Surplus	In Rs. Crore	8.01	12.10	27.32	42.96	68.92	58.85	101.13	86.09	72.58	86.09	119.03				
	1.2 Long Term Loans	In Rs. Crore	-	-	-	-	-	-	-	-	-	-	-				
	1.3 Deferred Tax Liability	In Rs. Crore	1.51	0.58	2.37	1.86	3.76	2.59	1.93	2.36	2.47	2.36	4.31				
	Total(1.1+1.2+1.3)		29.52	32.68	49.69	64.82	92.68	81.44	123.06	108.45	95.05	108.45	143.34				
	2 Application of Funds																
	2.1 Gross Block	In Rs. Crore	22.80	25.33	31.01	41.61	49.63	61.38	65.13	90.28	63.88	90.28	140.78				
	2.2 Depreciation	In Rs. Crore	3.97	7.58	10.82	16.10	20.71	24.38	28.61	37.18	30.78	37.18	52.04				
	2.3 Net Block	In Rs. Crore	18.83	17.75	20.19	25.52	28.93	37.00	36.53	53.10	33.10	53.10	88.74				
	2.4 Capital Work in Progress	In Rs. Crore	1.21	0.62	0.67	1.63	36.05	0.91	16.63	20.00	17.35	20.00	5.00				
	2.5 Investments(Financial)	In Rs. Crore	0.00	0.00	0.00	0.00	0.00	0.00	-	-	-	-	-				
	2.6 Current Assets(a)	In Rs. Crore	60.15	75.24	197.85	252.29	233.51	321.09	327.80	365.69	335.66	365.69	422.43				
	2.7 Loans and Advances(b)	In Rs. Crore	16.91	23.67	40.57	76.80	47.92	85.54	94.72	97.88	97.88	94.73	94.74				
	2.8 Total Current Assets (2.7 + 2.7)	In Rs. Crore	77.06	98.91	238.42	329.09	281.43	406.63	422.52	460.41	433.54	460.41	517.16				
	2.9 Current Liabilities(d)	In Rs. Crore	68.13	84.91	209.69	291.41	253.73	363.10	352.61	388.94	388.94	425.06	467.57				
	2.10 Net Current Assets(e)	In Rs. Crore	8.93	14.00	28.73	37.67	27.70	43.53	69.91	35.35	44.60	35.35	49.60				
	2.11 Deferred Revenue Expenditure	In Rs. Crore	0.54	0.31	0.09	-	-	-	-	-	-	-	-				
	2.12 Deferred Tax Asset	In Rs. Crore	-	-	-	-	-	-	-	-	-	-	-				
	Profit and Loss Account (Dr																
	2.13 Balance)	In Rs. Crore	-	-	-	-	-	-	-	-	-	-	-				
	Total(2.3+2.4+2.5+2.10+2.11)		29.52	32.68	49.69	64.82	92.68	81.44	123.06	108.45	95.05	108.45	143.34				




Indian Railway Catering and Tourism Corporation Limited
Management Ratios
(As on 31st March)

Annexure-IX

Sr. No.	Particulars	Unit	2003-04 Actual Achievement	2004-05 Actual Achievement	2005-06 Actual Achievement	2006-07 Actual	2007-08		2008-09		2009-10	
							MOU Targets	Actual	MOU Target (Projected)	Actual up to 30.09.08	Estimated for the year	MOU Target (Projected)
1	2	3	4	5	6		8		9			
	1 Net Worth	In Rs. Crore	27.47	31.79	47.23	62.96	88.92	78.85	121.13	92.58	106.09	139.03
	2 Capital Employed	In Rs. Crore	27.76	31.75	48.92	63.19	56.63	80.53	106.43	77.70	88.45	138.34
	3 Gross Margin/Gross Block	%	42.11	46.51	113.64	85.11	116.03	67.68	109.93	51.17	75.00	56.83
	4 Net Profit/ Net Worth	%	15.00	16.40	41.89	32.13	38.69	26.31	34.72	18.00	33.52	30.93
	5 Gross Profit/ Capital Employed	%	23.14	24.99	64.67	47.48	92.03	41.30	59.85	33.84	62.08	47.09
	6 PBDIT/ Total Employment	In Rs. lac	0.73	0.55	0.63	0.68	0.91	0.84	1.30	0.68	1.50	2.29
	7 Added Value/ Sales	%	10.36	6.95	11.63	6.91	10.69	6.54	11.94	9.79	11.44	12.03

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Shriji Rakesh

Annexure Forming Part of PART I- (c)(ii)

The Added Value has been computed as under:-

Particulars	2003-2004 Audited	2004-2005 Audited	2005-06 Actual	2006-07 Actual	2007-08 MOU Target	2007-08 Actual	2008-09 MOU Target	2008-09 Estimated	2009-10 Projected	Excellent 1	Very Good 2	Good 3	Fair 4	Poor 5
Sales(Rs. in Crore)	65.89	123.77	260.89	421.34	485.85	511.82	510.48	514.70	550.09					
Gross Margin(Rs. in Crore)	9.60	11.78	35.24	35.42	57.59	41.54	71.60	67.71	80.00					
Capital Employed(Rs. in Crore)	27.76	31.75	48.92	63.19	56.63	80.53	106.43	88.45	138.34					
Capital Recovery Factor	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10	0.10					
Return on Capital Employed(Rs. in Crore)	2.78	3.17	4.89	6.32	5.66	8.05	10.64	8.84	13.83					
Added Value(Gross Margin- Return on Capital Employed) (Rs. in Crore)	5.83	8.61	30.35	29.10	51.93	33.49	60.96	58.66	66.17					
Added Value/ Gross Sales (%)	10.36	6.95	11.63	6.91	10.69	6.54	11.94	11.44	12.03	13.53	12.63	12.03	11.43	10

[Signature]

Shivaji Prabhat

Indian Railway Catering and Tourism Corporation Limited

Annexure Forming Part of PART I- (b)(ii)

The segment-wise breakup of the Gross Sales/ Income is furnished as under -

Name of the Segment	2003-2004 Audited	2004-2005 Audited	2005-06 Audited	2006-07 Actual	2007-2008 MOU Target	2007-2008 Actual	2008-09 MOU Target	2008-09 Estimated	2009-10 Projected
Hospitality Services									
A. Income from Departmental Catering Business	8.26	48.66	112.59	156.45	179.81	159.40	165.46	138.19	145.10
B. Income from Licensee Catering Services	41.74	50.91	118.93	219.18	248.59	289.20	264.73	280.66	307.35
C. Railiner Package Drinking Water	4.99	13.57	16.85	19.50	20.80	22.10	23.83	26.88	33.20
Less Stock Transfer Sales	(0.40)	(4.14)	(7.79)	(11.47)	(9.36)	(11.10)	(15.00)	(14.50)	(20.00)
Add: Excise Duty	0.93	2.36	2.68	2.88	3.08	3.32	3.53	4.16	3.63
Total	55.52	111.36	243.25	386.53	442.92	462.92	442.54	435.39	469.28
Travel and Tourism Services									
D. Income from Budget Hotels	-	-	-	-	6.59	0.64	15.43	1.12	1.34
E. Income from Package Tourism	7.02	6.57	6.26	11.36	10.28	9.08	12.00	15.63	18.76
F. Sale of IR tickets through Internet-service Charges	3.35	5.85	11.37	23.44	26.06	39.18	40.50	62.55	80.71
Total	10.37	12.41	17.63	34.81	42.93	48.91	67.93	79.31	80.81
Grand Total of Sales	65.89	123.77	260.89	421.34	485.85	511.82	510.48	514.70	550.09

Shriji Rakesh

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Notes Forming part of Part III (Commitments of the Company)

PERFORMANCE, TARGETS AND EVALUATION CRITERIA

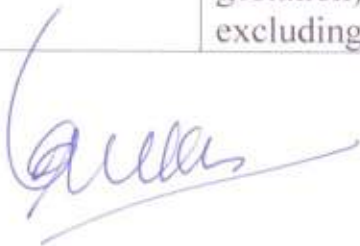
PART I

STATIC FINANCIAL PARAMETERS: -

1. The terms used in static financial parameters for Performance, Target and Evaluation Criteria for the year 2009-2010 are based on the following glossary of terms: -

Glossary of Terms: -

Gross Margin or PBIDT	It is the profit before Depreciation, interest, taxes, deferred revenue expenditure and excludes extraordinary items (net).
Gross Profit	It is the gross margin less depreciation, less deferred revenue expenditure.
Net Profit	It is Gross Profit less interest, provision for tax, and extraordinary items (net),
Net Worth	It is paid-up capital plus reserves less accumulated losses and deferred revenue expenditure to the extent not written off.
Gross Block	It represents original cost of procuring and erecting/ installing the fixed assets as appearing in the annual accounts of the enterprise at the end of the accounting year and takes into account additions thereto and deductions there from by way of sales and transfers.
Capital Employed	It is Gross Block less accumulated depreciation plus working capital.
Working Capital	Means all current assets, loans and advances, deposits, investments (other than investments under gestation) less current liabilities and provisions excluding cash credit and bank overdrafts.



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Gross Sales	It means total turnover from all activities including gross turnover of services like package Tourism, Income from Concession fee, License Fee & User Charges and includes the elements of excise duty, commission and discounts, etc.
Added Value	Added value is the residual after meeting the due returns to labour, capital and materials that reflects the overall efficiency of the Enterprise. Added value added has been computed as gross margin less returns to the capital, which in turn has been computed as capital recovery factor (0.10) times the capital employed.
Total Employment	The total number of persons employed by the Enterprise as on the date of end of the financial year.

PART 2

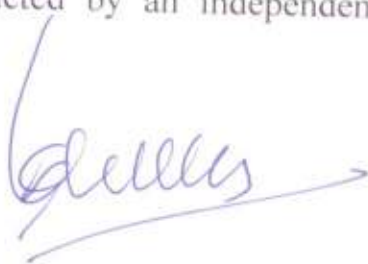
EVALUATION OF DYNAMIC PARAMETERS: -

(a) **Quality (ISO Certification/ HACCP /Internalization of Quality) and Customer orientation:**

IRCTC has selected the licensees of Food Plazas and Rajdhani & Shatabdi Express Trains to obtain ISO Certification/ HACCP (Hazard Analysis and Critical Control Points) from accredited institutions during 2009-2010. Obtaining of the ISO Certification has been made as a compulsory condition for renewal of the contract. It is envisaged that 5 Base Kitchens, 10 Mobile Pantry cars, 10 Food Plazas/ Fast Food Kiosks and 10 RR's/ Cell Kitchens and other static catering units on Indian Railways will be selected for obtaining ISO Certification during the financial year 2009-10.

(b) **Evaluation of Customer Satisfaction Level: -**

- Customer Satisfaction level in the Rajdhani and Shatabadi Express Trains shall be evaluated through surveys to be conducted by an independent agency appointed by IRCTC.




During the year 2009-2010, 80% rating in 50 % of the Rajdhani and Shatabdi Express trains shall be considered as good target.

- Customer's perception shall be taken on the catering services provided by IRCTC on such trains. For this, sample size of about 5 % of the Railway Passengers shall be picked up in each train. Customer Satisfaction to the scale of 1-10 points will be assessed.
- The overall satisfaction level shall be calculated on the basis of weighted average of the satisfaction level at each train selected for such purpose.

(c) IRCTC has planned to review of coverage of A, B & C Class station and base kitchens, keeping in mind the importance of ensuring the quality and hygiene. The Review Report would be brought before the Board of Directors by December, 2009.

(d) **R&D for sustained and Continuous innovation.**

IRCTC has planned to study feasibility of reducing delays in ticket refunds and establishments of norms in consultation with Ministry of Railways. It has been decided that same would be completed by November 2009.

(e) **Project Implementation:**

(i) **Constructions of shells of Luxury Tourist Train:**

IRCTC has planned to own and operate a luxury tourist train. IRCTC is in the process of placing order for construction of shells for the luxury tourist train to Indian Railways. It is expected that construction of shell would be completed by November 2009.

(ii) **Finishing of the Luxury Tourist Train:**

It is expected that the finishing of the Luxury tourist train would be completed by March, 2010.

(iii) **Expansion of Capacity of Railneer Plant, Danapur:**



IRCTC has planned to expand the production capacity of Railneer Plant, Danapur from 5500 cartons per day to 8500 cartons per day. The estimated cost of the project is Rs.3.50 crore. It is expected that the said expansion would be completed by January, 2010.

(iv) IRCTC is establishing a new Railneer Plant at Palur at an estimated cost of Rs. 10 Crore. The Plant would be completed by 1st March, 2010.

(f) Capital Expenditure:

IRCTC has planned to place project report before board for upgradation of IT related infrastructure. It is expected that report would be placed before the Board by December, 2009.

(g) Extent of Globalization:

Booking through passengers overseas :

IRCTC is booking rail tickets through its website. During the year 2009-10, it has been targeted that 1,15,000 passengers would be booked overseas.

PART 3

SECTOR SPECIFIC PARAMETERS

Travel and Tourism related initiatives: -

(a) No. of Tour Packages sold: IRCTC is operating complete tour packages. During the year 2009-10, it has been targeted that tourism packages would be sold to 32000 no. of persons.

(b) Selling of Rail tickets through IRCTC web portal: At present the IRCTC is selling on an average about 1,00,000 tickets per day. It has envisaged that during the year 2009-10, the average level of ticket through web site will be increased to 1,10,000 tickets per day.



(c) **Attending calls through 139 Call Centre:** It is targeted that the average number of calls would be increased to 500000 calls per day during 2009-2010.

(d) IRCTC has planned to conduct a study through a professional agency on geographical coverage. It is expected that study would be completed by January, 2010.

PART 4

ENTERPRISE SPECIFIC PARAMETERS

Catering Activities

(a) **Setting up of Modular Catering Stalls:** In order to make Railway Stations, cooking free, IRCTC have decided to set up Modular catering stalls. The stall consists of latest equipments and as a unique style and look. It is expected that 200 Modular Catering Stalls would be set up during the year 2009-10.

(b) IRCTC has planned to conduct a study on benchmarking by a professional agency of Rajdhani/ Shatabdi Express Trains and to be seen against comparable hospitality organization in respect of quality of service and value for money. It is expected that study would be completed by January, 2010.

(c) **Setting up of Food Plazas/ Fast Food Kiosks:** It is expected that another 10 Food Plazas/ Fast Food Kiosks would be set up during the year 2009-10.



Shriaji Rakshit