

MEMORANDUM OF UNDERSTANDING

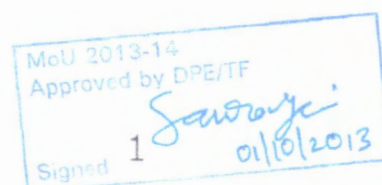
BETWEEN

**INDIAN RAILWAY CATERING AND TOURISM CORPORATION
LIMITED**

AND

MINISTRY OF RAILWAYS

YEAR 2013-14



MEMORANDUM OF UNDERSTANDING FOR THE YEAR 2013-14

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 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.

1. VISION 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 OBJECTIVES

Catering and Hospitality

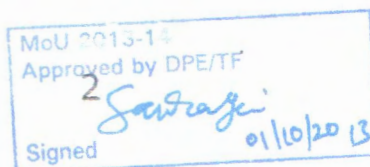
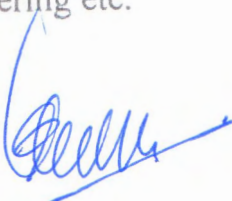
- (i) To provide high quality catering services directly as well as through network of professionally competitive licensees and franchisees.
- (ii) To be a significant player in the hospitality business.
- (iii) To produce bulk food manufacturing facilities like food factories etc.

Packaged Drinking Water (Railneer)

- (iv) To provide high quality package drinking water (Railneer).

Travel and Tourism

- (v) To promote tourism across the country especially for all segments of Rail Passengers.
- (vi) To provide single window solution to its customers including train travel, road travel, air travel, hospitality, hotel accommodation and catering etc.



- (vii) To develop and operate Executive Lounges, Multi-functional complexes, budget hotels etc. through participation by professionals.

Internet Ticketing

- (viii) To maintain leading position in internet ticketing, e-commerce and technology for customers interface for railway passengers/ customers.

Other objectives

- (ix) To be a technology driven customer oriented company through constant innovation and human resource development.
- (x) To promote private sector participation and expertise to improve quality of products and services.
- (xi) To imbibe strong customer friendly, professional and ethical work culture.
- (xii) To adopt strong Corporate Governance practices and best and transparent industry practices.
- (xiii) 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.

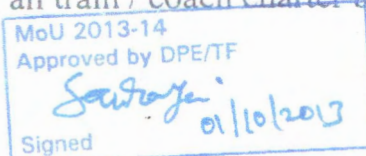
1.3 COMMITMENTS / ASSISTANCE FROM THE GOVERNMENT

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

- (i) Assist for payment to IRCTC in respect of catering and other services provided by IRCTC to various Zonal Railways.
- (ii) Provide support in distribution of Railneer on Railway managed static and mobile units.
- (iii) Review the financial modalities in reference to issue of duty passes to Inspecting officers of IRCTC.
- (iv) Extend support to IRCTC in operation and management of the luxury tourist trains including Maharajas' Express, Buddhist Trains, Bharat Tirth, Bharat Darshan etc.
- (v) Promote IRCTC as the sole agency for all train / coach charter bookings.



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- (vi) Promote IRCTC as the single window travel services provider for IR and its associated units / undertakings.
- (vii) Assist in provision of earmarking of quota in trains for Value Added Tour (VAT) packages based on request from IRCTC
- (viii) Render assistance to IRCTC in the sphere of e-ticketing and similar value added services.
- (ix) Assist in timely clearance of e-ticketing/ i-ticketing refund cases.

2. PERFORMANCE ASSESSMENT TARGETS AND THEIR DETERMINATION

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

PART II

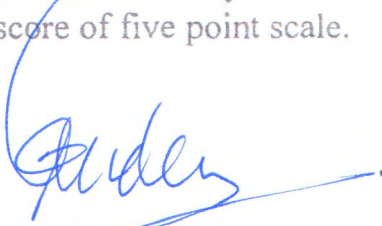
EXERCISE OF ENHANCED AUTONOMY AND DELEGATION OF FINANCIAL POWERS


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.

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.


(RAKESH TANDON)
CHAIRMAN & MANAGING DIRECTOR
INDIAN RAILWAY CATERING AND
TOURISM CORPORATION LIMITED


(H. K. JAGGI)
SECRETARY
MINISTRY OF RAILWAYS
GOVERNMENT OF INDIA

INDIAN RAILWAY CATERING AND TOURISM CORPORATION LTD									
PERFORMANCE ASSESSMENT TARGETS AND THEIR DETERMINATION FOR 2013-14									
Sl. No	Evaluation Criteria	Unit	Weight (in %)	MOU Target					Documentary evidence and source / origin of documents
				Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)	
1	Static Financial Parameters(50%)								
(a)	Financial Indicators								
	Profit Related Ratios								
(i)	Gross Margin/Gross Block	%	2	20.18	17.91	15.42	12.93	10.45	Annual Accounts
(ii)	Net Profit/ Net Worth	(%)	10	11.33	9.74	7.94	6.06	4.11	Annual Accounts
(iii)	Gross Profit/Capital Employed	(%)	10	14.96	12.84	10.45	7.97	5.41	Annual Accounts
(b)	Financial Indicators -Size related								
(i)	Gross Margin	Rs. In Crore	8	81.13	72.00	62.00	52.00	42.00	Annual Accounts
(ii)	Gross Sales (Rs. Crore)	Rs. In Crore	4	700.00	690.00	680.00	660.00	640.00	Annual Accounts
(c)	Financial Returns- Productivity relatd								
	Productivity related								
(i)	PBDIT/Total Employment <i>Rs. in lacs per person</i>	(%)	7	3.68	3.27	2.81	2.36	1.90	Annual Accounts
(ii)	Added Value/ Gross Sales	(%)	9	5.94	4.79	3.49	2.18	0.79	Annual Accounts
	Sub-total 1(a+b+c)		50						
2	Dynamic Parameters(30%)								
(d)	Quality (ISO Certifications internlisation of quality with SBU / products)								
(i)	Hazard Analysis and Critical Control Points system (HACCP) for Food Plazas / FFUs/Food Court Food Plazas/FFUs/Food Court	Number	1	20	15	12	10	8	Third Party - M/sTUV India
(ii)	ISO Certification of Tirupati Package	Date	1	30.09.13	30.11.13	31.12.13	31.01.14	31.03.14	ISO Certificate
(iii)	ISO Certification of Shirdi Package	Date	1	31.12.13	31.01.14	28.02.14	15.03.14	31.03.14	ISO Certificate
(iv)	ISO 27001:2005 Certification for Internet Ticketing for existing site	Date	1	31.12.13	31.01.14	28.02.14	15.03.14	31.03.14	ISO Certificate
(e)	Customer Satisfaction (Customer orientation)								

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Sl. No		Evaluation Criteria	Unit	Weight (in %)	MOU Target					Documentary evidence and source / origin of documents
					Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)	
	(i)	Customer Satisfaction Survey by external agency for Improvement over base line survey in Duronto over last year.	(%) improvement	1	2%	1.5%	1%	0.5%	0%	Third Party
	(ii)	Customer Satisfaction Survey by external agency for Improvement over base line survey in Rajdhani Express	(%) improvement	1	2%	1.5%	1%	0.5%	0%	Third Party
	(iii)	Time for disposal of 80% tourism complaints	Days	1	30	40	50	60	70	Report from Tourism
(f)		Human Resource Management - HRM								
	(i)	Enterprise Risk Management (for senior management personnel)	No. sent for training per year	2	10	8	6	4	2	Related Document
	(ii)	Review of Performance Management System	Date of completion	1	31.12.13	31.01.14	28.02.14	15.03.14	31.03.14	Related Document
	(iii)	Employee Satisfaction Survey	Date of completion	0.5	30.09.13	31.10.13	30.11.13	31.12.13	31.01.14	Related Document
	(iv)	Organizing Health/Yoga camps	No. of camps	0.5	4	3	2	1	0	Related Document
	(v)	Training Target to be achieved	Man-days	1	5000	4500	4000	3000	2500	Related Document
(g)		Research & Development (R & D)								
	(i)	Expenditure on R & D	% of last year net profit	2.5	0.53%	0.50%	0.30%	0.20%	0.10%	Annual Accounts
	(ii)	DPR for Customised solution for preservation of cooked food from preparation till consumption.	Date	0.5	31.01.14	15.02.14	28.02.14	15.03.14	31.03.14	Activity related documents
	(iii)	DPR for Accelerated testing of cooked foodsamples to prevent service in case of adverse reports	Date	0.5	31.01.14	15.02.14	28.02.14	15.03.14	31.03.14	Activity related documents



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Sl. No		Evaluation Criteria	Unit	Weight (in %)	MOU Target					Documentary evidence and source / origin of documents
					Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)	
	(iv)	To introduce low weight perform & cap for 500 ml bottles at Nangloi.	Date	0.5	31.10.13	30.11.13	31.12.13	31.01.14	28.02.14	Activity related documents
	(v)	Development and introduction of induction cooking at Patna (Rajendra Nagar) Base Kitchen	Date	0.5	31.12.13	15.01.14	31.01.14	28.02.14	31.03.14	Activity related documents
	(vi)	Development of ready to use food items at Test Kitchen of Food Factory at Noida.	Date	0.5	31.12.13	15.01.14	31.01.14	28.02.14	31.03.14	Activity related documents
	(vii)	Research in to Food preferences of passengers on Ahmedabad Rajdhani and Development of new menus	Date	0.5	31.12.13	15.01.14	31.01.14	28.02.14	31.03.14	Activity related documents
(h)		Project Implementation(Modernization and Expansion)								
	(i)	Award of Contract for setting up of Rail Neer Plant at Amethi	Date	1	30.11.13	31.12.13	31.01.14	28.02.14	31.03.14	Activity related documents
	(ii)	Finalization of tenders for Fruit Drink under Contract Management for manufacturing of IRCTC brand Fruit Drink	Date	1	31.12.13	15.01.14	31.01.14	28.02.14	31.03.14	Activity related documents
	(iii)	Increasing Capacity of Rail Neer Plant Danapur to 10,000 cartons per day.	Date	1	31.10.13	30.11.13	31.12.13	31.01.14	28.02.14	Activity related documents
	(iv)	Setting up of 500 ml line at Rail Neer Plant, Nangloi.	Date	1	31.07.13	31.08.13	30.09.13	31.10.13	30.11.13	Activity related documents
	(v)	Construction of Food Plaza Building at New Delhi Railway Station (Ajmeri Gate Side)	Date	1	31.01.14	15.02.14	28.02.14	15.03.14	31.03.14	Activity related documents
(i)		Capital Expenditure/Greenfield investments/Joint Ventures	Rs. Crore	1	110	100	90	80	70	Related documents
(j)		Extent of Globalization (internationalization, joint venturers, exports, strategic, market presence in emerging economics, internationalization along value chain)								
	(i)	Preparation of strategy paper on Packaged Tour Segment	Date	1	31.12.13	31.01.14	28.02.14	15.03.14	31.03.14	Related documents

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Sl. No		Evaluation Criteria	Unit	Weight (in %)	MOU Target					Documentary evidence and source / origin of documents
					Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)	
	(ii)	Development of a Brand Strategy for IRCTC - Draft Report	Date	1	31.12.13	31.01.14	28.02.14	15.03.14	31.03.14	Related documents
	(k)	CSR & Sustainable Development		8	As per Template enclosed					
		Sub-total (d+e+f+g+h+i+j+k)		33.5						
3		Sector Specific Parameters(10%)								
3.1		Business Initiatives (Railways)								
	(i)	Tendering of "Executive Lounge" at Railway Stations	Number	2	7	6	5	4	3	Activity related documents
	(ii)	Awarding tender of new food plazas, food courts and new fast food units at Railway Stations	Number	1	30	25	20	15	10	Activity related documents
	(iii)	Commissioning of new food plazas, food courts and new fast food units at Railway Stations	Number	1	25	20	18	15	10	Activity related documents
	(iv)	e-ticketing through Mobile SMS / USSD/IVRS	Date	1	30.06.13	31.07.13	31.08.13	30.09.13	31.10.13	Activity related documents
	(v)	Launch of Ticket Booking on new E-ticketing software	Date	1	31.01.14	15.02.14	28.02.14	15.03.14	31.03.14	Activity related documents
	(vi)	Augmentation of Networking & Security infrastructure	Date	2	31.01.14	15.02.14	28.02.14	15.03.14	31.03.14	Activity related documents
3.2		Business Initiatives (Non- Railways)								

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Sl. No	Evaluation Criteria	Unit	Weight (in %)	MOU Target					Documentary evidence and source / origin of documents
				Excellent (1)	V. Good (2)	Good (3)	Fair (4)	Poor (5)	
	(i) Setting up of new catering units in Non-Railway premises	Number	2	15	12	10	8	5	Related documents
	(ii) Start of Domestic MICE Business	Date	1	30.06.13	30.09.13	31.12.13	31.01.14	28.02.14	Related documents
	(iii) Regular operation of International Outbound Tour	Date	1	31.10.13	31.12.13	31.01.14	28.02.14	31.03.14	Related documents
	Sub-total 3 (3.1 to 3.2)		12						
4	Enterprise Specific Parameters(10%)								
	Catering Activities								
	(i) Conducting of Food Safety & Hygiene Audits of non-Railway outlets (ODC projects) & achieving rating of %	(%)	2	80%	70%	60%	50%	40%	Third Party
	(ii) Start providing catering services in Govt./Corporate office complexes, Hospitals, colleges, etc. in Delhi, Mumbai, Kolkata, Chennai, Secunderabad and other potential cities.	Number	1	40	35	30	25	20	Through MoU/Tenders
	Sub-total 4		3						
5	Other parameters								
	(i) Reduction in net Sundry Debtors from Railways (Dues from Railways to IRCTC-Dues from IRCTC to Railways)	% reduction over net sundry debtors on 31.03.13	1	20	15	10	5	0	Related documents
	(ii) Comments from C&AG on Annual Accounts Report		0.5	Nil Comments				Comments from C&AG	copy of CAG report
	Sub-total 5		1.5						
	Grand Total (1+2+3+4+5)		100						

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CSR and Sustainable Development Template 2013-2014 for IRCTC

Evaluation Criteria			Unit/Indicator Examples	Weight		MoU Target				
						Excellent	V Good	Good	Fair	Poor
A.		Output/Outcome Parameters								
A1	Major Project 1 (Social) (30-50 % CSR&SD Budget)			2						
	A1a	Development/ undertaking of sanitation facility/programme for community residing near by Railway Track on Maharaja Express Route	Number of village / places to be covered		0.80	4	3	2	1	0
	A1b	Release of Fund for Project undertaken	Rs. in Lacs		1	40	30	20	10	0
	A1c	Social Impact achieved	Number of person covered		0.20	100	80	60	40	20
A2	Major Project 2 (environmental) (30-50 % CSR&SD Budget)			2						
	A1a	Provision of rain water harvesting/ Alternate Energy Solution etc. at Malla Saliya Kot Village- Naintal District, Uttarakhand/other places	Number of House Hold		0.75	25	20	15	10	5
	A1b	Release of fund for Rain Water Harvesting / Alternet Energy Solution etc. at Malla Saliya Kot Village - Nainital District, Uttarakhand / other places	Rs. in Lacs		0.75	60	50	40	30	15
	A1c	No. of Feedback from beneficiaries	Number of Feed Backs		0.5	4	3	2	1	0
A3	Other Activities (5-10% CSR&SD Budget) / Emergency Response (5-10% CSR&SD Budget)			1						
	A1a	Use of Solar Energy at Food Factory Noida	Date		0.25	31.12.13	15.01.14	31.01.14	28.02.14	31.03.14
	A1b	Energy Audit of Major Load Centre viz. e-ticketing and Central Kitchen Noida	Date		0.25	31.10.13	30.11.13	31.12.13	31.01.14	28.02.14
	A1c	Collection of used PET Bottles at Patna and Lucknow Railway Station	Date		0.25	30.11.13	31.12.13	31.01.14	28.02.14	31.03.14
	A1d	Promoting travel without printout of e-ticket (Educational Campaign to increase popularity to save environment)(Schedule A)	Date		0.25	30.11.13	31.12.13	31.01.14	28.02.14	31.03.14
B.	Input / Support Parameters									
B1	Staff/Stakeholder Involvement			1						
	B1a	Board level CSR&SD Committee	Number of Meetings		0.5	4	3	2	1	0
	B1b	Training of Staff on CSR&SD	Number of person		0.5	25	20	15	10	5
B2	Financial Allocation			1						
	B2a	Financial Expenditure on CSR & SD	% of PAT in Previous FY		1.00	3%	2.50%	2%	1.5%	1%
B2	Sustainability Planning & Communications			1						
	B3a	CSR&SD Reporting in Annual Reports	Compliance		1.00	Yes				No
			Total Marks	8						

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Vikram