

दूरसंचार विभाग

(भारत सरकार)

तथा



टेलीकम्युनिकेशन्स कंसलटेंट्स इंडिया लिमिटेड

(भारत सरकार का उद्यम)

के बीच



समझौता ज्ञापन 2014-15

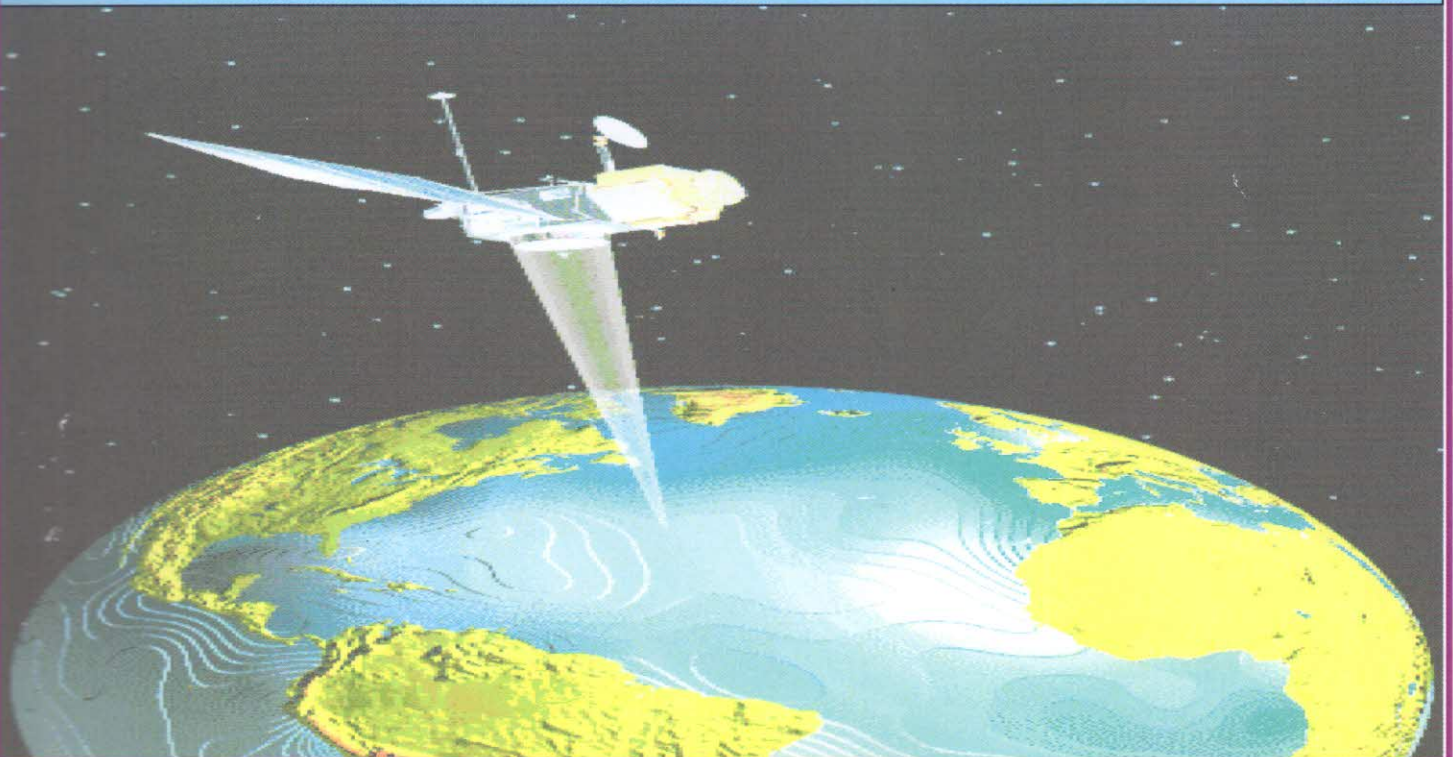
MEMORANDUM OF UNDERSTANDING 2014-15 (MOU)

BETWEEN

**DEPARTMENT OF TELECOMMUNICATIONS
(GOVERNMENT OF INDIA)**

AND

**TELECOMMUNICATIONS CONSULTANTS INDIA LIMITED
(A GOVERNMENT OF INDIA UNDERTAKING)**



MEMORANDUM OF UNDERSTANDING

Memorandum of Understanding (MoU) between Telecommunications Consultants India Ltd. (TCIL) and Department of Telecommunications for 2014-2015

PART - I

VISION, MISSION AND OBJECTIVES

Vision

"To excel in providing solutions in Information and Communication Technology, Power and Infrastructure Sectors globally by anticipating opportunities in technology"

Mission

"To excel and maintain leadership in providing optimal solutions on turnkey basis in Telecommunications and Information Technology Service Sector globally and to diversify by providing excellent infrastructure facilities particularly in the high tech areas."

Objectives

- a) To sustain, expand and excel in its operations in Overseas / Indian Markets by developing proper marketing strategies.
- b) To acquire State-of-the-Art technology on a continuing basis and maintain leadership.
- c) To diversify into Smart Cities and Smart Buildings.
- d) Enter areas of cost - effective network technologies for building new Telecom & IT networks and upgrading legacy networks.
- e) Focus on e – Network including Health and Education.
- f) Aggressively promote O&M contracts abroad in the IT and Telecom fields by utilising TCIL's expert technical manpower.
- g) Develop Telecom & IT training infrastructure in countries abroad.
- h) Aggressively participate in e-Governance, m-Governance, Disaster management and Homeland security projects in various States.
- i) Provide Managed service including Software as service to Government and MSME Segment.
- j) Enter the domain of e-waste management
- k) Aggressively move forward in power sector, particularly the new and renewable energy.
- l) Project management of Infrastructure projects including Highways, Building and Power projects

PART – II

COMMITMENTS / ASSISTANCE FROM GOVERNMENT

A. DOT shall endeavour to assist TCIL, being 100% Government-owned Company, in the following:

a) **Joint Ventures and Subsidiaries :**

- i) Facilitate TCIL to form Special Purpose Vehicles (SPV) as required under tender conditions for execution of projects where no Financial Support is required from Government.
- ii) Facilitate TCIL to form 100% subsidiaries in countries abroad wherever necessary to secure and execute projects as required as per Local Laws, where no Budgetary Support is required from Government.
- iii) Facilitating powers to TCIL Board to make investment in equity of Joint Venture companies including overseas JV companies, looking to TCIL's preponderant overseas business with particular reference to local preference for local companies in tenders/ works awarded e.g. in Middle East.
- iv) To obtain approvals for formation of Joint Ventures falling outside TCIL's delegated powers in a time-bound manner.

b) **Infusion of Funds**

- i) To infuse equity of Rs. 16 crores for the present
- ii) To process for approval by competent authority of Rs. 95 Crores soft loan

c) **Provision of Manpower:**

To facilitate provision of officers on continuous basis from DOT/BSNL/MTNL/other Ministries on deputation to TCIL for execution of projects.

B. DOT shall take action for filling up positions of Non Official Directors in TCIL Board preferably by December' 2014.

PART III
TARGET AND EVALUATION CRITERIA
PERFORMANCE CRITERIA 2014-2015

SR.NO.	UNIT	WEIGHT (in % age)	EXCELLENT	VERYGOOD	GOOD	FAIR	POOR	Documentary evidence to be given at the time of evaluation
1	STATIC / FINANCIAL PARAMETERS							
(i)	Growth / Size / Activity							
a)	Sales Turnover, excluding interest and other income (Operating Turnover)	15	875.00	825.00	750.00	713.00	677.00	Audited Financial Accounts
b)	Gross Operating Margin	12	97.10	91.70	87.26	83.04	79.04	Audited Financial Accounts
(ii)	Profitability							
a)	PAT / NETWORTH	7	0.25%	0.23%	0.21%	0.19%	0.17%	Audited Financial Accounts
b)	EBITDA / NET BLOCK	7	15.05%	14.19%	12.90%	12.20%	11.52%	Audited Financial Accounts
(iii)	Cost and Output Efficiency							
a)	PAT per employee	9	0.12	0.11	0.10	0.09	0.08	Audited Financial Accounts / Strength of employees
	Sub-Total 1 (i to iv)	50						
2	DYNAMIC / NON FINANCIAL PARAMETERS							
(i)	Initiatives for Growth							
a)	Order Booking (Not less than Rs. 10 Crores)	4	12	10	9	8	7	Details of order booking
b)	Globalisation - Overseas Bidding	6	1300	1250	1188	1129	1073	Details of Overseas Bids
c)	Success rate in Overseas Bidding	3	12%	10%	8%	7%	6%	Details of Overseas Bids (success)
(ii)	Project Management & Implementation							
a)	Project implementation (Achievement of milestone on 3 ongoing projects (As per Annexure-A)	4	3	2	1	0	0	Certificate from Management
b)	Commencement of collection of Toll Tax in Lakhnadone SPV	7	Aug' 14	Sep' 14	Oct' 14	Nov' 14	Dec' 14	Copy of certificate
(iii)	Productivity and Internal Processes							
a)	No. of repeat orders	3	23	21	17	13	10	Details of repeat orders
b)	Customers Appreciation certification	3	5	4	3	2	1	Copy of certificate
(iv)	Technology, Quality, Innovative Practices							
a)	Coverage of complete Data Centre under ISO 27001 Certificate (including e-procurement platform)	7	YES				NO	Copy of certificate
(v)	Human Resource Management	8	(As per Annexure-B)					List of Training orders for employees
3	SECTOR SPECIFIC PARAMETER / ENTERPRISE SPECIFIC PARAMETER							
a)	Turnover from Overseas projects	3	375	350	325	300	270	Audited Financial Accounts
b)	Addition of New Country (including re-entry in old countries) / addition of New Client	2	2	1	-	-	-	Copy of certificate
	Sub Total (2+3)	50						
	Total (1 + 2 + 3)	100						

- Note:**
1. Non-compliance of corporate Governance will be penalized by way of negative marking and the MoU Score will be increased in accordance with DPE OM 18(8)/2005-GM, Dated 22nd June 2011.
 2. A certificate regarding implementation of guidelines issued by DPE as per OM No. DPE/14(38)/10-Fin dated 28/6/11 and also a certificate from Auditor / CA in practice.
 3. Non-Compliance of MSME Order No.21(1)/2011-MA dated 25.04.2012 will be penalized by way of negative marking, if applicable.
 4. Non-Compliance of any directive including submission of data for PE Survey, MOSPI Data updation and other non-compliances in serious cases will be penalized by way of negative marking.

CALCULATIONS - MOU 2014-2015

	UNIT	EXCELLENT	VERYGOOD	GOOD	FAIR	POOR
GROSS OPERATING MARGIN	(RS. IN CRORES)	97.10	91.70	87.26	83.04	79.04
EBITDA (Earning before Interest, Taxes, Depreciation, and Amortization)	(RS. IN CRORES)	18.21	17.17	15.61	14.76	13.94
LESS: DEPRECIATION	(RS. IN CRORES)	7.86	7.42	6.75	6.41	6.09
EBIT (Earning before Interest and Taxes)	(RS. IN CRORES)	10.35	9.75	8.86	8.35	7.85
LESS: INTEREST EXPENSES	(RS. IN CRORES)	8.75	8.25	7.50	7.13	6.77
LESS: Prov. for Diminution in value of Investment	(RS. IN CRORES)	15.00	15.00	15.00	15.00	15.00
PROFIT BEFORE TAX	(RS. IN CRORES)	1.60	1.50	1.36	1.22	1.08
LESS : TAX	(RS. IN CRORES)	0.49	0.46	0.42	0.38	0.33
PROFIT AFTER TAX	(RS. IN CRORES)	1.10	1.04	0.94	0.84	0.74
NET WORTH	(RS. IN CRORES)	443	443	443	443	443
GROSS BLOCK	(RS. IN CRORES)	194	194	194	194	194
NET BLOCK	(RS. IN CRORES)	121	121	121	121	121
CURRENT ASSETS	(RS. IN CRORES)	1350	1304	1250	1225	1200
CURRENT LIABILITIES	(RS. IN CRORES)	990	1013	1030	1050	1071
WORKING CAPITAL	(RS. IN CRORES)	360	291	220	175	129
GROSS SALES	(RS. IN CRORES)	875	825	750	713	677
PAT / NETWORTH	(%AGE)	0.25%	0.23%	0.21%	0.19%	0.17%
EBITDA / NET BLOCK	(%AGE)	15.05%	14.19%	12.90%	12.20%	11.52%
PAT PER EMPLOYEE	(RS. IN LAKHS)	0.12	0.11	0.10	0.09	0.08
No of employees	NO.	940	940	940	940	940

TELECOMMUNICATIONS CONSULTANTS INDIA LIMITED

PROJECT IMPLEMENTATION DURING 2014-15
(List of Projects/ Milestones & Details)

S. NO.	PROJECT NAME	WEIGHT	UNIT	CLIENT	TARGET {Completion/ Progress achievement (cumulative upto March 2015)}				
					EXCELLENT	V. GOOD	GOOD	FAIR	POOR
1	Construction of Academic, Hostel & residential Blocks (Rs 47.54 Crores) - Construction of Academic Block - Construction of Hostel & Residential Blocks	1 1	Date Date	ITI Rae Bareli	Nov'14 June'14	Dec'14 July'14	Jan'15 Aug'14	Feb'15 Sep'14	Mar'15 Oct'14
2	ICT based School Education Program in 591 Government & Government Aided High Schools in Zone 2 in Odisha on BOOT Model under ICT@School project (Rs. 107 crores) for five years	1	%age	Govt. of Odisha through Odisha Knowledge Corporation Limited	40%	37%	34%	32%	30%
3	Procurement and establishment of IT Infrastructure & Audio - Video (Rs 9 crores)	1	%age	NCERT	100%	90%	80%	70%	60%

Annexure - B

TEMPLATE FOR HRM

HRM - PERFORMANCE INDICATORS	Measurement Unit	Weightage	Excellent	Very Good	Good	Fair	Poor
Training on Project Management	mandays	4	100	90	80	70	60
Recognized certifications	no. of officers	2	5	4	3	2	1
Training on New technologies	mandays	2	100	90	80	70	60

Trend of Performance on Financial Parameters for the last Five Years

Particulars	2009-2010		2010-2011		2011-2012		2012-2013		2013-2014		2014-15	
	MOU Target	Actual	MOU Target	Actual	MOU Target	Actual	MOU Target	Actual	MOU Target	Actual upto 30/9/2013	Projected as on 31.3.2014	MOU Target (Projected)
(Rs. in Crores)												
Profit & Loss Statement Items												
Sales Turnover excluding Interest and Other Income (Operating turnover)	671.80	727.12	775.00	823.40	920.00	653.54	1000.00	682.05	950.00	350.86	750.00	825.00
Interest and Other Income		5.65		27.49		27.25		26.16		9.00	16.25	28.00
Gross Operating Margin Rate (%)	New Parameter	10.42	New Parameter	7.72	New Parameter	9.29	New Parameter	13.04	New Parameter	11.11	12.19	11.12
Gross Operating Margin	New Parameter	75.75	New Parameter	63.54	New Parameter	60.69	New Parameter	88.96	New Parameter	38.97	91.46	91.70
EBITDA (Earning before Interest, Taxes, Depreciation, and Amortization)	22.00	19.46	23.80	26.85	30.36	34.88	36.00	38.25	34.00	13.75	14.18	17.17
Depreciation	8.00	3.85	9.50	3.85	8.20	10.46	10.60	9.28	9.90	4.55	6.60	7.42
EBIT (Earning before Interest and Taxes)	14.00	15.61	14.30	23.01	22.16	24.42	25.40	28.97	24.10	9.20	7.58	9.75
Interest Expenses	5.40	0.34	4.00	3.99	3.00	5.26	4.40	9.10	4.10	5.72	6.00	8.25
Prior period expenses	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
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
Prov. For Diminution in value of Investment												15.00
Profit Before Tax	8.60	15.27	10.30	19.01	19.16	19.16	21.00	19.87	20.00	3.48	1.58	1.50
Tax	2.90	3.97	3.50	5.44	6.32	11.13	6.26	4.11	7.48	0.00	0.49	0.46
Profit after Tax	5.70	11.30	6.80	13.58	12.84	8.03	14.74	15.76	12.52	3.48	1.09	1.04
Dividend paid		5.04		5.02		1.87		1.19				
Profit transferred to Statutory reserves	5.70	6.26	6.80	8.56	12.84	6.16	14.74	14.57	12.52	3.48	1.09	1.04
Any other items		3.16		0.00				0.00				
Profit transferred to Balance sheet	5.70	9.42	6.80	8.56	12.84	6.16	14.74	14.57	12.52	3.48	1.09	1.04
Balance Sheet Items												
Gross Block	169.77	148.61	167.00	159.75	180.00	181.78	298.85	242.01	201.18	275.75	345.56	193.87
Less dep	48.08	38.69	49.00	43.69	54.00	53.01	63.26	55.29	73.27	57.81	63.67	72.67
Net block	121.69	109.92	118.00	116.06	126.00	128.77	235.59	186.72	127.91	217.94	281.89	121.20
share capital	43.20	43.20	43.20	43.20	43.20	43.20	43.20	43.20	43.20	43.20	43.20	43.20
Reserves & surplus	359.30	368.66	364.84	377.22	380.67	383.38	400.80	397.95	409.51	401.43	399.04	400.08
Less deferred reve exp / pre-acquisition loss	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Less Profit & Loss A/c	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net worth	402.50	411.86	408.04	420.42	423.87	426.58	444.00	441.15	452.71	444.63	442.24	443.28
Investment	152.86	152.07	185.00	167.50	210.30	167.50	227.34	167.55	217.11	167.55	217.18	222.18
Sundry debtors	350.00	470.99	360.00	557.06	425.00	642.11	546.70	671.56	630.00	739.88	650.00	620.00
Average Sundry Debtors	350.00	439.62	360.00	514.02	425.00	599.58	546.70	656.84	630.00	705.72	660.78	635.00
Total current assets	565.56	906.51	803.00	933.24	828.70	982.06	938.17	1041.96	1075.95	1123.04	1111.70	1303.90
Total current liabilities & provision	356.61	697.09	628.00	781.79	650.32	787.73	774.93	916.62	776.86	1017.98	905.89	1012.70
Net current assets	208.95	209.42	175.00	151.45	179.00	194.33	163.24	125.34	299.09	105.06	205.81	291.20
Capital employed	330.64	246.40	293.00	283.99	305.00	296.08	398.83	318.60	427.78	329.94	324.56	310.72
Average Capital Employed	330.64	249.76	293.00	265.19	305.00	290.03	398.83	307.34	427.78	324.27	321.58	317.64
Long Term borrowing	81.00	55.00	71.00	37.00	141.00	37.50	192.18	42.10	192.18	50.18	99.50	89.62
Total assets	840.11	1171.02	1106.00	1276.54	1165.00	1329.47	1401.10	1447.33	1420.97	1553.68	1610.77	1647.28
No of employees	950	850	950	900	950	939	975	916	930	892	930	940

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ANNEXURE-VII

Self declaration/certification

It is hereby certified that the targets and actual achievements in respect of financial parameters have been worked out as per MoU Guidelines by adopting the norms and definitions laid down in MoU Guidelines for the year 2014-15. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per MoU Guidelines. TCIL has no right of claim in this regard.


Authorised Signatory

ANNEXURE-VIII

Self declaration for Compliance of Directives of Government & Regulators

It is hereby certified that the TCIL has complied all the directives of government and requirements of regulators. In case, any deviation is found at the time of appraisal of performance, DPE is free to evaluate as per the Guidelines, directives issued by the government/regulators. TCIL has no right of claim in this regard.

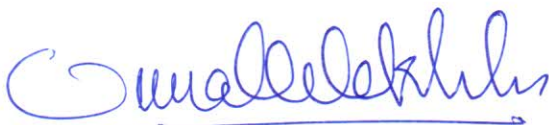


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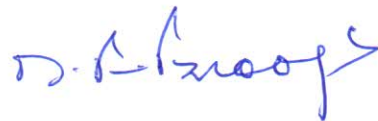
PART - IV

ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MoU

Performance of TCIL will be evaluated by DOT on quarterly basis against the targets given in this MoU.



(VIMAL WAKHLU)
CHAIRMAN & MANAGING DIRECTOR
TCIL



(M.F. FAROOQUI)
SECRETARY, DOT &
CHAIRMAN, TELECOM COMMISSION

27 MAR 2014

27 MAR 2014