

MEMORANDUM OF UNDERSTANDING
BETWEEN
MINISTRY OF RAILWAYS
AND
MITES LIMITED
FOR THE YEAR 2016-17

PART I - MISSION / VISION AND OBJECTIVES

VISION

Be the foremost provider of techno-economic services and solutions globally in the Transportation and Associated Infrastructure sector.

MISSION

Provide concept to commissioning consultancy, design, engineering and turnkey solutions including knowledge management in the field of Transport, Transportation Infrastructure and related technologies of highest professional standards.

Establish new national / international trends and practices and assimilate state-of-the-art technologies to provide quality and value to client.

Be a think tank for development of National policies, priorities and strategies in the Transportation and Infrastructure sector.

OBJECTIVES

Strive to deliver outstanding client service consistently and create a distinctive brand image.

Be innovative while striving for ensuring professional satisfaction to its employees and being a preferred employer.

Assess and fulfill the expectations of the society and community.

R. K. Singh

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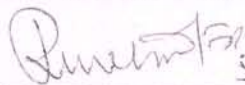
MoU of Rites Limited and Ministry of Railways (FY 2016-17)
EVALUATION CRITERIA & TARGETS

S.No.	Evaluation Criteria	Unit	Wt	MOU Targets				
				Ex	V.Good	Good	Fair	Poor
i.	Capacity Utilization:							
	New Orders Secured during the year	Rs. Cr.	10	2000	1900	1800	1700	1600
ii.	A. Efficiency Parameters:							
	Completion of milestones in clients' assignments without time over run (Top 4 Major Projects given by Railway -List given in Annexure - A)	%	10	100	90	80	70	60
	B. Technology Up- Gradation: Implementation of ERP for monitoring of Highway Design, Railway Civil Engineering Design & Marketing & Clients Services units	date	5	15-02-17	29-02-17	10-03-17	20-03-17	31-03-17
iii.	Leveraging Net worth:							
	CAPEX (excluding investment in subsidiaries and JVs)	Rs. Cr.	15	20	18	15	14	13
iv.	Monitoring Parameter:							
	Reduction in Trade Receivables of over 6 months over previous year	%	5	35	32	29	26	23
v.	Turnover from Operations:							
	Revenue from operation (Net of excise duty)	Rs. Cr.	8	1225	1150	1100	1000	900
vi.	Operating Profit/Surplus:							
	Profit before tax (excluding other income, extraordinary & exceptional items)	Rs. Cr.	10	270	250	225	200	175
vii.	Early Signs of Weakness:							
	Reduction in claims against the Company not acknowledged as debts, over the previous year	%	5	5	4	3	2	1
viii.	Marketing Efficiency Ratio:							
	A. Manufacturing and repairing of railway wagons in SAIL - RITES Bengal Wagon Industries PVT. LTD. (a JV of RITES)	Nos.	5	400	375	350	325	300
	B. Trade Receivables as percentage of revenue from operations (Gross)	%	5	45	47	49	51	53
ix.	Return on Investment:							
	i. Dividend/PAT	%	5	40	38	36	34	32
	ii. PAT/Net Worth	%	10	14	13	12.50	12	11.50
	iii. Dividend/Networth	%	5	5.60	4.94	4.50	4.08	3.68
x.	Sector Specific Parameters:							
	Completion of action on part of RITES for closure of RITES Infrastructure Services Ltd	Date	2	01.01.17	01.02.17	15.02.17	28.02.17	15.03.17
	Total		100					


1. Wherever the figures are not verifiable from the annual report, the verification at the time of MoU Evaluation would be done on the basis of certification by way of resolution regarding achievement of the above parameter by Board of Directors.

2. Targets finalized by IMC are based on provisional figures submitted by the company for FY 2015-16. In case of better performance of the CPSE during the year 2015-16 as compared to Provisional figures, the difference between actual figures and provisional figures shall be added to the targets of 2016-17.

3. Targets decided in MoU are unconditional and no offset will be allowed in any condition. Further evaluation would be subject to compliance of additional eligibility criteria as contained in para 14.2 and 14.3 of MoU guidelines 2016-17.


5.8.2016

Chairman & Managing Director
Rites Limited


Secretary, Rly Bd
Ministry of Railways
Govt. of India

(आर. के. वर्मा)
(R. K. VERMA)
सचिव, रेलवे बोर्ड
Secretary, Railway Board
रेल मंत्रालय / Ministry of Railways
रेल भवन / Rail Bhawan
नई दिल्ली / New Delhi

MoU 2016-17
Approved by IMC
Signed @ 21/7/16

PART - B (TREND ANALYSIS)									
S.No.	Evaluation Criteria	Unit	Financial Year						
			2011-12	2012-13	2013-14	2014-15	2015-16 Up to Dec. 2015 actual	2015-16 Actual	2016-17 (Excellent Target)
i)	Capacity Utilization (Based on Part A)								
	i) Operating Turnover/ No. of Employees	Rs /Lakh	25.37	29.35	33.90	29.21	16.83	31.96	36.03
	ii) New Order Secured	Rs./Cr	1098	978	1018	1466.88	965	1497	2000
ii)	Efficiency Parameters (Physical Operation)								
	i) Manpower cost as % of operating turnover	%	30.23	30.12	28.35	32.47	44.83	31.38	34.12
	ii) Operating Profit / No. of Employees	Rs /Lakh	4.78	6.84	7.23	8.78	4.27	9.04	7.94
iii)	CAPEX	Rs./Cr	NA	NA	48.63 (11.10 equity)	84.46 (13.10 equity)	42.34	57.65	20
iv)	Paid-up Share Capital	Rs./Cr	40	100	100	100	100	100	100
v)	Accumulated Reserves	Rs./Cr	961.24	1094.78	1296.60	1528.07	1639.92	1703.30	1840.19
vi)	Net worth	Rs./Cr	1001.24	1194.78	1396.60	1628.07	1739.92	1803.30	1940.19
vii)	Borrowings (shown in Non-current Liability)	Rs./Cr	NIL	NIL	NIL	NIL	NIL	NIL	NIL
viii)	Borrowings / Net Worth	%	NA	NA	NA	NA	NA	NA	NA
ix)	Percentages of value of CAPEX contracts/projects running/completed during the year without time/cost overrun to total value of CAPEX contracts running/completed during the year (Reduction in Trade Receivables over six months over previous year)	%	47.6	49	52	48	28	38.56	35
X	Revenue from Operations (Gross)	Rs./Cr	835.63	952.96	1093.46	1015.17	572.10	1086.56	1225
Xi	Revenue from Operations (Net of	Rs./Cr	835.63	952.96	1093.46	1015.17	572.10	1086.56	1225

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	excise duty)								
Xii	Profit Before Tax	Rs./Cr	256	345	386	456	227.79	514.57	400
Xiii	Other Income	Rs./Cr							
	- Interest		66.03	80.19	90.25	99.36	72.10	128.00	100.00
	- Dividend		2.08	2.86	2.28	2.75	0.38	1.28	1.00
	- Other		30.35	39.79	60.24	48.72	10.18 7.91	29.00	29.00
	- Total		98.46	122.84	152.77	150.85	82.66	207.19	130.00
Xiv	Extraordinary items	Rs./Cr	-	-	-	-	-	-	-
Xv	Exceptional Items	Rs./Cr	-	-	-	-	-	-	-
Xvi	Profit before Tax (excluding other income, Extraordinary and Exceptional items)	Rs./Cr	157.52	222.23	233.32	305.25	145.13	307.38	270
Xvi i	Profit After Tax	Rs./Cr	164.49	245.44	263.61	306.14	147.31	338.92	264
Xvi ii	Revenue from Operations (Net)/Total Expenses (excluding extra ordinary/exceptional items, if shown separately and Tax (Income Tax) Expenses)	%	123.23	130.41	127.13	143	134	139.45	128.27
Xix	Closing Inventory of finished goods	Rs./Cr	58.12	24.11	17.49	6.66	9.30	11.41	15
Xx	Closing Inventory of work-in-progress- Consultancy/Turnkey	Rs./Cr	25.42	33.95	41.08	38.22	42.99	37.21	32
Xxi	Sale of Products (Net of Excise duty) Export Sales	Rs./Cr	290.14	307.05	404.61	149.23	2.60	185.94	300
Xxi i	Number of days of Inventory of finished goods and Work-in- progress to Sale of Products (Wherever applicable)	No. of days	73	29	16	16	1306	22	18.25
Xxi ii	Trade Receivables (Gross) of over 6 months	Rs./Cr	130.77	125.97	170.03	151.98	222.96	209	210
Xxi v	Trade Receivables- Gross (Total)	Rs./Cr	266.39	319.63	359.98	416.48	518.96	575.60	550
Xxv	Trade Receivables as percentage of Revenue from Operations (Gross)	%	31.88	33.54	32.92	41.03	90.71	52.97	44.90
Xxv i	Cash and Bank Balance - Owned Fund	Rs./Cr	531.19	618.70	622.96	697.12	701.88	689.83	725
Xxv ii	PAT/Net worth	%	16.43	20.54	18.88	18.80	8.47	18.79	13.61

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Xxv iii	Dividend /PAT	%	20	20	20	20	20	40	40
Xxi x	Dividend / Net Worth or Surplus /Net Worth	%	3.30	4.18	3.79	3.81	1.69	7.54	5.44
Xxx	Claims against the Company not acknowledged as debt	Rs./Cr							
	By Central Govt.		-	-	-	-	-	-	-
	By State Department		-	-	-	-	-	-	-
	By CPSEs		-	-	14.20	14.20	14.20	14.20	14.20
	By other		223.41	244.94	322.21	503.06	545.13	568.76	568.76
Xxx i	No. of employees	Nos.	3294	3247	3226	3475	3400	3400	3400
Xxx ii	Manpower cost	Rs/Cr	252.57	287.05	309.98	329.59	256.50	341.01	418

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Annexure – A

LIST OF KEY PROJECTS
COMPLETION OF MILESTONES IN RAILWAY ASSIGNED PROJECTS WITHOUT
TIME OVERRUN

MOU - 2016-17

S.No.	Name of Project	Name of Client
01	Supply of 120 BG passenger coaches to Bangladesh Railways	Bangladesh Railways
02	Setting up of Traction Alternator Factory at Vidisha, M.P. on a turnkey basis	West Central Railway, Jabalpur
03	Gooty –Dharmavaram doubling project of Indian Railway	South Central Railway
04	Pendra Road – Anuppur 3 rd line project of Indian Railways	South Central Railway





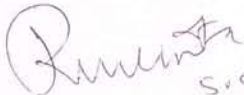
COMMITMENTS / ASSISTANCE FROM MINISTRY OF RAILWAYS

Ministry of Railways will consider providing assistance to RITES in :

- i (a) Allotment of Railway projects of doubling / 3rd line with assured funds availability.
- (b) EPC / Turnkey projects - Railway workshops on nomination basis.
- ii export of rolling stock / spares, lend services of its experts on continuous basis.

ACTION PLAN FOR IMPLEMENTATION AND MONITORING OF THE MOU

The performance of RITES will be reviewed against the targets given in this MOU quarterly by the CPSE Board and half yearly by Ministry of Railways.


S.S. 2016

Chairman and Managing
Director/RITES



Secretary/ Railway Board