

Cabinet approves formation of 100% owned C Corporation of Telecommunications Consultants India Ltd. (TCIL) in USA

Posted On: 21 MAR 2018 8:27PM by PIB Delhi

The Union Cabinet chaired by Prime Minister Shri Narendra Modi has given its approval for formation of 100% owned C Corporation of Telecommunications Consultants India Ltd.(TCIL) in USA as per the details given below:

- i. Formation of C Corporation of Telecommunications Consultants India Ltd. (TCIL) in the state of Texas, USA with authorization for registering in other states of USA for doing business subsequently.
- ii. TCIL's Equity Investment of 100% in the C Corporation amounting to USD 5 Million (equivalent to INR 33.84 crores taking the exchange rate as Rs. 67.68) in a phased manner.
- iii. TCIL's submission of Counter Guarantees amounting to USD 5 Million to Lenders of Loans/ Facilities / Vendors and also client for Bid bonds / Advance/ Performance Guarantees etc. required in connection with the execution of Projects in USA.

C Corporation will be earning precious foreign exchange for the country and increasing profitability of TCIL which is a Government PSU.

C Corporation is formed in the state of Texas, USA in connection with the execution of Projects in USA.

The newly formed C Corporation shall earn an estimated profit of around 10% in the initial years with turnover of USD 10 Million, which may get increased subsequently depending upon the volume of work.

Formation of C Corporation in USA shall help TCIL to expand its business/ turnover/profits and ultimately result in increased dividend to the Government being a State PSU.

Total investment of USD 5 Million will be made by TCIL in the form of Equity from its internal resources. TCIL may also be required to provide Counter Guarantees of around USD 5 Million for getting finances in US for expansion of business and also Bid Bonds/ Advance Payment Guarantees/ Performance Bank Guarantees to Govt. authorities/ Final client on behalf of C Corporation. As such there will be no financial implication on the part of the Government.

Background:

TCIL is a leading ISO - 9001: 2008 and ISO 14001:2004 certified, Schedule-A, Mini Ratna Category-I, 100% owned Govt. of India Undertaking. It has executed projects in more than 70 countries in the domain of Telecommunications and Information Technology. It provides consultancy and turnkey project execution service from concept to completion, in the field of telecommunications, IT and civil infrastructure.

The consolidated networth of the company as on 31.03.2017 was Rs.2433.66 crore. The standalone networth of the company was Rs. 588.92 crore. Company has paid/declared cumulative dividend of Rs. 192.99crore to Government of India till 31.03.2017.

'Google Fiber' is Google's 'fiber-to-the-Premises Project' in the United States for providing high capacity Broadband Internet and cable television to all the cities. M/s Google have selected few international Companies as their technical partner like M/s. Ericsson, M/s Mastec, M/s AT&T, M/s Zoya etc. who in turn have further subcontracted the works to various companies for different activities. M/s Teletech is one of the companies who have signed Master service agreement with M/s Mastec and M/s Ericsson for execution of network rollout works in Austin (Texas) and San Jose (California). M/s Teletech Team approached TCIL for providing full techno commercial and logistic support for three projects. M/s Teletech Team have signed a MoU with TCIL on 13.04.2016 followed by a Joint Co-operation Agreement on 27.05.2016. TCIL being a foreign entity needs to form a C Corporation which is recognized as a separate tax paying entity. This would also enable TCIL to have L-1 Visas for its manpower resources.
