

**No. 3(13)/2006-DPE(MOU)**  
**Government of India**  
**Ministry of Heavy Industries & Public Enterprises**  
Department of Public Enterprises

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Public Enterprises Bhawan,  
Block No. 14, CGO Complex,  
Lodhi Road, New Delhi-110003.

Dated the 20<sup>th</sup> August, 2007

**OFFICE MEMORANDUM**

Subject: Evaluation procedure of MoU performance for the year 2006-07 onwards – MoU Excellence Awards to CPSEs on the basis of Shri N.K. Sinha Committee Report.

As per the decision of the Competent Authority, a Committee under the Chairmanship of Shri N.K. Sinha, Chairman, Public Enterprises Selection Board(PESB) was constituted vide order of even number dated 11.1. 2007 to review the CPSE Excellence Award on MoU.

2. The Competent Authority considered the Report of the Shri N.K. Sinha Committee and approved the following:

- (i) There would be MoU evaluation of CPSEs only once during the year based on audited data. Those CPSEs who do not submit self-evaluation score based on audited data to DPE by 31<sup>st</sup> August will not be eligible for the MoU Excellence Award.
- (ii) The MoU Composite Score and ratings should be prepared and finalized by the Syndicate Group concerned of the Task Force.
- (iii) Once the MoUs are signed between the CPSEs and the Ministries/Departments, no revision of targets will be permitted.
- (iv) The existing system of equal weightage of 50% each to financial and non-financial parameters in MoU, which is based on NCAER Report should continue.
- (v) The total number of MoU Excellence Awards will be 12 (1 from each of 10 Syndicates, 1 from the listed CPSEs, 1 from amongst the turnaround sick and loss making Enterprises). All other excellent performing CPSEs will get MoU Excellence merit certificates.
- (vi) Three following basic principles for selection of CPSEs for MoU Excellence Awards would also be adopted:
  - (1) The profit of the CPSE in the year should be higher compared to the previous year.
  - (2) It should not be loss-making enterprises.
  - (3) The composite score of the CPSE should not be more than 1.5.

(vii) As the Excellent grading has a range of 1 to 1.5, CPSEs getting a composite score upto 1.5 will be eligible for MoU Excellence Awards and Certificates.

(viii) These will be effective for evaluating and awarding the CPSEs for MoU performance for the year 2006-07 onwards.

(ix) Administrative Ministries may take the appropriate action on CPSEs who have not signed MOU by 31<sup>st</sup> March, 2007 as already instructed vide DPE's O.M. No. 3(16)/2006-DPE(MOU) dated 9<sup>th</sup> January 2007. The earlier decision dated 1.12.2006 of HPC should be enforced.

(x) Compliance of Corporate Governance should also be included as one of the criteria for consideration of the awards in all the 3 categories for the year 2007-08 onwards.

3. The Administrative Ministries/Departments are accordingly requested to communicate the above decision to all the concerned CPSEs under their administrative control.

(S.S. Negi)  
Director  
Tel: 24362770

To

All administrative Ministries/Departments

Copy to: All Chief Executives of CPSEs

**No. 3(29)/2007-DPE(MOU)**  
**Government of India**  
**Ministry of Heavy Industries & Public Enterprises**  
**Department of Public Enterprises**

**Public Enterprises Bhawan,**  
**Block No. 14, CGO Complex,**  
**Lodhi Road, New Delhi-110003.**  
**Dated the 7<sup>th</sup> January, 2008**

**OFFICE MEMORANDUM**

**Subject: MoU Excellence Awards to CPSEs including listed CPSEs and turnaround sick/ loss making CPSEs .**

In continuation of this Department's OM No.3(13)/2006-DPE(MOU) dated 20<sup>th</sup> August, 2007, the Competent Authority has decided that MOU Excellence Award would be given to (a) one of the listed CPSEs and (b) one of the sick/ loss making CPSEs on its way to turnaround. The methodology for the selection of the best in the said two categories for MoU Excellence Awards will be as follows:

**(a) For listed CPSEs for the year 2006-07**

(i) The closing price of the equity/stock on the date of trading day on the Bombay Stock Exchange (BSE) will be considered for computation of market capitalization. In case a CPSE is not listed on BSE, the closing price of the stock on the date of trading on the National Stock Exchange (NSE) will be considered for computation of market capitalization.

(ii) The daily market capitalization of the stocks of a CPSE will be arrived at by multiplying the number of outstanding shares issued on that day with the closing price of the day.

(iii) On the basis of (ii) above, the total value of the daily market capitalization for the year shall be arrived at by adding the market capitalization for all the trading days during the financial year. The average market capitalization shall then be calculated by dividing the total of the daily market capitalization for the year by the total number of trading days for that year.

(iv) The Form-1 enclosed to this OM is the format for computation of the average market capitalization for the year.

(v) Any fresh issue of equity capital (other than bonus issue made by a CPSE during the relevant financial year) will, however, be excluded for the purpose of computing the market capitalization.

(vi) The growth rate in market capitalization will be worked out based on the average market capitalization in the year of the MoU (under consideration) and the average market capitalization in the preceding year (Form-2). This growth in market capitalization will be compared with the growth in Sensex on the Bombay Stock Exchange (BSE).

(vii) Only those CPSEs will qualify for being considered for the MoU Excellence Award whose percentage growth in market capitalization exceeds the percentage growth in Sensex of the BSE. The listed CPSEs will then be ranked in the descending order based on the highest percentage growth in market capitalization (Form-3). The CPSE with the highest growth will be selected for the MoU Excellence Award.

(viii) The CPSE with average daily market value of shares traded during the year being less than Rs.50 lakh will not be eligible for consideration of MoU Excellence Award.

**(b) For the best turnaround Loss/Sick CPSE :-**

(i) CPSE will be considered sick if it is referred to either BIFR or BRPSE.

(ii) Only such CPSEs, from amongst the sick and loss making CPSEs will be considered that have earned profit before tax i.e. PBT (excluding extra-ordinary income by way of (a) waiver of loans, interest, guarantee fee, penal interest, (b) receipt of grant and (c) profit from the sale of land for the year of the MOU under consideration as well as during the immediately preceding financial year, that is, for the year of MoU under consideration as well as during the preceding year. This is to ensure that the turnaround is on firm ground.

(iii) Eligible CPSEs will be ranked according to the MOU Composite Score (in ascending order); the CPSE having the lowest composite score will be ranked first and will be given the MOU Excellence Award as the best turn around CPSE.

3. The Administrative Ministries/Departments are accordingly requested to communicate the above decision to all the concerned CPSEs under their administrative control.

**(S.S. Negi)**  
**Director (MoU)**  
**Tel: 24362770**

To

All administrative Ministries/Departments  
Copy to: All Chief Executives of CPSEs

**FORMAT FOR COMPUTATION OF AVERAGE MARKET CAPITALISATION DURING  
YEAR \_\_\_\_\_**

**NAME OF CPSE** \_\_\_\_\_

Sl. NO.	Date of Trading Session	Closing Price on BSE (Rs.)	Number of Outstanding shares as on Date (Nos/crore)	Daily Market Cap. (Rs. Crore)	Market Value of shares traded*
(1)	(2)	(3)	(4)	(5) = (3x4)	(6)
<b>TOTAL</b>					

A	TOTAL OF DAILY MARKET CAPITALISATION (RS/CRORE)	
B	TOTAL NUMBER OF TRADING DAYS (NOS)	
C	AVERAGE MARKET CAPITALISATION (A/B)	
D	TOTAL OF DAILY MARKET VALUE OF SHARES TRADED	
E	AVERAGE DAILY MARKET VALUE OF SHARES TRADED (D/B)	

\*MARKET VALUE OF SHARES TRADED SHOULD INCLUDE QTY. IN BSE AND NSE. The CPSE with average daily market value of shares traded exceeding Rs. 50 lakhs will be eligible for selection in best performing CPSE (Form-II)





