F.No. 03/0004/2024-MoU Division

भारत सरकार/ **Government of India**

वित्त मंत्रालय / **Ministry of Finance**

लोक उद्यम विभाग / **Department Public Enterprises**

नई दिल्ली / New Delhi

28 मार्च/ March 2025

OFFICE MEMORANDUM

Subject: MoU framework for CPSE's performance evaluation for the year 2025-26 onwards - reg.

The undersigned is directed to state that the MoU guidelines have been updated as per directions of the Inter-Ministerial Committee and High-Powered Committee. The MoU framework, enclosed herewith, would be applicable for CPSE's performance evaluation for year 2025-26 onwards. This MoU framework supersedes all earlier MoU guidelines, amendments, and clarifications issued prior to this date, in the context of the year 2025-26 onwards.

2. Administrative Ministries are requested to direct their respective CPSEs to strictly adhere to the guidelines outlined in this MoU framework.

3. This issues with approval of Secretary, Department of Public Enterprises.

- sd -

(मुनी राम मीना / Muni Ram Meena)

निदेशक / Director

To

Secretaries to the Government of India (as per list)

Copy to:

CMDs/MDs/Chief Executives of CPSEs (as per list)

Further copy to (for kind information):

i. Secretary, D/o Public Enterprises
ii. Secretary, D/o Expenditure
iii. Secretary, D/o Investment and Public Asset Management
iv. Chief Economic Advisor, D/o Economic Affairs

Digitally signed by Muni Ram Meena
Date: 28-03-2025 17:08:57

(मुनी राम मीना / Muni Ram Meena)

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Government of India
Ministry of Finance
Department of Public Enterprises

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MOU framework for CPSEs' performance evaluation for the year 2025-26 onwards

1. Introduction

A key ownership functions of the Government being the majority shareholders of Central Public Sector Enterprises (CPSEs) is to undertake regular performance evaluation of CPSEs, to assess their efficacy towards fulfilment of core objectives for which these have been constituted. The performance evaluation system, instead of merely evaluating the efforts of a CPSE or its management in a given business environment, need to be actually reflecting the economic performance in terms of CPSE's profitability/ return on the invested capital, competitiveness/ usefulness in the given commercial space. The rating/ outcome of the performance evaluation under the updated MoU (**Memorandum of Understanding**) framework would be reflection of CPSE's performance as per its Audited Accounts and Annual Reports, both for listed and non-listed companies. This is significant in view of the linkage in Performance Related Pay (PRP) and Annual Appraisal of the Senior Executives with the performance evaluation through MoU framework.

2. Scope

2.1. All CPSEs, including standalone, holding, and subsidiary companies, are mandated to sign MoUs on an annual basis.

2.2. The MoU will be signed by holding and standalone companies with their respective administrative ministry or department, while subsidiary companies will sign the MoU with their respective holding company.

2.3. Department of Public Enterprises (DPE) will finalize the MoUs for holding and standalone CPSEs. For a subsidiary CPSE, the holding CPSE will set and evaluate MoU targets based on DPE's guidelines. However, subsidiary CPSEs with Maharatna or Navratna status will have their MoUs finalized directly by DPE.

2.4. The MoU for a CPSE will be finalized on a consolidated basis, incorporating the performance of all its subsidiaries and joint ventures.

3. MoU Framework

3.1. **MoU Parameters**: The parameters included in the MoU process are market oriented reflecting the shareholders' interest in terms of growth in revenue, return on net worth, asset turnover ratio and market capitalisation for listed CPSEs. Adequate weightage has been given to productivity linked parameters pertaining to CPSE's core operations. The parameters are further indexed to past performance and future projections of the CPSE, administrative ministry's vision, sectoral benchmarking or peer performance (if any) etc. All the parameters are quantifiable and verifiable from the documents in public domain. **The MoU parameters are clubbed into groups so that weightages of non-applicable parameter(s), if any, for a sector/ CPSE can be redistributed to other parameter(s)**

of the same group. Besides certain government's priorities/ programmes such as CSR, procurement from MSEs, timely payment to MSMEs etc. are also included for compliance by CPSEs, the non-compliance of which would result in deduction of full marks (i.e. there would not be any partial deduction). The MoU templates are enclosed at ***Annexure – I(a), I(b) and I(c)***, and the explanatory notes on the parameters is enclosed at ***Annexure - II***. Weightages of marks in case of National Oil Companies (NOCs) [i.e. ONGC Ltd. and Oil India Ltd.] would be aligned as per the Cabinet's decision intimated by MoPNG vide letter No. O-12015(11)/1/2019-ONG-II dated 01.03.2019.

3.2. **Online dashboard**: The web portal (MoU dashboard) hosted by DPE will be used for collection of estimates, projections and other data. Further, e-signing, monitoring and evaluation of the MoU document shall be done online through the portal. The CPSEs and administrative ministries would be onboarded with appropriate user roles. The CPSEs and administrative ministries shall keep details of their nodal officers updated on the portals.

3.3. **Institutional Mechanism**: There are two level of institutional mechanism for the MoU framework.

3.3.1. **High Powered Committee**: The High-Powered Committee (HPC) is the apex body for the MoU framework for laying policy guidelines along with the common templates (MoU parameters), recommended by the Inter-Ministerial Committee. The HPC comprises:

(i) Cabinet Secretary as Chairman

and following members –

(ii) CEO (NITI Aayog)
(iii) Finance Secretary
(iv) Secretary (Expenditure)
(v) Secretary (Statistics and Programme Implementation)
(vi) Chairman (Public Enterprises Selection Board)
(vii) Chief Economic Advisor (Department of Economic Affairs)
(viii) Secretary (Public Enterprises) – as member secretary.

The decisions of the HPC shall be final and binding for all matters relating to this MoU framework.

3.3.2. **Inter-Ministerial Committee**: The Inter-Ministerial Committee (IMC) finalises the MoU parameters and their weightages [from the outlined templates as per Annexure – I(a), I(b) and I(c)], and targets, considering the core business activities in the sector or the CPSE. The IMC comprises:

(i) Secretary (Public Enterprises) as Chairman

with the following members –

(ii) Secretary, D/o Expenditure or senior representative
(iii) Secretary, D/o Investment and Public Asset Management or senior representative
(iv) Chief Economic Advisor, D/o Economic Affairs or senior representative

and special invitees –

(v) Secretary of Administrative Ministry concerned or his representative not below the rank of Joint Secretary

(vi) CMD/CEO/Chief Executive of the CPSE concerned

and any other expert co-opted on need basis by the Secretary (Public Enterprises).

3.4. **Finalization of the MoUs**:

3.4.1. The IMC sets ambitious and aspirational targets, aiming to drive excellence and push boundaries. In order to enable the IMC to determine the benchmarks for various parameters, the CPSE will submit the estimates/ projections for certain financial and physical attributes by 31st December of the financial year previous to that of MoU financial year (hereinafter referred as '**base year**'). Targets are set based on the CPSE's historical performance and business profile, reflecting the Government's aspirations for the CPSE's growth and rating. If targets are set based on historical or provisional base-year performance, the DPE reserves the right to revise the targets as necessary once the audited actuals for the base year are available.

3.4.2. The MoU finalized by DPE with assistance of the IMC is final and binding. The CMD/ MD/ Chief Executive of the CPSE and the Secretary of the administrative ministry/ department concerned are required to e-sign the final MoU issued by DPE (based on the decision of IMC), within 15 days on the MoU dashboard. Delay in signing a MoU leads to penalties. For every delayed week or its fraction, 2.5 marks are deducted. If a CPSE delays by 4 weeks beyond prescribed timelines, it would be rated 'Poor', irrespective of the performance. However, the Secretary, DPE can waive delays with exceptionally convincing reasons.

3.5. **MoU Evaluation**:

3.5.1. **Process**: Actual figure/ achievement on relevant financial and physical attributes for the MoU year shall be fetched in the MoU dashboard when these are made available on the PE Survey portal. Thereafter the dashboard for self-evaluation will be displayed, which will facilitate submission of self-evaluation accommodating necessary adjustments/ comments/ attachments by the CPSE. The administrative ministry will verify the self-evaluation and submit on the dashboard. Finally, DPE shall verify the facts and figures from the annual report, audited financial statements, audit reports or any other source or documents necessary for the verification. The final score and rating, with due approval of competent authority, will be notified on the dashboard.

3.5.2. **Scoring: There would be no adjustment in MoU agreement due to changes in exchange rate, prices of raw material or finished goods or due to offset for any other reason as these are deemed to be normal business activity and audited statement of accounts declared shall prevail**. The parameters shall be evaluated on the principle of proportionate marking for achievement from 50% to 100% of target figure for each parameter (except for parameters on reduction of losses/ expenses in respect of loss making or negative net worth CPSEs). Achievements below 50% of the target will receive a score of zero (except for the parameter on Total Return to Shareholders), unless otherwise mentioned specifically. Score on all parameters would be added to arrive at an aggregate score. The aggregated score shall be subjected to conformity of compliance parameters. Non-conformity of compliance parameter will result in a deduction of full assigned weightage from the aggregated score. The scores for each parameter will be calculated up to two decimal places, and the aggregate score will not be rounded off for determining the MoU rating.

3.5.3. **Rating**: The CPSEs shall be rated corresponding to the MoU scores as below:

MoU Score	MoU Rating
Score ≥ 90	Excellent
90 > Score ≥ 70	Very Good
70 > Score ≥ 50	Good
50 > Score ≥ 33	Fair
33 > Score	Poor

3.5.4. **Timelines**: Based on the actual figures submitted by the CPSE, the assessment will be carried out as per following indicative timelines:

Event	Timelines (of the year subsequent to the MoU year)
Readiness of evaluation module by DPE	15th October (will be notified)
Submission of self-evaluation by the CPSEs duly verified by Administrative Ministry.	31st October
Completion of evaluation and release of score/ rating by DPE	31st December

In the event of failure in timely submission of self-evaluation of MoU duly verified by the administrative ministry, it would attract penal action by deducting 2.5 marks for delay of each week and fraction thereof. In case CPSE submits self-evaluation with delay of more than 4 weeks, it would be liable to be rated one level below its actual performance rating, regardless of its actual score. If a CPSE fails to submit self-evaluation by 30th December of the year subsequent to the MoU year, the CPSE shall be liable to be rated 'Poor', irrespective the actual performance and reason behind it. However, the Secretary, DPE can condone the delay with exceptionally convincing reasons.

3.5.5. **Authority**: The evaluation of the MoUs will be processed with approval of Secretary, DPE. In case of Administrative Ministry disputes on MoU evaluation for its CPSE, the same shall be submitted to the HPC. Decision of HPC is final and binding for all matters related to the MoU framework.

4. Exemption from MoU

4.1. **Basis**: Administrative Ministries shall provide inputs regarding their CPSEs (holding and standalone, not the subsidiary), along with specific justifications, to facilitate consideration for signing or exemption from signing the MoU. **Administrative Ministries should submit these recommendations to DPE by 31st December of the base year**. CPSEs interested in signing an MoU must submit a request through their Administrative Ministry, along with the ministry's explicit comments supporting the claim. In the event that no recommendation is received by the stipulated deadline, DPE shall not be held liable for consequences arising therefrom. Process of exemption shall ordinarily be completed by

31st March of the base year. The CPSEs may be exempted from signing MoU –

(i) If CPSE is under liquidation and/ or closure (duly approved by competent authority).
(ii) If CPSE is not in operation or having no employee or on any other ground on the recommendation of Administrative Ministry.
(iii) The holding CPSE reserves the right to take a decision regarding exemption from signing MoU for its subsidiary companies, as deemed appropriate.

4.2. **CPSEs not signing the MoU**: Any CPSE that is not exempted from signing MoU and fails to sign the MoU by the prescribed date (to be intimated by DPE) shall be rated as 'Poor'.

4.3. **Applicability of Performance Related Pay**: The MoU rating, which assesses performance on identified core indicators, serves as the basis for determining Performance Related Pay (PRP). CPSEs (including subsidiaries) must sign a MoU to be eligible for PRP as per DPE pay revision guidelines. Failure to do so, including exempted CPSEs, will render them ineligible for PRP. In essence, signing a MoU is a prerequisite for CPSEs to pay the PRP.
[*Ref: DPE OM No. 2(70)/08-DPE(WC) dated 26.11.2008 and OM No. W-02/0028/2017-DPE(WC) dated 03.08.2017*].

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Base template for MoU 2025-26 onwards

Part-I: Main Parameters

S.N.	Parameter	Score	Benchmarking criteria
A.	**Revenue, Production, CAPEX and FOREX Earning/ Saving [45]**		
1.	Revenue from Operations	7	Best of ✓ Base year's performance/ MoU target with growth ✓ Legacy-average of performance in last 5 years including base year ✓ 60% of legacy-average of performance in last 5 years including base year + 40% of industry average growth in last 5 years ✓ Ministry's vision In case of Value of Production & Services, Revenue from Operations will not be assigned separately. Weightages are indicative and may be redistributed proportionally based on each item's revenue contribution.
2.	Physical Output: Production/ Generation/ Transmission/ Value of Production & Services	20	
3.	Capital Expenditure	10	As per statement 26 of expenditure profile (budget document) or Ministry's vision or plan submitted to DIPAM during CMCDC meeting, subject to min. ₹100 cr.
4.	Exports/ Income from Overseas	4	Based on the inputs from the Admin. Ministry and legacy performance
5.	Reduction in Imports Consumption (as percentage of Revenue from Operations, over previous year)	4	
B.	**Profitability Ratios [30]**		
6.	EBITDA (as a percentage of Total Income)	10	Absolute EBITDA targets will be assigned to exceptional CPSEs with profit margin control by government regulations. EBITDA, RoNW/RoCE & ATR, best of ✓ Base year's performance/ MoU target ✓ Legacy-average of performance in last 5 years including base year ✓ 60% of legacy-average of performance in last 5 years including base year + 40% of industry average performance in last 5 years ✓ Ministry's vision Total Expense to Total Income: Reduction in the ratio by 20%
7.	For profit-making CPSEs: Return on Net Worth, or Return on Capital Employed Or For loss-making/ negative net worth CPSEs: Total Expenses to Total Income	15	
8.	Asset Turnover Ratio	5	

C.	**Procurement, Trade Receivables & R&D [10]**		
9.	Procurement through GeM (as percentage of Total Procurement)	2	Best of ✓ Historic performance ✓ CPSE's vision duly approved by Admin. Ministry, Subject to min. 25% of Total Procurement
10.	Trade Receivables (as number of days of Revenue from Operations)	4	An aspirational target in the range of min. 30 days to max. 90 days, based on legacy performance/ contractual obligations/ regulatory norms etc.
11.	Expenditure on R&D (including Innovation Initiatives, as percentage of previous 3 years' average PBT)	4	Best of ✓ Base year's performance/ MoU target ✓ Legacy-average of performance in last 5 years including base year ✓ Ministry's vision
D.	**Shareholder Value Creation [15]**		
12.	For listed CPSEs: Total Return to Shareholders Or For unlisted CPSEs: Earnings per Share	15	TRS as per S&P BSE 100/ 500 index, wherein TRS includes - ○ Appreciation in stock value, ○ Dividends paid (including dividend distribution tax if any), ○ Redemption of bonus preference shares, dividend on bonus pref. shares, ○ Redemption of bonus debentures, interest on bonus debentures, etc. TRS shall be calculated on year-end basis (i.e. change in TRS as on 31st March of the base year to 31st March of the MoU year) TRS benchmarking: a range up to one standard deviation (± σ) in the set of TRS of year-end S&P BSE 100/ 500 constituent companies' performance EPS: Best of ✓ Base year performance/ MoU target ✓ Legacy-average of performance in last 5 years including base year ✓ Ministry's vision ✓ As per targeted PAT ✓ Zero in case of loss making unlisted CPSEs
Total		**100**	

Part-II: Compliance Parameters

S.N.	Parameter	Score	Source/ Verification
1.	DPE guidelines on CSR expenditure	-1.0	Administrative Ministry based on Board Resolution/Annual Report, and inputs from CSR Cell of DPE
2.	Provisions in the Companies Act, 2013 [or SEBI (LODR) regulations in case of listed entities] on Corporate Governance: a. Composition of Board of Directors b. Board Committees c. Holding Board and Committees' Meetings d. Related Party Transactions e. Disclosures and Transparency	-3.0 (0.6 for each)	Administrative Ministry on the basis of CAG/ Statutory/ Secretarial Auditor Report(s)
3.	Onboarding of CPSE on all operational TReDS platforms	-0.5	MSME Sambandh/ TReDS portals
4.	Timely payments to MSE vendors as prescribed in MSMED Act	-3.0	MSME Samadhaan/ TReDS portals/ Administrative Ministry based on Annual Report/ any other authentic source
5.	Procurement of goods and services (as percentage of total procurement), from- a. MSEs overall – 25% b. SC/ST owned MSEs – 4% c. Women owned MSEs – 3%	-2.0 (.66 for each)	MSME Sambandh portal/ Annual Report
6.	Steps and initiative taken for Health & Safety improvement of Human Resources in CPSEs	-1.0	Administrative Ministry based on Board Resolution [**Admin. Ministry will prescribe targets before MoU signing**]
7.	Targets under PM Internship scheme of MCA	-1.0	Ministry of Corporate Affairs and / or Administrative Ministry based on Board Resolution/ Annual Report [**Applicable to the CPSEs participating as partner companies**]
8.	Leadership Development Plan	-1.0	Inputs from Policy Division-II/DPE and /or Admin. Ministry

Special Notes:

i. The applicability of each of the main parameters will be determined during the target-setting process. If a parameter is deemed not applicable to a particular CPSE, the associated weightage will be redistributed to other relevant parameter(s) within the same group.

ii. Parameters for Finance CPSEs may include: Loan disbursement, Overdue loans, Non-Performing Assets (NPA), Cost of raising funds, Geographical coverage, Net Interest Margin (NIM), and other relevant financial metrics.

iii. When calculating annual achievements, any quantified qualifications from the Comptroller and Auditor General (CAG) or Statutory Auditors would be adjusted accordingly in the Revenue, Profit, Surplus, and any other items of Statement of Profit and Loss.

iv. The aggregate score will be contingent upon fulfilling the compliance parameters. Failure to comply will result in the deduction of full marks, as indicated, without any partial or proportional deduction.

v. There would be no adjustment in targets or achievements due to changes in exchange rate, regulatory prices of raw material or finished goods or reduction in margins or due to any other reasons.

vi. Verification sources for CPSEs' achievements include: Balance Sheet, Statement of Profit & Loss, Annual Report, Board Resolution, Inputs from administrative ministry, nodal department, or government-authorized agencies etc.

vii. All representations from CPSEs to DPE, if any, must be routed through their respective Administrative Ministries, accompanied by the Ministry's explicit comments, unless otherwise requested.

viii. Weightage distribution to the parameters in the MoUs in respect of ONGC and OIL [*Reference: MoPNG letter No. O-12015(11)/1/2019-ONG-II dated 1st March, 2019*] will be as following:

Parameter	Weightage
Physical production, such as - ○ Crude Oil Production ○ Natural Gas Production	50
Other physical parameters, such as - ○ Capital Expenditure ○ Procurement through GeM ○ Expenditure on R&D and Innovation Initiatives (as percentage of avg. of previous 3 yrs' PBT) ○ Other physical parameters as per Administrative Ministry	30
Financial parameters, such as - ○ Revenue from Operations ○ EBITDA (as a percentage of Total Income) ○ Return on Net Worth ○ Return on Capital Employed ○ Asset Turnover Ratio ○ Market Capitalization [i.e. Total Return to Shareholders]	20
Total	**100**

Template for Section 8 social finance CPSEs
(For 2025-26 onwards)

Part-I: Main Parameters

S.N.	Parameter	Score	Benchmarking criteria
A.	**Revenue, Beneficiaries, Schemes and Procurement [35]**		
1.	Revenue from Operations	8	Best of ✓ Base year's performance/ MoU target with growth ✓ Legacy-average of performance in last 5 years including base year ✓ 60% of legacy-average of performance in last 5 years including base year + 40% of industry average growth in last 5 years ✓ Ministry's vision
2.	Number of Beneficiaries Assisted (loan disbursed to)	10	
3.	Number of Women Beneficiaries Covered (loan disbursed to)	5	
4.	Parameter(s) covering effective implementation of Government's scheme(s) **[to be identified in consultation with Administrative Ministries]**	10	
5.	Procurement through GeM (as percentage of Total Procurement)	2	Best of ✓ Historic performance ✓ CPSE's vision duly approved by Admin. Ministry Subject to min. 25% of Total Procurement
B.	**Loan Disbursement and Recovery [50]**		
6.	Loan Disbursed to Total Fund Available	10	Best of ✓ Base year's performance/ MoU target with growth ✓ Legacy-average of performance in last 5 years including base year ✓ 60% of legacy-average of performance in last 5 years including base year + 40% of industry average growth in last 5 years ✓ Ministry's vision
7.	Loan Disbursed to Micro Finance Beneficiaries	5	
8.	Last Mile Disbursement to Ultimate Beneficiaries	5	
9.	Geographical Coverage	10	
10.	Overdue Loans to Total Loans	10	
11.	NPA to Total Loans	10	
C.	**Profitability Ratios [15]**		
12.	EBTDA (as a percentage of Total Income)	5	Best of ✓ Base year's performance/ MoU target ✓ Legacy-average of performance in last 5 years including base year ✓ 60% of legacy-average of performance in last 5 years including base year + 40% of industry average growth in last 5 years ✓ Ministry's vision
13.	Return on Net Worth, or Return on Capital Employed	5	
14.	Asset Turnover Ratio	5	
	Total	**100**	

Part-II: Compliance Parameters and other conditions (including Special Notes) are same as Part-II at Annexure-I(a).

Annexure – I(c)

Template for Section 8 CPSEs other than social finance company

(For 2025-26 onwards)

Part-I: Main Parameters

S.N.	Parameter	Score	Benchmarking criteria
A.	**Revenue, Production, CAPEX and FOREX Earning/ Saving [45]**		
1.	Revenue from Operations	7	Best of ✓ Base year's performance/ MoU target with growth ✓ Legacy-average of performance in last 5 years including base year ✓ 60% of legacy-average of performance in last 5 years including base year + 40% of industry average growth in last 5 years ✓ Ministry's vision In case of Value of Production & Services, Revenue from Operations will not be assigned separately. Weightages are indicative and may be redistributed proportionally based on each item's revenue contribution.
2.	Physical Output: Production/ Generation/ Transmission/ Value of Production & Services	35	
3.	Capital Expenditure	10	As per statement 26 of expenditure profile (budget document) or Ministry's vision or plan submitted to DIPAM during CMCDC meeting, subject to min. ₹100 cr.
4.	Exports/ Income from Overseas	4	Based on the inputs from the Admin. Ministry and legacy performance
5.	Reduction in Imports Consumption (as percentage of Revenue from Operations, over previous year)	4	
B.	**Profitability Ratios [15]**		
6.	EBITDA (as a percentage of Total Income)	5	EBITDA, RoNW/RoCE & ATR, best of ✓ Base year's performance/ MoU target ✓ Legacy-average of performance in last 5 years including base year ✓ 60% of legacy-average of performance in last 5 years including base year + 40% of industry average performance in last 5 years ✓ Ministry's vision Total Expense to Total Income: Reduction in the ratio by 20%
7.	For profit-making CPSEs: Return on Net Worth, or Return on Capital Employed Or For loss-making/ negative net worth CPSEs: Total Expenses to Total Income	5	
8.	Asset Turnover Ratio	5	

C.	**Procurement, Trade Receivables & R&D**		
9.	Procurement through GeM (as % of Total Procurement)	2	Best of ✓ Historic performance ✓ CPSE's vision duly approved by Admin. Ministry, Subject to min. 25% of Total Procurement
10.	Trade Receivables (as number of days of Revenue from Operations)	4	An aspirational target in the range of min. 30 days to max. 90 days, based on legacy performance/ contractual obligations/ regulatory norms etc.
11.	Expenditure on R&D (including Innovation Initiatives, as percentage of previous 3 years' average PBT)	4	Best of ✓ Base year's performance/ MoU target ✓ Legacy-average of performance in last 5 years including base year ✓ Ministry's vision
D.	**Shareholder Value Creation [15]**		
12.	Earnings per Share	15	Best of ✓ Base year performance/ MoU target ✓ Legacy-average of performance in last 5 years including base year ✓ Ministry's vision ✓ As per targeted PAT ✓ Zero in case of loss making unlisted CPSEs
Total		**100**	

Part-II: Compliance Parameters and other conditions (including Special Notes) are same as Part-II at Annexure-I(a).

Standard Operating Procedure/ Explanatory Note on MoU Parameters

A. The parameters in MoU Guidelines are explained as under:

1. Revenue from Operations:

As per schedule III of the Companies Act, 2013, in respect of a company other than finance company, Revenue from Operations consists of – (a) sale of products, (b) sale of services, (c) Grants or donations received (in case of Section 8 companies), and (d) other operating revenues. In respect of a finance company, Revenue from Operations includes revenue from – (a) interest income, and (b) other income from financial services.

This would be taken from audited Statement of Profit & Loss of the CPSE.

Illustration:

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2026			
		For the year ended (₹ Crore)	
Particulars	**Note No.**	**31 March 2026**	**31 March 2025**
Income			
Revenue from Operations		97,000	90,000
Other income		3,000	2,000
Total income		**1,00,000**	**92,000**

This figure is directly taken from Statement of Profit & Loss. Therefore, in this case, Revenue from Operations for the year 2025-26 is ₹97,000 crore and for year 2024-25 is ₹90,000 crore.

2. Value of Production:

This would be worked out by adding Revenue from Operations [i.e. sale of goods and sale of services, but excluding other operating revenue and trading revenue] and then adjusting change in inventories of finished goods.

S.N.	Particulars
a.	Sale of Goods
b.	Sale of Services
c.	Total Revenue from Sale of Goods & Services [a+b]
d.	Add: Closing value of Finished Goods
e.	Less: Opening value of Finished Goods
f.	Value of Production [c+d-e]

The figures would be taken from the audited Statement of Profit & Loss and Notes to Financial Statements of the CPSE.

Illustration:

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2026			
		For the year ended (₹ Crore)	
Particulars	**Note No.**	**31 March 2026**	**31 March 2025**
Income			
Revenue from Operations			
Sale of Goods		50,000	45,000
Sale of Services		40,000	40,000

Other Operating Income		6,000	4,000
Trading Revenue		1,000	1,000
Total Revenue from Operations		**97,000**	**90,000**
Other income		**3,000**	**2,000**
Total income		**1,00,000**	**92,000**

Extract from NOTES TO FINANCIAL STATEMENTS		
Note: CHANGES IN INVENTORIES		
	For the year ended (₹ Crore)	
Particulars	**31 March 2026**	**31 March 2025**
(i) Opening Balance		
Work-in-Progress	1,000	800
Finished Goods	1,500	400
Stock-in-trade	100	200
Scrap	200	100
(i) Closing Balance		
Work-in-Progress	500	1,000
Finished Goods	700	1,500
Stock-in-trade	200	100
Scrap	180	200
Increase/ (Decrease)	**(1,220)**	**1,300**

Calculation of Value of Production (₹ Crore) for year 2025-26:

S.N.	**Particulars**	**FY 2025-26**	**FY 2024-25**
a.	Sale of Goods	50,000	45,000
b.	Sale of Services	40,000	40,000
c.	Total Revenue from Sale of Goods & Services [a+b]	90,000	85,000
d.	Add: Closing value of Finished Goods	700	1,500
e.	Less: Opening value of Finished Goods	1,500	400
f.	Value of Production [c+d-e]	89,200	86,100

3. <u>**Asset Turnover Ratio**</u>:

The Asset Turnover Ratio will be calculated by:
Total Income (from Statement of Profit & Loss) ÷ Average Total Assets (from Balance Sheet) × 100

Total Income comprises Revenue from Operations and Other Incomes.

Average Total Assets is simple average of Opening and Closing Total Assets, whereas Total Assets is sum of Non-Current Assets and Current Assets [as reflected under the 'Total Assets' heading in the Balance Sheet].

Illustration:

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2026			
		For the year ended (₹ Crore)	
Particulars	**Note No.**	**31 March 2026**	**31 March 2025**
Income			
Revenue from operations		97,000	90,000
Other income		3,000	2,000
Total income		**1,00,000**	**92,000**

BALANCE SHEET AS AT 31 MARCH 2026			
		For the year ended (₹ Crore)	
Particulars	**Note No.**	**31 March 2026**	**31 March 2025**
ASSETS			
Non-current assets			
Property, plant and equipment		1,56,000	1,25,000
Capital work-in-progress		73,000	91,000
Intangible assets		5,000	7,000
Intangible assets under development		2,000	4,000
Financial assets			
Investments in subsidiary and joint venture companies		26,000	13,000
Other investments		1,000	1,000
Loans		1,000	1,000
Other financial assets		1,000	1,000
Other non-current assets		11,000	13,000
Total non-current assets		**2,76,000**	**2,56,000**
Current assets			
Inventories		11,000	8,000
Financial assets			
Trade receivables		16,000	8,000
Cash and cash equivalents		2,000	2,000
Bank balances other than cash and cash equivalents		2,000	3,000
Loans		3,000	3,000
Other financial assets		12,000	8,000
Other current assets		8,000	15,000
Total current assets		**54,000**	**47,000**
Regulatory deferral account debit balances		9,000	4,000
TOTAL ASSETS		**3,39,000**	**3,07,000**

In this case, Average Total Assets would be computed by taking average of opening and closing Total Assets i.e. (3,39,000+3,07,000)/2 = ₹3,23,000 crore. Thus, Assets Turnover Ratio for FY 2025-26 would be 30.96% [i.e. (1,00,000/3,23,000) x 100].

4. EBITDA as a percentage of Total Income:

The EBITDA will be calculated by dividing EBITDA by Total Income and multiplying by 100, using figures from the Statement of Profit & Loss.

EBITDA refers to Earnings Before Interest, Tax, Depreciation, and Amortization, excluding exceptional/ extraordinary or prior period items.

Total Income comprises Revenue from Operations and Other Incomes.

Note: For CPSEs in the finance sector, the parameter will be EBTDA (Earnings before Tax, Depreciation, and Amortization, excluding exceptional, extraordinary, or prior period items) as a percentage of Income.

Illustration:

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2026			
		For the year ended (₹ Crore)	
Particulars	**Note No.**	**31 March 2026**	**31 March 2025**
Income			
Revenue from operations		97,000	90,000
Other income		3,000	2,000
Total income		**1,00,000**	**92,000**

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2026			
		For the year ended (₹ Crore)	
Particulars	**Note No.**	**31 March 2026**	**31 March 2025**
Expenses			
Fuel cost		54,000	52,000
Electricity purchased for trading		3,000	3,000
Employee benefits expense		5,000	5,000
Finance costs		7,000	5,000
Depreciation and amortization expenses		9,000	7,000
Other expenses		8,000	7,000
Total expenses		**86,000**	**79,000**
Profit before exceptional/ extraordinary items, tax and regulatory deferral account balances		**14,000**	**13,000**
Exceptional/ Extraordinary Items		2000	(2000)
Profit before tax		**16,000**	**11,000**
Tax expense			
Current tax			
Current year		2,000	3,000
Earlier years		3,000	1,000
Deferred tax		4,000	(6,000)
Total tax expense		**9,000**	**(2,000)**
Profit before regulatory deferral account balances		**7,000**	**13,000**
Net movement in regulatory deferral account balances (net of tax)		5,000	(4,000)
Profit for the year		**12,000**	**9,000**

Calculation of EBITDA:

S.N.	Particulars	For the year ended (₹ Crore)	
		31 March 2026	**31 March 2025**
a	Profit before tax or Earnings before tax	**16,000**	**11,000**
b	Interest/ Finance Cost	7,000	5,000
c	**EBIT (Earnings Before Interest Tax) [a+b]**	**23,000**	**16,000**
d	Depreciation and Amortization	9,000	7,000
e	Exceptional Item - Income/ (Expenses)	2,000	(2,000)
f	EBITDA (Earnings Before Interest Tax Depreciation, Amortization and Exceptional/ Extraordinary/ Prior Period item) **[c+d-e]**	30,000	25,000

In this case, EBITDA as a percentage of Total Income for FY 2025-26 and 2024-25 would be 30% [i.e. (30,000/1,00,000 x 100] and 27.17% [i.e. (25,000/92,000) x 100] respectively.

Illustration (for Finance CPSE):

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2026			
		For the year ended (₹ Crore)	
Particulars	**Note No.**	**31 March 2026**	**31 March 2025**
Income			
Revenue from operations		40,000	32,000
Other income		1,000	1,000
Total income		**41,000**	**33,000**

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2026			
		For the year ended (₹ Crore)	
Particulars	**Note No.**	**31 March 2026**	**31 March 2025**
Expenses			
Finance Costs		25,000	20,000
Net Translation/Transaction Exchange Loss/(Gain)		1,000	2,000
Fees and Commission Expense		100	200
Net Loss/(Gain) on Fair Value changes		(700)	(100)
Impairment on Financial Instruments		1,000	(700)
Employee Benefit Expenses		200	200
Depreciation and Amortization		1,000	1,000
Corporate Social Responsibility Expenses		200	200
Other Expenses		100	100
Total expenses		**27,900**	**22,900**
Profit before exceptional/ extraordinary items and tax		**13,100**	**10,100**
Exceptional/ extraordinary items		2,000	(2,000)
Profit after exceptional/ extraordinary items and before tax		**15,100**	**8,100**
Tax expense			
Current year		2,000	3,000
Earlier years		0	0
Deferred tax		1,000	2,000
Total tax expense		**3,000**	**5,000**
Profit for the year from continuing operations		**12,100**	**3,100**

Calculation of EBTDA:

SN	Particulars	For the year ended (₹ Crore)	
		31 March 2026	**31 March 2025**
a	Profit before tax or Earnings before tax	**15,100**	**8,100**
b	Depreciation and Amortization	1,000	1,000
c	Exceptional/ Extraordinary/ Prior Period: Income/ (Expenses)	2,000	(2,000)
d	EBTDA (Earnings Before Tax, Depreciation, Amortization and Exceptional/ Extraordinary/ Prior Period item) **[a+b-c]**	**14,100**	**11,100**

In this case, EBTDA as a percentage of Total Income for FY 2025-26 and 2024-25 would be 34.39% [i.e. (14,100/41,000) x 100] and 33.64% [i.e. (11,100/33,000) x 100] respectively.

5. Return on Net Worth:

Return on Net Worth (RoNW) is calculated by dividing Profit After Tax by Average Net Worth, and then multiplying by 100.

Profit After Tax (PAT) refers to the figure as reported in the audited Statement of Profit & Loss, including Non-Controlling Interest for consolidated accounts.

Net Worth is calculated as the sum of paid-up share capital, reserves created from profits, and securities premium, minus accumulated losses, deferred expenditure, and unwritten-off miscellaneous expenses, as per the Audited Balance Sheet, excluding non-controlling/minority shareholders' interest and reserves from revaluation of assets, depreciation write-back, and amalgamation.

Average Net Worth is the simple average of the opening and closing Net Worth balances, taking into account any changes due to fresh equity issuance and share buybacks.

Illustration:

Extract from STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2026			
		For the year ended (₹ Crore)	
Particulars	**Note No.**	**31 March 2026**	**31 March 2025**
Profit before exceptional/extraordinary items, tax and regulatory deferral account balances		**14,000**	**13,000**
Exceptional/ Extraordinary Items		2000	(2000)
Profit before tax		**16,000**	**11,000**
Tax expense			
Current tax			
Current year		2,000	3,000
Earlier years		3,000	1,000
Deferred tax		4,000	(6,000)
Total tax expense		**9,000**	**(2,000)**
Profit before regulatory deferral account balances		**7,000**	**13,000**
Net movement in regulatory deferral account balances (net of tax)		5,000	(4,000)
Profit for the year		**12,000**	**9,000**

BALANCE SHEET AS AT 31 MARCH 2026			
		As on (₹ Crore)	
Particulars	**Note No.**	**31 March 2026**	**31 March 2025**
EQUITY AND LIABILITIES			
Equity			
Equity share capital		10,000	10,000
Other equity		1,04,000	97,000
Total equity/ Net Worth		**1,14,000**	**1,07,000**

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST MARCH 2026					
					(₹ Crore)
Particulars	**Retained Earnings**	**Capital Reserve**	**Revaluation Reserve**	**Other Comprehensive Income**	**Total**
Balance as at 1st April 2025	**96,500**	**100**	**200**	**200**	**97,000**
Profit for the year	6,700	-	-	-	6,700
Other Comprehensive Income for the year	-	-	-	300	300
Balance as at 31st March 2026	**1,03,200**	**100**	**200**	**500**	**1,04,000**
Balance as at 1st April 2024	**93,700**	**100**	**200**	**-**	**94,000**
Profit for the year	2,800	-	-		2,800
Other Comprehensive Income for the year-	-	-	-	200	200
Balance as at 31st March 2025	**96,500**	**100**	**200**	**200**	**97,000**

Calculation of Average Net Worth:

SN	Particulars	₹ Crore		
		2025-26	**2024-25**	**2023-24**
a	Paid-up Share Capital	10,000	10,000	9,000
b	Reserve and Surplus	1,04,000	97,000	94,000
c	**Net Worth [a+b]**	**1,14,000**	**1,07,000**	**1,03,000**
d	Reserve not created out of Profit (e.g., Revaluation reserve, OCI etc.)	800	500	300
e	Net Worth **[c-d]**	1,13,200	1,06,500	1,02,700
F	**Average Net-worth [(Opening Net-worth + Closing Net-worth)/ 2]**	**1,09,850**	**1,04,600**	--

In this case, Return on Net Worth [i.e. PAT ÷ Average Net Worth x 100] for FY 2025-26 and 2024-25 would be 10.92% [i.e. (12,000/1,09,850) x 100] and 8.60% [i.e. (9,000/1,04,600) x 100] respectively.

6. **Return on Capital Employed**:

Return on Capital Employed (ROCE) is calculated by dividing EBIT (from the Statement of Profit & Loss) by Average Capital Employed (from the Balance Sheet), and then multiplying by 100.

EBIT refers to Earnings Before Interest and Taxes, as reported in the Statement of Profit & Loss.

Capital Employed is the sum of Paid-up Share Capital, Other Equity and Non-Current Borrowings, as reported in the Balance Sheet.

Average Capital Employed is the simple average of the opening and closing Capital Employed figures.

Illustration:

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2026			
		For the year ended (₹ Crore)	
Particulars	**Note No.**	**31 March 2026**	**31 March 2025**
Income			
Revenue from operations		97,000	90,000
Other income		3,000	2,000
Total income		**1,00,000**	**92,000**
Expenses			
Fuel cost		54,000	52,000
Electricity purchased for trading		3,000	3,000
Employee benefits expense		5,000	5,000
Finance costs		7,000	5,000
Depreciation and amortization expenses		9,000	7,000
Other expenses		8,000	7,000
Total expenses		**86,000**	**79,000**
Profit before exceptional/extraordinary items, tax and regulatory deferral account balances		**14,000**	**13,000**
Exceptional/ Extraordinary Items		2000	(2000)
Profit before tax		**16,000**	**11,000**
Tax expense			
Current tax			
Current year		2,000	3,000

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2026			
		For the year ended (₹ Crore)	
Particulars	**Note No.**	**31 March 2026**	**31 March 2025**
Earlier years		3,000	1,000
Deferred tax		4,000	(6,000)
Total tax expense		**9,000**	**(2,000)**
Profit before regulatory deferral account balances		**7,000**	**13,000**
Net movement in regulatory deferral account balances (net of tax)		5,000	(4,000)
Profit for the year		**12,000**	**9,000**

Calculation of EBIT:

SN	Particulars	For the year ended (₹ Crore)	
		31 March 2026	**31 March 2025**
a	Profit before tax or Earnings before tax	**16,000**	**11,000**
b	Interest/ Finance Cost	7,000	5,000
c	**EBIT (Earnings Before Interest Tax) [a+b]**	**23,000**	**16,000**

BALANCE SHEET AS AT 31 MARCH 2026			
		As on (₹ Crore)	
Particulars	**Note No.**	**31 March 2026**	**31 March 2025**
EQUITY AND LIABILITIES			
Equity			
Equity share capital		10,000	10,000
Other equity		1,04,000	97,000
Total equity		**1,14,000**	**1,07,000**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings		**1,47,000**	**1,21,000**
Trade payables			
Total outstanding dues of micro and small enterprises		500	5,000
Total outstanding dues of creditors other than micro and small enterprises		500	1,000
Other financial liabilities		500	1,000
Provisions		500	3,000
Deferred tax liabilities (net)		8,000	4,000
Total non-current liabilities		**1,57,000**	**1,35,000**
Current liabilities			
Financial liabilities			
Borrowings		14,000	15,000
Trade payables			
Total outstanding dues of micro and small enterprises		6,000	4,000
Total outstanding dues of creditors other than micro and small enterprises		9,000	7,000
Other financial liabilities		24,000	25,000
Other current liabilities		6,000	5,000
Provisions		6,000	7,000
Total current liabilities		**65,000**	**63,000**
Deferred revenue		3,000	2,000
TOTAL EQUITY AND LIABILITIES		**3,39,000**	**3,07,000**

Calculation of Capital Employed:

SN	Particulars	₹ Crore	
		2025-26	**2024-25**
a	Paid-up Share Capital	10,000	10,000
b	Other Equity (including Reserve not created out of Profit)	1,04,000	97,000
c	Total Equity **[a+b]**	**1,14,000**	**1,07,000**
d	Long term Borrowings or Non-Current Borrowings	1,47,000	1,21,000
e	Total Capital Employed **[c+d]**	**2,61,000**	**2,28,000**

In this case, Average Capital Employed is computed by taking average of opening and closing Capital Employed i.e. (2,61,000+2,28,000)/2 = ₹2,44,500 crore. Thus, Return on Capital Employed for FY 2025-26 would be 9.41% [i.e. (23,000/2,44,500) x 100].

7. Total Return to Shareholder [for listed CPSEs]:

Total Return to Shareholders (TRS) of a listed CPSE includes –

(i) Appreciation in Stock Value
(ii) Dividends Paid (including dividend distribution tax if any)
(iii) Redemption of Bonus Preference Shares, Dividend on Bonus Pref. Shares.
(iv) Redemption of Bonus Debentures, Interest on Bonus Debentures.

TRS will be worked out in % as

$$\frac{\begin{array}{c}\textbf{(Market cap. at end of FY - Market cap. at end of Previous FY)}\\ \textbf{+ Dividend Paid + Dividend/ Interest/ Redemption of Bonus Pref. Shares or Debenture, etc.}\end{array}}{\textbf{Market cap. at the end of Previous FY}}\times \mathbf{100}$$

Evaluation methodology:

I. TRS benchmark Range:

a). TRS shall be calculated on year-end basis (i.e. change in TRS as on 31st March of the base year to 31st March of the MoU year). The benchmarking for CPSEs is categorized into two groups – (i) CPSEs constituting the BSE 100 Index at the year-end: Benchmarking will be based on the TRS of BSE 100 constituent companies, and (ii) Remaining CPSEs: Benchmarking will be based on the TRS of BSE 500 constituent companies. This differentiated approach considers the varying scope for growth among the CPSEs in relation to their respective peer groups.

b). TRS benchmark range would be determined based on statistics of the TRS of BSE 100/ BSE 500 constituent companies, which would be a range derived from one standard deviation (± σ) in the set of TRS of year-end S&P BSE 100/ 500 constituent companies' performance, as follows:

Upper value: Mean (μ) + 1 standard deviation (σ)
Lower value: Mean (μ) - 1 standard deviation (σ)

This range would serve as the benchmark for evaluating the performance of the CPSEs.

c). TRS benchmark range (i.e. upper value and lower value) would be determined at the end of financial year, and thereafter the same would be intimated by the DPE.

II. TRS achievement of a CPSE for a financial year would be evaluated based on the benchmark range determined for that year, as follows:

a). Achieving the upper value ($\mu + \sigma$) would score full marks.

b). Achievements between the upper value ($\mu + \sigma$) and lower value ($\mu - \sigma$) would be awarded proportionate score.

c). **The score would not be less than the compensatory marks awarded for the dividend payout for MoU year, ranging from 7.5 marks for paying 125% of the dividend prescribed by DIPAM guidelines to proportionate marks for paying less**.

Illustration:

Benchmarking –

If Mean (μ): 8.50% and Standard Deviation (σ): 6.50%

Then Upper value and Lower value would be arrived to 15.0% and 2.0% respectively.

Scoring to the achievements of TRS:

Achievement	≥ 15.0%	11.75%	8.50%	5.25%	≤ 2.0%
Corresponding score	15.00	11.25	7.50	3.75	0

If a CPSE paying 100% of the prescribed dividend will receive a score not less than 6.0 marks, and in case it is 125% of the prescribed dividend then the score will not be less than 7.5 marks.

8. <u>Earnings Per Share [for unlisted CPSEs]</u>:

For unlisted CPSEs, the basic Earnings Per Share (EPS) parameter is calculated by dividing audited PAT by outstanding shares. In case of issuance of bonus share or share buyback or fresh equity, the number of outstanding shares determined at the time of target setting would be used for calculating the achievement of this parameter. The parameter is assigned a value in rupees.

Illustration:

Extract from STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2026			
			₹ Crore
Particulars	**Note No.**	**For the year ended 31 March 2026**	**For the year ended 31 March 2025**
Profit before exceptional/extraordinary items, tax and regulatory deferral account balances		**14,000**	**13,000**
Exceptional/ Extraordinary Items		2000	(2000)
Profit before tax		**16,000**	**11,000**
Tax expense			
Current tax			
Current year		2,000	3,000
Earlier years		3,000	1,000
Deferred tax		4,000	(6,000)
Total tax expense		**9,000**	**(2,000)**
Profit before regulatory deferral account balances		**7,000**	**13,000**
Net movement in regulatory deferral account balances (net of tax)		5,000	(4,000)
Profit for the year		**12,000**	**9,000**

For 1000 outstanding shares taken for target setting for financial year, EPS for FY 2025-26 and 2024-25 would be ₹12 (i.e. 12,000/1000) and ₹9 (i.e. 9,000/1000) respectively.

9. **<u>Physical Output (Production/ Generation/ Transmission etc.)</u>**:

CPSEs in production-based sectors (Petroleum, Power, Mining, Steel, Coal, etc.) must demonstrate growth in installed capacity and efficient output. The parameter can be measured in absolute quantities, % capacity utilization, or ₹ Crore value of physical output. Relevant data, including revenue contribution, must be reported in the annual report. The weightage of the parameter in the MoU will be determined based on its revenue contribution.

The CPSEs must submit its proposal, if willing to add new or delete existing products/ services as the physical parameters in MoU, to DPE before the IMC's meeting held for MoU finalization. The proposal should include a statement on the product/service's importance and their contribution in the revenue.

10. **<u>Trade Receivables as number of days of Revenue from Operations</u>**:

Trade Receivable will be worked out by dividing Trade Receivables (as given in Balance Sheet) with Revenue from Operations (as given in Statement of Profit & Loss) and then multiplying with 365.

Trade Receivables include current and non-current assets, excluding unbilled receivables, without adjusting for advances.

Revenue from Operations is as stated in the Statement of Profit & Loss, without any adjustments.

An aspirational target in the range of minimum 30 days to maximum 90 days, based on legacy performance/ contractual obligations/ regulatory norms etc. will be assigned.

Illustration:

BALANCE SHEET AS AT 31 MARCH 2026			
			₹ Crore
Particulars	**Note No.**	**As at 31 March 2026**	**As at 31 March 2025**
ASSETS			
Non-current assets			
Property, plant and equipment		1,56,000	1,25,000
Capital work-in-progress		73,000	91,000
Intangible assets		5,000	7,000
Intangible assets under development		2,000	4,000
Financial assets			
Investments in subsidiary and joint venture companies		26,000	13,000
Other investments		1,000	1,000
Loans		1,000	1,000
Other financial assets		1,000	1,000
Other non-current assets		11,000	13,000
Total non-current assets		**2,76,000**	**2,56,000**
Current assets			
Inventories		11,000	8,000
Financial assets			
Trade receivables		**16,000**	**8,000**
Cash and cash equivalents		2,000	2,000
Bank balances other than cash and cash equivalents		2,000	3,000
Loans		3,000	3,000
Other financial assets		12,000	8,000
Other current assets		8,000	15,000

BALANCE SHEET AS AT 31 MARCH 2026			
			₹ Crore
Particulars	**Note No.**	**As at 31 March 2026**	**As at 31 March 2025**
Total current assets		**54,000**	**47,000**
Regulatory deferral account debit balances		9,000	4,000
TOTAL ASSETS		**3,39,000**	**3,07,000**

Calculation of Trade Receivables as of days of revenue from operations (No. of Days):

SN	Particulars	For the year ended 31 March 2026	For the year ended 31 March 2025
a.	Trade Receivables- Non-current	0	0
b.	Trade Receivables- Current	16,000	8,000
c.	Unbilled Receivables [as per notes to accounts]	500	100
d.	Receivables not due [as per notes to accounts]	2,000	1,000
e.	Total [a+b-c]	15,500	7,900
f.	Revenue from operations	97,000	90,000
g.	**Trade Receivables as of days of Revenue from Operations (No. of Days)**	**58**	**32**

In this case, Trade Receivables as number of days of Revenue from Operations (No. of days) would be 58 days (i.e. 15,500x365/97,000) for FY 2025-26 and 32 days (i.e. 7,900x365/90,000) for FY 2024-25.

11. CAPEX:

11.1. Capital Expenditure (CAPEX) parameter is linked with the Capital Outlay presented in the Statement 26 (Investment in Public Enterprises) under expenditure profile (Budget document). This is also linked to the Ministry's vision or plan submitted to the DIPAM during the Capital Expenditure Monitoring and Control Committee (CMCDC) meeting.

11.2. CPSEs those having CAPEX estimates of ₹100 crore or more will be eligible for the parameter. Once the parameter has been assigned, in no case the target will be revised below ₹100 crore. This parameter, carrying significant weightage, aims to incentivize CPSEs for successfully implementing large-scale projects or initiatives that align with the Government's vision.

11.3. CAPEX refers to expenditures on acquiring or adding assets that become part of fixed assets, as shown in the CPSE's annual accounts under Property, Plant and Equipment, Capital Work-in-Progress, Intangible Assets, etc. This includes expansion, modernization, or diversification expenses. CAPEX is considered on an accrual basis, as per the audited Balance Sheet, not on a cash basis. The achievement would be calculated as under:

SN	Particulars
a	Addition to Property, Plant and Equipment, Intangible Assets, Right-of-Use Assets etc.
b	Changes in Capital Work-In-Progress (+/-)
c	Changes in Intangible Assets under development (+/-)
d	Changes in Capital Advance, if shown separately (+/-)
	Total [a+b+c+d]

11.4. CAPEX incurred by subsidiaries and Joint Ventures (JVs) as shown in consolidated annual accounts of the holding Company will be treated as holding Company’s CAPEX.

11.5. CAPEX incurred by JVs can also be considered, proportionate to the CPSE's shareholding, if it's capitalized in the JV's accounts and disclosed in the CPSE's Notes to accounts.

11.6. CAPEX incurred through Public-Private Partnership (PPP) mode, as reflected in the CPSE's annual accounts, will also be considered as CAPEX.

11.7. Investments made by CPSEs in subsidiaries and JVs will be considered based on their treatment in the audited annual accounts. If capitalized, they will be treated as CAPEX; otherwise, they won't be considered CAPEX.

Illustration:

Note to accounts- Non-Current Assets: Property, Plant and Equipment

As at 31 March 2026 (₹ Crore)

Particulars	Gross block				Depreciation and amortization				Net block
	As at 1 April 2025	Additions	Deductions/ adjustments	As at 31 March 2026	Upto 1 April 2025	For the year	Deductions/ adjustments	Upto 31 March 2026	As at 31 March 2026
Freehold land	40,000	14,000	5,000	49,000	0	0	0	0	49,000
Lease-hold land	25,000	8,750	3,200	30,550	7,500	2,500	1,000	9,000	21,550
Building	30,000	10,500	3,800	36,700	6,500	3,000	2,000	7,500	29,200
Plant and machinery	25,000	8,750	3,200	30,550	16,500	4,000	2,000	18,500	12,050
Computer-hardware	35,000	12,250	4,500	42,750	13,500	12,000	10,500	15,000	27,750
Vehicles	20,000	7,000	2,550	24,450	6,000	4,000	2,000	8,000	16,450
Right of Use Assets	10,000	1,000	-	11,000	1,000	100	-	1,100	9,900
Total	**1,85,000**	**62,250**	**22,250**	**2,25,000**	**51,000**	**25,600**	**17,500**	**59,100**	**1,65,900**

Note to accounts- Non-Current Assets: Capital Work-in-progress (CWIP)

As at 31st March 2026 (₹ Crore)

Particulars	As at 1st April 2025	Additions	Deductions/ adjustments	Capitalized	As at 31st March 2026
Building	45,000	4,500	3,000	10,500	36,000
Plant and machinery	46,000	1,000	2,250	5,750	37,000
Total	**91,000**	**5,500**	**5,250**	**16,250**	**73,000**

Note to accounts- Non-Current Assets: Intangible Assets

As at 31st March 2026 (₹ Crore)

Particulars	Gross block				Amortization				Net block
	As at 1 April 2025	Additions	Deductions/ adjustments	As at 31 March 2026	Upto 1 April 2025	For the year	Deductions/ adjustments	Upto 31 March 2026	As at 31 March 2026
Software	8,000	1,000	2,500	6,500	1,000	700	200	1,500	5,000
Total	**8,000**	**1,000**	**2,500**	**6,500**	**1,000**	**700**	**200**	**1,500**	**5,000**

Note to accounts- Non-Current Assets: Intangible assets under development

As at 31st March 2026 (₹ Crore)

Particulars	As at 1st April 2025	Additions	Deductions/ adjustments	Capitalized	As at 31st March 2026
Software	4,000	0	1,000	1,000	2,000
Total	**4,000**	**0**	**1,000**	**1,000**	**2,000**

Note to accounts- Non-Current Assets: Investment Property

As at 31st March 2026 (₹ Crore)

Particulars	Gross block				Depreciation				Net block
	As at 1 April 2025	Additions	Deductions/ adjustments	As at 31 March 2026	Upto 1 April 2025	For the year	Deductions/ adjustments	Upto 31 March 2026	As at 31 March 2026
Freehold land	0	0	0	0	0	0	0	0	0
Lease-hold land	0	0	0	0	0	0	0	0	0
Building and related fixtures/ assets	0	0	0	0	0	0	0	0	0
Total	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Note to accounts - Other non-current Assets:

As at 31st March 2026 (₹ Crore)

Particulars	As at 31 March 2026	As at 31 March 2025
Capital Advances (Considered good unless otherwise stated)		
Secured	8,000	7,000
Unsecured		
Covered by Bank Guarantee	2,000	1,500
Others	4,000	4,000
Considered Doubtful		
Less: Allowance for bad and doubtful debts	1,000	1,500
Total	**13,000**	**11,000**

Calculation of CAPEX incurred during the year:

Particulars	₹ Crore
Addition in Property, Plant and Equipment (including Right-to-use)	**62,250**
Change in CWIP **(Closing-Opening)**	**(18,000)**
Addition in Intangible Assets	**1,000**
Change in Intangible Assets under Development **(Closing-Opening)**	**(2,000)**
Addition in Investment Property	**0**
Change in Capital advances **(Closing-Opening)**	**2,000**
Total	**45,250**

12. **<u>Expenditure on R&D and Innovation Initiatives (as percentage of previous 3 years' average PBT)</u>**:

Research and Development (R&D) and Innovation Initiatives are essential drivers of national self-reliance, economic growth, sustainability, and competitiveness, particularly in engineering and process industries. To foster a culture of innovation and technological advancement, this parameter should always be aspirational, specifically to the profit-making CPSEs to encourage in focusing on dedicated R&D activities. **This parameter will be mandatory for all CPSEs those rely on imports**.

The targets would outline CPSE's commitment to R&D, expecting a proportional increase in R&D expenditure aligned with their profit before tax. Aspirational targets will be assigned based on historical performance and sectoral trends, **as the percentage of previous 3 years' average PBT**, with the following minimum expectations:

Previous 3 years' average PBT	R&D expenditure as % of PBT
PBT ≥ ₹10,000 cr.	Minimum 1.5 % (not less than ₹175 cr.)
₹5,000 cr. ≤ PBT < ₹10,000 cr.	Minimum 1.75 % (not less than ₹100 cr.)
PBT < ₹5,000 cr.	Minimum 2.0 %

13. **<u>Exports and imports related parameter</u>**

13.1. **Export/ Income from Overseas**:

This parameter applies exclusively to CPSEs with export revenue or overseas income. These CPSEs should prioritize increasing their net exports. Additionally, Administrative Ministries must encourage their respective CPSEs to develop a long-term export vision strategy.

This parameter would be given either in absolute terms or as a percentage f Revenue from Operations. If parameter is given as percentage, then the same would be calculated by dividing the Export Revenue (as reported in Segmental Reporting/ Operating Segment of Notes to Accounts) by the Revenue from Operations (as stated in the Statement of Profit & Loss), and then multiplying the result by 100.

13.2. **Reduction in Imports Consumption (as a percentage of Revenue from Operations)**:

This parameter will be uniformly assigned to CPSEs with significant import dependencies, where their respective Administrative Ministries set import reduction targets, aligning with the nation's objective of achieving self-reliance (Atmanirbhar).

While calculating the **PERCNETAGE OF IMPORTS CONSUMED**, this will include the total value of all imported raw materials, spare parts, and components utilized as directed consumable during the financial year, as required to be disclosed under Schedule III of the Companies Act, 2013.

14. **<u>Procurement through GeM portal (as % of total procurement)</u>**:

This would be calculated by dividing the 'Procurement of goods & services through the GeM portal during the year' by the 'Total Procurement of goods & services for the year', and then multiplying the result by 100.

The CPSEs must formulate an annual plan for procurement through GeM in consultation with their respective Administrative Ministries. The plan should ensure a minimum of 25% of total procurement is made through GeM, regardless of items' availability on the GeM. The figures of procurement planned through GeM and estimated total procurement considering all modes **must be submitted to DPE before the IMC's meeting held for MoU finalization.**

15. **<u>For Finance CPSEs</u>, the following would replace Physical Output, Trade Receivables, CAPEX and Export/Import related parameters**:

15.1. **Loans Disbursed as a percentage of Total Funds Available**:
This will be calculated based on the total loans disbursed during the year and the total funds available. Total funds available will comprise the initial cash and bank balance, share capital received during the year, loans raised or repaid, funds received from any source, proceeds from asset sales, and repayments/pre-payments received, minus investments in assets, as per the Fund Flow Statement.

15.2. **Overdue Loans as a percentage of Total Net Loans**:
The figures for loan dues not recovered and total net loans will be derived from the audited financial statements.

15.3. **Non-Performing Assets (NPA) as a percentage of Total Net Loans**:
The figures of NPA would be Net NPA taken on the basis of regulatory framework under which CPSE perform as on the last date of the year under reference. Loan assets (net) would be based on Audited balance Sheet.

15.4. **Cost of raising funds through Bonds as compared to similarly rated CPSEs/ entities (Margin over Reuters)**:
This parameter is mandatory for CPSEs that raise funds from the market. The target for excellence is to secure funds at lower rates compared to similarly rated CPSEs/entities, as measured by the margin over Reuters

16. **<u>For Social Sector Finance CPSEs</u>, following would be additional parameters:**

16.1. **Loans disbursed to Micro-Finance Beneficiaries as a percentage of Total Disbursement**:
The intention of this target is to increase the percentage of loans disbursed to Micro Finance Beneficiaries as compared to bigger beneficiaries.

16.2. **Geographical Coverage (%)**:
This will be worked out by dividing Number of States/ UT Served with Total Number of States/ UTs having targeted population and multiplying with 100.

16.3. **Last-mile Disbursement to Ultimate Beneficiary (%)**:
This will be worked out by dividing Loans disbursed to ultimate beneficiaries by the intermediary with Total Funds disbursed to intermediary and multiplying with 100.

16.4. **Parameter(s) covering effective implementation of Government's scheme(s):**
The CPSEs in consultation with Administrative Ministry will identify scheme/ projects to be covered in this parameter to ensure their effective implementation. The same shall be provided to DPE with full details of schemes, such as scope, tenure, financial commitments etc., before the IMC's meeting held for MoU finalization.

B. **Aggregate score would be subject to qualifying compliance parameters [*as stipulated at Annexure - I, Part-II*], failing which full marks, as indicated, would be deducted and there will be no partial deduction. The parameters are elaborated below:**

1. **DPE guidelines on CSR expenditure**:

   CPSEs must adhere to the Department of Public Enterprises (DPE) guidelines on CSR expenditure, as updated from time to time. Compliance verification will be conducted based on inputs from Administrative Ministry, based on Board Resolutions, Annual Reports, and inputs from the CSR Cell of DPE.

2. **Provisions in the Companies Act, 2013 [or SEBI (LODR) regulations in case of listed entities] on Corporate Governance:**

   CPSEs must adhere to the provisions of the Companies Act and Listing Agreement, as applicable. The parameters outlined in Part-II of Annexure-I will be evaluated for scoring. The Administrative Ministry will verify compliance based on reports from the CAG, Statutory Auditor, and Secretarial Auditor.

3. **Onboarding of CPSE on all operational TReDS platforms**:

   CPSEs must ensure their onboarding on all operational Trade Receivables Discounting System (TReDS) platforms during the financial year, unless otherwise specified. Compliance will be confirmed based on Sambandh portal and/ or TReDS platforms.

4. **Timely payments to MSE vendors as prescribed in MSMED Act**:

   CPSEs must ensure prompt payment to MSEs within the stipulated timelines prescribed under the Micro, Small and Medium Enterprises (MSME) Development Act, 2006. In case of delayed payments beyond the prescribed timelines, CPSEs will be liable for a penalty of full weighted marks, without exception or exemption, and proportionate penalty. Compliance with the parameter may be verified from MSME Samadhaan or other authentic sources.

   Disclosure Requirements: CPSEs must disclose the amount of bills pending and paid, beyond the prescribed timelines, during the financial year in their Annual Reports. Failure to report this information in the Annual Report shall also attract penalty of full marks.

5. **Procurement of goods & services from MSEs overall, SC/ST owned MSEs and Women-owned MSEs (as percentage of total procurement)**:

   CPSEs must ensure procurement from MSEs as per the Public Procurement Policy for Micro and Small Enterprises (MSEs) Order, 2018. The three sub-parameters will be evaluated separately and independently.

   No exemptions or relaxations will be granted by DPE, unless specifically approved by the M/o MSME for the concerned CPSE. CPSEs may seek relaxation from M/o MSME, if required, as per the prescribed procedure.

6. **Steps and initiative taken for Health and Safety improvement of Human Resources in CPSEs**:

   The Administrative Ministry must prescribe targets before signing the MoU. CPSEs must ensure timely receipt of these targets; delayed receipt will be considered non-compliance.

Compliance will be verified through the CPSE's Annual Report. Therefore, CPSEs are advised to include compliance status in their Annual Reports.

7. **Targets under PM Internship scheme of MCA**:

   The parameter will be applicable to the CPSEs those are partnering in the PM Internship scheme of MCA. The compliance wil be verified from the Ministry of Corporate Affairs and / or Administrative Ministry based on Board Resolution/ Annual Report.

8. **Leadership Development Plan**:

   CPSEs must prepare and execute a leadership development plan. The plan should be submitted to DPE's Policy Division-II for verification of compliance.

C. **Formats referred in the illustrations –**

a. **Balance Sheet,**
b. **Statement of Profit & Loss, and**
c. **Statement of Changes in Equity**

BALANCE SHEET AS AT 31 MARCH 2026			
			₹ Crore
Particulars	**Note No.**	**As at 31 March 2026**	**As at 31 March 2025**
EQUITY AND LIABILITIES			
Equity			
Equity share capital		10,000	10,000
Other equity		1,04,000	97,000
Total equity		**1,14,000**	**1,07,000**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings		**1,47,000**	**1,21,000**
Trade payables			
Total outstanding dues of micro and small enterprises		500	5,000
Total outstanding dues of creditors other than micro and small enterprises		500	1,000
Other financial liabilities		500	1,000
Provisions		500	3,000
Deferred tax liabilities (net)		8,000	4,000
Total non-current liabilities		**1,57,000**	**1,35,000**
Current liabilities			
Financial liabilities			
Borrowings		14,000	15,000
Trade payables			
Total outstanding dues of micro and small enterprises		6,000	4,000
Total outstanding dues of creditors other than micro and small enterprises		9,000	7,000
Other financial liabilities		24,000	25,000
Other current liabilities		6,000	5,000
Provisions		6,000	7,000
Total current liabilities		**65,000**	**63,000**
Deferred revenue		3,000	2,000
TOTAL EQUITY AND LIABILITIES		**3,39,000**	**3,07,000**
ASSETS			
Non-current assets			
Property, plant and equipment		1,56,000	1,25,000
Capital work-in-progress		73,000	91,000
Intangible assets		5,000	7,000
Intangible assets under development		2,000	4,000
Financial assets			
Investments in subsidiary and joint venture companies		26,000	13,000
Other investments		1,000	1,000
Loans		1,000	1,000
Other financial assets		1,000	1,000
Other non-current assets		11,000	13,000
Total non-current assets		**2,76,000**	**2,56,000**

BALANCE SHEET AS AT 31 MARCH 2026			
			₹ Crore
Particulars	**Note No.**	**As at 31 March 2026**	**As at 31 March 2025**
Current assets			
Inventories		11,000	8,000
Financial assets			
Trade receivables		16,000	8,000
Cash and cash equivalents		2,000	2,000
Bank balances other than cash and cash equivalents		2,000	3,000
Loans		3,000	3,000
Other financial assets		12,000	8,000
Other current assets		8,000	15,000
Total current assets		**54,000**	**47,000**
Regulatory deferral account debit balances		9,000	4,000
TOTAL ASSETS		**3,39,000**	**3,07,000**

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED 31 MARCH 2026			
			₹ Crore
Particulars	**Note No.**	**For the year ended 31 March 2026**	**For the year ended 31 March 2025**
Income			
Revenue from operations		97,000	90,000
Other income		3,000	2,000
Total income		**1,00,000**	**92,000**
Expenses			
Fuel cost		54,000	52,000
Electricity purchased for trading		3,000	3,000
Employee benefits expense		5,000	5,000
Finance costs		7,000	5,000
Depreciation and amortization expenses		9,000	7,000
Other expenses		8,000	7,000
Total expenses		**86,000**	**79,000**
Profit before exceptional/extraordinary items, tax and regulatory deferral account balances		**14,000**	**13,000**
Exceptional/ Extraordinary Items		2000	(2000)
Profit before tax		**16,000**	**11,000**
Tax expense			
Current tax			
Current year		2,000	3,000
Earlier years		3,000	1,000
Deferred tax		4,000	(6,000)
Total tax expense		**9,000**	**(2,000)**
Profit before regulatory deferral account balances		**7,000**	**13,000**
Net movement in regulatory deferral account balances (net of tax)		5,000	(4,000)
Profit for the year		**12,000**	**9,000**

STATEMENT OF CHANGES IN EQUITY (SOCIE) FOR THE YEAR ENDED 31 MARCH, 2026

A. Equity Share Capital

As on (₹ Crore)

Particulars	**Balance as at 1 April 2024**	**Changes during the year ended 31 March 2025**	**Balance as at 1 April 2025**	**Changes during the year ended 31 March, 2026**	**Balance as at 31 March 2026**
Equity Share Capital	10,000	-	10,000	-	10,000

B. Other Equity

As on (₹ Crore)

Particulars	**Retained Earnings**	**Capital Reserve**	**Revaluation Reserve**	**Other Comprehensive Income**	**Total**
Balance as at 1st April 2025	**96,500**	**100**	**200**	**200**	**97,000**
Profit for the year	6,700	-	-	-	6,700
Other Comprehensive Income for the year	-	-	-	300	300
Balance as at 31st March 2026	**1,03,200**	**100**	**200**	**500**	**1,04,000**
Balance as at 1st April 2024	**93,700**	**100**	**200**	**-**	**94,000**
Profit for the year	2,800	-	-		2,800
Other Comprehensive Income for the year	-	-	-	200	200
Balance as at 31st March 2025	**96,500**	**100**	**200**	**200**	**97,000**

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Muni Ram Meena

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