

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 7th 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 20th 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)
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To

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

