

No.M-03/0013/2017-DPE (MoU)  
Government of India  
Ministry of Heavy Industries & Public Enterprises  
Department of Public Enterprises


Public Enterprises Bhawan  
Block No: 14, C.G.O. Complex  
Lodhi Road, New Delhi – 110003.  
Dated: 19<sup>th</sup> January, 2018

**OFFICE MEMORANDUM**

**Subject: Minutes of the meeting held on 11.01.2018 for discussion of common issues related to MoU target setting/evaluation.**

The undersigned is directed to enclose the minutes of meeting held on the above subject on 11.01.2018 under the chair of Adviser, MoU for necessary action.

Encl: A/A

  
Mukesh Kumar Gupta  
Director (MoU)  
Tel: 011-24360841

To,

1. Secretaries to the Government of India (as per list).
2. Chief Executives of CPSEs (as per list).

**Minutes of meeting held on 11.01.2018 for discussion of common issues related to MoU target setting/evaluation in the Room No. 312, 3<sup>rd</sup> Floor, Block No. 14, CGO Complex, Lodhi Road, New Delhi-110003.**

1. List of participants is at Annexure-A.
2. Adviser, MoU welcomed all the participants and informed that the purpose of meeting is to have uniform approach in treatment of certain ratios for the purpose of MoU. It should be as per IndAS/Companies Act.
3. Following issues were discussed and decided unanimously:-

Sr. No.	Issues Discussed	Decision
1.	Whether PAT should be considered before Other Comprehensive Income (OCI)?	PAT has to be considered excluding Other Comprehensive Income (OCI).
2.	Whether Other Comprehensive Income (OCI) should be a part of Net Worth?	As per Section 2(57) of the Companies Act, 2013, Net Worth means aggregate value of the paid up share capital and all reserves created out of profits and securities premium account, after deducting the aggregate value of accumulated losses, deferred expenditure and miscellaneous expenditure not written off, as per the Audited Balance Sheet, but does not include reserves created out of revaluation of assets, write-back of depreciation and amalgamation. <b>Since, OCI is not created out of profits. Hence, it will not be included in Net Worth.</b>
3.	Whether advance received from customers for inventory should be reduced from inventory?	Inventory should be taken on gross basis unless it is specifically mentioned in IMC minutes.
4.	Whether amount receivable and payable to the same party should be netted off?	Trade Receivables and advance/security received from customer should be taken as per Balance Sheet and no netting off should be done if shown separately. If due to specific reasons netting off is required, the same should be specifically mentioned in IMC

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		minutes and both the amounts may be reflected in notes to accounts, as far as possible.
5.	Valuation of CAPEX	<p>CAPEX would include addition to Property, Plant and Equipment, addition to intangible assets, changes in CWIP and changes in Capital Advances. Change would be taken with respect to individual items.</p> <p>Changes in Leasehold assets not shown in Property, Plant and Equipment would be taken in CAPEX if specifically mentioned in IMC minutes.</p> <p>Expenses charged to revenue would not be taken in CAPEX unless specifically mentioned in IMC minutes.</p>
6.	Whether parameter of Trade Receivable should be taken if amount is recoverable from Govt. only?	This would be depend on discussion in PNC/IMC. However, CPSE/Administrative Ministry may suggest better parameter at the time of target setting.
7.	Whether there is any provision to consider offset?	As per MoU Guidelines 2017-18 and onwards, there is no provision for offset on any ground.
8.	Whether investment in JVs would be considered as CAPEX?	Investment in JVs would not be considered as part of CAPEX for the purpose of MoU evaluation/target setting.
9.	CPSEs need to be monitored on the basis of increase in market capitalization.	Increase in market capitalization is not entirely dependent on the efforts of the CPSE. It also depends on multiple factors like Govt. policies, decision in respect of disinvestment, market forces etc. Some of the CPSEs had earlier not agreed to take this as a parameter.
10.	CPSEs suggested that offset should be considered in respect of things beyond the control of the CPSE.	The issue of offset has already been discussed and decided, while formulating guidelines and there is no ambiguity.

The meeting ended with Vote of Thanks to the Chair.

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**List of Participants present at meeting for discussion of common issues related to MoU target setting/evaluation held on 11th January, 2018**

**A. DPE**

- 1) Shri Suresh Kumar Goyal, Adviser (MoU)
- 2) Shri Mukesh Kumar Gupta, Director (MoU)
- 3) Shri Vijay Kumar Darak, Asst. Director (MoU)
- 4) Shri Gorishankar, Asst. Director (MoU)
- 5) Shri Sachin Garg, MRG, DPE
- 6) Shri Vikas Kausal, MRG, DPE
- 7) Shri Ankur Jain, MRG, DPE

**B. Finance Heads of CPSEs**

- 1) Shri Rakesh Kumar, Director (F), NLC
- 2) Shri V. V. Venu Gopal Rao, Director (F), RINL
- 3) Shri S.K. Pal, Director (F), NBCC
- 4) Shri H.K. Joshi, Director (F), SCI
- 5) Shri J. Ramaswamy, Director (F), HPCL
- 6) Shri C.K. Dey, Director (F), CIL
- 7) Shri Vivekanand, Director(F), OVL
- 8) Miss. R.S Bora, Director (F), Oil India Ltd.
- 9) Shri D S Ahluwalia, Director (F), NMDC
- 10) Shri C.V. Ramana Rao, Director (F), HAL

**C. In attendance**

- 1) Shri S. D. Sahu, ED (Fin), NALCO
- 2) Shri Sudhir Arya, ED(F), NTPC
- 3) Shri A. K. Tiwari, ED (Fin), GAIL
- 4) Shri H. Madhav, ED (Fin), OIL
- 5) Shri R. Bakshi, ED (F), BPCL
- 6) Shri A.R. Patel, ED(CCF), ONGC
- 7) Shri Dr R. M. Sati, GM (PIng), ONGC
- 8) Shri Lakshman Gora, ONGC
- 9) Shri Subodh Gupta, GM (F), BHEL
- 10) Shri G Balakishan, GM (MS), HAL
- 11) Shri R.D. Meena, GM (Fin), MTNL
- 12) Shri S.S. Dutta, CGM (F&A), GAIL
- 13) Shri S.K. Gupta, CGM (CF), IOCL
- 14) Shri B.B. Bala, AGM (EA-CP), GAIL
- 15) Miss. Taruna Gupta, AGM (Fin) CP, REC
- 16) Shri V. Murari, AGM (Fin), BEL
- 17) Miss. Mala Srinivasan, AGM (F), HAL
- 18) Shri B.K. Dash, DGM(Fin), NALCO
- 19) Shri V.R.K. Gupta, DGM (CF), BPCL
- 20) Shri S. K. Agrawal, Sr. Manager (CP & ES), IOCL
- 21) Shri Pradeep Kumar, Manager (L), RINL