

Preface

This Report deals with the results of audit of Government Companies and Statutory Corporations and has been prepared for submission to the Government of Maharashtra under Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time.

2. Audit of accounts of Government Companies is conducted by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act, 1956 and Sections 139 and 143 of the Companies Act, 2013. According to Section 2(45) of the Companies Act, 2013, a Government Company means any company in which not less than fifty one *per cent* of the paid-up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments, and includes a company which is a subsidiary company of such a Government Company. Besides, any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments, are referred as Government controlled other Companies¹. The audit arrangements of Statutory Corporations are prescribed under the respective acts through which the corporations are established.

3. This report deals with performance of 95 State Public Sector Undertakings (PSUs) consisting of 85 Government Companies and 10 Statutory Corporations in the State of Maharashtra, the audit of which has been entrusted to the CAG. The Report includes an Introductory Chapter on the functioning of all the 95 State PSUs. Thereafter, the report has been divided in two parts: **Part I** deals with the analysis of the performance of the eight Power Sector companies. The Government of Maharashtra (GoM) has high financial stakes in the Power Sector PSUs as the total investment in these companies stood at ₹ 88,120.58 crore as on 31st March 2018. The power sector received 59.32 *per cent* (₹ 7,853.62 crore) of the total budgetary outgo during the year 2017-18. During the year, the power sector companies incurred loss of ₹ 3,328.13 crore. One power sector company earned a profit of ₹ 814.51 crore, five companies incurred loss of ₹ 4,142.64 crore and two companies had marginal profit/losses during the year. Keeping in view the importance of the sector we have presented the details of the performance of the Power Sector PSUs and results of our audit of these companies (two compliance audit paragraphs) in **Part I** of the Report.

4. **Part II** of the report deals with the details of the performance of 87 State PSUs (other than Power Sector) including 10 Statutory Corporations. These PSUs incurred loss of ₹ 294.63 crore during 2017-18. This Part includes one Performance Audit and 13 compliance audit paragraphs.

¹ Ministry of Corporate Affairs - Companies (Removal of Difficulties) Seventh Order 2014 dated 4 September 2014.

5. The audit observations featured in this Report are those which came to notice in the course of audit during the year 2017-18 as well as those which came to notice in earlier years, but were not dealt with in the previous Audit Reports. Matters relating to the period after 31 March 2018 have also been included, wherever necessary.

6. The audit has been conducted in conformity with the Auditing Standards issued by the Comptroller and Auditor General of India.