सत्यमेव जयते

Report of the
Comptroller and Auditor General of India
for the year ended 31 March 2015

Union Government (Commercial)
No. 9 of 2016

General Purpose Financial Reports of
Central Public Sector Enterprises
(Compliance Audit)

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Contents

PREFACE

The accounts of Government Companies are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013. The Statutory Auditors (Chartered Accountants) appointed by the CAG certify the accounts of such companies which are subject to supplementary audit by officers of the CAG. The CAG gives his comments or supplements the report of the Statutory Auditors. The Companies Act, 2013 empowers the CAG to issue directions to the Statutory Auditors on the manner in which the Company's accounts shall be audited.

2. The CAG is the sole auditor in respect of five Corporations, namely Airports Authority of India, National Highways Authority of India, Inland Waterways Authority of India, Food Corporation of India and Damodar Valley Corporation. The CAG has the right to conduct a supplementary audit after audit has been conducted by the Chartered Accountants appointed under the statutes in respect of Central Warehousing Corporation.

3. Audit Reports on the accounts of a Government Company or Corporation for the year ending March 2015 have been prepared for submission to the Government under Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended in 1984.

4. The accounts of the Central Public Sector Enterprises (CPSEs) reviewed in this Report cover the accounts for the years, 2012-13, 2013-14 and 2014-15 (to the extent received). In respect of CPSEs where any particular year's accounts were not received before 30 November 2015, the figures for the year last audited accounts have been adopted.

5. In respect of some CPSEs, figures for the previous year might not agree with the corresponding figures shown in the Audit Report No. 2 of 2015 owing to replacement of provisional figures by audited/revised figures.

6. All references to 'Government Companies/Corporations or CPSEs' in this report may be construed to refer to 'Central Government Companies/Corporations' unless the context suggests otherwise.

Executive Summary

I. Financial performance of Central Public Sector Enterprises

As on 31 March 2015, there were 570 Central Government Public Sector Enterprises (CPSEs) under the audit jurisdiction of the Comptroller and Auditor General of India. These included 390 government companies, 174 government controlled other companies and six statutory corporations. This Report deals with 365 government companies and corporations (including six statutory corporations) and 156 government controlled other companies. Forty nine companies (including 19 government controlled other companies) whose accounts were in arrears for three years or more or were defunct/under liquidation are not included in the report.

[Para 1.1.3]

Government Investments

The accounts of 365 government companies and corporations indicated that the Government of India had an investment of ₹ 2,65,499 crore in share capital and had loans outstanding amounting to ₹ 51,642 crore as on 31 March 2015. Compared to the previous year, investment by the Government of India (GOI) in equity of CPSEs registered a net increase of ₹ 15,512 crore and loans given to them decreased by ₹ 3,110 crore. The GOI realised ₹ 24,349 crore on disinvestment of its shares in 7 CPSEs and ₹ 563 crore were received due to redemption of preference shares.

[Para 1.2.1 and 1.2.2]

Market Capitalization

The total market value of shares of 46 listed government companies (including four subsidiary companies) which were traded during 2014-15 stood at ₹ 13,27,781 crore as on 31 March 2015. Market value of shares held by the Government of India in 42 listed government companies (excluding four subsidiary companies) stood at ₹ 9,27,531 crore as on 31 March 2015.

[Para 1.2.4]

Return on Investment

The total profit earned by 205 government companies and corporations was ₹ 1,37,338 crore of which, 66 *per cent* (₹ 90,901 crore) was contributed by 48 government companies and corporations under three sectors viz., Petroleum, Coal & Lignite and Power.

[Para 1.3.1]

One hundred and twelve government companies and corporations declared dividend of ₹ 57,749 crore for the year 2014-15. Out of this, dividend receivable by Government of India amounted to ₹33,771 crore which represented 12.72 *per cent* return on the total investment by the Government of India (₹ 2,65,499 crore) in all government companies and corporations.

Ten government companies under the Ministry of Petroleum and Natural Gas contributed ₹ 14,667 crore representing 25.40 *per cent* of the total dividend declared by all government companies.

Non-compliance with government's directive in the declaration of dividend by 17 companies resulted in a shortfall of ₹ 2,521 crore in the payment of dividend for the year 2014-15.

[Para 1.3.2]

Net Worth/Accumulated Loss

Out of 157 government companies and corporations with accumulated losses, the equity investment in 64 companies had been completely eroded by their accumulated losses. As a result, the aggregate net worth of these companies had become negative to the extent of ₹ 74,100 crore as on 31 March 2015. Only seven companies out of 64 companies earned profit of ₹ 304 crore during 2014-15.

[Para 1.4.1]

II. CAG's oversight role

Out of 564 CPSEs, annual accounts for the year 2014-15 were received from 483 CPSEs in time (i.e. by 30 September 2015). Of these, accounts of 277 CPSEs were reviewed in audit.

[Para 2.3.2 and 2.5.2]

In order to enhance the quality of financial reporting, the CAG introduced the system of Three Phase Audit of accounts of CPSEs on consensus basis. This had led to a significant improvement in the quality of their financial statements. The net impact of Three Phase Audit in 57 CPSEs for the year 2014-15 on profitability was ₹ 8387.82 crore and on assets/liabilities was ₹ 16,394.97 crore.

[Para 2.5.1]

Impact of CAG's comments on the accounts

A number of comments were issued by the CAG subsequent to audit of financial statements of government companies by statutory auditors. In the case of statutory corporations where CAG is the sole auditor, apart from significant comments, rectification of errors amounting to ₹ 405.34 crore was carried out at the instance of CAG's audit.

[Para 2.5.3]

Departures from Accounting Standards

Deviations from the provisions of Accounting Standards in preparation of the financial statements were noticed in 31 government companies by the statutory auditors. CAG also pointed out such deviations in 20 other companies.

[Para 2.6]

Management Letter

Irregularities and deficiencies in the financial reports or in the reporting process observed during supplementary audit were communicated to the management of 104 CPSEs through 'Management Letter' for taking corrective action.

[Para 2.7]

III. Corporate Governance

The chapter covers 49 listed companies under administrative control of various Ministries. DPE/Securities and Exchange Board of India guidelines, though mandatory, are not being complied with by some of the CPSEs. Following significant departures from the prescribed guidelines were noticed:

- Representation of independent directors in 29 CPSEs was not adequate. There was no independent director in the Board in 16 CPSEs.

[Para 3.2.2.1 and 3.2.2.2]

- In 18 CPSEs the post of independent directors and functional directors was not filled up even after the lapse of three and six months respectively. In two CPSEs less than four meetings of Audit Committee were held.

[Para 3.2.5 and 3.3.5]

- There was no whistle blower mechanism in five CPSEs. In four CPSEs the Audit committee did not review the whistle blower mechanism.

[Para 3.3.9]

IV. Management of surplus cash by CPSEs

CPSEs occupy an important place in the national economy. Forty six listed government companies had cash and bank balance of ₹ 1,62,970 crore as on 31 March 2015 and market capitalization of ₹ 13,50,506 crore as on 31 July 2015. The study of management of surplus cash by 36 listed government companies was undertaken by Audit to ascertain the compliance of DPE guidelines by these CPSEs on dividend payment, issue of bonus shares, buy back of shares and investment policy. It was also examined whether the CPSEs have sufficient project plans in place to utilize the surplus cash. Safe custody of investment and physical verification and decisions made by CPSEs on repayment of loans, investment in mutual fund and equity were also examined to address the issues of safety, liquidity and profitability.

[Para 4.1.2, 4.3 and 4.5.4]

- Four CPSEs did not disburse minimum dividend of ₹ 1,718 crore as required under the DPE guidelines, despite having sufficient profit after tax.

[Para 4.5.1.2]

- Three CPSEs did not disburse minimum dividend of ₹ 5,237 crore as required by DPE, due to insufficient PAT, despite having large free reserves.

[Para 4.5.1.3]

- In case of 27 CPSEs, free reserves were in excess of thrice of their paid up capital. However, bonus shares were not issued as required by DPE in case of 24 CPSEs. In case of three CPSEs, namely Balmer Lawrie & Co. Limited, Container Corporation of India Limited and Bharat Petroleum Corporation Limited, even after issue of bonus shares, their reserves remained more than three times of their paid up capital. They did not consider issue of bonus shares as per DPE guidelines.

[Para 4.5.2.2]

- In case of eight CPSEs, managements have yet to amend Articles of Association to provide for buyback of shares as required by DPE.

[Para 4.5.3.2]

- Utilisation of surplus cash is not included as a financial parameter to monitor performance in MOUs of 23 CPSEs.

[Para 4.5.3.4]

- Ten CPSEs, namely, MMTC Limited, NMDC Limited, Bharat Electronics Limited, BEML Limited, SJVN Limited, MOIL Limited, The Shipping Corporation of India Limited, Madras Fertilizers Limited, The Fertilizers and Chemicals Travancore Limited and Rashtriya Chemicals and Fertilizers Limited did not formulate their investment policy for investing surplus cash as required by DPE.

[Para 4.5.4.1]

CHAPTER 1

Financial Performance of Central Public Sector Enterprises

1.1 Introduction

This Report presents the financial performance of government companies, statutory corporations and government controlled other companies. The term Central Government Public Sector Enterprises (CPSEs) encompasses government owned companies set up under the Companies Act, 2013 and statutory corporations set up under statutes enacted by Parliament.

A government company[1] is defined in section 2(45) of the Companies Act, 2013 as a company in which not less than fifty one *per cent* of the paid-up share capital is held by 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 of a government company.

> **Government Company**
>
> Any company in which not less than 51 *per cent* of paid-up share capital is held by central government or by one or more state governments or partly by central government and partly by state government(s) and includes subsidiary of a government company.

Besides any other company[2] 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 to in this Report as government controlled other companies.

1.1.1 Mandate

Audit of government companies and government controlled other companies is conducted by the Comptroller & Auditor General of India (CAG) under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made there under. Under the Companies Act, 2013, the CAG appoints the Chartered Accountants (Statutory Auditors) as Auditors for companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit. The statutes governing some Statutory Corporations require their accounts to be audited by CAG only.

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[1] The Department of Public Enterprises (DPE) has been considering CPSEs as a company wherein either the central Government owns more than 50 *per cent* equity or one of its holding companies or its subsidiary owns more than 50 *per cent* equity. In view of the difference in definition adopted by CAG and DPE, there may be difference in number of companies considered as CPSEs by CAG and that of DPE.

[2] Ministry of Corporate Affairs- (Removal of Difficulties) Seventh Order 2014 dated 4 Sep 2014

The Acts governing Reserve Bank of India, Export-Import Bank of India, National Bank for Agricultural and Rural Development and National Housing Bank contain provisions whereby the Central Government can appoint the CAG, at any time as the auditor to examine and report upon the accounts of these institutions. No such appointment was made during 2014-15.

1.1.2 What does this Report contain

This Report gives an overall picture of the financial performance of government companies and corporations as revealed from their accounts.

Impact of revision of accounts as well as significant comments issued as a result of supplementary audit of the financial statements of the CPSEs conducted by the CAG for the year 2014-15 (or earlier years as are finalised during the current year) is given in this Report. The report also contains the impact of comments issued by the CAG on the financial statements of the statutory corporations where CAG is the sole auditor.

The Report also gives an overall picture of the status of the adherence of CPSEs to the guidelines issued by the Department of Public Enterprises (DPE) and Securities and Exchange Board of India on Corporate Governance and a chapter on Management of Surplus cash.

1.1.3 Number of CPSEs and government controlled other companies

As on 31 March 2015, there were 570 CPSEs under the audit jurisdiction of the CAG. These include 390 government companies, six statutory corporations and 174 government controlled other companies. The overall coverage under this report and the nature of these CPSEs is indicated in the following Table 1.1:

- **Government Companies 390**
- **Government Controlled other Companies 174**
- **Statutory Corporations 6**
- **Total CPSEs 570**

Table 1.1: Coverage under report and the nature of CPSEs

Nature of the CPSE's	Total number of CPSEs	Number of CPSEs covered in the Report				Number of CPSEs not covered in the Report
		Accounts up to 2014-15	Accounts up to 2013-14	Accounts up to 2012-13	Total	
Government companies	390	335	22	2	359	31
Statutory corporations	6	5	1	0	6	0
Total companies/ corporations	396	340	23	2	365	31
Government controlled other companies	174	150	4	2	156	18
Total	**570**	**490**	**27**	**4**	**521**	**49**

The details of new/ceased government companies/government controlled other companies are given in ***Appendix-I***.

This Report does not include 49 CPSEs (including 18 government controlled other companies) whose accounts were in arrears for three years or more or were defunct/under liquidation or first accounts not received or first accounts were not due. These CPSEs are identified by two asterisks (**) in ***Appendix-II.***

Snapshot of CPSEs

(Government companies and statutory corporations)

Number of CPSEs	**396**
CPSEs covered in this chapter	**365**
Paid up capital (365 CPSEs)	**₹ 3,51,961 crore**
Long term Loans (365 CPSEs)	**₹ 9,81,300 crore**
Market capitalisation (46 listed companies)	**₹ 13,27,781 crore**
Net profit (205 CPSEs)	**₹ 1,37,338 crore**
Net loss (135 CPSEs)	**₹ 30,341 crore**
Dividend declared (112 CPSEs)	**₹ 57,749 crore**
Total Assets (365 CPSEs)	**₹ 34,73,744 crore**
Value of production (365 CPSEs)	**₹ 15,01,603 crore**
Net worth (365 CPSEs)	**₹ 12,54,040 crore**

1.2 Investment in government companies and corporations

The extent of equity investment and loans in 365[3] government companies and corporations at the end of 31 March 2015 is given in the following table. Some government companies and corporations had also contributed to the investment in these CPSEs. The details are given in following Table 1.2:

Table 1.2: Equity investment and loans in government companies and corporations

(₹ in crore)

Sources	As on 31 March 2015			As on 31 March 2014		
	Equity	Long Term Loans	Total	Equity	Long Term Loans	Total
1.Central Government	2,65,499	51,642	**3,17,141**	2,49,987	54,752	**3,04,739**
2.Central Government Companies/ Corporations	40,593	15,220	**55,813**	35,198	17,353	**52,551**
3.State Governments/ State Government Companies/ Corporations	21,426	22,114	**43,540**	19,897	7,763	**27,660**
4. Financial Institutions/ Others	24,443	8,92,324	**9,16,767**	21,263	7,99,734	**8,20,997**
Total	**3,51,961**	**9,81,300**	**13,33,261**	**3,26,345**	**8,79,602**	**12,05,947**
Percentage of Central Government to total	75.43	5.26	23.79	76.60	6.22	25.27

[3] 396 CPSEs– 31 CPSEs whose accounts were in arrears

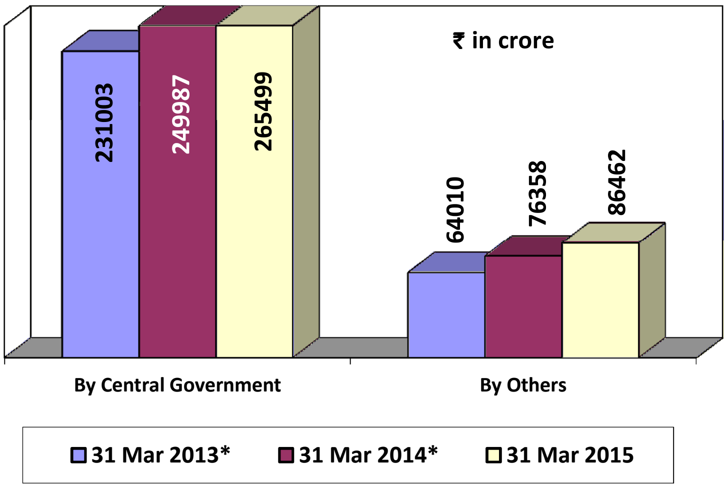
Ministry/Department wise details of equity held and loans are available on CAG website <www.saiindia.gov.in>

1.2.1 Equity investment

1.2.1.1 Equity Information

During 2014-15, the investment in equity of these 365 CPSEs registered a net increase of ₹ 25,616 crore. Investment of Government of India increased by ₹ 15,512 crore in 2014-15 in equity of these 365 CPSEs. Equity investment by Central government and others during last three years in government companies and corporations is depicted in chart I.

Chart I: Equity investment in Government Companies and Corporations



(Previous years' figures updated during 2014-15 as accounts of that year were received)*

Details of significant investments made by the Central Government during 2014-15 in the paid up capital of the CPSEs is detailed in Table 1.3.

Table 1.3: Significant investments made by the Central Government

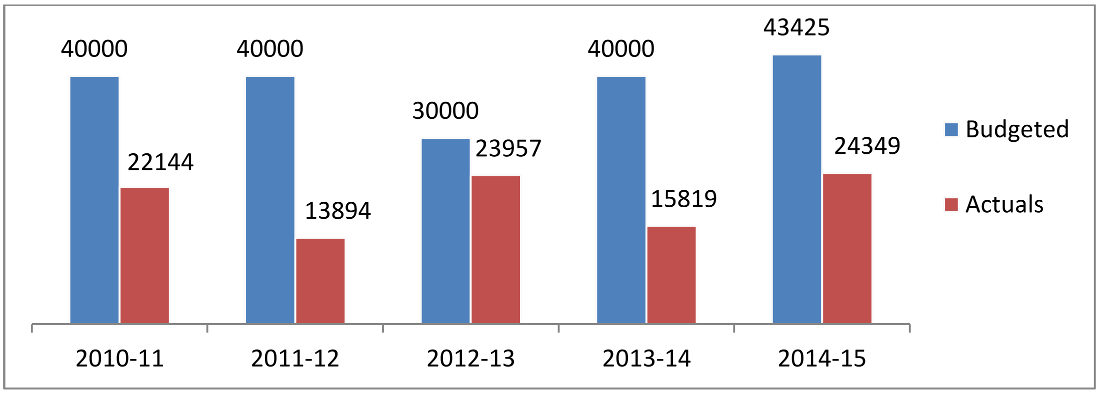
(₹ in crore)

Name of the CPSEs	Name of the Ministry	Amount
Statutory Corporations		
National Highways Authority of India	Road Transport and Highways	11817
Government Companies		
Delhi Metro Rail Corporation Limited	Urban Development	1053
Dedicated Freight Corridor Corporation Limited	Railways	1008
Others		1634
Total		**15512**

1.2.1.2 Disinvestment

The year wise disinvestment target and the amount realised thereagainst by Government of India in respect of CPSEs during last five years ending 31 March 2015 is depicted in chart II:

Chart No II: Disinvestment target and actual realisation (₹ in crore)



❖ During the year 2014-15, the Government of India realised ₹ 24,349[4] crore against a budgeted receipt of ₹ 43,425 crore on disinvestment. Receipt of Disinvestment proceeds CPSE wise is given in Table 1.4.

Table 1.4: Receipt of Disinvestment proceeds

(₹ in crore)

Sl no	Name of the CPSEs	Percentage of shares disinvested	Face value of the shares	Amount realised by Government
1	Coal India Limited	11.15	631.64	22558
2	Steel Authority of India Limited	6.25	206.53	1720
3	NTPC Limited	0.06	3.48	48
4	National Aluminium Company Limited	0.16	1.63	13
5	MMTC Limited	0.08	0.37	4
6	Hindustan Copper Limited	0.06	0.24	3
7	National Fertilizers Limited	0.32	1.40	3
Total				**24349**

❖ Also, ₹ 563 crore was received due to redemption of preference shares by CPSEs as given in Table 1.5.

Table 1.5: Statement of redemption of Preference Shares

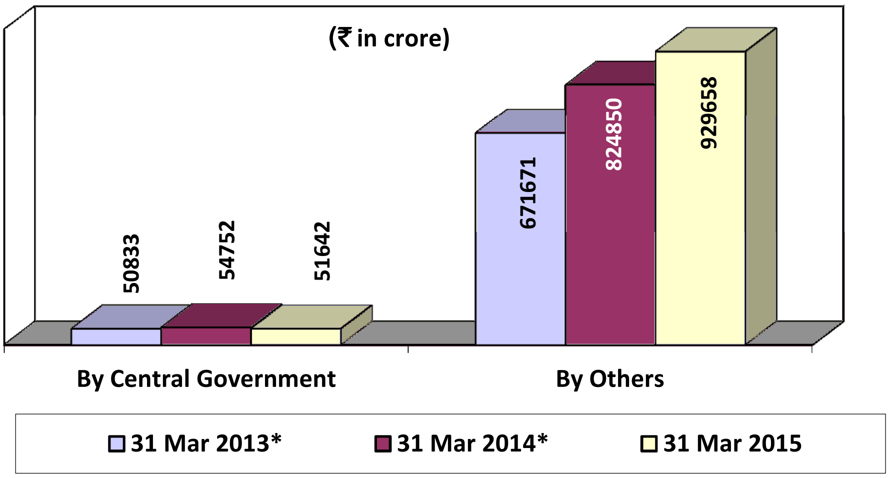
Sl No	Name of the CPSE	Amount (₹ in crore)
1	Rashtriya Ispat Nigam Limited	550
2	MECON Limited	13
	Total	563

1.2.2 Loans given to government companies and corporations

During 2014-15, the long term loans of government companies and corporations registered a net increase of ₹ 1,01,698 crore. Year wise details of long term loans outstanding in Government Companies and Corporations is depicted in chart III.

[4] Source: http://www.divest.nic.in/SummarySale.asp and www.indiabudget.nic.in

Chart III: Long term loans outstanding in Government Companies and Corporations



(Previous years' figures updated during 2014-15 as accounts of that year were received)*

The total long term loans outstanding in 365 CPSEs from all sources as on 31 March 2015 was ₹ 9,81,300 crore. The comparison of positive and negative coverage of total assets with long term loans during 2014-15, is given in Table 1.6.

Table 1.6: Coverage of total assets with long term loans

	Positive coverage				Negative coverage			
	No. of CPSE	Long term loan	Assets	Percentage of assets to loans	No. of CPSE	Long term loan	Assets	Percentage of assets to loans
		(₹ in crore)				(₹ in crore)		
Statutory Corporations	3	46675	232462	498.04	-	--	-	-
Listed Companies	32	612423	1596598	260.70	2	3765	347	9.22
Unlisted Companies	105	305004	842787	276.32	19	13433	1648	12.27
Total	**140**	**964102**	**2671847**		**21**	**17198**	**1995**	

Twenty one CPSEs, including two listed companies, had more loans than their total assets. There were 204 CPSEs (including three statutory corporations) which did not have any long term loans.

❖ Interest coverage ratio is used to determine how easily a company can pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the more the company is burdened by debt expense. An interest coverage ratio below one indicates the company is not generating sufficient revenues to satisfy interest expenses. The details of positive and negative interest coverage ratio for the period 2012-13 to 2014-15 are given in Table 1.7.

Table 1.7: Interest coverage ratio

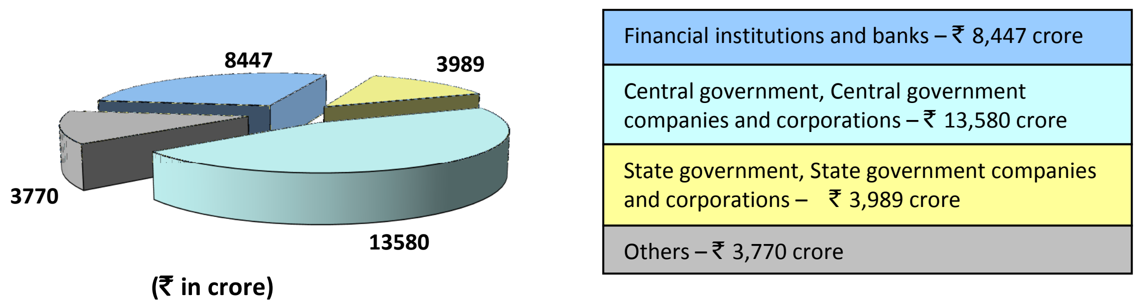
Year	Interest	Earnings before interest and tax (EBIT)	No. of CPSEs[5]	No. of CPSEs having interest cover ratio more than 1	No. of CPSEs having interest cover ratio less than 1
	(₹ in crore)				
Statutory Corporations					
2012-13	1548	3361	3	2	1
2013-14	2312	3836	3	2	1
2014-15	2727	3979	3	2	1
Listed Government Companies					
2012-13	39986	110679	32	20	12
2013-14	43904	127865	32	22	10
2014-15	47410	111664	34	23	11
Unlisted Government Companies					
2012-13	16452	48135	119	51	68
2013-14	17754	30908	118	56	62
2014-15	18779	33995	124	57	67

It was observed that the number of CPSEs with interest coverage ratio of more than one increased in case of listed as well as unlisted government companies during 2014-15, compared to the previous year.

1.2.3 Investment in government controlled other companies

The capital invested by the central government, state governments and by companies and corporations controlled by them in 156 government controlled other companies[6] are depicted in chart IV:

Chart IV: Composition of share capital in government controlled other companies



As of 31 March 2015, equity in these government controlled other companies was ₹ 29,786 crore. The equity in government controlled other companies increased by ₹ 2,785 crore, i.e. from ₹ 27,001 crore in 2013-14 to ₹ 29,786 crore in 2014-15.

1.2.4 Market capitalisation of equity investment in government companies

Market capitalisation is a measurement of market value of the shares outstanding of a publicly traded company. Shares of 59 government companies were listed on the

[5] Excluding CPSEs which have no interest liability
[6] Company wise details are available on CAG website <www.saiindia.gov.in>

various stock exchanges in India consisting of 46 government companies, five subsidiaries of government companies and eight[7] government controlled other companies.

- In respect of 46 listed government companies, the shares of 42 companies were traded[8] during 2014-15. In respect of five subsidiaries of government companies, four were traded and shares of Eastern Investments Limited was not traded during the year.
- The total market value of shares of 46 listed government companies (including four subsidiary companies) stood at ₹ 13,27,781 crore as on 31 March 2015 as compared to ₹ 11,06,657 crore as on 31 March 2014. The total market value of shares increased by ₹ 2,21,124 crore (19.98 *per cent*) as on 31 March 2015 as compared to 31 March 2014. The market value of shares of 42 listed government companies (excluding four subsidiary companies) stood at ₹ 13,13,368 crore as on 31 March 2015, out of which, the market value of shares held by the Government of India amounted to ₹ 9,27,531 crore**.** During this period, BSE Sensex increased from 22,386.27 (as on 31 March 2014) to 27,957.49 (as on 31 March 2015), an increase of 24.90 *per cent* however, BSE-PSU Index increased by 19.70 *per cent* (from 6354.61 - as on 31 March 2014 to 7607.95 - as on 31 March 2015).
- The market value of shares of 4 subsidiary government companies, the shares of which were traded during 2014-15, stood at ₹ 14,413 crore as on 31 March 2015. The total market value of shares held by government companies in four subsidiary government companies had increased by ₹ 3,505 crore as on 31 March 2015 as compared to 31 March 2014.
- The top 10 CPSEs with highest market capitalisation as on 31 March 2015 is given in Table 1.8.

Table 1.8: CPSEs with highest market capitalisation

(₹ in crore)

Sl No	Name of the CPSE	Market Capitalisation
1	Oil and Natural Gas Corporation Limited	262482
2	Coal India Limited	228905
3	NTPC Limited	121497
4	Indian Oil Corporation Limited	89421
5	Power Grid Corporation of India Limited	75962
6	Bharat Petroleum Corporation Limited	58566
7	Bharat Heavy Electricals Limited	57506
8	NMDC Limited	51561
9	GAIL (India) Limited	49325
10	Power Finance Corporation Limited	36004

[7] (1) Indbank Housing Limited, (2) Indbank Merchant Banking Services Limited, (3) PNB Gilts Limited, (4) The Bisra Stone Lime Company Limited, (5) Orissa Minerals Development Company Limited, (6) Tamil Nadu Telecommunication Limited, (7) Tourism Finance Corporation of India Limited, and (8) IFCI Limited

[8] Shares of (1) Hindustan Cables Limited, (2) Hindustan Photo-films Mfg. Company Limited, (3) IRCON International Limited, and (4) KIOCL Limited were not traded during 2014-15

There was increase in market capitalisation in 34 CPSEs and decrease in the rest of the eight CPSEs. CPSEs with increase in market capitalisation of more than ₹ 10,000 crore are given in Table 1.9.

Table 1.9: CPSEs with increase in market capitalisation of more than ₹ 10,000 crore

(₹ in crore)

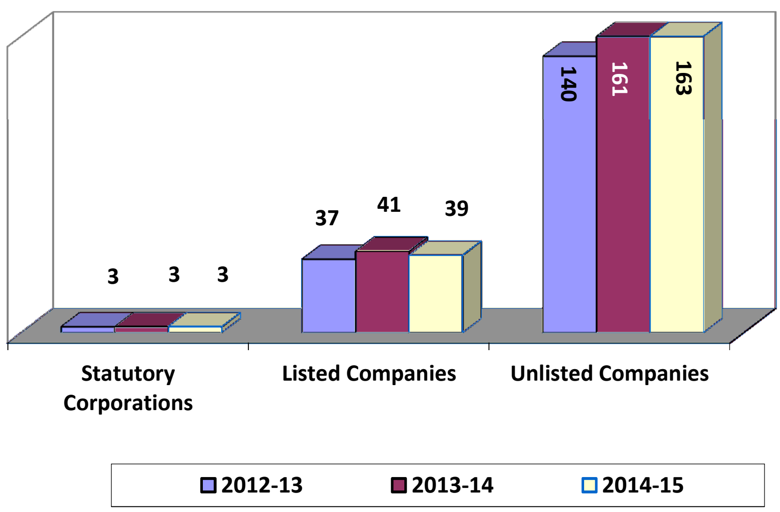
Sl No	Name of the CPSE	Market Capitalisation as on 31 March 2015	Market Capitalisation as on 31 March 2014	Difference
1	Coal India Limited	228905	181848	47057
2	Bharat Petroleum Corporation Limited	58566	33284	25282
3	NTPC Limited	121497	98904	22593
4	Indian Oil Corporation Limited	89421	67740	21681
5	Power Grid Corporation of India Limited	75963	54958	21005
6	Bharat Electronics Limited	26778	9157	17621
7	Container Corporation of India Limited	30830	18990	11840
8	Hindustan Petroleum Corporation Limited	22014	10489	11525
9	Power Finance Corporation Limited	36004	25530	10474
10	Rural Electrification Corporation Limited	32848	22593	10255

1.3. Return on investment in government companies and corporations

1.3.1 Profit earned by CPSEs

The number of CPSEs that earned profit[9] was 205 during 2014-15, however the profit earned reduced to ₹ 1,37,338 crore in 2014-15 from ₹ 1,54,484 crore in 2013-14. Number of profit earning CPSEs during 2012-15 is depicted in chart V:

Chart V: Number of profit earning CPSEs



[9] Profitability analysis of 365 government companies and corporations indicating profit before interest and tax, capital employed, profit after tax, dividend, net worth, ratio of profit after tax to net worth, ratio of profit before interest and tax to capital employed and dividend to equity, is available at CAG website <www.saiindia.gov.in>.

The details of sectors which contributed maximum profit during the year 2014-15 are summarised below in Table 1.10:

Table 1.10: Sectors contributing maximum profit during the year 2014-15

Sector	No. of Profit earning CPSEs	Net Profit earned (₹ in crore)	Percentage of profit to total CPSE profit
1. Petroleum			
Listed government companies	6	36373	26.48
Unlisted government companies	5	2887	2.10
Total	11	39260	28.58
2. Coal and Lignite			
Listed government companies	2	14963	10.90
Unlisted government companies	7	13334	9.71
Total	9	28297	20.61
3. Power			
Listed government companies	4	19071	13.89
Unlisted government companies	24	4273	3.11
Total	28	23344	17.00
Total (1) to (3)	**48**	**90901**	**66.19**

During 2014-15, as much as 66 *per cent* (₹ 90,901 crore) was contributed by 48 CPSEs in these three sectors as compared to 65 *per cent* contributed by 41 CPSEs during 2013-14.

The list of CPSEs which earned profit of more than ₹ 5,000 crore during the year 2014-15 is given in Table 1.11.

Table 1.11: List of CPSEs with profit of more than ₹ 5,000 crore

Sl no	Name of the CPSE	Net profit (₹ in crore)
1	Oil and Natural Gas Corporation Limited	17733
2	Coal India Limited	13383
3	NTPC Limited	10291
4	NMDC Limited	6422
5	Power Finance Corporation Limited	5959
6	Indian Oil Corporation Limited	5273
7	Rural Electrification Corporation Limited	5260
8	Bharat Petroleum Corporation Limited	5085
Total		**69,406**

It may be seen that these eight CPSEs contributed 51 *per cent* of the total profit earned by 205 CPSEs during 2014-15.

1.3.2 Dividend payout by CPSEs

The details of profit earned and dividend declared in 2014-15 is given in Table 1.12.

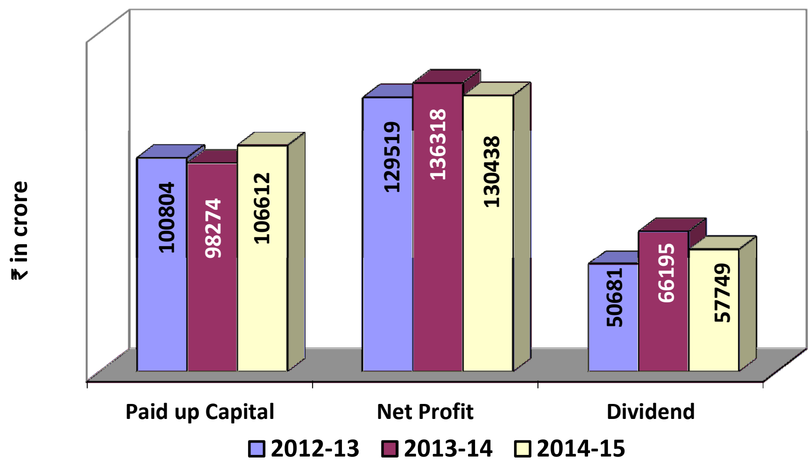
Table 1.12: Profit earned and dividend declared

(₹ in crore)

Category	CPSEs declared dividend			
	No. of CPSEs	Paid up capital	Net profit	Dividend declared
Statutory corporations	2	725	2141	429
Listed Companies	34	58125	97471	40424
Unlisted Companies	76	47762	30826	16896
Total	**112**	**106612**	**130438**	**57749**

There were 112 CPSEs which declared dividend in 2014-15. The dividend declared as a percentage of net profit earned by the CPSEs decreased from 48.56 *per cent* in 2013-14 to 44.27 *per cent* in 2014-15 is given in the chart VI below. In absolute terms, the dividend declared by the CPSEs in 2014-15 decreased by ₹ 8,446 crore as compared to the previous year.

Chart VI: Dividend declared vis-a-vis net profit and paid up capital



Out of total dividend of ₹ 57,749 crore declared by 112 CPSEs in the current year, dividend received/receivable by Government of India amounted to ₹ 33,771 crore. The return on aggregate investment of ₹ 2,65,499 crore made by the Government of India in equity capital of 365 CPSEs was 12.72 *per cent* as compared to 17.06 *per cent* during 2013-14 as against the minimum return of five *per cent* on overall investment in all government companies and corporations across the board. Similarly, 29 CPSEs received ₹ 14,117 crore as dividend on paid up capital of ₹ 4,883 crore on the equity holdings of other CPSEs.

Under the Ministry of Petroleum and Natural Gas, 10 government companies declared dividend amounting ₹ 14,667 crore which was 25.40 *per cent* of the total dividend of ₹ 57,749 crore declared by various companies in 2014-15.

The guidelines issued by the Ministry of Finance in September 2004 envisaged that all profit-making CPSEs would declare a minimum dividend of 20 *per cent* either on equity or on post-tax profit, whichever was higher. The minimum dividend payable by companies in Oil, Petroleum, Chemical and other infrastructure sectors was 30 *per cent* of post-tax profit. However, 17 companies which declared dividend (including three listed companies) did not comply with the government directive while declaring dividend, as given in ***Appendix-III.*** The total shortfall on this account was ₹ 2,521 crore in 2014-15.

1.3.3 Return on investment in government controlled other companies

Of the 156[10] government controlled other companies, 109 companies earned profit of ₹ 5,179 crore. Out of these 109 companies, 46 declared dividend amounting to ₹ 1,166 crore which represented 14.72 *per cent* of their paid up capital of ₹ 7,922 crore. Thirty eight companies incurred loss of ₹ 2,247 crore during 2014-15. Remaining nine companies had not started commercial operations.

Dividend of ₹ 1,166 crore declared by the 46 government controlled other companies during 2014-15 came from the companies under various sectors is given in Table 1.13.

Table 1.13: Dividend declared by government controlled other companies

(₹ in crore)

Sector	No. of Companies	Paid up Capital	Net Profit	Dividend
Financial services	24	4070	1996	771
Power	4	1730	396	155
Insurance	2	1200	988	140
Contract & Construction Services	2	446	395	44
Petroleum	3	255	121	23
Transportation Services	1	164	27	20
Trading and Marketing	1	41	14	6
Industrial Development and Technical Consultancy	8	16	19	4
Minerals and Metals	1	1	18	3
	46	**7923**	**3974**	**1166**

1.4 Loss-making CPSEs

One hundred thirty five CPSEs suffered losses during the year 2014-15. The loss incurred by these CPSEs increased significantly to ₹ 30,341 crore in 2014-15 from ₹ 22,783 crore during 2013-14 as detailed in Table 1.14.

[10] 174– 18 government controlled other companies whose accounts were in arrears

Table 1.14: Number of CPSEs suffered losses during the year

Listed / Unlisted Year	No of CPSEs[11] suffered loss	Net loss for the year	Accumulated loss	Net Worth[12]
		(₹ in crore)		
Statutory Corporations				
2012-13	0	0	0	0
2013-14	1	-995	0	14863
2014-15	1	-1334	0	13944
Listed government companies				
2012-13	14	-11652	22375	4855
2013-14	10	-4574	21245	-5606
2014-15	12	-8750	25433	-11701
Unlisted government companies/corporations				
2012-13	105	-17435	65250	53328
2013-14	105	-17214	71687	47185
2014-15	122	-20257	73994	47570
Total				
2012-13	**119**	**-29087**	**87625**	**58183**
2013-14	**116**	**-22783**	**92932**	**56442**
2014-15	**135**	**-30341**	**99427**	**49813**

The CPSEs which incurred a loss of more than ₹ 1,000 crore during the year 2014-15[13] is given in Table 1.15.

Table 1.15: CPSEs suffered losses of more than ₹ 1,000 crore

Sl No	Name of the Company	Net loss in 2014-15 (₹ in crore)
1	Bharat Sanchar Nigam Limited	8,234
2	Mahanagar Telephone Nigam Limited	2,833
3	Hindustan Photofilms Mfg. Company Limited	2,163
4	Mangalore Refinery and Petrochemicals Limited	1,712
5	Damodar Valley Corporation	1,334

1.4.1 Capital erosion in government companies

As on 31 March 2015 there were 157 CPSEs with accumulated loss of ₹ 1,10,285 crore. Of the 157 CPSEs, 113 CPSEs incurred losses during the year 2014-15 amounting to ₹ 15,397 crore and 44 CPSEs had not incurred loss in the current year 2014-15, though they had accumulated loss of ₹ 10,837 crore.

Net worth of 64 government companies (out of 157) had been completely eroded by accumulated loss and their net worth was negative. The net worth of these 64 companies was ₹ (-) 74,100 crore against equity investment of ₹ 21,847 crore as on

[11] Food Corporation of India, Inland Waterways Authority of India and National Highways Authority of India, the deficits of which are reimbursed by the Government of India as subsidy/grant are not included in this table

[12] Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision

[13] Accounts of Air India are in arrears. The provisional loss for the year 2014-15 is ₹ 5860 crore as against loss of ₹ 6280 crore during 2013-14

31 March 2015. This included six listed companies whose net worth was ₹ (-) 22,749 crore against equity investment of ₹ 1,792 crore. Out of 64 CPSEs, whose capital had eroded, seven CPSEs had earned profit of ₹ 303.58 crore during 2014-15.

In 28 out of 64 CPSEs whose capital had eroded, government loans outstanding as on 31 March 2015 amounted to ₹ 16,221 crore. This included five listed companies with outstanding government loan of ₹ 2,769 crore. Out of the 301 CPSEs whose net worth was positive, 24 CPSEs net worth was less than half of their paid up capital of ₹ 14,815 crore at the end of 31 March 2015, indicating potential sickness.

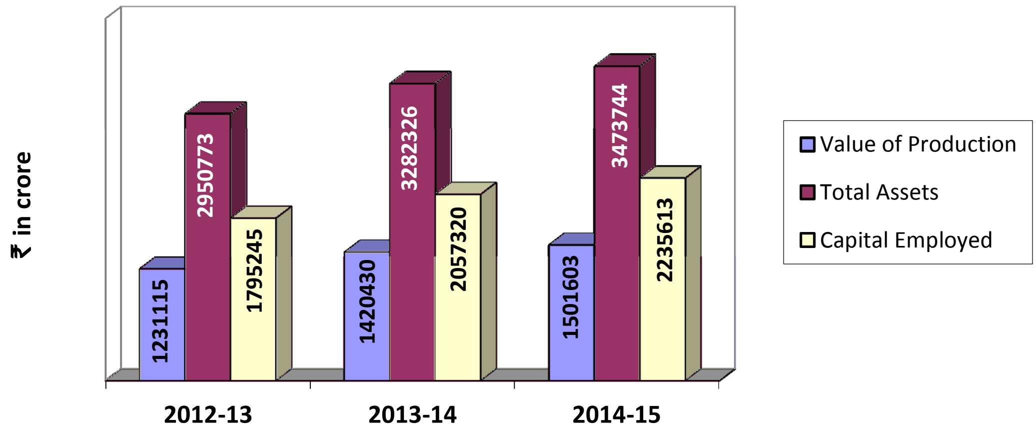
1.5 Operating efficiency of government companies

1.5.1 Value of production

The summary indicating value of production, total assets and capital employed over a period of three years is given in chart VII:

Chart: VII

Value of Production, Assets and Capital Employed



There was an increase in the value of production, total assets and capital employed in year 2014-15 compared to the previous year.

1.5.2 Sales and Marketing

During 2014-15, the total sales of 365 CPSEs was ₹ 19,23,118 crore. Out of these, 115 CPSEs made sales/rendered services to Government sector worth ₹ 2,64,920 crore against their net sales of ₹ 9,63,841 crore. The overall percentage of sales of these 115 CPSEs to the Government sector with reference to their total net sales worked out to 27.49 *per cent*.

There were 67 CPSEs which exported goods or rendered services abroad worth ₹ 87,853 crore. This worked out to 7.70 *per cent* against their net sales of ₹ 11,40,976 crore. Against the total sales of ₹ 19,23,118 crore made by the 365 CPSEs, the export sales amounted to 4.57 *per cent*. The CPSEs with export sales of more than ₹ 5,000 crore is given in Table 1.16:

Table 1.16: CPSEs with export sales of more than ₹ 5,000 crore

Sl. no	Name of the CPSE	Export sales (₹ in crore)
1	Mangalore Refinery and Petrochemicals Limited	22790
2	Indian Oil Corporation Limited	15423
3	Bharat Heavy Electricals Limited	12033
4	ONGC Videsh Limited	9109
5	Oil and Natural Gas Corporation Limited	5015
Total		**64370**

The export sales of these five CPSEs accounted for 73.27 *per cent* of the total export of all CPSEs.

1.5.3 Research & Development

In order to upgrade existing products and to develop new products, processes *etc*. for sustained growth every organisation has to undertake research and development activities. During the year 2014-15, 53 CPSEs had incurred ₹ 3,548 crore on Research & Development. The CPSEs that had incurred R & D expenditure of more than ₹ 100 crore is given in Table 1.17.

Table 1.17 : CPSEs with R & D expenditure of more than ₹ 100 crore

Sl. no	Name of the CPSE	Total R&D expenditure (₹ in crore)	Net profit (₹ in crore)	Percentage of R&D exp to Net profit
1	Hindustan Aeronautics Limited	1047	2388	44
2	Oil and Natural Gas Corporation Limited	545	17733	3
3	Bharat Electronics Limited	511	1167	44
4	Bharat Heavy Electricals Limited	301	1419	21
5	Indian Oil Corporation Limited	263	5273	5
6	NTPC Limited	130	10291	1
7	Hindustan Petroleum Corporation Limited	130	2733	5

1.6 Corporate Social Responsibility

As per the provisions of section 135 of the Companies Act 2013, every company having net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of ₹ 5 crore or more during a financial year shall constitute a Corporate Social Responsibility (CSR) Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. These companies shall have a CSR Policy and ensure that the activities included in CSR Policy of the company are undertaken by the company. The Board of these companies shall ensure that the company spends at least 2 *per cent* of the average net profits in pursuance of its CSR Policy. If the company fails to spend such amount, the Board shall, in its report made under section 134(3)(o) of the Companies Act, 2013, specify the reasons for not spending the amount.

During the year 2014-15, the provisions of CSR applied to 185 CPSEs. Of these 55 CPSEs did not have a CSR committee or did not have a CSR policy. Of the 185 CPSEs to which provisions of CSR applied, 100 CPSEs had earned profit during 2014-15 and had average net profit during the preceding three years. Out of these 100 CPSEs, 64 had spent the full amount earmarked for CSR activities and 36 CPSEs had an unspent amount of ₹ 977 crore as detailed in ***Appendix-IV***. One of the main reasons stated for the unspent amount was that projects for CSR activities were yet to be identified, 2014-15 being the first year.

1.7 Recommendation:

Administrative Ministries/Department may impress upon the CPSEs, which are earning profit, to declare dividend as per directives of Ministry of Finance.

CHAPTER 2

Oversight Role of CAG

2.1 Audit of Public Sector Enterprises

Comptroller & Auditor General of India (CAG) appoints the statutory auditors of a Government company under Section 139 (5) & (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor**.** Statutes governing some corporations require that their accounts be audited by the CAG and a report be given to the Parliament.

2.2. Timely Appointment of statutory auditors of Public Sector Enterprises by CAG

Under Sections 129 read with Sections 96 and 145 of the Companies Act, 2013, the audited financial statements of every company for the financial year are to be laid before the shareholders at its Annual General Meeting (AGM) to be held each year.

Statutory auditors of Companies for the year 2014-15 were appointed during June/July 2014.

Clause 41 of the Listing Agreement with the Securities and Exchange Board of India (SEBI) provides that all the entities listed with the Stock Exchanges should publish their Quarterly Financial Review (QFR), duly approved by the Board of Directors and after a "limited review" by the statutory auditors of the company. A copy of the Review Report is to be submitted to the Stock Exchange within two months of the close of the quarter. The limited review of the first quarter of a financial year is accordingly to be carried out so that the results can be published by end-August of the year. CPSEs have the option of getting the QFR done by the statutory auditors of the Company.

In order to facilitate timely compliance with the provisions mentioned above, statutory auditors for the government companies, including government controlled other companies were appointed by the CAG for conducting the audit of accounts for the year 2014-15 during June/July 2014.

2.3 Submission of accounts by CPSEs

2.3.1 Need for timely submission

According to Section 394 of the Companies Act, 2013, Annual Report on the working and affairs of a government company, is to be prepared within three months of its AGM and as soon as may be after such preparation laid before both the Houses of Parliament together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating statutory corporations. This mechanism provides the necessary parliamentary control over the utilization of public funds invested in the companies from the Consolidated Fund of India.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration.

Section 129 (7) of the Companies Act, 2013 also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

However, audit noticed that no action against the defaulting persons including directors of the central government companies responsible for non-compliance in this regard has been taken although annual accounts of various CPSEs were pending as detailed in the following paragraph.

2.3.2 Timeliness in preparation of accounts by government companies and government controlled other companies

Out of 564 companies, accounts of 77 companies were in arrears.

As of 31 March 2015, there were 390 government companies and 174 government controlled other companies in the purview of CAG's audit from which the accounts for the year 2014-15 were due. A total of 333 government companies and 150 government controlled other companies submitted their accounts for audit by CAG on or before 30 September 2015. Accounts of 55 government companies and 22 government controlled other companies were in arrears for different reasons. Details of arrears in accounts of central government companies are given in Table 2.1.

Table 2.1: Details of arrears in accounts of CPSEs

Particulars		Government companies			Government controlled other companies			Total		
		Listed	Unlisted	Total	Listed	Unlisted	Total	Listed	Unlisted	Total
Companies from which accounts for 2014-15 were due		51	339	**390**	8	166	**174**	59	505	**564**
Companies presented the accounts for CAG's audit by 30 September 2015		50	283	**333**	8	142	**150**	58	425	**483**
Accounts not submitted[14]		-	2	**2**	-	2	**2**	-	4	**4**
Accounts in Arrears		1	54	**55**	-	22	**22**	1	76	**77**
Break- up of Arrears	(i) Under Liquidation	-	22	**22**	-	8	**8**	-	30	**30**
	(ii) Defunct	-	3	**3**	-	6	**6**	-	9	**9**
	(iii) Others	1	29	**30**	-	8	**8**	1	37	**38**
Age–wise Analysis of the arrears against 'Others' category	One year (2014-15)	1	22	**23**	-	4	**4**	1	26	**27**
	Two years (2013-14 and 2014-15)	-	3	**3**	-	2	**2**	-	5	**5**
	Three years and more	-	4	**4**	-	2	**2**	-	6	**6**

[14] Number of companies who have not submitted accounts are those whose first accounts are yet to be received for the year 2014-15, hence they were excluded from accounts in arrears

The names of these companies are indicated in ***Appendix-II***.

The delay in presentation of the accounts for CAG's audit amounted to dilution of Parliamentary Control over management of public money invested in these entities and violation of statutory provisions.

2.3.3 Timeliness in preparation of accounts by Statutory Corporations

Audit of six statutory corporations is conducted by the CAG. Of the five statutory corporations where CAG is the sole auditor, in respect of four viz. Airports Authority of India, Damodar Valley Corporation, Inland Waterways Authority of India and National Highways Authority of India, the accounts for the year 2014-15 were presented for audit in time. The accounts of Food Corporation of India for the year 2014-15 were awaited as on 30 September 2015. In case of Central Warehousing Corporation, CAG conducts supplementary audit and the accounts were received in time.

2.4 CAG's oversight - Audit of accounts and supplementary audit

2.4.1 Financial reporting framework

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the central government, in consultation with National Advisory Committee on Accounting Standards. The statutory corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such corporations.

2.4.2 Audit of accounts of government companies

The statutory auditors appointed by the CAG under Section 139 of the Companies Act, 2013, conduct audit of accounts of the government companies and submit their report thereon in accordance with Section 143 of the Companies Act, 2013.

The CAG plays an oversight role by monitoring the performance of the statutory auditors with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power

- to issue directions to the statutory auditors under Section 143 (5) of the Companies Act, 2013, and
- to supplement or comment upon the statutory auditor's report under Section 143 (6) of the Companies Act, 2013.

2.4.3 Three Phase Audit of annual accounts of selected CPSEs

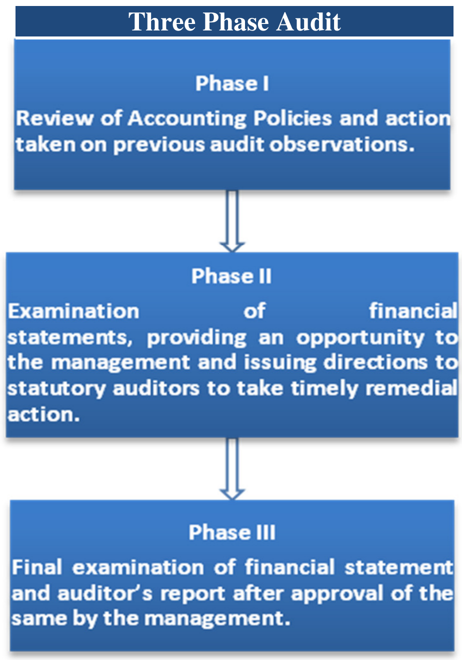
The prime responsibility for preparation of financial statements in accordance with the financial reporting framework prescribed under the Companies Act, 2013 or other relevant Act is of the management of an entity.

The statutory auditors appointed by the CAG under section 139 of the Companies Act, 2013 are responsible for expressing an opinion on the financial statements under section 143 of the Companies Act, 2013 based on independent audit in accordance with the Standard Auditing Practices of ICAI and directions given by the CAG. The statutory auditors are required to submit the Audit Report to the CAG under Section 143 of the Companies Act, 2013.

> **Three Phase Audit**
> An intensified, innovative, focused and result oriented approach to financial audit introduced by CAG to improve the quality of financial statements of CPSEs.

The certified accounts of selected government companies along with report of the statutory auditors are reviewed by CAG. Based on such review through supplementary audit, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the Annual General Meeting.

As the responsibility of auditor is to help the management in enhancing the quality of financial reporting i.e. readability, reliability and usefulness to different stakeholders, the CAG introduced more intensified, innovative, focused and result oriented approach to financial audit by 'the System of Three Phase Audit'. The Three Phase Audit System was introduced with the following objectives in selected public sector enterprises falling under categories of 'Listed', 'Navratna', 'Miniratna' and 'Statutory Corporations' for the financial statements of 2008-09 on consensus basis after discussion on the objectives and methodology of audit approach with the management and statutory auditor concerned:



- To establish an effective communication and a coordinated approach amongst the statutory auditors, management and CAG's audit for removal of inconsistencies and doubts relating to the financial statements presented by the CPSEs.

- To identify and highlight errors, omissions, non-compliances etc., before the approval of the financial statements by the management of the CPSEs and provide an opportunity to the statutory auditors and the managements of the CPSEs to examine such issues for taking timely remedial action.
- To reduce the time of CAG's audit after the approval of financial statements by the management of the CPSEs.

Thus, Three Phase Audit brings substantial qualitative transformation in the audit process and methodology by enabling the management of CPSEs to rectify the accounts in the light of accepted comments on financial statements.

The Phase – I and Phase – II of the Three Phase Audit approach are extended provisions of Section 143 (5) of the Companies Act, 2013. The audit observations under first two phases are treated as preliminary observations and communicated to the statutory auditors. The last phase of audit (Phase-III) is conducted after approval of the financial statements by the management and audit by the statutory auditors which is same as conducted earlier.

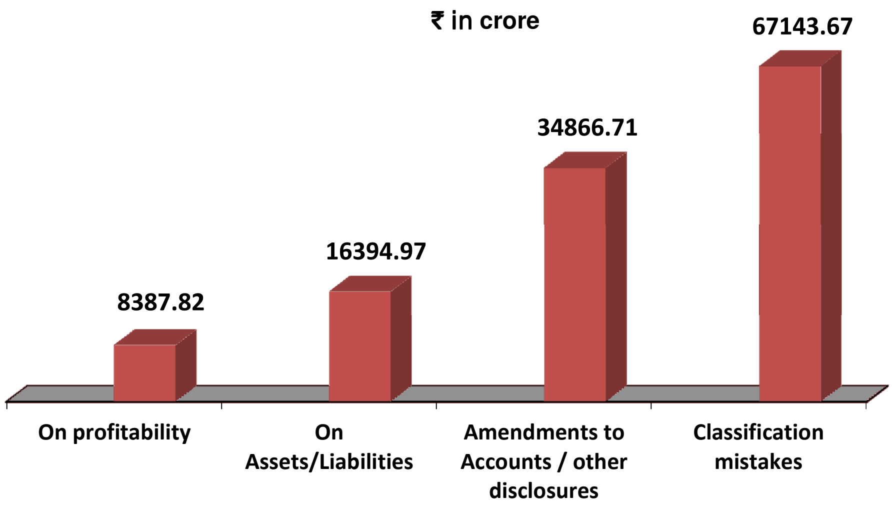
2.5 Result of CAG's oversight role

2.5.1 Impact of Three Phase Audit

As a result of Three Phase Audit conducted in 57 CPSEs, a number of quantitative as well as qualitative changes were made by the CPSEs in their financial statements which led to improvement in the quality of their financial statements.

The value addition made by Three Phase Audit of financial statements of these CPSEs for the year 2014-15 is depicted in chart VIII.

Chart VIII: Impact of Three Phase Audit during 2014-15



Name of CPSEs where major value addition was made is given in Table 2.2.

Table 2.2: Name of CPSEs where major value addition made

Sr. No.	Name of the CPSE
1.	Bharat Heavy Electricals Limited
2.	General Insurance Corporation Limited
3.	Hindustan Aeronautics Limited
4.	Hindustan Copper Limited
5.	Hindustan Petroleum Corporation Limited
6.	Housing and Urban Development Corporation Limited
7.	NHPC Limited
8.	Northern Coalfields Limited
9.	NTPC Limited
10.	Oil and Natural Gas Corporation Limited
11.	Power Finance Corporation Limited
12.	Power Grid Corporation of India Limited
13.	Rural Electrification Corporation Limited
14.	South Eastern Coalfields Limited
15.	Steel Authority of India Limited

2.5.2 Audit of accounts of government companies/ government controlled other companies under Section 143 of the Companies Act, 2013

CAG reviewed accounts of 277 companies and five statutory corporations for the year 2014-15.

Financial statements for the year 2014-15 were received from 333 government companies (including 50 listed companies), 150 government controlled other companies (including eight listed companies) and five statutory corporations by 30 September 2015. Of these, accounts of 217 government companies and 60 government controlled other companies and five statutory corporations were reviewed in audit by the CAG.

In sum, CAG reviewed accounts of 65 *per cent* of the government companies and 40 *per cent* of government controlled other companies out of the accounts received upto 30 September 2015.

2.5.3 Comments of the CAG issued as supplement to the statutory auditors' reports on government companies

Subsequent to the audit of the financial statements for the year 2014-15 by statutory auditors, the CAG conducted supplementary audit and the significant comments issued on accounts of government companies are as detailed below:

❖ Listed companies

Comment on Profitability

Name of the Company	Comment
IFCI Limited	• Allowance for bad and doubtful assets was understated by ₹ 309.66 crore. • Standard and Securitized Assets was understated by ₹ 17.55 crore. • Revenue from Operations was overstated by ₹ 5.54 crore.
Mahanagar Telephone Nigam Limited	License Fee was understated by ₹ 590.59 crore towards provisional assessment of dues raised by Department of Telecommunication.
Steel Authority of India Limited	'Other Expenses' were understated by ₹ 35.04 crore due to non-inclusion of expenditure incurred on Corporate Social Responsibility activities.
The State Trading Corporation of India Limited	'Other Income' included ₹ 203.61 crore towards interest on outstanding dues recoverable from Global Steel Philippines Inc./ Global Steel Holdings Limited in contravention of provisions of AS –9.

Comment on Financial Position

Name of the Company	Comment
ITI Limited	Short term loans and Advances was overstated by ₹ 16.90 crore due to inclusion of amount recoverable from M/s HCL Infosystems Limited (HCL) as 'conditional reimbursement' as per the agreement between the company and HCL.
Mahanagar Telephone Nigam Limited	Deposits with Excise and Sales Tax – Cenvat Credit was overstated by ₹ 104.62 crore pertaining to cenvat on bills issued by Bharat Sanchar Nigam Limited pending payment.
Steel Authority of India Limited	Tangible Assets included ₹ 7.79 crore incurred towards re-carpeting and repair done to restore the condition of the Nandini air –strip.
The State Trading Corporation of India Limited	• Trade Receivables included ₹ 1640.53 crore recoverable from Global Steel Philippines Inc./Global Steel Holdings Limited on account of steel slabs exported. • Revaluation Reserve included ₹ 547.29 crore towards reserve created in respect of leasehold land at Jawahar Vypar Bhavan and STC Housing Colony. In the absence of clear title to the leasehold land and written consent of lessor, revaluation done was not correct.

Comments on Disclosure

Name of the Company	Comment
IFCI Limited	The company failed to depict the share of profit attributable to minority interest amounting to ₹37.35 crore as required in Para 1 (i) of Schedule III of the Companies Act, 2013.

Name of the Company	Comment
Power Grid Corporation of India Limited	Share in one of its Joint Ventures (JV) viz. National High Power Test Laboratory Private Limited (NHPTPL) had been consolidated on the basis of 20 *per cent* shareholding as per JV agreement. The shareholding portion of the company in NHPTPL, however, stood at 21.64 *per cent* due to non-contribution of required Share Capital by one of the JV Partners. This was not disclosed in the Notes to Accounts.

❖ Unlisted companies

Comment on Profitability

Name of the Company	Comment
Artificial Limbs Manufacturing Corporation of India Limited	The decrease in liability as on 31 March 2015 on account of gratuity and leave encashment payable to the employees was not adjusted/accounted for by the Company.
Bengal Chemicals & Pharmaceuticals Limited	• Loss after Tax was understated by ₹ 11.81 crore due to recognition of unaccounted Fixed Deposits including interest accrued and amount of Tax deducted at source. • Confirmed Liability of ₹ 1.05 crore was accounted as contingent liability.
Hindustan Salts Limited	Short Term Loans and Advances was overstated by ₹ 1.43 crore due to not considering penal interest receivable from subsidiary company Samber Salts Limited.
IFCI Venture Capital Fund Limited	• Revenue from operations included ₹ 2.17 crore towards accrued interest on substandard short term loan of M/s Marg Limited and M/s Nakoda Limited which was not in accordance with RBI norms. • Other Expenses did not include ₹ 0.87 crore being short provision in respect of short term loan of M/s Marg Limited wrongly classified as restructured standard loan. • No provision had been made as per RBI norms against the outstanding loan (₹ 6.21 crore) to M/s Nakoda Limited as classified as standard asset.
IFIN Securities Finance Limited	Short Term Provisions was understated by ₹ 6.73 crore due to short provision made against advance to Zylog Group, as the gift deeds mortgaged for securing loan were found forged.
India Infrastructure Finance Company Limited	Loan asset related to Indira Container Terminal Private Limited was incorrectly treated as Standard Asset instead of Non Performing Asset.
Indian Drugs and Pharmaceutical Limited (2012-13)	• Other Long Term Liabilities did not include ₹ 117.18 crore towards electricity charges payable as per reconciliation with Uttarakhand Power Corporation Limited. • No provision had been made for ₹ 16.25 crore towards interest payable to CISF.

Name of the Company	Comment
National Insurance Company Limited	Profit after Tax was overstated by ₹455.35 crore due to write back of IBNR claims previously provided on account of dismantling of Indian Motor Third Party Insurance Pool in concurrence with IRDA's order.
National Projects Construction Corporation Limited	'Litigation Expenses' included ₹ 7.23 crore relating to 'Interest on delayed payment of service tax payment'.
National Waqf Development Corporation Limited	Revenue from Operations was overstated due to recognising the income at the rate of 10% against five percent of total funds transferred to State Waqf Board towards Administrative expenses.
Nepa Limited	Due to incorrect valuation, inventories of finished goods were overstated.
Nuclear Power Corporation of India Limited	Provision of 100% diminution in the value of investment of ₹ 147.32 crore in the Joint Venture M/s L&TSSHF had been included under 'Administrative and Other Expenses' instead of 'Extraordinary Item'.
PFC Consulting Limited	Other Operating Income included ₹ 0.30 crore on account of sale proceeds of 'Request for Proposal' documents received by the Company in the capacity of Bid Processor Co-ordinator relating to an Independent Transmission Projects viz., Special Purpose Vehicle which was in violation of Standard Bidding Documents.
Samber Salts Limited	Long Term Borrowings was understated by ₹ 1.43 crore due to not considering penal interest payable to the parent company Hindustan Salts Limited.
Security Printing & Minting Corporation of India Limited	• No provision was made for ₹ 36.69 crore towards 226.48 million pieces of bank notes printed in 2014 bearing the signature of the Governor who had completed his tenure in September 2013 and not lifted by RBI. • Loss for the year was understated by ₹ 199.65 crore due to recognition of revenue from the sale of coins on the basis of rates finalized by Cost Accounting Branch for the year 2012-13 instead of selling rates adopted in Memorandum of Understanding for 2014-15.

Comments on Financial Position

Name of the Company	Comment
Artificial Limbs Manufacturing Corporation of India Limited	Long Term Borrowings included ₹ 52.13 crore towards outstanding interest and penal interest on loans approved for conversion into equity by GOI.
Bharat Broadband Network Limited	'Advances to Others' were overstated due to non-provision of amount paid to NICSI for hiring of manpower for the year 2014-15.
Haridaspur Paradip Railway Company Limited	No provision had been made for claim of ₹ 3.38 crore raised by Rail Vikas Nigam Limited towards interest charges.

Name of the Company	Comment
Hindustan Prefab Limited	• Trade payables was worked out after netting off the debit balance of Sundry Creditors of ₹ 10.64 crore. • Other Current Liabilities were overstated by ₹ 13.77 crore due to inclusion of non-current liabilities of security deposit and earnest money deposit.
Hindustan Shipyard Limited	The company received ₹ 457.36 crore from GOI for Refurbishment and Replacement of Machinery and Infrastructure Scheme. The interest earned on the unutilized funds was to be credited to GOI. The company invested the unutilized amount in fixed deposits and diverted ₹ 361.79 crore for meeting various working capital requirements of which ₹ 175.86 crore was replenished. No provision was made for the notional interest of ₹ 9.27 crore that would have accrued on the funds diverted by company.
Kanti Bijli Utpadan Nigam Limited	Interest of ₹ 0.74 crore due on late payment of advance tax for the year 2014-15 was included in 'Current Tax' instead of 'Finance cost'.
Nabinagar Power Generating Company Private Limited	• Capital Liability payable certified as ₹ 0.84 crore was erroneously accounted for as ₹ 8.40 crore. • Capital Expenditure payable in respect of contract to M/s Gannon Dunkerely & Co Limited was overbooked by ₹ 4.35 crore • 'Other Current Liabilities' was overstated by ₹ 0.28 crore in respect of contract awarded to M/s Absolute Project (India) Limited.
National Projects Construction Corporation Limited	• 'Security Deposit' had been shown under 'Other Non-Current Assets' in place of 'Long Term Loan and Advances'. • Cash and Cash Equivalents was overstated by ₹ 34.68 crore in respect of Fixed Deposit Receipts pledged to third party. • No provision was made for payment of enhanced compensation to land owners in compliance with the judgment dated 16 February 2015 of Hon'ble court of District and Session judge, Lunglei.
NICS Inc.	'Other income (Interest income)' was overstated by ₹ 13.87 crore towards retained interest earned on grant in aid received from GOI for various projects.
PEC Limited	Loans and advances included ₹ 7.58 crore towards advance provided to M/s Whitefield against Turnover financing for stock of rice, the existence of which could not be substantiated.

Comments on Disclosure

Name of the Company	Comment
Cross Border Power Transmission Company Limited	Estimated amount of contracts remaining to be executed on capital account and not provided for did not include ₹ 11.08 crore on account of price variation towards supply and service contracts remaining to be executed by M/s KEC International Limited.

Name of the Company	Comment
Hindustan Salts Limited	The facts that (i) 23569 acres of land at Kharaghoda was under dispute with Government of Gujarat and (ii) 74.086 acres of land at Guma was yet to be mutated in the name of the Company in the records of the Revenue Department of Mandi, Himachal Pradesh were not suitably disclosed.
National Projects Construction Corporation Limited	Income Tax demand dated 23 March 2015 of ₹ 64.44 crore had not been included under Contingent Liability.
Rajasthan Drugs and Pharmaceuticals Limited	The company had made a reference to the Board of Industrial and Financial Reconstruction for registration of the company as Sick Industrial Company as the accumulated losses had exceeded its net worth and it needed immediate remedial measures for revival. This had not been disclosed.
Sambhar Salts Limited	The facts/information that (i) 2648 acres of land was under encroachment/dispute (ii) 58.24 acres of disputed land in other's name, was under possession with the Company (iii) no lease deed in respect of 57600 acres of land had been signed by the Company with Government of Rajasthan (iv) the present market value of the encroached land as on Balance Sheet date were not suitably disclosed.

Comments on Auditor's Report

Name of the Company	Comment
DGEN Transmission Company Limited	The observation that the expenses relating to manpower and other administrative overheads as incurred and allocated by PFC Consulting Limited were neither directly attributable to acquisition/construction of fixed assets nor could be said to be attributable to constructive activity in general as the construction was yet to commence, was not correct as the expenses were specifically attributable to the Transmission Project to be executed by the Company formed as Special Purpose vehicle by PFC Consulting Limited. These expenses were recoverable by PFC Consulting Limited from the prospective bidder to whom the Company would be transferred on selection of bidder.
Housing and Urban Development Corporation Limited	The observation that the company had created an additional provision of ₹ 170 crore for non-performing assets, beyond the NHB norms was deficient as it was mere repetition of Point 25 of Explanatory Notes (Note 26) given in the Financial Statements without recording the substantive reasons for this qualification in contradiction to the requirement of Standard on Auditing 705. Moreover, the additional provision was made by the company in accordance to their Accounting policy adopted in 2014-15 which was duly agreed to by the Statutory Auditor.

❖ Unlisted government controlled other companies

Comment on Profitability

Name of the Company	Comment
National High Power Test Laboratory Private Limited	The Company had charged total expenditure of ₹ 2.28 crore on enabling assets not owned by the Company to the Statement of Profit and Loss which had further been transferred to Capital Work-in-Progress as 'Expenditure During Construction'.

Comment on Financial Position

Name of the Company	Comment
National High Power Test Laboratory Private Limited	Consultancy fees of ₹ 2.67 crore payable to Power Grid Corporation of India Limited was shown as Trade Payables instead of Other Current Liabilities.

Comment on Disclosure

Name of the Company	Comment
Energy Efficiency Services Limited	The capital commitment was overstated due to inclusion of ₹ 4.66 crore in respect of a contract awarded in 2015-16.
National High Power Test Laboratory Private Limited	• Capital Commitment was understated by ₹ 8.51 crore due to incorrect inclusion of capital commitment towards project execution assigned to Power Grid Corporation of India Limited. • Contingent Liabilities did not include demand of ₹ 0.49 crore raised by Income Tax Department.

❖ Statutory corporations where CAG is the sole auditor

The significant comments issued by the CAG on the accounts of statutory corporations where CAG acts as the sole auditor are detailed below:

(1) National Highways Authority of India

(i) Due to serious reservations regarding the maintenance of proper books of accounts and other relevant records by the Authority, Audit was unable to form an opinion as to whether the financial statements of NHAI give a true and fair view in conformity with accounting principles generally accepted in India; as enumerated below:

(a) The Capital work-in-progress (CWIP) of ₹ 140797.31 crore included expenditure incurred by NHAI on the completed as well as ongoing highway projects. On one hand NHAI contended that the GOI was the owner of these road assets, on the other hand, these were being shown in the Balance Sheet as Fixed Assets of NHAI.

(b) The above amount could not be verified in the absence of project-wise details of expenditure on ongoing as well as completed projects.

(c) The entire amount of borrowing cost of ₹ 1780.87 crore for the year 2014-15 booked under CWIP included borrowing cost in respect of completed projects also in contravention to generally accepted accounting principles and NHAI's Accounting Policy No.6.2.

(d) Allocation of 'Net establishment expenses for the year' amounting to ₹ 206.43 crore to CWIP was also against generally accepted accounting principles as this was revenue expenditure and entire amount should not be allocated to CWIP. Proportionate amount related to completed projects was not a part of CWIP and should not be capitalized. In the absence of project wise details of expenditure, Audit had been unable to quantify the impact of such incorrect booking.

(e) The Capital work-in-progress included ₹ 10941.71 crore incurred by the Authority on 16 road projects which had been handed over, along with tolling rights, to concessionaires for upgradation of the roads to 6-lanes on BOT basis. Similarly, five other road projects had been transferred to the State Governments. Though these projects did not exist with NHAI, no adjustments had been made in the accounts.

(ii) CWIP included ₹ 1155.98 crore released by the NHAI to the State Governments for NHDP phase-IV projects on the advice of Ministry of Road Transport and Highways. These projects had not been transferred to NHAI.

(iii) No reserve fund had been created as per Rule 9 of NHAI Rules 1990 for amount of ₹ 24892.85 crore shown as payable to the bond holders of capital gain tax free bonds-54EC (₹ 9187.60 crore), tax fee redeemable non-convertible bonds (₹ 15000 crore) and loan from ADB (₹ 705.25 crore).

(iv) An amount of ₹ 86.03 crore represented the amount collected/received by the NHAI from contractor/concessionaire on account of encashment of bank guarantee, damages, negative change of scope and annuity. These amounts had been booked as Capital Reserve without indentifying its nature.

(v) Interest on un-utilized capital included ₹ 152.39 crore towards accrued interest on the loan disbursed to nine subsidiary companies. This interest income had been deducted from CWIP instead of being shown as income in P&L Account. This has resulted in understatement of CWIP and income for the year by ₹ 152.39 crore.

(vi) NHAI invested ₹ 345.21 crore in its two subsidiary companies, viz., M/s Moradabad Toll Road Company Limited and M/s Ahmedabad–Vadodara Expressway Company Limited. The road project and toll collection right had been transferred in December 2010 and January 2013, respectively, to Concessionaires for upgradation but a provision for diminution in the value of the investments had not been made. In addition, NHAI invested (including share application money pending allotment) ₹ 642.39 crore in six subsidiary companies, viz., Visakhapatnam Port Road Company Ltd., Cochin Port Road Company Ltd. and Paradip Port Road Company Ltd., New Mangalore Port Road Company Ltd, Calcutta Haldia Port Road Company Ltd and Tuticorin Port Road Company Ltd. Due to accumulated losses ranging from 33.92 *per cent* to 155.56 *per cent of* share capital*,* it resulted in erosion of their net worth for which no provision had been made as per Accounting Standard – 13.

(vii) Loan to Subsidiary Companies included loan of ₹ 71.49 crore given to two subsidiary companies, viz., M/s Moradabad Toll Road Company Limited and M/s Ahmedabad–Vadodara Expressway Company Ltd. As the road projects as well as toll collection rights had been transferred to the Concessionaire and decision of winding up of these two companies had already been taken by the Board of Directors, there was no possibility of recovery of the loan for which no provision was made.

(viii) Claim recoverable was understated by ₹ 56.65 crore due to non inclusion of claim recoverable from (a) concessionaire on account of increase in user fee due to increase in length of project highway, negative change of scope, damages, concession fee toll remittance payable to GOI (b) IDBI bank on account of services provided for redemption of bonds and (c) annual interest payment on bonds for the year 2014-15 in respect of PIUs at Rohtak, Aligarh, Gwalior, Ajmer, Narsinghpur and Kanpur.

(ix) Cash and bank balance was understated by ₹ 40.13 crore due to non-accounting of amounts credited by bank on account of encashment of bank guarantees by NHAI and performance security directly deposited by the contractor in the NHAI bank account during the year 2014-15.

(x) Other liabilities was understated by ₹ 791.02 crore due to non/short provision of liability on account of CALA demand, positive grant payable, construction work done and certified, land acquisition demand of Defence Authority, interest payable bill for variations in BsOQ etc.

(xi) The Authority, vide note no. 24, on Notes to Accounts has stated that Accounting Standards issued by the ICAI (except for AS 15, 17 and 21) have generally been followed. The Expert Advisory Committee of the ICAI has also opined that 'it is appropriate to apply accounting standards to the NHAI is preparation of its financial statements'.

However, as brought out in the previous paragraphs, the Authority has deviated from the provisions of Accounting Standards and guidelines issued by the ICAI.

(xii) Advance for deposit work given to various departments/agencies amounting to ₹ 158.86 crore are lying un-reconciled in the books of accounts ranging from 03 to 12 years.

(xiii) The Authority carried out corrections in the accounts to the extent of ₹ 298 crore on the basis of audit observations, as detailed below:

(₹ in crore)

Particulars	Inter Head		Intra Head	
	Debit	Credit	Debit	Credit
Assets	146.66	5.40	-	-
Liabilities	2.34	143.60	-	-
Profit & Loss A/c	-	-	-	-
Total	**149.00**	**149.00**	**-**	**-**

(2) Airports Authority of India

Subject to reservations regarding non obtaining of basic records of Delhi International Airport Limited (DIAL) and Mumbai International Airport Limited (MIAL) and their JVs and the minutes of the meeting of Board of Directors of DIAL and MIAL in order to certify the total revenue of DIAL and MIAL and correspondingly the share of Airports Authority of India (Authority) as per Operation, Management and Development Agreement (OMDA), the audit of Balance Sheet and Profit and Loss Account of the authority was carried out on the basis of all information, explanation produced to audit.

(i) Reserve & Surplus did not include grant amounting to ₹ 14.10 crore released by Ministry of Civil Aviation on 30 March 2015.

(ii) Current liabilities was understated by ₹ 55.74 crore due to non/short provision of liability on account of VISF payments, disputed amount recoverable, property tax payable, income tax on PRP expenditure and payment to IATA.

(iii) Current liabilities did not include provision for minimum amount of service tax amounting to ₹ 29.95 crore payable on the dues cleared by Air India during 2013-14 and 2014-15.

(iv) Tangible Fixed Assets was understated by ₹ 9.40 crore due to Non-capitalization of civil work/ assets in three profit centres.

(v) While calculating Deferred Tax assets, provision for superannuation benefits schemes of ₹ 618.46 crore, which were yet to be approved, was included resulting in overstatement of Deferred Tax Assets by ₹ 210.21 crore.

(vi) As per the accounting policy of the Authority, the provision for Income Tax was adjusted against the advance tax and TDS on receipt of final order from ITAT (Appeal). The Authority had adjusted Advance Tax and TDS upto the assessment year 2010-11 against the provision for income tax of the concerned year. However, the Authority had not reconciled the TDS balances appearing in the books for the assessment years 2011-12 to 2015-16.

(vii) Income included airport lease revenue from DIAL (₹ 1967.81 crore) and MIAL (₹ 929.31 crore), for the year 2014-15. As per clause 1.1 of Operation Management and Development Agreements executed by the Authority for Delhi and Mumbai airports with DIAL and MIAL, the JVCs were required to share their pre-tax gross revenue (DIAL - 45.99 per cent and MIAL – 38.70 per cent) with AAI. To ensure the correctness of revenue shared with the Authority, as per clause 11.2 of the OMDA, independent revenue auditor was appointed by DIAL/MIAL and the Authority who certifies the revenue to be shared by these JVCs with the Authority.

As reflected in the Independent Revenue Auditors Report of DIAL for the years 2013-14 and upto June 2014, the Independent Revenue Auditors had qualified that financial statements of the JVs formed for outsourcing of non-aeronautical services, had not been verified since the same were not furnished to them. They had also stated that neither the financial statements of these JVs nor access to the books of accounts of these JVs was made available to them. Further, review of records revealed that the Authority was fully dependent on the Revenue Auditors' report (quarterly) to account for the airport lease revenue being earned from these JVCs in its books of accounts and the Authority was not independently verifying the correctness of the airport lease revenue calculations. Moreover, the Authority could not produce any basic records to Audit for verifying the correctness of revenue accruing to DIAL and MIAL from these JVs and the share of revenue transferred to the Authority as per OMDA. In the absence of relevant records the veracity of airport lease revenue of ₹ 2897.12 crore reflected in the books of accounts could not be vouchsafed.

(3) Inland Waterways Authority of India

As per the Authority's revised format of accounts, which were approved by the Ministry of Shipping, Road Transport & Highways vide its letter No. G-25020/1/2004-IWT dated 28/02/05, the Authority was to include in its accounts:

- A policy statement in Form C3 that the accounts had been prepared keeping in view all the relevant accounting standards approved by Institute of Chartered Accountants of India.
- A note in the accounts about the Member's Responsibility Statement.

The Authority was also required to form an audit committee on the lines of provisions of Companies Act as a measure of good corporate governance.

The Authority failed to comply with the directives of the Administrative Ministry.

On the basis of observations of Audit, the Management carried out corrections in the accounts to the extent of ₹ 107.34 crore as detailed below:

(₹ In crore)

Particulars	Increase	Decrease
Assets	36.65	53.39
Liabilities	-	0.22
Expenditure	16.80	0.06
Income	0.22	-

2.6 Departures from Accounting Standards

In exercise of the powers conferred by Section 469 of the Companies Act, 2013, read with Section 129 (1) and Section 133 of the said Act, the Central Government, in consultation with National Advisory Committee on Accounting Standards prescribed Accounting Standards 1 to 7 and 9 to 29 as recommended by the Institute of Chartered Accountants of India.

The statutory auditor reported that 31 companies as detailed in ***Appendix-V*** departed from mandatory Accounting Standards.

However, during course of supplementary audit, the CAG observed that the following companies had not complied with the mandatory Accounting Standards which were not reported by their statutory auditors:

Accounting Standard	Name of the Company	Deviation
AS - 3 Cash Flow Statement	Aravali Power Company Private Limited	The fact that 'Cash and Bank Balances' included fixed deposits of ₹ 3.65 crore pertaining to Fly Ash Utilization Reserve and ₹ 2.70 crore with lien on account of issue of Letter of Credit by bank were not readily available for use was not disclosed.
	IFCI Venture Capital Fund Limited	The Company had neither disclosed components of cash and cash equivalents nor prescribed any accounting policy for determining the composition of cash and cash equivalents.
	IFIN Securities Finance Limited	
	IFIN Commodities Limited	
AS - 5 Net Profit or Loss for the Period, Prior Period Items and Changes in Accounting Policies	Antrix Corporation Limited	Prior period items amounting to ₹ 18.20 crore were shown under 'other income'.
	Chandigarh Schedule Caste Financial and Development Corporation Limited (2012-13)	Amount of Reserve for Bad and Doubtful Debts and Reserve for Relief & Common Good Fund had been shown as Exceptional Items.

	Fresh and Healthy Enterprises Limited	The impact of change in Accounting Policy on depreciation on Fixed Assets in compliance to the Companies Act, 2013 had not been disclosed.
	Kutch Railway Company Limited	The impact of revision of depreciation rates based on maximum useful life of Fixed assets as per Companies Act, 2013 had not been disclosed.
	National Film Development Corporation Limited	Impact due to change in Accounting Policies regarding treatment of cost of production of films and production of television serials/acquired programmes had not been disclosed.
AS – 9 Revenue Recognition	National Textile Company Limited	The company recognized interest of ₹ 21.94 crore on loan given to British India Corporation even though there was no budgetary support from Ministry of Textiles.
AS – 10 Accounting for Fixed Assets	NHPC Limited	Expenditure of ₹ 173.61 crore incurred on enabling assets not owned by the company were charged to Expenditure during Construction and transferred to Capital work in progress/capitalized.
	NTPC Limited	The company capitalized the expenditure of ₹ 167.99 crore incurred on assets not owned by the company under tangible Assets and Capital work in progress.
AS - 12 Accounting of Government Grants	IFCI Limited	General Reserve included ₹ 184.48 crore transferred from Grants received from GOI under KfW Loan despite it being of capital nature to be utilized for specified purposes for promotional activities of Industrial Development.
	Indian Drugs and Pharmaceuticals Limited (2012-13)	Accounting Policy adopted for Government Grants had not been disclosed.
AS-13 Accounting of Investment	IFCI Limited	The company had made a policy for provision against diminution in value of equity shares as per which no diminution was required to be provided till there was no default in buyback arrangement and the decline in book value of unquoted equity was more than 75 *per cent*. As a result of this policy, company had made no provision/ inadequate provision against long term investment of ₹734.31 crore in respect of six companies despite erosion of net worth, continuous cash losses, negative earnings, accumulated losses and having no buy-back commitment/ default in buy-back commitments by investee companies.
	Indian Drugs and Pharmaceuticals Limited (2012-13)	Despite permanent decline in the value of investment in three subsidiaries/joint venture companies, no provision had been made.

AS - 15 Employees Benefit	Rajasthan Drugs & Pharmaceuticals Limited	Employees benefit expenses did not include for accumulated half pay/sick leave standing at the credit of employees.
AS – 18 Related Party	Cement Corporation of India	The company had not disclosed name, remuneration paid to key management personnel and transactions with related parties.
	IFIN Securities Finance Limited	
	SBI Cards Payments Services Private Limited	
AS – 22 Deferred Tax Assets	Rajasthan Drugs & Pharmaceuticals Limited	The previously recognized Deferred Tax Assets had not been written down in the absence of virtual certainty of its realization.
	Indian Vaccines Company Limited	Deferred Tax Assets had been recognized though there was no income from operations and the expenditure incurred during the year exceeded the income from leasing of factory land and interest from Bank Deposits.
	Kanti Bijli Utpadan Nigam Limited	Deferred Tax Assets of ₹ 17.52 crore was not created.

2.7 Management Letters

One of the objectives of financial audit is to establish communication on audit matters arising from the audit of financial statements between the auditor and those charged with the responsibility of governance of the corporate entity.

The material observations on the financial statements of CPSEs were reported as comments by the CAG under Section 143 (5) of the Companies Act, 2013. Besides these comments, irregularities or deficiencies observed by CAG in the financial reports or in the reporting process, were also communicated to the management through a 'Management Letter' for taking corrective action. These deficiencies generally related to

- application and interpretation of accounting policies and practices,
- adjustments arising out of audit that could have a significant effect on the financial statements, and
- inadequate or non disclosure of certain information on which management of the concerned CPSE gave assurances that corrective action would be taken in the subsequent year.

During the year CAG issued 'Management Letter' to 104 CPSEs.

Chapter 3

Corporate Governance

3.1 Corporate Governance

The Companies Act, 2013 was enacted on 29 August 2013 replacing the Companies Act, 1956. In addition the Ministry of Corporate Affairs has also notified Companies Rules 2014 on Management and Administration (March 2015), Appointment and Qualification of Directors (January 2015), Meetings of Board and its powers (March 2015) and Accounts (October 2014). The Companies Act, 2013 together with the Companies Rules provide a robust framework for corporate governance. The requirement inter alia provide for:

- Qualifications for Independent Directors along with the duties and guidelines for professional conduct (Section 149(8) and Schedule IV thereof).
- Mandatory appointment of one woman director on the board of listed companies {Section 149(1)}.
- Mandatory establishment of certain committees like Corporate Social Responsibility Committee {Section (135)}, Audit Committee {Section 177(1)}, Nomination and Remuneration Committee {Section 178(1)}, and Stakeholders Relationship Committee {Section 178(5)}.
- Prescribed a minimum of four meetings of Board of Directors every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board {Section 173(1)}.

3.1.1 SEBI guidelines on Corporate Governance

With the enactment of the Companies Act 2013, SEBI has amended (April and September 2014) Clause 49 of the listing agreement to align it with the Corporate Governance provisions specified in the Companies Act, 2013.

3.1.2 DPE guidelines on Corporate Governance for Central Public Sector Enterprises

The DPE issued guidelines on Corporate Governance in November 1992 on the inclusion of non -official directors on the Board of Directors. DPE issued further guidelines in November, 2001 providing for inclusion of independent directors on the Board of Directors. To bring in more transparency and accountability in the functioning of CPSEs, the government in June, 2007 introduced the guidelines on Corporate Governance for CPSEs. These guidelines were voluntary in nature. These guidelines were implemented for an experimental period of one year. On the basis of the experience gained during this period, it was decided to modify and reissue the DPE guidelines in May, 2010. These guidelines have been made mandatory and applicable to all CPSEs. The guidelines issued by DPE covered areas like composition of Board of Directors, composition and functions of Board committees like Audit Committee, Remuneration committee, details on subsidiary companies, disclosures, reports and the schedules for implementation. All references to DPE guidelines in this chapter refer to the DPE guidelines issued in May, 2010 which are mandatory to all CPSEs. DPE has also incorporated Corporate Governance as a performance parameter in the MoUs of all CPSEs. In so far as listed CPSEs are concerned, they are required to comply with the SEBI guidelines on Corporate Governance in addition to complying with provisions in DPE guidelines.

3.1.3 Review of compliance by selected CPSEs of the Corporate Governance provisions

As on 31 March 2015, there were 570 Central Government Public Sector Enterprises (CPSEs) under the audit jurisdiction of the CAG of India. In the context of the policy of the government to grant more autonomy to the CPSEs, Corporate Governance has assumed importance. Under the Maharatna Scheme, CPSEs are expected to expand international operations and become global giants, for which effective Corporate Governance is imperative.

For the purpose of the review, an assessment framework was prepared based on the provisions contained in the Companies Act, 2013, guidelines issued by SEBI (April and September 2014) and the DPE guidelines on corporate governance (May 2010). The assessment framework consists of the composition and functions of the Board of Directors, code of conduct for Board members, composition and the terms of reference of Audit Committees etc.

The review covers compliance by CPSEs listed in various stock exchanges with the Corporate Governance provisions reflected in the assessment framework. The review covers 49 listed CPSEs under administrative control of various Ministries for the year ended 31 March 2015. List of the CPSEs is given in the ***Appendix-VI***. The audit findings of the review are presented in the following paragraphs.

3.2 Board of Directors

3.2.1 Non-executive Directors on the Board

Clause 49 (II) (A) (1) of listing agreement stipulates that the Board of Directors of the company shall have an optimum combination of executive and non-executive directors with not less than 50 *per cent* of the Board of Directors comprising non-executive directors. In the CPSEs listed in Table 3.1, the non-executive directors constituted less than 50 *per cent* of the total Board strength.

Table 3.1: Number of non-executive directors in CPSEs

Sl. No	Name of the PSE	Total Directors	No. of Non-executive Directors	Percentage
1	Andrew Yule and Company Limited	6	2	33
2	Balmer Lawrie & Co Limited	7	2	29
3	Bharat Electronics Limited	12	5	42
4	Bharat Heavy Electricals Limited	10	4	40
5	Bharat Petroleum Corporation Limited	9	4	44
6	Coal India Limited	7	2	29
7	Engineers India Limited	10	4	40
8	The Fertilizers and Chemicals Travancore Limited	6	2	33
9	GAIL (India) Limited	6	1	17
10	Indian Oil Corporation Limited	10	4	40
11	National Aluminium Company Limited	10	4	40
12	Neyveli Lignite Corporation Limited	8	2	25
13	NMDC Limited	11	3	27
14	Oil and Natural Gas Corporation Limited	9	3	33
15	Rural Electrification Corporation Limited	4	1	25
16	SJVN Limited	6	2	33
17	Steel Authority of India Limited	11	4	36
18	The Shipping Corporation of India Limited	8	2	25

3.2.2 Independent Directors

The Board is the most significant instrument of Corporate Governance. The presence of independent representatives on the Board, capable of taking an independent view on the decisions of the management are widely considered as a means of protecting the interests of shareholders and other stakeholders. In terms of Clause 49 (II) (A) (2) of listing agreement and Para 3.14 of the DPE guidelines, where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise of independent directors and, in case he is an executive director, at least half of the Board should comprise of independent directors. However, as per Clause 49 (II) (B) (1), 'independent director' shall mean a non-executive director, other than a nominee director of the company.

3.2.2.1 The review of composition of the Board of Directors revealed that the CPSEs listed in Table 3.2 did not have the required number of independent directors on their Board:

Table 3.2: CPSEs not having required number of independent directors

Sl. No.	Name of the CPSE	Total	Status of Chairman	Required	Actual
1	BEML Limited	11	Executive	6	3
2	Bharat Electronics Limited	12	Executive	6	3
3	Bharat Heavy Electricals Limited	10	Executive	5	2
4	Bharat Petroleum Corporation Limited	9	Executive	5	2
5	Chennai Petroleum Corporation Limited	10	Non-Executive	4	1
6	Container Corporation of India Limited	9	Executive	5	3
7	Engineers India Limited	10	Executive	5	3

Sl. No.	Name of the CPSE	Total	Status of Chairman	Required	Actual
8	Hindustan Copper Limited	10	Executive	5	4
9	Hindustan Fluoro Carbons Limited	6	Non-Executive	2	1
10	Hindustan Petroleum Corporation Limited	11	Executive	6	4
11	Hindustan Organic Chemicals Limited	7	Executive	4	1
12	India Tourism Development Corporation Limited	7	Executive	4	2
13	Indian Oil Corporation Limited	10	Executive	5	3
14	ITI Limited	9	Executive	5	3
15	KIOCL Limited	10	Executive	5	4
16	Mahanagar Telephone Nigam Limited	6	Executive	3	1
17	MMTC Limited	12	Executive	6	5
18	MOIL Limited	10	Executive	5	4
19	National Aluminium Company Limited	10	Executive	5	2
20	National Fertilisers Limited	9	Executive	5	3
21	NHPC Limited	7	Executive	4	2
22	NTPC Limited	11	Executive	6	2
23	Oil India Limited	12	Executive	6	5
24	ONGC Limited	9	Executive	5	1
25	Power Finance Corporation Limited	7	Executive	4	3
26	Power Grid Corporation of India Limited	12	Executive	6	5
27	Rashtriya Chemicals & Fertilizers Limited	7	Executive	4	1
28	State Trading Corporation Limited	8	Executive	4	2
29	Steel Authority of India Limited	11	Executive	6	2

3.2.2.2 There were no independent directors on the Board in respect of CPSEs given in Table 3.3.

Table 3.3: CPSEs not having any independent directors

Sl. No.	Name of the CPSE
1	Andrew Yule & Company Limited
2	Balmer Lawrie & Co. Limited
3	Balmer Lawrie Investments Limited
4	Coal India Limited
5	The Fertilizers and Chemicals Travancore Limited
6	GAIL (India) Limited
7	Hindustan Cables Limited
8	HMT Limited
9	Madras Fertilisers Limited
10	Mangalore Refinery & Petrochemicals Limited
11	National Building Construction Corporation Limited
12	Neyveli Lignite Corporation Limited
13	Rural Electrification Corporation Limited
14	SJVN Limited
15	Scooters India Limited
16	The Shipping Corporation of India Limited

3.2.2.3 Formal letter of appointment to Independent Directors

Clause 49 (II) (B) (4) (a) of the listing agreement (April 2014) stipulates that the company shall issue a formal letter of appointment to independent directors in the manner as provided in the Companies Act 2013. As per schedule IV of the Companies Act 2013, the appointment of Independent Directors shall be formalised through a letter of appointment which shall set out the terms and conditions of appointment. However it was observed that, in majority of the listed CPSEs, independent directors were appointed by the Government of India and no appointment letters detailing the terms and conditions were issued by the CPSEs listed in Table 3.4.

Table 3.4: CPSEs where no appointment letters issued

Sl. No.	Name of the CPSE
1	Hindustan Petroleum Corporation Limited
2	Mahanagar Telephone Nigam Limited
3	MMTC Limited

3.2.2.4 Training of Independent Directors

Clause 49 (II) (B) (7) (a) & (b) stipulate that the company shall provide suitable training to independent directors to familiarize them with the company, their roles, rights, responsibilities in the company, nature of the industry in which company operates, business model of the company etc. In addition, the company shall also disclose the details of such training in the Annual Report. However, it was observed that in the following CPSEs listed in Table 3.5, no such training was conducted for Independent Director.

Table 3.5: CPSEs where no training conducted for the Independent Directors

Sl. No.	Name of the CPSE
1	Hindustan Fluoro Carbons Limited
2	Hindustan Organic Chemicals Limited
3	Hindustan Photo Films Mfg. Company Limited
4	HMT Limited
5	KIOCL Limited
6	Mahanagar Telephone Nigam Limited
7	MMTC Limited
8	National Fertilisers Limited

In contravention of amendment to Clause 49 (II) (B) (7), the details of training were not disclosed on the website and a web link thereto in the Annual Report of the CPSEs given in Table 3.6.

Table 3.6: CPSEs where no training details given on website

Sl. No.	Name of the CPSE
1	GAIL(India) Limited
2	Indian Oil Corporation Limited
3	National Aluminium Company Limited
4	Rashtriya Chemicals & Fertilisers Limited
5	The Shipping Corporation of India Limited
6	Steel Authority of India Limited

3.2.3 Nominee Directors

As per para 3.1.3 of DPE guidelines (May 2010), the number of Nominee Directors appointed by Government/other CPSEs shall be restricted to a maximum of two.

However, it was observed that in the two CPSEs detailed in Table 3.7, the number of Nominee Directors on the Board exceeded the limit.

Table 3.7: CPSEs where number of nominee Directors exceeded limit

Sl. No.	Name of the CPSE	Number of Nominee Directors
1	Mangalore Refinery & Petrochemicals Limited	3
2	Balmer Lawrie Investments Limited	3

3.2.4 Meetings of Board of Directors

Section 173 (1) of Companies Act, 2013 and Clause 49 (II) (D) (1) of the listing agreement require that the Board shall meet at least four times in a year with a maximum time gap of 120 days between any two meetings. However, it was observed that Hindustan Cables Limited conducted only three board meetings during 2014-15.

3.2.5 Filling-up the posts of directors – functional, non-functional, independent

Timely filling up of vacancies in the posts of Directors ensures the availability of required skill and expertise in the management of the company. Any delay in filling of vacancies may hamper the effectiveness of the decision making process. Clause 49 (II) (D) (4) of the listing agreement stipulates that vacancy arising out of resignation or removal of an Independent Director should be done at the earliest but not later than the immediate next board meeting or three months from the date of such vacancy, whichever is later. However, it was observed that the posts of independent Directors were not filled (as on 31 March 2015) despite the lapse of three months. Further, it was also observed that vacancies of functional Directors were not filled as required under section 203(4) of the Companies Act, 2013, despite lapse of six months in the CPSEs given in Table 3.8.

Table 3.8: CPSEs where vacancies of functional and Independent Directors not filled up in time

Sl. No.	Name of the CPSE	Name of the post	Default in months
1	Balmer Lawrie & Co Limited	Independent Directors	19
2	BEML Limited	Independent Directors	14
3	Bharat Electronics Limited	Independent Directors	24
4	Bharat Heavy Electricals Limited	Director (E,R&D)	13
		Independent Directors	10
5	Coal India Limited	Independent Director	4
6	Dredging Corporation of India Limited	Independent Directors	48
7	HMT Limited	Director (Finance)	60
		Director (Operations)	8
		Independent Directors	60
8	KIOCL Limited	Independent Directors	5 to 19
9	MMTC Limited	CMD	47
		Company Secretary	17
10	MOIL Limited	Independent Directors	14
11	National Aluminium Company Limited	Independent Directors	9

Sl. No.	Name of the CPSE	Name of the post	Default in months
12	National Fertilisers Limited	Independent Directors	9
13	NHPC Limited	CMD	45
14	NTPC Limited	Independent Directors	5
15	Rural Electrification Corporation Limited	Independent Director	23
16	SJVN Limited	Independent Directors	22
17	State Trading corporation Limited	Directors (Marketing)	20 to 96
		Independent Directors	5 to 10
18	The Shipping Corporation of India Limited	CMD	7
		Director(T&OS)	3
		Director(Finance)	3
		Independent Directors	3

3.3 Audit Committee

3.3.1 Clause 49 (III) (A) of listing agreement stipulates that there shall be an Audit Committee with a minimum of three directors as members of which two-thirds shall be Independent Directors. However, no Audit Committee was constituted in respect of CPSEs as detailed in Table 3.9.

Table 3.9: CPSEs where no Audit Committees constituted

Sl. No.	Name of the CPSE
1	Andrew Yule & Company Limited
2	Dredging Corporation of India Limited
3	HMT limited
4	Scooters India Limited

3.3.2 Composition of Audit Committee

Two-thirds of the members of the Audit Committee were not Independent Directors in respect of the CPSEs as detailed in Table 3.10.

Table 3.10: CPSEs where two-thirds of the members of the Audit Committee were not Independent Directors

Sl. No.	Name of the CPSE
1	Chennai Petroleum Corporation Limited
2	Hindustan Fluoro Carbons Limited
3	Hindustan Organic Chemicals Limited
4	Mahanagar Telephone Nigam Limited
5	Mangalore Refinery & Petrochemicals Limited
6	Rashtriya Fertilisers & Chemicals Limited
7	Oil and Natural Gas Corporation Limited

3.3.3 Chairman of the Audit Committee

Clause 49 (III) (A) (3) stipulates that the Chairman of the Audit Committee shall be an Independent Director. However, it was observed that Chairman of the Audit committee in respect of Hindustan Organic Chemicals Limited was not an independent director despite having Independent Director on the Board.

3.3.4 Clause 49 (III)(A)(4) stipulates that the Chairman of the Audit Committee shall be present at Annual General Meeting (AGM) to answer shareholder queries. However, the Chairman of the Audit Committee of the CPSEs listed in Table 3.11 was not present in the AGM held during 2014-15.

Table 3.11: CPSEs where Chairman of the Audit Committee was not present in AGM

Sl. No.	Name of the CPSE
1	Bharat Immunological & Biologicals Limited
2	Engineers India Limited
3	The Fertilisers and Chemicals Travancore Limited
4	Hindustan Fluoro Carbons Limited
5	Hindustan Organic Chemicals Limited
6	Hindustan Photo Films Mfg. Company Limited
7	Neyveli Lignite Corporation Limited
8	The Shipping Corporation of India Limited

3.3.5 Meetings of Audit Committee

Clause 49 (III) (B) stipulates that the Audit Committee should meet at least four times in a year and not more than four months shall elapse between two meetings. The quorum shall be either two members or one-third of members of the Audit Committee whichever is greater, but a minimum of two Independent Directors must be present.

(i) It was observed that in Hindustan Cables Limited only one meeting and in Hindustan Photo Films Mfg. Company Limited only three meetings were held in the year 2014-15.

(ii) It was further noticed that the gap between two audit committee meetings exceeded four months in respect of Balmer Lawrie Investments Limited.

(iii) It was also observed that there were less than two independent directors present in one and four Audit Committee meetings not constituting the required quorum in National Aluminium Company Limited and Neyveli Lignite Corporation Limited respectively.

3.3.6 Clause 49 (III) (A) (5) stipulates that the Audit Committee may invite such of the executives, as it considers appropriate (and particularly the head of the finance function) to be present at the meetings of the Committee. The Audit Committee may also meet without the presence of any executives of the company. The Finance Director, Head of Internal Audit and a representative of the Statutory Auditor may be specifically invited to be present as invitees for the meetings of the Audit Committee as may be decided by the Chairman of the Audit Committee. In respect of the CPSEs detailed in Table 3.12, though the Finance Director, Head of Internal Audit and representative of Statutory Auditor were invited, but were not present in some of the Audit Committee meetings.

Table 3.12: CPSEs where Finance Director, Head of Internal Audit and representative of Statutory Auditor were not present

Sl. No.	Name of the CPSE	Invitee not attended	Number of meetings not attended
1	National Aluminium Company Limited	Head of Internal Audit and Statutory Auditor's representative	1
2	Balmer Lawrie Investments Limited	Statutory Auditor's representative	2
3	GAIL(India) Limited	Statutory Auditor's representative	4

3.3.7 Adequacy of internal audit function

Clause 49 (III) (D) (13) stipulates that the Audit Committee should review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure, coverage and frequency of internal audit. In respect of two CPSEs viz. Bharat Immunological & Biologicals Limited and The Shipping Corporation of India Limited, the Audit Committee has not reviewed the internal audit functions.

3.3.8 As per clause 49 (III) (D) (14) of the listing agreement it is also the responsibility of the Audit Committee to hold discussion with internal auditors of any significant findings and follow up there on. It was observed that, in respect of Rashtriya Fertilisers & Chemicals Limited, the audit committee was not conducted any discussion with internal auditors.

3.3.9 Whistle Blower Mechanism

Revised Clause 49 (II) (F) of the Listing Agreement stipulates that the company shall establish a vigil mechanism for directors and employees to report concerns about unethical behaviour, actual or suspected fraud or violation of the company's code of conduct or ethics policy. It was observed that, in the CPSEs listed in Table 3.13, there was no whistle blower mechanism.

Table 3.13: CPSEs not having whistle blower mechanism

Sl. No.	Name of the CPSE
1	Balmer Lawrie Investments Limited
2	BEML Limited
3	Bharat Immunological & Biologicals Corporation Limited
4	HMT Limited
5	Scooter India Limited

Clause 49 III (D) 18 stipulates the Audit Committee to review the functioning of the 'Whistle Blower Mechanism' in case the same exists in the company. In the CPSEs detailed in Table 3.14 below, though whistle blower mechanism exist, the Audit committee did not review it.

Table 3.14: CPSEs having whistle blower mechanism but not reviewed by audit Committee

Sl. No.	Name of the CPSE
1	Hindustan Photo Films Mfg. Company Limited
2	Hindustan Organic Chemicals Limited
3	Neyveli Lignite Corporation Limited
4	The Fertilizers and Chemicals Travancore Limited

3.3.10 Review of Supplementary Audit findings of CAG

All the CPSEs are subject to the audit of CAG of India as per the statutory mandate. Section 139(7) of the Companies Act, 2013, authorizes CAG to carry out supplementary audit of accounts of Government Companies. Hence it is also a responsibility of the Audit committee to review the findings and to check up the follow up action. In respect of Steel Authority of India Limited, Audit Committee has not reviewed the Management letter issued after conduct of supplementary audit.

3.3.11 Discussion with Statutory Auditors

Clause 49 (III) (D) (16) provides that the Audit Committee should hold discussion with statutory auditors before the audit commences about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern. In respect of CPSEs listed in Table 3.15, the Audit Committees did not hold any such discussion.

Table 3.15: CPSEs where Audit Committees did not hold discussion with statutory auditors

Sl. No.	Name of the CPSE	Discussion not held
1	Hindustan Fluoro Carbons Limited	No post-audit discussion
2	Steel Authority of India Limited	No pre-audit discussion
3	The Fertilizers and Chemicals Travancore Limited	No pre-audit discussion

3.4 Nomination and Remuneration Committee

Clause 49 (IV) stipulates that each CPSE shall constitute a Nomination and Remuneration Committee comprising of at least three Directors, all of whom should be non-executive Directors and at least half shall be independent. Chairman of the Committee shall be an Independent Director. However, there was no Remuneration Committee in the CPSEs as detailed in Table 3.16.

Table 3.16: CPSEs not having Remuneration Committee

Sl. No.	Name of the CPSE
1	Andrew Yule & Company Limited
2	Dredging Corporation of India Limited
3	Hindustan Cables Limited
4	Hindustan Organic Chemicals Limited
5	Hindustan Photo Films Mfg. Company Limited
6	Mahanagar Telephone Nigam Limited
7	National Building Construction Company Limited
8	The Fertilizers and Chemicals Travancore Limited

3.5 Subsidiary Companies

Clause 49 (V) (D) specifies that the company shall formulate a policy for determining material subsidiaries and such policy shall be disclosed to Stock Exchanges and in the Annual Report. In respect of HMT Limited no such disclosure was made.

3.6 Risk Management Committee

Clause 49 (VI) stipulates that the company through its Board of Directors shall constitute a Risk Management Committee. However, the CPSEs given in Table 3.17 were yet to form a Risk Management Committee:

Table 3.17: CPSEs not having a Risk Management Committee

Sl. No.	Name of the CPSE
1	Balmer Lawrie & Co. Limited
2	Coal India Limited
3	The Fertilizers and Chemicals Travancore Limited
4	HMT Limited
5	Hindustan Photo Films Mfg. Company Limited

3.7 Secretarial Audit

The Secretarial Audit (SA) is a part of legal compliance reporting system. Section 204(1) of the companies Act, 2013 prescribes that, every listed company shall annex with the Board's report a secretarial audit report prepared by a Company Secretary in practice. However, there was no secretarial audit in Bharat Immunological & Biologicals Corporation Limited and Hindustan Photo Films Mfg. Company Limited.

3.8 Conclusion

Out of 49 selected CPSEs, no Independent Directors had been appointed in 16 CPSEs; delays of more than three months were observed in filling vacancies of Independent Directors in 16 CPSEs; delays of more than six months were observed in filling up vacancies of functional Directors in the Board in six CPSEs; no Audit Committee was there in four CPSEs; no whistle blower mechanism was put in place in five CPSEs; no Nomination and Remuneration Committee were constituted in eight CPSEs.

3.9 Recommendation:

GOI may impress upon the respective Administrative Ministries/Departments to ensure compliance of guidelines so as to achieve the objectives of corporate governance in listed CPSEs.

CHAPTER 4

Management of surplus cash in CPSEs

4.1 Introduction

4.1.1 The Department of Public Enterprises (DPE) in the Ministry of Heavy Industries and Public Enterprises, Government of India (GOI) lays down policy guidelines on performance improvement, financial accounting and personnel management in the CPSE. As on 31st March 2015 there were 570 CPSEs under the audit jurisdiction of the Comptroller and Auditor General of India.

4.1.2 We have analysed the data in respect of 46[15] listed government companies and their four subsidiaries. The 46 listed CPSEs together accounted for around 12.89 *per cent* (₹ 13,50,506 crore) of the total market capitalization of all companies (₹ 104,79,396 crore) listed at BSE as of 31 July 2015. Cash and bank balance (CBB) of 46 listed CPSEs as on 31 March 2015 was ₹ 1,62,970 crore. The key financials for 2014-15 in respect of 46 listed CPSEs are given in Table 4.1.

Table 4.1: Key financials for 2014-15 in respect of 46 listed CPSEs

(₹ in crore)

Market Capitalization	Reserves	Cash and Bank Balance	Turnover	Profit Before Tax
13,50,506	6,82,784	1,62,970	15,60,107	1,30,705

4.2 Rationale for selection of Topic for review

4.2.1 An effective cash management system would balance the need to have adequate cash and cash equivalents with the need to channelise surplus cash into income yielding investments to maximise wealth for the shareholders. Previous study on management of surplus cash was conducted in respect of 31 CPSEs, covering a period of five years i.e. 2007-2012, and the audit findings were included in CAG's Report no. 2 of 2013.

4.2.2 High cash balances with the CPSEs raises the following issues. Are the CPSEs paying appropriate amount of dividends to their shareholders (mainly the GOI)? Do the CPSEs have effective Capital Expenditure plans in place?

4.3 Audit Objectives

The main audit objectives of this audit were to assess whether: (a) the dividend policy of CPSEs was in compliance with DPE guidelines and provisions of the Companies Act, and investors had received the fair reward for their investments; (b) the CPSEs had made plans for utilisation of surplus cash and bank balances; (c) the CPSEs have an

15 Excluding four listed CPSEs viz.(i) IRCON International Limited,(ii) Kudremukh Iron ore co. Ltd. (iii) Hindustan Photo films Mfg. Company Limited, (iv) Hindustan Cables Limited and one subsidiary government company viz. Eastern Investment Limited, whose shares were not traded during period of study 2012-15

investment policy for surplus cash which appropriately addresses the issues of safety, liquidity and profitability; and (d) the Board of Directors and the Ministry have taken cognizance of the high cash reserves and initiated action thereon.

4.4 Audit scope, criteria and methodology

4.4.1 The audit selected 36 listed CPSEs as given in ***Appendix–VII*** out of 46 CPSEs for audit whose CBB as on 31 March 2015 was more than ₹ 1,000 crore and/or turnover was more than ₹ 1,000 crore during 2014-15. Audit covered period of three years from 01 April 2012 to 31 March 2015. As would be seen from Table 4.2, 36 listed CPSEs had ₹ 1,62,019 crore of CBB as of 31 March 2015 which accounted for 99.42 *per cent* of total CBB held by 46 listed CPSEs.

Table 4.2: Key financials for 2014-15 of 36 listed CPSEs selected for audit

(₹ in crore)

Particulars	Listed CPSEs Numbers	CBBs as on 31 March 2015
CBB of listed CPSEs	46	1,62,970
Listed CPSEs with CBBs of ₹ 1000 crore or more	23	1,60,586
Listed CPSEs with turnover of over ₹ 1000 crore*	13	1,433
CPSEs selected for audit	36	1,62,019

Key financials of these 36 listed CPSEs as of 31 March 2015 (₹ in crore)

Market Capitalization	Reserves and Surplus	CBB	Turnover	Profit Before Tax
13,41,238[16]	6,82,772	1,62,019	15,56,223	1,31,150

*Other than CPSEs which have CBBs of ₹ 1,000 crore or more

4.4.2 Audit criteria included: guidelines from DPE, Administrative Ministry, and Finance Ministry; provisions of the Companies Act; CPSEs' decision, and CBB utilisation plans. Audit examined the relevant criteria, and records of CPSEs for audit conclusion.

4.5 Audit findings

4.5.1 Dividend payment

4.5.1.1 DPE O.M. No. 15(10)/2004 – DPE (GM) dated 18 October 2004 prescribed that all profit making CPSEs should pay dividend amounting to (a) 20 *per cent* (30 *per cent* in case of Oil, Petroleum, Chemical and other infrastructure companies) of PAT; OR (b) 20 percent of equity, whichever is higher. Out of 36 CPSEs, 30 CPSEs have paid a total dividend of ₹ 1,27,078 crore during 2012-15. Dividend pay-out or retention guided by the objective to maximise shareholders' wealth depends on factors like financial needs and liquidity position, and general expectation of the shareholders. The Companies Act also bestowed the authority for distribution of profit or reserves by way of dividend to the Board of Directors of the company and quantum of profit distribution decided by the Board cannot be increased.

[16] As on 31 July 2015

4.5.1.2 Four CPSEs as shown in Table 4.3 (A) and 4.3 (B) did not disburse minimum dividend as required by the DPE guidelines despite having sufficient profit after tax during 2014-15.

Table 4.3 (A): CPSE which did not pay minimum dividend of 20% of PAT or 20% Equity, whichever is higher, out of current year PAT

(₹ in crore)

CPSE	Closing CBB	Equity	20 % of equity	PAT	20 % of PAT	Dividend required to be paid	Dividend paid	Shortfall in dividend
(1)	(2)	(3)	(4)	(5)	(6)	(7) = higher of (4) or (6)	(8)	(9)
The Shipping Corporation of India Limited	1,256	465	93	201	40	93	0	93
							Sub-total of 4.3(A)	**93**

Table 4.3 (B): CPSEs which did not pay minimum dividend of 30 % of PAT or 20% Equity, whichever is higher, out of current year PAT

(₹ in crore)

CPSEs	Closing CBB	Equity	20 % of equity	PAT	30% of PAT	Dividend required to be paid	Dividend paid	Shortfall in dividend
(1)	(2)	(3)	(4)	(5)	(6)	(7) = higher of (4) or (6)	(8)	(9)
Power Grid Corporation of India Limited	2,063	5,232	1,046	4,979	1,494	1,494	1,046	448
GAIL (India) Limited	1,142	1,268	254	3,039	912	912	761	151
NTPC Limited	12,879	8,245	1,649	10,291	3,087	3,087	2,061	1,026
							Sub-total of 4.3 (B)	**1,625**
Total shortfall in dividend payment with reference to DPE guidelines 4.3 (A) plus 4.3 (B)								**1,718**

4.5.1.3 The issue was previously raised in para 7.2.1 (Chapter 7 Management of Surplus cash by CPSEs) in CAG report No. 2 of 2013 that since dividend is to be paid out of profits earned by the CPSE, it would not be possible to comply with provision of 20 *per cent* of PAT or 20 *per cent* equity, whichever is higher, in all those cases where the entire amount of PAT for a particular year is less than amount of 20 *per cent* of equity. In this respect Ministry replied that dividend would be paid out of profits of the company for the financial year, or out of the profits for the previous financial years or out of both. Table 4.4(A) and 4.4(B) shows that three CPSEs did not disburse minimum dividend as required by DPE due to inadequate PAT in the relevant year, although they had sufficient free reserves, and had sufficient CBB to pay the required minimum dividend.

(₹ in crore)

Table 4.4 (A) : CPSEs which did not pay minimum dividend of 20 % of PAT or 20% Equity, whichever is higher, despite having sufficient past reserves and CBB

CPSEs	Financial Year	Closing Free reserve[17]	CBB	Equity	20 % of equity	PAT	20% of PAT	Dividend required to be paid	Dividend paid	Shortfall in dividend
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) =higher of (6) or (8)	(10)	(11)
Hindustan Copper Limited	2014-15	1,182	320	463	93	68	14	93	14	79
BEML Limited	2014-15	2,022	145	42	8	7	1	8	4	4
Sub-total of 4.4 (A)										**83**

Table 4.4 (B) : CPSEs which did not pay minimum dividend of 30 % of PAT or 20% Equity, whichever is higher despite having sufficient past reserves and CBB **(₹ in crore)**

CPSEs	Financial Year	Closing Free reserve	CBB	Equity	20 % of equity	PAT	30% of PAT	Dividend required to be paid	Dividend paid	Shortfall in dividend
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9) =higher of (6) or (8)	(10)	(11)
NHPC Limited	2012-13	14,135	5,616	12,301	2,460	2,348	704	2,460	738	1,722
	2013-14	12,068	5,304	11,071	2,214	979	294	2,214	332	1,882
	2014-15	13,867	5,422	11,071	2,214	2,125	638	2,214	664	1,550
Sub-total of 4.4 (B)										**5,154**
Total shortfall in dividend payment with reference to DPE guidelines 4.4(A) plus (B)										**5,237**

4.5.2 Issue of bonus shares

4.5.2.1 Issuing bonus shares by CPSEs helps in promoting active trading of the company's shares in the stock market through a reduction in the market price per share; and to serve as a strong indication to the stock market about the company's financial strength through its continued ability to service its larger equity base. DPE guidelines[18] of November 1995 as updated in November 2011 laid down the procedure for issue of bonus shares by CPSEs. As per these guidelines:

- The CPSEs which are carrying substantial reserves in comparison to their paid up capital should issue Bonus Shares to capitalise the reserves;
- CPSEs should also consider the need for increasing their authorised capital to accommodate the release of bonus shares; and
- Each Administrative Ministry may direct the enterprises under their control that CPSEs with reserves in excess of three times their paid up capital should immediately consider the scope of issuing bonus shares.

17 Closing free reserves include general reserves, surplus and share premium reserves.

18 DPE O.M. No. DPE/12(6)/95 dated 10 November 1995 and DPE O.M. No. DPE/13(21)/1 dated 25 November 2011

4.5.2.2 Audit observed that nine out of 36 CPSEs were not required to issue bonus shares as their paid-up capital was less than three times of their reserves. 24 CPSEs whose paid-up capital to reserve ratio was more than 1:3 did not issue bonus shares as given in Table 4.5. Three CPSEs viz. Balmer Lawrie & Co. Limited, Bharat Petroleum Corporation Limited and Container Corporation of India Limited issued bonus shares during 2012-15 but their paid-up capital to reserve ratio remained more than 1:3 (Table 4.6). The concerned Administrative Ministry did not issue directives for issue of bonus shares in respect of 11 CPSEs namely, Balmer Lawrie & Co. Limited, Bharat Petroleum Corporation Limited, BEML Limited, Coal India Limited, NMDC Limited, National Buildings Construction Corporation Limited, Power Finance Corporation Limited, Power Grid Corporation of India Limited, Rashtriya Chemicals and Fertilizers Limited, Rural Electrification Corporation Limited and Oil and Natural Gas Corporation Limited. BEML Limited did not issue bonus shares despite in- principle approval of Board in May 2012.

Table 4.5: CPSEs which did not issue bonus shares

(₹ in crore)

Name of the CPSE	Paid Up Capital	Free Reserves	No. of times reserves
	As on 31 March 2015		
(1)	(2)	(3)	(4=3/2)
BEML Limited	42	2,022	48.14
Bharat Electronics Limited	80	7,756	96.95
Bharat heavy Electricals Limited	490	33,559	68.49
Chennai Petroleum Corporation Limited	149	1,506	10.11
Coal India Limited	6,316	32,265	5.11
Engineers India Limited	168	2,369	14.10
GAIL (India) Limited	1,268	27,620	21.78
Hindustan Petroleum Corporation Limited	339	15,330	45.22
Indian Oil Corporation Limited	2,428	62,646	25.80
MMTC Limited	100	1,259	12.59
MOIL Limited	168	3,214	19.13
National Aluminium Company Limited	1,289	11,508	8.93
National Buildings Construction Corporation Limited	120	1,204	10.03
Neyveli Lignite Corporation Limited	1,678	12,687	7.56
NMDC Limited	396	31,935	80.64
NTPC Limited	8,245	69,149	8.38
Oil and Natural Gas Corporation Limited	4,278	1,40,306	32.80
Oil India Limited	601	20,898	34.77
Power Finance Corporation Limited	1,320	17,165	13
Power Grid Corporation of India Limited	5,232	26,548	5.07
Rashtriya Chemicals and Fertilizers Limited	552	2,159	3.91
Rural Electrification Corporation Limited	987	13,497	13.67
Steel Authority of India Limited	4,131	38,336	9.28
The Shipping Corporation of India Limited	466	4,577	9.82

Table 4.6 : Paid capital and free reserves of three CPSE as on 31 March 2015 whose ratio remained more than 1:3 despite issue of bonus shares

(₹ in crore)

Name of the CPSE	Paid Up Capital	Free Reserves	No. of times reserves
Balmer Lawrie & Co. Limited	29	875	30.17
Bharat Petroleum Corporation Limited	723	21,176	29.29
Container Corporation of India Limited	195	7,441	38.16

4.5.2.3 CPSEs' management replied the following:

- Steel Authority of India Limited stated (18 November 2015) that the Board did not agree to the proposal for issue of bonus shares in their meeting held on 12 February 2013.
- MMTC Limited stated (6 November 2015) that keeping in view the required fund outflow for meeting the expenditure plan, it was not feasible to issue bonus shares.
- Rashtriya Chemicals and Fertilizers Limited stated (13 October 2015) that issue of bonus shares means compromising the dividend rate.
- Oil India Limited stated (30 October 2015) that issue of bonus shares means that the earning per share get reduced due to increase in number of shares and frequent issue of bonus shares would have adverse effect on the Navratna status of the Company.
- National Buildings Construction Corporation Limited stated (13 November 2015) that issue of bonus shares will be decided after disinvestment of 10 per cent Government of India shareholding together with raising of 10 per cent fresh issue of shares for business development.
- Oil and Natural Gas Corporation Limited stated (9 November 2015) that there are no guidelines/directives for issue of bonus shares from MoPNG.
- Neyveli Lignite Corporation Limited stated (5 November 2015) that the DPE guidelines of issue of bonus shares could not be adhered due to meeting targeted investment of 12^{th} plan period.

4.5.3 Buy back of shares

4.5.3.1 A company may decide to return the surplus cash by buying back its shares when it has surplus cash and do not have the right avenue to invest such surplus cash. DPE O.M. No. DPE/14(24)/2011 – Fin. dated 26 March 2012 on buy back of shares states that:

- CPSEs are encouraged to buy back their shares to provide sustained investor interest in the Company and protect their market capitalisation in the long term interest of the Company's ability to raise funds from the market; and

- CPSEs will amend their Articles of Associations (AoA) to provide for buyback of shares, if such provision does not exist in their articles.

4.5.3.2 Audit observed that in case of eight CPSEs, managements have yet to amend AoA to provide for buyback of shares. Articles of Associations provides for buyback of shares in 24 CPSEs, but except NHPC Limited, buy back of shares was not done by 23 CPSEs, while in respect of four CPSEs viz. Bharat Electronics Limited, Oil India Limited, Indian Oil Corporation Limited and The Fertilizers and Chemicals Travancore Limited information was not available.

4.5.3.3 There were 11 CPSEs which had average CBB of more than ₹ 1000 crore in last 12 quarters ending March 2015 and also had a comfortable CBB and reserve and surplus position with no or insignificant long-term borrowings as shown in Table 4.7. These CPSEs could have considered buying back their own shares.

Table 4.7: CPSEs which could have considered issue of bonus shares and/or buy back of shares

(₹ in crore)

Name of the CPSE	Average CBB of last 12 quarters	As on March 2015		During 2014-15		
		Reserves & Surplus	Long term borrowing	Dividend Paid	Planned CAPEX	Actual CAPEX
Bharat Electronics Limited	4,956	7,805	0	234	625	218
Bharat Heavy Electricals Limited	7,691	33,595	61	284	493	395
Coal India Limited	60,729	34,037	202	13,075	5,225	5,173
Container Corporation of India Limited	2,851	7,440	0	261	1,146	1,037
Engineers India Limited	1,900	2,399	0	168	176	173
MOIL Limited	2,608	3,214	0	143	192	115
National Aluminium Company Limited	4,060	11,509	0	451	2,739	282
National Buildings Construction Corporation Limited	1,310	1,204	0	66	No Plan	No Plan
NMDC Limited.	20,775	31,935	0	3,390	7,825	3,136
Oil and Natural Gas Corporation Limited	14,534	1,40,323	0	8,128	16,531*	2,770*
Oil India Limited	11,167	20,913	8,341	1,202	3,632	3,774

*Average of three years ending March 2015.

4.5.3.4 Out of 36 CPSEs, it was observed in MOUs of 23 CPSEs with their respective administrative ministries that utilisation of surplus cash was not included as a financial parameter for monitoring the performance of that CPSE. Data was not available in respect of remaining CPSEs.

4.5.4 Investment Policy and procedures in CPSEs for investing surplus cash

4.5.4.1 DPE O.M. No. 4/3/92 – Fin dated 27 June 1994 and O.M. No. 4/6/94 – Fin dated 14 December 1994 suggested that: investment policy should be clear cut and transparent; investment should be made only in instruments with maximum safety; the surplus availability may be worked out by preparation of best estimates of availability of funds by the CPSEs and the Administrative Ministry may be kept informed; Board of Directors of all CPSEs should ensure that decision regarding investments of funds are transparent and taken within delegated authority; and such proper authority is monitored by the Board. 10 out of 36 CPSEs namely, MMTC Limited, NMDC Limited, Bharat Electronics Limited, BEML Limited, SJVN Limited, MOIL Limited, The Shipping Corporation of India Limited, Madras Fertilizers Limited, The Fertilizers and Chemicals Travancore Limited and Rashtriya Chemicals and Fertilizers Limited did not formulate their investment policy for surplus cash.

4.5.4.2 Constitution of a sub-committee for investments

According to O.M. No. 4/6/94 – Fin dated 14 December 1994, decision on investment of surplus funds shall be taken by CPSEs Board. However, decisions on investments involving short term funds up to one year maturity and up to a prescribed limit of investment may be delegated to a designated group of Director(s), which should invariably include Chairman cum Managing Director and Director (Finance)/Head of Finance, besides others. Where such delegation is made, the delegation order should spell out the levels of approval and the powers of each official, which should be strictly observed. However, in case of Rashtriya Chemicals and Fertilizers Limited and The Shipping Corporation of India Limited, the powers were solely vested with the Chairman/ Director (Finance) jointly and no sub-committee as required by DPE was constituted. In case of remaining CPSEs, sub-committee for investments was formed, except for four CPSEs viz. BEML Limited, Madras Fertilizers Limited, Mahanagar Telephone Limited and The Fertilizers and Chemicals Travancore Limited where data was not available.

4.5.4.3 Composition of Investments

DPE O.M. No.DPE/11(47)/2006 – Fin. dated 11 April 2008 in respect of surplus of funds states that "at least to the extent of 60 *per cent* of funds under the control of Ministries/Departments/Other agencies/Entities etc. be placed with Public Sector Banks." The Composition of cash in hand and investments of 36 CPSEs is given in ***Appendix-VIII*** and Table 4.8. All the CPSEs except Hindustan Copper Limited (during 2014-15) had invested at least 60 *per cent* of their funds in Public Sector Banks.

Table 4.8: Composition of cash in hand and investments of 36 CPSEs as on 31 March 2015

(₹ in crore)

Composition	Cash and stamps in hand	Bank/ FDs	Govt. Bonds etc.	Equity & Mutual Funds	Corporate Deposits	Misc.	Total
Total	791	1,61,161	34,885	59,519	2,124	3,241	2,61,721
Percentage	0.30	61.58	13.33	22.74	0.81	1.24	100

4.5.4.4 Safe Custody of investments and Physical verification

The investments have to be kept under safe custody and should be periodically verified for title of ownership and physical presence to avoid frauds. The documents to be verified include the (i) Fixed Deposit/ Term Deposit receipts; (ii) Account Statements of Banks indicating the electronic holding of investments etc. There was arrangement for safe custody of investments and periodic physical verification of title of ownership in case of 28 CPSEs. Physical verification of fixed deposits was not conducted in National Fertilizers Limited during 2012-15. In case of remaining CPSEs complete data was not available.

4.6 Governance by Board and Oversight by Ministry

The Board of Directors is responsible for the overall supervision of the performance of the company and play a key role in advising the Company in investment decisions. The Administrative Ministry monitors the performance of the CPSEs through the Memorandum of Understanding (MoU) signed by the CPSEs with them. Governance by CPSEs' Board and oversight of Ministry vis-a-vis compliance with DPE guidelines may be seen in following conclusion.

4.7 Conclusion

- Four CPSEs did not disburse minimum dividend of ₹ 1,718 crore as required by the DPE guidelines, despite having sufficient profit after tax;

- Three CPSEs did not disburse minimum dividend of ₹ 5,237 crore as required by DPE, due to insufficient PAT, despite having large free reserves;

- In case of 27 CPSEs, free reserves were in excess of thrice of their paid up capital. However, bonus shares were not issued as required by DPE in case of 24 CPSEs. In case of three CPSEs namely Balmer Lawrie & Co. Limited, Container Corporation of India Limited and Bharat Petroleum Corporation Limited, even after issue of bonus shares their reserves remained more than three times of their paid up capital. They did not consider issue of bonus shares as per DPE guidelines;

- In case of eight CPSEs, managements have yet to amend Articles of Association to provide for buyback of shares as required by DPE;

- Utilisation of surplus cash is not included as a financial parameter to monitor performance in MOUs of 23 CPSEs; and

- 10 CPSEs namely, MMTC Limited, NMDC Limited, Bharat Electronics Limited, BEML Limited, SJVN Limited, MOIL Limited, The Shipping Corporation of India Limited, Madras Fertilizers Limited, The Fertilizers and Chemicals Travancore Limited and Rashtriya Chemicals and Fertilizers Limited did not formulate their investment policy for investing surplus cash as required by DPE.

4.8 Recommendation

Oversight of Board and the Administrative Ministry may be strengthened over management of surplus cash held by the CPSEs and compliance to DPE guidelines ensured.

New Delhi
Dated : 31 March 2016

(PRASENJIT MUKHERJEE)
Deputy Comptroller and Auditor General
and Chairman, Audit Board

Countersigned

New Delhi
Dated : 1 April 2016

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

APPENDICES

APPENDIX-I

(As referred to in Para No.1.1.3 and 2.3.2)

List of new/ceased government companies/ government controlled other companies

Sl. No.	Name of the company
New Government companies	
1	BEL-Thales Systems Limited
2	Bundelkhand Saur Urja Limited
3	Chattisgarh WR Transmission Limited
4	Gadarwara (B) Transmission Limited
5	Gadarwara(A) Transco Limited
6	HLL Infratech Services Limited
7	IRCON PB Tollway Limited
8	Karnataka Vijaynagar Steel Limited
9	Maheshwaram Transmission Limited
10	Mohindergarh-Bhiwani Transmission Limited
11	Nagpur Metro Rail Corporation Limited
12	National Credit Guarantee Trustee Company Limited
13	National Highways & Infrastructure Development Corporation Limited
14	NBCC Services Limited
15	ONGC-Mangalore Petrochemicals Limited
16	Powergrid Jabalpur Transmission Limited
17	Railtel Enterprises Limited
18	Raipur-Rajnandgaon Warora Transmission Limited
19	SHCIL Projects Limited
20	SHCIL Services Limited
21	Sipat Transmission Limited
22	South Central East Delhi Power Transmission Limited
23	Stock Holding Corporation of India Limited
24	Visakhapatnam Port Logistics Park Limited
New Government controlled other companies	
1	Avantika Gas Limited
2	Bhagyanagar Gas Limited
3	BOI Merchant Bankers Limited
4	Central U.P Gas Limited
5	DMICDC Neemrana Solar Power Company Limited
6	Green Gas Limited
7	Haridaspur Paradeep Railway Company Limited
8	Kochi Salem Pipelines Private Limited
9	Maharashtra Natural Gas Limited
10	Media Lab Asia
11	Mumbai Aviation Fuel Farm Facilities Private Limited

APPENDIX-I (Cont'd)
(As referred to in Para No.1.1.3 and 2.3.2)

New Government controlled other companies	
12	Railway Sports Promotion Board
13	SBICAP Securities Limited
14	SBICAP Trustee Limited
15	SBICAP Ventures Limited

Ceased Government companies	
1	Darbhanga-Motihari Transmission Company Limited
2	IDBI Infrafin Limited
3	IISCO Ujjain Pipe and Foundry Company Limited
4	Kudgi Transmission Limited
5	NRSS XXIX Transmission Limited
6	NRSS XXXI (B) Transmission Limited
7	Patran Transmission Company Limited
8	Purulia & Kharagpur Transmission Company Limited
9	RAPP Transmission Company Limited
10	State Farms Corporation of India Limited
11	Vayudoot Limited
Ceased Government controlled other companies	
1	MCX Stock Exchange Limited. (Metropolitan Stock Exchange of Limited)
2	North Bengal Dolomite Company Limited

APPENDIX-II A
(As referred to in Para No.1.1.3 and 2.3.2)
Accounts in arrears or company under liquidation
A. Government companies and Statutory corporation

Sl. No.	Name of the Company	Year for which Accounts not received by 30 September 2015
STATUTORY CORPORATIONS		
1	Food Corporation of India	2014-15
LISTED GOVERNMENT COMPANIES		
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES		
2	Hindustan Cables Limited	2014-15
GOVERNMENT COMPANIES		
AGRO BASED INDUSTIRES		
3	Agrinnovative India Limited	2014-15
CHEMICALS AND FERTILIZERS		
4	Hindustan Antibiotics Limited	2014-15
5	Hindustan Fertilizers Corporation Limited	2014-15
6	HOC Chematur Limited	2014-15
7	Indian Drugs and Pharmaceuticals Limited	2013-14 to 2014-15
CIVIL AVIATION		
8	Air India Air Transport Services Limited	2013-14, 2014-15
9	Air India Charters Limited	2014-15
10	Air India Engineering Services Company Limited	2014-15
11	Air India Limited	2014-15
12	Airlines Allied Services Limited	2014-15
13	Hotel Corporation of India Limited	2014-15
FINANCE		
14	Security Printing and Minting Corporation of India Limited	2014-15
HEALTH & FAMILY WELFARE		
15	Indian Medicines and Pharmaceuticals Corporation Limited	2014-15
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES		
16	Bharat Bhari Udyog Nigam Limited	2014-15
17	Bharat Pumps and Compressors Limited	2014-15
18	Hindustan Paper Corporation Limited	2014-15
19	Triveni Structurals Limited	2013-14, 2014-15
PETROLEUM & NATURAL GAS		
20	Biecco Lawrie Limited	2014-15
21	Kerala GAIL Gas Limited	2014-15
SCIENCE AND TECHNOLOGY		
22	National Research Development Corporation of India Limited	2014-15
TEXTILES		
23	Birds Jute and Exports Limited	2014-15
24	The British India Corporation Limited	2014-15

APPENDIX-II A (Cont'd)
(As referred to in Para No.1.1.3 and 2.3.2

Sl. No.	Name of the Company	Year for which Accounts not received by 30 September 2015
UNION TERRITORY ADMINISTRATION		
25	Chandigarh Industrial and Tourism Development Corporation Limited	2014-15
26	Chandigarh Scheduled Caste Financial and Development Corporation Limited	2014-15
UNLISTED GOVERNMENT COMPANIES		
CHEMICALS AND FERTILIZERS		
**27	Bengal Immunity Limited	Under liquidation
**28	Bihar Drugs and Organic Chemicals Limited	2012-13 to 2014-15
**29	IDPL Tamilnadu (Pvt) Limited	2006-07 to 2014-15
**30	Maharashtra Antibiotics and Pharmaceuticals Limited	Under liquidation
**31	Manipur State Drugs and Pharmaceuticals Limited	Defunct
**32	Orissa Drugs and Chemicals Limited	Under liquidation
**33	Smith Stanistreet Pharmaceuticals Limited	Under liquidation
**34	The Southern Pesticides Corporation Limited	Under liquidation
COMMERCE AND INDUSTRY		
**35	Tea Trading Corporation of India Limited	Under liquidation
COMMUNICATIONS AND INFORMATION TECHNOLOGY		
**36	Electronics Trade and Technology Development Corporation Limited	Under liquidation
FINANCE		
**37	Industrial Investment Bank of India Limited	Under liquidation (2012-13 to 2014-15)
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES		
**38	Bharat Brakes and Valves Limited	Under liquidation
**39	Bharat Opthalmic Glass Limited	Under liquidation
**40	Bharat Process and Mechanical Engineers Limited	Under liquidation
**41	Bharat Yantra Nigam Limited	Under liquidation
**42	Cycle Corporation of India Limited	Under liquidation
**43	Mandya National Paper Mills Limited	Under liquidation
**44	Mining and Allied Machinery Corporation Limited	Under liquidation
**45	National Industrial Development Corporation Limited	Under liquidation
**46	Rehabilitation Industries Corporation Limited	Under liquidation
**47	Reyroll Burn Limited	Under liquidation
**48	Tannery and Footwear Corporation of India Limited	Under liquidation
**49	Tyre Corporation of India Limited	2012-13 to 2014-15
**50	Weighbird (India) Limited	Under liquidation
DEVELOPMENT OF NORTH EASTERN REGION		
51	North Eastern Regional Agricultural Marketing Corporation Limited	2014-15
POWER		
**52	Bundelkhand Saur Urja Limited	First accounts not received 2014-15
ROAD TRANSPORT AND HIGHWAYS		
**53	Indian Road Construction Corporation Limited	Under liquidation

APPENDIX-II A (Cont'd)
(As referred to in Para No.1.1.3 and 2.3.2)

Sl. No	Name of the Company	Year for which Accounts not received by 30 September 2015
TEXTILES		
**54	Brushware Limited	Under liquidation
**55	Cawnpore Textiles Limited	Defunct
**56	The Elgin Mills Company Limited	Defunct
URBAN DEVELOPMENT		
**57	Nagpur Metro Rail Corporation Limited.	First accounts not received 2014-15
UNION TERRITORY ADMINISTRATION		
**58	Chandigarh Child and Woman Development Corporation Limited	2008-09 to 2014-15

APPENDIX-II B
(As referred to in Para No.1.1.3 and 2.3.2)
Accounts in arrears or company under liquidation/defunct
B. Government controlled other companies

Sl. No	Name of the Company	Year for which Accounts not received by 30 September 2015
**1.	Accumeasures (Punjab) Limited	Under liquidation
**2.	Allied International Products Limited	Defunct
**3.	Becker Grey and Company Limited	Defunct
**4.	Bihar Industrial and Technical Consultancy Organization Limited	Defunct
**5	Excellcier Plants Corporation Limited	Under liquidation
**6.	Flavourit Spices Trading Limited	2012-13 to 2014-15
**7.	Gangavati Sugars Limited	Under liquidation
**8	Gas and Power Investment Company Limited	2013-14, 2014-15
**9	India Clearing and Depository Services Limited	Under liquidation
**10	J&K Industrial and Technical Consultancy Organisation Limited	Defunct
**11	Media Lab Asia	First accounts not received – 2014-15
12	Meenachil Treated Rubberwood (P) Limited	2014-15
**13	Millennium Information Systems Limited	Under liquidation
**14	Nalanda Ceramics and Industries Limited	Defunct
**15	Railway Sports Promotion Board	First Accounts not received -2014-15
**16	North Eastern Industrial and Technical Consultancy Organisation Limited	2010-11 to 2014-15
**17	Orissa Industrial and Technical Consultancy Organisation Limited	Defunct
18	Pamba Rubbers Limited	2014-15
**19	Pazassi Rubbers (P) Limited	Under liquidation
20	Ponmudi Rubbers (P) Limited	2013-14, 2014-15
21	Rubberwood India (P) Limited	2014-15
22	Textile Processing Corporation of India Limited	Under liquidation
23	UP Industrial and Technical Consultants Limited	2014-15
**24	Wagon India Limited	Under liquidation

APPENDIX - III
(As referred to in Para No.1.3.2)
Shortfall in dividend declared by government companies

(₹ in crore)

Sl. No	Name of the CPSE	Paid up Capital	Profit After Tax	Dividend declared	20% of Paid up Capital	20 % of Profit after Tax	Minimum Dividend required to be declared	Shortfall in Dividend
LISTED GOVERNMENT COMPANIES								
CHEMICALS AND FERTILIZERS								
1	Rashtriya Chemicals and Fertilizers Limited	551.69	322.06	99.30	110.34	64.41	110.34	11.04
Power								
2	SJVN Limited	4136.63	1676.75	434.35	827.33	335.35	827.33	392.98
SHIPPING								
3	Dredging Corporation of India Limited	28.00	62.41	8.40	5.60	12.48	12.48	4.08
UNLISTED GOVERNMENT COMPANIES								
AGRICULTURE								
4	National Seeds Corporation Limited	54.17	38.84	8.13	10.83	7.77	10.83	2.70
ATOMIC ENERGY								
5	Nuclear Power Corporation of India Limited	10174.33	2200.75	639.13	2034.87	440.15	2034.87	1395.74
6	Electronics Corporation of India Limited	163.37	50.18	10.04	32.67	10.04	32.67	22.63
COMMUNICATIONS AND INFORMATION TECHNOLOGY								
7	Telecommunications Consultants of India Limited	43.20	21.37	2.58	8.64	4.27	8.64	6.06
HEAVY INDUSTRIES AND PUBLIC ENTERPRISES								
8	Bridge and Roof Company (India) Limited	54.99	14.60	1.37	11.00	2.92	11.00	9.63
HOUSING AND URBAN POVERTY ALLEVIATION								
9	Housing and Urban Development Corporation Limited	2001.90	777.63	100.01	400.38	155.53	400.38	300.37
MINES								
10	Mineral Exploration Corporation Limited	119.55	59.44	11.96	23.91	11.89	23.91	11.95
NEW AND RENEWABLE ENERGY								
11	Indian Renewable Energy Development Agency Limited	784.60	271.97	54.40	156.92	54.39	156.92	102.52

APPENDIX- III (Cont'd)

(₹ in crore)

Sl. No	Name of the PSU	Paid up Capital	Profit After Tax	Dividend declared	20% of Paid up Capital	20% of Profit after Tax	Minimum Dividend required to be declared	Shortfall in Dividend
POWER								
12	REC Power Distribution Company limited	0.05	34.77	0.50	0.01	6.95	6.95	6.45
13	DNH Power Distribution Corporation Limited	80.00	42.84	0.80	16.00	8.57	16.00	15.20
14	NHDC Limited	1962.58	766.46	231.58	392.52	153.29	392.52	160.94
RAILWAYS								
15	RailTel Corporation of India Limited	320.94	120.94	17.00	64.19	24.19	64.19	47.19
SHIPPING								
16	Cochin Shipyard Limited	113.28	235.07	16.99	22.66	47.01	47.01	30.02
STEEL								
17	MECON Limited	52.74	20.27	9.09	10.55	4.05	10.55	1.46
	Total Shortfall							**2520.96**

APPENDIX - IV
(As referred to in Para No.1.6)
Corporate Social Responsibility – Unspent amount

(₹ in crore)

Sl no	Name of the CPSE	Prescribed CSR Expenditure	CSR Amount Unspent
1	Antrix Corporation Limited	5	5
2	Bharat Coking Coal Limited	33	19
3	Bharat Dynamics Limited	9	4
4	Bharat Heavy Electricals Limited	164	63
5	Bharat Petroleum Corporation Limited	76	42
6	DNH Power Distribution Corporation Limited	2	1
7	Eastern Coalfields Limited	28	13
8	Export Credit Guarantee Corporation of India Limited	5	2
9	GAIL (India) Limited	119	10
10	General Insurance Corporation of India	27	9
11	Hindustan Aeronautics Limited	69	24
12	Housing and Urban Development Corporation Limited	21	17
13	India Trade Promotion Organisation	3	3
14	Indian Oil Corporation Limited	113	20
15	Mahanadi Coalfields Limited	114	53
16	Mazagon Dock Limited	13	13
17	MECON Limited	3	3
18	National Aluminium Company Limited	20	1
19	National Insurance Company Limited	12	8
20	National Seeds Corporation Limited	13	1
21	NHDC Limited	19	16
22	NMDC Limited	190	2
23	Northern Coalfields Limited	80	19
24	NTPC Limited	283	78
25	NTPC Vidyut Vyapar Nigam Limited	1	1
26	Nuclear Power Corporation of India Limited	53	47
27	Oil and Natural Gas Corporation Limited	661	165
28	The Oriental Insurance Company Limited	8	2
29	Power Finance Corporation Limited	117	66
30	Power Grid Corporation of India Limited	111	63
31	Rashtriya Ispat Nigam Limited	14	4
32	REC Power Distribution Company limited	1	1
33	Rural Electrification Corporation Limited	103	57
34	South Eastern Coalfields Limited	130	90
35	Steel Authority of India Limited	78	43
36	The New India Assurance Company Limited	16	12
	TOTAL	**2714**	**977**

APPENDIX V
(As referred to in Para 2.6)

Details of CPSEs which departed from Accounting Standards as reported by the statutory auditors

Sr. No.	Name of the CPSE	Category	Government Company (GC) or Government Controlled Other Company (DGC)	No. of the Accounting Standard
1.	Agriculture Insurance Company of India Limited	Unlisted	DGC	AS – 1 and 9
2.	Bharat Sanchar Nigam Limited	Unlisted	GC	AS - 6, 10 and 26
3.	British India Corporation Limited	Unlisted	GC	AS – 1, 2, 21 and 28
4.	Central Cottage Industries Corporation	Unlisted	GC	AS – 17
5.	Central Inland Water Transport Corporation Limited	Unlisted	GC	AS – 1, 2, 5, 22 and 28
6.	The Fertilizer Corporation of India Limited	Unlisted	GC	AS- 2, 15 and 28
7.	Goa Antibiotics and Pharmaceuticals Limited	Unlisted	GC	AS – 22 and 26
8.	HMT (International) Limited	Unlisted	GC	AS - 15
9.	HMT (Watches) Limited	Unlisted	GC	AS – 2, 6, 28 and 29
10.	HMT Limited	Listed	GC	AS - 15
11.	HMT Machine Tools Limited	Unlisted	GC	AS - 15
12.	Hindustan Cables limited	Listed	GC	AS – 1, 10 and 28
13.	Hindustan Insecticides Limited	Unlisted	GC	AS – 2, 9, 10, 22 and 29
14.	HLL Lifecare Limited	Unlisted	GC	AS - 13
15.	India Infrastructure Finance Company Limited	Unlisted	GC	AS -11
16.	Indian Drugs & Pharmaceuticals Limited	Unlisted	GC	AS – 2, 6, 10, 13, 15 and 28
17.	Lakshadweep Development Corporation Limited	Unlisted	GC	AS – 22 and 28
18.	MSTC Limited	Unlisted	GC	AS - 11
19.	Madras Fertilizers Limited	Unlisted	GC	AS - 2
20.	Mahanagar Telephone Nigam Limited	Listed	GC	AS - 2, 6, 9, 10, 13, 28 and 29
21.	National Informatics Centre Services Inc.	Unlisted	GC	AS - 3, 4, 9, 15, 18 and 26
22.	National Jute Manufactures Corporation Limited	Unlisted	GC	AS - 28

APPENDIX-V (Cont'd)
(As referred to in Para 2.6)

Sr. No.	Name of the Company	Category	Government Company (GC) or Government Controlled Other Company (DGC)	No. of the Accounting Standard
23.	National Scheduled Castes Finance and Development Corporation	Unlisted	GC	AS - 9
24.	National Seeds Corporation Limited	Unlisted	GC	AS – 19 and 28
25.	North Eastern Handicrafts and Handloom Development Corporation Limited	Unlisted	GC	AS – 15 and 22
26.	North Eastern Regional Agricultural Marketing Corporation Limited (2013-14)	Unlisted	GC	AS – 2 and 15
27.	NTPC Tamilnadu Energy company limited	Unlisted	DGC	AS - 10
28.	RITES Limited	Unlisted	GC	AS - 11
29.	Security Printing & Minting Corporation of India Limited	Unlisted	GC	AS – 2, 9, 10 and 29
30.	The Oriental Insurance Company Limited	Unlisted	GC	AS - 15
31.	Tungabhadra Steel Products Limited	Unlisted	GC	AS - 28

Appendix VI
(As referred to in Para No 3.1.3)
CPSES covered for the Chapter on Corporate Governance – Listed CPSEs

Sl. No.	Name of the CPSEs
1	Andrew Yule & Company Limited
2	Balmer Lawrie & Co. Limited
3	Balmer Lawrie Investments Limited
4	BEML Limited
5	Bharat Electronics Limited
6	Bharat Heavy Electricals Limited
7	Bharat Immunologicals & Biologicals Corporation Limited
8	Bharat Petroleum Corporation Limited
9	Chennai Petroleum Corporation Limited
10	Coal India Limited
11	Container Corporation of India Limited
12	Dredging Corporation of India Limited
13	Engineers India Limited
14	The Fertilizers & Chemicals Travancore Limited
15	GAIL (India) Limited
16	Hindustan Cables Limited
17	Hindustan Copper Limited
18	Hindustan Fluoro Carbons Limited
19	Hindustan Organic Chemicals Limited
20	Hindustan Petroleum Corporation Limited
21	Hindustan Photo Films Mfg. Company Limited
22	HMT Limited
23	India Tourism Development Corporation Limited
24	Indian Oil Corporation Limited
25	ITI Limited
26	KIOCL Limited
27	Madras Fertilizers Limited
28	Mahanagar Telephone Nigam Limited
29	Mangalore Refinery & Petrochemicals Limited
30	MMTC LIMITED
31	MOIL LIMITED
32	National Aluminium Company Limited
33	National Fertilizers Limited
34	National Buildings Construction Corporation Limited
35	Neyveli Lignite Corporation Limited
36	NHPC Limited
37	NMDC Limited
38	NTPC Limited

Appendix-VI (Cont'd)
(As referred to in Para No 3.1.3)

Sl. No.	Name of the CPSEs
39	Oil & Natural Gas Corporation Limited
40	OIL India Limited
41	Power Finance Corporation Limited
42	Power Grid Corporation of India Limited
43	Rashtriya Chemicals and Fertilizers Limited
44	Rural Electrification Corporation Limited
45	Scooters India Limited
46	The Shipping Corporation of India Limited
47	SJVN Limited
48	The State Trading Corporation of India Limited
49	Steel Authority of India Limited

APPENDIX-VII

(As referred to in Para No 4.4.1)

Key Financials as on 31 March 2015 in respect of 36 CPSEs selected for audit

(₹ in crore)

Sl. no	Name of CPSE	Paid up capital	Reserves and surplus	Turnover	PBT	Profit after tax	Cash and bank Balance	Average long term borrowing*	Market capitali-zation+
1	Balmer Lawrie & Co. Limited	28.50	875	2740	210	147	361	0	1807
2	BEML Limited	41.77	2035	2809	7	7	145	415	6306
3	Bharat Electronics Limited	80	7805	6695	1467	1167	5882	0	31896
4	Bharat Heavy Electricals Limited	489.52	33595	30947	2140	1419	9813	98	68215
5	Bharat Petroleum Corporation Limited	723.08	21744	238087	7416	5085	1360	9685	66914
6	Chennai Petroleum Corporation Limited	149	1506	41866	-742	-39	40	1381	2851
7	Coal India Limited	6316.36	34037	72015	21584	13727	53093	484	277478
8	Container Corporation of India Limited	194.97	7441	5574	1294	1048	2588	0	32037
9	Engineers India Limited	168.47	2399	1713	468	308	2373	0	8140
10	GAIL (India) Limited	1268.48	27852	56742	4284	3039	1141	8494	45088
11	Hindustan Copper Limited	462.61	1399	1016	80	68	320	0	5709
12	Hindustan Petroleum Corporation Limited	339.01	15683	206626	4154	2733	17	13119	31291
13	Indian Oil Corporation Limited	2428	65542	450756	7995	5273	112	28610	104706
14	Madras Fertilizers Limited	162.14	-505	1702	-135	-135	18	229	0
15	Mahanagar Telephone Nigam Limited	630	1437	3400	-2902	-2893	71	8351	1194
16	Mangalore Refinery & Petrochemicals Limited	1752.66	3552	57463	-2155	-1712	10269	7500	12768
17	MOIL Limited	168	3214	823	651	428	2830	0	3905
18	MMTC Limited	100	1259	18284	60	48	164	0	4725
19	National Aluminium Corporation Limited	1288.62	11509	7383	2113	1322	4628	0	9149
20	National Buildings Construction Corporation Limited *	120	1204	4662	391	277	1059	0	5062
21	National Fertilizers Limited	490.58	990	8520	45	26	5	2501	1349

APPENDIX-VII (Cont'd)

Sl. no	Name of CPSE	Paid up capital	Reserves and surplus	Turnover	PBT	Profit after tax	Cash and bank Balance	Average long term borrowing*	Market capitali-zation+
22	NHPC Limited	11070.67	17216	6802	2826	2124	5422	18056	20979
23	NMDC Limited	396.47	31935	12356	9769	6422	18443	0	40420
24	NTPC Limited	8245.46	73412	73246	10545	10291	12879	64731	111231
25	Neyveli Lignite Corporation Limited	1677.71	13194	6088	2383	1580	3265	2898	13841
26	Oil and Natural Gas Corporation Limited*	4277.76	140323	82871	26555	17733	2760	0	233608
27	Oil India Limited	601.14	20913	9748	3729	2510	8707	3285	25993
28	Power Finance Corporation Limited *	1320	30899	24861	8378	5959	5071	142872	32453
29	Power Grid Corporation of India Limited*	5231.59	32935	17780	6289	4979	2063	76414	74053
30	Rashtriya Chemicals and Fertilizers Limited	551.69	2159	7713	510	322	85	308	3001
31	Rural Electrification Corporation Limited*	987.46	23870	20388	7427	5259	523	110764	26795
32	SJVN Limited	4136.63	6066	3261	2047	1677	2856	2181	10445
33	State Trading Corporation of India Limited	60	979	14494	31	26	7	59	879
34	Steel Authority of India Limited	4130.53	39734	50627	2359	2093	2305	13715	23338
35	The Fertilizer and Chemicals Travancore Limited	647.07	-1504	1979	-400	-400	88	190	1462
36	The Shipping Corporation of India Limited	465.80	6068	4186	276	201	1256	6321	2150
	TOTAL	**61201.75**	**682772**	**1556223**	**131150**	**92119**	**162019**	**522661**	**1341238**

*Three years average

+ As on 31 July 2015

APPENDIX-VIII
(As referred to in Para No. 4.5.4.3)

Investments as on 31 March 2015

(₹ in crore)

Sl. no	Name of CPSEs	Cash	Bank/FDs	Govt. Bonds etc	Mutual Funds	Equity	Corporate Deposits	Misc.	Total
1	Balmer Lawrie & Co. Limited	0.21	362.11	0	0	57.40	0	0	419.72
2	Bharat Electronics Limited	0.17	5881.36	0	0	0	0	0	5881.53
3	BEML Limited	69.73	75	0	0	0	0	0	144.73
4	Bharat Heavy Electricals Limited	291.32	9521.38	0	0	413.76	12.00	0	10238.46
5	Bharat Petroleum Corporation Limited	52.74	1307.46	5089.09	0	7302.05	650.00	0	14401.34
6	Coal India Limited	8.16	53084.36	1171.42	1637.67	4.27	0	0	55905.88
7	Container Corporation of India Limited	15.76	2572.17	0	0	0	481.31	0	3069.24
8	Chennai Petroleum Corporation Limited	0	39.90	0	25.42	0	0	0	65.32
9	Engineers India Limited	12.55	2360.37	0	124	10.20	0	13.28	2520.40
10	GAIL (India) Limited	0.32	1141.32	0	0	4322.36	0	0	5464.00
11	Hindustan Copper Limited	0	251.77	0	68.07	0	0	0	319.84
12	Hindustan Petroleum Corporation Limited	7.81	9.26	5373.96	0	5867.52	0	0	11258.55
13	Indian Oil Corporation Limited	3.93	107.97	11982.11	0	11917.38	0	0	24011.39
14	Madras Fertilizers Limited	0.07	17.61	0	0	0.40	0	0	18.08
15	MMTC Limited	0.00	163.77	0	0	445.66	0	0	609.43
16	MOIL Limited	0.14	2829.75	0	0	4.21	0	0	2834.10
17	Mangalore Refinery & Petrochemicals Limited	0.18	10268.53	0	0	1349.67	0	3086.46	14704.84
18	Mahanagar Telephone Nigam Limited	3.93	66.71	0	0	161.98	0	0	232.62
19	National Aluminium Company Limited	0.14	4627.84	0	951.04	0	0	0	5579.02

APPENDIX-VIII (Cont'd)

Sl. no	Name of CPSEs	Cash	Bank/FDs	Govt. Bonds etc	Mutual Funds	Equity	Corporate Deposits	Misc.	Total
20	National Buildings Construction Corporation Limited	0.06	1059.40	0	135	24.15	0	0	1218.61
21	National Fertilizers Limited	3.17	2.05	0	0	2.47	0	0	7.69
22	NHPC Limited	15.01	5407.10	1045.46	0	1227.90	0	0	7695.47
23	Neyveli Lignite Corporation Limited	0.01	3265.46	103.20	0	1830.86	980.52	0	6180.05
24	NMDC Limited	0.09	18443.05	0	0	562	0	0	19005.14
25	NTPC Limited	59.78	12819.03	7154.07	225	0	0	0	20257.88
26	Oil India Limited	0.76	8706.54	1199.16	210	0	0	141.54	10258.00
27	Oil and Natural Gas Corporation Limited	0.67	2759.40	0	0	17926.91	0	0	20686.98
28	Power Finance Corporation Limited	0.01	5070.79	0	0	851.32	0	0	5922.12
29	Power Grid Corporation of India Limited	0.16	2062.82	192.92	0	733.50	0	0	2989.40
30	Rashtriya Chemicals and Fertilizers Limited	0.04	85.29	0	0	33.05	0	0	118.38
31	Rural Electrification Corporation Limited	0	522.90	1573.62	0	39.85	0	0	2136.37
32	SJVN Limited	0	2856.32	0	0	8	0	0	2864.32
33	State Trading Corporation of India Limited	0.01	6.50	0	0	0	0	0	6.51
34	Steel Authority of India Limited	145.78	2159.46	0	0	919.07	0	0	3224.31
35	The Fertilizer and Chemicals Travancore Limited	0.08	88.31	0	0	36.53	0	0.14	125.06
36	The Shipping Corporation of India Limited	98.09	1158.07	0	76.69	13.45	0	0	1346.30
	Total	**790.88**	**161161.13**	**34885.01**	**3452.89**	**56065.92**	**2123.83**	**3241.42**	**261721.08**