

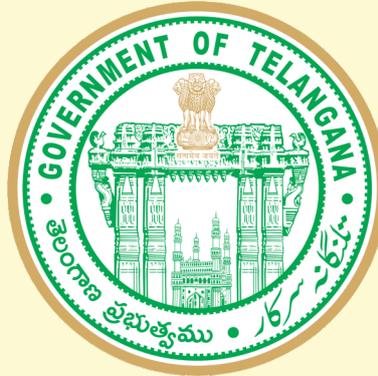


सत्यमेव जयते

**Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
for the year ended March 2019**



लोकहितार्थं सत्यनिष्ठा
Dedicated to Truth in Public Interest



Government of Telangana
Report No. 5 of 2020

**Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings**

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**Government of Telangana
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Preface

This Report has been prepared for submission to the Government of Telangana State under the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 for being laid before the State Legislature. It deals with the results of audit of Government Companies and Statutory Corporations of the Government of Telangana for the year ended 31 March 2019.

2. The accounts of Government Companies are audited by the Comptroller and Auditor General of India (CAG) under Section 143 of the Companies Act, 2013. Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the CAG for laying before the Legislature of Telangana State. The audit arrangements of Statutory Corporations are prescribed under the respective Acts through which the Corporations are established.

3. The information given in this Report pertains to the period since the formation of the Telangana State on 2 June 2014. As the demerged/ successor units of Telangana were incorporated during the years from 2014-15 to 2018-19, the performance of these PSUs has been considered from the date of their incorporation. Further, the information in this Report is based on the audited/ provisional accounts of the PSUs and the information furnished by them for the years for which the accounts were in arrears. The impact of finalisation/ revision, if any, of the accounts by the PSUs would be reflected in the future reports.

4. The instances mentioned in this Report are those, which came to notice in the course of test audit for the period 2018-19, as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports. Matters relating to the period subsequent to 2018-19 have also been included, wherever necessary.

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

Overview

This Report contains four Chapters, as detailed below:

Chapter 1: Functioning of Public Sector Undertakings (PSUs)

Telangana State was formed on 2 June 2014, following the bifurcation of the erstwhile composite State of Andhra Pradesh (AP) into Telangana and the residual State of AP as per the AP Reorganisation Act, 2014.

As on 31 March 2019, all 82 State Public Sector Undertakings in Telangana (including 79 Government Companies and three Statutory Corporations) were under the audit jurisdiction of the Comptroller & Auditor General of India (CAG). Of the 82 PSUs, eight PSUs relate to Power Sector and 74 relate to sectors other than Power including seven Government Companies newly incorporated during the year 2018-19. Out of these PSUs, eight in Power Sector and 54 (three Statutory Corporations and 51 Companies) in Non-Power Sector are working PSUs. Two working Companies and 19 inactive Companies were in the process of demerger as of 30 September 2019.

As per their latest finalised accounts and information furnished, the State PSUs registered an annual turnover of ₹84,259.06 crore, which was equal to 9.79 *per cent* of the Gross State Domestic Product (GSDP) of Telangana State during 2018-19. As on 31 March 2019, the investment of the Central and State Governments and Others in equity and long term loans in these 82 PSUs was ₹1,33,055.89 crore. Out of the State Government's total investment (equity, loans and subsidy/ grants) of ₹52,219.41 crore in the PSUs during the period from 2014-15 to 2018-19, the power sector received an investment of ₹29,263.92 crore (56.04 *per cent*).

Chapter 2: Functioning of Power Sector PSUs

As on 31 March 2019, there were eight Power Sector PSUs in Telangana (including one Government Company under demerger). During 2018-19, the aggregate turnover of these PSUs was ₹66,979.90 crore, which constituted 7.78 *per cent* of the GSDP of Telangana. The total investment in these PSUs on historical cost basis was ₹46,266.11 crore.

The total loss incurred by the eight PSUs was ₹5,433.54 crore during 2018-19 as against the total loss of ₹1,907.03 crore incurred during 2014-15. During 2018-19, out of the eight PSUs, three PSUs (SCCL, TSGENCO & TSTRANSCO) earned a profit of ₹2,587.60 crore and two PSUs (TSSPDCL & TSNPDCL) incurred a loss of ₹8,018.70 crore. Two PSUs (TSREDCL & APTPCL) incurred a marginal loss (₹2.44 crore) while one PSU (TPFCL) had break-even status. During the years 2014-19, the Rate of Real Return on Investment in Power Sector PSUs was negative and ranged between (-)17.64 *per cent* and (-)10.23 *per cent*. Huge losses of the DISCOMS during the five-year period 2014-19 had contributed to the overall losses of the Power Sector PSUs.

As against the paid-up capital of ₹17,770.46 crore, the accumulated losses reported by these PSUs were ₹28,426.43 crore, resulting in a negative net worth of ₹10,655.97 crore.

Chapter 3: Functioning of PSUs (Non-Power Sector)

As on 31 March 2019, 74 PSUs including 20 inactive PSUs in Telangana pertained to other than Power Sector. The 54 working PSUs included 51 Government Companies and three Statutory Corporations. During 2018-19, the aggregate turnover of the working PSUs was ₹17,279.16 crore and total investment on historical cost basis in 44 working PSUs in which the State Government invested was ₹29,083.42 crore.

The 54 working PSUs incurred an aggregate loss of ₹4,238.79 crore during 2014-19. Out of the 39 PSUs which had furnished their accounts/ information during 2018-19, 14 PSUs earned profits and 20 PSUs incurred losses. Major profit making PSUs during the year 2018-19 were, Telangana State Forest Development Corporation Limited (₹47.36 crore), Telangana State Mineral Development Corporation Limited (₹22.54 crore), Telangana State Warehousing Corporation (₹57.39 crore) and Telangana State Technology Services Limited (₹12.43 crore). These profits were off-set by the loss of ₹928.66 crore reported by Telangana State Road Transport Corporation (TSRTC).

During the years 2014-19, the Rate of Real Return on Investment in the 44 working PSUs was negative and ranged between (-)15.64 *per cent* and (-)5.07 *per cent*. Huge losses of TSRTC, Hyderabad Metro Rail Limited and Telangana Drinking Water Supply Corporation Limited during the above period contributed to the overall losses of the State PSUs.

As against the paid-up capital of ₹260.76 crore, the accumulated losses reported by the 44 working PSUs were ₹10,617.92 crore, resulting in a negative net worth of ₹10,718.81 crore.

Chapter 4: Compliance Audit Observations

Compliance Audit refers to the examination of transactions of the audited entities to ascertain whether the provisions of the Constitution of India, applicable laws, rules and regulations and various orders and instructions issued by the competent authorities are being complied with.

Compliance Audit observations included in this Report highlight cases of non-compliance by the State PSUs with established policies, rules and regulations that had financial implications. These observations have been issued to the concerned PSUs as well as to the Government for their comments and responses. Replies received have been incorporated in the Report suitably. Significant cases of deviations / irregularities noticed during a test check in audit are given below:

Kaleshwaram Irrigation Project Corporation Limited

The Company availed of a higher interest bearing term loan of ₹539.56 crore without assessing the specific immediate requirement of funds, resulting in an avoidable interest expenditure of ₹8.51 crore.

(Paragraph 4.1)

Telangana State Industrial Infrastructure Corporation Limited

TSIICL sold prime land below the prevailing market rate to a private party without due diligence and adequate justification, in deviation of Allotment Regulations, resulting in a revenue loss of ₹4.47 crore.

(Paragraph 4.2)

Avoidable payment of penalties and interest charges

Five PSUs failed to pay advance income tax as per the provisions of Income Tax Act, 1961 due to incorrect estimation of taxable income, coupled with delayed filing of tax returns. This resulted in avoidable payment of penalties and interest charges of ₹20.34 crore.

(Paragraph 4.3)

Transmission Corporation of Telangana Limited

TSTRANSCO's non-compliance with the 'merit order' despatch procedure during the period December 2016 to March 2019 resulted in avoidable extra expenditure of ₹44.67 crore to the State DISCOMs.

(Paragraph 4.4)

Chapter 1

Functioning of Public Sector Undertakings

1.1 Introduction

Public Sector Undertakings (PSUs) are established by Governments to carry out activities of a commercial nature for the development of the State as well as cater to the welfare of its people.

Telangana State was formed on 2 June 2014, following the bifurcation of the erstwhile composite State of Andhra Pradesh (AP) into Telangana and the residual State of AP, as per the AP Reorganisation Act, 2014. As on 31 March 2019, there were 82 State PSUs in Telangana State (including 79 Government Companies and three Statutory Corporations¹) under the audit jurisdiction of the Comptroller and Auditor General of India (CAG). During 2018-19, incorporation of seven Government Companies² was intimated to Audit. None of the PSUs was listed on the stock exchange(s).

The nature of PSUs and the position of accounts as of 30 September 2019 are detailed in **Table 1.1**.

Table 1.1: Number of PSUs covered in the Report

Type of PSUs	Total No. of PSUs	No. of PSUs whose Accounts were received as of 30 September 2019				No. of PSUs whose accounts are in arrears (total arrears)
		Upto 2018-19	Upto 2017-18	Upto 2016-17	Total	
Government Companies ³	59	9	13	4	26	50 (123)
Statutory Corporations	3	0	0	0	0	03 (11)
Total Working PSUs	62	9	13	4	26	53 (134)
Inactive Government Companies ⁴	20	0	0	0	0	20 (426)*
Total	82	9	13	4	26	73 (560)

* Pending for five years to 35 years

Source: Annual accounts submitted by Telangana State PSUs

During 2018-19, the working PSUs, as per their latest finalised accounts and information furnished, registered a turnover of ₹84,259.06 crore, which constituted 9.79 per cent of the GSDP (₹8,61,031 crore) of Telangana State. As of March 2019, the working PSUs had a work force of 1.43 lakh employees.

There were 20 PSUs which have been inactive for over five years and up to 31 years. The State and Central Governments and Others had invested an amount of ₹234.87 crore in the form of capital (₹61.53 crore) and long term loans (₹173.34 crore) in the inactive PSUs.

¹ Telangana State Warehousing Corporation (TSWC), Telangana State Financial Corporation (TSFC) and Telangana State Road Transport Corporation (TSRTC).

² Photonics Valley Corporation, Hyderabad Airport Metro Limited, Telangana State Water Resources Infrastructure Development Corporation Limited, Telangana Powerloom & Textiles Development Corporation Limited, Telangana Handloom Development Corporation Limited, Telangana Life Sciences Infrastructure Development Limited and Wehub Foundation

³ Includes two PSUs namely, Andhra Pradesh Tribal Power Company Limited and Infrastructure Corporation of Andhra Pradesh Limited which are under demerger

⁴ Includes 19 PSUs which are under demerger

1.2 Investment in PSUs

1.2.1 Stake of Government of Telangana

The State Government has a significant financial stake in these PSUs in the form of the following:

- (i) **Share Capital and Loans:** In addition to the share capital contribution, State Government also provides financial assistance by way of loans to the PSUs from time to time.
- (ii) **Special Financial Support:** State Government provides budgetary support by way of grants and subsidies to the PSUs, as required.
- (iii) **Guarantees:** State Government also guarantees the repayment of loans with interest availed of by the PSUs from Financial Institutions.

The sector-wise summary of investment (equity and long-term loans) in 82 PSUs as on 31 March 2019, is detailed in **Table 1.2**.

Table 1.2: Sector-wise investment in PSUs

(₹ in crore)

Name of Sector	Government Companies		Statutory Corporations		Total PSUs	Investments		
	Working	Inactive	Working	Inactive		Equity*	Long Term Loans*	Total
Power	8	0	0	0	8	18,490.46	45,514.14	64,004.60
Agriculture & allied	6	3	1	0	10	143.59	31,028.99	31,172.58
Service	15	1	1	0	17	98.04	29,797.23	29,895.27
Infrastructure	17	0	0	0	17	42.49	7,632.31	7,674.80
Manufacturing	4	15	0	0	19	64.87	211.69	276.56
Finance	5	1	1	0	7	13.82	18.11	31.93
Others	4	0	0	0	4	0.15	0.00	0.15
Total	59	20	3	0	82	18,853.42	1,14,202.47	1,33,055.89

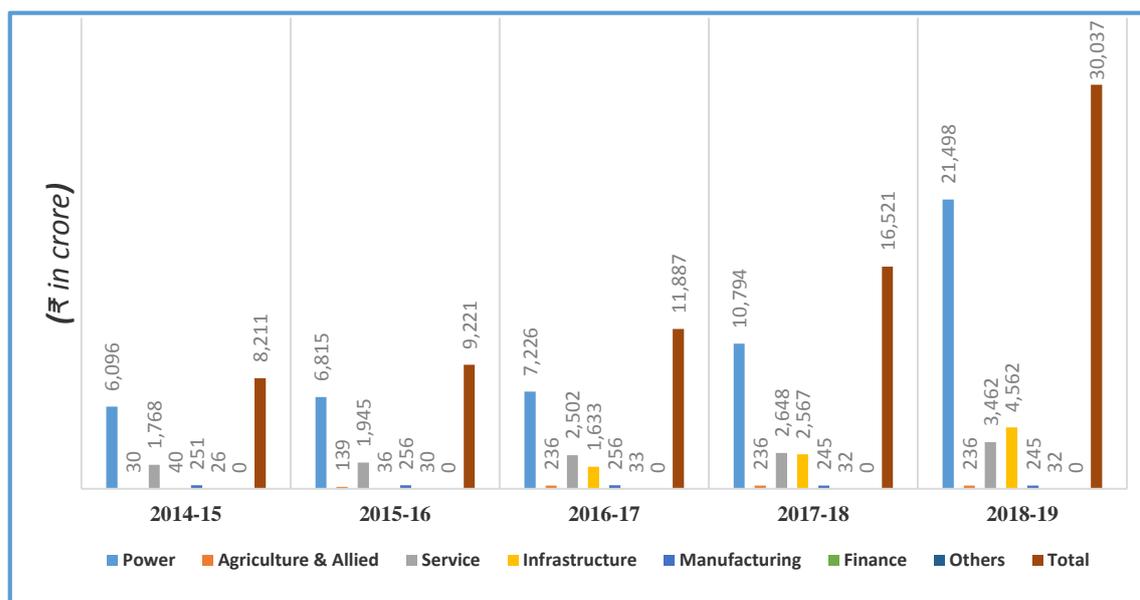
* Equity includes share application money and long-term loans include loans from Central and State Governments, Public Financial Institutions and Commercial Banks

Source: Accounts/information furnished by PSUs

As on 31 March 2019, the total investment in PSUs comprised 14.17 per cent of equity capital and 85.83 per cent of long-term loans. The long-term loans in 62 working PSUs consisted of ₹12,790.82 crore advanced by the Central and State Governments and ₹1,01,411.65 crore raised from other sources. The thrust of State Government's investment in PSUs was mainly in power sector during the last five years. Out of total investment (equity, loans and subsidies/grants) of ₹52,219.41 crore during the period from 2014-15 to 2018-19, the share of power sector was 56.04 per cent (₹29,263.92 crore).

The pattern of State Government investment (equity and long-term loans) in various important sectors as at the end of the year from 2014-15 to 2018-19 is indicated in **Chart 1**.

Chart 1: Sector-wise investment in PSUs



Source: Accounts /information as furnished by PSUs

1.3 Accountability framework

A Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments or partly by Central Government and partly by one or more State Governments is subject to audit by the CAG. Audit of Government Companies is governed by respective provisions of Sections 139 and 143 of the Companies Act, 2013. Section 2 (45) defines a ‘Government Company’ as one in which not less than 51 *per cent* of the paid-up share capital is held by the Government(s). A Government Company includes a subsidiary of a Government Company.

Statutory Auditors of the Government Companies are appointed by the CAG under Section 139 of the Companies Act, 2013 for conducting audit of accounts of PSUs in accordance with Section 143 (5) of the Companies Act, 2013. The accounts of PSUs are subject to supplementary audit by the CAG under Section 143 (6) of the Companies Act, 2013. The CAG plays an oversight role by monitoring the performance of the Statutory Auditors. This role is discharged by means of the following:

- (i) issuing directions to the Statutory Auditors under Section 143(5) of the Companies Act, 2013, and
- (ii) supplementing or commenting upon the Statutory Auditor’s report under Section 143 (6) of the Companies Act, 2013.

Audit of Statutory Corporations is governed by their respective legislations. Of the three Statutory Corporations (TSRTC, TSWC and TSFC), CAG is the sole auditor in respect of TSRTC. The audit of Telangana State Warehousing Corporation (TSWC) and Telangana State Financial Corporation (TSFC) is conducted by Chartered Accountants, followed by supplementary audit by the CAG.

1.4 Submission of Accounts by PSUs

1.4.1 Need for timely finalisation and submission

According to Sections 394 and 395 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 Annual General Meeting (AGM) and as soon as may be after such preparation, laid before the House or both the Houses of State Legislature 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 legislative control over the utilisation of public funds invested in the PSUs from the Consolidated Fund of the State.

Section 96 of the Companies Act, 2013 requires every Company to hold an AGM of the shareholders once in every calendar year. It also specifies that not more than 15 months shall elapse between the date of one AGM and that of the next AGM. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statements for the financial year have to be placed in the said AGM. Section 129 (7) of the Companies Act, 2013 provides for levy of penalties like fine and imprisonment of the persons including Directors of the Company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

1.4.2 Role of Government and Legislature

State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors of the Board are appointed by the Government.

State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. Towards this end, the Annual Reports of State Government Companies, together with the Statutory Auditors' Reports and comments of the CAG are to be placed before the Legislature under Section 394 of the Companies Act. Separate Audit Reports are also required to be placed before the Legislature in case of Statutory Corporations as stipulated in the respective Acts.

Audit Reports of the CAG are submitted to the Government for placing before the Legislature under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

1.5 Follow-up action on Audit Reports

The Reports of the CAG are products of audit scrutiny. It is, therefore, necessary that they elicit appropriate and timely response from the executive. As per the instructions issued (June 2004) by the Finance Department of erstwhile Government of AP, all Administrative Departments are required to submit replies/ explanatory notes to paragraphs/ reviews included in the Audit Reports of the CAG of India within a period of three months of their presentation in the Legislature in the prescribed format, without waiting for any questionnaires from the Committee on Public Undertakings (CoPU).

As on 30 September 2019, out of 202 Performance Audits (PAs)/ Paragraphs relating to Reports of Power Sector PSUs, Explanatory Notes (ENs) to 22 PAs/ Paragraphs that featured in CAG Reports were awaited. Similarly, out of 300 PAs/ Paragraphs relating to Reports of PSUs (Non-Power Sector), ENs to 72 PAs/Paragraphs were awaited as of this date. Details are given in **Table 1.3**.

Table 1.3: Status of receipt of Explanatory Notes

Year of the Audit Report ^{\$}	Date of Placement of Audit Report in the State Legislature	Total PAs and Paragraphs in the Audit Report		Number of PAs/ Paragraphs for which ENs were not received*			
				Exclusive to State		Common (TS & AP)	
		PAs	Paragraphs	PAs	Paragraphs	PAs	Paragraphs
Power Sector PSUs							
Upto 2013-14		42	148	0	0	8	14
2014-15	30 March 2016	1	1	0	0	NA	NA
2015-16	27 March 2017	1	5	0	0	NA	NA
2016-17	29 March 2018	1	3	0	0	NA	NA
Total		45	157	0	0	8	14
PSUs (Non-Power Sector)							
Upto 2013-14		39	251	0	2	13	50
2014-15	30 March 2016	0	2	0	1	NA	NA
2015-16	27 March 2017	0	3	0	2	NA	NA
2016-17	29 March 2018	0	5	0	4	NA	NA
Total		39	261	0	9	13	50

^{\$} Audit Report for 2017-18 has not been tabled in the State Legislature as of September 2020

*These relate to PSUs in the composite State of AP. These are, however currently under the control of Government of Telangana

NA: Not Applicable as Separate Audit Reports were issued from 2014-15 onwards

Source: Compiled by Office of the Accountant General (Audit) Telangana

1.6 Discussion of Audit Reports by the Committee on Public Undertakings (CoPU)

The status of PAs and Paragraphs relating to both Power and Non-Power Sector PSUs that featured in Audit Reports (PSUs) as on 30 September 2019 and discussed by the CoPU is given in **Table 1.4**.

Table 1.4: PAs/ Paragraphs discussed vis-à-vis featured in Audit Reports

Year of the Audit Report (Commercial/ PSU)	Number of PAs/ Paragraphs			
	Appeared in Audit Report		Discussed	
	PAs	Paragraphs	PAs	Paragraphs
Power Sector PSUs				
Up to 2013-14	42	148	9	80
2014-15	1	1	NA	NA
2015-16	1	5	NA	NA
2016-17	1	3	NA	NA
Total	45	157	9	80

Year of the Audit Report (Commercial/ PSU)	Number of PAs/ Paragraphs			
	Appeared in Audit Report		Discussed	
	PAs	Paragraphs	PAs	Paragraphs
PSUs (Non-Power Sector)				
Up to 2013-14	39	251	13	137
2014-15	0	2	NA	NA
2015-16	0	3	NA	NA
2016-17	0	5	NA	NA
Total	39	261	13	137

NA = Not Applicable as Separate Audit Reports were issued from 2014-15 onwards

Source: Compiled by Office of the Accountant General (Audit) Telangana

Out of 45 PAs and 157 Paragraphs relating to Power Sector PSUs, nine PAs and 80 Paragraphs were discussed by CoPU. Similarly, out of 39 PAs and 261 Paragraphs relating to PSUs (Non-Power Sector), 13 PAs and 137 Paragraphs were discussed by CoPU. During 2018-19, CoPU had not discussed any PA/ Paragraph in the Audit Reports relating to PSUs. The issue of infrequent CoPU meetings to discuss the pending PAs/ Paragraphs and the modalities to reduce the pendency were discussed (July 2018 and November 2019) by the Principal Accountant General with CoPU; response to the letters addressed (October 2019) to CoPU in this regard was awaited as of September 2020.

1.7 Compliance to Reports of CoPU

Action Taken Notes (ATNs) on 15 recommendations pertaining to two CoPU Reports presented in the State Legislature in respect of Power Sector PSUs had not been received (September 2020), as detailed in **Table 1.5**.

Table 1.5: Compliance to CoPU Reports

Year of the CoPU Report	Total number of CoPU Reports	Total No. of recommendations in CoPU Report	ATNs not received	
			Exclusive to State	Common (TS & AP)
Power Sector PSUs				
Upto 1998-99	3	24	2	0
2000-01	3	21	0	0
2004-05	5	43	0	0
2006-07	1	13	0	13
Total	12	101	2	13

Note : After 2006-07 no Report was issued by the CoPU

Source: Compiled by Office of the Accountant General (Audit), Telangana

Similarly, ATNs on 443 recommendations pertaining to 38 Reports of the CoPU presented in the State Legislature in respect of PSUs (Non-Power Sector) had not been received (September 2020).

Lack of action on PAs/ Paragraphs that featured in CAG Audit Reports and lack of discussion by CoPU on these Reports coupled with absence of follow up action on the CoPU's Recommendation Reports are fraught with the risk of perpetuating serious financial irregularities pointed out in these Reports. It may also result in dilution of internal controls in the governance process, inefficient and ineffective delivery of public goods/ services, fraud, corruption and loss to public exchequer.

Chapter - 2

Functioning of Power Sector PSUs

2.1 Introduction

Power Sector PSUs play an important role in the economy of the State by providing critical infrastructure required for growth and development of the State. The PSUs in this sector also add significantly to the GSDP of the Telangana State as can be seen from the ratio of these PSUs turnover to GSDP. The table below provides the details of turnover of the Power Sector PSUs and GSDP of Telangana for the five-year period ending March 2019:

Table 2.1: Turnover of Power Sector PSUs vis-à-vis GSDP of Telangana

Particulars	(₹ in crore)				
	2014-15	2015-16	2016-17	2017-18	2018-19
No. of Working PSUs	8	8	8	8	8
Turnover	40,240.47	45,294.17	48,835.21	56,557.55	66,979.90
Percentage change of turnover compared to previous year	*	12.56	7.82	15.81	18.43
GSDP of Telangana	5,05,849	5,77,902	6,58,325	7,53,127	8,61,031
Percentage change in GSDP compared to previous year	12.02	14.24	13.92	14.40	14.33
Percentage of Turnover to GSDP of Telangana	*	7.84	7.42	7.51	7.78

*Telangana State was formed with effect from 2 June 2014

Source: Turnover figures as per accounts/ information furnished by the PSUs and GSDP figures as per latest data (March.2020) of Ministry of Statistics and Program Implementation, Government of India.

The percentage of turnover of Power Sector PSUs relative to GSDP hovered between 7.42 and 7.84 *per cent* during the four-year period 2015-19. The compounded average annual growth rate of GSDP of Telangana was 14.22 *per cent* during the years 2014-19, while the turnover of Power Sector PSUs recorded lower compounded average annual growth rate¹ of 13.58 *per cent* during the same period.

2.1.1 Formation of Power Sector PSUs

The erstwhile Andhra Pradesh State Electricity Board (APSEB) was set up as a Statutory Corporation in April 1959 under Section 5(1) of the Electricity (Supply) Act, 1948 (the Act) with the objective of promoting coordinated development of generation, transmission and distribution of electricity in an efficient and economic manner. Based on the recommendations (April 1995) of the High Level Committee (Committee), the State Government enacted (October 1998) Andhra Pradesh Electricity Reforms Act, 1998 (Reforms Act). In pursuance of this Act, the Andhra Pradesh Electricity Regulatory Commission (APEREC) was established on 31 March 1999 and started functioning with effect from 3 April 1999.

¹ Rate of Compounded Annual Growth $((\text{value of 2018-19}/\text{value of 2014-15})^{(1/4\text{years})} - 1) * 100$ where turnover and GSDP for the year 2014-15 was ₹40,240.47 crore and ₹5,05,849 crore respectively

2.1.2 Unbundling of APSEB

As part of reforms of the Power Sector, the APSEB was functionally unbundled into two distinct Companies² namely, Andhra Pradesh Power Generation Corporation Limited (APGENCO) for generation of power and Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) for transmission and distribution of power. The Distribution business was further disaggregated from APTRANSCO by creating four distribution companies (DISCOMs) namely, Eastern Power Distribution Company of Andhra Pradesh Limited (EPDCL), Southern Power Distribution Company of Andhra Pradesh Limited (SPDCL), Northern Power Distribution Company of Andhra Pradesh Limited (NPDCL) and Central Power Distribution Company of Andhra Pradesh Limited (CPDCL).

2.1.3 Other Power Sector PSUs

The Government of composite State of AP incorporated the Non-Conventional Energy Development Corporation of Andhra Pradesh Limited (NEDCAP) in October 1969 and the Andhra Pradesh Power Finance Corporation Limited (APPFCL) in July 2000 as wholly owned Government Companies under the Companies Act, 1956 for promoting generation of electricity through non-conventional sources and for investment in the shares of Andhra Pradesh Power Generation Corporation Limited, Transmission Corporation of Andhra Pradesh Limited and Distribution Companies (DISCOMs) respectively.

2.1.4 Reorganisation of State

Telangana State was formed on 2 June 2014, following bifurcation of the erstwhile composite State of AP. As per the provisions of the AP Reorganisation Act, 2014, a PSU was allocated to the State where it is exclusively located in, or where its operations are exclusively confined to. Assets and liabilities of PSUs with interstate operations were to be apportioned between the two States as under:

- The operational units on location basis; and
- The headquarters on the basis of population ratio.

As on the date of bifurcation of the erstwhile composite AP State, APGENCO, APTRANSCO, APPFCL and NEDCAP had inter-state operations. Therefore, these entities were bifurcated into AP and Telangana units. Four separate Companies viz. Telangana State Power Generation Corporation Limited (TSGENCO), Transmission Corporation of Telangana Limited (TSTRANSCO), Telangana Power Finance Corporation Limited (TPFCL) and Telangana State Renewable Energy Development Corporation Limited (TSREDCL) were incorporated in Telangana State³ under the Companies Act, 2013. The transfer of assets and liabilities of these demerged PSUs was however, yet to be completed as of September 2020.

² Incorporated on 29 December 1998 under the Companies Act, 1956 and started functioning from 1 February 1999

³ TSGENCO (19 May 2014), TSTRANSCO (29 May 2014), TPFCL (31 July 2014) and TSREDCL (8 August 2014)

Of the four DISCOMs, two DISCOMs (EPDCL and SPDCL) were retained exclusively with AP and other two DISCOMs were allotted exclusively to Telangana and renamed as Southern Power Distribution Company of Telangana Limited (TSSPDCL) and Northern Power Distribution Company of Telangana Limited (TSNPDCL).

As the operations of SCCL were confined to coal mine areas located in Telangana, it was treated as a PSU exclusive to Telangana. Further, Andhra Pradesh Tribal Power Company Limited (APTPCL), which was set up (July 2002) by composite AP State Government to promote mini-hydel power projects in tribal areas was yet to have a separate unit for Telangana State (although the de-merger Plan was approved in August 2017 by the Expert Committee⁴). In 2016-17, Singareni Collieries Company Limited (SCCL), a Government Company established under the Companies Act of 1956, had set up the Singareni Thermal Power Plant at Jaipur in Mancherial District of Telangana. Thus, as on 31 March 2019, there were eight Power Sector PSUs⁵ which are functioning under the administrative control of the Energy Department of Government of Telangana.

2.2 Restructuring, Disinvestment and Privatisation of Power Sector PSUs

During the year 2018-19, there was no disinvestment of any Power Sector PSU in Telangana State nor was any of these PSUs privatised.

2.3 Investment in Power Sector PSUs

The activity-wise investment of Central and State Governments and Others (capital and long-term loans) in the Power Sector PSUs as on 31 March 2019 is detailed in **Table 2.2**.

Table 2.2: Activity-wise total investment in Power Sector PSUs

(₹ in crore)

Activity	Number of PSUs	Equity ^{\$}	Long term loans*	Total
Generation of Power	3 ⁶	2,603.09	22,422.38	25,025.47
Transmission of Power	1 ⁷	0.05	8,270.73	8,270.78
Distribution of Power	2 ⁸	15,887.13	11,308.97	27,196.10
Others	2 ⁹	0.19	3,512.06	3,512.25
Total	8	18,490.46	45,514.14	64,004.60

\$ Equity includes share application money

** The long-term loans include loans from Central and State Governments, Public Financial Institutions and Commercial Banks*

Source: Accounts/ information furnished by PSUs

⁴ Sheela Bhide Committee was appointed (May/June 2014) by the State Government of erstwhile AP to review and approve the demerger proposals of all the Government Companies, Corporations and Entities notified under Schedule 9 of the AP Reorganisation Act, 2014

⁵ Three PSUs exclusive to Telangana, four PSUs formed due to demerger and one PSU under demerger

⁶ TSGENCO, SCCL and APTPCL

⁷ TSTRANSCO

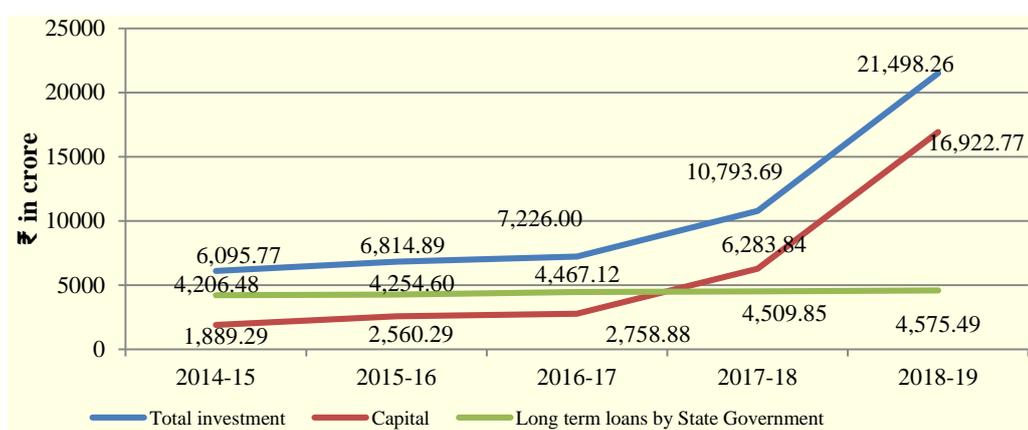
⁸ TSSPDCL and TSNPDCL

⁹ TPFCL and TSREDCL

As on 31 March 2019, and out of the total investment in Power Sector PSUs, 28.89 per cent comprised equity capital and 71.11 per cent comprised long-term loans. The long-term loans in Power Sector PSUs consisted of ₹4,575.49 crore (10.05 per cent) advanced by the State Government and ₹40,938.65 crore (89.95 per cent) raised from other sources. During 2016-17 and 2017-18, the State Government had taken over ₹8,922.81 crore (75 per cent) of the outstanding debts (₹11,897.08 crore) of the DISCOMs as on 30 September 2015 and released ₹7,723.00 crore (as on 31 March 2019) as equity contribution under Ujwal DISCOM Assurance Yojana¹⁰ (UDAY) scheme. During 2018-19, TSSPDCL allotted shares worth ₹4,876.83 crore against share application money pending allotment under UDAY scheme.

The year-wise details of investment made by the State Government in the form of equity and long term loans in the Power Sector PSUs during the period 2014-15 to 2018-19 are given in **Chart 2.1**:

Chart 2.1: State Government investment in Power Sector PSUs



Source: Accounts/ information furnished by PSUs

2.4 Budgetary Support to Power Sector PSUs

State Government provides financial support to Power Sector PSUs in various forms through its annual budget. The summarised details of budgetary outgo towards equity, loans, grants/ subsidies, loans converted into equity, interest written off and guarantees issued/ outstanding in respect of Power Sector PSUs for the last five years ending March 2019 are given in **Table 2.3**.

Table 2.3: Details relating to budgetary support to Power Sector PSUs

(₹ in crore)

Sl. No.	Particulars	2014-15		2015-16		2016-17		2017-18		2018-19	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1	Equity capital infusion	4	346.20	1	523.59	2	2,262.62	2	2,498.29	2	2,399.99
2	Loans given	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00

¹⁰ Scheme launched by Ministry of Power and GoI for financial and operational turnaround of DISCOMs

Sl. No.	Particulars	2014-15		2015-16		2016-17		2017-18		2018-19	
		No. of PSUs	Amount								
3	Grants/ Subsidy	4	3,539.40	4	3,967.39	4	4,418.68	4	4,253.16	4	5,054.60
4	Total¹¹	5	3,885.60	6	4,490.98	5	6,681.30	4	6,751.45	4	7,454.59
5	Loans converted into equity	0	0.00	0	0.00	0	0.00	1	2,846.17	1	4,876.83
6	Loans, Interest/Penal interest written off	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
7	Guarantees issued	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
8	Guarantee Commitment ¹²	4	11,316.16	4	9,495.06	4	6,760.80	5	7,989.69	5	7,788.62

Source: Information furnished by PSUs

The extent of budgetary support provided by the State Government towards equity, loans and grants/subsidies for the last five years ending March 2019 is given in the chart below.

Chart 2.2: Budgetary support towards Equity, Loans and Grants/Subsidies



Source: Information furnished by PSUs

As can be seen from the table above, budgetary assistance received by the Power Sector PSUs increased from ₹3,885.60 crore in 2014-15 to ₹7,454.59 crore during 2018-19. During the year 2018-19, it comprised ₹2,399.99 crore in the form of equity and ₹5,054.60 crore in the form of subsidies/ grants.

Further, the Union Ministry of Power (MoP) launched UDAY Scheme in November 2015 for operational and financial turnaround of the DISCOMs. The provisions of UDAY and status of implementation of the scheme by the DISCOMs are discussed under **Paragraph 2.8** of this Chapter.

The addition of ₹2,399.99 crore in equity of Power Sector PSUs during 2018-19 was through cash induction while outstanding loans amounting to ₹4,876.83 crore were converted into equity during 2018-19 under UDAY scheme. The addition in equity of the DISCOMs was towards payment of power purchase dues. The increase in the subsidy/

¹¹ The figure of total outgo represents the number of PSUs which have received allocation from the State Government's budget under one or more heads i.e., equity, loans, grants/subsidy

¹² Closing balance of Government guarantees in respect of PSUs at the end of a particular year

grants provided by the State Government during the year 2018-19 (₹5,054.60 crore) in comparison to the previous year (₹4,253.16 crore) was primarily on account of tariff subsidy to DISCOMs¹³ (₹5,043.14 crore).

2.4.1 Guarantee fee

The State Government helps the Power Sector PSUs to raise loans from banks and Public Financial Institutions by providing guarantee for repayment of principal and interest. For this purpose, it charges guarantee commission of 0.50 *per cent* per annum or two *per cent* consolidated for the entire guarantee period depending upon the loanees. The outstanding guarantee commitment given for the Power Sector PSUs decreased by 2.52 *per cent* from ₹7,989.69 crore in 2017-18 to ₹7,788.62 crore in 2018-19. The Power Sector PSUs have, however, not furnished to audit the details of outstanding guarantee fee payable by them to the State Government.

2.5 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per the records of the Power Sector PSUs should agree with the figures appearing in the Finance Accounts of the State. In case the figures do not tally, the PSUs concerned and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2019 was as follows:

Table 2.4: Equity, loans and guarantees outstanding as per Finance Accounts vis-à-vis records of Power Sector PSUs

(₹ in crore)

Outstanding in respect of	No. of PSUs	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
(A)	(B)	(C)	(D)	(E) = (C) - (D)
Equity ^{\$}	3	16,503.97	16,052.73	451.24
Loans ^{\$}	3	520.92	3,985.22	-3,464.30
Guarantees	5	1,355.33	4,427.92	-3,072.59

\$ Information in respect of only those PSUs whose equity and loans were bifurcated on demerger as per Finance Accounts is considered

Source: Finance Accounts and accounts/ information furnished by PSUs

It was observed that the differences in the figures of equity, loans and guarantees were pending reconciliation since long. The matter was taken up (February 2020) with the State Government and replies are awaited. The State Government and the Power Sector PSUs should take concrete steps to reconcile the differences in a time bound manner.

¹³ TSNPDCL: ₹3,500.68 crore and TSSPDCL: ₹1,542.46 crore

2.6 Submission of Accounts by Power Sector PSUs

2.6.1 Timeliness in finalisation of Accounts of Power Sector PSUs

Section 96 (1) of the Companies Act, 2013 requires that the PSUs finalise their accounts within six months from the end of the relevant financial year, i.e., by September end. Failure to do so may attract penal provisions under Section 99 of the Companies Act, 2013. The following Table provides details of progress made by the Power Sector PSUs in finalisation of their accounts as on 30 September 2019:

Table 2.5: Position relating to finalisation of accounts of Power Sector PSUs

Sl.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1	Number of Power Sector PSUs	8	8	8	8	8
2	Number of Accounts Submitted during the year	7	5	7	9	13
3	Number of PSUs whose accounts are current	1	2	2	3	5
4	Number of previous year's accounts finalised during current year	6	3	5	6	8
5	Number of Power Sector PSUs with accounts in arrears	7	6	6	5	3
6	Number of accounts in arrears	13	16	17	16	5*
7	Extent of arrears	1 to 7 years	1 to 8 years	1 to 9 years	1 to 10 years	1 to 2 years

*. *Of arrears of accounts of 11 years in respect of APTPCL, which was under demerger process, furnishing of accounts was waived for six years (2008-09 to 2013-14).*

Source: Accounts finalised by PSUs as on 30 September of the relevant years

It was seen that as on 30 September 2019, five accounts of three Power Sector PSUs (TSREDCL, APTPCL & TSTRANSCO) were in arrears ranging from one to two years. During the year 2018-19, the State Government gave grants/ subsidies of ₹11.46 crore to the Power Sector PSUs whose accounts were in arrears as on 31 March 2019 as detailed in *Appendix I*.

Energy Department of the Government of Telangana as the Administrative Department of the Power Sector PSUs, has the responsibility to oversee the activities of these entities. Therefore, it has to ensure that the accounts are finalised by these PSUs and adopted by their respective Boards within the stipulated period.

2.6.2 Impact of non-finalisation of Accounts

Delay in finalisation of accounts carries the risk of fraud and leakage of public money going undetected apart from violating the provisions of the relevant Statutes. It is therefore, recommended that the State Government should take appropriate steps expeditiously to liquidate the arrears in finalisation of accounts.

2.7 Performance of Power Sector PSUs

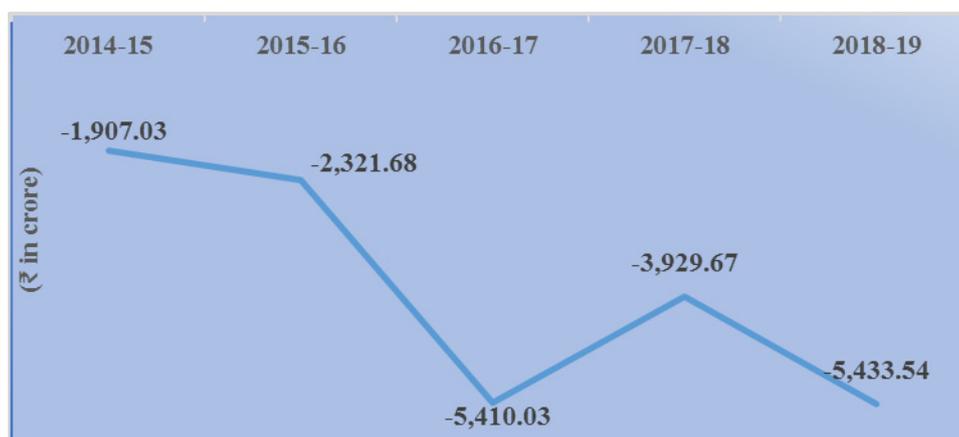
Financial position and working results of Power Sector PSUs as on 31 March 2019 are detailed in *Appendix 2*.

Public Sector Undertakings are expected to yield reasonable return on investment made by the Governments. The profitability of a Company is traditionally assessed through return on investment, return on equity and return on capital employed. Rate of Real Return on Investment is the percentage of profit or loss to the Present Value (PV) of total investment. The Rate of Real Return measures the profitability and efficiency with which equity and similar non-interest bearing capital have been employed, after adjusting them for their time value. It assumes significance when compared with the conventional Rate of Return (RoR), which is calculated by dividing the Profit After Tax (PAT) by the sum of all such investments counted on historical cost basis. Investment for this purpose included equity, interest free loans, subsidies and grants for operational and management expenses. Return on capital employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed. Return on Equity is a measure of performance calculated by dividing net PAT by the shareholders' fund.

2.7.1 Rate of Real Return on Investment

Rate of Real Return on Investment is the percentage of profit or loss to the total investment. The overall position of profit earned/ losses incurred by the Power Sector PSUs during 2014-15 to 2018-19 is depicted in the chart below.

Chart 2.3: Profit earned/Losses incurred by Power Sector PSUs



Source: Accounts and information furnished by PSUs

The total loss incurred by the eight Power Sector PSUs was ₹5,433.54 crore in 2018-19 as against the total loss of ₹1,907.03 crore incurred in 2014-15. Out of the eight Power Sector PSUs during 2018-19, three PSUs (SCCL, TSGENCO & TSTRANSCO) earned a profit of ₹2,587.60 crore and two PSUs (TSSPDCL & TSNPDCL) incurred a loss of ₹8,018.70 crore. Two PSUs (TSREDCL & APTPCL) earned a marginal loss (₹2.44 crore) while one PSU (TPFCL) had break-even status. Out of the total profit of ₹2,587.60 crore, SCCL alone earned a profit of ₹1,766.66 crore, which constituted 68.27 per cent of the total profits of

Profit-making PSUs while TSSPDCL (₹4,967.27 crore) and TSNPDCL (₹3,051.43 crore) contributed substantially (99.97 per cent) to the total loss of ₹8,021.14 crore.

The number of Power Sector PSUs that earned profit/ incurred loss during the five-year period 2014-19 is given in **Table 2.6**.

Table 2.6: Number of Power Sector PSUs which earned profit/incurred loss

Financial year	Total No. of PSUs	No. of PSUs which reported profits during the year	No. of PSUs which reported loss during the year	No. of PSUs which reported Nil profit/ loss during the year
2014-15	8	4	3	1
2015-16	8	4	3	1
2016-17	8	3	4	1
2017-18	8	4	3	1
2018-19	8	3	4	1

Source: Accounts and information furnished by PSUs

2.7.1.1 Rate of Real Return on the basis of historical cost of investment

State Government infused funds in the form of equity, loans and subsidies/ grants for operational and management expenses in all the eight Power Sector PSUs. The Rate of Real Return on Investment (RoRR) from the Power Sector PSUs has been calculated on the total investment (i.e., investments made by State, Central Governments & Others) in the form of equity, loans and subsidies/ grants for operational and management expenses. In the case of loans, only interest free loans are to be considered as investment, since the State Government does not receive any interest on such loans and are therefore of the nature of equity investment, except to the extent that the loans are liable to be repaid as per the terms and conditions of repayment. Out of the long term loans given by the State Government, however, there were no interest free loans and loans converted into equity. Hence only the equity, subsidies and grants for operational and management expenses are considered as investment of the State Government.

Further, apportionment of assets and liabilities between the successor demerged PSUs (as discussed in **Paragraph 2.1.4** of this Chapter) resulted in a Reorganisation/ Demerger Adjustment Reserve (surplus/ deficit), which is considered as investment of the State Government since it represented the difference between the balance sheet figures of assets and liabilities as on the date of bifurcation of the erstwhile composite State of AP and included *inter-alia* the share of equity received by the Power Sector PSUs of Telangana State. Thus, the investment (initial equity net of Re-organisation/ Demerger Adjustment Reserve) of State Government in the Power Sector PSUs as on the date of bifurcation of the erstwhile State of AP has been considered as the initial investment made by the State Government.

As on 31 March 2019, the investment of Government of Telangana in these eight Power Sector PSUs was ₹44,418.46 crore; the investment of Central Government in the form of equity (₹847.56 crore) and subsidies/ grants (₹509.15 crore) amounted to ₹1,356.71 crore, while the investment of Others consisted of equity (₹0.13 crore) and subsidies/ grants (₹490.81 crore) totaling ₹490.94 crore.

The RoRR of eight Power Sector PSUs on historical cost basis for the period 2014-15 to 2018-19 is given below.

Table 2.7: Rate of Real Return on Investment on historical cost basis

(₹ in crore)

Financial year	Investment on historical cost basis in the form of Equity and Grants and Subsidies				Total Earnings/ Losses for the year	Rate of Real Return on Investment (in per cent)
	State	Central	Others	Total		
2014-15	11,317.16	858.73	81.85	12,257.74	-1,907.03	-15.56
2015-16	15,808.14	900.52	175.85	16,884.51	-2,321.68	-13.75
2016-17	29,479.43	933.07	263.12	30,675.62	-5,410.03	-17.64
2017-18	36,963.87	997.62	440.49	38,401.98	-3,929.67	-10.23
2018-19	44,418.46	1,356.71	490.94	46,266.11	-5,433.54	-11.74

Source: Accounts and information furnished by PSUs

During the years 2014-15 to 2018-19, the Rate of Real Return on Investment in Power Sector PSUs was negative and ranged between (-) 10.23 per cent and (-) 17.64 per cent. Huge losses of the two DISCOMS (TSSPDCL and TSNPDCL) during the above period contributed to the overall losses of the Power Sector PSUs.

2.7.1.2 On the basis of Present Value of Investment

In view of the significant investment made by the Governments in the Power Sector PSUs, Rate of Real Return on such Investment is essential. Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the Rate of Real Return on the Investment since such calculations ignore the present value of money. The Present Value (PV) of the investments has been computed to assess the Rate of Real Return on the PV of Investments in the Power Sector PSUs as compared to historical value of investments. In order to bring the historical cost of investments to its present value at the end of each year up to 31 March 2019, the past investments/ year-wise funds infused in the State PSUs have been compounded at the year-wise average rate of interest on Government borrowings which is considered as the minimum cost of funds for the concerned year. Therefore, PV of the investment was computed on funds infused by the State Government, Central Government and Others in the shape of equity, interest free loans, grants/ subsidies for operational and management expenses existing as on the date of bifurcation/ formation of the Telangana State/ date of incorporation of the Power Sector PSUs and the funds infused thereafter in the form of equity, interest free loans and grants/ subsidies for operational and management expenses till 31 March 2019.

The PV of the investment in Power Sector PSUs was computed on the basis of the following assumptions:

- The investment (initial equity net of Re-organisation/ Demerger Adjustment Reserve) of State Government in the Power Sector PSUs as on the date of bifurcation of the erstwhile State of AP has been considered as the initial investment made by the State Government.

- As per the information furnished by the Power Sector PSUs, there were no interest free loans, hence, no interest free loans were converted into equity. The funds made available in the form of subsidies/ grants for operational and management expenses have however, been reckoned as investment.
- The funds given under UDAY scheme are considered as investment as referred in **Paragraph 2.8** below.
- The average rate of interest on Government borrowings for the concerned financial year was adopted as compounded rate for arriving at PV since it represent the cost incurred by the Government towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments made by the State Government.

The Company-wise position of State Government investment in the Power Sector PSUs in the form of equity, interest free loans, grants and subsidies for operational and management expenses since the formation of the State of Telangana up to 31 March 2019 is given in **Appendix 3**.

The total investment of the State, Central Governments and Others in these eight Power Sector PSUs at the end of the year 2018-19 was ₹46,266.11 crore consisting of equity of ₹24,032.92 crore and subsidies/ grants of ₹22,233.19 crore. The PV of investments of the Governments and Others up to 31 March, 2019 worked out to ₹57,943.70 crore. The Rate of Real Return on the PV of the Government investment could not be calculated as the Power Sector PSUs incurred losses during all the five Financial Years from 2014-15 to 2018-19.

2.7.2 Erosion of Net worth

Net worth means the sum total of the Paid-up Capital and Free Reserves and Surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment of the owners has been wiped out by accumulated losses and deferred revenue expenditure. The overall accumulated losses of the Power Sector PSUs were ₹28,426.43 crore as against the paid up capital of ₹17,770.46 crore, resulting in a negative net worth of ₹10,655.97 crore. Details of paid up capital, free reserves and surplus, accumulated losses and Net worth are given in **Table 2.8**.

Table 2.8: Net worth of Power Sector PSUs during 2014-15 to 2018-19

(₹ in crore)

Year	Number of PSUs	Paid up Capital at end of the year	Free Reserves and Surplus	Accumulated Loss (-) at end of the year	Net worth
2014-15	8	2,736.98	2,255.53	-13,143.09	-8,150.58
2015-16	8	3,407.98	3,697.56	-16,526.61	-9,421.07
2016-17	8	3,606.57	4,211.40	-22,589.48	-14,771.51
2017-18	8	7,131.53	5,537.34	-28,237.29	-15,568.42
2018-19	8	17,770.46	7,820.42	-36,246.85	-10,655.97

Source: Accounts and information furnished by PSUs

Of the eight Power Sector PSUs during 2014-15 to 2018-19, four PSUs (SCCL, TSGENCO, TSTRANSCO and TPFCL) showed positive net worth while the net worth of four PSUs (TSSPDCL, TSNPDCL, TSREDCL and APTPCL) was in the negative. The erosion of net worth in these four PSUs ranged from 2.29 times to 52.84 times and was mainly in TSSPDCL (₹13,744.37 crore) and TSNPDCL (₹7,319.97 crore). The State Government provided financial support to the Power Sector PSUs by infusing equity (paid up capital of ₹15,033.48 crore) during the period 2014-15 to 2018-19. Despite infusion of substantial equity capital, the accumulated losses of the Power Sector PSUs increased from ₹10,887.56 crore in 2014-15 to ₹28,426.43 crore in 2018-19. The Net Worth increased during 2018-19 as compared to 2017-18 due to infusion of additional equity of ₹9,889.45 crore (including ₹4,876.83 crore under UDAY scheme) in TSSPDCL and ₹749.48 crore in TSNPDCL. Against this, the Accumulated Losses increased by ₹5,726.48 crore, resulting in an improvement of the combined Net Worth of Power Sector PSUs of the State.

2.7.3 Dividend Payout

As per the guidelines issued by the Public Enterprises Department of the State Government, a PSU shall declare or pay dividend for any financial year out of the profits for that year arrived at after providing for depreciation in accordance with the Companies Act. A minimum rate of dividend on the paid up share capital or the profits for the year was, however, not prescribed. Dividend Payout by the Power Sector PSUs during the period 2014-15 to 2018-19 is shown in **Table 2.9** below.

Table 2.9: Dividend Pay out by Power Sector PSUs during 2014-15 to 2018-19

(₹ in crore)

Year	PSUs where equity is infused by State Government		PSUs which earned profit during the year		PSUs which declared/ paid dividend during the year		Dividend Payout Ratio	
	No. of PSUs	Total Paid-up Capital	No. of PSUs	Total Paid-up Capital	No. of PSUs	Amount of Dividend	As % of Total Paid-up Capital	As % of Paid-up Capital of Profit Making PSUs
1	2	3	4	5	6	7	8 (7/3*100)	9 (7/5*100)
2014-15	8	2,736.98	4	1,733.44	1	129.99	4.75	7.50
2015-16	8	3,407.98	4	2,404.44	1	156.45	4.59	6.51
2016-17	8	3,606.57	3	2,602.89	1	156.45	4.34	6.01
2017-18	8	7,131.53	4	2,603.03	1	156.45	2.19	6.01
2018-19	8	17,770.46	3	2,602.89	1	208.95	1.18	8.03

Source: Accounts and information furnished by PSUs

During the period 2014-15 to 2018-19, the number of working Power Sector PSUs which earned profits ranged between three and four, of which, only one PSU (SCCL) declared/ paid dividend.

The Dividend Payout Ratio (DPR) during 2014-15 to 2018-19 ranged between 1.18 *per cent* and 4.75 *per cent* of the total paid up capital of all the Power Sector PSUs and the paid up capital infused by the State Government in the working Power Sector PSUs. The DPR ranged between 6.01 *per cent* and 8.03 *per cent* of the profit making PSUs. The DPR

reduced from 4.75 per cent in 2014-15 to 1.18 per cent in 2018-19, as the State Government infused substantial equity in the working Power Sector PSUs during 2015-19.

2.7.4 Return on Equity

Return on Equity (RoE) is a measure of financial performance to assess how effectively the management is using company's assets to create profits. It is calculated by dividing net income (i.e., net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any company if net income and shareholders' fund are both positive numbers.

Shareholders' fund of a Company is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a company's stakeholders if all assets were sold and all debts repaid. A positive Shareholders' fund reveals that the Company has enough assets to cover its liabilities, while negative Shareholders' funds means that liabilities exceed assets.

The details of Shareholders' fund and RoE of Power Sector PSUs during the period from 2014-15 to 2018-19 are given in **Table 2.10**.

Table 2.10: Shareholders' fund and RoE of Power Sector PSUs

(₹ in crore)

Details	Year	Number of PSUs	Net Profit/ Loss	Shareholders' Fund	RoE (in per cent)
1	2	3	4	5	6=(4/5)*100
Profit Earning	2014-15	4	608.07	3,988.97	15.24
	2015-16	4	1,059.74	6,102.00	17.37
	2016-17	3	799.87	6,814.29	11.74
	2017-18	4	1,558.45	8,137.20	19.15
	2018-19	3	2,587.60	10,423.31	24.83
Loss Incurring	2014-15	3	-2,515.10	-12,139.60	-
	2015-16	3	-3,381.42	-15,523.11	-
	2016-17	4	-6,209.90	-21,585.85	-
	2017-18	3	-5,488.12	-23,705.67	-
	2018-19	4	-8,021.14	-21,079.33	-
No Profit/ Loss	2014-15	1	0.00	0.05	-
	2015-16	1	0.00	0.05	-
	2016-17	1	0.00	0.05	-
	2017-18	1	0.00	0.05	-
	2018-19	1	0.00	0.05	-
Total	2014-15	8	-1,907.03	-8,150.58	-
	2015-16	8	-2,321.68	-9,421.07	-
	2016-17	8	-5,410.03	-14,771.51	-
	2017-18	8	-3,929.67	-15,568.42	-
	2018-19	8	-5,433.54	-10,655.97	-

Source: Accounts and information furnished by PSUs

As can be seen from the above table, both the Shareholders' fund and the Net income was negative during all the five years ending March 2019. Hence, the RoE could not be worked out. Negative shareholders' fund indicates that the liabilities of the Power Sector PSUs have exceeded the assets and instead of the Power Sector PSUs paying returns to the shareholders, the shareholders owe money to the creditors of the working Power Sector PSUs.

2.7.5 Return on Capital Employed

Return on Capital Employed (RoCE) is a profitability metric that measures the long-term profitability and efficiency with which the total capital is employed by a company. RoCE is an important decision metric for long term lenders. The significance of RoCE become obvious when it is juxtaposed against RoE, which measures the efficiency with which a company's assets have been used to create profits for its shareholders.

The RoCE is calculated by dividing a company's profit/ earnings before interest and taxes (EBIT) by the capital employed¹⁴. The details of RoCE of eight Power Sector PSUs during 2014-15 to 2018-19 are given in **Table 2.11**.

Table 2.11: RoCE of Power Sector PSUs

					(₹ in crore)
Details	Year	Number of Power Sector PSUs	EBIT	Capital Employed	RoCE (in per cent)
1	2	3	4	5	6=(4/5)*100
Profit Earning	2014-15	4	1,953.84	18,425.17	10.60
	2015-16	4	3,330.04	25,820.13	12.90
	2016-17	3	4,519.84	29,730.66	15.20
	2017-18	4	5,852.52	33,402.54	17.52
	2018-19	3	6,993.85	41,116.42	17.01
Loss Incurring	2014-15	3	-1,204.74	-1,693.83	-
	2015-16	3	-2,162.36	-3,974.38	-
	2016-17	4	-5,035.79	-17,468.26	-
	2017-18	3	-4,723.35	-15,750.84	-
	2018-19	4	-6,508.23	-9,770.36	-
No Profit/ Loss	2014-15	1	0.00	3,513.32	-
	2015-16	1	0.00	3,512.80	-
	2016-17	1	0.00	3,513.13	-
	2017-18	1	0.00	3,512.62	-
	2018-19	1	0.00	3,512.11	-
Total	2014-15	8	749.10	20,244.66	3.70
	2015-16	8	1,167.68	25,358.55	4.60
	2016-17	8	-515.95	15,775.53	-3.27
	2017-18	8	1,129.17	21,164.32	5.34
	2018-19	8	485.62	34,858.17	1.39

Source: Accounts and information furnished by PSUs

¹⁴ Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure

The RoCE of the Power Sector PSUs ranged between (-) 3.27 per cent and 5.34 per cent during the period 2014-15 to 2018-19. The RoCE decreased during 2016-17 on account of two to three times increase in the losses of DISCOMs as compared to increase of 30 per cent to 50 per cent in the profit of other PSUs. The RoCE substantially decreased during the year 2018-19 in comparison to the previous year mainly due to increase in capital employed on account of equity infusion by the State Government and decrease in EBIT of Power Sector PSUs by 57 per cent in 2018-19 as compared to 2017-18. EBIT of Power Sector PSUs decreased in 2018-19 due to increase in losses of TSNPDCL by 110.97 per cent as compared to the previous year which was mainly due to steep rise in its Employee Benefits Cost (144.58 per cent).

2.7.6 Analysis of Long term loans of the Power Sector PSUs

The ability of the Power Sector PSUs to service the debt owed by them to the Government, banks and other financial institutions is assessed through the Interest Coverage Ratio (ICR) and the Debt Turnover Ratio (DTR).

2.7.7 Interest Coverage Ratio

The ICR is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing the profit/ earnings before interest and taxes (EBIT) by the interest expenses of the same period. The lower the ratio, the lesser the ability of the company to pay interest on debt. An ICR of below one indicates that the company was not generating sufficient revenues to meet its expenses on interest. The details of ICR of Power Sector PSUs from 2014-15 to 2018-19 are given in **Table 2.12**.

Table 2.12: Details of ICR of Power Sector PSUs

(₹ in crore)						
Year	EBIT	Interest	ICR	Number of PSUs having interest burden	Number of PSUs having ICR more than 1	Number of PSUs having ICR less than 1
2014-15	749.10	2,238.39	0.33 : 1	8	4	4
2015-16	1,167.68	3,470.81	0.34 : 1	8	4	4
2016-17	-515.95	4,435.51	-0.12 : 1	8	3	5
2017-18	1,129.17	4,532.73	0.25 : 1	8	4	4
2018-19	485.62	5,515.94	0.09 : 1	7	4 ¹⁵	3 ¹⁶

Source: Accounts and information furnished by PSUs

It was observed that the overall ICR of Power Sector PSUs ranged between (-) 0.12 and 0.34 during 2014-15 to 2018-19. The ICR decreased during the year 2018-19 in comparison with the previous year mainly due to increase in the interest burden of DISCOMs and decrease in EBIT.

During the year 2018-19, interest expenditure on State Government Loans in respect of four (out of seven) Power Sector PSUs was ₹59.86 crore. However, interest was not paid

¹⁵ SCCL, TSGENCO, TSTRANSCO & TSREDCL

¹⁶ TSSPDCL, TSNPDCL & TPFCL

to the State Government. Outstanding interest payable to State Government by these four PSUs amounted to ₹62.66 crore as on 31 March 2019.

2.7.8 Debt-Turnover Ratio

During the last five years, the Power Sector PSUs recorded a compounded annual growth rate of turnover of 13.58 *per cent* and a compounded annual growth rate of debt of 12.52 *per cent* due to which the DTR improved from 0.71 in 2014-15 to 0.68 in 2018-19 as given in the table below.

Table 2.13: DTR of Power Sector PSUs

Particulars	(₹ in crore)				
	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government/Banks and Financial Institutions	28,395.24	34,779.61	30,547.04	36,728.11	45,514.14
Turnover	40,240.47	45,294.17	48,835.21	56,557.55	66,979.90
Debt-Turnover Ratio	0.71:1	0.77:1	0.63:1	0.65:1	0.68:1

Source: Accounts and information furnished by PSUs

2.8 Assistance under Ujwal DISCOM Assurance Yojana (UDAY)

Government of India (GoI) launched Ujwal DISCOM Assurance Yojana on 20 November 2015 for operational and financial turnaround of DISCOMs. As per the provisions of UDAY Scheme, the participating States were required to undertake the following measures for operational and financial turnaround of DISCOMs.

2.8.1 Scheme for improving operational efficiency

The participating States were required to undertake various targeted activities like compulsory feeder and distribution transformer (DT) metering, consumer indexing and Geographic Information System mapping of losses, upgrading or changing transformers and meters, smart metering of all consumers consuming above 200 units per month, Demand Side Management through energy efficient equipment, quarterly revision of tariff, comprehensive Information Education Communication campaign to check theft of power, etc.. Further, the States were to ensure increased power supply in areas where the Aggregate Technical & Commercial (AT&C) losses have been reduced for improving the operational efficiencies. The timelines prescribed for these targeted activities were also required to be followed, so as to ensure achievement of the targeted benefits *viz.*, ability to track losses at feeder and DT level, identification of loss making areas, reduce technical losses and minimise outages, reduce power theft and enhance public participation for reducing the theft, reduce peak load and energy consumption, etc. The outcomes of operational improvements were to be measured through indicators *viz.*, reduction of AT&C loss to 15 *per cent* in 2018-19 as per loss reduction trajectory finalised by the Union Ministry of Power and States, reduction in gap between average cost of supply and average revenue realised to zero by 2018-19.

2.8.2 Scheme for financial turnaround

The participating States were required to take over 75 per cent of DISCOMs debt outstanding as on 30 September 2015 i.e., 50 per cent in 2015-16 and 25 per cent in 2016-17. The scheme for financial turnaround *inter alia* provided that:

- State will issue 'Non-Statutory Liquidity Ratio (Non-SLR) bonds' and the proceeds realised from issue of such bonds shall be transferred to the DISCOMs which in turn shall discharge the corresponding amount of Banks/ FIs debt. The bonds so issued will have a maturity period of 10 to 15 years with a moratorium on repayment of principal up to 5 years.
- Debt of DISCOMs will be taken over in the priority of debt already due, followed by debt with higher cost.
- The transfer to the DISCOMs by the State in 2015-16 and 2016-17 will be as a mix of grant (50 per cent), loan (25 per cent to be taken over in 2017-18) or equity (25 per cent).

2.8.3 Implementation of the UDAY Scheme

The status of implementation of UDAY Scheme is detailed below:

(a) Achievement of operational parameters

Achievements *vis-à-vis* targets of various operational parameters under UDAY Scheme by the two State DISCOMs are given in **Table 2.14**.

Table 2.14: Parameter-wise achievements *vis-à-vis* targets of operational performance as of 30 September 2019

Parameter of UDAY Scheme	Target	Progress	Achievement (in %)
Feeder metering (in Nos.)	0	0	0
Metering at Distribution Transformers (in Nos.)	2,44,330	3,35,070	137
Urban	52,682	92,960	176
Rural	1,91,648	2,42,110	126
Feeder Segregation (in Nos.)	4,139	330	8
Rural Feeder Audit (in Nos.)	6,247	3,595	58
Electricity to unconnected households (in lakh Nos.)	6.05	10.99	182
Smart metering (in Nos.)	12,59,697	34,230	3
Distribution of LED UJALA (in lakh Nos.)	12.43	17.72	143
AT&C Losses (in %)	2.66	10.2	-
TSSPDCL	9.90	9.35	-
TSNPDCL	10.00	11.9	-
ACS-ARR Gap (₹ per unit)	0	0.32	-
Net Income or Profit/Loss including subsidy (₹ in crore) as on 31 March 2019	412.77	(-) 991.91	-

Source: State Health Card under UDAY Scheme as per website of MoP, GoI.

The TSDISCOMs have performed poorly in areas of feeder segregation and smart metering, whereas the performance has been excellent in terms of metering of DTs, providing electricity to unconnected households and distribution of LEDs.

2.8.4 Implementation of Financial Turnaround

The State Government conveyed its 'in principle' consent to the MoP, GoI to take benefit of the UDAY Scheme. Thereafter, tripartite Memoranda of Understanding (MoUs) was signed (4 January 2017) between the MoP, the State Government and respective DISCOMs (i.e., TSSPDCL and TSNPDCL). As per the provisions of the UDAY Scheme and tripartite MoU, out of total outstanding debt (₹11,897.24 crore) as on 30 September 2015, the State Government took over total debt of ₹8,923.00 crore up to 2018-19 and released ₹7,723.00 crore (as on 31 March 2019) as equity contribution for which equity shares were issued. The balance of ₹1,200.00 crore was yet to be released by the State Government. The details of the amount released under UDAY are as detailed in **Table 2.15**.

Table 2.15: Implementation of UDAY Scheme

(₹ in crore)				
Year	Equity Investment	Loan	Subsidy	Total
2016-17	6,990.00	-	-	6,990.00
2017-18	733.00	-	-	733.00
2018-19	0.00	-	-	0.00
Position as on 30 September 2019	7,723.00	-	-	7,723.00

Source: Information furnished by DISCOMs

2.9 Comments on Accounts of Power Sector PSUs

Eight Power Sector PSUs forwarded 13 audited accounts to Office of the AG (Audit), Telangana during 1 October 2018 to 30 September 2019. All the 13 accounts were selected for supplementary audit. Audit Reports of Statutory Auditors and supplementary audit conducted by the CAG indicated that the quality of accounts needs to be improved substantially. The details of aggregate money value of the comments of Statutory Auditors and the CAG on the accounts for the year 2014-15 to 2018-19 are as follows:

Table 2.16: Impact of audit comments on Power Sector PSUs

Particulars	2014-15		2015-16		2016-17		2017-18		2018-19	
	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
Decrease in profit	1	12.24	1	266.06	1	826.62	-	-	2	970.11
Increase in profit	1	95.95	-	-	-	-	1	139.26	1	14.65
Increase in loss	-	-	2	479.78	1	5.65	1	9.68	7	16,904.26
Decrease in loss	-	-	-	-	-	-	-	-	4	77.27
Non-disclosure of material facts	-	-	4	3,269.38	1	6.07	1	2,543.88	5	1,718.88
Errors of classification	-	-	4	1,424.78	1	1,246.26	1	295.55	4	127.19

Source: Compiled from comments of the Statutory Auditors/CAG in respect of working Power Sector PSUs

During the year 2018-19, the Statutory Auditors had issued six qualified, five unqualified and two adverse certificates on 13 accounts. Compliance to the Accounting Standards by the Power Sector PSUs remained poor, as the Statutory Auditors pointed out 18 instances of non-compliance to the Accounting Standards in five accounts.

Chapter - 3

Functioning of PSUs (Non-Power Sector)

3.1 Introduction

As on 31 March 2019, there were 74 State PSUs in sectors other than Power. These PSUs were incorporated between 1937-38¹ and 2018-19² and included 71 Government Companies and three Statutory Corporations³. The Government Companies further included six⁴ subsidiary companies owned by other Government Companies, two⁵ Joint Venture Companies (JVC) of other Government Companies and 20⁶ inactive Companies. One Government Company, namely Infrastructure Corporation of Andhra Pradesh Limited (INCAPL) and 19⁷ inactive Companies were in the process of demerger.

The State Government provides financial support to the PSUs in the form of equity, loans and grants/ subsidy from time to time. Of the 54 working PSUs, the State Government invested funds in 44 PSUs. Out of the remaining 10 PSUs, in eight PSUs⁸ equity capital was contributed by other Government Companies/ Institutions and two PSUs⁹ have no equity capital.

3.1.1 Contribution to Economy of the State

A ratio of turnover of the PSUs (Non-Power Sector) to the Gross State Domestic Product (GSDP) shows the extent of activities of these PSUs in the State economy. In 2018-19, 54 working PSUs contributed to 2.01 *per cent* of the GSDP of Telangana State (**Table 3.1**). The compounded average annual growth rate¹⁰ of GSDP of Telangana was 14.22 *per cent* during the years 2014-15 to 2018-19. As against this, the turnover of working PSUs recorded higher compounded annual growth of 210.39 *per cent* due to increase (93 times) in the turnover owing to increase in the number of working PSUs (from 21 to 54) during the period 2014-15 to 2018-19.

The **Table 3.1** provides the details of turnover of the working State PSUs and GSDP of Telangana for the five-year period ending March 2019.

¹ The Nizam Sugars Limited

² During 2018-19, six new PSUs were incorporated. one PSU was incorporated in 2015 but the information regarding incorporation was received during 2018-19 only

³ Telangana State Warehousing Corporation, Telangana State Financial Corporation and Telangana State Road Transport Corporation

⁴ Maheswaram Science Park Limited, eCity Manufacturing Cluster Limited, Fab City SPV (India) Private Limited, Zaheerabad NIMZ Limited, Hyderabad Pharma City Limited and Telangana Life Sciences Infrastructure Development Limited as subsidiaries of Telangana State Industrial Infrastructure Corporation Limited

⁵ Damodhara Minerals Private Limited a JVC of two private parties and Telangana State Mineral Development Corporation Limited and APMD-SCCL Suliyari Coal Company Limited a JVC of The Singareni Collieries Company Limited and Telangana State Mineral Development Corporation Limited

⁶ Includes APMD-SCCL Suliyari Coal Company Limited

⁷ Excluding APMD-SCCL Suliyari Coal Company Limited which is exclusive to Telangana

⁸ Six subsidiaries, one JVC namely, Damodhara Minerals Private Limited and one PSU namely Hyderabad Growth Corridor Limited

⁹ Wehub Foundation and T-Works Foundation

¹⁰ Rate of Compounded Annual Growth $((\text{value of 2018-19}/\text{value of 2014-15})^{(1/4\text{years})} - 1) * 100$ where turnover and GSDP for the year 2014-15 were ₹186.17 crore and ₹5,05,849 crore respectively

Table 3.1: Details of turnover of working PSUs vis-à-vis GSDP of Telangana

(₹ in crore)					
Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Total Number of working PSUs	21	35	40	48	54
Number of working PSUs which are required to furnish their Accounts/ information upto 2018-19 ¹¹	17	35	39	47	54
Number of working PSUs which furnished their Accounts/ information upto 2018-19	16	28	32	40	39
Turnover	186.17*	10,297.18	12,822.79	17,009.93	17,279.16
Percentage change of turnover over previous year	*	5,431.06	24.53	32.65	1.58
GSDP of Telangana	5,05,849	5,77,902	6,58,325	7,53,127	8,61,031
Percentage change of GSDP over previous year (₹4,51,580 for 2013-14)	12.02	14.24	13.92	14.40	14.33
Percentage of Turnover to GSDP of Telangana	-	1.78	1.95	2.26	2.01

* Telangana State was formed with effect from 2 June 2014.

Source: Turnover figures are as per accounts/ information furnished by the PSUs and GSDP figures as per latest data (March 2020) of Ministry of Statistics and Program Implementation, Government of India

3.2 Investment in PSUs (Non-Power Sector)

There were 39 PSUs, which function as instruments of the State Government to provide certain services and where the private sector might be unwilling to extend such services in the State due to various reasons. Besides, the Government has also invested in certain business segments through 31 PSUs which function in a competitive environment with private sector undertakings. The position of these State PSUs have therefore been analysed under two major classifications viz., those in the social sector and those functioning in a competitive environment¹². Besides, four¹³ PSUs have been incorporated to perform certain specific activities on behalf of the Government and have been categorised under 'Others'. Details of total investment in 74 PSUs (Non-Power Sector) in the form of equity and long term loans as on 31 March 2019 are detailed in **Appendix 4**.

The sector-wise summary of the investment in State PSUs during the period from 2014-15 to 2018-19 is given in **Table 3.2**.

¹¹ PSUs incorporated between January to March of a year can submit their first accounts for a period of 15 months i.e., up to March of next year

¹² Telangana State Mineral Development Corporation Limited, Telangana State Warehousing Corporation, Telangana State Forest Development Corporation Limited, Telangana Rajiv Swagruha Corporation Limited, Hyderabad Pharma City Limited, etc.

¹³ Telangana State Beverages Corporation Limited, Telangana State Aviation Corporation Limited, Telangana State Police Housing Corporation Limited and Telangana State Technology Services Limited incorporated to perform collection of excise revenue for Government of Telangana (GoT), scheduled air transport for GoT, buildings construction and civil engineering works for Police Department, GoT and procurement of hardware and software for GoT respectively

Table 3.2: Sector-wise investment in PSUs (Non-Power Sector)**(₹ in crore)**

Sector Wise Financial Year	Number of PSUs	Equity ^{\$}	Long Term Loans*	Total
Social Sector				
2014-15	13	46.33	1,787.97	1,834.30
2015-16	22	37.80	4,092.44	4,130.24
2016-17	25	140.91	15,774.38	15,915.29
2017-18	33	149.37	36,776.20	36,925.57
2018-19	39	154.75	65,241.14	65,395.89
Competitive Sector				
2014-15	29	101.41	239.45	340.86
2015-16	31	104.15	228.72	332.87
2016-17	33	188.04	3,268.29	3,456.33
2017-18	31	174.75	3,860.12	4,034.87
2018-19	31	208.06	3,447.19	3,655.25
Others				
2014-15	1	0.05	0.00	0.05
2015-16	4	0.15	0.00	0.15
2016-17	4	0.15	0.00	0.15
2017-18	4	0.15	0.00	0.15
2018-19	4	0.15	0.00	0.15
Grand Total				
2014-15	43	147.79	2,027.42	2,175.21
2015-16	57	142.10	4,321.16	4,463.26
2016-17	62	329.10	19,042.67	19,371.77
2017-18	68	324.27	40,636.32	40,960.59
2018-19	74	362.96	68,688.33	69,051.29

^{\$}Equity includes share application money

* The long-term loans include loans from Central and State Governments, Public Financial Institutions and Commercial Banks

Source: Accounts/ information furnished by PSUs

As on 31 March 2019, the total investment in the PSUs in non-Power Sector was ₹69,051.29 crore consisting of ₹362.96 crore as equity and ₹68,688.33 crore as long term loans. Out of this, the State Government's investment was ₹8,543.92 crore (12.37 per cent) in 62 PSUs (44 Working PSUs and 18 Inactive PSUs) comprising ₹328.59 crore Capital and ₹8,215.33 crore of Long-term loans.

The pattern of investment made by the State Government in these 62 PSUs during the five-year period 2014-19 is given in **Chart 3.1**.

Chart 3.1 Investment of Government in PSUs (Non-Power Sector)



Source: Information furnished by PSUs

3.3 Disinvestment, Restructuring and Privatisation of PSUs (Non-Power Sector)

During the year 2018-19, no disinvestment, restructuring or privatisation of PSUs (Non-Power Sector) was done by the State Government.

3.4 Budgetary Support to PSUs (Non-Power Sector)

The State Government provides financial support to PSUs in various forms through its annual budget. The details of budgetary outgo towards equity, loans and grants/ subsidies for the last five years ending March 2019 are given in **Chart 3.2** below.

Chart 3.2: Budgetary outgo towards Equity, Loans and Grants/ Subsidies



Source: Information furnished by PSUs

The summarised details of budgetary support in respect of PSU (Non-Power Sector) during the last five years ending March 2019 are given in **Table 3.3**.

Table 3.3: Details regarding budgetary support to PSUs**(₹ in crore)**

Particulars	2014-15		2015-16		2016-17		2017-18		2018-19	
	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
Equity	8	6.85	14	1.63	5	105.08	10	10.47	6	46.79
Loans	1	454.57	1	176.52	2	110.00	4	1,144.86	7	2,645.36
Grants/Subsidy*	6	350.61	14	1,410.21	15	4,613.11	21	5,312.72	19	6,566.71
Total Outgo¹⁴	9	812.03	21	1,588.36	18	4,828.19	27	6,468.05	26	9,258.86
Loans written off	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Loans converted into Equity	0	0.00	0	0.00	0	0.00	0	0.00	0	0.00
Guarantees issued	0	0.00	0	0.00	5	30,361.21	7	36,570.69	3	28,206.22
Guarantee Commitment	0	0.00	0	0.00	6	35,779.46	7	47,910.75	8	78,302.75

* Includes grants/ subsidy towards operational and management expenses not ascertainable separately
Source: Information furnished by PSUs

As can be seen from the table above, annual budgetary assistance received by the PSUs in non-Power Sector increased from ₹812.03 crore in 2014-15 to ₹9,258.86 crore during the period 2018-19. During 2018-19, the equity addition of ₹46.79 crore also includes equity (₹2.10 crore) infused in three¹⁵, out of the seven¹⁶ State PSUs newly incorporated during the year. The grants/ subsidy of ₹6,566.71 crore given by the State Government was primarily under the schemes of subsidised food supplies, supply of drinking water, subsidised housing and construction of Kaleshwaram Irrigation Project Limited.

State Government helps the PSUs in raising loans from banks and Public Financial Institutions by giving guarantee for repayment of principal and interest. The outstanding guarantee commitment given for State PSUs increased by 63.43 per cent from ₹47,910.75 crore in 2017-18 to ₹78,302.75 crore in 2018-19. The guarantee commitment in respect of Kaleshwaram Irrigation Project Corporation Limited (KIPCL) (₹33,017.36 crore) and Telangana Drinking Water Supply Corporation Limited (TDWSCL) (₹32,651.36 crore) together constituted 83.87 per cent of the total outstanding guarantee commitment.

3.5 Reconciliation with Finance Accounts

The figures in respect of equity, loans and guarantees outstanding as per the records of PSUs should agree with the figures appearing in the Finance Accounts of State. In case the figures do not tally, the PSUs concerned and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2019 with regard to 39 working PSUs (Non-Power Sector) which furnished their accounts/ information is given in **Table 3.4**.

¹⁴ The figure represents number of PSUs which have received outgo from budget under one or more heads i.e. equity, loans and grants/subsidies

¹⁵ Telangana State Water Resources Infrastructure Development Corporation Limited, Telangana Handloom Development Corporation Limited and Hyderabad Airport Metro Limited

¹⁶ Photonics Valley Corporation, Hyderabad Airport Metro Limited, Telangana State Water Resources Infrastructure Development Corporation Limited, Telangana Powerloom & Textiles Development Corporation Limited, Telangana Handloom Development Corporation Limited, Telangana Life Sciences Infrastructure Development Limited and Wehub Foundation

**Table 3.4: Equity, loans and guarantees outstanding as per Finance Accounts
vis-à-vis records of PSUs**

(₹ in crore)

Amount outstanding in respect of	No. of PSUs	As per Finance Accounts	As per records of PSUs	Difference
(A)	(B)	(C)	(D)	(E) = (C) - (D)
Equity ^s	11	100.00	47.00	53.00
Loans ^s	9	6,114.06	6,712.87	-598.81
Guarantees	12	61,957.13	78,302.75	-16,345.62

^s Information in respect of only those PSUs (Non-Power Sector) whose equity and loans were bifurcated on demerger as per finance accounts is considered

Source: Finance Accounts and information furnished by PSUs

It was observed that the major differences existed with respect to the guarantees given by the State Government for raising loans by the working PSUs in non-Power Sector. Differences in respect of equity/ loans occurred in respect of 16 out of 39 PSUs was shown in **Appendix 5**. Major differences were observed in TDWSCL (Equity: ₹98.00 crore), Telangana Housing Corporation Limited (Loans: ₹3,080.32 crore) and KIPCL (Guarantee: ₹5,027.76 crore). The differences in equity, loans and guarantees were pending reconciliation since long period. The matter was taken up (June 2020) with the State Government and reply is awaited. The State Government needs to initiate expeditious action to analyse the reasons for the variations in figures between the two sets of figures in consultation with the concerned PSUs and ensure reconciliation in a time-bound manner.

3.6 Submission of Accounts by PSUs (Non-Power Sector)

As of 31 March 2019, out of 74 PSUs in non-Power Sector, 54 working PSUs (50 Government Companies, three Statutory Corporations and one Government Company under demerger process) and 20 inactive PSUs were under the audit purview of CAG in Telangana State. Out of three the Statutory Corporations, the CAG is the sole auditor of one Statutory Corporation (Telangana State Road Transport Corporation). The status of timeliness followed by these 54 working PSUs in preparing accounts is detailed below:

3.6.1 Timeliness in preparation of Accounts by the working PSUs

As prescribed under the Companies Act, 2013, all the working State PSUs were required to submit accounts for the year 2018-19 by 30 September 2019. Out of 51 working Government Companies, only four Government Companies submitted their accounts for the year 2018-19 for audit by CAG by 30 September 2019. None of the three Statutory Corporations submitted their first accounts. Details of arrears in submission of accounts by working PSUs (Non-Power Sector) as on 30 September 2019 calculated from the date of their incorporation are given in **Table 3.5**.

Table 3.5: Position of submission of Accounts by working PSUs

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1	Total Number of PSUs	21	35	40	48	54
2	Total Number of working PSUs which are required to furnish their accounts	17	35	39	47	54
3	Number of accounts submitted during current year	5	4	14	16	34
4	Number of PSUs whose accounts are current	2	2	3	3	4
5	Number of previous year accounts finalised during current year	3	2	11	13	30
6	Number of PSUs with accounts in arrears	15	33	36	44	50
7	Number of accounts in arrears	25	56	81	109*	129
8	Extent of arrears	1 to 6 years	1 to 7 years	1 to 4 years	1 to 5 Years	1 to 5 years

* Excludes three arrears of APMDC-SCCL Suliyari Coal Company Limited which became inactive during 2017-18

Source: Accounts finalised by PSUs as on 30 September of the relevant years

Of the 54 working PSUs (Non- Power Sector), 28 PSUs had finalised their 34 annual accounts during the period from 1 October 2018 to 30 September 2019, which included four annual accounts for the year 2018-19 and 30 annual accounts for previous years, as detailed in **Appendix 6**. Further, 129 annual accounts were in arrears pertaining to 50 State PSUs. The Administrative Departments have the responsibility to oversee the activities of these entities. Therefore, they have to ensure that the accounts are finalised by these PSUs and adopted by their respective Boards within the stipulated period.

During 2018-19, the State Government provided budgetary support of ₹9,251.10 crore (Equity of ₹42.26 crore, Loans of ₹2,643.74 crore and Grants/ Subsidies of ₹6,565.10 crore) to 24 working PSUs (Non-Power Sector) which did not finalise their accounts by 30 September 2019. The PSU-wise details of investment made by State Government during the years for which accounts were in arrears are shown in **Appendix 6**.

In the absence of finalisation of accounts and their subsequent audit, the accounting and investments and expenditure incurred could not be verified. The State Government's investment in these PSUs (Non-Power Sector), therefore, remained outside the oversight of State Legislature.

3.6.2 Timeliness in preparation of Accounts by Inactive PSUs

There were arrears in finalisation of accounts by 20 inactive PSUs (including 19 PSUs yet to be demerged). Details are given in **Table 3.6**.

Table 3.6: Position relating to arrears of accounts in respect of Inactive PSUs

Sl. No.	Name of non-functional companies	Last financial Year up to which Accounts finalised	Period for which accounts were in arrears
1.	A.P Small Scale Industrial Development Corporation Limited	2001-02	2002-03 to 2018-19
2.	Andhra Pradesh Essential Commodities Corporation Limited	2013-14 (14 M)	2014-15 to 2018-19
3.	Andhra Pradesh Fisheries Corporation Limited	2001 to 2002	2002-03 (10-5-2002 to 31-3-2003) to 2018-19
4.	Allwyn Auto Limited	1994-95	1995-96 to 2018-19
5.	Allwyn Watches Limited	1998-99	1999-00 to 2018-19
6.	Andhra Pradesh Automobile Tyres & Tubes Limited	1992-93	1993-94 to 2018-19
7.	Andhra Pradesh Dairy Development Corporation Limited	2013-14 (14 M)	2014-15 to 2018-19
8.	Andhra Pradesh Electronics Development Corporation Limited	2002-03	2003-04 to 2018-19
9.	Andhra Pradesh Steels Limited	1991-92	1992-93 to 2018-19
10.	Aptronix Communications Limited	NA	NA
11.	Golkonda Abrasives Limited	1997-98	1998-99 to 2018-19
12.	Hyderabad Chemicals and Fertilisers Limited	1984-85	1985-86 to 2018-19
13.	Krishi Engineering Limited	1984-85	1985-86 to 2018-19
14.	Marine and Communication Electronics (India) Limited	1992-93	1993-94 to 2018-19
15.	PJ Chemicals Limited	1989-90	1990-91 to 2018-19
16.	Proddutur Milk Foods Limited	1983-84	1984-85 to 2018-19
17.	Republic Forge Company Limited	1991-92	1992-93 to 2018-19
18.	Southern Transformers and Electricals Limited	1993-94	1994-95 to 2018-19
19.	APMDC-SCCL Suliyari Coal Company Limited	First Accounts not submitted	2014-15 to 2018-19
20.	Vidyut Steels Limited	1985-86	1986-87 to 2018-19

Source: Compiled by O/o AG (Audit), Telangana

3.7 Impact of non-finalisation of Accounts by PSUs (Non-Power Sector)

As pointed out in **Paragraph 3.6**, delay in finalisation of accounts carries the risk of fraud and leakage of public money going undetected apart from violating the provisions of the relevant Statutes. In view of the arrears of accounts, the actual contribution of the PSUs in non-Power Sector to State GSDP for the year 2018-19 could not be ascertained and reported to the State Legislature.

It is therefore, recommended that the State Government may issue necessary directions to the Administrative Departments to set targets for individual PSUs and strictly monitor the clearance of arrears. The State Government needs to take appropriate steps expeditiously to liquidate the arrears in finalisation of accounts.

3.8 Placement of Separate Audit Reports of Statutory Corporations

Separate Audit Reports (SARs) are the Audit Reports of the CAG on the accounts of Statutory Corporations. These reports are to be laid before the State Legislature as per the provisions of the respective Acts. Out of the three working Statutory Corporations, two Corporations (TSRTC and TSWC) had not submitted their accounts since their inception. In case of the Telangana State Finance Corporation (TSFC), it has not prepared separate accounts. However, the accounts were finalised by Andhra Pradesh State Finance Corporation as single entity up to 2018-19 along with TSFC.

3.9 Performance of PSUs (Non-Power Sector)

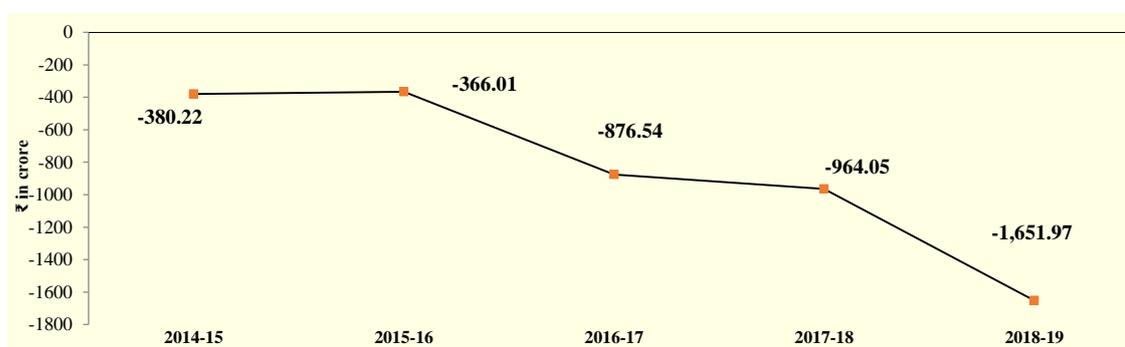
Financial position and working results of the 74 PSUs as on 31 March 2019 are detailed in *Appendix 7*.

PSUs are expected to yield reasonable return on investment made by the Governments. The profitability of a Company is traditionally assessed through Return on Investment, Return on Equity and Return on Capital Employed. The Rate of Real Return (RoRR) on investment measures the profit or loss made in a fixed year relating to the Present Value (PV) of the investment made over the years and is expressed as a percentage of profit to the PV of total investment. Investment for the purpose included equity, interest free loans, grants and subsidies for operational and management expenses. Return on Capital Employed is a financial ratio that measures the company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed. Return on Equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund.

3.9.1 Rate of Real Return on Investment

Return on Investment (RoI) is the percentage of profit or loss to the total investment. The 54 working PSUs (Non-Power Sector) incurred aggregate losses of ₹4,238.79 crore during 2014-15 to 2018-19. The overall position is depicted below in **Chart 3.3**.

Chart 3.3: Profit earned/ Losses incurred by working PSUs (Non-Power Sector)



Source: Accounts and information furnished by PSUs

During 2018-19, out of the 39 PSUs which furnished their accounts/ information, 14 PSUs earned profits and 20 PSUs incurred losses while five PSUs reported neither profit

or loss¹⁷. The increase in losses during 2017-18 and 2018-19 was mainly on account of losses of the Telangana State Road Transport Corporation¹⁸.

Major profit making PSUs during the year 2018-19 were, Telangana State Forest Development Corporation Limited (₹47.36 crore), Telangana State Minerals Development Corporation Limited (₹22.54 crore), Telangana State Warehousing Corporation (₹57.39 crore) and Telangana State Technology Services Limited (₹12.43 crore). These profits were set-off by loss of ₹928.66 crore reported by TSRTC.

Out of the 14 profit making PSUs, three PSUs namely, Telangana State Mineral Development Corporation Limited (₹22.54 crore), Telangana State Warehousing Corporation (₹57.39 crore) and Telangana State Industrial Development Corporation (₹0.04 crore) are classified under Competitive Sector. In the remaining 11 PSUs, nine are in Social Sector and two PSUs namely, Telangana State Technology Services Limited (TSTSL) and Telangana State Police Housing Corporation Limited (TSPHCL) are classified under 'Others' category. The TSTSL is engaged in contract supply (Information Technology equipment & software) works majorly on nomination basis while the TSPHCL is engaged in construction of buildings, etc. for the Police Department.

All the PSUs in social sector are involved in implementing the Government sponsored schemes, wherein the margin/ profit element is subsumed in the scheme grants/ subsidy released by the Government through budget annually. However, the profit making PSUs in Competitive Sector and Others Sector did not receive any budgetary grant/ subsidy during 2018-19.

The number of PSUs in non-Power Sector that earned profit/ incurred loss during the five-year period 2014-19 is given in **Table 3.7**.

Table 3.7: Number of working PSUs which earned profit/ incurred loss

Financial year	Total number of PSUs (Non-Power Sector) which furnished their accounts/ information	Number of PSUs which earned profits during the year	Number of PSUs which incurred loss during the year	Number of PSUs reporting No profit / No loss during the year
2014-15	16	6	9	1
2015-16	28	16	9	3
2016-17	32	11	19	2
2017-18	40	16	20	4
2018-19	39	14	20	5

Source: Accounts and information furnished by PSUs

3.9.2 Rate of Real Return on the basis of historical cost of investment

Out of 54 working PSUs, the State Government infused funds in the form of equity, interest free loans (except to the extent that the loans are liable to be repaid as per terms

¹⁷ Any difference in expenditure over income was provided by Government

¹⁸ Incorporated on 1 June 2016

and conditions of repayment) and subsidies/ grants in 44 State PSUs. An analysis of the earnings *vis-à-vis* investments was carried out to assess the profitability of these PSUs. The Rate of Real Return on Investment (RoRR) from the PSUs (Non-Power Sector) has been calculated on the total investment (investment including State, Central Governments & Others). In case of PSUs formed due to demerger, the initial investment in the equity and loans is considered at the carrying amounts as on the date of their incorporation. Further, apportionment of assets and liabilities between the successor demerged PSUs (as discussed in **Paragraph 2.1.4**) resulted in a Reorganisation/ Demerger Adjustment Reserve (surplus/ deficit), which is considered as investment of the State Government.

As on 31 March 2019, total investment of State Government in these 44 working PSUs on the basis of historical cost stood at ₹21,679.44 crore¹⁹ (considering initial investment of ₹2,288.08 crore up to bifurcation and subsequent investment of ₹19,391.36 crore during 2014-15 to 2018-19), the investment of Central Government was ₹7,164.32 crore (in the form of equity of ₹26.78 crore and subsidy/ grants of ₹7,137.54 crore), while the investment of 'Others' consisted of equity of (₹2.61 crore) and subsidy and grants of (₹237.05 crore) totalling ₹239.66 crore.

The sector-wise RoRR on historical cost basis for the period 2014-15 to 2018-19 is given in **Table 3.8**.

Table 3.8: Return on the basis of historical cost of investment

(₹ in crore)

Year	Funds invested by State Government in Equity, interest free loans and grants, subsidies	Funds invested by Central Government in Equity and grants, subsidies	Funds invested by Others in Equity and grants, subsidies	Total investment in Equity, interest free loans and grants, subsidies	Total Earnings/ Losses for the year	RoRR (in per cent)
Social Sector						
2014-15	2,003.62	0.00	0.00	2,003.62	-353.80	-17.66
2015-16	3,571.24	1.33	0.00	3,572.57	-424.01	-11.87
2016-17	7,358.26	2,238.50	0.00	9,596.76	-150.91	-1.57
2017-18	11,966.73	4,216.25	0.09	16,183.07	-317.52	-1.96
2018-19	18,695.52	7,019.98	0.27	25,715.78	-778.09	-3.03
Competitive Sector						
2014-15	385.51	17.03	0.71	403.25	-25.69	-6.37
2015-16	459.82	50.03	2.58	512.43	58.12	11.34
2016-17	1,430.65	75.48	239.07	1,745.20	-732.50	-41.97
2017-18	2,220.67	144.34	239.07	2,604.08	-661.15	-25.39
2018-19	2,789.50	144.34	239.39	3,173.23	-887.79	-27.98

¹⁹ ₹309.97 crore (Equity) + ₹55.19 crore (Demerger reserve) + ₹3,186.78 crore (interest free loans) + ₹18,127.50 crore (grants and subsidies)

Year	Funds invested by State Government in Equity, interest free loans and grants, subsidies	Funds invested by Central Government in Equity and grants, subsidies	Funds invested by Others in Equity and grants, subsidies	Total investment in Equity, interest free loans and grants, subsidies	Total Earnings/ Losses for the year	RoRR (in per cent)
Others						
2014-15	19.04	0.00	0.00	19.04	0.00	0.00
2015-16	79.86	0.00	0.00	79.86	0.04	0.05
2016-17	143.66	0.00	0.00	143.66	9.69	6.75
2017-18	194.42	0.00	0.00	194.42	16.21	8.34
2018-19	194.42	0.00	0.00	194.42	13.83	7.11
Grand total						
2014-15	2,408.17	17.03	0.71	2,425.91	-379.49	-15.64
2015-16	4,110.92	51.36	2.58	4,164.86	-365.85	-8.78
2016-17	8,932.57	2,313.98	239.07	11,485.62	-873.72	-7.61
2017-18	14,381.82	4,360.59	239.16	18,981.57	-962.46	-5.07
2018-19	21,679.44	7,164.32	239.66	29,083.42	-1,652.05	-5.68

Source: Accounts and information furnished by PSUs

The return on investment is worked out by dividing the total earnings by the cost of the investments. The Rate of Real Return earned on investment by State Government, Central Government and Others was negative in all the years during the period 2014-15 to 2018-19 and ranged between (-) 15.64 per cent and (-) 5.07 per cent. The negative returns were mainly due to heavy losses incurred by Hyderabad Metro Rail Limited (HMRL) in all the five years (₹1,270.76 crore) and Telangana Drinking Water Supply Corporation Limited in 2018-19 (₹337.65 crore) in social sector while Telangana State Road Transport Corporation (TSRTC) incurred losses for the years 2016-17 to 2018-19 (₹2,426.53 crore) in competitive sector. Further, the profits earned mainly by four PSUs²⁰ during this period was also off-set by the losses incurred by the HMRL and TSRTC due to which the total earnings remained negative.

The return on investment from both social sector and competitive sector showed fluctuating trends while returns from Other sector showed increasing trend (except in 2018-19), mainly due to lower investment in this sector and increase in turnover (₹16.16 crore in 2016-17 to ₹67.20 crore in 2018-19) of Telangana State Technology Services Limited, which secured orders from Government Departments on nomination basis.

3.9.3 Return on Investment on the basis of Present Value of Investment

An analysis of the earnings *vis-a-vis* investments in respect of 44 PSUs (Non-Power Sector) where funds had been infused by the State Government, Central Government and Others since their inception to 31 March 2019 was carried out to assess the profitability of

²⁰ Telangana State Industrial Infrastructure Corporation Limited, Telangana State Mineral Development Corporation Limited, Telangana State Warehousing Corporation and Telangana State Forest Development Corporation Limited

these PSUs. Traditional calculation of return based only on the historical cost of investment may not be a correct indicator of the adequacy of the rate of real return on the investment since such calculations ignore the present value of money. The present value of the total investments has been computed to assess the rate of real return on the present value of total investments in the PSUs as compared to historical value of investments. In order to bring the historical cost of investments to its present value at the end of each year up to 31 March 2019, the past investments have been compounded at the year-wise average rate of interest on Government borrowings which is considered as the minimum cost of funds for the concerned year. During the period from 2014-15 to 2018-19, these 44 PSUs had a negative rate of real return on investment.

The PV of investment in PSUs (Non-Power Sector) was computed on the basis of the following assumptions:

- The net equity infused (equity minus disinvestment), interest free loans and funds made available in the form of the grants and subsidies have been reckoned as investment for calculating the rate of real return on investments. In case of repayments of loans by the PSUs, the PV is calculated on the reduced balances of interest free loans over the period.
- The average rate of interest on Government borrowings for the financial year²¹ concerned was adopted as compounded rate for arriving at Present Value since it represents the cost incurred towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments.

PSU-wise position of State Government investment in the 44 PSUs (Non-Power Sector) in the form of equity, interest free loans and grants/ subsidies for operational and management expenses on historical cost basis for the period from 2014-15 to 2018-19 is indicated in the *Appendix 8*.

The total investment of the State, Central Government and Others in these 44 PSUs at the end of the year 2018-19 was ₹29,083.42 crore, consisting of equity of ₹394.55 crore (including Reorganisation/ Demerger Adjustment Reserve of ₹55.19 crore), interest free loans of ₹3,186.78 crore and subsidy/ grants of ₹25,502.09 crore. The PV of investments of the Governments and Others up to 31 March, 2019 worked out to ₹34,198.43 crore. The Rate of Real Return on the PV of the Government investment could not be calculated as the PSUs (Non-Power Sector) incurred losses during all the five Financial Years from 2014-15 to 2018-19.

3.9.4 Erosion of Net worth

Net worth means the sum of the Paid-up Capital *plus* Free Reserves and Surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment

²¹ The average rate of interest on Government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Telangana) for the concerned year wherein the average rate for interest paid = $\text{Interest Payment} / [(\text{Amount of previous year's Fiscal Liabilities} + \text{Current year's Fiscal Liabilities}) / 2] * 100$

by the owners has been wiped out by accumulated losses and deferred revenue expenditure. The capital investment²² and accumulated losses of these 54 working PSUs (Non-Power Sector)²³ as on 31 March 2019 was ₹260.82 crore and ₹10,617.96 crore respectively, resulting in a negative net worth of ₹10,718.79 crore after deducting deferred revenue expenditure of ₹361.65 crore as detailed in **Appendix 7**. Analysis of investment and accumulated losses disclosed that net worth was fully eroded in 15 out of these 54 working PSUs. The net worth of these 15 PSUs was ₹ (-) 11,626.99 crore as their capital investment and accumulated losses were ₹122.64 crore and ₹11,389.31 crore respectively. Of these 15 PSUs, the maximum net worth erosion was in TSRTC (₹4,887.07 crore), Telangana State Housing Corporation Limited (₹3,557.43 crore), HMRL (₹2,085.17 crore), Telangana Rajiv Swagruha Corporation Limited (₹441.08 crore) and TDWSCL (₹353.39 crore). Of these 15 PSUs where net worth had been fully eroded, one²⁴ PSU earned profit during the year 2018-19, although there were substantial accumulated losses.

The following table indicates total paid up capital, free reserves and surplus, total accumulated losses, and net worth of the 44 working PSUs, where the State Government made direct investment.

Table 3.9: Net worth of 44 PSUs during 2014-15 to 2018-19

(₹ in crore)

Year	Paid up Capital at end of the year	Free Reserves and Surplus	Accumulated Loss at end of the year	Deferred revenue Expenditure	Net worth
2014-15	72.73	287.74	-1,433.76	0.00	-1,073.29
2015-16	67.04	676.74	-4,534.89	92.03	-3,883.14
2016-17	254.03	793.56	-7,949.09	97.04	-6,998.54
2017-18	262.49	998.43	-9,119.85	222.08	-8,081.01
2018-19	260.76	775.94	-11,393.86	361.65	-10,718.81

Source: Accounts and information furnished by PSUs

It is evident from the above that the net worth of the 44 working PSUs where State Government had infused funds deteriorated from ₹(-)1,073.29 crore in 2014-15 to ₹(-)10,718.81 crore in 2018-19. During 2018-19, net worth of 13²⁵, out of 44 PSUs was fully eroded. The erosion of net worth in these 13 PSUs ranged from three times to 12,789.44 times of the paid up capital.

3.9.5 Dividend Payout

As per the guidelines issued by the Public Enterprises Department of the State Government, a PSU shall declare or pay dividend for any financial year out of the profits

²² Includes paid-up capital of Central Government, State Government and Other Parties

²³ Including 44 working PSUs where the State Government had invested funds in the form of equity and interest free loans

²⁴ Telangana State Minorities Finance Corporation (TSMFC)

²⁵ Telangana Fiber Grid Corporation Limited, Telangana Overseas Manpower Company Limited, Telangana State Irrigation Development Corporation Limited, Telangana State Leather Industries Promotion Corporation Limited, TSMFC, The Nizam Sugars Limited, TSRTC, TDWSCL, Telangana State Most Backward Classes Development Corporation Limited, HMRL, Telangana Rajiv Swagruha Corporation Limited, Telangana State Film Development Corporation Limited and Telangana State Housing Corporation Limited

for that year arrived at after providing for depreciation in accordance with the Companies Act. A minimum rate of dividend on the paid up share capital or the profit for the year was, however, not prescribed.

During the period 2014-15 to 2018-19, the number of PSUs which earned profits ranged between four and 16, of which, only one PSU namely, Telangana State Warehousing Corporation declared/ paid dividend. It was observed that the Dividend Payout Ratio increased from 0.79 per cent in 2016-17 to 4.98 per cent in 2018-19 as the amount of dividend declared/ paid increased during 2017-19.

Dividend Payout Ratio relating to 44 PSUs, where equity was infused by the State Government, during the period from 2014-15 to 2018-19 is shown below.

Table 3.10: Details of Dividend Payout of 44 PSUs

(₹ in crore)

Year	PSUs where equity is infused by State Government		PSUs which earned profit during the year		PSUs which declared/ paid dividend during the year		Dividend Payout Ratio	
	No. of PSUs	Total Equity	No. of PSUs	Total Equity	No. of PSUs	Amount of Dividend	As % of Total Equity	As % of Equity of Profit Making PSUs
1	2	3	4	5	6	7	8 (7/3*100)	9 (7/5*100)
2014-15	11	72.73	4	6.93	0	0.00	0.00	0.00
2015-16	23	67.04	14	55.33	1	3.50	5.22%	6.33%
2016-17	26	254.03	11	14.80	1	2.00	0.79%	13.51%
2017-18	32	262.49	16	155.87	1	3.50	1.33%	2.25%
2018-19	34	260.76	13	123.48	1	13.00	4.98%	10.53%

Source: Accounts and information furnished by PSUs

3.9.6 Return on Equity

Return on Equity (ROE) is a measure of financial performance to assess how effectively management is using shareholders' fund to create profit. It is calculated by dividing net income (i.e., net profit after taxes) by shareholders' fund. It is expressed as a percentage and can be calculated for any Company if net income and shareholders' fund are both positive numbers.

Shareholders' fund of a Company is calculated by adding paid up capital and free reserves net of accumulated losses and deferred revenue expenditure and reveals how much would be left for a Company's stakeholders if all assets were sold and all debts paid. A positive Shareholders' fund reveals that the Company has enough assets to cover its liabilities while negative Shareholders' funds means that liabilities exceed assets.

In respect of 44 working PSUs of Telangana, where funds had been infused by the State Government, both the Shareholders' fund and the Net Income were negative during the last five years ended 2018-19, as given in **Table 3.11**.

Table 3.11: Return on Equity relating to 44 working PSUs*

(₹ in crore)

Details	Year	Number of PSUs	Net Profit/ Loss	Shareholders' Fund	RoE (in per cent)
1	2	3	4	5	6=(4/5)*100
Profit Earning	2014-15	4	13.11	259.91	5.04
	2015-16	14	68.31	479.07	14.26
	2016-17	11	44.54	-2,331.73	-
	2017-18	16	214.25	857.57	24.98
	2018-19	13	156.17	883.97	17.67
Loss Incurring	2014-15	6	-392.60	-1,333.25	-
	2015-16	6	-434.16	-4,362.36	-
	2016-17	13	-918.26	-4,666.91	-
	2017-18	12	-1,176.71	-8,940.68	-
	2018-19	18	-1,808.22	-11,603.88	-
No Profit/ Loss	2014-15	1	0.00	0.05	-
	2015-16	3	0.00	0.15	-
	2016-17	2	0.00	0.10	-
	2017-18	4	0.00	2.10	-
	2018-19	3	0.00	1.10	-
Total	2014-15	11	-379.49	-1,073.29	-
	2015-16	23	-365.85	-3,883.14	-
	2016-17	26	-873.72	-6,998.54	-
	2017-18	32	-962.46	-8,081.01	-
	2018-19	34	-1,652.05	-10,718.81	-

* Includes details of only those PSUs which furnished their accounts/ information

Source: Accounts and information furnished by PSUs

As can be seen from above table, both the Shareholders' fund and the Net Income were negative during all the five years period ended 2018-19. Since the Shareholders' Fund and the Net Income during 2014-15 to 2018-19 was negative, the Return on Equity could not be worked out.

3.9.7 Return on Capital Employed

Return on Capital Employed (RoCE) is a profitability metric that measures the long-term profitability and efficiency with which the total capital is employed by a company. RoCE is an important decision metric for long term lenders. The significance of RoCE becomes obvious when it is juxtaposed against RoE, which measures the efficiency with which a company's assets have been used to create profits for its shareholders. RoCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed²⁶. The details of total RoCE of all the 54 working PSUs during the period from 2014-15 to 2018-19 are given in **Table 3.12**.

²⁶ Capital employed = Paid up share capital + free reserves and surplus + long term loans – accumulated losses - deferred revenue expenditure

Table 3.12: RoCE of 54 working PSUs*

(₹ in crore)

Details	Year	Number of PSUs	EBIT	Capital employed	RoCE (in per cent)
1	2	3	4	5	6=(4/5)*100
Profit Earning	2014-15	6	24.96	273.93	9.11
	2015-16	16	796.24	633.39	125.71
	2016-17	11	1,004.80	-639.07	-157.23
	2017-18	16	1,094.19	15,083.00	7.25
	2018-19	14	1,094.68	32,291.26	3.39
Loss Incurring	2014-15	9	-354.47	488.30	-72.59
	2015-16	9	-421.68	-2,386.92	-
	2016-17	19	-768.36	12,488.29	-6.15
	2017-18	20	-995.44	17,285.07	-5.76
	2018-19	20	-1,528.73	25,498.83	-6.00
No Profit/ No Loss	2014-15	1	0.00	0.05	-
	2015-16	3	0.00	1,999.53	-
	2016-17	2	0.00	0.10	-
	2017-18	4	0.00	2.10	-
	2018-19	5	0.00	6.11	-
Total	2014-15	16	-329.51	762.28	-43.23
	2015-16	28	374.56	246.00	152.26
	2016-17	32	236.44	11,849.32	2.00
	2017-18	40	98.75	32,370.17	0.31
	2018-19	39	-434.05	57,796.20	-0.75

* Includes details of only those PSUs which furnished accounts/information

Source: Accounts and information furnished by PSUs

The RoCE of the PSUs ranged between (-) 43.23 per cent and 152.26 per cent during the period 2014-15 to 2018-19. The RoCE increased substantially during 2015-16 in comparison to 2014-15 mainly due to positive earnings before interest and taxes (EBIT) of Telangana State Civil Supplies Corporation Limited. The RoCE however, reduced during the period 2016-19 mainly due to increase in Capital employed in Kaleshwaram Irrigation Project Corporation Limited and Telangana State Drinking Water Supply Corporation Limited and the reduction in EBIT which could be mainly due to the losses of Telangana State Road Transport Corporation.

3.9.8 Analysis of Long Term Loans of the PSUs

Analysis of the Long Term Loans of the 54 working PSUs during 2014-15 to 2018-19 was carried out to assess the ability of these PSUs to serve the debt owed by them to the Government, banks and other financial institutions. This was assessed through the Interest Coverage Ratio (ICR) and Debt Turnover Ratio (DTR).

3.9.9 Interest Coverage Ratio

Interest coverage ratio is used to determine the ability of a PSU to pay interest on outstanding debt and is calculated by dividing EBIT of a PSU by interest expenses of the same period. The lower the ratio, the lesser the ability of the PSU to pay interest on debt. An ICR below one indicates that the PSU was not generating sufficient revenues to meet its expenses on interest. The details of positive and negative ICR in respect of 11 working PSUs, which had interest burden during the period from 2014-15 to 2018-19 are given in **Table 3.13**.

Table 3.13: ICR of PSUs

(₹ in crore)

Year	EBIT	Interest	ICR	Total Number of PSUs*	Number of PSUs having ICR more than 1	Number of PSUs having ICR less than 1
2014-15	3.32	6.54	0.51:1	2	1	1
2015-16	691.05	704.01	0.98:1	9	6	3
2016-17	357.32	1,088.10	0.33:1	11	4	7
2017-18	143.77	1,002.52	0.14:1	9	5	4
2018-19	-30.47	1,167.61	-0.03:1	11	4	7

* Only those PSUs which had liability for loans and interest expenditure are considered

Source: Accounts and information furnished by PSUs

Of the 11 PSUs having liability of loans from Government as well as banks and other financial institutions during 2018-19, four PSUs had ICR of more than one whereas remaining seven PSUs had ICR below one indicating that these seven PSUs could not generate sufficient revenues to meet their expenses on interest during the period.

Seven PSUs were required to pay interest to State Government during the year 2018-19. Only five of these PSUs provided for interest of ₹46.59 crore in their accounts. However, the same was not paid during the year. Total outstanding interest payable by these five PSUs was ₹180.31 crore as on 31 March 2019.

3.9.10 Debt Turnover Ratio

During the last five years ended March 2019, the debt-turnover ratio of 54 working PSUs ranged between 0.40:1 and 9.90:1. Further, the compounded annual growth rate of turnover of the PSUs (210.39 per cent) outpaced the compounded annual growth rate of debt (146.93 per cent) due to which the debt turnover ratio improved from 9.90:1 in 2014-15 to 3.97:1 in 2018-19 as given in **Table 3.14**.

Table 3.14: Details of Debt Turnover Ratio of PSUs

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government/Banks and Financial Institutions	1,842.89	4,136.63	18,858.14	40,462.98	68,514.99
Turnover	186.17	10,297.18	12,822.79	17,009.93	17,279.16
Debt-Turnover Ratio	9.90:1	0.4 :1	1.47:1	2.38:1	3.97:1

Source: Accounts and information furnished by PSUs

3.10 Winding up of inactive PSUs (Non-Power Sector)

As on 31 March 2019, there were 20 inactive PSUs, of which, 19 were under demerger process. The total investment in these 20 inactive PSUs was ₹234.87 crore. The number of inactive PSUs and their stage of closure at the end of each year during last five years ended 31 March 2019 is given in **Table 3.15**.

Table 3.15: Details of Inactive PSUs and status of liquidation

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Number of Inactive companies	22	22	22	20	20
Liquidation by Court (liquidator appointed)	10	10	10	8	9
Voluntary winding up	0	0	0	1	1

Source: Compiled from the information as furnished by Official Liquidator

Out of the 20 inactive PSUs, nine were reported to be in the process of liquidation for several decades, although official liquidator had already been appointed in respect of these PSUs.

3.11 Comments on Accounts of PSUs (Non-Power Sector)

Twenty-eight working companies forwarded 34 audited accounts to the Accountant General (Audit), Telangana during the period from 1 October 2018 to 30 September 2019. Of these, 26 accounts were selected for supplementary audit and Non-Review Certificate was issued in respect of the remaining eight accounts. The Audit Reports of Statutory Auditors and supplementary audit conducted by the CAG indicated that the quality of accounts needs to be improved. The details of aggregate money value of the comments of Statutory Auditors and the CAG are given in **Table 3.16**.

Table 3.16: Impact of audit comments on State PSUs (Non-Power Sector)

(₹ in crore)

Sl. No.	Particulars	2015-16		2016-17		2017-18		2018-19	
		No. of Accounts	Amount						
1.	Decrease in profit	0	0.00	2	0.33	1	0.51	9	32.72
2.	Increase in profit	0	0.00	0	0.00	1	0.52	6	25.14
3.	Increase in loss	0	0.00	2	8.26	3	43.22	1	31.83
4.	Decrease in loss	0	0.00	0	0.00	3	24.18	2	3.94
5.	Non-disclosure of material facts	0	0.00	2	0.00	4	71.48	9	146.70
6.	Errors of classification	0	0.00	0	0.00	5	242.82	10	2,791.23

Source: Compiled from comments of the Statutory Auditors/CAG

During the year 2018-19, the Statutory Auditors issued 16 qualified Audit Reports on 34 accounts. Compliance to the Accounting Standards by the State PSUs remained poor as the Statutory Auditors pointed out eight instances of non-compliance to the Accounting Standards in four accounts.

All the three working Statutory Corporations have not furnished their separate annual accounts for audit since their inception (TSRTC: 2016-17; TSFC & TSWC: 2015-16).

Chapter - 4

Compliance Audit Observations

Kaleshwaram Irrigation Project Corporation Limited

4.1 Avoidable interest expenditure of ₹8.51 crore

The Company availed of a higher interest bearing term loan of ₹539.56 crore without assessing the specific immediate requirement of funds resulting in an avoidable interest expenditure of ₹8.51 crore

The Kaleshwaram Irrigation Project Corporation Limited (the Company) was incorporated on 5 August, 2016 under the Companies Act, 2013 by the Government of Telangana State as a special purpose vehicle for raising funds required for the execution of the Kaleshwaram Irrigation Project works (Phase-2, Link-II, III & IVA). The Company entered (September 2017) into a term loan agreement for a loan amount of ₹11,400 crore with a Consortium of Lenders (Consortium Banks) with Punjab National Bank (PNB) as the designated Lead Bank. The loan amount was repayable with interest at 9.20 *per cent* per annum in 48 quarterly installments beginning from the financial year 2020-21. The loan agreement prescribed that the Company should make a request to the Lead bank/ Consortium for arranging disbursement of the loan funds only to the extent of bills passed by the Company.

Trust and Retention Account (TRA) is an arrangement made for disbursement of loans for the project works by the Consortium banks. The Company's cash flows/ repayments to the Consortium are also deposited into this Account and payments are made to the concerned contractors from the TRA. The TRA had a balance of ₹607.84 crore as on 27 December 2017. Subsequently, the Company withdrew loan amount of ₹539.56 crore (₹323.90 crore on 28 December 2017 and ₹215.66 crore on 30 December 2017) into the TRA. On 30 December 2017, the Company transferred an amount of ₹500 crore from the TRA into its PNB savings bank account. An amount of ₹115 crore and the balance amount of ₹385 crore were transferred back into the TRA on 8 March, 2018 and 14 May 2018 respectively.

In this connection, audit observed that an amount of ₹500 crore remained in the PNB savings bank account for 68 days (from 30 December 2017 to 7 March 2018) and ₹385 crore remained for 67 days (from 8 March 2018 to 13 May 2018) at four *per cent* interest rate. However, the Company was required to pay 9.2 *per cent* to the consortium banks on term loans. As a result, the Company incurred an additional interest expenditure of ₹8.51 crore¹. Had the Company assessed the specific fund requirements and requested the bank for disbursement of the funds as per the procedure prescribed in the term loan agreement, it could have avoided withdrawal of loan funds of ₹539.56 crore in a span of two days and depositing such large amounts in savings bank account at a lower interest rate.

Government replied (July 2020) that due to the difficulty in releasing 30 *per cent* margin money from Government and to fully utilise the construction period (Post-Monsoon period) the Consortium banks were requested (December 2017) to release their loan in one tranche for the total requirement of funds for the period up to March 2018. As such, the

¹ ₹4.84 crore [₹500 crore * (9.20% – 4%)/ 365 days * 68 days] + ₹3.67 crore [₹385 crore * (9.20% – 4%)/ 365 days * 67 days] = ₹8.51 crore

onetime drawl of funds was made not only for the payment of pending bills but also for the estimated bills for which payment was to be made for the work done till March 2018.

The reply is not acceptable. The Company had not followed the due process after consortium banks agreed to release the funds without insisting for margin money by the Government. It could have requisitioned the funds into the TRA only to the extent of finalised bills in order to discharge the outstanding payment commitments. Thus, the drawl of funds in advance resulted in avoidable interest expenditure of ₹8.51 crore.

Telangana State Industrial Infrastructure Corporation Limited

4.2 Revenue loss of ₹4.47 crore

TSIICL sold prime land below the prevailing market rate to a private party without due diligence and adequate justification, in deviation of Allotment Regulations, resulting in a revenue loss of ₹4.47 crore

As per clause 4.8.3 of the Allotment Regulations of Telangana State Industrial Infrastructure Corporation Limited (TSIICL), land in Industrial Parks is required to be allocated at the rate applicable on the date of filing of the valid application. The Price Fixation & Infrastructure Committee (PF&IC) of TSIICL should recommend the rate based on periodical review of market conditions, enhanced land compensation claims, additional infrastructure costs, etc.

A private party² requested (May 2016) TSIICL for allotment of one acre land in Gachibowli Industrial Park (Gachibowli IP) at a subsidised rate for setting up/ relocating its state of art mobile phone design, Research & Development Centre from Beijing (China) to Hyderabad, which would enhance employment generation in the State.

Cabinet Sub-Committee, Government of Telangana (CSC)³ had approved (September 2016) the allotment of one acre land to the party while clearly advising the State Industries & Commerce Department (I&C Department) to meet the party and finalise the land cost. The CSC further advised that for fixing the land cost, the rate at which land (in Gachibowli IP) was allotted to Bank of Baroda (BoB) was to be considered and not to go below ₹10 crore.

In the meeting convened (November 2016) for the purpose, the party proposed to pay ₹10.05 crore per acre as consideration for the proposed land, which was accepted (December 2016) by I&C Department. TSIICL allotted (March 2017) one acre of land to the party for a total sale consideration of ₹10.05 crore. According to the allotment order, the construction should begin within six months and be completed within a year thereafter.

Audit observed that TSIICL in its allotment proposal submitted in June 2016 to I&C Department had stated that the prevailing land rates as fixed by the PF&IC in the same/

² M/s. Bhagwathi Products Limited (Micromax)

³ Constituted to examine the requests of mega/ large industrial projects (i.e., units with investment exceeding ₹10 crore)

adjoining Industrial Parks was ₹40,096⁴ per sq. m. up to 22 November 2016 and ₹44,908 per sq. m. with effect from 23 November 2016. Considering the least basic market value of land in these Industrial Parks at ₹30,000 per square yard (₹35,880⁵ per sq. m.) effective from April 2013 as informed by Registration and Stamps Department in July 2016 to TSIICL, land cost would have been ₹14.52 crore⁶ per acre. However, all these factors were ignored by I&C Department, which finalised the land cost at ₹10.05 crore as proposed by the party in the meeting convened (November 2016) for fixation of cost of land. This was despite the fact that I&C Department itself had opined (March 2016) that the State Government should consider going for auction, as it was prime land. Fixation of the cost of land was not in accordance with the Allotment Regulations of TSIICL governing the price fixation. Thus, allotment of one acre land at subsidised rate of ₹10.05 crore without due diligence by I&C Department as well as TSIICL resulted in revenue loss of ₹4.47 crore to TSIICL.

Government replied (January 2020) that TSIICL had informed it about the prevailing land price, the auction price and the price applied to BoB and that allotment was made to the party at ₹10.05 crore per acre by TSIICL as per the instructions of Government. The CSC had decided to allot land to the party at subsidised rate considering the project to be of strategic importance in promoting Research and Development in the newly formed State of Telangana. It was further stated that as per the TSIICL's Board of Directors resolution made in their 12th Meeting held on 9th May 2017, a proposal was submitted to the State Government to reimburse the differential cost/ shortfall of revenue incurred by TSIICL due to concessional allotment.

The reply is not acceptable. The CSC only indicated minimum threshold limit of ₹10 crore leaving the entire responsibility of price fixation to I&C Department, whereas I&C Department during the meeting with the party had agreed to the price offered by party without due consideration of the prevailing market price of the land under the Allotment Regulations of TSIICL. Further, despite the fact that the party was yet to commence work on the land allotted at Gachibowli (October 2020), no action was taken to ensure that objective of the allotment of land to the party at concessional rate was achieved.

4.3 Avoidable payment of penalties and interest charges

Five PSUs failed to pay advance income tax as per the provisions of Income Tax Act, 1961 due to incorrect estimation of taxable income, coupled with delayed filing of tax returns. This resulted in avoidable payment of penalties and interest charges of ₹20.34 crore

As per Section 139 of the Income Tax Act, 1961 (Act), every Company whose total income during the previous year exceeded the maximum amount not chargeable to

⁴ Price fixed by PF&IC in respect of lands at Gachibowli IP and adjacent Nanakramguda IT Park effective from 1 May 2015

⁵ ₹30,000.00 ÷ 0.836127 sq. m. (since 1 sq. yd. equals to 0.836127 sq. m.)

⁶ ₹30,000.00 X 4,840 sq. yd. for 1 acre

income-tax, shall furnish a return of its income on or before the due date⁷. Default in timely furnishing of the return would attract interest under Section 234A of the Act. Further, as per Section 208 of the Act, every Company is required to pay Income Tax in advance (Advance Tax) if the amount of such tax payable during the financial year (FY) is ₹10,000 or more. Section 211 of the Act allows payment of Advance Tax in four quarterly instalments⁸. In case of failure to comply with these provisions, the company shall be liable to pay penal interest charges under Sections 234B and 234C⁹ of the Act on the shortfall amount of tax at the prescribed rates for the prescribed period.

During the review of five major profit making PSUs, namely (1) Singareni Collieries Company Limited (SCCL), (2) Telangana State Power Generation Corporation Limited (TSGENCO), (3) Telangana State Mineral Development Corporation Limited (TSMDC), (4) Telangana State Industrial Infrastructure Corporation Limited (TSIICL) and (5) Telangana Drinking Water Supply Corporation Limited (TDWSCL), with regard to the compliance with above mentioned provisions of the Act for the Assessment Years (AY) 2015-16 to AY 2018-19 (Previous Years/ FY 2014-15 to 2017-18), it was observed that:

- (a) Three PSUs viz., TSMDC (for AYs 2015-16 to 2018-19), TSIICL (AY 2018-19) and TDWSCL (AY 2015-16) had filed their income tax returns belatedly. Consequently, these three PSUs paid penal interest under Section 234A to the extent of ₹2.99 crore.
- (b) Advance Tax paid by all the five PSUs was less than the prescribed limit of minimum 90 per cent of the assessed tax liability for the four financial years (2014-15 to 2017-18) since the annual taxable income was not estimated properly, as detailed below:
 - Four PSUs (TSMDC, TSIICL, TDWSCL and TSGENCO) estimated their annual taxable income on the basis of a certain expected percentage increase over the previous year and the quarter-wise information of business volume, in the absence of reliable and updated information due to delay in finalisation of accounts.
 - SCCL did not consider the carry forward loss (as per IT Act) for FY 2016-17 until payment of Advance Tax instalment for the third quarter and did not estimate its tax liability for the FY 2017-18 under Minimum Alternate Tax (MAT) provisions¹⁰. Further, contribution made to the Group Gratuity Trust Fund in the third quarter was also not considered for calculating Advance Tax for the first and second quarters.

⁷ Due date is 30 September (or such other date as the Central Board of Direct Taxes may extend. Section 234A prescribed penal interest charges for default in furnishing the return at the rate of one per cent for every month or part of a month for the period immediately following the due date

⁸ Up to 15 per cent of advance tax by 15 June, up to 45 per cent of advance tax by 15 September, up to 75 per cent of advance tax by 15 December and up to 100 per cent by 15 March

⁹ Section 234 (B) prescribed penal interest charges for default in payment of Advance Tax upto 90 per cent of assessed tax liability and Section 234 (C) prescribed penal interest charges for deferment of individual instalments of Advance Tax

¹⁰ As per Section 115JB (1) of the IT Act, in the case of a company, if the income-tax, payable on the total income as computed under IT Act in respect of any previous year relevant to the assessment year is less than 18.50 per cent of its book profit, then such book profit will be deemed to be the income of the company and tax payable by the company during that financial year will be 18.50 per cent of such book profit

The unrealistic estimates of annual taxable income and tax liability was also evident from the gaps (ranging from minus 100 *per cent* to plus 52.56 *per cent*) between the taxable income as filed in the IT Return and the taxable income considered for making payment of Advance Tax. As a result, the PSUs paid penal interest charges under Section 234B to the extent of ₹10.86 crore.

- (c) All the five PSUs made delayed payments of Advance Tax necessitating payment of huge amount of self-assessment tax at the end of the year/ at the time of filing of IT Return. The delay in payment of Advance Tax ranged from three to 30 months. As a result, the PSUs paid penal interest charges to the extent of ₹6.49 crore under Section 234C.

The PSUs should have adopted a well-defined system which estimates the total taxable income for the relevant financial year based on reliable accounting data, past trends and realistic projections of annual business volume adjusted with the impact of current year's updated actuals found on periodic review. This would have avoided payment of penalty/ interest under Sections 234B and 234C. Further, the PSUs could have avoided payment of interest under Section 234A by filing IT Return within the stipulated time. This resulted in avoidable payment of penal interest charges of ₹20.34 crore (Details are given in *Appendix 9*).

Government replied (February 2020) that in respect of TSGENCO delay in finalisation of accounts for the year, difference of ₹343.00 crore pertaining to 2014-15 between provisional Retail Tariff Order (RTO) and final RTO, lower income of ₹60.12 crore due to suspension of operations of a Power Station, impact (loss of ₹52.40 crore) due to transition of accounts from Indian Generally Accepted Accounting Principles to Indian Accounting Standards were the reasons for difference between estimates and actual tax liability.

In respect of TSMDCL, the Government replied (February 2020) that disallowance of one-time refundable grant recognised as capital grant as well as the provisions for statutory liabilities not paid during the relevant financial year and delayed finalisation of accounts were the reasons for increase in actual tax liability.

In respect of SCCL, the Government replied (July 2020) that (a) the carry forward loss of FY 2016-17 could not be considered for 1st instalment of Advance Tax due to delayed finalisation of accounts of FY 2016-17 and consequent delay in filing of IT return, (b) the tax liability as per MAT provisions was not considered for payment of 1st and 2nd instalment of Advance Tax since the normal tax liability was higher than the MAT liability computed for 1st and 2nd instalment of Advance Tax and (d) due to various factors impacting coal production, the revenues and profits thereon could not be estimated accurately.

In respect of TSIICL, the Government replied (September 2020) that the accounts could not be finalised as per due dates prescribed in Companies Act, 2013¹¹ due to delay in approval of final demerger scheme and non-resolution of certain contentious issues in the demerger scheme. This had impacted the realistic estimation of the taxable income. It was further replied that uniformity in quarter-wise income recognition could not be done since

¹¹ As per Section 129 read with Section 96, the annual accounts of the Company should be prepared within six months from the close of the financial year (i.e, by September of next financial year).

most of the receipts/ incomes would accrue to/ realised by the Company only in the third and fourth quarters and these are accounted only at the end of the financial year. As these annual receipts were not considered for payment of Advance Tax on quarterly basis, there is bound to be gap between actual taxable income and estimated taxable income. The Company however, would follow the audit suggestions from the FY 2018-19 onwards.

The above replies are not acceptable because (a) finalisation of Accounts within the time stipulated under the Companies Act, 2013 was the responsibility of the Management and the administrative department was required to ensure the same, (b) the various items of income and expenses which TSGENCO and TSMDCCL failed to assess properly for payment of Advance Tax could have been anticipated through appropriate tax planning to minimise the tax burden and (c) SCCL and TSIICL could have followed best practices to estimate the total annual taxable income and then calculated the quarterly instalments of Advance Tax payable as required under the IT Act.

The audit observation was issued to the Government in November 2019. Reply in respect of TDWSCL was, however still awaited (October 2020).

Transmission Corporation of Telangana Limited

4.4 Avoidable additional expenditure of ₹44.67 crore

TSTRANSCO's non-compliance with the 'merit order' despatch procedure during the period December 2016 to March 2019 resulted in avoidable extra expenditure of ₹44.67 crore to the State DISCOMs

Telangana State Load Despatch Centre (TSSLDC)¹² is required to prepare a monthly 'merit order' indicating the availability of energy above the technical minimum¹³ from each of the generating stations in a descending order of variable cost, as determined by Telangana State Electricity Regulatory Commission (TSERC). This is required as per the Central Electricity Regulatory Commission (Ancillary Services Operations) Regulations, 2015 and is meant to minimise the procurement cost of power of the DISCOMs to the extent possible, having regard to the monthly availability and demand for power.

Audit scrutiny of records of TSTRANSCO relating to monthly merit orders for the 28 month-period from December 2016 to March 2019 showed that, in respect of Singareni Thermal Power Plant (STPP, two units of 600 Mega Watt (MW) capacity each), the variable cost ranged between ₹1.71 per unit to ₹2.37 per unit, while in respect of Kakatiya Thermal Power Plant (KTPP-I) and Kothagudem Thermal Power Station (KTPS-VI) (500 MW capacity each) of Telangana State Power Generation Corporation Limited (TSGENCO), the variable cost ranged between ₹2.59 per unit to ₹3.88 per unit.

¹² Functions under the Transmission Corporation of Telangana Limited

¹³ Technical parameters like ramp up or ramp down rate, response time, transmission congestion, dispatch of must run stations, etc.

However, TSSLDC instructed STPP to back down¹⁴ its monthly generation by one million units (MUs) to 99 MUs during this period and allowed KTPP-I & KTPS-VI to supply power to this extent. Considering the difference in the variable cost of generating power between STPP and TSGENCO, an additional expenditure of ₹44.67 crore was incurred by TSDISCOMs towards the cost of 491.887 MUs of energy during the relevant period.

Government of Telangana accepted the audit contention and stated (July 2020) that TSSLDC carried out backing down operations with ‘consensus’ and not in disregard of merit order. As regards the additional expenditure pointed out in audit, Government clarified that the backing down quantity above the technical minimum of STPP was 323 MW against 132 MW of KTPS-VI and the additional expenditure in this regard works out to ₹23.45 crore. The Government has not, however, provided details in support of its calculations.

Hyderabad
The 5 FEB 2021


(SUDHA RAJAN)
Accountant General (Audit)
Telangana

Countersigned

New Delhi
The 10 FEB 2021


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

¹⁴ Denotes reducing the power supply

Appendices

Appendix-1
(Reference to paragraph 2.6.1)

**Statement showing investments made by State Government in Power Sector PSUs
whose accounts are in arrears**

(Figures in Columns 4 & 6 to 8 are ₹ in crore)

Sl. No.	Sector and name of Company	Year upto which account finalised	Paid up Capital	Period of accounts pending finalisation	Investment made by State Government during the year		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
1	Transmission Corporation of Telangana Limited	2017-18	0.05	2018-19	0.00	0.00	0.00
2	Telangana State Renewable Energy Development Corporation Limited	2016-17	0.14	2017-18	0.00	0.00	12.48
				2018-19	0.00	0.00	9.08
3	Andhra Pradesh Tribal Power Company Limited	2016-17	0.25	2017-18	0.00	0.00	1.95
				2018-19	0.00	0.00	2.38
	Grand Total		0.44		0.00	0.00	25.89

Appendix-2

(Reference to paragraph 2.7)

Statement showing summarised financial position and working results of Power Sector PSUs as on 31 March 2019

(Figures in Columns 4 to 12 are in ₹ crore)

Sl. No.	Sector / name of the Company	Period up to which accounts are finalised	Paid-up capital	Loans outstanding at year-end	Accumulated profit (+) / loss (-)	Capital employed	Net worth	Turnover	Profit (+) / Loss (-) before interest and tax	Net profit (+) / Loss (-) after interest and tax	Net impact of Audit comments	Percentage of return on capital employed
1	2	3	4	5	6	7 (4+5+6)	8 (4+6)	9	10	11	12	13
A	Generation											
1	Telangana State Power Generation Corporation Limited	2018-19	869.64	18,579.30	641.20	20,090.14	1,510.84	10,888.90	2,109.39	106.10	652.81	10.50
2	The Singareni Collieries Company Limited	2018-19	1,733.20	3,843.08	5,787.85	11,364.13	7,521.05	19,819.57	4,077.76	1,766.66	-	35.88
3	Andhra Pradesh Tribal Power Company Limited	2016-17	0.25	0.00	-13.21	-12.96	-12.96	0.00	-2.43	-2.43	10.70	18.75
	Sub-Total		2,603.09	22,422.38	6,415.84	31,441.31	9,018.93	30,708.47	6,184.72	1,870.33	663.51	19.67
B	Transmission											
4	Transmission Corporation of Telangana Limited	2017-18	0.05	8,270.73	1,391.37	9,662.15	1,391.42	1,936.97	806.70	714.84	302.65	8.35
	Sub-Total		0.05	8,270.73	1,391.37	9,662.15	1,391.42	1,936.97	806.70	714.84	302.65	8.35
C	Distribution											
5	Southern Power Distribution Company of Telangana Limited	2018-19	10,617.93	8,202.70	-24,362.30	-5,541.67	-13,744.37	23,899.76	-3,983.02	-4,967.27	6,534.46	-71.87
6	Northern Power Distribution Company of Telangana Limited	2018-19	4,549.20	3,106.27	-11,869.17	-4,213.70	-7,319.97	10,395.01	-2,524.36	-3,051.43	3,307.74	-59.91
	Sub-Total		15,167.13	11,308.97	-36,231.47	-9,755.37	-21,064.34	34,294.77	-6,507.38	-8,018.70	9,842.20	-66.71
D	Others											
7	Telangana Power Finance Corporation Limited	2018-19	0.05	3,512.06	0.00	3,512.11	0.05	0.00	0.00	0.00	-	0.00
8	Telangana State Renewable Energy Development Corporation Limited	2016-17	0.14	0.00	-2.17	-2.03	-2.03	39.69	1.58	-0.01	-	-77.83
	Sub-Total		0.19	3,512.06	-2.17	3,510.08	-1.98	39.69	1.58	-0.01	0.00	0.05
	Total		17,770.46	45,514.14	-28,426.43	34,858.17	-10,655.97	66,979.90	485.62	-5,433.54	10,808.36	1.39

Appendix-3
(Reference to paragraph 2.7.1.2)
Statement showing State Government investment in Power Sector PSUs in the form of equity, grants and subsidies since the formation of Telangana State up to 31 March 2019

(Figures are ₹ in crore)

Year	2014-15		2015-16		2016-17		2017-18		2018-19		Total		Total Investment in Equity & Grants/ Subsidies
	Equity + Demerger Reserve	Subsidies and Grants	Equity + Demerger Reserve	Subsidies and Grants	Equity + Demerger Reserve	Subsidies and Grants	Equity + Demerger Reserve	Subsidies and Grants	Equity + Demerger Reserve	Subsidies and Grants	Equity + Demerger Reserve	Subsidies and Grants	
The Singareni Collieries Company Limited	885.60	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	885.60	0.00	885.60
Telangana State Power Generation Corporation Limited	4,211.27	0.00	523.59	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4,734.86	0.00	4,734.86
Transmission Corporation of Telangana Limited	950.64	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	950.64	0.00	950.64
Southern Power Distribution Company of Telangana Limited	1,451.49	1,118.77	0.00	724.00	6,232.98	1,039.45	1,976.46	832.91	1,679.99	1,542.46	11,340.92	5,257.59	16,598.51
Northern Power Distribution Company of Telangana Limited	274.76	2,398.81	0.00	3,238.98	3,019.63	3,376.70	1,254.81	3,405.82	720.00	3,500.68	5,269.20	15,920.99	21,190.19
Telangana State Renewable Energy Development Corporation Limited	3.79	21.15	0.00	3.10	0.00	1.12	0.00	12.48	0.00	9.08	3.79	46.93	50.72
Telangana Power Finance Corporation Limited	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.05
Andhra Pradesh Tribal Power Company Limited	0.16	0.67	0.00	1.31	0.00	1.41	0.00	1.95	0.00	2.38	0.16	7.72	7.88
Total	7,777.76	3,539.40	523.59	3,967.39	9,252.61	4,418.68	3,231.27	4,253.16	2,399.99	5,054.60	23,185.22	21,233.23	44,418.45

Appendix-4
(Reference to paragraph 3.2)

Statement showing position of equity and outstanding loans of PSUs (Non-Power Sector) as on 31 March 2019

(Figures in Columns 5a to 6d are ₹ in crore)

Sl. No.	Sector & Name of the PSU	Name of the Department	Incorporation Date	Paid up Capital			Long Term Loans					
				Central Government	State Government	Others	Share Application Money	Total Equity	Central Government	State Government	Others	Total Borrowings
1	2	3	4	5a	5b	5c	5d	5e	6a	6b	6c	6d
A. Social Sector												
I. Working Government Companies												
1	Hyderabad Growth Corridor Limited	Municipal Administration & Urban Development	26.12.2005	NF	NF	NF	NF	NF	NF	NF	NF	NF
2	Hyderabad Metro Rail Limited	Municipal Administration & Urban Development	14.05.2007	0.00	0.57	0.00	0.00	0.57	0.00	2,151.91	266.61	2,418.52
3	Hyderabad Road Development Corporation Limited	Municipal Administration & Urban Development	25.03.2017	0.00	1.00	0.00	0.00	1.00	0.00	0.00	0.00	0.00
4	Kalashwaram Irrigation Project Corporation Limited	Irrigation & Common Area Development	05.08.2016	0.00	100.00	0.00	0.00	100.00	0.00	0.00	30,096.90	30,096.90
5	Maheshwaram Science Park Limited	Industries & Commerce	10.10.2013	NF	NF	NF	NF	NF	NF	NF	NF	NF
6	Musi Riverfront Development Corporation Limited	Municipal Administration & Urban Development	12.06.2017	0.00	1.00	0.00	0.00	1.00	0.00	0.00	5.00	5.00
7	Telangana Fiber Grid Corporation Limited	Information technology, Electronics and Communications	01.08.2017	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00
8	Telangana Drinking Water Supply Corporation Limited	Rural Water Supply and Sanitation	26.02.2015	0.00	2.00	0.00	0.00	2.00	0.00	0.00	23,735.48	23,735.48

Sl. No.	Sector & Name of the PSU	Name of the Department	Incorporation Date	Paid up Capital				Long Term Loans				
				Central Government	State Government	Others	Share Application Money	Total Equity	Central Government	State Government	Others	Total Borrowings
9	Telangana Industrial Health Clinic Limited	Industries & Commerce	07.06.2017	0.00	7.50	0.03	0.00	7.53	0.00	1.62	0.00	1.62
10	Telangana Overseas Manpower Company Limited	Labour, Employment, Training & Factories	05.08.2015	0.00	0.05	0.00	0.00	0.05	0.00	2.01	0.55	2.56
11	Telangana State Agro Industries Development Corporation Limited	Agriculture & Cooperation	15.04.2015	1.12	7.89	0.00	0.00	9.01	0.00	10.35	0.00	10.35
12	Telangana State Christian Minorities Finance Corporation	Minorities Welfare	13.03.2015	0.00	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00
13	Telangana State Civil Supplies Corporation Limited	Consumer Affairs, Food & Civil Supplies	18.03.2015	0.00	1.35	0.00	0.00	1.35	0.00	393.78	5.41	399.19
14	Telangana State Film Development Corporation Limited	General Administration (I&PR)	01.09.2017	0.00	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00
15	Telangana State Forest Development Corporation Limited	Environment, Forests, Science and Technology	14.05.2015	0.21	8.90	0.00	0.00	9.11	0.00	1.00	0.00	1.00
16	Telangana State Handicrafts Development Corporation Limited	Industries & Commerce	11.12.2015	0.00	4.05	0.00	0.00	4.05	0.00	0.00	0.00	0.00
17	Telangana State Horticulture Development Corporation Limited	Agriculture & Cooperation	15.07.2016	0.00	0.00	0.00	0.00	0.00	0.00	0.00	833.92	833.92
18	Telangana State Housing Corporation Limited	Housing	10.09.2015	0.00	0.25	0.00	0.00	0.25	0.00	4,520.38	0.00	4,520.38

Audit Report on Public Sector Undertakings for the year ended March 2019

Sl. No.	Sector & Name of the PSU	Name of the Department	Incorporation Date	Paid up Capital				Long Term Loans					
				Central Government	State Government	Others	Share Application Money	Total Equity	Central Government	State Government	Others	Total Borrowings	
19	Telangana State Irrigation Development Corporation Limited	Irrigation & Common Area Development	10.04.2015	0.00	0.05	0.00	0.00	0.05	0.00	0.00	20.04	0.00	20.04
20	Telangana State Leather Industries Promotion Corporation Limited	Industries & Commerce	27.08.2015	0.00	1.63	0.00	0.00	1.63	0.00	0.00	4.98	0.01	4.99
21	Telangana State Minorities Finance Corporation	Minorities Welfare	01.05.2015	0.00	0.05	0.00	0.00	0.05	0.00	0.00	4.19	0.00	4.19
22	Telangana State Most Backward Classes Development Corporation	Backward Classes Welfare Department	25.05.2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
23	Telangana State Seeds Development Corporation Limited	Agriculture & Cooperation	05.02.2015	0.00	0.05	0.00	0.00	0.05	0.00	0.00	55.69	0.00	55.69
24	Telangana State Trade Promotion Corporation Limited	Industries & Commerce	27.09.2014	0.00	0.01	0.00	0.00	0.01	0.00	0.00	0.00	0.00	0.00
25	Telangana Water Resources Development Corporation Limited	Irrigation & Common Area Development	29.08.2017	0.00	0.50	0.00	0.00	0.50	0.00	0.00	0.00	0.00	0.00
26	Telangana Urban Finance and Infrastructure Development Corporation Limited	Municipal Administration & Urban Development	21.08.2014	NF	NF	NF	NF	NF	NF	NF	NF	NF	NF
27	T-works Foundation	Information technology, Electronics and Communications	28.11.2017	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Sl. No.	Sector & Name of the PSU	Name of the Department	Incorporation Date	Paid up Capital				Long Term Loans					
				Central Government	State Government	Others	Share Application Money	Total Equity	Central Government	State Government	Others	Total Borrowings	
28	Zaheerabad NIMZ Limited	Industries & Commerce	05.08.2016	NF	NF	NF	NF	NF	NF	NF	NF	NF	NF
29	Photonics Valley Corporation	Information technology, Electronics and Communications	10.06.2015	NF	NF	NF	NF	NF	NF	NF	NF	NF	NF
30	Hyderabad Airport Metro Limited	Municipal Administration & Urban Development	11.04.2018	NF	NF	NF	NF	NF	NF	NF	NF	NF	NF
31	Telangana State Water Resources Infrastructure Development Corporation Limited	Irrigation & Common Area Development	26.04.2018	0.00	0.50	0.00	0.50	1.00	0.00	0.00	0.00	3,108.57	3,108.57
32	Telangana Life Sciences Infrastructure Development Limited	Industries & Commerce	11.05.2018	0.00	0.00	0.01	0.00	0.01	0.00	0.00	0.00	0.00	0.00
33	Telangana Powerloom & Textile Development Corporation Limited	Handloom & Textiles	19.06.2018	NF	NF	NF	NF	NF	NF	NF	NF	NF	NF
34	Telangana Handloom Development Corporation Limited	Handloom & Textiles	19.06.2018	NF	NF	NF	NF	NF	NF	NF	NF	NF	NF
35	Wehub Foundation	Information technology, Electronics and Communications	30.08.2018	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.15	0.15
36	Infrastructure Corporation of Andhra Pradesh Limited	Industries & Commerce	31.05.2005	NF	NF	NF	NF	NF	NF	NF	NF	NF	NF
	Total A-I			1.33	137.46	0.04	0.50	139.33	0.00	0.00	7,165.95	58,052.60	65,218.55

Sl. No.	Sector & Name of the PSU	Name of the Department	Incorporation Date	Paid up Capital			Long Term Loans						
				Central Government	State Government	Others	Share Application Money	Total Equity	Central Government	State Government	Others	Total Borrowings	
II Non-Working Government Companies													
37	A.P. Small Scale Industrial Development Corporation Limited	Industries & Commerce	18.03.1961	0.00	9.62	0.00	0.00	0.00	0.00	13.92	0.00	0.00	13.92
38	Andhra Pradesh Essential Commodities Corporation Limited	Consumer Affairs, Food & Civil Supplies	21.04.1984	0.00	1.13	0.00	0.00	0.00	0.00	1.13	0.00	0.00	0.00
39	Andhra Pradesh Fisheries Corporation Limited	Animal Husbandry, Dairy Development and Fisheries	05.07.1974	0.00	4.67	0.00	0.00	0.00	0.00	4.67	0.00	0.00	8.67
	Total A II			0.00	15.42	0.00	0.00	0.00	0.00	15.42	0.00	0.00	22.59
	Total A (I+II)			1.33	152.88	0.04	0.50	0.04	0.04	154.75	0.00	58,052.60	65,241.14
B. Competitive Environment Sector													
I. Working Government Companies													
40	Damodhara Minerals Private Limited	Industries & Commerce	28.01.2000	0.00	0.00	0.04	0.00	0.00	0.00	0.04	0.00	0.00	0.00
41	eCity Manufacturing Cluster Limited	Industries & Commerce	10.10.2013	NF	NF	NF	NF	NF	NF	NF	NF	NF	NF
42	Fab City SPV (India) Private Limited	Industries & Commerce	02.05.2006	NF	NF	NF	NF	NF	NF	NF	NF	NF	NF
43	Hyderabad Pharma City Limited	Industries & Commerce	15.03.2017	0.00	0.00	0.01	0.00	0.00	0.00	0.01	0.00	0.00	0.00
44	Pashamylaram Textiles Park	Handloom & Textiles	29.06.2005	0.00	0.05	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00
45	Telangana Rajiv Swagruha Corporation Limited	Housing	01.03.2018	0.00	0.05	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.00
46	Telangana State Industrial Development Corporation Limited	Industries & Commerce	18.11.2014	0.00	0.01	0.00	40.11	0.00	0.00	40.12	0.00	3.36	3.36

Sl. No.	Sector & Name of the PSU	Name of the Department	Incorporation Date	Paid up Capital				Long Term Loans					
				Central Government	State Government	Others	Share Application Money	Total Equity	Central Government	State Government	Others	Total Borrowings	
47	Telangana State Industrial Infrastructure Corporation Limited	Industries & Commerce	04.09.2014	NF	NF	NF	NF	NF	NF	NF	NF	NF	NF
48	Telangana State Mineral Development Corporation Limited	Industries & Commerce	08.10.2014	0.00	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00
49	Telangana State Tourism Development Corporation Limited	YAT&C	28.08.2014	NF	NF	NF	NF	NF	NF	NF	NF	NF	NF
50	The Nizam Sugars Limited	Industries & Commerce	17.04.1937	0.00	33.29	0.71	0.00	34.00	0.00	0.00	35.95	20.00	55.95
	Total B - I			0.00	33.45	0.76	40.11	74.32	0.00	35.95	23.36		59.31
II	Working Statutory Corporations												
51	Telangana State Warehousing Corporation	Agriculture & Cooperation	26.09.2015	0.00	1.87	1.87	0.00	3.74	0.00	0.00	0.00	2.42	2.42
52	Telangana State Financial Corporation	Industries & Commerce	31.08.2015	NF	NF	NF	NF	NF	NF	NF	NF	NF	NF
53	Telangana State Road Transport Corporation	Transport, Roads & Buildings Department	27.04.2016	25.45	58.44	0.00	0.00	83.89	0.00	0.00	840.09	2,394.62	3,234.71
	Total B - II			25.45	60.31	1.87	0.00	87.63	0.00	0.00	840.09	2,397.04	3,237.13
	TOTAL BI+BIH			25.45	93.76	2.63	40.11	161.95	0.00	0.00	876.04	2,420.40	3,296.44
III	Non-working Government Companies												
54	Proddutur Milk Foods Limited	Animal Husbandry, Dairy Development and Fisheries	23.10.1978	0.00	1.96	0.00	0.00	1.96	0.00	0.00	0.00	0.00	0.00
55	Andhra Pradesh Dairy Development Corporation Limited	Animal Husbandry, Dairy Development and Fisheries	07.02.1974	0.00	15.00	0.00	0.00	15.00	0.00	0.00	0.00	0.00	0.00

Sl. No.	Sector & Name of the PSU	Name of the Department	Incorporation Date	Paid up Capital				Long Term Loans						
				Central Government	State Government	Others	Share Application Money	Total Equity	Central Government	State Government	Others	Total Borrowings		
56	Allwyn Auto Limited	Industries & Commerce	31.05.1993	0.00	0.15	0.00	0.00	0.15	0.00	0.00	14.45	0.00	0.00	14.45
57	Allwyn Watches Limited	Industries & Commerce	19.03.1993	0.00	0.15	0.00	0.00	0.15	0.00	0.00	64.93	0.00	0.00	64.93
58	Andhra Pradesh Electronics Development Corporation Limited	Industries & Commerce	21.11.1980	0.00	12.72	0.00	0.00	12.72	0.00	0.00	0.68	0.00	0.00	0.68
59	Andhra Pradesh Steels Limited	Industries & Commerce	16.11.1973	0.00	2.03	0.00	0.00	2.03	0.00	0.00	2.12	0.00	0.00	2.12
60	Apronix Communications Limited	Industries & Commerce	27.02.1984	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
61	Hyderabad Chemicals and Fertilisers Limited	Agriculture & Commerce	September, 1942	0.00	0.26	0.52	0.00	0.78	0.00	0.00	8.25	0.00	0.00	8.25
62	Marine and Communication Electronics (India) Limited	Industries & Commerce	29.08.1974	0.00	0.00	1.89	0.00	1.89	0.00	0.00	4.77	0.00	0.00	4.77
63	Republic Forge Company Limited	Industries & Commerce	15.04.1957	0.00	7.07	0.70	0.00	7.77	0.00	0.00	54.77	0.00	0.00	54.77
64	Southern Transformers and Electricals Limited	Industries & Commerce	21.09.1976	0.00	0.00	0.58	0.00	0.58	0.00	0.00	0.78	0.00	0.00	0.78
65	Andhra Pradesh Automobile Tyres & Tubes Limited	Industries & Commerce	20.07.1972	0.00	0.73	0.02	0.00	0.75	0.00	0.00	0.00	0.00	0.00	0.00
66	Golkonda Abrasives Limited	Industries & Commerce	NA	0.00	0.38	0.17	0.00	0.55	0.00	0.00	0.00	0.00	0.00	0.00
67	Krishni Engineering Limited	Engineering	NA	0.10	0.29	0.13	0.00	0.52	0.00	0.00	0.00	0.00	0.00	0.00

Sl. No.	Sector & Name of the PSU	Name of the Department	Incorporation Date	Paid up Capital				Long Term Loans				
				Central Government	State Government	Others	Share Application Money	Total Equity	Central Government	State Government	Others	Total Borrowings
68	PJ Chemicals Limited	Industries & Commerce	NA	0.22	0.16	0.00	0.00	0.38	0.00	0.00	0.00	0.00
69	Vidyt Steels Limited	Industries & Commerce	NA	0.31	0.29	0.28	0.00	0.88	0.00	0.00	0.00	0.00
70	APMDC-SCCL Suliyani Coal Company Limited	Industries & Commerce	01.07.2013	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
	Total B - III			0.63	41.19	4.29	0.00	46.11	0.00	150.75	0.00	150.75
	Total B (I+II+III)			26.08	134.95	6.92	40.11	208.06	0.00	1,026.79	2,420.40	3,447.19
C. Others												
I. Working Government Companies												
71	Telangana State Police Housing Corporation Limited	Home	11.08.2015	0.00	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00
72	Telangana State Technology Services Limited	Information technology, Electronics and Communications	04.11.2015	0.00	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00
73	Telangana State Aviation Corporation Limited	Transport, Roads & Buildings Department	15.05.2015	NF	NF	NF	NF	NF	NF	NF	NF	NF
74	Telangana State Beverages Corporation Limited	Revenue	02.06.2014	0.00	0.05	0.00	0.00	0.05	0.00	0.00	0.00	0.00
	Total C - I			0.00	0.15	0.00	0.00	0.15	0.00	0.00	0.00	0.00
	Grand Total (A+B+C)			27.41	287.98	6.96	40.61	362.96	0.00	8,215.33	60,473.00	68,688.33

Appendix-5
(Reference to paragraph 3.5)

Statement showing differences between figures as per Finance Accounts of Government of Telangana and Accounts of PSUs
(Non-Power Sector) in respect of Equity, Loans and Guarantees as on 31 March 2019

(Figures in Columns 3 to 11 are ₹ in crore)

Sl. No.	Sector and Name of Company	Equity as per			Loans as per			Outstanding Guarantees as per		
		Finance Accounts	Company	Difference	Finance Accounts	Company	Difference	Finance Accounts	Company	Difference
1	2	3	4	5	6	7	8	9	10	11
1	Hyderabad Metro Rail Limited	0.00	0.57	-0.57	2,095.00	2,151.91	-56.91	130.00	236.50	-106.50
2	Hyderabad Road Development Corporation Limited	0.00	1.00	-1.00						
3	Kaleshwaram Irrigation Project Corporation Limited							27,989.60	33,017.36	-5,027.76
4	Musi Riverfront Development Corporation Limited	0.00	1.00	-1.00						
5	Telangana Fiber Grid Corporation Limited	0.00	0.01	-0.01						
6	Telangana Drinking Water Supply Corporation Limited	100.00	2.00	98.00	2,460.46	0.00	2,460.46	23,014.06	32,651.36	-9,637.30
7	Telangana Industrial Health Clinic Limited	0.00	7.53	-7.53	0.00	1.62	-1.62			
8	Telangana Overseas Manpower Company Limited				0.00	2.01	-2.01			
9	Telangana State Christian Minorities Finance Corporation	0.00	0.05	-0.05						
10	Telangana State Civil Supplies Corporation Limited							0.00	10,000.00	-10,000.00
11	Telangana State Forest Development Corporation Limited				0.00	1.00	-1.00			
12	Telangana State Horticulture Development Corporation Limited				70.95	0.00	70.95	0.00	833.92	-833.92
13	Telangana State Housing Corporation Limited				1,440.06	4,520.38	-3,080.32	4,270.37	0.00	4,270.37
14	Telangana State Water Resources Development Corporation Limited	0.00	0.50	-0.50						
15	Telangana State Water Resources Infrastructure Development Corporation Limited	0.00	1.00	-1.00				4,141.16	340.00	3,801.16

Sl. No.	Sector and Name of Company	Equity as per			Loans as per			Outstanding Guarantees as per		
		Finance Accounts	Company	Difference	Finance Accounts	Company	Difference	Finance Accounts	Company	Difference
16	Pashamylaram Textiles Park	0.00	0.05	-0.05						
17	Telangana Rajiv Swagraha Corporation Limited							400.00	0.00	400.00
18	Telangana State Industrial Infrastructure Corporation Limited				47.59	0.00	47.59	725.00	735.07	-10.07
19	The Nizam Sugars Limited	0.00	33.29	-33.29	0.00	35.95	-35.95			
20	Telangana State Road Transport Corporation							850.00	488.54	361.46
21	Telangana State Warehousing Corporation							3.70	0.00	3.70
22	Telangana State Police Housing Corporation Limited							433.24	0.00	433.24
	Grand Total Workings PSUs (A+B+C)	100.00	47.00	53.00	6,114.06	6,712.87	-598.81	61,957.13	78,302.75	-16,345.62
	Total Number of PSUs			11			9			12

Appendix-6
(Reference to paragraph 3.6.1)

Statement showing investments made by State Government in working PSUs (Non-Power Sector) whose accounts are in arrears
as on 30 September 2019

(Figures in Columns 4 to 8 are ₹ in crore)

Sl. No.	Sector and Name of Company	Year upto which account finalised	Paid up Capital	Period for which accounts in arrears	Investment made by State Government during the year for which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
I. Government Companies							
1	Hyderabad Growth Corridor Limited	2013-14	0.15	2014-15 2015-16 2016-17 2017-18 2018-19	0.00 0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00 NF	0.00 0.00 0.00 0.00 121.25
2	Hyderabad Metro Rail Limited	2014-15	0.57	2015-16 2016-17 2017-18 2018-19	0.00 0.00 0.00 0.00	176.52 100.00 60.00 50.00	0.00 0.00 0.00 0.00
3	Hyderabad Road Development Corporation Limited	First Accounts not submitted	1.00	2017-18 2018-19	1.00 0.00	0.00 0.00	0.00 237.50
4	Kaleshwaram Irrigation Project Corporation Limited	2017-18	100.00	2018-19	0.00	0.00	759.99
5	Maheshwaram Science Park Limited	2015-16	0.01	2016-17 2017-18 2018-19	0.00 0.00 0.00	0.00 0.00 0.00	0.00 0.00 0.00

Sl. No.	Sector and Name of Company	Year upto which account finalised	Paid up Capital	Period for which accounts in arrears	Investment made by State Government during the year for which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
6	Musi Riverfront Development Corporation Limited	First Accounts not submitted	1.00	2017-18	1.00	0.00	0.00
7	Telangana Fiber Grid Corporation Limited	2017-18	0.01	2018-19	NF	NF	NF
8	Telangana Drinking Water Supply Corporation Limited	2016-17	0.05	2018-19	0.00	0.00	6.39
9	Telangana Overseas Manpower Company Limited	2017-18	0.25	2017-18	1.95	0.00	56.20
10	Telangana State Agro Industries Development Corporation Limited	2015-16	8.96	2018-19	0.00	0.00	1,414.81
11	Telangana State Christian Minorities Finance Corporation	First Accounts not submitted	0.05	2018-19	0.00	0.00	0.00
12	Telangana State Civil Supplies Corporation Limited	First Accounts not submitted	0.10	2015-16	0.05	0.00	26.17
13	Telangana State Film Development Corporation Limited	2017-18	0.05	2016-17	0.00	0.00	17.82
14	Telangana State Forest Development Corporation Limited	2015-16	9.10	2017-18	0.00	0.00	20.37
				2018-19	0.00	0.00	13.46
				2015-16	0.00	0.00	904.25
				2016-17	0.10	0.00	2,016.63
				2017-18	0.00	0.00	2,206.92
				2018-19	0.00	0.00	0.00
				2018-19	0.00	0.00	2.60
				2016-17	0.00	0.00	0.00
				2017-18	0.00	0.00	0.00
				2018-19	0.00	0.00	0.00

Sl. No.	Sector and Name of Company	Year upto which account finalised	Paid up Capital	Period for which accounts in arrears	Investment made by State Government during the year for which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
15	Telangana State Handicrafts Development Corporation Limited	2015-16	4.05	2016-17 2017-18 2018-19	3.00 1.00 0.00	0.00 0.00 0.00	0.00 2.16 2.59
16	Telangana State Horticulture Development Corporation Limited	2017-18	0.00	2018-19	0.00	0.00	NF
17	Telangana State Housing Corporation Limited	First Accounts not submitted	0.25	2015-16 2016-17 2017-18 2018-19	0.25 0.00 0.00 0.00	0.00 0.00 1,000.00 2,225.00	62.50 0.00 200.00 0.00
18	Telangana State Irrigation Development Corporation Limited	2017-18	0.05	2018-19	0.00	0.00	0.00
19	Telangana State Leather Industries Promotion Corporation Limited	First Accounts not submitted	1.63	2015-16 2016-17 2017-18 2018-19	0.82 1.98 1.96 1.75	0.00 0.00 1.02 0.00	0.00 0.00 0.00 0.00
20	Telangana State Minorities Finance Corporation	2017-18	0.05	2018-19	0.00	0.00	3.37
21	Telangana State Most Backward Classes Development Corporation	First Accounts not submitted	0.00	2017-18 2018-19	0.00 0.00	0.00 0.00	4.06 0.00
22	Telangana State Seeds Development Corporation Limited	2017-18	0.05	2018-19	0.00	0.00	0.00

Sl. No.	Sector and Name of Company	Year upto which account finalised	Paid up Capital	Period for which accounts in arrears	Investment made by State Government during the year for which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
				2014-15	0.01	0.00	0.42
				2015-16	0.00	0.00	0.00
23	Telangana State Trade Promotion Corporation Limited	First Accounts not submitted	0.01	2016-17	0.00	0.00	0.00
				2017-18	0.00	0.00	1.50
				2018-19	0.00	0.00	0.75
24	Telangana Water Resources Development Corporation Limited	2017-18	0.50	2018-19	0.00	0.00	1.25
				2015-16	0.00	0.00	2.75
				2016-17	0.00	0.00	109.05
25	Telangana Urban Finance and Infrastructure Development Corporation Limited	2014-15	0.05	2017-18	0.00	0.00	446.46
				2018-19	0.00	0.00	0.00
				2016-17	0.01	0.00	0.00
26	Zaheerabad NIMZ Limited	First Accounts not submitted	0.01	2017-18	0.00	0.00	3.00
				2018-19	0.00	0.00	0.00
				2015-16	0.00	0.00	0.00
				2016-17	0.00	0.00	5.00
27	Infrastructure Corporation of Andhra Pradesh Limited	2014-15	30.12	2017-18	0.00	0.00	3.85
				2018-19	NF	NF	NF
				2016-17	0.00	0.00	0.00
28	eCity Manufacturing Cluster Limited	2015-16	0.01	2017-18	0.00	0.00	0.00
				2018-19	0.00	0.00	0.00
				2016-17	0.00	0.00	0.00
29	Fab City SPV (India) Private Limited	2015-16	0.01	2017-18	0.00	0.00	0.00
				2018-19	0.00	0.00	0.00

Sl. No.	Sector and Name of Company	Year upto which account finalised	Paid up Capital	Period for which accounts in arrears	Investment made by State Government during the year for which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
30	Hyderabad Pharma City Limited	2017-18	0.01	2018-19	0.00	0.00	0.00
31	Pashamylaram Textiles Park	2013-14	0.05	2014-15	0.00	0.00	0.00
				2015-16	0.00	0.00	0.00
				2016-17	0.00	0.00	0.00
				2017-18	0.00	0.00	0.00
32	Telangana State Industrial Development Corporation Limited	2014-15	0.01	2018-19	0.00	0.00	0.00
				2015-16	0.00	0.00	0.00
				2016-17	0.00	0.00	0.00
				2017-18	0.00	0.00	0.00
33	Telangana State Industrial Infrastructure Corporation Limited	First Accounts not submitted	12.71	2018-19	0.00	0.00	0.00
				2014-15	0.01	0.00	104.10
				2015-16	0.00	0.00	15.26
				2016-17	0.00	0.00	5.80
34	Telangana State Mineral Development Corporation Limited	2016-17	0.05	2017-18	0.00	0.00	80.70
				2018-19	0.00	0.00	0.00
				2017-18	0.00	0.00	0.00
				2018-19	0.00	0.00	0.00
35	Telangana State Tourism Development Corporation Limited	First Accounts not submitted	1.00	2014-15	1.00	0.00	1.46
				2015-16	0.00	0.00	16.24
				2016-17	0.00	0.00	28.64
				2017-18	0.00	0.00	29.32
36	Telangana State Beverages Corporation Limited	2017-18	0.05	2018-19	0.00	0.00	0.00

Sl. No.	Sector and Name of Company	Year upto which account finalised	Paid up Capital	Period for which accounts in arrears	Investment made by State Government during the year for which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
37	Telangana State Aviation Corporation Limited	First Accounts not submitted	0.05	2015-16 2016-17 2017-18 2018-19	0.05 0.00 0.00 0.00	0.00 0.00 0.00 0.00	12.07 27.55 13.25 0.00
38	Telangana State Technology Services Limited	2017-18	0.05	2018-19	0.00	0.00	0.00
39	Telangana State Police Housing Corporation Limited	2015-16	0.05	2016-17 2017-18 2018-19	0.00 0.00 0.00	0.00 0.00 0.00	0.00 0.00 0.00
40	Photonics Valley Corporation	First Accounts not submitted	0.01	2015-16 2016-17 2017-18 2018-19	0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.00	0.00 0.00 0.00 0.75
41	Hyderabad Airport Metro Limited	First Accounts not submitted	1.00	2018-19	1.00	0.00	0.00
42	Telangana State Water Resources Infrastructure Development Corporation Limited	First Accounts not submitted	0.50	2018-19	1.15	0.00	427.81
43	Telangana Powerloom & Textile Development Corporation Limited	First Accounts not submitted	0.10	2018-19	NF	NF	NF
44	Telangana Handloom Development Corporation Limited	First Accounts not submitted	0.10	2018-19	0.10	0.00	0.00
45	Telangana Life Sciences Infrastructure Development Limited	First Accounts not submitted	0.01	2018-19	0.00	0.00	0.00
46	Wehub Foundation	First Accounts not submitted	0.00	2018-19	0.00	0.00	0.00

Audit Report on Public Sector Undertakings for the year ended March 2019

Sl. No.	Sector and Name of Company	Year upto which account finalised	Paid up Capital	Period for which accounts in arrears	Investment made by State Government during the year for which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
47	Telangana Rajiv Swagraha Corporation Limited	First Accounts not submitted	0.05	2018-19	0.00	414.26	0.00
	Total (I)		173.89		18.19	4,026.80	9,418.68
II	Statutory Corporations						
48	Telangana State Warehousing Corporation	First Accounts not submitted	3.74	2015-16	0.00	0.00	0.00
				2016-17	0.00	0.00	0.00
				2017-18	0.00	0.00	0.00
				2018-19	0.00	0.00	0.00
49	Telangana State Financial Corporation	First Accounts not submitted	219.35	2015-16	0.00	0.00	0.00
				2016-17	0.00	0.00	0.00
				2017-18	0.00	0.00	0.00
				2018-19	NF	NF	NF
50	Telangana State Road Transport Corporation	First Accounts not submitted	83.89	2016-17	0.00	10.00	928.50
				2017-18	0.00	83.84	610.00
				2018-19	0.00	364.33	161.68
	Total (II)		306.98		0.00	458.17	1,700.18
	Grand Total (I+II)		480.87		18.19	4,484.97	11,118.86

Appendix-7

(Reference to paragraphs 3.9 and 3.9.4)

Statement showing financial position and working results of PSUs (Non-Power Sector) as on 31 March 2019

(Figures in Columns 4 to 12 are ₹ in crore)

Sl. No.	2	3	4	5	6	7	8	9	10	11	12
	Sector & Name of the PSU	Period up to which accounts are finalised	Paid up Capital	Long Term Loans	Accumulated profit (+)/ loss(-)	Net Worth	Capital Employed	Profit (+)/ Loss (-) before interest and tax	Net profit (+)/ Loss (-) after interest and tax	Deferred revenue Expenditure	Turnover
A.	Social Sector										
I.	Working Government Companies										
1	Hyderabad Growth Corridor Limited	2013-14	NF	NF	NF	NF	NF	NF	NF	NF	NF
2	Hyderabad Metro Rail Limited	2014-15	0.57	2,418.52	-2,085.74	-2,085.17	333.35	-169.54	-169.54	0.00	0.00
3	Hyderabad Road Development Corporation Limited	First A/cs not submitted	1.00	0.00	-0.74	0.26	0.26	-0.74	-0.74	0.00	0.00
4	Kaleshwaram Irrigation Project Corporation Limited	2017-18	100.00	30,096.90	3.96	103.96	30,200.86	1.50	1.09	0.00	0.00
5	Maheswaram Science Park Limited	2015-16	NF	NF	NF	NF	NF	NF	NF	NF	NF
6	Musi Riverfront Development Corporation Limited	First A/cs not submitted	1.00	5.00	0.00	1.00	6.00	0.00	0.00	0.00	0.00
7	Telagana Fiber Grid Corporation Limited	2017-18	0.01	0.00	-1.71	-1.70	-1.70	-2.17	-1.51	0.00	0.00
8	Telangana Drinking Water Supply Corporation Limited	2016-17	2.00	23,735.48	-355.39	-353.39	23,382.09	-337.65	-337.65	0.00	16.12
9	Telangana Industrial Health Clinic Limited	2018-19	7.53	1.62	-1.98	5.55	7.17	-1.24	-1.24	0.00	0.11
10	Telangana Overseas Manpower Company Limited	2017-18	0.05	2.56	-0.84	-0.79	1.77	-0.25	-0.34	0.00	0.00
11	Telangana State Agro Industries Development Corporation Limited	2015-16	9.01	10.35	9.52	18.53	28.88	0.74	0.15	0.00	7.93
12	Telangana State Christian Minorities Finance Corporation	First A/cs not submitted	0.05	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.00
13	Telangana State Civil Supplies Corporation Limited	First A/cs not submitted	1.35	399.19	88.23	89.58	488.77	839.72	7.32	0.00	12,123.62
14	Telangana State Film Development Corporation Limited	2017-18	0.05	0.00	-0.15	-0.10	-0.10	-0.28	-0.28	0.00	0.57

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Sl. No.	Sector & Name of the PSU	Period up to which accounts are finalised	Paid up Capital	Long Term Loans	Accumulated profit (+)/ loss(-)	Net Worth	Capital Employed	Profit (+)/ Loss (-) before interest and tax	Net profit (+)/ Loss (-) after interest and tax	Deferred revenue Expenditure	Turnover
1	2	3	4	5	6	7	8	9	10	11	12
15	Telangana State Forest Development Corporation Limited	2015-16	9.11	1.00	213.70	222.81	223.81	49.88	47.36	0.00	62.89
16	Telangana State Handicrafts Development Corporation Limited	2015-16	4.05	0.00	-1.99	2.06	2.06	-1.95	-1.99	0.00	26.13
17	Telangana State Horticulture Development Corporation Limited	2017-18	0.00	833.92	2.91	2.91	836.83	57.93	2.91	0.00	92.24
18	Telangana State Housing Corporation Limited	First A/cs not submitted	0.25	4,520.38	-3,197.36	-3,557.43	962.95	-279.69	-319.50	360.32	0.00
19	Telangana State Irrigation Development Corporation Limited	2017-18	0.05	20.04	-30.95	-30.90	-10.86	-6.43	-6.43	0.00	6.64
20	Telangana State Leather Industries Promotion Corporation Limited	First A/cs not submitted	1.63	4.99	-44.07	-42.44	-37.45	-0.58	-1.05	0.00	18.04
21	Telangana State Minorities Finance Corporation	2017-18	0.05	4.19	-13.43	-13.38	-9.19	1.08	1.08	0.00	0.00
22	Telangana State Most Backward Classes Development Corporation	First A/cs not submitted	0.00	0.00	-0.05	-0.05	-0.05	-0.05	-0.05	0.00	0.00
23	Telangana State Seeds Development Corporation Limited	2017-18	0.05	55.69	2.86	2.91	58.60	1.03	0.68	0.00	274.37
24	Telangana State Trade Promotion Corporation Limited	First A/cs not submitted	0.01	0.00	53.54	53.55	53.55	2.48	1.78	0.00	41.05
25	Telangana State Water Resources Development Corporation Limited	2017-18	0.50	0.00	-0.06	0.44	0.44	-0.07	-0.06	0.00	0.00
26	Telangana Urban Finance and Infrastructure Development Corporation Limited	2014-15	NF	NF	NF	NF	NF	NF	NF	NF	NF
27	T-works Foundation	2018-19	0.00	0.00	0.27	0.27	0.27	0.28	0.28	0.00	0.00
28	Zaheerabad NIMZ Limited	First A/cs not submitted	NF	NF	NF	NF	NF	NF	NF	NF	NF
29	Photonics Valley Corporation	First A/cs not submitted	NF	NF	NF	NF	NF	NF	NF	NF	NF
30	Hyderabad Airport Metro Limited	First A/cs not submitted	NF	NF	NF	NF	NF	NF	NF	NF	NF

Sl. No.	Sector & Name of the PSU	Period up to which accounts are finalised	Paid up Capital	Long Term Loans	Accumulated profit (+)/ loss (-)	Net Worth	Capital Employed	Profit (+)/ Loss (-) before interest and tax	Net profit (+)/ Loss (-) after interest and tax	Deferred revenue Expenditure	Turnover
1	2	3	4	5	6	7	8	9	10	11	12
31	Telangana State Water Resources Infrastructure Development Corporation Limited	First A/cs not submitted	0.50	3,108.57	-0.08	0.42	3,108.99	-0.08	-0.08	0.00	0.00
32	Telangana Life Sciences Infrastructure Development Limited	First A/cs not submitted	0.01	0.00	0.00	0.01	0.01	0.00	0.00	0.00	0.00
33	Telangana Powerloom & Textile Development Corporation Limited	First A/cs not submitted	NF	NF	NF	NF	NF	NF	NF	NF	NF
34	Telangana Handloom Development Corporation Limited	First A/cs not submitted	NF	NF	NF	NF	NF	NF	NF	NF	NF
35	Wehub Foundation	First A/cs not submitted	0.00	0.15	-0.19	-0.19	-0.04	-0.19	-0.19	0.00	0.24
36	Infrastructure Corporation of Andhra Pradesh Limited	2014-15	NF	NF	NF	NF	NF	NF	NF	NF	NF
	Total A-I (36 PSUs)		138.83	65,218.55	-5,359.74	-5,581.23	59,637.32	153.73	-778.00	360.32	12,669.95
II. Non-Working Government Companies											
37	Andhra Pradesh Fisheries Corporation Limited	1.04.02 to 9.05.02	4.67	8.67	-21.75	-17.08	-8.41	0.00	0.00	0.00	0.00
38	A.P.Small Scale Industrial Development Corporation Limited	2001-02	9.62	13.92	-20.03	-10.41	3.51	2.18	2.18	0.00	0.02
39	Andhra Pradesh Essential Commodities Corporation Limited	2013-14 (14 Months)	1.13	0.00	9.46	10.59	10.59	-0.04	-0.04	0.00	0.00
	Total A-II (3 PSUs)		15.42	22.59	-32.32	-16.90	5.69	2.14	2.14	0.00	0.02
	Total A (I + II) (39 PSUs)		154.25	65,241.14	-5,392.06	-5,598.13	59,643.01	155.87	-775.86	360.32	12,669.97
	PSUs where State Govt. Invested		138.82	65,218.40	-5,359.82	-5,581.32	59,637.08	153.64	-778.09	360.32	12,669.71

Sl. No.	Sector & Name of the PSU	Period up to which accounts are finalised	Paid up Capital	Long Term Loans	Accumulated profit (+)/ loss (-)	Net Worth	Capital Employed	Profit (+)/ Loss (-) before interest and tax	Net profit (+)/ Loss (-) after interest and tax	Deferred revenue Expenditure	Turnover
1	2	3	4	5	6	7	8	9	10	11	12
B. Competitive Environment Sector											
I. Working Government Companies											
40	Damodhara Minerals Private Limited	2018-19	0.04	0.00	-0.11	-0.07	-0.07	-0.01	-0.01	0.00	0.00
41	eCity Manufacturing Cluster Limited	2015-16	NF	NF	NF	NF	NF	NF	NF	NF	NF
42	Fab City SPV (India) Private Limited	2015-16	NF	NF	NF	NF	NF	NF	NF	NF	NF
43	Hyderabad Pharma City Limited	2017-18	0.01	0.00	-0.01	0.00	0.00	0.00	0.00	0.00	0.00
44	Pashamylaram Textiles Park	2013-14	0.05	0.00	0.69	0.74	0.74	-0.27	-0.27	0.00	0.09
45	Telangana Rajiv Swagraha Corporation Limited	First A/cs not submitted	0.05	0.00	-441.13	-441.08	-441.08	8.63	-38.79	0.00	13.44
46	Telangana State Industrial Development Corporation Limited	2014-15	0.01	3.36	33.07	33.08	36.44	0.04	0.04	0.00	2.92
47	Telangana State Industrial Infrastructure Corporation Limited	2014-15	NF	NF	NF	NF	NF	NF	NF	NF	NF
48	Telangana State Mineral Development Corporation Limited	2016-17	0.05	0.00	79.76	79.81	79.81	39.38	22.54	0.00	278.39
49	Telangana State Tourism Development Corporation Limited	First A/cs not submitted	NF	NF	NF	NF	NF	NF	NF	NF	NF
50	The Nizam Sugars Limited	2018-19	34.00	55.95	-247.23	-213.23	-157.28	6.79	-0.04	0.00	0.00
	Total B-I (11 PSUs)		34.21	59.31	-574.96	-540.75	-481.44	54.56	-16.53	0.00	294.84
II. Statutory Corporations											
51	Telangana State Financial Corporation	First A/cs not submitted	NF	NF	NF	NF	NF	NF	NF	NF	NF
52	Telangana State Road Transport Corporation	First A/cs not submitted	83.89	3,234.71	-4,970.96	-4,887.07	-1,652.36	-742.96	-928.66	0.00	3,980.12
53	Telangana State Warehousing Corporation	First A/cs not submitted	3.74	2.42	247.92	250.33	252.75	81.15	57.39	1.33	250.81
	Total B-II (3 PSUs)		87.63	3,237.13	-4,723.04	-4,636.74	-1,399.61	-661.81	-871.27	1.33	4,230.93
	Total (BI + BII) (14 PSUs)		121.84	3,296.44	-5,298.00	-5,177.49	-1,881.05	-607.25	-887.80	1.33	4,525.77

Sl. No.	Sector & Name of the PSU	3	4	5	6	7	8	9	10	11	12
1	2	3	4	5	6	7	8	9	10	11	12
III. Non-Working Government Companies											
54	Proddutur Milk Foods Limited	1983-84	1.96	0.00	0.00	1.96	1.96	0.00	0.00	0.00	0.00
55	Andhra Pradesh Dairy Development Corporation Limited	2013-14(14 months)	15.00	0.00	-5.24	9.76	9.76	0.00	0.00	0.00	0.00
56	Allwyn Auto Limited	1994-95	0.15	14.45	-13.54	-13.39	1.06	-6.46	-6.46	0.00	0.00
57	Allwyn Watches Limited	1998-99	0.15	64.93	-248.70	-248.55	-183.62	-70.69	-70.69	0.00	13.00
58	Andhra Pradesh Electronics Development Corporation Limited	2002-03	12.72	0.68	-10.74	1.98	2.66	-0.74	-0.75	0.00	0.00
59	Andhra Pradesh Steels Limited	1991-92	2.03	2.12	-6.51	-4.48	-2.36	-2.09	-2.09	0.00	0.00
60	Apronix Communications Limited		0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
61	Hyderabad Chemicals and Fertilisers Limited	1984-85	0.78	8.25	-0.63	0.15	8.40	0.62	0.62	0.00	0.00
62	Marine and Communication Electronics (India) Limited	1992-93	1.89	4.77	-4.21	-2.32	2.45	-4.70	-4.70	0.00	0.00
63	Republic Forge Company Limited	1991-92	7.77	54.77	-23.41	-15.64	39.13	-3.24	-3.24	0.00	0.00
64	Southern Transformers and Electricals Limited	1993-94	0.58	0.78	-5.78	-5.20	-4.42	-0.57	-0.57	0.00	0.00
65	Andhra Pradesh Automobile Tyres & Tubes Limited	1992-93	0.75	0.00	-0.77	-0.02	-0.02	0.00	0.00	0.00	0.00
66	Golkonda Abrasives Limited	1997-98	0.55	0.00	-7.44	-6.89	-6.89	-0.01	-0.01	0.00	0.00
67	Krishni Engineering Limited	1984-85	0.52	0.00	-3.54	-3.02	-3.02	-0.52	-0.52	0.00	0.00
68	PJ Chemicals Limited	1989-90	0.38	0.00	-3.56	-3.18	-3.18	-0.51	-0.51	0.00	0.00
69	Vidyut Steels Limited	1985-86	0.88	0.00	-1.55	-0.67	-0.67	-0.40	-0.40	0.00	0.00
70	APMDC-SCCL Suliya Coal Company Limited	First A/cs not submitted	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Sl. No.	Sector & Name of the PSU	Period up to which accounts are finalised	Paid up Capital	Long Term Loans	Accumulated profit (+)/ loss (-)	Net Worth	Capital Employed	Profit (+)/ Loss (-) before interest and tax	Net profit (+)/ Loss (-) after interest and tax	Deferred revenue Expenditure	Turnover
1	2	3	4	5	6	7	8	9	10	11	12
	Total B-III (17 PSUs)		46.11	150.75	-335.62	-289.51	-138.76	-89.31	-89.32	0.00	13.00
	Total B (I+II+III) (31 PSUs)		167.95	3,447.19	-5,633.62	-5,467.00	-2,019.81	-696.56	-977.12	1.33	4,538.77
	PSUs where State Govt. Invested		121.79	3,296.44	-5,297.88	-5,177.42	-1,880.98	-607.24	-887.79	1.33	4,525.77
C. Other Sectors											
I. Working Government Companies											
71	Telangana State Aviation Corporation Limited	First A/cs not submitted	NF	NF	NF	NF	NF	NF	NF	NF	NF
72	Telangana State Beverages Corporation Limited	2017-18	0.05	0.00	0.00	0.05	0.05	0.00	0.00	0.00	0.00
73	Telangana State Police Housing Corporation Limited	2015-16	0.05	0.00	4.29	4.34	4.34	1.94	1.40	0.00	16.24
74	Telangana State Technology Services Limited	2017-18	0.05	0.00	35.49	35.54	35.54	17.53	12.43	0.00	67.20
	Total C Others (4 PSUs)		0.15	0.00	39.78	39.93	39.93	19.47	13.83	0.00	83.44
	Grand Total of 74 PSUs (A + B + C)		322.35	68,688.33	-10,985.90	-11,025.20	57,663.13	-521.22	-1,739.15	361.65	17,292.18
	Total of Government Companies (51 PSUs)		173.19	65,277.86	-5,894.92	-6,082.05	59,195.81	227.76	-780.70	360.32	13,048.23
	Total of Government Corporations (3 PSUs)		87.63	3,237.13	-4,723.04	-4,636.74	-1,399.61	-661.81	-871.27	1.33	4,230.93
	Grand Total of Working State PSUs (54 PSUs)		260.82	68,514.99	-10,617.96	-10,718.79	57,796.20	-434.05	-1,651.97	361.65	17,279.16
	Grand total of Non-working Companies (20 PSUs)		61.53	173.34	-367.94	-306.41	-133.07	-87.17	-87.18	0.00	13.02
	PSUs where State Govt. Invested (44 PSUs)		260.76	68,514.84	-10,617.92	-10,718.81	57,796.03	-434.13	-1,652.05	361.65	1,7278.92

Appendix-8

(Reference to paragraph 3.9.3]

Statement showing State Government investment in working PSUs (Non-Power Sector) in the form of Equity, Interest free loans, subsidies and grants since the formation of Telangana State up to 31 March 2019

(Figures in Column 3 to 21 are ₹ in crore)

Sl. No.	Sector & Name of the PSU	2014-15			2015-16			2016-17			2017-18			2018-19			Total			Total investment in Equity, Interest free loans & Grants/ Subsidies			
		Equity + Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Interest Free Loans	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Interest Free Loans	Subsidies & Grants	Interest Free Loans	Equity + Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity + Demerger Reserve	Subsidies & Grants	Interest Free Loans					
A. Social Sector																							
I. Working Government Companies																							
1	Hyderabad Metro Rail Limited	0.57	0.00	1,765.38	0.00	0.00	176.52	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.57	0.00	2,151.90	2,152.47	
2	Hyderabad Road Development Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	237.50	0.00	238.50
3	Kaleshwaram Irrigation Project Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	100.00	7.43	0.00	1,438.90	0.00	0.00	0.00	0.00	0.00	0.00	0.00	100.00	2,206.32	0.00	0.00	2,306.32
4	Musi Riverfront Development Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	1.00	0.00	0.00	1.00
5	Telangana Fiber Grid Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.01	6.39	0.00	0.00	6.40
6	Telangana Drinking Water Supply Corporation Limited	0.00	0.00	0.00	0.05	200.35	0.00	0.00	1,198.70	0.00	56.20	1.95	0.00	0.00	0.00	0.00	0.00	0.00	2.00	2,870.06	0.00	0.00	2,872.06
7	Telangana Industrial Health Clinic Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	3.00	0.00	0.00	0.00	0.00	0.00	0.00	7.50	0.00	0.00	0.00	7.50
8	Telangana Overseas Manpower Company Limited	0.00	0.00	0.00	0.05	0.40	0.00	0.00	0.50	0.00	1.03	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	1.93	0.00	0.00	1.98

Audit Report on Public Sector Undertakings for the year ended March 2019

Sl. No.	Sector & Name of the PSU	2014-15			2015-16			2016-17			2017-18			2018-19			Total			Total investment in Equity, Interest free loans & Grants/ Subsidies
		Equity + Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
9	Telangana State Agro Industries Development Corporation Limited	0.00	0.00	0.00	7.89	0.00	6.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	7.89	0.00	6.43	14.32
10	Telangana State Christian Minorities Finance Corporation	0.00	0.00	0.00	0.05	26.17	0.00	0.00	17.82	0.00	0.00	20.37	0.00	0.00	13.46	0.00	0.05	77.82	0.00	77.87
11	Telangana State Civil Supplies Corporation Limited	0.00	0.00	0.00	1.25	904.25	0.00	0.10	2,016.63	0.00	0.00	2,206.92	0.00	0.00	2,286.90	393.78	1.35	7414.70	393.78	7,809.83
12	Telangana State Film Development Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	20.71	0.00	0.00	2.60	0.00	0.05	23.31	0.00	23.36
13	Telangana State Forest Development Corporation Limited	0.00	0.00	0.00	8.90	0.00	3.45	0.00	0.00	-2.45	0.00	0.00	0.00	0.00	0.00	0.00	8.90	0.00	1.00	9.90
14	Telangana State Handicrafts Development Corporation Limited	0.00	0.00	0.00	0.05	0.26	0.00	3.00	0.00	0.00	1.00	2.16	0.00	0.00	2.59	0.00	4.05	5.01	0.00	9.06
15	Telangana State Horticulture Development Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	126.18	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	126.18	0.00	126.18
16	Telangana State Housing Corporation Limited	0.00	0.00	0.00	0.25	62.50	0.00	0.00	0.00	0.00	0.00	200.00	0.00	0.00	950.00	0.00	0.25	1,212.50	0.00	1,212.75
17	Telangana State Irrigation Development Corporation Limited	0.00	0.00	0.00	-3.10	0.00	7.11	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	-3.10	0.00	7.11	4.01
18	Telangana State Leather Industries Promotion Corporation Limited	0.00	0.00	0.00	-2.40	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.02	0.00	0.00	0.00	-2.40	0.00	1.02	-1.38

Sl. No.	Sector & Name of the PSU	2014-15			2015-16			2016-17			2017-18			2018-19			Total			Total investment in Equity, Interest free loans & Grants/ Subsidies
		Equity + Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans	
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21
19	Telangana State Minorities Finance Corporation	0.00	0.00	0.00	1.26	62.16	0.00	0.00	83.17	0.00	0.00	55.29	0.00	0.00	53.51	0.00	1.26	254.13	0.00	255.39
20	Telangana State Most Backward Classes Development Corporation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	4.06	0.00	0.00	83.70	0.00	0.00	87.76	0.00	87.76
21	Telangana State Seeds Development Corporation Limited	0.00	0.00	0.00	27.12	18.21	55.69	0.00	21.89	0.00	0.00	80.95	0.00	0.00	38.25	0.00	27.12	159.30	55.69	242.11
22	Telangana State Trade Promotion Corporation Limited	0.56	0.42	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.50	0.00	0.00	0.75	0.00	0.56	2.67	0.00	3.23
23	Telangana State Water Resources Development Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.50	0.54	0.00	0.00	1.25	0.00	0.50	1.79	0.00	2.29
24	Telangana Urban Finance & Infrastructure Development Corporation Limited	0.05	206.52	0.00	0.00	2.75	0.00	0.00	109.05	0.00	0.00	446.46	0.00	0.00	0.00	0.00	0.05	764.78	0.00	764.83
25	Photonics Valley Corporation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
26	Hyderabad Airport Metro Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
27	Telangana State Water Resources Infrastructure Development Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.00	0.00	0.00	1.00	427.81	0.00	1.00	427.81	0.00	428.81
28	Telangana Powerloom & Textile Development Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00

Sl. No.	Sector & Name of the PSU	2014-15			2015-16			2016-17			2017-18			2018-19			Total			Total investment in Equity, Interest free loans & Grants/ Subsidies	
		Equity + Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity + Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity + Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity + Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity + Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity + Demerger Reserve	Subsidies & Grants	Interest Free Loans		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
29	Telangana Handloom Development Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
30	Infrastructure Corporation of Andhra Pradesh Limited	30.12	0.00	0.00	0.00	0.00	0.00	0.00	5.00	0.00	0.00	3.85	0.00	0.00	0.00	0.00	30.12	8.85	0.00	38.97	
	Total Social Sector (A-I)	31.30	206.94	1,765.38	41.37	1,277.05	249.20	103.10	3,586.37	97.55	8.51	4,538.94	61.02	5.50	6,279.51	443.78	189.78	15,888.81	2,616.93	18,695.52	
B. Competitive Environment Sector																					
I. Working Government Companies																					
31	Pashamylaram Textiles Park	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.05	
32	Telangana Rajiv Swagraha Corporation Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.05	0.00	0.00	0.05	
33	Telangana State Industrial Development Corporation Limited	2.81	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	40.11	0.00	0.00	42.92	0.00	0.00	42.92	
34	Telangana State Industrial Infrastructure Corporation Limited	232.42	104.10	0.00	0.00	15.26	0.00	0.00	5.80	0.00	0.00	80.70	0.00	0.00	0.00	0.00	232.42	205.86	0.00	438.28	
35	Telangana State Mineral Development Corporation Limited	0.05	19.12	0.00	0.00	40.94	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	60.06	0.00	60.11	
36	Telangana State Tourism Development Corporation Limited	-7.79	1.46	0.00	0.00	16.24	0.00	0.00	28.64	0.00	0.00	29.32	0.00	0.00	2.66	0.00	-7.79	78.32	0.00	70.53	
37	The Nizam Sugars Limited	33.29	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	33.29	0.00	0.00	33.29	
	Total B-I	260.83	124.68	0.00	0.00	72.44	0.00	0.00	34.44	0.00	0.00	110.02	0.00	40.16	2.66	0.00	300.99	344.24	0.00	645.23	

Sl. No.	Sector & Name of the PSU	2014-15			2015-16			2016-17			2017-18			2018-19			Total			Total investment in Equity, Interest free loans & Grants/ Subsidies	
		Equity + Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans	Equity+ Demerger Reserve	Subsidies & Grants	Interest Free Loans		
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	
II. Statutory Corporations																					
38	Telangana State Financial Corporation	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
39	Telangana State Road Transport Corporation	0.00	0.00	0.00	0.00	0.00	0.00	-127.63	928.50	135.52	0.00	610.00	70.00	0.00	161.68	364.33	-127.63	1,700.18	569.85	2,142.40	
40	Telangana State Warehousing Corporation	0.00	0.00	0.00	1.87	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.87	0.00	0.00	1.87	
Total B-II		0.00	0.00	0.00	1.87	0.00	0.00	-127.63	928.50	135.52	0.00	610.00	70.00	0.00	161.68	364.33	-125.76	1,700.18	569.85	2,144.27	
Total Competitive Environment Sector (B-I + B-II)		260.83	124.68	0.00	1.87	72.44	0.00	-127.63	962.94	135.52	0.00	720.02	70.00	40.16	164.34	364.33	175.23	2,044.42	569.85	2,789.50	
C. Other Sectors																					
Working Government Companies																					
41	Telangana State Aviation Corporation Limited	0.00	0.00	0.00	0.00	12.07	0.00	0.00	27.55	0.00	0.00	13.25	0.00	0.00	0.00	0.00	0.00	52.87	0.00	52.87	
42	Telangana State Beverages Corporation Limited	0.05	18.99	0.00	0.00	48.65	0.00	0.00	36.25	0.00	0.00	37.51	0.00	0.00	0.00	0.00	0.05	141.40	0.00	141.45	
43	Telangana State Police Housing Corporation Limited	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.05	
44	Telangana State Technology Services Limited	0.00	0.00	0.00	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05	0.00	0.00	0.05	
Total Others (C)		0.05	18.99	0.00	0.10	60.72	0.00	0.00	63.80	0.00	0.00	50.76	0.00	0.00	0.00	0.00	0.15	194.27	0.00	194.42	
Grand Total Working PSUs (A + B + C)		292.18	350.61	1,765.38	43.34	1,410.21	249.20	- 24.53	4,613.11	233.07	8.51	5,309.72	131.02	45.66	6,443.85	808.11	365.16	18,127.50	3,186.78	21,679.44	

Appendix-9
(Reference to paragraph 4.3)

Statement showing penal interest charges paid under Section 234 of Income Tax Act

(Figures in Column 4 to 8 are in ₹)

Sl. No.	Name of the Company	Particulars	2014-15	2015-16	2016-17	2017-18	Total
1	2	3	4	5	6	7	8
1	Telangana State Mineral Development Corporation Limited	Excess Tax Paid	0	0	9,13,520	0	9,13,520
		Interest u/s 234 A	30,46,808	1,85,04,489	48,86,167	25,19,946	2,89,57,410
		Interest u/s 234 B	36,74,092	2,33,31,747	75,17,180	50,39,892	3,95,62,911
		Interest u/s 234 C	5,03,037	51,99,777	39,27,863	21,78,552	1,18,09,229
		Total Interest u/s 234	72,23,937	4,70,36,013	1,63,31,210	97,38,390	8,03,29,550
		Total	72,23,937	4,70,36,013	1,72,44,730	97,38,390	8,12,43,070
2	Telangana State Industrial Infrastructure Corporation Limited	Excess Tax Paid	49,70,490	0	45,54,820	0	95,25,310
		Interest u/s 234 A	0	0	0	7,36,794	7,36,794
		Interest u/s 234 B	0	1,85,12,728	3,33,509	51,57,558	2,40,03,795
		Interest u/s 234 C	3,01,107	41,06,645	17,60,720	36,06,807	97,75,279
		Total Interest u/s 234	3,01,107	2,26,19,373	20,94,229	95,01,159	3,45,15,868
		Total	52,71,597	2,26,19,373	66,49,049	95,01,159	4,40,41,178
3	Telangana Drinking Water Supply Corporation Limited	Excess Tax Paid	34,18,650	2,21,50,000	29,02,070	55,51,560	3,40,22,280
		Interest u/s 234 A	1,68,144	0	0	0	1,68,144
		Interest u/s 234 B	2,66,228	0	1,35,38,544	0	1,38,04,772
		Interest u/s 234 C	70,757	0	56,97,467	9,96,930	67,65,154
		Total Interest u/s 234	5,05,129	0	1,92,36,011	9,96,930	2,07,38,070
		Total	39,23,779	2,21,50,000	2,21,38,081	65,48,490	5,47,60,350
4	Telangana State Power Generation Corporation Limited	Excess Tax Paid	0	1,04,74,650	0	4,37,56,490	5,42,31,140
		Interest u/s 234 A	0	0	0	0	0
		Interest u/s 234 B	0	87,47,478	0	0	87,47,478
		Interest u/s 234 C	0	73,62,462	0	0	73,62,462
		Total Interest u/s 234	0	1,61,09,940	0	0	1,61,09,940
		Total	0	2,65,84,590	0	4,37,56,490	7,03,41,080
5	The Singareni Collieries Company Limited	Excess Tax Paid	0	0	0	29,62,90,450	29,62,90,450
		Interest u/s 234 A	0	0	0	0	0
		Interest u/s 234 B	0	0	0	2,25,37,833	2,25,37,833
		Interest u/s 234 C	0	0	0	2,92,09,616	2,92,09,616
		Total Interest u/s 234	0	0	0	5,17,47,449	5,17,47,449
		Total	0	0	0	34,80,37,899	34,80,37,899
Total	Excess Tax Paid	83,89,140	3,26,24,650	83,70,410	34,55,98,500	39,49,82,700	
	Interest u/s 234 A	32,14,952	1,85,04,489	48,86,167	32,56,740	2,98,62,348	
	Interest u/s 234 B	39,40,320	5,05,91,953	2,13,89,233	3,27,35,283	10,86,56,789	
	Interest u/s 234 C	8,74,901	1,66,68,884	1,13,86,050	3,59,91,905	6,49,21,740	
	Total Interest u/s 234	80,30,173	8,57,65,326	3,76,61,450	7,19,83,928	20,34,40,877	
	Total	1,64,19,313	11,83,89,976	4,60,31,860	41,75,82,428	59,84,23,577	

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