



SUPREME AUDIT INSTITUTION OF INDIA
लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest

**Report of the
Comptroller and Auditor General of India
on Compliance and Performance Audit of
State Public Sector Enterprises
for the period ended March 2023**



**Government of Odisha
Report No. 6 of the year 2025**

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Preface

This Report deals with the results of Compliance and Performance Audit of State Public Sector Enterprises (SPSEs), namely, Government Companies and Statutory Corporations of the Government of Odisha for the year ended March 2023.

The Report on the SPSEs for the year ended March 2023 has been prepared for submission to the Government of Odisha for laying before the State Legislature under Article 151(2) of Constitution of India and Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time.

Audit of the accounts of Government Companies is conducted by the Comptroller and Auditor General of India under the provisions of Section 139 and 143 of the Companies Act, 2013. The audit arrangements of Statutory Corporations are prescribed under the respective acts through which the corporations are established.

The instances mentioned in this Report are those which came to notice in the course of test audit for the period 2022-23, 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 2022-23 have also been included, wherever pertinent.

This Audit Report deals with the Summary of Financial Performance of SPSEs, Oversight role of Comptroller and Auditor General, Corporate Governance, Corporate Social Responsibility, Performance Audit on "Activities of Odisha Mining Corporation Limited" and nine Compliance Audit paragraphs.

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

Overview

This Report of the Comptroller and Auditor General of India (CAG) presents summary of financial performance of State Public Sector Enterprises (SPSEs), oversight role of Comptroller and Auditor General, corporate governance and corporate social responsibility for the period from April 2022 to March 2023. Besides this, observations included in this report relate to Performance Audit on “Activities of Odisha Mining Corporation Limited” and significant results of the compliance audit of Government companies and Statutory Corporations for the year ended 31 March 2023.

The primary purpose of the Report was to bring to the notice of the State Legislature significant results of audit. The audit findings are expected to enable the executive to take timely corrective action. This would help in framing policies and directives that will lead to improved management of the organisations, thus contributing to better governance.

Summary of Financial Performance of State Public Sector Enterprises

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of the CAG’s (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013 the CAG appoints the Chartered Accountants as Statutory Auditors for companies and gives directions on the manner in which the accounts are to be audited. In addition, CAG has the right to conduct a supplementary audit.

There were 76 SPSEs under the audit jurisdiction of the CAG in Odisha as on 31 March 2023. These 76 SPSEs consisted of 58 Government Companies, 03 Statutory Corporations and 15 Government Controlled Other Companies. This report deals with the analysis of financial performance of 42 SPSEs.

(Paragraphs 1.1.3 and 1.1.4)

The 42 SPSEs registered a turnover of ₹47,902.01 crore in 2022-23, reflecting a growth of 24.41 *per cent* over the previous year. The turnover relative to the Gross State Domestic Product (GSDP) of Odisha was 6.18 *per cent* in 2022-23, marginally higher than 6.03 *per cent* in the preceding year.

(Paragraph 1.1.4.2)

As on 31 March 2023, the investment (Equity and Long-term loans) in 29 Government Companies and Corporations was ₹23,080.10 crore. The equity investment in 13 Government Controlled Other Companies stood at ₹1,001.55 crore, with no long-term loans. Of the 29 Government Companies and Corporations, nine had outstanding long-term loans totaling ₹13,763.57 crore as on 31 March 2023. Audit observed that all these nine Government Companies and Corporations have positive coverage ratio, indicating adequate assets to meet their loan liabilities as on 31 March 2023.

During 2022-23, the Government of Odisha (GoO) extended budgetary assistance of ₹4,873.99 crore to SPSEs in the form of equity, loans, and grants/subsidies. The highest grants/subsidies were provided to Odisha State Civil Supplies Corporation Limited (₹1,169.27 crore) and Odisha Lift Irrigation Corporation Limited (₹1,176.09 crore). However, OSCSC had not submitted its annual accounts for 2021-22 and 2022-23, while OLIC had not furnished accounts for 2019-20 to 2022-23 as of 30 September 2023.

(Paragraphs 1.2, 1.2.2, 1.2.3, 1.2.4 and 1.2.6)

Out of the 29 Government Companies and Corporations, profit earned by 18 SPSEs increased to ₹7,073.21 crore in 2022-23 from ₹3,289.86 crore in case of profit earned by 21 SPSEs in 2021-22. Top five profit earning SPSEs were Odisha Mining Corporation Limited (OMC), Odisha Coal and Power Limited (OCPL), Odisha Hydro Power Corporation Limited (OHPC), Odisha State Police Housing and Welfare Corporation Limited (OSPHWC) and Odisha Forest Development Corporation Limited (OFDCL). The Return on Equity (ROE) of 18 SPSEs was 31.19 *per cent* in 2022-23 as compared to 22.37 *per cent* from 21 SPSEs in 2021-22. Seven Government Companies and Corporations incurred loss of ₹794.98 crore in 2022-23 as compared to loss of ₹453.11 crore incurred by these SPSEs during 2021-22. Out of total loss of ₹794.98 crore, loss of ₹788.73 crore was mainly contributed by two SPSEs (GRIDCO Limited ₹778.18 crore and OSRTC ₹10.55 crore).

As on 31 March 2023, out of 29, there were eight Government Companies and Corporations with accumulated losses of ₹9,449.38 crore. Net worth of four out of eight SPSEs had been completely eroded by accumulated loss and their net worth was negative. The net worth of these four SPSEs was ₹(-)5,735.80 crore against total equity investment of ₹3,428.80 crore as on 31 March 2023. Overall, net worth of all the 29 Government Companies and Corporations was ₹17,311.65 crore against their total paid up capital of ₹9,316.53 crore.

Out of the 29 Government Companies and Corporations, 10 SPSEs declared dividend of ₹622.16 crore against equity investment of ₹1,451.55 crore by GoO for the year 2022-23. However, seven SPSEs had not declared dividend prescribed by the Government, leading to a shortfall of ₹1,419.30 crore during 2022-23. The dividend declared as a percentage of net profits decreased to 10.89 *per cent* in 2022-23 from 18.59 *per cent* in 2021-22. Of the 13 Government Controlled Other Companies, seven companies earned profit of ₹4.08 crore during the year ended 31 March 2023.

(Paragraphs 1.3.1, 1.3.2, 1.6.1 and 1.6.2)

Return on Equity (ROE), a measure of financial performance of companies calculated by dividing net income by shareholders' equity, of 29 Government Companies and Corporations had increased from 6.83 *per cent* in 2021-22 to 36.27 *per cent* in 2022-23. Sector wise analysis of ROE of Government Companies and Corporations where total equity is more than ₹50 crore during 2020-21 to 2022-23 indicates that the increase in ROE during 2022-23 was primarily driven by the Industries and Energy sectors.

(Paragraph 1.5.5)

Oversight role of CAG

Audit of State Public Sector Enterprises

CAG appoints statutory auditors for a Government Company and Government Controlled Other Company under Section 139 (5) and (7) of the Companies Act, 2013. The CAG has a right to conduct supplementary audits and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing the three Statutory Corporations require that their accounts be audited by the CAG and a report be submitted to the State Legislature.

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

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

(Paragraphs 1.7 and 1.10.2)

Accounts for the year 2022-23 were due from all 61 Government SPSEs and 15 Government Controlled Other SPSEs. A total of 11 Government SPSEs and five Government Controlled Other SPSEs submitted their accounts for audit by CAG by 30 September 2023. Accounts for 50 Government SPSEs and 10 Government Controlled Other SPSEs were in arrears.

Accounts of one Statutory Corporation *i.e.*, Odisha State Warehousing Corporation for the years 2020-21, 2021-22 and 2022-23, the accounts of Odisha State Road Transport Corporation for the years 2021-22 and 2022-23 and accounts of Odisha State Financial Corporation for the year 2022-23 were awaited as on 30 September 2023.

Delay in finalisation of accounts carries the risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. The Government may look into the constraints in preparing the accounts of the SPSEs and take necessary steps to clear the arrears in accounts.

(Paragraph 1.9.2)

Subsequent to the audit of the financial statements by statutory auditors which were received during the period from 01 October 2022 to 30 September 2023, the CAG conducted supplementary audit of the financial statements of the selected Government Companies and Government Controlled Other Companies. Impact of significant comments of the CAG issued as supplement to the statutory auditors' reports on SPSEs was ₹166.61 crore on profitability and ₹480.08 crore on assets and liabilities.

Besides, the statutory auditor's report of Odisha Coal and Power Limited for the year 2022-23 was revised before laying of the financial statements of the Company in its Annual General Meeting.

(Paragraphs 1.11.1 and 1.11.2)

Corporate Governance

Out of the 27 SPSEs required to appoint independent directors, five did not have the mandatory minimum of two independent directors on their Boards during the financial year 2022-23.

Of the 21 SPSEs required to have a woman director on their Boards, nine did not comply with this requirement during the year.

(Paragraph 1.17)

Section 173 (1) of Companies Act, 2013 stipulates that every company shall hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board. Out of the 51 working SPSEs, 20 SPSEs did not conduct the mandatory four meetings of the Board of Directors during 2022-23.

(Paragraph 1.20)

As per the provisions of the Companies Act, 2013, 35 SPSEs were required to constitute the Audit Committee out of which 32 SPSEs constituted the Audit Committee. However, three SPSEs (Odisha Tourism Development Corporation Limited, Odisha Rural Housing and Development Corporation and Odisha Sports Development and Promotion Company) did not constitute the Audit Committee. Out of 32 SPSEs, the Audit Committee of three SPSEs did not evaluate the internal financial control systems and that of one SPSE *i.e.*, Odisha State Seeds Corporation Limited did not review and monitor the statutory auditors' performance and effectiveness of the audit process.

Out of 27 SPSEs required to constitute Nomination and Remuneration Committee, 13 companies did not constitute the Committee during 2022-23.

(Paragraphs 1.21.1 to 1.21.4)

Corporate Social Responsibility

As per the provisions of section 135 (1) of the Companies Act, 2013, 16 SPSEs were required to establish CSR committee. All the 16 SPSEs have constituted the CSR Committee. Out of 16 SPSEs, three SPSEs did not have a CSR policy in place, six SPSEs did not formulate CSR plans and five SPSEs did not prepare CSR budgets for the year 2022-23. Regarding CSR spending, against a required spending of ₹58.67 crore by 12 SPSEs, actual spending was ₹61.24 crore. However, out of 12 SPSEs, five SPSEs, which required spending of ₹9.50 crore towards CSR activities, had actually spent ₹2.97 crore leaving unspent amount of ₹6.53 crore.

(Paragraphs 1.25, 1.26, 1.27, 1.30.1 and 1.30.2)

Performance Audit on Activities of Odisha Mining Corporation Limited

- Odisha is considered a mineral rich State with 53 *per cent* of iron ore reserve, 73 *per cent* of bauxite ore and 100 *per cent* of chromite ore reserve in the country. The mining sector contributes 10.8 *per cent* of Gross State Value Added (GSVA) in 2022-23. Odisha Mining Corporation Limited (OMC), being the only state public sector undertaking in the sector, its contribution to the State revenue in terms of royalty, dividend *etc.*, assumes critical importance. It obtains mining leases from the GoO and carries out mining operations like excavation of ore, processing the same to make them saleable and selling them. In each of these activities, it has to comply with the provisions of statutes like Forest Conservation Act, 1980 Mines and Minerals (Development and Regulation) (MMDR) Act, 1957, Mineral Concession Rules, 1960, the Ancient Monuments and Archaeological Sites and Remains (AM&SAR) Act, Prevention of pollution Act, 1986 *etc.*

(Paragraph 2.1)

- Performance Audit on activities of OMC was conducted to assess whether planning for mining was carried out efficiently and effectively; production and sale of minerals were carried out in an economical, efficient and effective manner; financial management was effective; and monitoring and internal control system was adequate and effective.

(Paragraph 2.4)

- OMC has 36 mining leases as on date out of which 18 are operative. The remaining 18 have been inoperative for the last six to more than 35 years, including five mines that have remained non-operational since OMC's inception. Regarding inoperative leases, it was observed that the main reasons for non-operation of mines was mostly delay in submission of Forest Diversion Proposal (FDP) to get Forest Clearance (FC) for starting mining activities. The delay was mainly because of non-compliance with required formalities *viz.*, finalisation of joint verification of forest land, delay in finalising the land use plan, lack of assessment of ore reserves and delays in complying with the directions of the Forest Department. In the process, OMC had to pay ₹9.09 crore towards surface rent/water rent and ₹154.27 crore towards manpower cost including watch and ward *etc.*, of these inoperative mines during 2018-23. It is pertinent to mention that similar issue regarding inoperative mines was highlighted in CAG's Audit Report No. 5 of the year 2017 which pointed out the payment of dead rent and watch and ward expenditure during 2012-17. Despite this, OMC did not take corrective measures and continued to incur avoidable expenditure amounting to ₹163.36 crore during the period 2018-23.

(Paragraph 2.8.1)

- As per the MMDR Rules, 2015, mining leases granted to Government companies prior to 12 January 2015 were deemed to be extended to 50 years, and the 2021 Amendment mandated payment of an additional

amount equivalent to 150 *per cent* of the royalty payable. Accordingly, the GoO extended the lease period of the Unchabali iron ore mines from 20 to 50 years (2008-2058), subject to the OMC executing a supplementary lease deed for the extended period from June 2028 to June 2058, which was done by OMC in February 2022. Audit analysis revealed that based on a mineable reserve of 10.56 MMT as of 2018-19 and a production capacity of 01 MTPA (as per Environment Clearance), the reserves would be exhausted by 2028, making the extension unnecessary. The execution of the supplementary lease deed resulted in avoidable expenditure of ₹85.21 crore in 2022-23 towards additional royalty, stamp duty and registration, and a further estimated liability of ₹232 crore in royalty payments up to 2028.

(Paragraph 2.8.2)

- Mining is skilled work involving removing the overburden, then excavating the ore, crushing/beneficiating them to make them saleable. All these activities are again subject to compliance with Mining Plans approved by the Indian Bureau of Mines (IBM), conditions stipulated in Environmental Clearances (EC) granted by the Ministry of Forest and Environment and Climate Change (MoEF&CC), consent to operate (CTO) issued by the State Pollution Control Board (SPCB).
- During 2018-23, there were significant shortfalls in mineral production against the approved Mining Plan. Iron ore production fell short of BE targets by 15 to 88 *per cent*, chrome ore by 28 to 75 *per cent*, and bauxite by 39 *per cent*.
- In the case of Daitari iron ore mines, MoEF&CC enhanced the Environmental Clearance limit from three MTPA to six MTPA in July 2021 for one year, but OMC delayed submission of the Consent to Operate (CTO) application by 39 days and did not actively pursue the matter with SPCB, resulting in CTO being granted only in November 2021. Consequently, OMC could utilise only two MTPA out of the additional three MTPA during the remaining eight months (November 2021-July 2022), leading to a shortfall of one MTPA and a potential revenue loss of ₹606.43 crore.

(Paragraphs 2.9.1 and 2.9.2)

- In case of 14 mines, 29.47 MMT of minerals were produced either in excess of the quantity permitted as per the EC or were extracted without obtaining FC. Due to this, a penalty of ₹3,761.88 crore was paid by OMC during the period 2017-22 to the Department of Steel and Mines, GoO. It was also noticed that OMC paid ₹602.27 crore during 2018-23 for production of 5.56 Million MT (MMT) of minerals from eight mines in excess of the quantities permitted under CTO and the Mining Plan.

(Paragraph 2.9.3.1)

- Audit observed that during the period 2018-23, seven out of 12 sampled mines did not comply with conditions specified in the statutory clearances issued by MoEF&CC/SPCB, related to air pollution. The non-compliances included shortfall in the prescribed frequency of air quality monitoring, non-installation of required equipment, and other deficiencies. Further, in nine out of 12 test-checked mines, instances of non-compliance with statutory provisions relating to water and noise pollution were also noticed.

(Paragraph 2.9.3.4)

- The approved Mine Closure Plans stipulated land reclamation to restore the quality of land in 2,01,447 m² of the Jilling-Langlota iron ore mine and 1,42,000 cubic meter (CBM) for the Bangur chromite mine during 2020-23. However, OMC could back fill/reclaim only 51,000 m² (25 *per cent*) and 24,957 CBM (18 *per cent*) of land respectively, against the target specified in the Mine Closure Plan. This shortfall not only violated the stipulated Mining Plans but also prevented restoration of land quality for productive use such as afforestation and plantation.

(Paragraph 2.9.3.5)

- There were deficiencies in stacking of ore according to statutory parameters. For example, in case of Gandhamardan B, Kurmitar, Jhilling and Tiring Pahar mines, OMC had not segregated ores according to their grades for stacking purpose. Hence, it had to pay royalty at the rate which was payable for the highest grade of ore. Consequently, OMC had to incur an additional expenditure of ₹938.52 crore during 2018-23 for stacking without segregation.

(Paragraph 2.9.5.2)

- For improvement in production level in terms of quantity and quality, OMC was executing six capital projects with an investment of ₹5,495.90 crore. Out of these, only two (Balance work of New COBP and tailing pond for COBP South Kaliapani mines) were completed and others were in progress. However, due to lack of proper planning, even the completed projects could not be made operational. For example, chrome ore beneficiation plant completed in April 2023, could not be commissioned due to non-execution of Operation and Maintenance contract with a service provider. As a result, OMC could not produce quality ore from the sub-grade ore and lost the opportunity to earn revenue of ₹61.16 crore during 2020-23.

(Paragraphs 2.10.1 and 2.10.2)

- In 2009, OMC approved an Ore Handling Project at Daitari iron ore mines to establish a fully mechanized system for crushing, screening, conveying, and wagon loading of ore. In December 2019, OMC discovered that the plant site overlapped with the Ultimate Pit Limit

(UPL), risking blockage of 6.37 MMT of ore. Consequently, OMC surrendered 98.7 hectares of forest land (October 2022). Notably, the site had been suggested by Independent Directors in January 2009 before engaging the consultant, with the study already flagging that the Crusher House fell within the UPL. Despite this, no assessment of blocked ore was undertaken, leading to poor planning and avoidable expenditure of ₹15.97 crore on forest clearance, consultancy, design, and related charges.

(Paragraph 2.10.4)

- It was observed that undue favour was being extended to contractors because the clauses in the contract were unfavorable to OMC. For instance, in Daitari mines OMC paid ₹25.79 crore extra towards escalation charges for electricity which was over and above the actual cost of electricity. OMC paid ₹32.64 crore extra towards raising cost by treating sub-grade ore as saleable ore.
- During the period December 2018-December 2019, the overburden was dumped within the unmined area itself, without being taken to the dump site. Despite this, OMC continued to pay the contractor without deducting the transportation cost, resulting in an excess payment of ₹6.18 crore for the period December 2017-March 2023.
- OMC issued a NIT in June 2015 for raising work at Mahaparbat mine before obtaining environmental clearance, which was only granted in November 2020, 62 months after the work order was issued in September 2015. Meanwhile, OMC introduced e-reverse auction in March 2019, securing 17-31 *per cent* discounts on raising contracts. Audit observed that though OMC had the contractual right to terminate the contract, it did not cancel the Mahaparbat work order to re-tender under the e-reverse auction, resulting in a loss of ₹10.66 crore.

(Paragraphs 2.11.2, 2.11.5, 2.11.6 and 2.11.7)

- There was under realization of revenue of ₹16.51 crore because of errors in calculation and fixation of floor price for auction of 3.01 lakh MT of un-beneficiated sub-grade chrome ore.

(Paragraph 2.12.3)

- OMC did not timely adjust royalty paid to GoO in advance towards unlifted stock against the subsequent lifting of stock against fresh orders. In the process, it lost interest revenue of ₹41.22 crore on the amount remaining blocked.

(Paragraph 2.13.1)

- OMC extended inter-corporate loans of ₹3,211.71 crore to four different entities without any policy for taking over such financial risks. Out of such amount, ₹947.80 crore has already been defaulted by IDCOL whom OMC assisted via loans for payment of penalty for

statutory violations. Out of these four entities, two defaulting SPSEs *i.e.*, Industrial Development Corporation of Odisha Limited (IDCOL) and Orissa Mineral Exploration Corporation Limited (OMECL), were merged with OMC during 2022-23.

(Paragraphs 2.13.3 and 2.13.3.1)

- OMC having such a huge network of eight regional offices spread over remote areas, needs effective internal control mechanisms for proper monitoring to ensure sustainable operation. Many deficiencies were noticed in the internal control mechanism. For example, important areas like timely surrender of inoperative leases, compliance with different statutes were not included in the scope of work of the agencies hired for its internal audit.

(Paragraphs 2.14 and 2.14.1)

Compliance Audit Observations

Compliance audit observations included in this chapter highlight deficiencies in management of PSUs with financial implications. The irregularities pointed out are as briefed below:

- Procurement of coal from Odisha Coal and Power Limited through Road-cum-Rail mode using private railway siding and short lifting of 4.69 lakh MT of coal from Mahanadi Coalfield Limited under the agreed bridge linkage scheme resulted in avoidable expenditure of ₹24.72 crore by Odisha Power Generation Corporation Limited.

(Paragraph 3.1)

- Extension of interest-free mobilisation advance by Odisha Power Generation Corporation Limited (OPGC) to contractors, led to avoidable interest burden of ₹13.60 crore.

(Paragraph 3.2)

- In thermal power plants, a by-product known as cenosphere is generated during the process of power generation. However, no evidence of action taken by OPGC for the collection and sale of cenosphere was found on record, despite the fact that other thermal power PSUs have been successfully marketing and selling it. Based on the latest available market price and the quantity of cenosphere generated during 2017-18 to 2021-22, OPGC incurred a potential revenue loss of ₹1.09 crore.

(Paragraph 3.3)

- Odisha Power Transmission Corporation Limited awarded (February 2014) a turnkey contract for implementing an Advanced Metering Infrastructure (AMI) system, scheduled for completion by August 2015 and later extended to July 2016. Despite payments of ₹5.37 crore made between 2014-15 and 2018-19, the project remained incomplete

as the mandatory User Acceptance Testing was not conducted within the stipulated timeframe, resulting in repeated extensions up to March 2020. In June 2022, OPTCL finally decided to discontinue the project, citing a critical flaw - the AMI system generated editable meter data instead of the required raw, un-editable data essential for secure billing, thereby making it prone to tampering. Notably, OPTCL, despite having an enabling clause in the contract's technical specifications, did not enforce the contractor's obligation to provide the requisite data, which led to the scrapping of the project and rendered the expenditure of ₹5.37 crore infructuous.

(Paragraph 3.4)

- Payment of pay and allowances to three executives of Central Electricity Supply Utility of Odisha (CESU) by deviating from the directions of the Board of Directors of the Odisha Power Transmission Corporation Limited resulted in extension of undue benefit to CESU and loss of ₹2.16 crore.

(Paragraph 3.5)

- Wrongful issuance of completion certificate and inaction towards claiming the loss of revenue due to shut down of extra high-tension lines by the Odisha Power Transmission Corporation Limited, resulted in non-realisation of revenue loss of ₹1.49 crore from the beneficiary.

(Paragraph 3.6)

- Construction of 220 KV transmission line in the forest land by violation of provisions of the Forest Conservation Act, 1980 by Odisha Power Transmission Corporation Limited resulted in avoidable payment of penal Net Present Value of ₹0.69 crore.

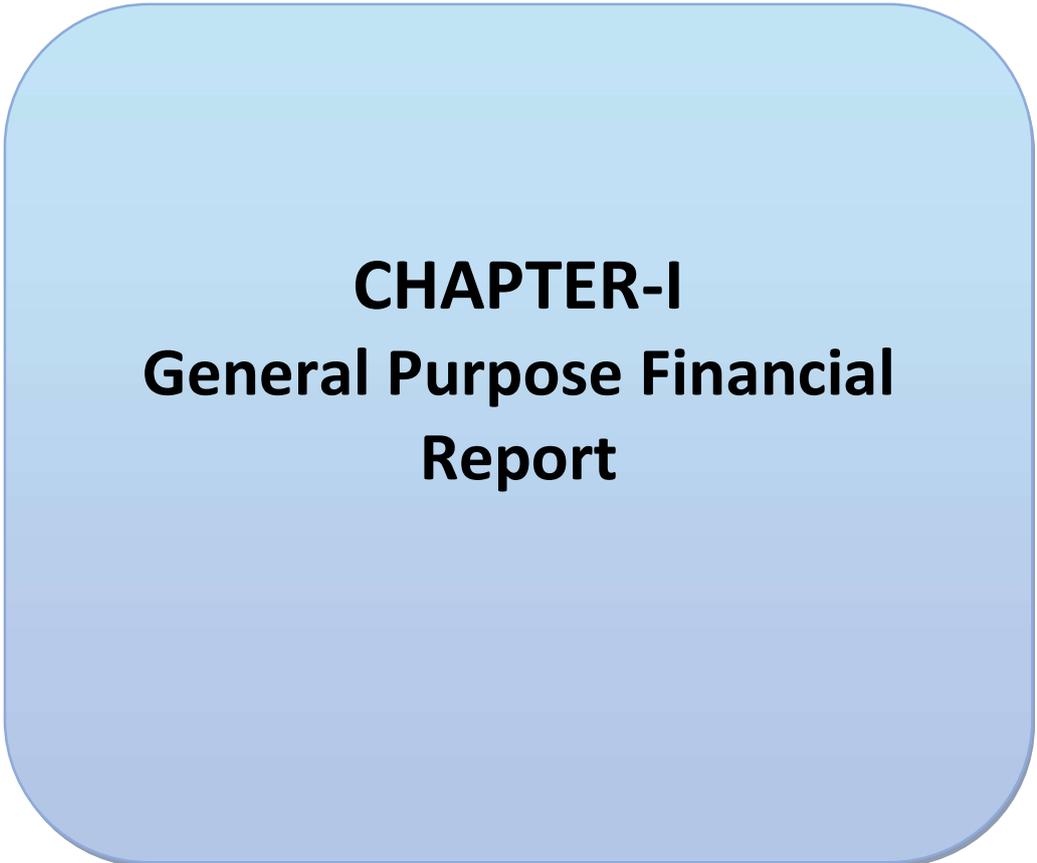
(Paragraph 3.7)

- Delayed payment of Goods and Services Tax by Odisha Bridge and Construction Corporation Limited on the supervision/overhead charges resulted in avoidable payment of interest of ₹2.56 crore.

(Paragraph 3.8)

- Odisha Coal and Power Limited, instead of enforcing the terms of the Mines Service Agreement against the Mines Operator, executed the work relating to shifting of villagers at its own cost by engaging another agency. This resulted in avoidable expenditure of ₹2.39 crore and undue favour of the same amount to the Mines Operator.

(Paragraph 3.9)



CHAPTER-I
General Purpose Financial
Report

CHAPTER-I

General Purpose Financial Report

Summary of Financial Performance of State Public Sector Enterprises

1.1 Introduction

1.1.1 Purpose of Report

This Chapter presents the summary of financial performance of Government Companies, Statutory Corporations and Government Controlled Other Companies. The term State Public Sector Enterprises (SPSEs) encompasses those Government Companies in which the direct holding of the State Government is 51 *per cent* or more and the subsidiaries of such Government Companies. The Statutory Corporations set up under Statutes enacted by the Legislature and other companies owned or controlled, directly or indirectly by the State Government have also been categorised as SPSEs. The financial performance of SPSEs depicted in the Report has been taken from their financial statements as well as from the information received from the SPSEs. Impact of revision of accounts as well as significant comments issued as a result of sole audit/supplementary audit conducted by the Comptroller and Auditor General of India (CAG) on the financial statements of the SPSEs for the year 2022-23 (or of earlier years which were finalised during the current year) have also been covered in this Report. Moreover, this chapter also contains the status of the compliance with provisions of the Companies Act, 2013 on Corporate Governance and Corporate Social Responsibility.

1.1.2 Definition of Government Companies/Corporations

A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a Company in which not less than 51 *per cent* of the paid-up share capital is held by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a company which is a subsidiary company of such a Government Company.

Besides, any other company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government Controlled Other Companies (GCOC).

1.1.3 Mandate of Audit

Audit of Government Companies and Government Controlled Other Companies is conducted by the CAG under the provisions of Section 143 (5) to 143 (7) of the Companies Act, 2013 read with Section 19 of the CAG's (Duties, Powers and Conditions of Service) Act, 1971 and the Regulations made thereunder. Under the Companies Act, 2013 the CAG appoints the Chartered Accountants as Statutory Auditors for companies and gives directions on the manner in which the accounts are to be audited. In addition,

CAG has the right to conduct a supplementary audit. The statutes governing some of the Statutory Corporations require their accounts to be audited only by the CAG.

1.1.4 Name of SPSEs and their introduction to their activities including contribution of turnover of the SPSEs to the GSDP of the State

1.1.4.1 Number of SPSEs

As on 31 March 2023, there were 76 SPSEs¹ under the audit jurisdiction of the CAG as detailed in *Appendix 1*. These include 58 Government Companies, 03 Statutory Corporations and 15 Government Controlled Other Companies. Out of 58 Government Companies, 07 were power sector companies and 51 were non-power sector companies. Out of 51 non-power sector companies, 25 were inactive. Of these, summary of financial performance of 42 SPSEs is covered in this report and the nature of these SPSEs is indicated in the table below:

Table 1.1: Coverage and nature of SPSEs covered in this report

Nature of the SPSE	Total number of SPSEs	Number of SPSEs covered in the Report				Number of SPSEs whose accounts were in arrear for three years or more hence not covered in Report
		Accounts up to				
		2022-23	2021-22	2020-21	Total	
Government Companies (i)	58	10	13	4	27	31
Statutory Corporations (ii)	3	0	1	1	2	1
Total Companies/ Corporations (iii)=(i+ii)	61	10	14	5	29	32
Government Controlled Other Companies (iv)	15	5	6	2	13	2
Total (v) = (iii+iv)	76	15	20	7	42	34

(Source: Compiled based on the accounts received from SPSEs during the respective years)

¹ (i) Four working Government Companies viz., Industrial Development Corporation of Odisha Limited, IDCOL Kalinga Iron Works Limited, IDCOL Ferro Chrome and Alloys Limited and Odisha Mineral Exploration Corporation Limited went outside the purview of CAG's audit during 2022-23 due to merger with Odisha Mining Corporation Limited. (ii) Two inactive Government Companies viz., Orissa Electricals Manufacturing Company Limited and Hira Steels and Alloys Limited went outside the purview of CAG's audit during 2022-23 due to liquidation and dissolution, respectively as informed by Office of the Registrar of Companies-cum-Official Liquidator, Odisha. (iii) Another company, IDCOL Software Limited is currently under liquidation. Accordingly, its financial statement is prepared on liquidation basis. Hence, the company has been included under inactive Government Companies.

This Chapter does not include 34 SPSEs (including 02 Government Controlled Other Companies and 01 Statutory Corporation) whose accounts were in arrears for three years or more, those whose first-year account is not due or not yet received or those that are defunct/under liquidation as indicated in *Appendix 2* and *Appendix 3*.

1.1.4.2 Contribution to the GSDP of the State

The names of SPSEs and their related activities, including contribution of turnover to the GSDP of the State is given in *Appendix-4*. A ratio of turnover of the Government Companies and Corporations to the Gross State Domestic Product (GSDP) shows the extent of their activities in the State's economy. Following table provides the total turnover of 29 Government SPSEs and 13 Government Controlled Other SPSEs and GSDP of Odisha for a period of three years ending March 2023.

Table 1.2: Details of turnover of State PSEs vis-a-vis GSDP of Odisha

Particulars	(₹ in crore)		
	2020-21	2021-22	2022-23
Turnover	23,876.47	38,504.42	47,902.01
Percentage change of Turnover over Previous Year	12.89	61.27	24.41
GSDP of Odisha at current price	5,42,889	6,38,342	7,74,869
Percentage change of GSDP of Odisha	-0.64	17.58	21.39
Percentage of Turnover to GSDP of Odisha	4.40	6.03	6.18

(Source: Turnover reported in the latest finalised accounts of Government Companies and Corporations till 30 September 2023 and GSDP figures as per the Financial Attest Wing)

In 2022-23, the turnover of the SPSEs relative to GSDP was 6.18 per cent that had increased from 6.03 per cent in the previous year. The growth rate of GSDP increased to 21.39 per cent during 2022-23 as compared to 2021-22 and the growth rate of turnover of Government Companies and Corporations had also increased to 24.41 per cent during the same period. The Compounded Annual Growth Rate (CAGR²) is a useful method to measure growth rate over multiple time periods. The CAGR of GSDP was 12.36 per cent during last three years, while during the same period the CAGR of Turnover was 31.33 per cent. This resulted in increase in the share of turnover of these State PSEs to the GSDP from 4.40 per cent in 2020-21 to 6.18 per cent in 2022-23. The department-wise position has been given in *Appendix 5*. The turnover of Power Public Sector Enterprises and Non-Power Public Sector Enterprises recorded CAGR of 25.07 per cent and 36.50 per cent respectively during the same period.

² Rate of Compounded Annual Growth rate $\left[\left\{ \frac{\text{Value of 2022-23}}{\text{Value of 2019-20}} \right\}^{(1/3 \text{ years})} - 1 \right] * 100$ where turnover and GSDP for the year 2019-20 were ₹21,149.69 crore and ₹5,46,413.00 crore respectively

1.2 Investment in Government Companies and Corporations and Budgetary support

The amount of equity and loans in 29³ Government Companies and Corporations as of 31 March 2023 is given in the **Table 1.3**:

Table 1.3: Equity and loans in Government Companies and Corporations

(₹ in crore)

Sources of investment	As on 31.03.2022			As on 31.03.2023		
	Equity	Long term loans	Total	Equity	Long term loans	Total
1. State Government	7,629.47	1,495.68	9,125.15	8,916.60	1,861.27	10,777.87
2. State Government Companies/ Corporations/Autonomous Bodies	1,549.14	722.83	2,271.97	277.23	516.20	793.43
3. Central Governments/ Central Government Companies/Corporations	44.95	6,760.81	6,805.76	44.95	5,500.47	5,545.42
4. Financial Institutions and Others	77.28	6,924.06	7,001.34	77.75	5,885.63	5,963.38
Total	9,300.84	15,903.38	25,204.22	9,316.53	13,763.57	23,080.10
Percentage of investment of State Government to total investment	82.03	9.40	36.20	95.71	13.52	46.70

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

The amount of equity and loans in 13 Government Controlled Other Companies as of 31 March 2023 is given in the table as follows:

Table 1.4: Equity and loans in Government Controlled Other Companies

(₹ in crore)

Sources of investment	As on 31.03.2022			As on 31.03.2023		
	Equity	Long term loans	Total	Equity	Long term loans	Total
State Government	235.01	0	235.01	235.01	0	235.01

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

Investment in inactive SPSEs

In 15 out of 25 inactive SPSEs, there was Government investment of ₹62.36 crore as per available records. The Principal Secretary, Department of Finance, Government of Odisha (GoO) has been requested to furnish the corresponding figures for all the 25 inactive SPSEs. The reply is awaited

³ Out of 61 Government Companies and Corporations, accounts of 29 were considered. Accounts of 32 SPSEs which were in arrears for three years or more/were defunct/under liquidation were not included

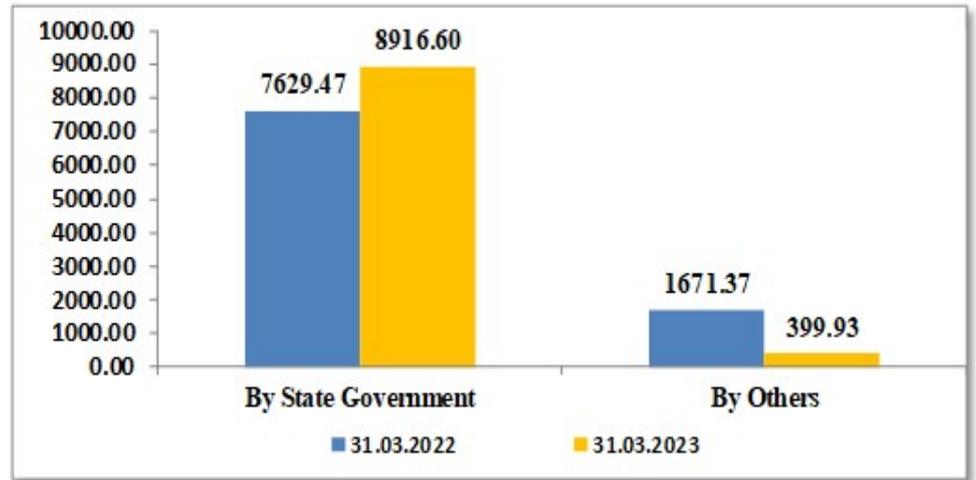
(March 2025). It is recommended that the process of voluntary winding up of inactive companies under the Companies Act needs to be pursued vigorously.

1.2.1 Equity holding in SPSEs

During 2022-23, the total equity holding at face value in the 29 SPSEs covered in this Report registered a net increase of ₹15.69 crore.

Holding in equity by the State Government and others⁴ during 2022-23 in Government Companies and Corporations is depicted in the following chart:

Chart-1.1: Holding in equity in Government Companies and Corporations



(Source: Compiled on the basis of latest finalised accounts of SPSEs)

Details of significant holdings (holdings of more than ₹200 crore) of the State Government during 2022-23 in the paid-up capital of SPSEs are given in the table as follows:

Table 1.5: Significant holdings of the State Government

(₹ in crore)

Name of the SPSE	Name of the Department	Amount of State Government holdings	Percentage of State Government holding with reference to holdings of the State Government in all Government Companies and Corporation under consideration
Statutory Corporation			
Odisha State Financial Corporation	Micro, Small and Medium Enterprise	342.72	3.84
Odisha State Road Transport Corporation	Commerce and Transport	328.54	3.68
Government Companies			
Odisha Power Generation Corporation Limited	Energy	2,067.50	23.19

⁴ Others include Central Government, Central Government Companies/Corporations, State Government Companies/Corporation, Financial Institutions etc.

Name of the SPSE	Name of the Department	Amount of State Government holdings	Percentage of State Government holding with reference to holdings of the State Government in all Government Companies and Corporation under consideration
Odisha Power Transmission Corporation Limited	Energy	1,886.71	21.16
Odisha Hydro Power Corporation Limited	Energy	833.19	9.34
GRIDCO Limited	Energy	3,002.04	33.67
Odisha Coal and Power Limited	Energy	208.72	2.34

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

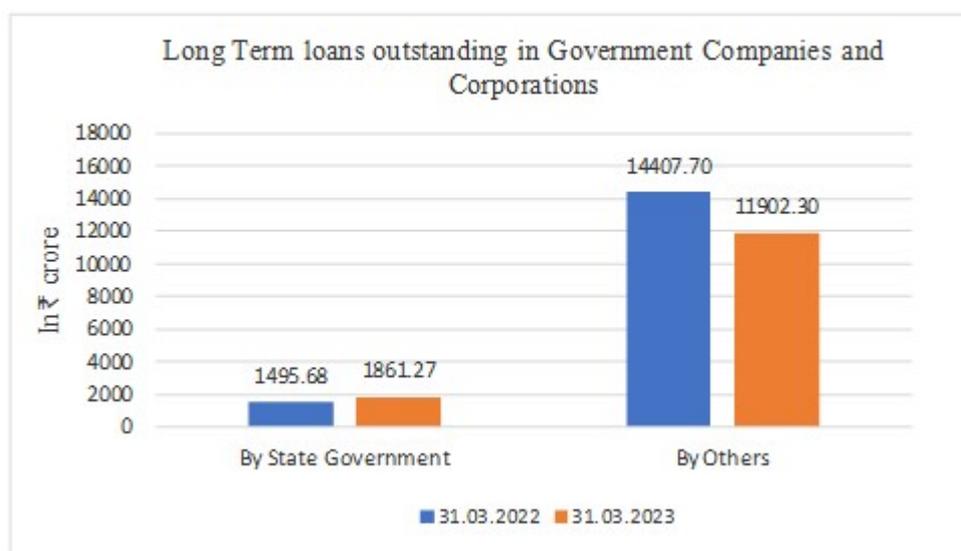
1.2.2 Loans given to SPSEs

Out of the 29 Government Companies and Corporations covered in this report, 09 SPSEs had outstanding long-term loans amounting to ₹13,763.57 crore from all sources as on 31 March 2023. During 2022-23, the long-term loans of Government Companies and Corporations registered a decrease of ₹2,139.81 crore in mainly three SPSEs viz., GRIDCO Limited, Odisha Power Generation Corporation Limited and Odisha Coal and Power Limited.

Year wise details of outstanding long-term loans of Government Companies and Corporations are depicted in the chart as follows:

Chart 1.2: Long term loans outstanding in Government Companies and Corporations

(₹ in crore)



(Source: Compiled on the basis of latest finalised accounts of SPSEs)

1.2.3 Adequacy of Assets (Asset Coverage Ratio)

Ratio of total debt to total assets is one of the methods used to determine whether a company can stay solvent. To be considered solvent, the value of an entity's assets must be greater than the sum of its loans/debts. The coverage of

long-term loans by value of total assets in 09 Government SPSEs which had outstanding loans as on 31 March 2023 is given in the table as follows:

Table 1.6: Coverage of long-term loans with total assets

	Positive Coverage				Negative Coverage			
	No. of SPSEs	Long term loans	Assets	Percentage of assets to loans	No. of SPSEs	Long term loans	Assets	Percentage of assets to loans
		(₹ in crore)				(₹ in crore)		
Statutory Corporations	2	107.33	1,135.59	1,058.04	-	-	-	-
Government Companies	7	13,656.24	35,450.14	259.59	-	-	-	-
Total	9	13,763.57	36,585.73		-	-	-	-

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

From the above table, it is revealed that all the 09 Government Companies and Corporations have positive coverage ratio, which indicates that all the Companies and Corporations possess adequate assets to meet their loan liabilities.

1.2.4 Information on Loan, Subsidy/Grants by Central/State Government

The GoO provides financial support to SPSEs in various forms through the annual budget. During 2022-23, there was budgetary outgo towards equity, loans, grants/subsidies, loans written off and loans converted into equity by GoO in respect of 14 Government SPSEs out of 36 active Government SPSEs (33 Government Companies and 03 Statutory Corporations) and 01 Government controlled other SPSE out of 15 Government controlled other SPSEs. The summarised details for the last three years ending March 2023 are as follows:

Table 1.7: Details regarding budgetary support to SPSEs

Particulars ⁵	2020-21		2021-22		2022-23	
	Number of SPSEs	Amount	Number of SPSEs	Amount	Number of SPSEs	Amount
Equity Capital outgo (i)	2	32.54	4	572.80	4	604.11
Loans given (ii)	0	0	2	118.40	3	710.51
Grants/Subsidy provided (iii)	9	758.19	16	1,436.14	10	3,559.37
Total Outgo (i+ii+iii)	9*	790.73	19 ^S	2,127.34	15 [#]	4,873.99
Loan repayment written off	0	0	0	0	0	0
Loans converted into equity	0	0	2	2,439.69	0	0
Guarantees issued	1 [@]	2,000.00	1 [@]	600.00	0	0
Guarantee ⁶ Commitment	1 [@]	6,233.90	1 [@]	8,277.50	1 [@]	7,256.72

(Source: Compiled based on information received from SPSEs)

⁵ Amount represents outgo from State Budget only

⁶ Closing balance of Government guarantee in respect of SPSEs at the end of a particular year

- * *One Government SPSE i.e., Odisha Hydro Power Corporation Limited received equity and grants in 2020-21.*
- \$ *One Government SPSE i.e., Industrial Development Corporation of Odisha Limited received equity and grants in 2021-22, One Government SPSE i.e., Odisha Power Transmission Corporation Limited received both equity and loan in 2021-22 and One Government SPSE i.e., Odisha Pisciculture Development Corporation Limited received both loans and grants in 2021-22.*
- # *One Government SPSE i.e., Odisha Power Transmission Corporation Limited received equity and loans in 2022-23 and One Government SPSE i.e., Odisha State Road Transport Corporation received both equity and grants/subsidy in 2022-23.*
- @ *GRIDCO Limited.*

The budgetary assistance of ₹4,873.99 crore given during the year 2022-23 was in the form of equity, loan and grants/subsidy. During the year 2022-23, maximum grants/subsidy were provided to Odisha State Civil Supplies Corporation Limited (OSCSC) (₹1,169.27 crore) and Odisha Lift Irrigation Corporation Limited (OLIC) (₹1,176.09 crore). OSCSC has not furnished annual accounts for the financial years 2021-22 and 2022-23 and OLIC has not furnished annual accounts for the financial years 2019-20 to 2022-23 as on 30 September 2023.

GoO provides guarantee in accordance with the criteria and guidelines issued (November 2002) by the Government subject to the limits prescribed by the Constitution of India. A guarantee commission is charged at the rate of 0.50 *per cent* on the maximum of the guarantee sanctioned. Outstanding guarantee commitments of GoO decreased during the financial year by 12.33 *per cent* from ₹8,277.55 crore in 2021-22 to ₹7,256.72 crore in 2022-23. GRIDCO Limited paid guarantee commission of ₹40.09 crore during 2022-23.

1.2.5 Disinvestment, Restructuring and Privatisation

During the year 2022-23, there was neither disinvestment of any SPSE nor was any SPSE privatised. Due to merger of four working Government Companies *viz.*, Industrial Development Corporation of Odisha Limited, IDCOL Kalinga Iron Works Limited, IDCOL Ferro Chrome and Alloys Limited and Odisha Mineral Exploration Corporation Limited with Odisha Mining Corporation Limited during 2022-23, number of companies under CAG audit was reduced.

1.2.6 Investment in Government Controlled Other Companies

The capital invested by the State Government, Central Government and by Companies and Corporations controlled by them in 13 Government Controlled Other Companies⁷ during the year 2022-23 is depicted in the following chart:

⁷ 15 minus 02 Government Controlled Other Companies whose accounts were in arrears for three years or more or were defunct/under liquidation

Chart 1.3: Composition of share capital in Government Controlled Other Companies

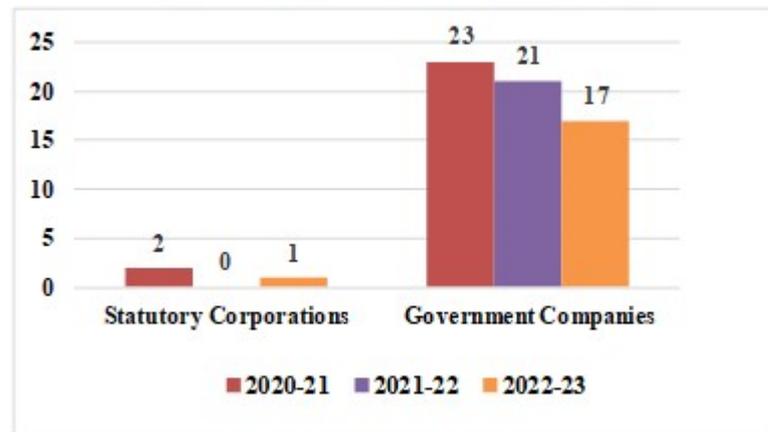
(Source: Compiled on the basis of latest finalised accounts of SPSEs)

As on 31 March 2023, equity in these 13 Government Controlled Other Companies was ₹1,001.55 crore.

1.3 Returns from the Government Companies and Corporations

1.3.1 Profit earned by SPSEs

Out of the 29 Government Companies and Corporations covered in this report, profit earned by SPSEs increased to ₹7,073.21 crore in case of 18 profit earned SPSEs in 2022-23 from ₹3,289.86 crore in case of 21 profit earned SPSEs in 2021-22. Top five profits earning SPSEs were Odisha Mining Corporation Limited (OMC), Odisha Coal and Power Limited (OCPL), Odisha Hydro Power Corporation Limited (OHPC), Odisha State Police Housing and Welfare Corporation Limited (OSPHWC) and Odisha Forest Development Corporation Limited (OFDCL). The Return on Equity (ROE) of the 18 SPSEs was 31.19 *per cent* in 2022-23 as compared to 22.37 *per cent* in 21 SPSEs in 2021-22. Number of SPSEs that earned profit during the period from 2020-21 to 2022-23 is depicted in the chart as follows:

Chart 1.4: Number of Profit Earning SPSEs

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

The details of top three departments, SPSEs of which contributed the maximum profit during 2022-23 are summarised in the table below:

Table 1.8: Top three departments whose SPSEs contributed maximum profit during the year 2022-23

Name of the Department	No. of profit earning SPSEs (Government Companies)	Net profit earned (₹ in crore)	Net profit earned by 29 SPSEs (18 profit making and 07 loss making) (₹ in crore)	Percentage of profit to total SPSE profit
Steels and Mines	1	4,734.04	6,278.23	75.40
Energy	5	1,032.69		16.45
Industries	1	433.44		6.90

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

The list of Government Companies that earned profit of more than ₹50 crore during the year 2022-23, is given in the table as follows:

Table 1.9: List of SPSEs which earned profit of more than ₹50 crore

Sl. No.	Name of the SPSE	Net Profit (₹ in crore)
1	Odisha Mining Corporation Limited	4,734.04
2	Odisha Power Generation Corporation Limited	839.99
3	Odisha Coal and Power Limited	807.47
4	The Industrial Promotion and Investment Corporation of Odisha Limited	434.77
5	Odisha Hydro Power Corporation Limited	88.86
6	Odisha Power Transmission Corporation Limited	61.97
Total		6,967.10

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

It can be seen that these six SPSEs contributed 98.50 per cent of the total profit earned by 18 SPSEs during 2022-23.

Of the 13 Government Controlled Other Companies, seven companies earned profit of ₹4.08 crore during the year ended 31 March 2023.

1.3.2 Dividend paid by SPSEs

The State Government had formulated (December 2011) a dividend policy under which all profit-making SPSEs are required to pay annual dividend of 20 per cent of the State government's equity or 20 per cent of the profit after tax, whichever is higher. The minimum dividend pay-out in respect of SPSEs in power generation sector should be 30 per cent of profit after tax. Subsequently, GoO issued revised (February 2016) guidelines for payment of dividend at the rate of 30 per cent for all SPSEs. However, seven SPSEs had not declared dividend prescribed by the Government as given in **Appendix 6**. The total shortfall on this account was ₹1,419.30 crore in 2022-23.

The details of profit earned and dividend declared/paid by Government Companies and Corporations is given in the table as follows:

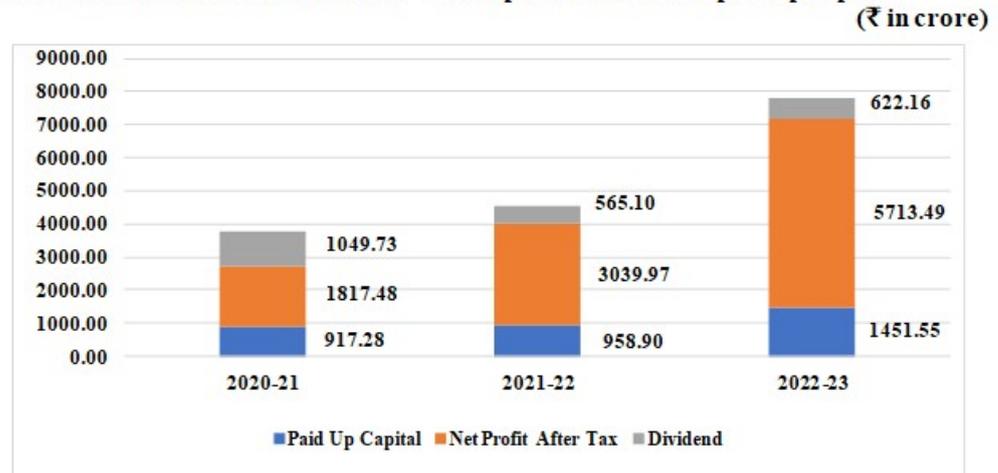
Table 1.10: Profit earned and dividend declared/paid

Category	No. of SPSEs	Total Paid up capital (₹ in crore)	Net profit (₹ in crore)	Dividend declared (₹ in crore)
Government Company/ Corporation	10	1,451.55	5,713.49	622.16

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

Out of the 29 Government Companies and Corporations, 10 SPSEs declared dividend in 2022-23. The dividend declared as a percentage of net profit decreased to 10.89 *per cent* in 2022-23 from 18.59 *per cent* in 2021-22. In absolute terms, the dividend declared by the SPSEs in 2022-23 increased by ₹57.06 crore compared to the previous year. **Chart 1.5** depicts the dividend declared *vis-a-vis* net profit earned and paid-up capital of SPSEs which declared dividend during the last three years.

Chart 1.5: Dividend declared vis-a-vis net profit earned and paid up capital



(Source: Compiled on the basis of latest finalised accounts of SPSEs)

Out of total dividend of ₹622.16 crore declared by 10 SPSEs for the year 2022-23, dividend received/ receivable by the State Government was ₹517.10 crore (83.11 *per cent* of total dividend declared) in all the 10 SPSEs having total equity investment of ₹1,746.59 crore (State Government equity investment ₹1,451.55 crore).

Of the 13 Government Controlled Other Companies, seven companies earned profit of ₹4.08 crore during the year ended 31 March 2023. However, none of these companies declared dividend during 2022-23.

1.4 Debt Servicing and legal compliances

1.4.1 Interest Coverage Ratio

Interest coverage ratio (ICR) is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An ICR below one indicated that the company was not

generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio of SPSEs, which had outstanding loans during the period from 2020-21 to 2022-23 are given in the table below:

Table 1.11: Interest Coverage Ratio

Year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	No. of SPSEs	No. of SPSEs having positive ICR	No. of SPSEs having negative ICR
Statutory Corporations					
2020-21	0.47	-1.59	1	-	1
2021-22	0.47	-0.45	1	-	1
2022-23	0.47	8.77	1	1	-
Government Companies					
2020-21	1,640.31	70.61	7	5	2
2021-22	1,760.18	1,675.28	9	8	1
2022-23	1,356.66	3,041.89	6	5	1

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

It was observed that the number of SPSEs with positive ICR has decreased in case of Government Companies and increased in case of Statutory Corporations during 2022-23 as compared to the previous years.

1.4.2 Age-wise analysis of interest outstanding on State Government loans

As on 31 March 2023, interest amounting to ₹947.20 crore was outstanding against long term loans provided by State Government to four SPSEs. The age wise analysis of interest outstanding against State Government loans in SPSEs is depicted in the table as follows:

Table 1.12: Interest outstanding on State Government loans

(₹ in crore)

Sl. No.	Name of the SPSE	Outstanding interest on State Government loans	Interest on State Government loans outstanding for less than 1 year	Interest on State Government loans outstanding for 1 - 3 years	Interest on State Government loans outstanding for more than 3 years
1	GRIDCO Limited	5.38	5.38	0.00	0.00
2	Odisha Hydro Power Corporation Limited	907.09	64.82	136.00	706.27
3	Odisha Power Transmission Corporation Limited	34.73	0.00	0.00	34.73
Total		947.20	70.20	136.00	741.00

(Source: Compiled on the basis of information received from SPSEs)

It is seen from the above table that the companies did not pay off interest liabilities on time, resulting in accumulation of interest against State Government loans year after year.

1.5 Operating efficiency of Government Companies

1.5.1 Sales and Marketing

During 2022-23, the total sales of 15 out of 29 Government Companies was ₹47,853.47 crore as compared to ₹39,963.81 crore in 2021-22. Out of 15 SPSEs, seven SPSEs sold goods/rendered services worth ₹5,889.61 crore to the Government sector in 2022-23. The overall percentage of sales of these seven SPSEs to the Government sector with reference to total sales worked out to 12.31 per cent. No SPSEs exported or imported goods/services during the period.

The details of total sales, sales to Government sector and others thereon in respect of 15 SPSEs for three years are given in the table as follows:

Table 1.13: Sales details of 15 SPSEs

Year	Total Sales	Sales to Government sector	Sales to others
2020-21	23,253.96	3,765.63	19,488.33
2021-22	39,963.81	4,138.75	35,825.06
2022-23	47,853.47	5,889.61	41,963.86

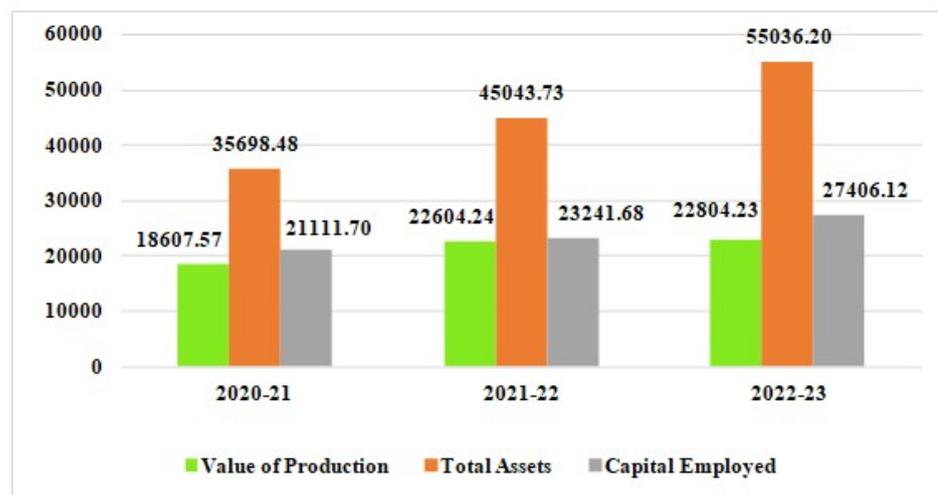
(₹ in crore)

(Source: Compiled on the basis of information furnished by SPSEs)

1.5.2 Value of production

The summary indicating value of production, total assets and capital employed in Government Companies and Corporations related to 10 SPSEs over a period of three years is depicted in the chart as follows:

Chart 1.6: Value of Production, Assets and Capital Employed (₹ in crore)



(Source: Compiled on the basis of latest finalised accounts of SPSEs)

There was an increase in the value of production, total assets and capital employed in the year 2022-23 compared to the previous year. The SPSE wise details of value of production, total assets and capital employed is given in *Appendix 7*.

1.5.3 Return on Capital Employed (ROCE)

ROCE is a ratio that measures a company's profitability and the efficiency with which its capital is employed. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed⁸. The SPSE wise details of ROCE are given in *Appendix 8*. The consolidated ROCE of 29 Government Companies and Corporations during the period from 2020-21 to 2022-23 is given in table as follows:

Table 1.14: Return on Capital Employed

Year	EBIT (₹ in crore)	Capital employed (₹ in crore)	ROCE (in percentage)
2020-21	828.40	22,549.71	3.67
2021-22	3,867.34	28,132.38	13.75
2022-23	9,796.69	31,075.22	31.53

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

It was observed that ROCE of 29 Government Companies and Corporations was higher during the year 2022-23 in comparison to that for the year 2021-22.

1.5.4 Rate of Real Return on Government Investment (RORR)

RORR measures the profitability and efficiency with which equity and similar non-interest bearing capitals have been employed, after adjusting them for their time value, and assume 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.

Out of 42 SPSEs covered in this Report, State Government had direct investment in the form of equity, interest free loans and grants/subsidies in 29 SPSEs.

The RORR of the State Government investment in these 29 SPSEs was computed on the basis of following assumptions:

- In addition to actual infusion of investment by the State Government in the SPSEs in the form of equity, interest free loans and grants/subsidy for operational and administrative expenses given by the State Government to the SPSEs have been considered as investment infusion by the State Government.

⁸ Capital Employed = Paid up Share capital + Free Reserves and surplus + Long term loans – Accumulated losses – Deferred Revenue Expenditure

- In cases where interest free loans given to the SPSEs were later converted into equity, the amount of loan converted into equity has been deducted from the amount of interest free loans and added to the equity of that year.
- The weighted average interest rate on State Government securities for the concerned financial year⁹ was adopted as compounded rate for arriving at Present Value (PV) since they represent the cost incurred by the government towards investment of funds for the year and therefore is considered as the minimum expected rate of return on investments made by the government.
- For the purpose of RORR calculation of State Government investment, the period beginning 2003-04 till 2022-23 has been taken, considering the investment of State Government in these 29 SPSEs as on 31 March 2003 as PV of State Government investment in the beginning of 2003-04.
- Calculation of RORR has been done in respect of 29 SPSEs which is detailed in *Appendix 9*.

As may be observed from the analysis made vide *Appendix 9*, RORR has shown a fluctuating trend during 2003-04 to 2022-23 which ranged between 5.53 per cent and 15.06 per cent.

Table 1.15: Consolidated RORR on State Government investment for the year 2022-23

Total Earnings/Loss in 2022-23 (₹ in crore)	Investment by the State Government since inception till 2022-23 (₹ in crore)	Return on State Government investment on the basis of historical value (in percentage)	Present value of State Government investment at the end of 2022-23 (₹ in crore)	RORR on State Government investment considering the present value of investments (in percentage)
A	B	C	D	E
Value of column M of Appendix 9	Total of the column H of Appendix 9 + Govt. investment in the beginning of 2003-04	A*100/B	Value of column K of Appendix 9	A*100/D
6,246.80	19,530.81 (11,577.28 + 7,953.53)	31.98	49,507.22	12.62

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

⁹ The weighted average interest rate on Government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Odisha) for the concerned year wherein the average rate of interest paid = Interest payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities) / 2] * 100

1.5.5 Return on Equity (ROE) of SPSEs

ROE¹⁰ is a measure of financial performance of companies calculated by dividing net income by shareholders' equity. The SPSE wise detail of ROE is given in **Appendix 10**. The consolidated ROE of 29 Government Companies and Corporations during the period from 2020-21 to 2022-23 is given in the table as follows:

Table 1.16: Return on Equity

Year	Net Profit after Tax and Preference Dividend (₹ in crore)	Equity (₹ in crore)	ROE (in percentage)
2020-21	-1,675.60	6,796.39	-24.65
2021-22	853.17	12,493.79	6.83
2022-23	6,278.23	17,311.65	36.27

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

It was observed that ROE of 29 Government Companies and Corporations had increased during the year 2022-23 in comparison to ROE for the year 2021-22. Sector wise ROE of Government Companies and Corporations where total equity invested in the sector is more than ₹50 crore during 2020-21 to 2022-23 is depicted in the following table:

Table 1.17: ROE of sectors with total equity of ₹50 crore and more

(₹ in crore)

Sl. No.	Name of the Sector	2020-21	2021-22	2022-23
1	Industries	-9.58	0.77	71.09
2	Commerce and Transport	2.57	-6.26	-6.26
3	Energy	-194.59	-4.77	28.23
4	Steel and Mines	-3.57	10.20	38.91
5	Home	14.57	13.75	13.74
6	Excise	9.37	6.07	7.57
7	Health & Family Welfare	15.59	2.97	4.66
8	Agriculture & Farmers' Empowerment	18.67	6.43	5.12

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

From the above table, it can be seen that the ROE has increased mainly in Industries Energy and Steel and Mines sectors during the year 2022-23.

1.6 SPSEs incurring losses

1.6.1 Losses incurred by Government Companies and Corporations

There were seven Government Companies that incurred losses during the year 2022-23. In these SPSEs loss had increased to ₹794.98 crore in 2022-23 as compared to loss of ₹453.11 crore incurred by these SPSEs during 2021-22 as

¹⁰ Return on Equity = (Net Profit after Tax and preference Dividend/Equity) *100 where Equity = Paid up Capital + Free Reserves & Surplus – Accumulated Loss – Deferred Revenue Expenditure

given in *Appendix 11*. The details of SPSEs that incurred losses from 2020-21 to 2022-23 are given in the table as follows:

Table 1.18: Number of SPSEs that incurred losses during 2020-21 to 2022-23

Year	No of SPSEs incurred loss	Net loss for the year (₹ in crore)	Accumulated loss (₹ in crore)	Net worth ¹¹ (₹ in crore)
Government Companies and Corporations				
2020-21	10	3,568.19	7,453.93	-2,936.07
2021-22	11	2,423.12	8,035.66	-2,106.83
2022-23	07	794.98	8,806.52	-5,379.69

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

Out of total loss of ₹794.98 crore incurred by 07 Government SPSEs and Corporation, loss of ₹788.73 crore was mainly contributed by two SPSEs (GRIDCO Limited and Odisha State Road Transport Corporation) which function in Energy and Commerce and Transport Departments respectively. Two SPSEs which incurred major loss during 2022-23, are as follows:

- i) **GRIDCO Limited:** Loss of ₹778.18 crore during 2022-23 was mainly due to the high cost of purchase of Power.
- ii) **Odisha State Road Transport Corporation (OSRTC):** The loss of ₹10.55 crore during 2020-21 was mainly due to decrease in Revenue from Operation.

1.6.2 Erosion of capital in Government Companies and Corporations

As on 31 March 2023, there were 08 out of 29 Government Companies and Corporations with accumulated losses of ₹9,449.38 crore. Of the 08 SPSEs, four SPSEs incurred losses in the year 2022-23, amounting to ₹788.91 crore, four SPSEs had not incurred loss in the year 2022-23, even though they had accumulated losses of ₹597.89 crore.

Net worth of four out of 08 SPSEs had been completely eroded by accumulated loss and was negative. The net worth of these four SPSEs was ₹(-)5,735.80 crore against total equity investment of ₹3,428.80 crore in these SPSEs as on 31 March 2023. Out of four SPSEs, whose capital had been eroded (negative net worth), two SPSEs had earned profit of ₹27.73 crore during 2022-23 (*Appendix 12*).

Net worth was less than half of its paid up capital in respect of one¹² out of 21 SPSEs whose net worth was positive at the end of 31 March 2023, indicating its potential financial sickness. Overall, net worth of all the 29 Government Companies and Corporations was ₹17,311.65 crore against their total paid up capital of ₹9,316.53 crore.

¹¹ Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision.

¹² Odisha State Road Transport Corporation

Oversight Role of CAG

1.7 Audit of State Public Sector Enterprises (SPSEs)

CAG appoints the statutory auditors of a Government Company and Government Controlled Other Company under Section 139 (5) and (7) of the Companies Act, 2013. The CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing the three¹³ Statutory Corporations require that their accounts be audited by the CAG and a report be submitted to the State Legislature.

1.8 Appointment of Statutory Auditors of State Public Sector Enterprises by CAG

Section 139 (5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year.

The statutory auditors of Government Companies/Government Controlled Other Companies for the year 2022-23, were appointed by the CAG during August 2022 to September 2022.

1.9 Submission of Accounts by State Public Sector Enterprises

1.9.1 Need for timely submission

According to Section 394 of the Companies Act, 2013 Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM). As soon as may be after such preparation, the Annual Report shall be laid before the State Legislature, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. 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 companies from the Consolidated Fund of State.

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

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

¹³ Odisha State Financial Corporation (OSFC), Odisha State Warehousing Corporation (OSWC) and Odisha State Road Transport Corporation (OSRTC)

Despite above, annual accounts of various SPSEs were pending as on 30 September 2023, as detailed in the following paragraph.

1.9.2 Timeliness in preparation of accounts by SPSEs

As of 31 March 2023, there were 61 Government SPSEs and 15 Government Controlled Other SPSEs under purview of CAG's audit as indicated in *Appendix-1*. Out of these 61 Government SPSEs, three are Statutory Corporations.

Accounts for the year 2022-23 were due from all 61 Government SPSEs and 15 Government Controlled Other SPSEs. The details of accounts which are in arrears are indicated in *Appendix-2* and *Appendix-3* for Government Companies and Government Controlled Other Companies separately. The number of accounts in arrears for the aforesaid two groups is given as follows:

Table 1.19: Details of submission of accounts of Government Companies

Particulars		Government SPSEs/Government Controlled Other SPSEs		
		Government SPSEs	Government Controlled Other SPSEs	Total
Total number of SPSEs under the purview of CAG's audit as on 31.03.2023		61	15	76
Unlisted		61	15	76
Less: New SPSEs from which accounts for 2022-23 were not due		-	-	-
Number of SPSEs from which accounts for 2022-23 were due		61	15	76
Number of SPSEs which presented the accounts for CAG's audit by 30 September 2023 for FY 2022-23		11	05	16
Number of SPSEs whose accounts are in arrears		50	10	60
Break- up of SPSEs whose accounts are in Arrears	(i) Under Liquidation	14	0	14
	(ii) Defunct	10	0	10
	(iii) First Accounts not submitted	0	0	0
	(iv) Others	26	10	36
Number of accounts in arrears		893	19	912
Age-wise analysis of arrears	One year (2022-23)	14*	06	20
	Two years (2021-22 and 2022-23)	10**	04	14
	Three years and more	869***	09	878

* Includes one Statutory Corporations viz., Odisha State Financial Corporation

** Includes one Statutory Corporations viz., Odisha State Road Transport Corporation

*** Includes one Statutory Corporation viz., Odisha State Warehousing Corporation

Delay in finalisation of accounts carries the risk of fraud and leakage of public money apart from violation of the provisions of the relevant statutes. In view

of the above state of arrears of accounts, the actual contribution of SPSEs to the State exchequer was not reported to the State Legislature. Hence, the Administrative Departments should strictly monitor and issue necessary directions to clear the arrears in accounts. The Government may also look into the constraints in preparing the accounts of the SPSEs and take necessary steps to clear the arrears in accounts.

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

1.10.1 Financial reporting framework

Companies are required to prepare their financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in consultation with National Financial Reporting Authority (NFRA). The Statutory Corporations are required to prepare their accounts in the format prescribed under their rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act, governing such Corporations.

1.10.2 Audit of accounts of SPSEs by Statutory Auditors

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

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

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

1.10.3 Supplementary Audit of accounts of SPSEs

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

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

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

1.11 Result of CAG’s oversight role

1.11.1 Audit of accounts of SPSEs under Section 143 of the Companies Act, 2013 (description of financial statements received and selected/not selected for review)

Financial statements for the year 2022-23 were received from 10 Government Companies and 05 Government Controlled Other Companies by 30 September 2023. Of these, financial statements of 08 Government Companies and 04 Government Controlled Other Companies were reviewed in audit by the CAG.

1.11.2 Number of cases and substantive content of revision of Auditors Report

As a result of supplementary audit of the financial statements for the year ended 31 March 2023 conducted by the CAG, the statutory auditor’s report of Odisha Coal and Power Limited (OCPL) for the year 2022-23 was revised before laying of the financial statements of the Company in its Annual General Meeting. There was no financial impact on the financial statements due to revision of statutory auditor’s report.

1.11.3 Significant comments of the CAG issued as supplement to the statutory auditors’ reports on SPSEs

Subsequent to the audit of the financial statements by statutory auditors which were received during the period from 01 October 2022 to 30 September 2023, the CAG conducted supplementary audit of the financial statements of the selected Government Companies and Government Controlled Other Companies. Impact of significant comments of the CAG issued as supplement to the statutory auditors’ reports on SPSEs was ₹166.61 crore on profitability and ₹480.08 crore on assets and liabilities. The list of SPSEs, in respect of which comments were issued, is given in *Appendix 13*. Some of the significant comments issued on financial statements of Government Companies and Government Controlled Other Companies are detailed in tables as follows:

Table 1.20: Significant comments on profitability of SPSEs

Sl. No.	Name of the Company / Financial Year	Comments
1	Bhubaneswar Smart City Limited (BSCL)/ 2021-22	Revenue from operation is overstated by ₹56.61 lakh due to accounting of revenue received for subsequent period as revenue for current year towards leasing of dark fibre network in contradiction with Ind AS 18 (Para 13). This has also resulted in understatement of other current liabilities by ₹56.61 lakh as well as Loss for the period to the same extent.

Sl. No.	Name of the Company / Financial Year	Comments
2	GRIDCO Limited/ 2022-23	Cost of Power is understated by ₹42.24 crore due to non-accounting of the claims of NTPC, Farakka and Talcher towards wage revision bills for the period 2016-19 amounting to ₹2.77 crore; differential fixed charge of those power stations for the period 2014-23 as per orders of CERC amounting to ₹38.40 crore and Ground Rent and Cess payable to OPGC as per orders of OERC for the month of March 2023 amounting to ₹1.07 crore. This has also resulted in understatement of Cost of Power by ₹42.24 crore with corresponding understatement of Loss and Current Liabilities to the same extent.
3	Odisha Power Generation Corporation Limited (OPGC)/ 2021-22	Revenue from Operations [Energy Sales (including Electricity Duty)] is overstated by ₹47.55 crore due to booking of Fuel Price Adjustment (FPA) Bill as Revenue from Operations which was disputed by GRIDCO Limited before OERC. The Company has appealed against the ruling of OERC in the Appellate Tribunal for Electricity (APTEL). As the matter is sub-judice, booking of the same as Revenue from Operations is not in accordance with the provisions of Ind AS-115. This has resulted in overstatement of Revenue from Operations by ₹47.55 crore with corresponding understatement of loss for the year by an equal amount. Further, as the matter is sub-judice, booking of FPA bill of ₹235.73 crore from the year 2016-17 to 2021-22 as Trade Receivables is not prudent and has resulted in overstatement of Trade Receivables as well as Other Equity by ₹235.73 crore.
4	Odisha State Civil Supplies Corporation Limited (OSCSCL)/ 2020-21	Procurement Expenses - Commission to PACS is understated by ₹3.12 crore due to short provision of commission payable to Primary Agricultural Co-operative Society (PACS) for procuring paddy during the year. This has also resulted in understatement of Current Liabilities and Loss before Subsidy by ₹3.12 crore each.
5	Odisha Coal and Power Limited (OCPL)/ 2022-23	Depreciation and amortization expenses does not include ₹16.94 crore being the amount of amortization on ₹187.92 crore payable to Tahasildar, Hemgir towards land premium, capitalised value and incidental charges for acquisition of non-forest land of 761.98 acre for dip side Manoharpur Coal Block under the Coal Bearing Areas (Acquisition and Development) Act, 1957. This has resulted in understatement of depreciation and amortization expenses by ₹16.94 crore with overstatement of profit for the year by the same amount. This has also resulted in understatement of Current Liabilities (Other Current Liabilities - Note 28) by ₹187.92 crore and Non-Current Assets (Right-of-Use Assets - Note-6) by ₹170.98 crore (₹187.92 crore - ₹16.94 crore).

Table 1.21: Significant comments on Financial Position of SPSEs

Sl. No.	Name of the Company / Financial Year	Comments
1	Odisha Hydro Power Corporation Limited (OHPC)/ 2021-22	Current Assets (Inventories) is overstated by ₹3.31 crore due to inclusion of store materials which are unserviceable/ obsolete/ damaged lying in stores of Upper Indravati Hydro Electric Project (UIHEP), Khatiguda and Hirakud Hydro Electric Projects (HHEP), Burla. As these store materials are very old and in unserviceable condition, necessary provision should have been made in the accounts. Hence, non-provision towards these stores has resulted in overstatement of inventories (Note-9) by ₹3.31 crore as well as profit to the same extent.
2	Odisha Power Generation Corporation Limited (OPGC)/ 2021-22	Capital Work-in-Progress is overstated by ₹22.86 crore due to non-capitalisation of mandatory spares of Boiler Turbine and Generator (BTG) units. As the BTG units had been capitalised in 2019-20 and the Goods Received Note (GRN) of mandatory spares were issued in March 2021, the same should have been capitalised during the year 2021-22. Non-capitalisation of the mandatory spares has resulted in overstatement of CWIP by ₹22.86 crore and understatement of Property, Plant and Equipment (PPE) by the same amount. This has also resulted in understatement of depreciation as well as loss for the year by ₹0.72 crore.
3	Odisha State Civil Supplies Corporation Limited (OSCSCL)/ 2020-21	Other Long-Term Liabilities - Subsistence Relief-Covid-19 (NFSA/ SFSS) is overstated by ₹21.10 crore due to wrong accounting of Subsistence Relief-Covid-19 (NFSA/ SFSS) fund. The company has received fund of ₹955.17 crore for distribution of ₹1,000 in cash to each eligible ration card holders under subsistence Relief-Covid-19 covered under National Food Security Act (NFSA) and State Food Security Scheme (SFSS). After distribution an amount of ₹14.18 crore was lying unutilised with the company which is wrongly accounted for ₹35.28 crore. This has also resulted in overstatement of Other Current Assets by ₹21.10 crore.
4	Odisha Coal and Power Limited (OCPL) 2022-23	Property, Plant and Equipment is understated by ₹82.29 crore due to non-capitalisation of water pipeline constructed from IB Thermal Power Station (ITPS) to Manoharpur mine for consumption of water at the Coal Handling Plant (CHP) of OCPL and mines. This has also resulted in overstatement of Capital Work-in-Progress by ₹82.29 crore and understatement of depreciation as well as overstatement of profit for the year ₹1.14 crore each.

Table 1.22: Significant comments on Disclosure

Sl. No.	Name of the Company / Financial Year	Comments
1	Nuagaon Coal Company Limited (NCCL)/ 2016-17	Ministry of Coal, Govt. of India had allotted Nuagaon-Telisahi Block in favour of Odisha Mining Corporation (OMC) and Andhra Pradesh Mineral Development Corporation (APMDC) on a 50:50 sharing basis in 2006 and subsequently, Nuagaon Coal Company Limited (NCCL) was formed (11.05.2011) as a joint venture of OMC and

Sl. No.	Name of the Company / Financial Year	Comments
		APMDC (Promoters) for development of coal block. However, the allotment of Nuagaon-Telisahi Coal Block was cancelled by Hon'ble Supreme Court of India vide their order dated 24.09.2014. In line with section 16 of Coal Mines (Special Provision) Ordinance, 2014 relating to payment of compensation for land and mine infrastructure, the company provided all details of Nuagaon-Telisahi Coal Block to the Ministry of Coal and claimed an amount of ₹19.27 crore as compensation in lieu of the cancelled coal block. The said claim amount included ₹15.39 crore spent by the promoters and ₹3.89 crore by the company for development of coal block, which is yet to be received from Ministry of Coal, GoI. However, the company has not disclosed this fact in the Notes to Accounts. Hence, Notes to Accounts are deficient to that extent.
2	Odisha Power Generation Corporation Limited (OPGC)/ 2022-23	As per physical stock verification report, the value of stores and spares as on 30.03.2023 is ₹132.71 crore, whereas in final accounts, it was shown as ₹137.87 crore as on 31.03.2023. As the date of the physical stock verification report is different to the Balance Sheet date, such fact of difference in inventory valuation should have been disclosed in the books of accounts with proper justification.

1.11.4 Statutory Corporations where CAG is the sole auditor

The significant comments issued by the CAG on the accounts of Statutory Corporation where CAG is the sole auditor are detailed below:

Odisha State Financial Corporation (OSFC) - (2020-21)

- (i) Administrative expenses includes ₹7.36 lakh being the expenditure incurred in 2020-21 for procurement of computer software for facilitating online services on loan information system. The system was put to operation from 09 September 2020. The amount was to be booked under Intangible Assets, and as per AS-26, the intangible asset was required to be amortized within a period of 03 to 05 years. On the other hand, the entire amount was booked to the profit and loss account in the year 2020-21. This has resulted in understatement of amortization cost by ₹1.31 lakh, understatement of intangible assets by ₹6.05 lakh and consequential overstatement of loss by ₹6.05 lakh.
- (ii) Borrowings does not include ₹0.54 crore, being the interest due on the loan availed from Small Industries Development Bank of India (SIDBI) for the year 2020-21. In August 2012, SIDBI had offered to the Corporation to settle the outstanding balance of refinance/ line of credit of ₹125.61 crore in the form of One Time Settlement (OTS) by envisaging payment of ₹42 crore, which was accepted by the Corporation in August 2012. However, the Corporation could pay only ₹27 crore and defaulted in paying the outstanding amount of ₹15 crore since October 2016. As a result, SIDBI claimed ₹3.32 crore as delayed payment interest (10 April 2018) on the outstanding amount. On the

other hand, the Corporation, while making provision for remaining loan amount of ₹15 crore, did not make any provision in the books of account for the delayed payment interest claimed by SIDBI upto March 2017 and further interest due from 2018-19 to 2020-21. Non-provision of interest in the books of account resulted in understatement of Financial Expenses for the year by ₹0.54 crore, Prior period expenses by ₹4.40 crore and Borrowings by ₹4.94 crore. Consequently, Net Loss was understated by ₹4.94 crore.

- (iii) Small Industries Development Bank of India (SIDBI), while enforcing clause 11 and 12 of terms and conditions of general agreement executed on 10 May 2010 with the Corporation, froze various accounts of OSFC having bank balance and fixed deposits of ₹12.59 crore vide notification dated 11 March 2022. This fact should have been disclosed suitably in the Notes on Accounts.

1.12 Non-compliance with provisions of Accounting Standards/ Ind AS

In exercise of the powers conferred by Section 469 of the Companies Act, 2013 read with Section 129 (1), Section 132 and Section 133 of the said Act, the Central Government prescribed Accounting Standards 1 to 7 and 9 to 29 to ensure that the financial statements give a true and fair view of the state of affairs of the company. Besides these, the Central Government notified 41 Indian Accounting Standards (Ind AS) through Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The statutory auditors reported that five companies as detailed in *Appendix 14* did not comply with the mandatory Accounting Standards/Ind AS.

During the course of supplementary audit of the companies’ accounts for the financial years noted there against, the CAG observed that the following companies had not complied with the Accounting Standards/Ind AS which was also not reported by their statutory auditors:

Table 1.23: Non-compliance to Accounting Standards/ Ind AS observed during supplementary audit

Accounting Standard / Ind AS		Name of the Company (Financial year)	Deviation
Ind AS-18	Revenue	Bhubaneswar Smart City Limited (2021-22)	Accounting of revenue received for subsequent period as revenue for current year in contradiction with Ind AS 18 (Para 13).
AS-10	Property, Plant and Equipment	Odisha Rail Infrastructure Development Limited (2021-22)	Non-disclosure of fact of non-accounting of capital expenditure under CWIP against which no future economic benefit were anticipated to the company from the cost.

Accounting Standard / Ind AS		Name of the Company (Financial year)	Deviation
Ind AS-33	Earnings per Share	Mandakini B Coal Corporation Limited (2016-17)	Non-disclosure of basic and diluted earnings per share as per Ind AS-33
Ind AS-16	Property, Plant and Equipment	Mandakini B Coal Corporation Limited (2016-17)	Non-disclosure of depreciation method used for each class of property, plant and equipment.
Ind AS-115	Revenue from Contracts with Customers	Odisha Power Generation Corporation Limited (2021-22)	Booking of revenue from operation against sub-judice matter in contradiction with provisions of Ind AS-115.
AS-26	Intangible Assets	Odisha State Financial Corporation (2020-21)	Non-recognition of expenditure for procurement of computer software under intangible assets as per AS-26.
AS-4	Contingencies and Events Occurring After the Balance Sheet Date	Odisha Small Industries Corporation Limited (2018-19)	The Company made provision for dividend declared after balance sheet date but before the approval of accounts instead of disclosure of the facts under notes to accounts as per AS-4.
AS-12	Government Grants	Odisha Tourism Development Corporation Limited (2021-22)	Non-disclosure of accounting policy adopted for Government Grants in accordance with the provisions of AS-12

1.13 Management Letters

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

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

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

During the year, CAG issued 'Management Letters' to 21 SPSEs, as listed in *Appendix 15*.

Corporate Governance

1.14 An introduction to Corporate Governance

Corporate governance is the system by which companies are directed and managed. It elucidates the processes for setting up and achieving the objectives of the organization, maximizing performance and minimizing risk. Good corporate governance practices enable organizations to create value, improve accountability and develop internal controls to safeguard the integrity of their business processes.

Given the special role of the SPSEs in achieving the developmental and infrastructure goals, proper systems of governance assume importance. The need to improve accountability in the SPSEs, while ensuring that they meet the stated objectives, has given impetus to the adoption of good governance practices.

1.15 Provisions as contained in the Companies Act, 2013

The Companies Act, 2013 was enacted on 29 August 2013 replacing the Companies Act, 1956. In addition, the Ministry of Corporate Affairs has also notified (31 March 2014) Companies Rules, 2014 on Management and Administration, Appointment and Qualification of Directors, Meetings of Board of Directors and its powers. The Companies Act, 2013 together with the Companies Rules provide the framework for Corporate Governance. The requirements, inter-alia, provide for:

- Appointment of independent directors in Public Companies and mandatory establishment of certain committees like Audit Committee by the companies having paid-up share capital of ₹10 crore or more, turnover of ₹100 crore or more, or outstanding loans, debentures and deposits, exceeding ₹50 crore. {Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 and Section 177(1) of the Companies Act, 2013}.
- Qualifications for independent directors along with the duties and guidelines for professional conduct {Section 149(6) read with Rule 5 of the Companies (Appointment and Qualification of Directors) Rules, 2014}.
- Mandatory appointment of one woman director on the board in Public Companies having paid-up share capital of ₹100 crore or more or turnover of ₹300 crore or more {Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014}.
- Holding of a minimum of four meetings of Board of Directors every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board {Section 173(1)}.

1.16 Review of Compliance by selected SPSEs of the Corporate Governance provisions

As on 31 March 2023, there were 76 SPSEs in Odisha under the audit jurisdiction of the CAG. Department of Public Enterprises, GoO oversees the functions of the SPSEs and advises on their efficient management and control in the functional areas. Corporate Governance Manual (CGM) of GoO (November 2009) required preparation of a corporate plan by SPSEs. This manual has been modified in 2022 and is now applicable to all SPSEs registered under the Companies Act, 1956 or Companies Act, 2013 along with all Statutory Corporations incorporated under the specific Acts of Government of Odisha.

1.17 Composition of Board of Directors

1.17.1 Independent directors

According to Section 149 (6) of the Companies Act, 2013 an independent director means a director other than a managing director or a whole-time director or a nominee director, who is a person of integrity and possesses relevant expertise and experience. Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 provides that every public company with paid-up share capital of ₹10 crore or more or turnover of ₹100 crore or more or with aggregated outstanding loans, debentures and deposits exceeding ₹50 crore shall have at least two independent directors on their Board. List of 35 SPSEs meeting these criteria is given in *Appendix 16*. Of these 35 SPSEs, eight SPSEs¹⁴ were not required to follow the criteria of having independent director under a specific notification dated 05 July 2017. Of the remaining 27 SPSEs, five SPSEs as mentioned in the following table did not have at least two independent directors on their Boards during the financial year 2022-23.

Table 1.24: SPSEs that met the criteria but did not have at least two numbers of independent directors on their Board

Sl. No.	Name of the SPSE
1	Odisha Rural Housing and Development Corporation Limited
2	Odisha State Seeds Corporation Limited
3	Odisha Power Generation Corporation Limited
4	Odisha Rail Infrastructure Development Limited
5	Odisha Mining Corporation Limited

(Source: Information furnished by the respective SPSEs)

1.17.2 Woman Director in the Board

Section 149 (1) of the Companies Act, 2013 read with Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 provides that every public company having paid-up share capital of ₹100 crore or more or turnover of ₹300 crore or more shall have at least one woman Director in its Board. There were 21 such SPSEs meeting this criterion as

¹⁴ Green Energy Development Corporation Limited - wholly owned subsidiary; Bramhani Railway Limited, Baitarani West Coal Company Limited, Paradeep Plastic Park Limited, Angul Aluminum Park Limited, Odisha Thermal Power Corporation Limited, GEDCOL-SAIL Power Corporation Limited and Odisha Coal and Power Limited - Unlisted Joint Venture Companies

listed in *Appendix 17*. Of 21 SPSEs, nine SPSEs as detailed in table below did not have women directors on their Board.

Table 1.25: List of SPSEs that did not have Women Directors on their Board

Sl. No.	Name of the SPSE
1	Odisha State Beverages Corporation Limited
2	Odisha State Civil Supplies Corporation Limited
3	Industrial Promotion and Investment Corporation of Odisha Limited
4	Odisha Construction Corporation Limited
5	Odisha Bridge and Construction Corporation Limited
6	Odisha Power Generation Corporation Limited
7	Odisha Coal and Power Limited
8	Odisha State Police Housing and Welfare Corporation Limited
9	Odisha Lift Irrigation Corporation Limited

(Source: Information furnished by the respective SPSEs)

1.17.3 Non-Executive Directors in the Board

The Board is the most significant instrument of corporate governance. Clause 49 (I) (A) (1) of Listing Agreement and Regulation 17 (1) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 stipulates that the Board of Directors of the company shall have an optimum combination of executive and non-executive directors with not less than 50 *per cent* of the Board of Directors comprising non-executive directors. GRIDCO Limited is only one listed SPSE in Odisha and it had more than 50 *per cent* non-executive Directors on the Board.

1.18 Appointment and functioning of independent directors

1.18.1 Manner of appointment

Sub-clause (2) of clause IV-Manner of appointment of Schedule IV provides that the appointment of independent director(s) of the company should be approved at the meeting of the shareholders. It was noticed that independent directors had been appointed by the State Government; however, their appointment had not been approved at the meeting of shareholders.

Table 1.26: List of SPSEs where appointment of independent directors had not been approved in the meeting of shareholders

Sl. No.	Name of the SPSE
1	Odisha State Medical Corporation Limited
2	Odisha Forest Development Corporation Limited
3	Bhubaneswar Smart City Limited
4	Odisha Agro Industries Corporation Limited
5	Odisha State Police Housing and Welfare Corporation Limited
6	Industrial Promotion and Investment Corporation of Odisha Limited
7	Green Energy Development Corporation of Odisha Limited
8	Odisha Lift Irrigation Corporation Limited
9	Odisha State Beverages Corporation Limited
10	Odisha Construction Corporation Limited

(Source: Information furnished by the respective SPSEs)

1.18.2 Training of independent directors

Schedule IV to the Companies Act, 2013 stipulates that the independent directors shall undertake appropriate induction and regularly update and refresh their skills, knowledge and familiarity with the Company. However, it was observed from the information furnished by the SPSEs that no such training was conducted for independent directors who were on the Board during the year 2022-23 by any SPSEs, except Odisha Bridge and Construction Corporation Limited.

1.18.3 Attending Board meetings, meetings of Board Committees and General Meetings of the company

Para III (3) of Schedule IV of the Companies Act, 2013 states that independent directors should strive to attend all the meetings of Board of Directors and Board Committees of which he/she was a member. Audit observed that in 12 SPSEs, the independent directors did not attend 31 Board Meetings and 53 other Board committee meetings 39 and 81 times respectively during 2022-23.

Para III (5) of Schedule IV of the Companies Act, 2013 states that independent directors shall strive to attend all the general meetings of the Company. The following table indicates SPSEs where independent directors did not attend the General meetings of the Company during the year 2022-23.

Table 1.27: List of Companies where independent directors did not attend General Meeting

Sl. No.	Name of the SPSE	No. of independent directors who did not attend General Meetings
1	Odisha Lift Irrigation Corporation Limited	2
2	Odisha Mining Corporation Limited	1
3	Odisha State Medical Corporation Limited	2
4	Odisha Agro Industries Corporation Limited	3
5	Water Corporation of Odisha Limited	1
6	Rourkela Smart City Limited	5
7	Odisha State Civil Supplies Corporation Limited	3
8	Industrial Promotion and Investment Corporation of Odisha Limited	4
9	Green Energy Development Corporation Limited	4
10	Odisha Bridge and Construction Corporation Limited	2
11	Odisha Hydro Power Corporation Limited	4
12	Odisha Construction Corporation Limited	3

(Source: Information furnished by the respective SPSEs)

1.19 Filling-up the posts of Directors-Functional, Non-Functional, Independent

Timely filling up of vacancies in the posts of key managerial personnel's, Directors *etc.*, ensures the availability of required skill and expertise in the management of the company. Any delay in filling of vacancies may hamper

the effectiveness of the decision making process. Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 stipulates that vacancy arising out of resignation or removal of an independent director should be filled up at the earliest but not later than the immediate next Board meeting or three months from the date of such vacancy, whichever is later. However, it was observed that the SPSEs detailed in table below did not comply with the above provision during 2022-23 and the posts of independent directors remained vacant for a considerable period of time.

Table 1.28: SPSEs where vacancies of independent directors not filled in time

Sl. No.	Name of the SPSE	Number of independent directors required	No. of Post Vacant	Total number of months for which posts remained vacant (During 2022-23)
1	Odisha Rural Housing and Development Corporation Limited	2	2	12 months
2	Odisha State Seeds Corporation Limited	2	2	12 months
3	Odisha Power Generation Corporation Limited	2	2	12 months
4	Odisha Rail Infrastructure Development Limited	2	2	12 months
5	Odisha Mining Corporation Limited	2	1	12 months

(Source: Information furnished by the respective SPSEs)

1.20 Meeting of Board of Directors and Board Committees (legal provisions for issue of notice, convening the meetings etc.)

Section 173(1) of Companies Act, 2013 stipulates that every company shall hold a minimum number of four meetings of its Board of Directors every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board. The following table below shows the Companies where the requirement of number of meetings to be held in a year was not complied with during 2022-23.

Table 1.29: SPSEs where requirement of four meetings of BoDs was not met

Sl. No.	Name of the SPSE	No. of meetings held
1	Odisha State Medical Corporation Limited	2
2	Odisha Pisciculture Development Corporation	2
3	Odisha Rural Housing and Development Corporation Limited	1
4	Bhubaneswar Smart City Limited	3
5	Odisha State Police Housing and Welfare Corporation Limited	2
6	Rourkela Smart City Limited	3
7	Odisha Thermal Power Corporation Limited	3
8	Samuka Tourism Development Corporation Limited	3
9	Odisha State Warehousing Corporation	2
10	Kalinga Studio Limited	2
11	Odisha Sport Development and Promotion Corporation Limited	3
12	Start up Odisha	3
13	Green Energy Development Corporation Limited	3

Sl. No.	Name of the SPSE	No. of meetings held
14	GEDCOL-SAIL Power Corporation Limited	3
15	Odisha Mineral Bearing Areas Development Corporation Limited	2
16	Odisha Film Development Corporation Limited	2
17	Lanjigarh Project Area Development Foundation	2
18	Brahmani Railways Limited	3
19	Paradeep Plastic Park Limited	3
20	IDCO SEZ Development Limited	3

(Source: Information furnished by the respective SPSEs)

1.21 Audit Committee and Other Committees of the Board

1.21.1 Composition of Audit Committee

Section 177 (1) and (2) of the Companies Act, 2013 stipulate that there shall be an Audit Committee with a minimum of three directors with independent directors forming majority. Further, Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014 provides that every public company with a paid-up capital of ₹10 crore or more or turnover of ₹100 crore or more or outstanding loans or borrowings or debentures or deposits exceeding ₹50 crore or more shall constitute an Audit Committee.

In terms of above stipulations, 35 companies listed in *Appendix 16* were required to constitute Audit Committee. However, three SPSEs (Odisha Tourism Development Corporation Limited, Odisha Rural Housing and Development Corporation and Odisha Sports Development and Promotion Company) did not constitute the Audit Committee. Further, majority of the members of the Audit Committee were not independent directors in respect of the SPSEs detailed in table as follows:

Table 1.30: SPSEs where Audit Committee not having majority of independent directors

Sl. No.	Name of the SPSE
1	Odisha Forest Development Corporation Limited
2	Odisha Agro Industries Corporation Limited
3	Odisha Power Generation Corporation Limited
4	Odisha Mining Corporation Limited
5	Odisha Power Transmission Corporation Limited

(Source: Information furnished by the respective SPSEs)

1.21.2 Evaluation of Internal Control System

Section 177 (4) (vii) of the Companies Act, 2013 stipulate that Audit Committee should evaluate internal financial control and risk management systems. In respect of SPSEs given in table below, the Audit Committee has not evaluated the internal financial control and risk management systems.

Table 1.31: SPSEs where Audit Committee did not evaluate internal financial control and risk management system

Sl. No.	Name of the SPSE
1	Odisha Thermal Power Corporation Limited
2	Odisha State Seeds Corporation Limited
3	Odisha Small Industries Corporation Limited

(Source: Information furnished by the respective SPSEs)

1.21.3 Review of performance of Statutory Auditors

Further section 177 (4) (ii) of the Companies Act, 2013 stipulate that Audit Committee should review and monitor the auditors' independence and performance and effectiveness of audit process. As per information furnished by the SPSEs, in case of Odisha State Seeds Corporation Limited, such performance evaluation was not done.

1.21.4 Nomination and functioning of Nominations and Remuneration Committee

As per Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014, other than listed companies, all public companies having paid up capital of ₹10 crore or more; turnover ₹100 crore or more; and outstanding loans or borrowings or debentures or deposits exceeding ₹50 crore or more as per last audited Financial Statements are required to constitute a Nomination and Remuneration (N&R) Committee. The purpose of the N&R Committee is to identify persons who are qualified to become directors, formulate criteria for determining qualification of a director, recommend a policy relating to remuneration *etc.* List of 35 SPSEs meeting these criteria is given in *Appendix 16*. Of these 35 SPSEs, eight SPSEs were not required to follow the criteria of having N&R Committee.

Out of 27 SPSEs covered under the above criteria, 13 companies did not constitute the Committee during 2022-23, as shown in table as follows:

Table 1.32: SPSEs not having Nomination and Remuneration Committee

Sl. No.	Name of the SPSE
1	Odisha Rural Housing and Development Corporation Limited
2	Bhubaneswar Smart City Limited
3	Water Corporation of Odisha Limited
4	Odisha Tourism Development Corporation Limited
5	Agricultural Promotion and Investment Corporation of Odisha Limited
6	Odisha State Seeds Corporation Limited
7	Odisha State Civil Supplies Corporation Limited
8	Odisha Power Generation Corporation Limited
9	Green Energy Development Corporation of Odisha Limited
10	Odisha Lift Irrigation Corporation Limited
11	Odisha State Beverages Corporation Limited
12	Odisha Construction Corporation Limited
13	Odisha Mining Corporation Limited

(Source: Information furnished by the respective SPSEs)

1.22 Internal Audit Framework

1.22.1 Legal Framework

The Companies Act as well as directions issued by the State Government

Section 138 (1) of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts), Rules 2014 provides that, every listed company; or every unlisted public company having paid up share capital of ₹50 crore or more; or turnover of ₹200 crore or more; or outstanding loans or borrowings from banks or public financial institutions exceeding ₹100 crore or more; or outstanding deposits of ₹25 crore or more at any point of time during the preceding financial year shall be required to appoint an internal auditor, who shall either be a chartered accountant or a cost accountant, or such other professional as may be decided by the Board to conduct internal audit of the functions and activities of the company.

Para 11.3.3 of the Corporate Governance Manual for the SPSEs provides that internal audit shall conduct periodic testing of the effectiveness of internal controls and report its findings directly to the Audit Committee. Further, para 11.3.8 provides that in case the SPSE does not have sufficient resources to conduct the internal audit, it can appoint external experts to undertake this function.

However, as per the information furnished by the SPSEs, it is observed that no internal auditor was appointed for the year 2022-23 in case of six SPSEs listed in the table as follows:

Table 1.33: SPSEs where Internal Auditor was not appointed during the financial year 2022-23

Sl. No.	Name of the SPSE
1	Odisha Rural Housing and Development Corporation Limited
2	Odisha State Seeds Corporation Limited
3	Odisha Agro Industries Corporation Limited
4	Odisha State Civil Supplies Corporation Limited
5	Odisha State Road Transport Corporation
6	Odisha Lift Irrigation Corporation Limited

(Source: Information furnished by the respective SPSEs)

1.22.2 Audit Findings

1.22.2.1 Frequency of the Internal Audit

Section 138 (2) of the Companies Act, 2013 read with Rule 13 (2) of the Companies (Accounts), Rules 2014 provides that Audit Committee of the Company or the Board shall, in consultation with the Internal Auditor, formulate the scope, functioning, periodicity and methodology for conducting the internal audit. The internal auditors, appointed by the SPSEs for the year 2022-23, conducted internal audit at regular intervals *i.e.*, quarterly/half-yearly. However, one SPSE *viz.*, Odisha State Medical Corporation Limited

did not conduct internal audit at regular intervals despite appointment of internal auditor.

1.22.2.2 Reporting of Internal Audit observation

Internal Auditor required to submit their report to the Board through Audit Committee as per the provisions of section 177 (5) of the Companies Act, 2013. However, in case of two SPSEs *viz.*, Odisha State Medical Corporation Limited and Odisha Thermal Power Corporation Limited, there was no existing procedure on reporting of internal audit observations.

1.22.2.3 Monitoring of Internal Audit observations

Section 177 (5) of the Companies Act, 2013 stipulates that Audit Committee shall review the internal control system including audit observations before their submission to the Board. Internal Audit observations are placed before board for their review and appropriate action. As per the information received from the SPSEs, internal audit observations had been reviewed by the Audit Committee during the year 2022-23.

1.22.2.4 Role of the Audit Committee in Internal Audit

Section 177 (4) of the Companies Act, 2013 read with Rule 13 (2) of the Companies (Accounts), Rules 2014 provides that, the Audit Committee shall review performance of the internal auditors. As per information provided by the SPSEs, which were having Audit Committee, the performance of internal auditors was not reviewed by the Audit Committee in case of one SPSE *viz.*, Odisha State Seeds Corporation Limited.

Further, Section 177 (5) of the Companies Act, 2013 read with Rule 13 (2) of the Companies (Accounts), Rules 2014 provides that the Audit Committee may call for the comments of the auditors about internal control system, the scope of audit, including the observations of the auditors and review of financial statements before their submission to the Board and may also discuss any related issue with the internal auditors. As per information provided by the SPSEs, the Audit Committee did not discuss with the internal auditors the audit findings in case of two SPSEs *viz.*, Odisha Rail Infrastructure Development Limited and Odisha State Seeds Corporation Limited.

Corporate Social Responsibility

1.23 Definition and Legal Framework of Corporate Social Responsibility

Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the local community at large. Broadly, the CSR mandate is aligned with the national priorities such as public health, education, livelihood, water conservation, natural resource management *etc.*

The concept of CSR provides a robust framework for companies to collaborate in contributing to the country's development challenges through its managerial skills, technology and innovation.

Section 135 of the Companies Act, 2013 (hereafter referred to as the Act), deals with the subject of CSR and lays down the qualifying criteria based on net worth, turnover and net profit during immediately preceding financial year¹⁵ for companies which are required to undertake CSR activities. The activities which may be included by the companies in their CSR policies are listed in Schedule VII of the Act. The provisions of Section 135 of the Act and Schedule VII of the Act are applicable to all companies including SPSEs.

1.24 Applicable regulations on CSR

The Act makes it mandatory for any company to spend annually at least two *per cent* of average net profit (calculated as per section 198 of the Act) of three immediate preceding financial years towards CSR activities. In February 2014, Ministry of Corporate Affairs (MCA) issued Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Rules were made applicable to all companies including State PSEs *w.e.f.* 01 April 2014. Accordingly, the compliance of the provisions of CSR under the Act *i.e.*, constitution of CSR Committee, formulation of CSR Policy and spending of prescribed amount on CSR activities came into force from April 2014. The Companies (CSR Policy) amendment rules were issued by Ministry of Corporate Affairs in 2021 and 2022. The Ministry of Corporate Affairs issued General Circular No. 14/2021 (August 2021) for better understanding and facilitating effective implementation of CSR.

1.25 Constitution of CSR Committee

As per section 135 (1) of the Act, every company having a net worth of ₹500 crore or more; or turnover of ₹1,000 crore or more; or a net profit of ₹5 crore or more during immediately preceding financial year shall constitute a CSR committee of the Board consisting of three or more Directors. The 16 SPSEs required to constitute CSR committees as detailed in *Appendix 18*. All the 16 SPSEs had constituted CSR Committee and were having minimum of three Directors in the Committee in accordance with section 135 (1) of the Act.

Out of 16 SPSEs, qualified for constituting CSR committee, the average net profit of one SPSE (GRIDCO) was negative at ₹ (-) 778.18 crore. GRIDCO Limited had been incurring loss continuously during last three preceding financial years and its net worth is negative (₹ (-)5,662.32 crore) as of March 2023.

1.26 Framing of CSR Policy

Section 135 (3) of the Act requires that the CSR Committee shall formulate and recommend a CSR Policy to the Board. It was noticed that out of 16

¹⁵ As per Amendment 37 of Companies Act, 2017, to resolve the ambiguity on any financial year, the words 'any financial year' has been replaced with the words immediately preceding financial year. This notification is effective from 19 September 2018

SPSEs, three SPSEs *i.e.*, Odisha Bridge and Construction Corporation Limited, Odisha State Civil Supplies Corporation Limited and Odisha Power Transmission Corporation Limited did not have CSR policy in place.

1.27 Annual CSR plan and budget

Role of the CSR Committee is to recommend to the Board, the CSR activities and the amount to be spent in the financial year. The Board has to ensure implementation of the CSR activities. Out of 16 SPSEs, one SPSE *i.e.*, GRIDCO Limited did not formulate CSR plan and budget for the financial year 2022-23 due to incurrence of continued loss in the preceding financial years. Of remaining 15 SPSEs, six SPSEs¹⁶ did not formulate CSR plan and five SPSEs¹⁷ did not prepare CSR budget for the year 2022-23.

1.28 Range of CSR spend

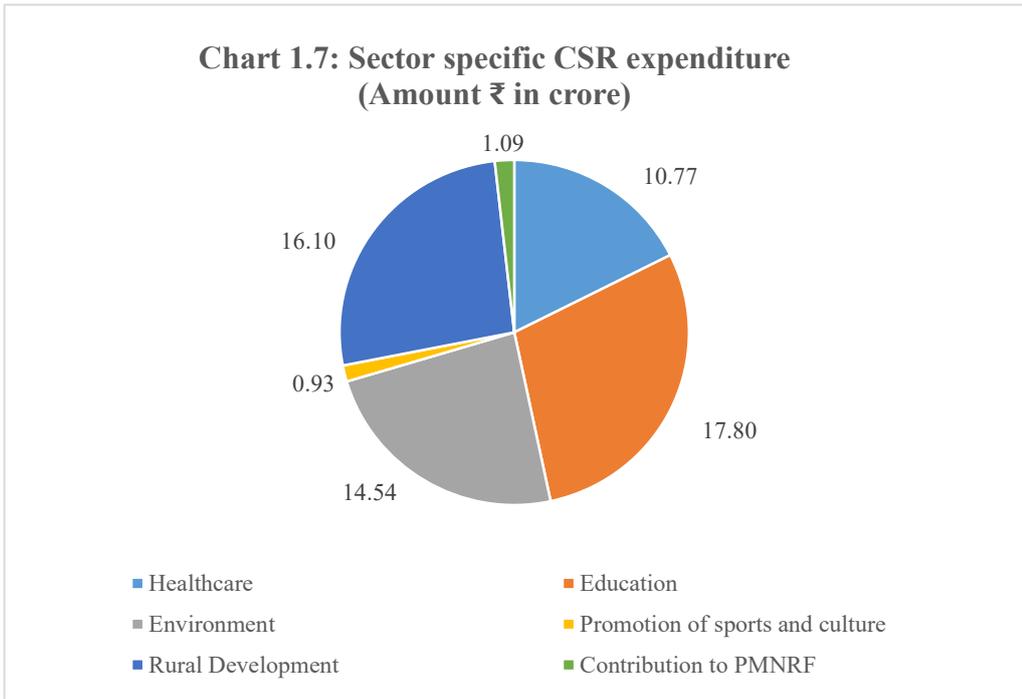
Out of 12 SPSEs which spent CSR funds during 2022-23, six SPSEs had spent more than one crore rupees and six SPSEs spent less than one crore rupees as detailed in *Appendix 19*.

1.29 Sector-wise CSR spend

Section 135 (3) of the Act requires that the CSR committee shall formulate and recommend to the Board, a CSR Policy which shall indicate the activities to be undertaken by the company in areas or subject, specified in Schedule VII. Out of 16 SPSEs which constituted CSR committee, GRIDCO Limited had not incurred any CSR expenditure during 2022-23 due to non-availability of allocable surplus. Of remaining 15 SPSEs, three SPSEs *i.e.*, Odisha Lift Irrigation Corporation Limited, Odisha Bridge and Construction Corporation Limited and Odisha State Civil Supplies Corporation Limited did not spend any amount towards CSR during the financial year 2022-23. Sector specific expenditure of 12 SPSEs, which incurred CSR expenditure during the financial year 2022-23, has been given in *Appendix 19* and is also depicted in the chart as follows:

¹⁶ Odisha Lift Irrigation Corporation Limited, Odisha Construction Corporation Limited, Odisha Bridge and Construction Corporation Limited, Odisha State Civil Supplies Corporation Limited, Odisha Hydro Power Corporation Limited and Odisha Power Transmission Corporation Limited

¹⁷ Odisha Agro Industries Corporation Limited, Odisha Lift Irrigation Corporation Limited, Odisha Bridge and Construction Corporation Limited, Odisha State Civil Supplies Corporation Limited and Odisha Power Transmission Corporation Limited



The top spender was Odisha Mining Corporation Limited at ₹52.48 crore (85.48 per cent of total CSR spend) followed by Odisha State Beverages Corporation Limited at ₹1.48 crore (2.42 per cent), Odisha Power Generation Corporation Limited ₹1.21 crore (1.98 per cent), Odisha Hydro Power Corporation Limited ₹1.19 crore (1.94 per cent) and Odisha Coal and Power Limited ₹1.12 crore (1.83 per cent).

1.30 Financial Component

1.30.1 Allocation of funds

As per section 135 (5) of the Act, it is mandatory for any company to spend annually at least two per cent of average net profit of three immediately preceding financial years in pursuance of its CSR Policy. Accordingly, two per cent of average net profit calculated as per Section 198 of the Act for 12 SPSEs was ₹55.49 crore and their carry over amount from previous years was ₹3.18 crore. However, the 12 SPSEs incurred expenditure of ₹61.24 crore i.e., net excess of ₹2.57 crore as detailed in *Appendix 20*.

1.30.2 Utilisation of Funds

Section 135 (5) of the Act states that Board shall ensure that the company spends two per cent of average net profit of preceding three years.

It was observed that against the required spending of ₹58.67 crore towards CSR activities by 12 SPSEs, the actual spending was ₹61.24 crore. However, it was also observed that out of 12 SPSEs, five SPSEs, which required spending of ₹9.50 crore towards CSR activities, had actually spent ₹2.97 crore leaving unspent amount of ₹6.53 crore (*Appendix 20*).

1.30.3 Quarter wise spend

Total spend against CSR during 2022-23 by 12 SPSEs was ₹61.24 crore. There was rush in CSR spend in last quarter (*Appendix 21*). Odisha Mining Corporation Limited (OMC), the top spender (₹52.48 crore), had not provided quarter-wise expenditure break-up. OSBC, OHPC and OCPL had spent major portion of their CSR funds (₹1.48 crore, ₹1.09 crore and ₹0.86 crore respectively) in the fourth quarter.

1.31 Project Implementation

1.31.1 Manner of implementation of CSR activities (In-house/external agencies)

Rule 4 of Companies (CSR) Rules, 2014 exclusively deals with the manner in which the CSR activity is to be undertaken under section 135(1) of the Act. The Board may decide to undertake CSR activities as approved by CSR Committee through a registered trust/society or a company established by the company or its holding, subsidiary or associate company under Section 8 of the Act or otherwise.

The SPSEs spent the CSR funds directly or through Government departments, NGOs/trusts and handed over the funds to identified agencies for implementation of the CSR activities.

1.31.2 Spent in Local Area

Section 135 (5) of the Act provides that the Company shall give preference to the local area and areas where it operates for spending the amount earmarked for CSR activities. Out of 12 SPSEs, three SPSEs¹⁸ did not spend on CSR, in local area.

1.32 Monitoring Framework

As per Rule 5(2) of CSR Rules, 2014, the CSR Committee shall institute a transparent monitoring mechanism for implementation of CSR projects/programs/activities undertaken by the Company. During the financial year 2022-23, 12 SPSEs incurred CSR expenditure. However, only five SPSEs¹⁹ conducted review meetings during 2022-23.

Recommendations

Government of Odisha in the Department of Public Enterprises may:

- issue directions to the SPSEs with arrear accounts to clear their arrear accounts on priority basis;

¹⁸ Odisha Agro Industries Corporation Limited, Industrial Promotion and Investment Corporation of Odisha Limited and Odisha Construction Corporation Limited

¹⁹ Odisha State Police Housing and Welfare Corporation Limited, Odisha Power Generation Corporation Limited, Odisha State Beverages Corporation Limited, Odisha Coal and Power Limited and Odisha Mining Corporation Limited

- issue directions to all SPSEs to conduct at least four Board Meetings in a financial year as per the requirement of the Companies Act, 2013 and Corporate Governance Manual of Government of Odisha;
- issue directions to every eligible public company to form Audit Committee with a minimum of three directors with independent directors forming majority;
- issue directions to profit making SPSEs to prepare annual plan and make provision of budget for CSR, so that funds allotted towards CSR could be effectively utilized during the financial year;
- issue directions to all SPSEs to make efforts to spend two *per cent* of average net profits of preceding three years towards admissible CSR activities; and
- issue directions for early action on disinvestment in inactive/defunct SPSEs.

CHAPTER-II

Performance Audit on Activities of Odisha Mining Corporation Limited

EXECUTIVE SUMMARY

Odisha is considered a mineral rich State with 53 *per cent* of iron ore reserve, 73 *per cent* of bauxite ore and 100 *per cent* of chromite ore reserve. The mining sector contributes 10.8 *per cent* of Gross State Value Added (GSVA). Odisha Mining Corporation (OMC), being the only state public sector undertaking in the sector, its contribution to the State revenue in terms of royalty, dividend *etc.*, assumes critical importance.

OMC was incorporated in May 1956 with the main objective of harnessing the mineral wealth of the State. It obtains mining leases from the Government of Odisha (GoO) and carries out mining operations like excavation of ore, processing the same and selling ores. In each of these activities, the Company has to comply with provisions of statutes like the Forest Conservation Act 1980, the Mines and Minerals (Development and Regulation) Act, (MMDR) 1957, the Mineral Concession Rules 1960, the Ancient Monuments and Archaeological Sites and Remains (AMSAR) Act, 1958 *etc.*

1. Management of Mining Leases

OMC has 36 mining leases as on date out of which 18 are operative while the remaining 18 are inoperative for the last six to 35 years. Regarding inoperative leases, it was observed that the main reason for non-operation of mines was mostly delay in submission of Forest Diversion Proposal (FDP) to get Forest Clearance (FC) for starting mining activities. In the process, OMC had to pay ₹9.09 crore towards dead rent and surface rent for these inoperative mines. Besides that, OMC had to incur expenditure of ₹154.27 crore towards manpower cost including watch and ward *etc.*, of these inoperative mines during 2018-23.

There were delays in surrender of mining leases due to unwarranted possession in non-permissible mining area, unnecessary re-exploration to prove non-mineralization *etc.*, leading to avoidable expenditure of ₹16.55 crore. Further, due to uneconomic extension, avoidable expenditure of ₹85.21 crore was incurred by OMC in case of the Unchabali mining lease.

2. Penalty due to non-compliance with Statutes

Mining is a skilled work involving removing the overburden, then excavating the ore, crushing/beneficiating it to make it saleable. All these activities are again subject to compliance with the Mining Plans approved by the Indian Bureau of Mines (IBM), conditions stipulated in Environmental Clearance (EC) granted by the Ministry of Forest and Environment and Climate Change (MoEF&CC), and Consent to Operate (CTO) issued by the State Pollution Control Board (SPCB).

It was observed that OMC had to pay penalty of ₹3,761.88 crore due to production of 29.47 Million MT (MMT) in excess of quantities permitted under EC and FC. It was also noticed that OMC paid ₹602.27 crore for production of 5.56 MMT of minerals in excess of the quantities permitted under CTO and the Mining Plan. Further, it was noted that compliance with statutory conditions with regard to air, water and noise pollution were not adhered to in 12 working mines.

3. Deficiencies in stacking of ore

There were also deficiencies noticed in stacking not being carried out as per statutory parameters. For example, in the case of Gandhamardan B, Kurmitar, Jhilling and Tiring Pahar mines, OMC had not segregated ores according to their grades. Hence, it had to pay royalty at a rate which was payable for the highest grade of ore. Consequently, OMC incurred an additional expenditure of ₹938.52 crore during 2018-23 for stacking without required segregation.

4. Deficiencies in implementation of capital projects

For improvement in production level in terms of quantity and quality, OMC was executing six capital projects with an investment of ₹5,495.90 crore. Out of these, only two were completed and others were still in progress. However, due to lack of proper planning, even the completed projects could not be made operational. A chrome ore beneficiation plant completed by April 2023, could not be commissioned due to non-execution of Operation and Maintenance contract with any service provider. As a result, OMC could not produce quality ore from the sub-grade chrome ore and lost the opportunity to earn additional revenue of ₹61.16 crore.

5. Deficiencies in Contract Management for raising of ore

All the jobs in the mining area are executed by OMC through the engagement of contractors. Hence, contract management was a key issue for successful operation of OMC's mines. However, OMC did not secure its financial interest while signing many contracts. There were instances of undue favour being extended to contractors with the contract clause being unfavorable to OMC. For example, in Daitari mines OMC paid ₹25.79 crore extra towards escalation charges for electricity which was over and above the actual cost of electricity. Similarly, OMC paid ₹1.59 crore towards explosives to the transport contractor at the Gandhamardan mines. OMC paid ₹32.64 crore extra towards raising cost by treating sub-grade ore as saleable ore in four mines.

6. Uneconomic disposal of ore

There was under realization of revenue of ₹16.51 crore because of deficiencies in calculation of floor price for auction of sub-grade chrome ore in Sukrangi and South Kaliapani mines. While selling ex-lessee's stock on behalf of GoO, OMC short recovered the security and other expenditure of ₹7.01 crore from the sale proceeds.

7. Deficiencies in Financial Management

OMC also did not timely adjust royalty paid to GoO as advance towards unlifted stock against subsequent lifting of stock/fresh orders, leading to lost interest revenue of ₹41.22 crore.

OMC extended inter-corporate loan of ₹3,211.71 crore to different entities without any policy for undertaking such financial risks. Out of this, an amount of ₹947.80 crore has already been defaulted on by IDCOL, to whom loans had been made by OMC to meet penalty levied for statutory violations by IDCOL.

Underestimation of advance income tax liability and short payment of advance income tax for the FYs 2020-21 and 2021-22 resulted in avoidable payment of interest of ₹20.55 crore under section 234(B) and (C) of the Income Tax Act for the aforesaid period.

Recommendations:

The Government may direct OMC to:

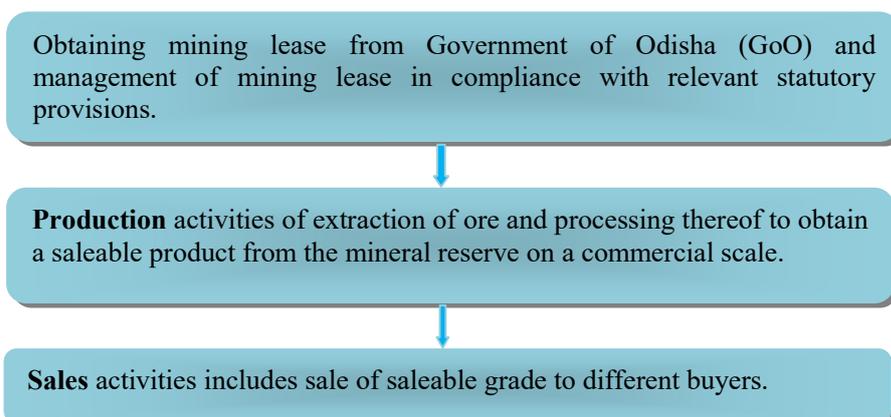
1. take measures to effectively manage the operations of its mining leases, ensure timely surrender of leases and avoid unwarranted extension of the same, leading to resultant unnecessary expenditure;
2. evolve a clear-cut mechanism to obtain required statutory clearances in time and ensure their appropriate compliance. Further, establish an accountability structure to identify officials responsible for violation of rules/orders and payments of penalties therein;
3. undertake measures to curb air/water/noise pollution due to mining operations and strengthen efforts towards achieving sustainable mining;
4. ensure better planning and coordination in the execution of interdependent projects to guarantee their timely completion;
5. carry out due diligence in thoroughly reviewing contract terms to understand their scope, conditions, potential implications and thus avoid any loss or risk to its financial interests;
6. develop a mechanism to bridge the gaps in fixation of floor price for auction of ore and economic disposal of ex-lessee stocks;
7. streamline its processes to avoid cases of delay in adjustment of royalty and in payment of statutory dues;
8. take measures to accurately compute income tax liability and circumvent avoidable payment of interest; and
9. OMC and GoO should carry out cost- benefit assessment and analysis of expected return from investments before entering into joint ventures and providing inter-corporate loans.

2.1 Introduction

Odisha is considered a mineral rich State, being responsible for 100 *per cent* of chromite production, 73 *per cent* bauxite production and 53 *per cent* of iron ore production in the country. The mining and quarrying sector contributed 10.8 *per cent* to the Gross State Value Added in the Financial Year (FY) 2022-23. The mining sector is considered as a main source of revenue for the State in the form of royalties, rent, profits and interest from the functioning of mining related public sector enterprises. This makes performance of the Odisha Mining Corporation (OMC) critical for the augmenting of the State's revenue, since it is the only Public Sector Enterprise (PSE) engaged in mining activities in the State.

OMC was incorporated in May 1956 as a Corporation under the Companies Act, 1956. The main objective of OMC is to harness the mineral wealth of the State through exploration, extraction as well as value addition. Presently, activities of OMC are restricted to production and sale of major minerals *viz.*, iron, chrome and bauxite ore and minor mineral *viz.*, khondalite stones. OMC has eight²⁰ regional offices for carrying out its mining activities in 36 mines (18 operative and 18 inoperative). The main activities carried out by OMC can be broadly categorized as shown in **Chart 2.1**.

Chart 2.1: Activities conducted by OMC



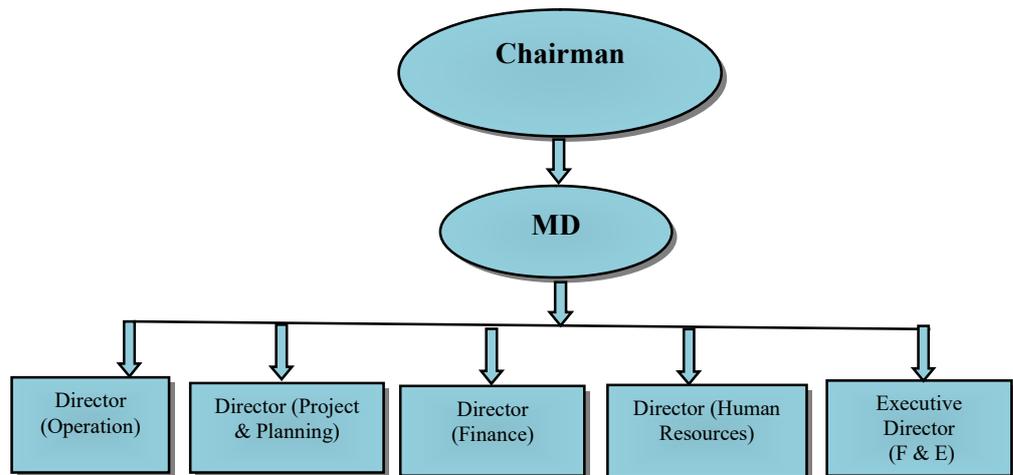
All these above activities have been examined as part of this Performance Audit and observations included in subsequent paras.

2.2 Organisational Setup

The OMC works under the administrative control of the Department of Steel and Mines, Government of Odisha (GoO). The management of OMC is vested with a Board of Directors (BoD) consisting of ten directors including a Chairman and a Managing Director (MD). The MD is the Chief Executive of OMC and is assisted by four directors and one executive director.

²⁰ Bangur, Barbil, Daitari, Gandhamardan, Jajpur Road, Khondalite, Koira and Rayagada

Chart 2.2: Organogram



At the operational level, the above executives are assisted by four Chief General Managers, ten General Managers, eight Regional Managers and one Chief Vigilance Officer.

2.3 Scope of Audit

A performance review on the activities of OMC was included in the Report of the Comptroller and Auditor General of India for the year ended March 2017, which is pending for discussion (January 2024) in the Committee on Public Undertakings (CoPU). The present Performance Audit conducted during June to November 2023 covered the activities of OMC for five years ending March 2023. The activities of OMC were reviewed on the basis of test check of records at the Head Office and 12²¹ out of 18 working mines, 07²² out of 18 non-working mines and a stockyard²³ of OMC, selected on the basis of stratified random sampling method.

2.4 Audit Objectives

Audit objectives of the Performance Audit were to assess whether:

- Planning for mining was carried out efficiently and effectively.
- Production and sale of minerals was carried out in an economical, efficient and effective manner;
- Financial Management was effective; and
- Monitoring and Internal Control System was adequate and effective.

²¹ Bangur, Banspani, Daitari, Gandhamardan A, Gandhamardan B, Guali, Jilling Langlota, Kodingamali, Kurmitar, Narangarh, South Kaliapani and Sukrangi

²² Base of Mahagiri, Kaliapani, Kalarangi, Koira-Bhanjapali, Roida-78, Sakradihi-Dubuna and Serenda-Bhadrasahi

²³ Samanga in Puri

2.5 Audit Criteria and Methodology

The audit criteria adopted for assessing the achievement of the audit objectives were:

- Rules, regulation and provisions of the Mines and Mineral Development and Regulation (MMDR) Act, 1957 with amendments;
- Mineral Concession (MC) Rules, 1960 and 2016, Mineral Conservation and Development Rules (MCDR), 1988 and 2017, with amendments;
- Odisha Mineral (Prevention of Theft, Smuggling and Illegal Mining and Regulation of Possession, Storage, Trading and Transportation) Rules, 2007 and its amendments;
- Forest Conservation Act, 1980, Forest Conservation Rules, 2003;
- Water and Air (Prevention and control) of Pollution Act, 1974 and 1981, Environment Protection Act, and Rules, 1986;
- UN resolution regarding Sustainable Development Goal (SDG), Sustainable Development Framework and Notification related to Star Rating of Mines issued by Ministry of Mines, Government of India;
- Ancient Monuments and Archaeological Sites and Remains Act, 1958;

The audit methodology included an entry conference that was held in June 2023 at the Government level, review of records at the Head Office and Regional offices, issue of audit queries, interaction with the Management, issue of draft Performance Audit report to the Government/Management and discussion of audit findings during the Exit conference held on 19 July 2024. Response of the Government/Management and replies furnished (May 2024) by GoO have been included, wherever necessary, while finalising this report. Audit acknowledges the co-operation and assistance extended by OMC at various stages of conducting the Performance Audit.

Audit Findings

Audit findings are discussed in the following paragraphs.

Financial Position and Working Results

2.6 Financial Position

The financial position of OMC during the last five years (ending March 2023), was as under:

Table 2.1: Financial position for the five years ending March 2023.

(₹ in crore)

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Equity and Liabilities					
Share capital	31.45	31.45	31.45	31.45	31.63
Reserves and surplus	5,608.40	5,978.79	6,363.50	8,794.31	12,259.16
Non-current liabilities	241.40	303.55	302.35	404.94	525.60
Current liabilities	577.97	647.54	1,253.19	3,955.82	3,058.04
Total	6,459.22	6,961.33	7,950.49	13,186.52	15,874.43

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Assets					
Net block including capital WIP	728.31	931.94	1,143.95	1,513.02	1,624.51
Long term loans and advances	402.21	500.52	278.29	95.97	4.94
Non-current investments	417.49	497.07	341.68	374.33	371.58
Other non-current assets	537.12	544.76	524.36	535.62	682.76
Current assets	4,374.09	4,487.05	5,662.23	10,468.77	13,190.63
Total	6,459.22	6,961.34	7,950.51	12,987.71	15,874.42
Net Worth	5,639.85	6,010.25	6,394.96	8,626.95	12,290.79

(Source: Annual Accounts of OMC Limited)

It can be seen from the above that the company had built a robust financial position over the years with a net worth of ₹12,290.79 crore against a share capital of ₹31.63 crore as of March 2023. The optimization of deployment of resources was examined during audit, through analysis of working results as discussed below:

2.6.1 Interest loss due to premature encashment of fixed deposit

Being a surplus cash company, OMC deposited its surplus funds ranging between ₹1,709 crore and ₹7,507 crore during the period 2018-23 with empanelled banks notified by GoO. The GoO notification (20 July 2019) for empanelment of banks for the year 2019-20 stipulated that SPSEs and State Level Autonomous Society (SLASs) should not have any upper ceiling on deposits in any of the empanelled banks.

In order to minimise risks to investment during the COVID period, OMC through its Audit Committee decided (April 2020) to impose a ceiling of ₹300 crore on fixed deposit (FD) investment in private banks with immediate effect. OMC therefore encashed (April 2020) existing FDs of ₹310 crore out of the ₹581 crore from one private bank²⁴, while it had FDs of ₹545 crore with another private bank²⁵. This indicated that the ceiling of ₹300 crore was imposed selectively in case of only one bank, without any clear reasons on record. Further, this amount of ₹310 crore was re-invested in a nationalized bank at a lower interest rate of 5.50 *per cent* (in comparison to 6.45 to 6.50 *per cent* offered by the private bank). The arbitrary action led to interest loss of ₹4.76 crore.

The Government stated (July 2024) that pre-mature encashment of FDs was required during COVID time. Reply was not tenable as the withdrawn amount was not used for any activity related to Covid pandemic but was reinvested in fixed deposits of another bank within three days.

2.6.2 Improper calculation of tax liability led to avoidable payment of interest

Section 234B of the Income Tax Act, 1961 stipulates that subject to other provisions of this section, if in any financial year, an assessee who is liable to

²⁴ IndusInd Bank

²⁵ HDFC Bank

pay advance tax under section 208, has failed to pay such tax or where the advance tax paid by such assessee under the provisions of section 210 is less than 90 *per cent* of assessed tax, the assessee shall be liable to pay simple interest at the rate of one *per cent* for every month or part of a month. Section 234C *inter alia* provides for levy of interest on account of default in payment of installments of advance tax at specified rate or, at specified time periods. These rules thus call for proper estimation of taxable income to ensure deposit of advance tax as required, to avoid incidence of interest payment.

For the purposes of computation of quarterly advance income tax liability, OMC carries out an estimation of sales revenue. In this context, Audit noted that the sales revenue for the years 2020-22 was estimated based on actual revenue generated during the two months period of the first quarter of each year and by forecasting for the remaining period of the financial year. However, while estimating the sales revenue, for the period 2020-22 the budgeted sales for the year 2020-21 were not taken into consideration, while disallowed expenditure related to contribution to the Chief Minister Relief Fund (as per section 37 (1) of Income Tax Act) was included. Non-consideration of the budgeted sales figure coupled with consideration of disallowed expenditure as projected expenditure, led to under-estimation of profit for the year 2020-22. This resulted in an underestimation of advance income tax liability and short payment of advance income tax for the FYs 2020-21 and 2021-22. Shortfall in payment of advance income tax resulted in avoidable payment of interest of ₹20.55 crore (₹19.28 crore for 2020-21 and ₹1.27 crore for 2021-22) under section 234B and 234C of the Income Tax Act for the aforesaid period.

The Government stated (May 2024) that quarter-wise income tax was deposited based on the anticipated income and expenditure of that quarter. Due to unexpected increase in sales revenue during 2020-21 and 2021-22, there was short payment of advance tax which resulted in payment of interest.

Reply was not acceptable because the increase in sales during the year 2020-21 was already anticipated in the budget estimates (₹5,000 crore) but this was not considered while calculating the advance income tax payable. Further, considering the Contribution to Chief Minister Relief Fund as allowable expenditure, resulted in short estimation of profit and consequential payment of interest. Hence, the interest payment amounting to ₹20.55 crore was avoidable.

2.7 Working results

The working results of OMC for the last five years ended 31 March 2023 were as under:

Table 2.2: Working results for the five years ending March 2023

Particulars	(₹ in crore)				
	2018-19	2019-20	2020-21	2021-22	2022-23
Revenue from Operations	4,052.05	4,092.95	5,587.09	17,035.25	14,449.58
Other Income	435.65	287.47	282.61	295.15	1,253.91
Total Income	4,487.70	4,380.42	5,869.70	17,330.40*	15,703.49

Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
Total Expenditure	3,228.10	3,243.12	3,461.17	11,762.41**	9,617.63
Profit Before Tax	1,259.60	1,137.30	2,408.53	3,901.23	6,085.86
Total Tax	469.71	408.58	822.26	1,160.52	1,351.82
Profit after Tax	789.89	728.72	1,586.27	2,740.71	4,734.04
Increase in revenue from operations over previous year in <i>per cent</i>	-	1.01	36.51	204.90	-15.18
Increase in expenditure over previous year in <i>per cent</i>	-	0.47	6.72	239.84	-18.23

(Source: Annual Accounts of OMC Limited)

- * The sudden increase in both revenue and expenditure was attributable to commencement of full-scale production in four mines during the year (Guali, Jilling-Langlotta, Khandbandh and Banspani).
- ** Total expenditure has been calculated after excluding onetime compensation of ₹1,666.76 crore for excess production of chrome ore.

As may be observed from the above, the percentage increase in expenditure up to 2020-21 was less than the percentage increase in revenue from operations. However, the trend reversed in 2021-22, necessitating regulation of expenditure by the Management through budgetary control, long-term planning, internal control measures *etc.*, as discussed in paragraphs 2.9.1, 2.12.1, 2.14 and 2.15.2. There was a sharp decline in revenue by 15 *per cent* in 2022-23 but as observed from the Annual Report of OMC for the year 2022-23 there was an increase in sales from 27.741 MMT in 2020-21 to 28.682 MMT in 2022-23 (3.39 *per cent*) in terms of quantity. The reduction in revenue was attributable to a decrease in sale price of mining products, as compared to 2021-22.

Recommendation:

- 1. OMC may take measures to accurately compute income tax liability and circumvent avoidable payment of interest.**

2.8 Management of Mining Leases by OMC

Mining leases are granted to an applicant under the Mines and Minerals (Development and Regulation) (MMDR) Act, 1957 the Mineral Concession (MC) Rules, 1960 and the Mineral Conservation and Development Rules (MCDR), 2017. As per extant rules and regulations, mining leases are granted by the Government of Odisha for a period not exceeding 70 years for which lease deeds are executed by OMC with the State Government. For carrying out mining operations, mining plans are approved by the Indian Bureau of Mines (IBM). Besides this, compliance with rules and regulations framed under the Forest Conservation Act, 1980, Environment (Protection) Act, 1986 and the Water (Prevention and Control of Pollution) Act, 1974 and Air (Prevention and Control of Pollution) Act, 1981 are to be ensured by State Government. Further, as per Rule 28 (1) and (2) of the Mineral Concession Rules, 1960, the lessee should commence mining operations within two years from the date of execution of the lease deed. The State Government may cancel the lease in the event of delay in operations or discontinuation of operations beyond a period

of two years. The State Government may, however, grant an extension of the lease after being satisfied that the reasons for non-operation were beyond the control of the lessee.

As of March 2023, 36 mining leases were granted to OMC by GoO out of which 18 were operative and 18 non-operative as below:

Table 2.3: Status of mining leases

Nature of the ore in mines	Number of operative mines	Number of inoperative mines				Total inoperative mines	Total Mines
		Since inception	Inoperative for number of years				
			6-15 years	16-25 years	26-35 years		
Chromite	3	2	1	2	1	6	9
Iron	9	0	1	2	1	4	13
Iron and Manganese	2	0	1	2	0	3	5
Manganese	0	2	0	1	0	3	3
Limestone	0	0	1	0	0	1	1
Gemstone	0	1	0	0	0	1	1
Bauxite	1	0	0	0	0	0	1
Khondalite	3	0	0	0	0	0	3
Others, if any	0	0	0	0	0	0	0
Total	18	5	4	7	2	18	36

(Source: Information furnished by Odisha Mining Corporation Limited)

It can be seen from Table 2.3 that 50 per cent (18 out of 36) of the mines with OMC were inoperative as of 31 March 2023. These mines were inoperative due to absence of statutory clearances like Forest Clearance, Environment Clearance etc. The following was observed with regard to the 18 inoperative mines during audit:

2.8.1 Inoperative Mining Leases

In terms of Section 2 and 6 of Forest Conservation (FC) Act, 1980, it was mandatory to obtain Forest Clearance (FC) from the Ministry of Environment, Forest and Climate Change (MoEF&CC) for use of forest land for non-forest purpose. To obtain forest clearance for a mining lease, a Forest Diversion Proposal (FDP) was to be submitted to MoEF&CC by the project proponent (OMC), through the Forest Department of the State.

- Out of 18 inoperative leases, seven leases²⁶ having forest land, were selected for audit. In all these seven leases, there were delays in submission of FDPs. Out of these seven, in four cases where lease deeds were executed prior to commencement of FC Act, 1980, OMC submitted FDPs with delays ranging from 180 to 446 months (15 to 37 years)²⁷. In remaining three cases, the delay ranged between 233 months and 366 months from the date of execution of the lease deeds.

²⁶ Kaliapani, Kalarangi, Koira-Bhanjapali, Roida-78, Sakradini-Dubuna and Serenda-Bhadrasahi

²⁷ Since October 1980 i.e, when FC Act, 1980 came into force

The delay was mainly because of non-compliance with required formalities viz., finalisation of joint verification of forest land, delay in finalizing the land use plan, lack of assessment of ore reserves and delays in complying with the directions of the Forest Department. Thus, all these seven mines could not be operationalized due to non-obtaining of forest clearances by OMC.

As per section 9A of MMDR Act, 1957, a lease holder has to pay dead rent and surface rent, for inoperative mines and royalty and surface rent for operating mines.

- OMC had paid ₹9.09 crore towards surface rent/water rent in respect of 18 inoperative mines during 2018-23. Further, OMC also incurred ₹154.27 crore towards watch and ward and manpower cost for these mines during 2018-23. This includes ₹3.97 crore towards surface rent/water rent and ₹50.50 crore towards watch and ward and manpower cost during 2018-23 on seven selected inoperative mines. Hence, OMC should have explored the possibilities of either operationalizing the inoperative mines or surrendering them, in order to avoid wasteful expenditure on these mines. For this purpose, Rule 29(1) of MC Rules, 1960 provides that whole or part of lease hold area devoid of mineralization could be surrendered to the State Government, if the land was properly surveyed. However, OMC did not operate/surrender the 18 inoperative mines, which resulted in unfruitful expenditure of ₹163.36 crore towards dead rent, surface rent and watch and ward during the period 2018-23. It is pertinent to mention here that similar status with regard to inoperative mines was highlighted in CAG's Audit Report No. 5 of the year 2017 wherein payment of ₹57.26 crore towards dead rent and watch and ward expenditure during the period 2012-17 was highlighted. Despite this, OMC did not take corrective measures and incurred wasteful expenditure of ₹163.36 crore during the period 2018-23.

Five specific cases of imprudent handling of inoperative mines are discussed as below:

2.8.1.1 Unwarranted possession of Sukhuapara khondalite mine in non-permissible area

Section 19 of the Ancient Monuments and Archaeological Sites and Remains (AM&ASR) Act, 1958 provides that no mining, quarrying, excavating, blasting or any operation of a like nature should be carried out in a protected area without permission of the Central Government. Further, Rule 4(3) of Odisha Minor Mineral Concession (OMMC) 'Rules', 2016 also prohibits mining lease over an area, which in the opinion of the State government is of historical, cultural, archaeological and scientific importance.

GoO granted Sukhuapara Khondalite mining lease in favour of OMC in July 2021. In this connection an MoU was signed (February 2022) by OMC with the GoO. The MoU stipulated that OMC was to take all necessary steps in compliance with applicable laws to operationalise the mining lease. The

mining operation, which was started in February 2022 by OMC, was stopped by GoO in May 2023 because the mine was within 500 meters from the archaeological site of Lalitgiri and mining operation in that area was against the provisions of the AM&ASR Act, 1958. During the period 2021-23, an amount of ₹9.47 crore was spent by OMC on making the mines operational including on account of Stamp duty, Registration fees, Royalty for felling of trees and raising of bald head plantation, peripheral development, dead rent and surface rent *etc.* Hence, without doing due diligence with respect to the location of the mine and limitations invited by the provisions of the applicable AM&ASR Act, OMC started the mining operation in the Sukhuapara Khondalite mine. This led to an infructuous expenditure of ₹9.47 crore, besides creating a liability on OMC to pay dead rent and surface rent till the time the mine is surrendered.

The Government accepted the audit observation and stated (July 2024) in the exit conference that the closure of the mine is underway and it will be closed shortly. However, Government did not address the audit observation on initiating the mining operations in the non-permissible area.

2.8.1.2 Delayed surrender of non-mineable land resulted in avoidable payments of ₹1.37 crore

OMC was allotted Boula Chromite mines located over an area of 207.36 hectares in Keonjhar district of Odisha for a period of 20 years with effect from 07 August 1965. The lease was under operation till 1992-93 after which the operation was stopped due to want of forest and other statutory clearances. In this connection, GoO communicated (07 October 1998) to OMC that MoEF&CC, GoI had expressed its inability to approve the diversion proposal of forest land under section 2 of the FC Act, 1980, as the area falls under the Hadagarh Wildlife Sanctuary since 1978.

Further, on 14 February 2000, the Hon'ble Supreme Court, in Interlocutory Application (IA) No.548, ordered that no mining activity would be permitted within the areas which were notified as Sanctuary, National Park under Section 18 and 35 of the Wildlife (Protection) Act, 1972 or any other Act or Rules made thereunder, even if prior approval was obtained from the MoEF&CC under the FC Act, 1980 in such area. In view of the GoI and Hon'ble Supreme Court orders, there was no scope of operationalization of the mine.

Audit observed that in spite of the clear communication from GoI and orders of the Hon'ble Supreme Court, OMC did not take steps towards surrender of the Boula Chromite mining lease (ML) and instead filed (03 August 2004) a second Renewal of Mining Lease (RML) for a further period upto 06 August 2025 under the Mineral Concession (MC) Rules, 1960. It was further observed that OMC again requested (03 May 2016) GoO for extension of validity of lease period under MMDR Act (Amendment), 2015 to undertake mining operations in case of relaxation of restriction in sanctuary area.

After an interval of 16 years from the order of the Hon'ble Supreme Court, an internal committee was constituted by the Managing Director, OMC as per the

directions of the Chairman (16 August 2016) to examine the status of MLs of OMC. Based on its assessment, the Committee observed (26 August 2016) that in respect of Boula Chromite ML, the mining area came within Hadagarh Wildlife Sanctuary and mining operation was prohibited within the sanctuary as per order of the Hon'ble Supreme Court. Despite this, the Steel and Mines Department, GoO again sought (18 May 2018) views of the Forest and Environment Department regarding extension of validity of lease period. Forest and Environment Department also clarified (27 June 2018) that in view of the prevailing orders of the Hon'ble Supreme Court, no mining activities were permitted within the notified Protected Areas like National Park/Sanctuary. Thereafter, BoD of OMC in their 427th meeting (22 September 2018) decided to surrender the Boula ML. The possession of the area under the ML was eventually handed over to Forest Department on 12 October 2022 *i.e.*, after four years of the decision to surrender.

Audit observed that despite clear refusal by GoI in 1998 for diversion of forest land and orders of the Hon'ble Supreme Court regarding prohibition of mining in Wildlife Sanctuaries/protected areas in 2000, the process of surrender was delayed by OMC and the ML was finally surrendered in 2022. Such delayed surrender resulted in avoidable payments of ₹1.37 crore (Dead rent: ₹0.86 crore and Surface rent: ₹0.51 crore) for the period from 2005-06 to 2022-23.

The Government stated (January 2024) that it had put in all efforts to obtain the permits and clearances involving the State Government machinery, so that the mining operation could resume.

The reply is not acceptable because there was unwarranted delay of over 20 years due to a futile exercise of seeking permits and clearances, which were forbidden as per the orders of both GoI and the Hon'ble Supreme Court.

2.8.1.3 Avoidable expenditure of ₹3.47 crore on exploration works

The OMC executed a chromite mining lease of 185.81 hectares of land with GoO, in September 1970, in Base of Mahagir (Jajpur district), for a period of 20 years (1970 to 1990). GoO extended the mining lease upto September 2040 in pursuance to Mineral (Mining by Government Company), Rules, 2015. However, mining operations could not be taken up for want of forest and other clearances.

In terms of the provisions of the Mineral Conservation and Development Rules (MCDR), 1988 and MCDR (Second Amendment), 2003, an account of geological feasibility, economic viability studies and estimate of reserves, in respect of the concerned mine, is to be submitted to the IBM by the lessee. For compliance with the above provision, OMC engaged (September 2004) M/s Mineral Exploration Corporation Limited (MECL), a Government of India undertaking, to carry out exploration work to delineate chrome ore mineralisation zones, and carry out a quantitative and qualitative assessment of chrome ore deposits in the mining lease area. MECL carried (October 2004 to May 2005) out geological mapping and geophysical prospecting (magnetic survey) over the entire mining lease area of 185.81 hectares.

The geological and magnetic geophysical investigations led to identification of three small anomalous zones viz., Zone A, Zone B and Zone C as promising areas for chromite mineralisation. Out of the above promising zones, Zone B and Zone C were located in the Base of Mahagir mining lease. However, Zone A fell under the Saruabil-Sukrangi mining lease²⁸ of OMC. MECL drilled 19 boreholes over the entire potential mineralized area in Zones B and C. However, none of the results of these 19 boreholes drilled in the Zone B and C were found to be promising. MECL reported (September 2006) that Base of Mahagir leasehold area was not promising for chromite mineralization and recommended that these leasehold areas do not need further investigations.

Despite the recommendation of MECL, OMC did not initiate the process for surrender of the said mine and continued with the mining lease for further exploration. Moreover, after a gap of almost eight years since the MECL recommendation (September 2006), OMC applied (November 2014) to the Forest and Environment Department, GoO for permission to undertake a fresh exploration against payment of ₹0.17 crore towards compensatory afforestation for the use of forest land. After receiving (December 2018) stage-II forest clearance, OMC engaged (May 2019) a private agency viz., M/s Thriveni Earthmovers Private Limited (TEPL) at a cost of ₹3.63 crore with the same objectives as envisaged for exploration through MECL. M/s TEPL drilled a total of 25 boreholes in the entire lease hold area. Out of the 25 boreholes, only one borehole had intersection of chromite dissemination but the results from all the other holes were found to be negative. M/s TEPL, in its report (May 2021) stated that the mining lease was devoid of mineable chromite ore and the lease hold area may be considered for non-chromite mining. Thereafter, OMC submitted (December 2022) the draft Final Mine Closure Plan to the Regional Controller of Mines for the purpose of surrendering the Base of Mahagir chromite mining lease area.

Audit observed that there was no rationale for undertaking fresh exploration by a private agency in May 2019 at a cost of ₹3.30 crore, as MECL had already conducted exploration activities equivalent to preliminary exploration²⁹ over the entire lease area and detailed exploration³⁰ over the identified potentially mineralized area. Secondly, MECL had specifically recommended that the lease hold area did not need further investigation. However, the Company went for a second such exploration and in the process, spent ₹0.17 crore towards compensatory afforestation and ₹3.30 crore towards exploration work of the mining lease. Thus, non-acceptance of the recommendations of MECL and undertaking such unfruitful work resulted in avoidable expenditure of ₹3.47 crore.

²⁸ Another chromite mining lease of OMC located adjacent to the Base of Mahagir mining lease

²⁹ Preliminary Exploration involves the initial delineation of an identified mineral deposit area of previous stage by furthering the exploration to extend and identify both laterally and vertically down (third dimension) of the ore body

³⁰ Detailed Exploration involves the detailed three-dimensional delineation of a known mineral deposit achieved through sampling, such as from outcrops, pits, trenches, boreholes, shafts and tunnels *etc.*

The Government stated (December 2023) that MECL recommendation was inadequate for interpretation of the entire lease area as non-mineralised. The reason cited for the same inter alia included that (a) several boreholes could not be taken up due to approachability problem and thick forest, (b) after geological mapping and geophysical magnetic survey, MECL had narrowed the target area to 10.345 hectares for drilling in the anomalous Zone of B and C.

The reply of the Government is not acceptable because as per records, there was no approachability problem in Zones B and C. This issue was only there in case of Zone A, which was located in another mining lease viz., Saruabil-Sukrangi mining lease. Secondly, in comparison to area of 6.55 hectares covered by TEPL, MECL had already covered an area of 10.345 hectares. Further, TEPL had drilled 19 out of 25 boreholes in north and north-eastern parts of the lease area, where MECL had already found these areas to be non-mineralised. Consequently, the exploration result of TEPL also indicated the area to be devoid of minable chromite ore as already recommended by MECL in 2006.

2.8.1.4 Delayed surrender of two mines

During 2018-23 two mines were surrendered, the details of which are as follows:

Table 2.4: Status of surrender of mines of OMC

Name of Mine	Mineral	Year of grant of Mining lease	Decision of OMC to surrender	Actual date of application for surrender	Date of surrender of mine	Delay in surrendering the mine from date of decision
(A)	(B)	(C)	(D)	(E)	(F)	(G)=(F)-(D)
Mallipada	Ruby	September 2001 (for 20 years)	08.06.2015	01.06.2019	19.10.2020	64 months
Saruabil-Sukrangi	Chromite	January 1981 (for 15 years, extended twice (20+10 years) upto 2031)	09.01.2020	31.07.2020	28.04.2021	15 months

(Source: Information furnished by OMC)

** Delay from the date of decision to surrender the mines*

As may be observed from the above:

- OMC decided to surrender the above two mines as these were devoid of mineralisation. There were, however, delays ranging from 15 to 64 months from the date of the decision by OMC to surrender the mines and the actual date of surrender. Due to delay in surrender of these two mines, OMC had to pay dead rent and surface rent amounting to ₹0.20 crore for the period.
- In terms of Rule 23(5) of the Mineral Conservation and Development Rules, 1988, a lease holder cannot surrender a mine without an approved final mine closure plan (FMCP). FMCP is submitted by OMC based on the mining plan and is approved by IBM only when it

is proven that there is no mineral reserve in the mine proposed to be surrendered. The Saruabil-Sukrangi chromite mines were granted in 1981 to OMC and the exploration work was carried out in 1992 which proved that there was no mineral reserve. Despite this, no action was taken by OMC to surrender the mine.

- OMC decided to initiate the surrender process only in January 2020. Meanwhile, in terms of the order dated 29 October 2002 of the Hon'ble Supreme Court, payment of a Net Present Value (NPV) by the leaseholder became applicable for the diversion of forest land for non-forest purposes. In order to submit a FMCP for the closure of the Saruabil-Sukrang mine, a forest diversion permission was required to carry out the necessary exploration to prove lack of mineral reserves. Consequently, an NPV was payable by OMC to obtain such permission from MoEF&CC and subsequently surrender of mine.
- OMC sought permission from the MoEF&CC in January 2015 to carry out the required exploration for finalizing the FMCP. The FMCP was approved by IBM in compliance with the aforesaid Rule 23(5) of Mineral Conservation and Development Rules, 1988 in August 2020. In the process, OMC had to pay an amount of ₹2.24 crore towards NPV during February 2014 to May 2016 and the mine was finally surrendered in April 2021. Thus, had a decision to surrender the mine been taken immediately in 1992, after it was proven that there was no mineable reserve, the payment of NPV could have been avoided.

The Government stated (May 2024) that considering the quantum of area under Mining Lease, OMC had explored very few boreholes for assessment of mineralization and in the absence of any provision for submission of diversion proposal for exploration, OMC waited till the enforcement of Forest (Conservation) Amendments Rules, 2014.

The reply was not acceptable because OMC was aware of the non-availability of ore in 1992 itself and provisions of the Mineral Concession Rules, 1960 allowed for the lessee to surrender non-mineable lease. Hence, retaining the lease was a financially imprudent action with consequential avoidable expenditure on NPV of ₹2.24 crore. The Government reply stating that OMC waited for a possible change in law seems to be an afterthought, as no such reasons were found on records.

2.8.2 Avoidable expenditure of ₹85.21 crore due to unwarranted extension of lease in respect of Unchabali iron ore mines

As per MMDR Rule 3(1), 2015, all mining leases for minerals granted to a Government Company or Corporation before the date of commencement of the MMDR (Amendment) Act, 2015 *i.e.*, 12 January 2015 shall be deemed to have been granted for a period of 50 years. Subsequently, Section 7(4) of the MMDR (Amendment) Act, 2021 stipulated that such Government companies shall pay an additional amount equivalent to 150 *per cent* of the royalty payable. GoO extended the period of original lease of Unchabali iron ore mine, from 20 years to 50 years *i.e.*, from June 2008 to June 2058 subject to OMC executing the supplementary lease deed for the extended period of lease

from June 2028 to June 2058. OMC executed the supplementary lease deed in February 2022 paying ₹27.72 crore towards stamp duty and ₹11.09 crore towards registration fee. The execution of supplementary lease deed in February 2022 attracted payment of additional amount equivalent to 150 per cent of the royalty payable with immediate effect.

It was seen during audit that the lease period of Unchabali iron ore mines was valid for 20 years from June 2008 to June 2028. As per the approved mining plan, Unchabali iron ore mine had a mineable reserve of 10.56 MMT of iron ore as on 2018-19, and considering the production capacity of one Million Tonne per Annum (MTPA), as stipulated in the Environment Clearance, the reserves would have exhausted by 2028 *i.e.*, coterminous with the validity of the existing lease deed. Therefore, there was no evident need to execute the supplementary lease deed for a further period of 30 years. Such execution led to the Company bearing an additional expenditure of ₹46.40 crore towards additional amount of 150 per cent of royalty for the year 2022-23, besides ₹38.81 crore towards Stamp Duty and Registration fee of the deed which was avoidable. Further, the Company would also become liable towards an additional expenditure of approximately ₹232.00 crore³¹ till 2028 towards payment of future royalty.

The Government stated (July 2024) that OMC signed the supplementary lease deed for doing further exploration after exhaustion of reserve. The mines would be used for beneficiation of low-grade ores produced by nearby mines of the Company. The reply of the Government is not tenable as further exploration should have been done before deciding to execute the supplementary lease deed. Further, use of mines for beneficiation of low-grade ores produced by nearby mines was not permissible under the approved mining plan of the mine.

Recommendation:

- 2. OMC may take measures to effectively manage the operations of its mining leases, ensure timely surrender of leases and avoid unwarranted extension of the same, leading to resultant unnecessary expenditure.**

2.9 Production Performance

Production in the mining industry includes raising of ore from under the ground, then crushing, beneficiating it to get quality ore of required size and stacking it before sale. All these are required to be done in compliance with relevant statutes to minimise the adverse impact of mining on the environment. Secondly, production must be duly regulated with fixation of realistic targets and proper inventory management to avoid stock piling. Moreover, since OMC carries out all the production activities by engagement of contractors, it calls for effective contract management to secure its financial interest. In this backdrop the production activities of OMC were examined during audit under broad headings *viz.*, raising of ore, stacking of ore,

³¹ Actual Royalty paid in 2022-23 was ₹46.40 crore and if we assume same dispatch till 2028, the avoidable expenditure is ₹46.40 crore X 5 years = ₹232.00 crore

compliance with relevant statutes, inventory management and contract management.

2.9.1 Raising of ore

OMC produced three major minerals viz., iron, chrome and bauxite and produced minor minerals such as khondalite decorative stones, through engagement of private contractors. The production of ores, however, was subject to the ceiling fixed in the Mining Plan (MP) of each mine approved by IBM. The annual production targets for each mine were decided by the BoD of OMC based on clearances obtained from statutory authorities viz., MoEF&CC and State Pollution Control Board (SPCB) etc. The production achievements of OMC vis-à-vis targets during the audit review period 2018-23 were as follows:

Table 2.5: Targets vis-à-vis production of ore during 2018-19 to 2022-23

Mineral Ore	(in MMT)										Total BE	Total Achiev	Shortfall
	2018-19		2019-20		2020-21		2021-22		2022-23				
	Target (BE)	Achiev											
Iron ore	9.720	10.479	12.175	12.386	13.004	13.033	29.197	27.568	34.508	29.678	98.604	93.144	5.460
Chrome	1.163	1.189	1.235	0.835	1.145	1.093	1.515	1.164	1.715	1.077	6.772	5.358	1.414
Bauxite	3.00	2.700	3.000	3.000	3.000	3.000	3.000	3.000	3.000	3.000	15.000	14.700	0.300

(Source: Information provided by OMC. Performance of khondalite mining has been kept out of the analysis as it has started in 2021-22 only)

The mine-wise budget target and actual production of ore during 2018-23 are shown in **Appendix 22A**. From these budget targets and actual production, it was observed that:

- There was a shortfall of 1.12 to 63.42 per cent in iron ore production as compared to the targeted Budget Estimate. Similarly, the shortfall as compared to the targeted Budget Estimate in case of chrome ore was 1.22 to 49.91 per cent during the year 2018-23. In case of bauxite ore there was a shortfall of 10 per cent in the year 2018-19 only, as compared to the budgeted figure.
- Moreover, the Management had fixed revised targets for each year during the period 2018-23 in the month of March i.e., last month of the financial year, when the actual achievement for the whole financial year had already been ascertained. Consequently, the achievement was shown as 100 per cent or near to 100 per cent for iron, chrome and bauxite during 2018-23. Therefore, to examine the actual achievement in realistic terms, Audit compared the same again (**Appendix 22B**) with the targets set in approved MP and observed:
 - In case of iron ore there was a shortfall of 15 to 88 per cent as compared to the targeted Mining Plan (MP) quantity.
 - Similarly, shortfall as compared to targeted MP in case of chrome ore was 28 to 75 per cent during the year 2018-23.
 - In case of bauxite ore the shortfall was 39 per cent.

It was further observed in the audit that despite availability of approval for use of the full forest area (under the total lease area), in case of Gandhamardan-A, Gandhamardan-B, Kurmitar, Banspani and Kodingamali mines, the MP targeted production quantity could not be achieved. Further, production also fell short of quantities permitted with respect to other clearances like EC/CTO etc., as indicated in the table below:

Table 2.6: Ore wise MP/MS, CTO, EC quantity and actual production during 2018-23

(All quantities of ores in lakh MT and khondalite stone in CBM)

Sl. No.	Year	Ore name	Actual production	MP/MS quantity	CTO quantity	EC quantity
1.	2018-19	Iron	104.79	184.46	148.70	148.70
		Chromite	11.89	17.80	15.90	17.60
		Bauxite	27.00	30.00	30.00	30.00
		Khondalite	0.00	0.00	0.00	0.00
2.	2019-20	Iron	123.86	218.03	148.70	148.70
		Chromite	8.35	17.71	15.90	17.60
		Bauxite	30.00	30.00	30.00	30.00
		Khondalite	0.00	0.00	0.00	0.00
3.	2020-21	Iron	130.32	211.53	307.78	307.78
		Chromite	10.93	17.22	15.90	17.60
		Bauxite	30.00	60.00	30.00	30.00
		Khondalite	148.02	25,037.00	25,186.00	25,186.00
4.	2021-22	Iron	275.68	382.82	337.78	307.78
		Chromite	11.64	13.58	17.60	17.60
		Bauxite	30.00	60.00	30.00	30.00
		Khondalite	16,542.72	77,867.00	78,031.00	77,867.00
5.	2022-23	Iron	296.79	677.95	372.38	372.38
		Chromite	10.77	17.60	17.60	17.60
		Bauxite	30.00	60.00	30.00	30.00
		Khondalite	9,645.76	80,905.00	81,086.00	81,086.00
6.	Total (2018-23)	Iron	931.44	1,674.79	1,315.34	1,285.34
		Chromite	53.58	83.91	82.90	88.00
		Bauxite	147.00	240.00	150.00	150.00
		Khondalite	26,336.50	1,83,809.00	1,84,303.00	1,84,139.00
7.	Shortfall and Percentage	Iron	0	743.35	383.90	353.90
		Percentage	0	44.38	29.19	27.53
		Chromite	0	30.33	29.32	34.42
		Percentage	0	36.14	35.37	39.11
		Bauxite	0	93.00	3.00	3.00
		Percentage	0	38.75	2.00	2.00
		Khondalite	0	1,57,472.50	1,57,966.50	1,57,802.50
		Percentage	0	85.67	85.71	85.70

(Source: Information provided by OMC, Mine-wise details compiled in Appendix 22B)

Failure of OMC in achieving production targets and other deficiencies in production process has been discussed in the following paragraphs.

2.9.2 Shortfall in production due to non-utilisation of enhanced Environment Clearance quantity in Daitari iron ore mine

Environment Clearance (EC) is one of the statutory clearances given by MoEF&CC, wherein maximum quantity permitted to be mined is mentioned in Million Tonne Per Annum (MTPA). After obtaining EC, lessee is required

to get 'Consent to Operate' (CTO) from the SPCB before starting mining operations.

In case of Daitari iron ore mines, on the request of OMC, MoEF&CC enhanced (July 2021) EC quantity from three MTPA to six MTPA for one year (upto July 2022). It took four months to obtain CTO (obtained in November 2021) from the date of receipt of EC. The application for CTO was submitted to SPCB, 39 days after receipt of EC by OMC. Further, the issue was also not followed up by the OMC with SPCB due to which the CTO was finally received only in November 2021 and consequently, the Company could utilise only two MTPA out of the enhanced quantity of three MTPA in the available eight months of the year (November 2021 to July 2022) resulting in short production of one MTPA with potential revenue loss of ₹606.43 crore³².

The Government stated (May 2024) that after receipt of EC from MoEF&CC, the other clearances viz., Consent to Establish (CTE) followed by CTO for the enhanced capacity were obtained from SPCB in the month of November 2021 following due procedure that took four months' time. The reply was not acceptable as in case of Banspani, Guali and Jilling Langlota mines, CTO was obtained by OMC from SPCB within 60 days of application after fulfilling the same procedural requirements. However, in this case although OMC knew the fact that the validity of enhanced EC was only for one year, sufficient efforts were not made for early receipt of CTO which indicates lack of commercial prudence.

2.9.3 Deficiencies in compliance with statutes

2.9.3.1 Payment of penalty for excess/unauthorised production

Hon'ble Supreme Court in its Judgement (August 2017) in the Writ Petition (Civil) No. 114 of 2014 observed in para 128 of the judgement *ibid* that mining lease holder is required to adhere to the terms of the mining scheme, the mining plan and the mining lease as well as the statutes such as the Environment Protection Act, the Forest Conservation Act, the Water (Prevention and Control of Pollution) Act, 1974 and the Air (Prevention and Control of Pollution) Act, 1981. If any mining operation is conducted in violation of any of these requirements, then that mining operation is illegal or unlawful. Any extraction of a mineral through an illegal or unlawful mining operation would become illegally or unlawfully extracted mineral. Further, Section 21(5) of the MMDR Act, 1957 states that whenever any person raises, without any lawful authority, any mineral from any land, the State Government may recover from such person, the mineral so raised, or where such mineral has already been disposed of, the price thereof.

- During the period 2000-11, in case of 14³³ mines, Audit observed that 29.47 MMT of minerals were produced either in excess of the quantity

³² 10,00,000 MT X ₹6,064 per MT (Average sale price of quantity sold by OMC during 2021-23)

³³ Banspani, Daitari, Balda Palsa Jajang, Gandhamardan A, Gandhamardan B, Khandabandh, Bhanjapali, Kasira, Kurmitar, Serenda, Sekradihi, Dubuna, Sukarangi and South-Kaliapani

permitted as per the EC or were extracted without obtaining FC. Due to this, a penalty of ₹3,761.88 crore was paid by OMC during the period 2017-22 to the Department of Steel and Mines, GoO. Out of the above penalty, ₹99.19 crore was paid with delays ranging from 67 to 70 days due to which OMC had to pay an interest amount of ₹2.67 crore.

- Further, penalty of ₹1,666.76 crore out of ₹3,761.88 crore related to production of 5.40 MMT of chrome by two³⁴ chromite mines beyond the approved quantity was paid by OMC with a delay ranging from 1,405 to 1,406 days. Due to this delay in payment, OMC is liable to pay interest of approximately ₹898.23 crore. The demand for this amount has not yet been raised by the Department of Steel and Mines, GoO.

Consent to Operate is provided by SPCB to the lessee to produce certain volume of ore for a specified period. Subsequent to that, the Mining Plan is approved by IBM for mining operations that specifies volume of ore to be extracted year-wise.

- It was noticed that in eight mines³⁵, 5.56 MMT of minerals were produced in excess of CTO and MP for the period 2000-11 for which a penalty of ₹602.27 crore was paid by OMC during 2018-23. Further, OMC paid interest of ₹91.34 crore for delays (260 to 261 days) in payment of the aforesaid penalty to the Government of Odisha.

Thus, production of minerals by violating the EC/FC/CTO/MP, resulted in payment of penalty of ₹4,364.15 crore (₹3,761.88 crore + ₹602.27 crore) and interest of ₹94.02 crore (₹91.35 crore + ₹2.67 crore) for delayed payment of aforesaid penalty.

The Government stated (May 2024) that delay in payment of the demand was because OMC was pursuing legal remedies as available under the laws. However, the reply was silent about reasons for violation of statutory provisions of Acts and Rules with regard to production quantity which resulted in such huge avoidable expenditure.

In all such cases of excess production of minerals, poor monitoring and internal control on the part of OMC, also played a pivotal role, as discussed in paragraph 2.14.

2.9.3.2 Production beyond approved quantity making OMC liable towards penalty

During audit, two other cases where production limits stipulated in the EC and CTO were violated during 2018-19 and for which OMC would be liable to pay a penalty of ₹1,328.37 crore were noticed, as discussed below:

³⁴ Sukarangi and South-Kaliapani

³⁵ Daitari, Balda Palsa Jajang, Gandhamardan A, Gandhamardan B, Khandabandh, Kurmitar, Dubuna and SBBK

- Audit observed that in Sukrangi chromite mine, 1.67 lakh MT of chromite was produced against the approved EC capacity of 1.30 lakh MT during 2018-19. As a result, 37,100 MT of chromite ore was produced in violation of the approved EC quantity. Due to excess production, OMC would be liable to pay a penalty of ₹29.98 crore³⁶.
- Further, in Kodingamali bauxite mine, 27 lakh MT of bauxite was produced against the approved CTO quantity of 22.6 lakh MT³⁷ during 2018-19. As a result, 4.4 lakh MT of excess ore was produced in violation of CTO quantity, which would attract a penalty of ₹1,298.39 crore³⁸ against OMC.

Hence excess production in violation of EC and CTO capacity in these two mines, would make OMC liable to pay a penalty of ₹1,328.37 crore (₹29.98 crore + ₹1,298.39 crore).

The Government stated (July 2024) that in Sukrangi mine 1.27 lakh MT of chromite was produced against the EC capacity of 1.30 lakh MT as per return submitted to IBM. In respect of Kodingamali mines 27 lakh MT of bauxite ore produced against the CTO quantity of 30 lakh MT per annum.

The reply was not acceptable because as per the production records provided by the Mine Manager of Sukrangi chromite mines, OMC raised 1.67 lakh MT of chromite, against the EC capacity of 1.30 lakh MT. Thus, the quantity reported to IBM needs to be cross-checked with the production records. Further, in respect of Kodingamali mine, CTO quantity of 30 lakhs MT per annum was approved by SPCB on 04 December 2018 for a period upto 31 March 2020 from the date of issue of the order (16 months). Hence, the annual CTO quantity needed to be considered on a prorata basis for the part of the financial year of 2018-19 as was done in case of Daitari Mines. This would have been (from 04 December 2018 to 31 March 2019) 22.60 lakh MT. However, against 22.60 lakh MT, 30 lakh MT was extracted during 2018-19, which was higher than the CTO quantity.

2.9.3.3 Payment of Penal Net Present Value (NPV) due to use of forest land without approval

The FC Act, 1980 stipulates that any forest land or any portion thereof may be used for non-forest purpose, only with the approval of GoI and on payment of NPV³⁹. Further, in cases of forest land being utilized for non-forest purpose without obtaining FC, lessee would have to pay a penal NPV as per norms decided by MoEF&CC.

³⁶ 37,100 MT X ₹8,081 per MT

³⁷ 1.26 MTPA as per August 2018 CTO and proportionate one MTPA as per December 2018 CTO orders of SPCB, Odisha

³⁸ ₹4,40,000 MT X ₹29,509 per MT (The price of bauxite ore has been considered as ₹29,509 per MT based the formula prescribed (January 2011) by IBM for determination of price for calculation of Royalty since, OMC has been charging ₹1,000 per MT as provisional sale price as per the Order of the High Court of Odisha till final outcome of the verdict of the High Court)

³⁹ It is a mandatory onetime payment that a user has to make for diverting forest land for non-forest purpose under the FC Act, 1980

Audit observed that OMC had constructed infrastructure facilities at Siligora and Rajbasa Mining Lease prior to 1980. The mining leases were surrendered in 1987. However, OMC continued to utilize the infrastructure facilities from 1983 to 2018 for operation of other mining leases without obtaining the forest clearance as stipulated under FC Act, 1980 which became effective post 1980. For this unauthorized activity, OMC paid (March 2019) penal NPV of ₹4.34 crore as demanded by DFO.

In this context, Audit observed that even after payment of penal NPV, OMC did not get forest clearance for continuing non-forest activities as the leases of Siligora and Rajbasa were already surrendered. Hence, the occupation of OMC was unauthorised and liable to penal action by relevant authorities in future.

The Government stated (July 2024) that assets were constructed prior to commencement of FC Act, 1980 and the infrastructure was inevitable because the same was used for mining activities of surrounding mines and expansion of Kurmitar Mine. The reply was not acceptable because after commencement of the FC Act, 1980 the use of the infrastructure should have been discontinued with the surrender of the mine.

2.9.3.4 Status of compliance with statutory conditions with regard to air, water and noise pollution

As per rules/notifications/guidelines by GoI/GoO statutory clearances such as EC, CTE, CTO *etc.*, are required by mine operators before operation of mines and these clearances are issued to the lessees by MoEF&CC and SPCB. Further, these statutory clearances specify certain conditions that are required to be complied with by the lessee, to ensure that mining operations are conducted in compliance with environmental regulations and to minimize the adverse impact of these operations on the environment.

Air Pollution: Audit observed that during the period 2018-23, seven out of 12 sampled mines did not comply with conditions specified in the statutory clearances issued by MoEF&CC/SPCB, related to air pollution. These non-compliances covered multiple issues like air quality being monitored with less than required frequency, non-provision of required equipment *etc.* The detailed non-compliance issues are enumerated in the following table:

Table 2.7: Non-compliance with statutory conditions with regard to air pollution

Sl. No.	Conditions Specified in the statutory clearances	Name of the mine	Non-adherence to conditions specified in the statutory clearances
1	CTO: Fugitive emission monitoring to be done at mine face, haul roads, crushing plant, screening plant, ore storage and waste dump. This is to be carried out twice a week on 24 hourly basis. The permissible limit for particulate matter of	Daitari, Kurmitar, Banspani, Guali, Gandhamardan A and B Iron ore mines and Kodingamali Bauxite ore mine	During audit period (2018-23), monitoring was done only once a month <i>i.e.</i> , 12 times/Year against the requirement of 104 times/Year

Sl. No.	Conditions Specified in the statutory clearances	Name of the mine	Non-adherence to conditions specified in the statutory clearances
	fugitive dust emissions to be within 1,200-micron gm/CBM.		
2	EC, CTO and CTE: High efficiency dust extraction system with suction points at primary crusher discharge chute, screen and all discharge points, secondary crusher discharge chutes and another dust generating sources shall be provided. This system shall be connected to bag filter.	Daitari, Kurmitar, Banspani, Guali, Gandhamardan A and B Iron ore mines and Kodingamali Bauxite ore mine	Dust extraction system not installed (as of July 2023)
3	CTO: Monitoring of fugitive dust emissions was to be done at six primary dust generation sources viz., mine face/benches, haul roads/service roads, crushing plant, screening plant, ore storage and loading and waste dump.	Daitari, Kurmitar, Jilling, Banspani, Guali, Gandhamardan A and B Iron ore mines and Kodingamali Bauxite ore mine	During the period 2018-23, monitoring was not carried out at the site of crushing and screening plant.
4.	CTE: The crusher, screen and conveyors shall be placed under covers to reduce air pollution.	Jilling, Banspani, Gandhamardan A and Gandhamardan B Iron ore mines	In course of visits to these mines during July to October 2023 Audit noticed that the crusher, screen and conveyors were not placed under covers, contributing to air pollution.
5.	CTE and CTO: The mine was to be provided with a mechanized wheel washing system along with effluent treatment and recycling facilities at the exit point of the mine.	Gandhamardan iron ore mine-B (GIOM-B)	As seen by Audit on 23 September 2023, Wheel wash system was not provided at the exit point.

(Source: As per information provided by OMC and verified by Audit during visits)

In the absence of adherence to required conditions as stipulated in the CTE and CTO, the possibility of increase in the permissible limit of fugitive dust emissions and resultant air pollution by these mines, cannot be ruled out.

Water/Noise Pollution: Besides air pollution, cases of non-compliance with statutory provisions leading to water/noise pollution were also noticed during the period 2018-23 in case of nine mines out of 12 test-checked mines, as detailed in the following table:

Table 2.8: Non-compliance with statutory conditions with regard to water and noise pollution

Sl. No.	Conditions specified in the statutory clearances	Name of the mine	Non-adherence to statutory conditions noticed during audit
1.	EC and CTO: Domestic effluents shall be treated in a Sewage Treatment Plant (STP) or shall be discharged to soak pit via septic tanks, constructed as per BIS standard. Further, Effluent Treatment Plant (ETP) shall be operated all the time for workshop and wastewater generated during mining operations. The quality of treated water shall remain within the standards specified.	Sukrangi Chromite mine	Separate ETP was not installed. The effluents of the mine were routed to the ETP of the adjoining mining lease area of South Kaliapani Chromite mine.
		Bangur Chromite mine	No STP was provided in the residential colony
		Kodingamali Bauxite mine	No STP/ETP were provided in the mining lease area. Industrial wastewater from the workshop, wastewater from the vehicle washing bay and domestic sewage from the workers camp in the mining lease were all routed to a single storage which was not subsequently treated.
		Hill Top Quarry of GIOM B	Only oil and grease trap were provided. Further, the same were not maintained properly as the wastewater along with oil and grease generated during washing of vehicle and other activities like storage of burnt oil was seen to flow out in the open ground thereby polluting the environment.
		Guali Iron ore mine	STP that was required for treatment of domestic/ mines effluent before discharge to inland surface water, was not yet completed.
		Banspani Iron ore mine	Both ETP and STP were not installed in the mine
2.	CTO and CTE: Online noise monitoring system shall be installed to monitor noise level during night hours	Jilling Iron ore mine	ETP cum oil and grease trap not installed in the mine
		Banspani, Daitari, Kodingamali, Gandhamardan A and Gandhamardan B	Online noise monitoring system was not installed in the said mines to monitor noise level during night hours.

(Source: Information provided by OMC and physical inspection at site)

The above issues highlight that OMC did not adhere to statutory conditions stipulated in EC/CTO/CTE for production of ore. Further, in the absence of ETPs and STPs as pointed out in the Table above, discharge of untreated wastewater and domestic sewage had the potential to cause water pollution by way of contamination of water bodies, lead to adverse impact on soil quality, spread of waterborne diseases *etc.* Besides, OMC also did not curb noise pollution by not implementing control measures as stipulated in the CTO/CTE.

The State Government while accepting the audit observation stated (May 2024) that audit comments with respect to Fugitive emission monitoring,

covering of crusher, screener and conveyers, online noise monitoring *etc.*, had been complied with. Construction of Sewage Treatment Plant and Effluent treatment Plant was under consideration for implementation. Further, the Government stated that dust extraction systems were not required as per conditions set in the statutory clearances and a wheel wash system was provided at GIOM-B.

The reply was not based on facts because the conditions regarding dust extraction system and the wheel wash system were also stipulated in the statutory clearances (EC and CTO). The wheel wash system, although provided, was not available at the exit point of GIOM-B, where it was actually required.

2.9.3.5 Non-compliance with stipulation for land reclamation⁴⁰

Mining is carried out according to the stipulations prescribed in the Mining Plan approved by IBM under Mineral Concession Rule, 1960. However, considering the practical conditions during mining, the lessee can submit a modified Mining Plan for approval to IBM. Under rule 23 of the Mineral Conservation and Development Rules (MCDR), 2017, the holder of a mining lease shall submit a progressive Mine Closure Plan as a component of the Mining Plan, at the time of submission to IBM, or at the time of modification and review of the Mining Plan.

A Mine Closure Plan involves effective planning to check degradation of the landscape through land reclamation and restoration of the quality of the mined area. The Mine Closure Plan is approved by IBM along with the Mining plan. Once approved, the stipulations in the MP and the Mining Closure Plan cannot be violated.

The modified Mining Plan and progressive Mine Closure Plan in case of Jilling-Langlota iron ore mine and Bangur chromite mine were approved by IBM on 18 November 2021 and 06 November 2019 respectively. The approved Mine Closure Plan stipulated land reclamation to restore the quality of land in 2,01,447 m² of the Jilling-Langlota iron ore mine and 1,42,000 CBM for the Bangur chromite mine during 2020-23. However, OMC could back fill/reclaim only 51,000 m² (25 *per cent*) and 24,957 CBM (18 *per cent*) of land respectively, against the target specified in the Mine Closure Plan.

Non-achievement of reclamation targets was not only in violation of the Mining Plans but also could not restore land quality for beneficial use like afforestation and plantation *etc.* OMC neither analysed the reasons for slow reclamation nor did it review the progress of implementation of the Mine Closure Plan/Mining Plan.

The Government while accepting the audit observation stated (May 2024) that in respect of Bangur mine, targeted backfilling could not be done due to

⁴⁰ Land Reclamation is the process by which adverse environmental effects of surface mining are minimized and mined lands are returned to a beneficial and use. The reclamation targets are fixed in square meters in opencast mines and in CBMs in underground mines.

termination of the then raising contractor, while for Jilling Langlotta mine backfilling would be started after confirming that the area is non-mineralized.

The reasons given for non-completion of the mine closure activities are not tenable as OMC was required to take necessary steps to achieve the targets set in the Mine Closure Plans or approach IBM for revision of the same.

2.9.4 Lapses in sustainable mining

Rule 35 of the MCDR Rules, 2017, states that every holder of a mining lease shall take all possible precautions for undertaking sustainable mining while conducting prospecting, mining, beneficiation or metallurgical operations. Further, as per Rule 35 (2), every mining lessee shall also monitor mining and allied activities as per the notified template of 'star rating', as prescribed by IBM. Accordingly, a Star Rating System⁴¹ (SRS) was introduced by IBM (in February 2017) for mines to assess sustainable mining which conveys how well the mine is performing against environment parameters, in context of adoption of technologies, economic performance, rehabilitation and resettlement *etc.*

Further, MCDR (Amendments), 2021 stipulates that every holder of a mining lease shall achieve at least a three-star rating within a period of four years with effect from February 2017 or four years from the date of commencement of mining operations, as the case may be, and thereafter maintain the same on a year-on-year basis. As per the process, the lessee had to fill in online self-appraisal templates circulated by IBM each year. IBM would inspect the mines as per different parameters mentioned in the templates which include management of mining activities (compliance with the provisions of relevant acts and rules), environmental impacts (use of renewable energy, re-use of water resources, plantation *etc.*) and social impacts (implementation of community welfare programmes for health, education, livelihood, rehabilitation *etc.*). Based on the assessment and points scored by the mines, IBM through gazette notification would publish lessee-wise star rating position in a year-wise manner.

As of March 2023, OMC had 15 working mines (excluding⁴² three khondalite mines⁴³) out of which, 11 mines were test checked and it was observed that only Daitari iron ore mine and Kodingamali bauxite mine had achieved the five star rating. Besides this, six mines⁴⁴ had three to four star ratings and the remaining three mines were yet to complete four years of operation.

Audit observed that the presence of the following deficiencies restricted the mines from achieving a five-star rating (i) absence of use of recycled water, (ii) non-use of green/renewable source of energy, (iii) lack of backfilling, (iv)

⁴¹ A web enabled online system for evaluation of measures undertaken for sustainable mining

⁴² Khondalite is minor mineral for which provisions of MCDR, 2021 are not applicable

⁴³ Narangarh, Gobindpur and Sukhuaparha

⁴⁴ Kurmitar, Gandhamardan-A, Gandhamardan-B, South Kaliapani, Sukarangi, Bangur (Guali, Jilling and Banspani came into operation in 2020-23 and were relaxed from star rating)

absence of plantation and (v) ground water recharge. Non-achievement of higher star rating indicates lack of OMC's commitment towards sustainable mining.

The Government while accepting the observation stated (May 2024) that several actions are being taken by OMC for attending to the deficiencies and improving the Star Ratings like use of recycled water for gardening and dust suppression, installation of Solar power, ground water recharging through artificial ponds, plantation of saplings *etc.*

2.9.5 Deficiencies in stacking

After extraction from the mine, ore is often stacked in large stockpiles for storage before further processing (such as crushing or beneficiation). These stockpiles can be in the form of temporary or long-term storage facilities. Stacking plays a vital role in managing large quantities of material, optimizing ore processing and ensuring that production schedules are met without disruptions.

2.9.5.1 Idle expenditure towards development of stacking yard

OMC planned to develop a stockyard for the Gandhamardan iron ore mines outside the lease area of the mine, at Talakansari and accordingly acquired (May 2021) 12.52 hectare of land at a cost of ₹2.65 crore. However, it was seen during Audit (December 2023), that even after lapse of two years, the said land could not be utilized as a stockyard due to legal complications⁴⁵. Further, as the above land was outside the mining lease area of the Gandhamardan mine, necessary permissions were required from the Deputy Director of Mines for the development of the stockyard but the same were not obtained by OMC as of May 2024. These issues could have been avoided had a proper survey been conducted by OMC to ascertain the status of the land before purchasing it. Non-conducting prior ground survey before acquisition, and lack of necessary permissions, resulted in idle expenditure of ₹2.65 crore.

The Government stated (May 2024) that though the land was acquired for the purpose of stacking of ore and dispatch, the same could not materialize due to stiff resistance from villagers. However, the land is being used for parking of trucks that has increased the dispatch quantity of ore.

The reply was not acceptable because it does not explain why due diligence was not done by OMC to ascertain the status of the land before acquiring it. Besides this, there was also lacunae in the process followed by the Government for acquiring the said land, leading to legal complications.

2.9.5.2 Irregular stacking and storage of ore

As per Odisha Mineral (Prevention of Theft, Smuggling and Illegal Mining and Regulation of Possession, Storage, Trading and Transportation) Rules, 2007 and their subsequent amendment in 2021, the produced minerals should

⁴⁵ Complaint of villagers before National Human Rights Commission regarding purchase of SC/ST land without conducting Palli Sabha (public hearing)

be stacked in the mines in separate stacks according to their quality/grade after due sampling. In case of fully mechanized mines, if the lessee declares that they would pay royalty applicable for the highest grade, irrespective of actual grade of ore dispatched, grade-wise stacking and sampling would be dispensed with.

In respect of five mines⁴⁶, OMC requested (August 2012 and March 2021) GoO to dispense with the requirement of stacking of ores on the grounds of space constraint and agreed to pay the highest rate of royalty applicable. GoO agreed to the proposals (August 2012) and granted stacking exemption for all the five mines. The produced ores were thereafter not stacked as per quality and size by OMC but were instead dumped in the mines. As a result, all dispatches from these iron ore mines were carried out by paying the highest rate of royalty.

A comparison of the area available in these mines that had forest clearance and the mining area of these mines revealed that although OMC had sufficient open area in four mines⁴⁷ for storing of mineral ore, it resorted to a stacking exemption and opted to pay the highest royalty. Further, in the case of Guali iron ore mine (IOM), while sufficient leased areas were available, forest clearance was available for a lesser area. In this case also, OMC instead of obtaining forest clearance from MoEF&CC for the idle leased area available, opted to get a stacking exemption. Consequently, royalty was paid at the rate applicable for the highest grade of ore even though five mines produced three different grades of ore subject to varying rates of royalty. The option of stacking exemption had financial implications as can be seen in the illustrative case of Kurmitar mines for one month of May 2019 detailed in the table below:

Table 2.9: Comparison of Kurmitar mine royalty paid at highest rate and the royalty payable on the basis of actual grade and size

Iron ore Grade	Qty in MT	Actual sale price as notified by IBM		Highest rate of sale price as notified by IBM		Difference in royalty (in ₹/MT)	Royalty paid in excess (in ₹)	
		IBM sale price (In ₹/MT)	Royalty (at 15%) (In ₹/MT)	IBM sale price (In ₹/MT)	Royalty (at 15%) (In ₹/MT)			
-65% lump	16,76,443.865	3,466	519.90	4,796	719.40	199.50	33,44,50,551	
-62% Cr. Fines	3,681.645	3,466	519.90	4,796	719.40	199.50	7,34,488	
-62% Sr. Fines	1,35,350.295	1,349	202.35	2,174	326.10	123.75	1,67,49,599	
-58% Sr. Fines	48,300.225	1,140	171.00	2,174	326.10	155.10	74,91,365	
Total								35,94,26,003

(Source: Assessment order (Royalty) of DDM in respect of Kurmitar IOM for the month of May 2019)

It is evident from the above table that by opting for stacking exemption, OMC paid an additional royalty of ₹35.94 crore. On similar lines, Audit calculated, the royalty that would have been paid and compared it with royalty actually

⁴⁶ Gandhamardan B, Kurmitar, Jilling-Langlota, Tiring pahar and Guali

⁴⁷ Gandhamardan B, Kurmitar, Jilling-Langlota and Tiring pahar

paid at highest rate (as per assessment orders) and observed that OMC paid ₹938.52 crore as additional royalty on 48.90 MMT during 2018-23 in respect of all the five mines under scrutiny.

The Government stated (July 2024) that the exemption from the requirement of stacking was a business decision. However, Audit observed that the business decision was not in the interests of OMC as it only increased the input cost of inventory while diluting inventory controls.

2.9.6 Inventory Management

The inventory of OMC mainly comprised stock of ores. OMC was to undertake all necessary steps to liquidate the stock available by synchronizing production with the evacuation mechanism. However, the stock position of different ores with OMC was not found synchronized, as given below:

Table 2.10: Ore-wise inventory during 2018-23

(Qty in lakh MT)

Year	Iron Ore			Chrome Ore			Bauxite Ore		
	Opening Stock	Closing Stock	Percentage increase in Closing balance	Opening Stock	Closing Stock	Percentage increase in Closing balance	Opening Stock	Closing Stock	Percentage increase in closing balance
2018-19	71.90	72.48	0.81	7.91	8.55	8.09	0.53	10.63	1,905.66
2019-20	72.48	67.67	-6.64	8.55	1.18	-86.20	10.63	14.83	39.51
2020-21	67.67	75.01	10.85	1.18	5.03	326.27	14.83	14.35	-3.24
2021-22	75.01	96.43	28.56	5.03	6.25	24.25	14.35	8.05	-43.90
2022-23	96.43	162.60	68.62	6.25	3.93	-37.12	8.05	1.90	-76.40

(Source: Information provided by OMC)

- In case of chrome ore, the closing stock kept fluctuating during 2018-23, with respect to the three operational mines of OMC.
- The position of closing stock in case of the one bauxite mine was better during the period 2020-23 since it was less than the opening stock in these three years.
- It was observed that in case of eight iron ore mines, the year-end stock was on an increasing trend during the period 2020-23. Closing stock position of iron ore during the year 2018-23 indicated that OMC could not liquidate the old stocks in time. The closing balance of iron ore as on March 2023 was 162.60 lakh MT valuing ₹919.00 crore and showed an increasing trend during the last three years when it increased from 67.67 lakh MT (in 2019-20) to 162.60 lakh MT (140 per cent) in 2022-23. OMC could not dispose of the stock mainly due to non-availability of faster evacuation facilities⁴⁸ such as dispatch through rail siding in its major operating mines viz., Daitari, Gandhamardan and Kurmitar iron ore mines. Non disposal of ores resulted in blockage of funds as well as shortage of space for storage of ore after production.

⁴⁸ Evacuation facilities implies dispatch of ore produced, through rail/road mode

The Government accepted the observation (July 2024) and stated that OMC is strengthening the existing evacuation facilities.

Further, as per the policy of OMC, physical verification of closing stock of ores at different mines is to be carried out annually by team members nominated at Headquarters of OMC. The limit of handling loss of ore permitted in the stock was five *per cent* of the book balance in case of continuous stacking and sale of ore. Further, where stacking was done only when the existing stock is completely exhausted, the permissible limit was 0.60 *per cent*. It was observed that in case of 21 mines (both operative and in-operative), there was a shortage of 3.95 lakh MT⁴⁹ of ore in the verified (physical) stocks, as compared to stocks available as per record as of March 2023. This includes a shortage of 1.93 lakh MT of ore beyond the permissible limit set in its own policy valuing ₹68.52 crore in two mines as tabled below:

Table 2.11: Closing stock as per book and verified stock of iron and bauxite ore as on March 2023

Name of the mines	Ore	Closing balance as of March 2023 (in Lakh MT)	Physically verified balance as of March 2023 (in Lakh MT)	Shortage (in Lakh MT)	Percentage of loss	Permissible loss (in Lakh MT) (5% of the CB)	Shortage beyond the permissible loss	Rate (₹/MT)	Loss (₹ in lakh)
1	2	3	4	5=3-4	6	7=3*5%	8=5-7	9	10=8*9
Daitari	Iron	0.98	0.01	0.97	98.98	0.049	0.921	6,500	5,986.5
Kodingamali	Bauxite	1.9	0.94	0.96	50.53	0.095	0.865	1,000	865.0
Total				1.93					6,851.5

(Source: Information provided by OMC)

- The physical verification report also indicated that there was loss of stock due to wind and rain as the same was not kept covered. This was an indication that precautionary measures had not been taken to safeguard stocks, further contributing to the loss.

The Government stated (May 2024) that in case of Daitari, handling loss quantity was well within the approved norms of 0.6 *per cent*. In case of Kodingamali the entire stock was not exhausted hence the actual loss was unknown.

The reply of the Government was not acceptable because in case of Daitari and Kodingamali mines the permissible limit of loss is 05 *per cent* as continuous stacking is done there. However, the actual loss turned out to be 99 *per cent* and 51 *per cent* respectively.

- It was also observed that 27.78 lakh MT of iron ore⁵⁰ valuing ₹909.22 crore and 0.90 lakh MT of chromite ore⁵¹ valuing ₹20.42 crore were lying as on March 2023 without movement for more than five years.

⁴⁹ Iron ore: 2.91 lakh MT, chrome ore: 0.08 lakh MT and bauxite: 0.96 lakh MT

⁵⁰ Gandhamardan-A and Gandhamardan-B

⁵¹ Sukarangi and South Kaliapani

The Government stated (May 2024) that due to non-grant of statutory clearance and low demand of ore in the market, stocks could not be sold for prolonged period.

The reply is not acceptable because it was the responsibility of the management to obtain statutory clearance in time as well as to explore the market for disposal of old stock to avoid losses therein.

Recommendations:

The Government may direct OMC to:

- 3. Evolve a clear-cut mechanism to obtain required statutory clearances in time and ensure their appropriate compliance. Further, establish an accountability structure to identify officials responsible for violation of rules/orders and payments of penalties therein.**
- 4. Undertake measures to curb air/water/noise pollution due to mining operations and strengthen efforts towards achieving sustainable mining.**

2.10 Status of Capital Projects

OMC, in order to augment its production in the long-run, needs to develop required infrastructure by undertaking new capital intensive projects. Therefore, as a first step, OMC should prepare a realistic capital budget and monitor it effectively for timely completion of the projects. In this context, both capital budgeting and project execution have been analysed in audit as follows.

2.10.1 Capital Budget

Budget estimates for capital projects of the Company for a particular year are prepared prior to commencement of the financial year, based on data/information available and details received from different sections. Subsequently, during the same financial year, a mid-term assessment is carried out and revised budget estimates for capital projects are prepared for the remaining period of the year.

Based on the above processes, the budget of capital projects of OMC, during the period 2018-23 was as under:

Table 2.12: Capital projects budget

(₹ in crore)

Capital Projects					
Year	Budget Estimates	Revised Estimates	Difference (BE-RE)		Actual expenditure
			(₹ in crore)	(In %)	
2018-19	625.00	54.00	571.00	91.36	Not available in the Annual
2019-20	507.61	59.63	447.98	88.25	

Capital Projects					
Year	Budget Estimates	Revised Estimates	Difference (BE-RE)		Actual expenditure
			(₹ in crore)	(In %)	
2020-21	304.47	237.05	67.42	22.14	Budget for capital projects.
2021-22	454.81	158.03	296.78	65.25	
2022-23	1,053.11	157.35	895.76	85.06	
Total	2,945.00	666.06	2,278.94	77.38	

(Source: Annual budget of OMC)

In this regard Audit observed the following:

- Though the Company prepared a budget for capital projects each year, no data regarding actual cash outflow (or expenditure) as compared to budgeted cash outflow on projects, was prepared and maintained by OMC leading to poor financial planning.
- There were also variations of Budget Estimates (BEs) and Revised Estimates (REs) ranging from 22.14 to 91.36 per cent in capital projects during 2018-23. This was mainly due to non-commencement of many projects, allotment of funds being done without assessment and withdrawal of projects at a later stage.

During the period 2018-23, six capital projects were undertaken by OMC at a total cost of ₹5,495.90 crore. The detailed status of six capital projects was as follows:

Table 2.13: Status of Capital Projects executed during 2018-23

(₹ in crore)

Sl. No.	Name of the Projects	Approved project cost	Date of initiation of projects	Stipulated date of completion	Date of completion/	Status of the Project
1	Balance work of New COBP, South Kaliapani, Jajpur	28.61	09.10.2017	25.03.2020 (Commissioning)	10.02.2023	Final Acceptance Certificate (FAC) process not completed
2	Tailing Pond ⁵² for COBP, South Kaliapani, Jajpur	56.59	27.03.2017	23.04.2023 (Commissioning)	23.04.2023	FAC process not completed.
3	Tailing Beneficiation Plant, South Kaliapani, Jajpur	10.79	-	23.07.2023	-	In progress
4	6 MTPA Project at Kurmitar, Sundargarh	5,250.00	29.01.2019	04.01.2024	-	In progress
5	9.47 MTPA Project at Gandhamardan (DPR & Costing), Keonjhar	36.93	16.08.2016	11.08.2024	-	In progress

⁵² Tailing pond is a composite type of Dam with earthen and masonry embankment constructed to store the tailings generated during the chrome ore beneficiation process

Sl. No.	Name of the Projects	Approved project cost	Date of initiation of projects	Stipulated date of completion	Date of completion/	Status of the Project
6	Chromite Tailing Beneficiation Plant ⁵³ , South Kaliapani, Jajpur	112.98	15.09.2020	Not available	Not available	Kept on hold
Total		5,495.90				

(Source: Information provided by OMC)

Thus during 2018-23, six projects were undertaken by OMC for ₹5,495.90 crore, out of which:

- only two (*i.e.*, Balance work of New COBP and tailing pond for COBP South Kaliapani mines) were completed. It was, however, further revealed that these two projects could not be made operational due to non-synchronization of related works as discussed in paragraphs 2.10.2 and 2.10.3(A).
- two (*i.e.*, Tailing Beneficiation plant, South Kaliapani and 6 MTPA project at Kurmitar mine⁵⁴) were in progress beyond their scheduled date of completion;
- one project (*i.e.*, 9.47 MTPA project at Gandhamardan) was in progress for completion by August 2024; and
- one (*i.e.*, chromite tailing beneficiation plant, South Kaliapani) was kept on hold due to non-feasibility.

It was, however, further revealed that the two completed projects as stated above could not be made operational due to non-synchronization of related works as discussed in the following paragraphs.

2.10.2 Inordinate delay in operationalisation of new Chrome Ore Beneficiation Plant (COBP) at South Kaliapani chromite mines

During the course of mining for chrome, a large quantity of low-grade chrome ore is generated, which does not find any value in the market and is thus stockpiled for future use. This low-grade ore can be beneficiated to produce high grade chrome concentrate to increase its marketability. During the period 2018-23, OMC operated three numbers of chrome ore mines to produce saleable chrome ore.

Keeping in view the beneficiation requirement, OMC was operating a Chrome Ore Beneficiation Plant (COBP) at South Kaliapani chromite mine since 1995 to beneficiate low grade chrome ore. Due to the age of the existing plant, OMC decided (March 2004) (i) to modify the existing plant and (ii) to install another new COBP adjacent to the old one. OMC awarded (October 2009) the work of installation of new COBP to M/s MBE-CMT limited at a price of ₹37.41 crore with a completion period of 16 months (*i.e.*, by February 2011).

⁵³ To recover chrome concentrate from the tailings generated from chrome ore beneficiation plant

⁵⁴ The 6 MTPA project at Kurmitar was being executed by M/s Adani Enterprises Limited in Mine Developer cum Operator mode, where the total capital expenditure was to be borne by the MDO

In this context, Audit observed that the contract for installation was awarded 66 months after the decision of the Board of Directors to construct the new plant. Further, due to slow progress of work by the agency, OMC extended the scheduled date of completion (five times) time upto December 2015 against the initial date of February 2011. However, the work was not completed by the contractor even during this extended period. Finally, OMC terminated the contract with effect from December 2015 and the balance work was awarded to M/s KIOCL in July 2018 *i.e.*, after a gap of around 30 months.

The revised scheduled completion date for the re-awarded contract was March 2020 but M/s KIOCL completed the balance work in February 2023 after a delay of around three years. Thus, the project was completed with a time over run of 12 years (from February 2011), with consequential cost over-run of ₹48.09 crore (final cost ₹85.50 crore less estimated cost of ₹37.41 crore).

Besides this, as seen from above, OMC did not get the installation work of the new COBP completed within the scheduled time despite being aware that the existing COBP was closed in March 2017. Such lack of planning and ineffective execution led to inordinate delay in operationalization of new COBP, and idling of the investment of ₹85.50 crore made for its installation.

In the meanwhile, the old COBP was closed under orders of IBM from March 2017 due to non-compliance with the EC conditions of MoEF&CC *i.e.*, non-construction of tailing pond for discharge of wastes (tailings)⁵⁵ from the COBP. Though the tailing pond was subsequently completed in April 2023, it was noted that the commercial operation of both the COBPs (old and new), could not commence as of May 2024⁵⁶ due to non-finalisation of an agency for Operation and Maintenance (O&M) of both the Plants.

As per the production capacity, the COBP could beneficiate 1.5 lakh MT of sub-grade chrome and produce 72,000 MT of chrome concentrate annually at 48 *per cent* of recovery rate. Thus, during the six years period when neither of the COBPs were operational (2017-23), OMC could potentially not produce 4.32 lakh MT (72,000 MT x 6) of chrome concentrate from beneficiation of 9 lakh MT (1.5 lakh MT x 6) of sub-grade chrome ore. Further, OMC sold (2020-23⁵⁷) 5.83 lakh MT sub-grade ore without beneficiation, at a lower price. Had the same sub-grade ore been beneficiated, it could have produced 2.80 lakh MT⁵⁸ of chrome concentrate. Due to non-operation of the new COBP and closure of old COBP, OMC could not beneficiate the said quantity (5.83 lakh MT) of sub-grade ore and lost the opportunity to earn a revenue of ₹61.16 crore as detailed in *Appendix 23*.

The Government stated (May 2024) that the new COBP could not be operationalised due to non-construction of tailing pond. Construction of tailing pond was delayed for more than six years (from May 2015 to July 2021) due to delay in obtaining the approval for modification of the EC conditions from

⁵⁵ While sub-grade chrome ore are beneficiated by COBP, it produces huge quantity of tailings which contains unrecovered valuable mineral

⁵⁶ The date of reply of the Government

⁵⁷ OMC started sale of sub-grade chrome ore from 2020 onwards

⁵⁸ Being 48 *per cent* yield rate of from sub-grade chrome ore to chrome concentrate

the statutory authority. Due to delay in construction of tailing pond, OMC sold the sub-grade ore in the market. OMC also claimed in reply that by selling sub-grade ore it earned revenue for the Company.

The reply was not acceptable because OMC did not comply with the conditions of MoEF&CC regarding the tailing pond, due to which there was an abnormal delay of more than six years in obtaining the amended EC (as explained in the subsequent paragraph). Further, OMC's claim that by selling sub-grade chrome ore it had earned revenue does not hold good because, had these quantities of sub-grade ore been sold after beneficiation it would have earned a higher revenue.

2.10.3 Improper planning led to idle investment

(A) The Environment Clearance (EC) in respect of South Kaliapani chromite mining project which includes COBPs was granted by MoEF&CC, GoI in July 2010 for production of 1.4 MTPA of chromite ore. The EC was granted subject to fulfilment of specific and general conditions for use of the mining lease area, including the condition that the COBP should be operational along with its tailing pond.

The proposal of OMC for grant of EC for the mine, included the setting up of a tailing pond to the north of the existing COBP. However, as the same was topographically and commercially not feasible, OMC decided to shift the tailing pond to the Southeast portion of the lease hold area. Accordingly, OMC applied to MoEF&CC for amendment to the EC conditions in May 2015. The matter was discussed by the Expert Appraisal Committee of MoEF&CC in September 2015 and after OMC met the compliance issues, EC was granted in July 2021 (after a lapse of 69 months). Thus, improper assessment of feasibility by OMC led to change in location for the tailing pond and avoidable delay in seeking revised EC approval.

OMC awarded the work of setting up the tailing pond (September 2021), after receipt of modified EC, for ₹67.34 crore with a completion period of 16 months. The work was finally completed in April 2023, after a delay of 90 months from the date of application of EC. Even after completion of the tailing pond, the operation of both COBPs could not commence as of May 2024, as the O&M contract to operate the COBPs could not be awarded by OMC to a suitable service provider. Thus, due to non-operation of the COBP, the tailing pond, set up at a cost of ₹67.34 crore, remained idle (since April 2023).

The Government stated (May 2024) that the agency which had implemented the COBP project, quoted higher price for O&M of the same. Accordingly, OMC invited open tenders in November 2023 and an agency was appointed in January 2024. It was also stated that the reasons for the delay were beyond the control of OMC.

The reply was not acceptable because non-finalisation of the terms of operation and maintenance of the COBP, before completion of the Plant, indicated poor planning on the part of OMC.

(B) During the beneficiation of sub-grade chrome ore through operation of COBP, a significant quantity of tailings is generated and accumulated in a pond, which contains about 15-16 *per cent* of chromium. To recover chromite values from tailings of COBP accumulated in the tailing pond, OMC decided to set up a Tailings Beneficiation Plant at South Kaliapani. Accordingly, OMC awarded (August 2017) the work of preparation of Detailed Project Report (DPR) for the Tailing Plant to M/s MECON at a cost of ₹44.60 lakhs. Subsequently, a cost benefit analysis was done in October 2022 by OMC *i.e.*, after a delay of five years and based on this analysis, the project was kept on hold due to a rise in project cost with negative returns being projected. Thus, the total expenditure of ₹1.33 crore incurred (upto October 2022) on DPR and other works preparatory to implementation of the project, remained unproductive.

The Government stated (May 2024) that due to imposition of additional royalty by GoO under MMDR (Amendment) Act, 2021, OMC re-examined the profitability of the project and decided to keep the project on hold.

The reply was not acceptable because there was no justification for preparation of DPR in October 2017, for Tailing Beneficiation Plant to process the waste coming out of the Tailing Pond which was not yet constructed. Hence, expenditure for preparation of DPR was unproductive.

2.10.4 Improper planning for site selection led to avoidable expenditure

With the objective of facilitating a completely mechanized system at Daitari iron ore mine for (i) Crushing and Screening of iron ore and (ii) Downhill conveying and wagon loading of iron ore, a “ore handling project” was approved by OMC in 2009. The project was approved at a contract price of ₹594.32 crore besides a consultancy fee of ₹5.93 crore for its implementation. The work order for the consultancy part was issued in favour of M/s M.N. Dastur in December 2009 and the project was awarded to M/s L&T in May 2013 for execution. Further, OMC applied to MoEF&CC (April 2014) for forest clearance of 106.016 hectares of forest land for the project. Based on this, Stage I and II forest clearances were obtained in September 2017 and March 2021 respectively after incurring an expenditure of ₹14.88 crore on statutory dues like NPV *etc.* In the meantime, OMC, while reviewing (December 2019) the Mining Plan for Daitari Mines, ascertained that the ore handling plant was coming up over the Ultimate Pit Limit⁵⁹ (UPL) of the mines, which could result in blockage of about 6.37 MMT of ore. As a result, OMC surrendered (October 2022) 98.7 hectares of diverted forest land and terminated (July 2022) the work contract.

It was observed that the site selected for the Ore Handling plant was suggested in January 2009 *i.e.*, before engagement of the Consultant in December 2009, by a Committee of Independent Directors through the study of available geological and topological details. This study report mentioned that the Crusher House location was coming within the UPL, right on the ore body. Despite this, no further studies/analysis of the quantum of ore being

⁵⁹ Area in the mining lease having sure reserve underground

blocked/affected was carried out. Thus, lack of detailed planning and analysis with regard to site selection for the proposed project, led to avoidable expenditure of ₹15.97 crore⁶⁰ incurred towards forest clearance, consultancy charges, preparation of design and layout and bank guarantee validity extension charges.

The Government stated (May 2024) that it took an unusual period of seven years for obtaining forest clearance due to which L&T intimated cancellation of the contract. Further, MoEF&CC has permitted the State Government to adjust ₹13.86 crore incurred on forest clearance, in future forest diversion proposals.

The reply was not acceptable because OMC initiated the project despite being aware that the plant was coming up right over the ore body.

Recommendation:

- 5. The Government may direct OMC to ensure better planning and coordination in the execution of interdependent projects to guarantee their timely completion.**

2.11 Contract Management

Since all activities in mining are carried out by the Company through engagement of contractors, contract management assumes critical importance in the performance of the Company.

2.11.1 Avoidable expenditure due to faulty conditions in contract

OMC awarded (December 2020) a contract for excavation of overburden (OB) and khondalite, at the Narangarh mine at the rate of ₹5,294 per CBM and transportation of processed khondalite to the designated delivery yard at Puri at a cost of ₹29 per Km/CBM with required size of more than 6''×6''×6''.

As per clause 4.3 of the contract, the recovery ratio *i.e.*, volume of processed khondalite of specified dimension to excavated khondalite, shall be a minimum 25 *per cent*. Odisha Bridge Construction Corporation (OBCC), the user company of the khondalite stone, reported (July 2022) that the contractor had dumped 16,000 CBM of unsized khondalite stone in the Samanga stock yard, Puri. The contractor stated that the desired processed quantity of specified size could not be produced as the recovery ratio was only three *per cent* against the target ratio of 25 *per cent*. Accordingly, the contractor asked (August 2022) OMC to accept sizes above 6''x6''x6''. Since only size of more than 6''x6''x6'' (and no maximum size) was stipulated in the contract, OMC had to accept the oversized boulders and pay for them.

⁶⁰ ₹13.86 crore towards the proportionate forest clearance expenditure (NPV, Compensatory afforestation *etc.*) for 98.7 hectares of surrendered land (₹14.88 crore/106.016 hectares x 98.7 hectares) and other charges ₹2.11 crore

It was seen that 18,464 CBM of raw/un-processed khondalite was transported from the Narangarh mines to the Samang stockyard and the contract was subsequently closed by OMC (in September 2022). Further, OMC had to undertake the additional burden for sizing and cutting of this un-processed khondalite through a separate contractor (November 2022) at a cost of ₹6.81 crore.

Audit observed that due to a faulty clause in the contract, the excavation contractor, supplied unsized, raw boulders and a payment of ₹5.74 crore was made to him. After resizing this 18,464 CBM of stone supplied by the contractor, the recovery rate increased to 36 *per cent*, which meant that 64 *per cent* of the volume of stone supplied by the original contractor was wasteful. Hence, OMC had to make an excess payment on transportation of 64 *per cent* volume (*i.e.*, waste) leading to avoidable expenditure of ₹3.67 crore⁶¹ (64 *per cent* of ₹5.74 crore). Had the required size of the stone been specified in the contract and contractor supplied stones of required/smaller dimensions, this additional payment on transportation cost could have been avoided.

Thus, ambiguity in the contract regarding specific size of stone, led to avoidable expenditure of ₹3.67 crore. Besides additional expenditure of ₹6.81 crore will also be required to be incurred on resizing of stone out of which ₹0.41 crore has already been paid.

The Government stated (May 2024) that as per the contract clause ₹29 per CBM was paid for transportation of all envisaged sized materials. Hence, negotiation with the agency for transportation was not conducted.

The reply was not acceptable as it was silent about the faulty contract condition regarding the dimension of khondalite to be produced.

2.11.2 Defective clause in contract for reimbursement of electricity charges resulted in undue benefit to contractor

The raising contract price for production of iron ore in Daitari mine included a component related to electricity charges at five *per cent* payable to the contractor (clause 7.3.1). Further, the contract (clause 7.12.1) stipulated that OMC would provide electricity to the contractor for production of iron ore and the cost of electricity would be recovered from them.

It was noted that an amount of ₹10.69 crore was paid by OMC to the electricity supplier against consumption of electricity by the contractor during April 2018 to March 2023. The same amount was then also recovered from the contractor. However, OMC also paid ₹36.48 crore towards electricity charges to the contractor *i.e.*, five *per cent* of payable price as per contract condition (clause 7.3.1).

Since the actual electricity being consumed and charges therein were known to both the parties, provision of such a separate base of five *per cent* in the contract was counterproductive and led to payment of ₹36.48 crore to the

⁶¹ Being recovery rate of 36 *per cent* of required sized khondalite ore

contractor against an actual expenditure of ₹10.69 crore only on electricity charges. Consequentially, the differential payment of ₹25.79 made by OMC to the contractor was an undue benefit extended to the latter.

The Government, while accepting the observation, stated (July 2024) that the aspect will be looked at in future contracts.

2.11.3 Inclusion of unwarranted clause for payment of cost of explosives in the contract for transportation of ore

Explosives are used for blasting during production of ore. For production and transportation of iron ore at the Gandhamardan Block-B iron mine, separate price bids were invited by OMC and separate prices⁶² were finalized for production of ore and transportation of the same to the stockyard. The Contract agreement was signed (October 2017) with M/s KCCL for production as well as transportation of ore by OMC. Here, Audit observed that the contract price for transportation of ore included charges for explosives at the rate of five *per cent* of basic rate payable to the contractor.

OMC paid ₹1.59 crore to the contractor towards explosive charges for transportation of 239.34 lakh MT of ore during April 2018 to March 2023. As explosives did not form part of transportation activity, payment towards explosives in transportation of produced ore to the stockyard resulted in extension of undue benefit of ₹1.59 crore to the contractor.

The Government accepted the observation (July 2024) and stated that the aspect will be looked at in future contracts.

2.11.4 Application of Wholesale Price Index in price escalation formula for high-speed diesel component

As per the raising contract of Daitari mine executed in 2010, OMC calculated escalation on High Speed Diesel (HSD) payable to the contractor on the basis of the market price. However, scrutiny of records of raising contracts in respect of 13 other mines⁶³ revealed that in the raising contract price for production of different types of ore during 2018-23, escalation of HSD was linked with Wholesale Price Index (WPI) instead of market price.

In these 13 mines, OMC paid ₹383.59 crore as escalation of HSD during the period 2018-23. Audit observed that the escalation on HSD based on market price would have been ₹272.13 crore.

Therefore, OMC needs to review the application of price escalation rates and ensure that HSD rates which are of least financial cost to the Company are applied.

⁶² For production of iron ore lump at ₹394 per MT, iron ore fines at ₹315 per MT and transportation cost at ₹89 per MT

⁶³ Gandhamardan A and B, Guali, Jilling, Tiring pahar, Khandbandh, Banspani, Roida C, Mahaparbat, Sukrangi, South Kaliapani, Kurmitar, Kodingamali *etc.*

The Government accepted the observation and stated (July 2024) that the matter will be revisited comprehensively for all other mines in future.

2.11.5 Payment of transportation charges for overburden without transportation

The contract signed by OMC to produce ore at Kodingamali bauxite mine (applicable for the period from December 2017 to December 2025), included cost of transfer of overburden (OB)⁶⁴ to the OB dump site, located at a distance of 1.8 km. The contract also included cost of backfilling of OB from the dump site to the mined-out area at 61 *per cent* of the awarded rate per CBM. Hence, the contractor was to be paid for both the services *i.e.*, for transfer of OB and for backfilling.

In this regard it was seen that the contractor transported the OB from the mine to the dump site only during the first year (December 2017 to December 2018) and from second year (December 2018 to December 2019) onwards, the OB was dumped in the unmined area itself, without taking it to the OB dump site. Despite this, OMC made payment to the contractor without deducting the cost of transportation of OB, which was actually not transported to the dump site. Owing to this, excess payment of ₹6.18 crore was made to the contractor for the period (December 2017 to March 2023), without actual transportation of OB.

The Government stated (May 2024) that due to concurrent back filling of the excavated OB instead of transporting from OB dump, the Company avoided the additional payment to the agency.

The reply was not acceptable because the contractor's price and payment made included both backfilling and transportation cost but despite the fact that no such transportation was undertaken, payment for the same was made to the contractor, leading to an excess of ₹6.18 crore.

2.11.6 Non-revocation of the contract/tender led to avoidable expenditure

OMC in its notice inviting tender (NIT) (June 2015) stipulated that the Company shall be entitled to terminate the contract at any time, should in its opinion the cessation of work become necessary. Further, it was also stipulated that by any reason such as civil disturbances, statutory constraints like non-receipt of forest clearance and environment clearance, non-receipt of government permission *etc.*, the contractual obligation of the parties herewith will stand terminated forthwith, if those reasons do exist for a period of two months.

OMC issued a NIT in June 2015 for raising work in Mahaparbat mine where environment clearance was not available at the time of inviting tenders. The work order for the Mahaparbat mine was issued in September 2015 by OMC. However, the environment clearance was received only in November 2020, 62 months from the date of issue of work order. In the meantime, OMC

⁶⁴ It is the rock or soil layer that needs to be removed in order to access the ore being mined

introduced (March 2019) the e-reverse⁶⁵ auction for finalization of raising contract price by getting discounts in the e-reverse auction process. After the introduction of e-reverse auction, OMC obtained 17 to 31 *per cent* discount on account of raising cost prices (during 2019-21) with respect to various contracts.

Since it took more than 62 months for the EC to be obtained in case of Mahaparbat mine, OMC had the option to terminate the contract and go for fresh tendering under the e-reverse auction introduced in March 2019. Audit observed that OMC did not go for fresh tendering by cancelling the aforesaid work order and in the process, lost the opportunity to avail at least a minimum discount of 17 *per cent* against the raising cost. This resulted in loss of ₹10.66 crore in the form of unavailed discount to produce 1.71 MMT ore (from April 2022 to March 2023). Further, for the remaining contract period, (from April 2023 to September 2025) OMC would bear an additional expenditure of ₹18.96 crore.

The Government stated (May 2024) that cancellation of contract and floating of fresh tender after issue of work order without any fault of the agencies may lead to legal complicity. There was no certainty that fresh tender may end with a lower rate.

The reply was not acceptable as OMC was legally free to determine and terminate the contract as per the conditions of the contract. Hence, OMC lost the opportunity to avail themselves of a lower/discounted bid which was evidenced from subsequent tenders finalised under the e-reverse auction system.

2.11.7 Loss due to payment of raising cost for sub-grade ore as saleable ore

Raising contract agreements for production of iron ore in Gandhamardan B, Kurmitar and Guali mines and bauxite ore in Kodingamali mine stated that if any sub-grade materials⁶⁶ were generated during the course of the mining operation, the same shall be excavated and transported to the stock yard specified for sub-grade. The quantity of such sub-grade ore would be considered as overburden for computation of overburden volume and payment would be made accordingly at overburden rate.

Audit noticed that 3.98 MMT of sub-grade ore was produced in the aforesaid four mines during the period April 2018 to March 2023. However, this was not taken as Overburden, as it was blended⁶⁷ with high grade ore and payment was made to the contractor as part of ore production. As a result, excess amount of ₹32.64 crore (the difference between payable raising cost of Overburden and raising cost paid at the rate applicable to sub-grade quantity

⁶⁵ Reverse auction are e-auction where supplier submit online bids to compete against each other's

⁶⁶ For iron ore Fe between 45 to 55 *per cent* and for bauxite ore Al₂O₃ content between 30 to 40 *per cent* are treated as sub-grade ore

⁶⁷ Mixing of low-grade ore with high-grade ore to get desired grade of ore

blended with ore) was paid to the contractors which was tantamount to extension of undue favour.

The Government stated (May 2024) that no sub-grade ore was produced from the mines of Gandhamardan-B, Guali and Kodingamali. The sub-grade ores generated from Kurmitar mine were kept separately at mines.

The reply was not based on facts because it was evident from records produced before audit that sub-grade ores were produced and blended with other ores in the above mines. For this blended quantity of sub-grade ores, raising cost applicable to the ore was paid instead of the cost applicable to overburden.

2.11.8 Avoidable expenditure towards payment of interest to the raising contractor

OMC awarded (February 2011) the work of processing of low-grade iron ore lumps to produce Calibrated Lump Ore (CLO) and fines at Gandhamardan B mine initially for a period of one year⁶⁸. The contractor started the work in March 2011 on the basis of the work order, but the required contract agreement was signed by OMC only in June 2011. The contractor produced 24,213 MT CLOs during the period 04 March 2011 to 31 July 2011. However, out of total production, the contractor produced 22,868.180 MT CLO during the period from 04 March 2011 to 26 May 2011 by installing a screening plant at the dump site itself instead of at the designated crushing and screening area, as required under the terms of the contract. The remaining 1,344.820 MT CLO was produced during 27 May 2011 to 31 July 2011 at the designated crushing and screening site. OMC agreed to pay (24 January 2012) the raising cost for only this 1,344.820 MT of stock and did not make any payment for the remaining 22,868.180 MT, as it was not produced at the designated crushing and screening area. However, OMC took possession of the entire production of 24,313 MT raised by the contractor and disposed it off via sale. Thus, due to non-payment for the production of 22,868.180 MT CLO, the agency filed a case in the High Court of Odisha. The matter went to arbitration where finally the Arbitrator allowed (July 2016) the claims of the contractor along with interest at 15 *per cent*.

Due to injudicious decision of non-payment, despite taking possession of the entire quantity produced, OMC had to bear an additional expenditure of ₹1.17 crore as interest, which was avoidable.

Accepting the audit observation the Government stated (May 2024) that the payment was made after availing all legal remedies and there was delay in payment due to legal proceedings. Nevertheless, withholding the payment to the contractor after accepting the contractual consideration was *prima facie* injudicious.

⁶⁸ To M/s. Dillip Kumar Nayak at allotted work value of ₹3.13 crore

2.11.9 Loss due to duplication in award of stacking contract

Odisha Minerals (Prevention of Thefts, Smuggling and illegal Mining and Regulation of Possession, Storage, Trading and Transportations) Amendment Rules were promulgated in 2021 wherein detailed provisions relating to stacking and sampling of the mining products have been made. The raising contracts of two mines⁶⁹ had provisions for stacking and storing of minerals by the raising contractors themselves. However, it was noticed that despite this, OMC awarded separate contracts⁷⁰ for stacking of ore to contractors for these two mines. Instead of getting the stacking work completed by the raising contractors, award of separate contracts for stacking of 4.46 lakh MT of minerals, led to avoidable expenditure of ₹1.07 crore (as of 30 June 2023) by OMC in case of both the mines. Further, the Company would also incur ₹8.51 crore more in course of the remaining tenure⁷¹ of the contracts.

The Government stated (July 2024) that as per the contract agreement, the mine operator had to transport finished products from the mine head to the designated stock yard. Further, as per the OMPTS Rules, 2021 OMC engaged an agency for stacking of ore.

The reply was not acceptable because as per clauses 14 and clause 3.3 of the raising contracts for Unchabali and Tiringpahar IOMs respectively, the mine operators were responsible for stockpiling of finished products according to the directions of the mine managers.

Recommendation:

- 6. Due diligence may be carried out by OMC in thoroughly reviewing contract terms to understand their scope, conditions, potential implications and thus avoid any loss or risk to its financial interests.**

2.12 Sales Performance

OMC does not have its own sales policy but follows policies/directions of the Government of Odisha in this regard. OMC has been selling ores from its mines using three different modes of sale *i.e.*, e-auction, Long Term Linkage⁷² (LTL) and premium buyers. In case of e-auction of ores, this is carried out by the Metal Scrap Trade Corporation Limited (MSTC) a Government of India PSU, based on grade-wise floor price of ores determined by the Sales Committee of OMC.

OMC has a mechanism to fix the grade-wise floor price for ores by the Sales Committee of the Board using the backward price method *i.e.*, deducting the

⁶⁹ Unchaballi mine agreement signed on 11.07.2022 and Tiringpahar mine on 20.08.2020

⁷⁰ Unchabali IOM: in December 2022 and Tiringpahar IOM: January 2023

⁷¹ Tenure of the raising contract for Unchaballi mine was 27.12.2022 to 30.06.2023 and remaining period was 01.07.2023 to 27.12.2023. For Tiringpahar mines it was from 27.12.2022 to 30.06.2023 with remaining period from 01.07.2023 to 27.12.2023.

⁷² Long Term Linkage is the policy introduced by GoO for sustained supply of raw materials to steel/metal companies over a period of five years which may be further extended

cost of required inputs from the prevailing price of the end product, by applying the formula approved by the Board from time to time. Allotment orders are issued to buyers based on the highest price obtained in an e-auction through MSTC.

The LTL buyers and their respective yearly allotted quota are decided by GoO from time to time. The price for LTL buyers is fixed on weighted average price of respective ores e-auctioned through MSTC.

Premium buyers are supplied ores on surplus availability of ores at five *per cent* premium rates over the highest e-auctioned price as decided by the Sales Committee.

The deficiencies noticed in the present sales system are as follows.

2.12.1 Analysis of targets and achievements of sales

The annual sales targets for a particular year are fixed at the beginning of the year (BEs) based on information/proposals collected from Regional Offices under OMC. Revisions if any, are undertaken around the month of March (REs) based on the same procedure *i.e.*, by collecting information/proposals from Regional Offices. Sales targets for the five year period ending 31 March 2023 vis-a-vis achievements thereof in respect of OMC are tabulated in *Appendix 24*.

The summary of actual sales in comparison to BE and RE ore wise for the period 2018-23 is given in the following table:

Table 2.14: Sales in comparison to BE and RE ore wise for the period 2018-23

(In MMT)

Sl. No.	Particulars	Iron	Chrome	Bauxite
1	Budget Estimates	104.08	7.66	15.70
2	Revised Estimates	83.44	5.27	15.20
3	Actual sales	82.95	4.92	14.56
4	% of sales (BEs)	79.70	64.23	92.74
5	% of sales (REs)	99.41	93.36	95.79

(Source: Information provided by OMC)

From the table, it can be seen that:

- The actual sales of iron ore during the years 2018-23, were 82.95 MMT against the sales targets of 104.08 MMT set in the Budget Estimates. The achievement was *79.70 per cent*. However, the sales targets were revised in the month of March of each year (Revised Estimates) to 83.44 MMT. Due to the reduction of sales targets in REs, the sales achievement of iron ore with reference to the REs became *99.41 per cent*.
- Similarly, in respect of chrome ore, it was observed that the actual sales of chrome ore during the years 2018-23, was 4.92 MMT against the sales targets of 7.66 MMT set in the Budget Estimates. This

achievement was 64.23 *per cent*. However, the sales targets were revised in the month of March of each year (Revised Estimates) to 5.27 MMT. Due to the reduction of sales targets in REs, the sales achievement of chrome ore with reference to the Revised Estimates became 93.36 *per cent*.

- Further, in respect of Bauxite ore, it was observed that the actual sales of chrome ore during the years 2018-23, was 14.56 MMT against the sales targets of 15.70 MMT set in the Budget Estimates. The achievement was 92.74 *per cent*. However, the sales targets achievement with reference to the Revised Estimates was 95.79 *per cent*.

From the above analysis it can be seen that the targets were revised in the Revised Estimates (Sales), in the last month of the each financial year, on the lower side or near to actual sales to show higher sales achievements, which defeated the purpose of sales planning as well as the budgeting exercise carried out at the beginning of the financial year.

The main reasons for the shortfall in sales were attributable to delays in obtaining statutory clearances, inadequate infrastructure for evacuation of produced ore and space constraints in stockyards which contributed to shortfall in sales.

2.12.2 Non-Compliance with National Environmental Engineering Research Institute (NEERI) recommendation

NEERI was established (1958) by GoI to research and innovate in the field of environmental science and engineering and to solve a range of problems posed by industries, government *etc*. In November 2010, MoEF&CC appointed NEERI to conduct a carrying capacity study to develop a sustainable mining development plan and an environmental management plan impacting a mining area of about 1,000 sq. km. in the State of Odisha. Accordingly, NEERI submitted its recommendations in February 2018 to MoEF&CC.

As a move towards sustainable mining, NEERI had set a deadline for dispatch of ores from mines by railway instead of road transportation by March 2023. As per the recommendation, 100 *per cent* dispatch of ore through railways in case of mines with EC capacity of more than 5 MTPA and 70 *per cent* in case of other mines was to be achieved by this date. This would not only help limit the environmental impact but also ease evacuation problems of mines since larger quantities can be transported via railways. However, OMC is yet to comply (May 2024) with the above recommendation of NEERI in case of any of its mines. This arrangement would have also potentially increased the sales of OMC since evacuation through rail would make higher quantity of ores available for sale than what is possible through road transport.

Accepting the audit observation, the Government stated (May 2024) that OMC is in the process of creating infrastructures as per NEERI's guidelines.

2.12.3 Under-realisation of revenue due to wrong fixation of floor price on sale of sub-grade chrome ore

During the period January 2021 to March 2023, in case of Sukrangi and South Kaliapani chormite mines, it was noticed that due to non-operation of the COBP, OMC was selling sub-grade ore (without beneficiation) from these mines through e-auction.

Before each e-auction, the floor price of sub-grade chrome ore was fixed by OMC on the basis of an approved formula consisting of recovery rate and existing market price of ferro chrome. The price offered by bidders was dependent on the recovery rate of chrome from such sub-grade ore. During the period 2014-17, this recovery rate of chrome concentrate from processing of sub-grade chrome ore in COBP remained at 42.30 *per cent*. However, in fixation of the floor price of sub-grade chrome ore for each e-auction, it was observed that the recovery rate of chrome concentrate was considered as 38.76 *per cent* instead of 42.30 *per cent*, resulting in lower floor price for each e-auction.

Due to fixation of lower floor price of un-beneficiated sub-grade chrome ore in case of these two mines, OMC could not realise additional revenue of ₹13.27 crore from the sale of 3.01 lakh MT of sub-grade chrome during 2020-23. OMC also lost the opportunity to earn additional revenue of ₹3.24 crore from the sale of 0.82 lakh MT of sub-grade chrome ore to premium buyers⁷³ during this period. Thus, incorrect fixation of floor price of sub-grade chrome ore resulted in under realisation of revenue to the extent of ₹16.51 crore.

In its reply, the Government stated (May 2024) that OMC only determined the floor price while the market determined the actual price of the material through competitive bidding.

The reply was not acceptable because sub-grade chrome ore was not a regularly marketed product and fixation of lower floor price implied, offering the product at a lower sale price. As such the fixation of floor price should have been done with reference to the recovery rate of 42.30 *per cent* as decided by OMC instead of 38.76 *per cent*.

2.12.4 Loss in sale of Ex-lessee stock

GoO approved (December 2020) revised guidelines for sale by OMC, of unsold ore produced by ex-lessees⁷⁴, in case of auctioned mines in Odisha. The modalities stipulated that revenue collected from e-auction of these ores shall be deposited with the Government after deducting all expenses including MSTC portal charges/statutory levies and other ancillary charges like expenses on watch and ward. In case Royalty, DMF and NMET were higher than the total revenue generated from the sale of minerals at any mine, the

⁷³ The floor price for premium buyers was fixed at 5 *per cent* over the last e-auction price accepted by the sales committee for e auction buyers

⁷⁴ Ex-lessee means the previous lessee who had obtained the mine through auction

same shall be adjusted against total revenue generated from all other ex-lessee stocks.

It was seen during audit that OMC received 13.18 lakh MT of such stock, out of which it sold 5.81 lakh MT during 2020-23 with total amount of ₹96.03 crore. Out of the total amount received, OMC deducted ₹10.87 crore towards security expenditure and deposited the balance amount of sale proceeds of ₹85.16 crore with the Government.

The quantity of stock lying unsold in the ex-lessees' stockyards ranged between 7.63 MT to 0.84 lakh MT for a period ranging from 06 to 28 months. OMC spent ₹17.88 crore on the security of unsold stocks during the period 2020-23 and other expenses⁷⁵.

Thus, the residual security expenditure amounting to ₹7.01 crore (₹17.88 crore - ₹10.87 crore) could not be recovered as unlike royalty/DMF/NMET such expenditure on security cannot be adjusted against revenue from other mines. Further, in this connection, Audit also noticed that the ex-lessee's stocks were lying dispersed across 14 locations, each of which was being secured separately. Despite this, the Management had not consolidated this stock to a common premise to reduce the security expenditure.

The Government accepted and stated (July 2024) that OMC has been advised to take steps for concentrated stockpiling of such stocks for better management.

Recommendation:

- 7. The Government may consider directing OMC to develop a mechanism to bridge the gaps in fixation of floor price for auction of ore and economic disposal of ex-lessee stocks.**

2.13 Financial Management

Financial management involves forecasting, planning, organising, directing, coordinating and controlling a company's financial resources in order to maximise the shareholder's wealth through effective fund flow for all activities. OMC, being a profit-making company, always had a surplus cash balance which needed to be effectively invested/utilised. In this context, Audit observed the following deficiencies.

2.13.1 Delay in adjustments of royalty resulted in blockage of funds and loss of interest

As per section 9 of MMDR Act, 1957 the lease holder has to pay royalty for lifting of minerals from the mining lease area at the latest notified price of IBM. Such royalty was required to be paid in advance to the respective Deputy Director of Mines for getting permission for lifting. The advance royalty was adjusted after publication of sale prices (usually 45 to 90 days after completion of a month) of minerals by IBM. Further, if any amount of advance royalty

⁷⁵ MSTC charges for e-Auction, shifting and weighment charges etc.

remained unutilised due to non lifting/short lifting, the same could be adjusted at the time of applying for subsequent lifting.

It was observed during audit that buyers lifted 71.45 MMT ore from OMC against an allotment of 122 MMT in case of 11 mines⁷⁶ during 2018-23. The short lifting of ore against the allotment ranged from 50.58 to 71.91 *per cent* and OMC accordingly had unadjusted royalty ranging from ₹0.08 crore to ₹389 crore during 2018-23. It was noted that these amounts were adjusted by DDM after two to four quarters. The quarter-wise unadjusted royalty deposited by OMC with the DDM ranged between ₹1.46 crore and ₹1,197.68 crore for this period. As per applicable rules, OMC should have adjusted these amounts in the subsequent stack removal permission. However, rather than adjusting the balance already deposited before DDM as advance royalty, OMC applied for fresh stack removal permission by paying royalty afresh. As a result, the company lost revenue of ₹41.22 crore as interest⁷⁷ on the amount remaining blocked with the DDM without any adjustment.

The Government accepted (July 2024) the observation.

2.13.2 Payment of interest due to delay in payment of statutory dues

Section 9 of MMDR Act, 1957 stipulated payment of royalty for any mineral removed or consumed or the dead rent in respect of that area whichever is greater. Section 64(a) of the MC Rules, 1960 empowers the State Government to charge simple interest at the rate of 24 *per cent* per annum on any rent due from the sixtieth day of the expiry of the date fixed by that Government for payment of such rent.

OMC delayed in making payment of dead rent and surface rent in respect of three mines⁷⁸ and royalty in respect of other three mines⁷⁹, owing to which interest amounting to ₹0.63 crore (₹0.23 crore for dead rent and surface rent and ₹0.40 crore for royalty) was to be paid. Due to monitoring lapses about timely deposit of statutory dues OMC had to bear avoidable expenditure of ₹0.63 crore.

The Government stated (May 2024) that surrender of mining leases goes through a tedious procedure which consumes time. Accordingly, OMC paid interest levied by the Government. The reply of the Government is not tenable as irrespective of mine lease under surrender process, the demand of interest could have been avoided had the dues been monitored and payment made in time.

⁷⁶ Kurmitar, Gandhamardan A, Gandhamardan B, Guali, Jilling, Tiring pahar, Mahaparbat, Khandabandh, Banspani, South Kaliapani and Sukrangi

⁷⁷ Interest has been calculated at 5 *per cent* considering the average rate of interest of 5.02 *per cent* earned on three months FD during the period 2018-23

⁷⁸ Budhapada: ₹0.08 crore, Dubuna: ₹0.03 crore and Malipada: ₹0.12 crore

⁷⁹ Gandhamardan: ₹0.29 crore, South Kaliapani: ₹0.09 crore and SGBK: ₹0.02 crore

2.13.3 Inter Corporate Loan

OMC extended inter-corporate loans out of its surplus funds to other companies, its joint ventures and associates with the approval of the State Government and BoD. Details of inter-corporate loans given by OMC during 2018 to 2023 are given in the following table:

Table 2.15: Status of inter-corporate loan and its recovery

SL No	Name of the Company	Date of Loan Agreement	Loan Amount (₹in crore)	Purpose of Loan	Status of recovery
1	Nilachala Ispat Nigam Limited (NINL)	27.01.2020	178.00	To prevent NINL accounts becoming NPA	Loan granted to NINL was recovered during 2022-23.
2	Industrial Development Corporation of Odisha Limited (IDCOL)	11.01.2018	105.16	Payment of compensation due to illegal mining.	Total loan amount of ₹947.80 crore could not be recovered from IDCOL. However, the net financial position (Asset less liability) was taken as purchase consideration for merger of IDCOL with OMC during 2022-23.
		20.03.2019	7.38	Payment of compensation for mining without necessary clearance in Roida-C mines	
		Not signed	635.26	Payment of compensation for violation of statute before surrender of Tailangi mines	
		Not signed	200.00	For payment of Statutory dues	
3	Orissa Mineral Exploration Corporation Limited (OMECL)	22.10.2020	85.91	To keep OMECL a going concern	OMECL was merged with OMC during FY 2022-23 and the outstanding loan amount was adjusted.
4	Orissa State Civil Supplies Corporation Limited (OSCSCL)	04.02.2023	2,000.00	For Payment of MSP to farmers	Loan was repaid during FY 2023-24.
Total			3,211.71		

(Source: Annual Reports and Annual Accounts of OMC)

OMC does not have any policy for grant of inter-corporate loans and these loans detailed above, were granted under instructions of GoO and the BoD of the Company. Audit observed that a total amount of ₹3,211.71 crore was granted as inter-corporate loans to the above four different companies during 2018-23 at the interest rate of eight to nine *per cent*, but loans amounting to ₹947.80 crore (29.51 *per cent*) were defaulted by IDCOL as discussed in detail below:

2.13.3.1 Inter-corporate loans to IDCOL

Deputy Director of Mines (Joda and Jajpur) raised demand notices (September 2017/April 2018) to IDCOL for payment of compensation

(₹105.16 crore and ₹ 7.38 crore) for production of iron ore in Roida C mine in excess of approved limits under the related Mining Plan and CTO. However, IDCOL had no funds to pay the same and thus, on the advice (January 2018) of Department of Industries, GoO, OMC extended an inter-corporate loan of ₹105.16 crore and ₹7.38 crore to IDCOL on 11 October 2018 and 20 March 2019 respectively. The loans were to be repaid through an Escrow account in which all the revenue of IDCOL would be credited.

Deputy Director of Mines, Jajpur again raised (11 April 2018) a demand for ₹635.26 crore towards compensation along with interest for excess production in violation of environment clearance in case of Tailangi mines by IDCOL. On the advice (August 2022) of Steel and Mines Department, OMC again extended an inter-corporate loan of ₹635.26 crore to IDCOL. Further, the BoD of OMC approved (December 2022) an inter-corporate loan of ₹200 crore to IDCOL at the behest of GoO, to repay the Government dues and other pressing liabilities.

IDCOL however, defaulted in repayment of the aforesaid loans of ₹947.80 crore. Considering the acute financial difficulties of IDCOL and its inability to pay huge outstanding loans, GoO decided (April 2022) to merge IDCOL along with its subsidiaries with OMC. As part of this merger, the total loan amount outstanding of IDCOL, inclusive of interest as on 31 March 2023 was considered 'Nil', as the loans were considered for computation of purchase consideration.

Audit observed that the loans were extended by OMC to pay for compensation related to illegal mining under IDCOL. Secondly, the loans were extended in a situation where IDCOL was unable to repay these amounts. The decision of GoO to fund such activities through loans from OMC and subsequent merger of IDCOL with OMC, was financially imprudent as the loans were not recovered.

The Government stated (May 2024) that IDCOL along with its subsidiaries was merged with OMC and all the assets and liabilities have been adjusted in the books of accounts of OMC. Hence, inter-corporate loan extended to IDCOL has been fully recovered.

The reply was not acceptable because at the time of the merger, IDCOL had negative net worth which meant that IDCOL had more liabilities than assets.

2.13.4 Investment in Joint Ventures and Associates

During the period 1997-2023, OMC invested ₹374.01 crore towards equity in twelve Joint Ventures (JVs) and associate companies as of March 2023. The investments were as follows:

Table 2.16: Status of Joint Ventures and Associates of OMC

(₹ in lakh)

Sl. No.	Equity investment in Joint Ventures	Year of Investment	% of holding	Value as on 31.03.18	Value as on 31.03.23	Objective of investment	of
1	RIO Tinto Orissa Mining Pvt. Ltd (RTOMPL)	1997	49.00	228.00	228.00	Development of rail, port and mines project	

Sl. No.	Equity investment in Joint Ventures	Year of Investment	% of holding	Value as on 31.03.18	Value as on 31.03.23	Objective of investment
2	Orissa Thermal Power Corporation Ltd (OTPCL)	2007	50.00	13,420.47	17,220.47	Setting up a Thermal Power Plant
3	Nuagaon Coal Company Limited (NCCL)	2011	50.00	100.00	100.00	Development of Coal Block
4	Kalinga Coal Mining Pvt. Ltd (Free of Cost)	2004	26.00	0.00	0.00	Development of Coal Block
5	Neelachal Ispat Nigam Ltd (NINL)	2005	20.47	12,694.71	0.00	Manufacturing of iron and steel products
6	Keonjhar Infrastructure Development Co Ltd (KIDCL)	2006	11.11	0.72	0.72	Records not available
7	Angul Sukinda Railway Limited (ASRL)	2014	10.83	6,300.00	8,652.00	To provide direct link between iron ore rich area and steel and sponge industries
8	Haridaspur Paradip Railway Company Ltd (HPRCL)	2006	8.46	9,292.00	10,999.77	Export of finished product of steel plants and import of coking coal.
Total (A)				42,035.90	37,200.96	
	Impairment of Investment (RTOMPL+NCCL+KIDCL)			-328.72	-328.72	
Equity investment in Associates						
9	Lanjigarh Schedule Area Development Fund	2009	25.00	0.00	0.00	Development of Lanjigarh area
10	South West Orissa Bauxite Mining Pvt. Ltd	2004	26.00	0.00	0.00	Development of Lanjigarh and Koraput Bauxite mines
11	East Coast Bauxite Mining Co. Pvt. Ltd	2005	26.00	0.00	0.00	Development of Kodingamali Bauxite deposit
12	Mandakini B Coal Corporation Ltd. (MCCL)	2009	25.00	200.00	200.00	Development of Coal Block
Total (B)				200.00	200.00	
	Impairment of Investment (MCCL)			200.00	200.00	
Grand Total (A +B)					37,400.96	

(Source: Annual Reports and Annual Accounts of OMC)

As may be observed from the above table, out of seven JV/Associates four (Sl No 4, 9, 10 and 11) have Nil investment, and Sl No 2 (OTPCL) has maximum investment of ₹172.20 crore.

2.13.4.1 Non-operation of Joint Ventures and Associates

OMC invested ₹374.01 crore (as of March 2023) in twelve JVs and associates for periods ranging from 10 to 26 years. Audit observed that only one JV (Haridaspur-Paradip Railway Company Ltd) was in operation. The ASRL JV that was set up in 2014 is expected to start commercial operation only in June

2024 while NINL (that was set up in 2005), was disinvested⁸⁰ during 2022-23 with capital gains of ₹612.72 crore.

It was also noted that investments in three JVs⁸¹ and one associate⁸² company amounting to ₹5.28 crore had been impaired. The other five JVs and associate companies could not be made operational (as of November 2023) due to delay in finalisation of project development, failure to obtain forest clearance and inadequate monitoring by JV partners resulting in failure to achieve the intended objectives and in erosion of equity investment of ₹5.28 crore.

Accepting the audit observation the Government stated (May 2024) that unforeseen circumstances such as de-allocation of coal blocks, other legal, operational and financial issues have prevented the commencement of commercial operations, leading to the entities being non-operational and winding up of operations.

2.13.4.2 Investment in OTPCL

GoO decided (June 2006) to implement a power project through a joint venture of Odisha Hydro Power Corporation (OHPC) and OMC. The project was to be completed within a period of 48 months from June 2006 which included formation of the Joint Venture (JV). Accordingly, the JV was promoted (January 2007) as Odisha Thermal Power Corporation Limited (OTPCL) with 50 *per cent* share of OMC by equity investment of ₹172.20 crore as of March 2023. The JV Company was formed to set up a thermal power plant of 3,200 MW capacity for supply of power to the State of Odisha. OTPCL was allocated (August 2013) a coal block after six years from its incorporation in 2007 but this was also cancelled (July 2019), leaving the company without any dedicated coal block for its thermal power plant. The JV could not achieve its intended objectives and in August 2021 closure of the same was proposed in a meeting chaired by the Chief Secretary, Odisha. Failure of the project was mainly due to change in site selection for coal mine, delay in acquisition of land and non-finalization of coal mines for the power plant. Thus, investment of OMC in OTPCL amounting to ₹172.20 crore turned out to be infructuous, yielding no return.

The Government stated (May 2024) that as per the decision taken in a meeting by the Chief Secretary, Odisha Industrial Infrastructure Development Corporation (IDCO) will acquire the entire paid-up share capital of OTPCL. The consideration to be derived through fair market value method can be shared between OMC and OHPC equally.

The reply was not acceptable because consideration of fair market value of a company which is going to be closed is virtually without any intrinsic value.

⁸⁰ NINL was in continuous loss and OMC total capital gain for investment in NINL as on 31.03.2023 was ₹612.72 crore

⁸¹ RIO Tinto Orissa Mining Private Limited (RTOMPL), Nuagaon Coal Company Limited (NCCL) and Keonjhar Infrastructure Development Company Limited (KIDCL)

⁸² Mandakini B Coal Corporation Limited (MCCL)

Recommendations:

- 8. OMC may streamline its processes to avoid cases of delay in adjustment of royalty and in payment of statutory dues.**
- 9. Cost-benefit assessment and analysis of expected return from investments should be carried out by OMC and GoO before entering into joint ventures and providing inter-corporate loans.**

2.14 Monitoring and Internal Control

An effective internal control system is a pre-requisite for ensuring physical/financial progress of the company through an inbuilt monitoring mechanism. Internal Control helps the management to draw reasonable assurance that its objectives are being achieved in an efficient and effective manner. In this backdrop, various tools of internal control were examined during audit and the following deficiencies were observed:

2.14.1 Internal Audit Systems

Section 138 of the Companies Act, 2013 read with Rule 13 of the Companies (Accounts) Rules, 2014 requires the appointment of an internal auditor or a firm of internal auditors. As per section 134(3)(n) of the Companies Act, 2013, a company has to implement a Risk Management Policy consisting of identified risks. Further, Standard on Internal Audit (SIA) 130, Risk Management, issued by ICAI requires an internal auditor to conduct risk based internal audits as per the risk management processes and framework in place.

During the period of audit 2018-23, it was noted that internal audit was carried out in OMC by appointing external firms for the said period. It was however, revealed that despite the requirement of SIA 130 and Section 134(3)(n) of the Companies Act, 2013 to conduct risk based internal audits, the scope of work assigned to the Internal Auditors did not consist of important risk areas such as continuation of non-operating mines, non-timely surrender of unproductive mines, statutory clearances not being obtained in a time bound manner, assessment and management of environmental risks, compliance with legal requirements *etc.*

The Government accepted the audit observation and stated (July 2024) that the Company has been asked to enhance internal control measures. The appointment of bigger audit firms with a more elaborate scope of work shall be examined.

2.14.2 Management Information System

Management Information Systems (MIS) is a system that provides reports that assist the Management in monitoring the organisation, keeping track of current performance vis-à-vis targets set, implementing corrective actions *etc.*

In this context, the following was observed by Audit:

- OMC had not formulated any list of MIS reports required or the periodicity for generation of such reports, nor had it assigned responsibilities for the preparation of these reports, or their analysis by the Management and accountability for taking corrective actions. Information was compiled only for furnishing statutory returns and renewal of contracts. There was no system in place for the preparation of a detailed periodic summaries and exception reports.
- In the 8th Audit Committee meeting (November 2019) of OMC had recommended the preparation of a Quarterly variance analysis Report on budget vs actuals, price variance, volume variance *etc.* However, as of March 2023 despite the recommendation of the Audit Committee, this Report was not prepared and submitted to the Committee for monitoring.

Accepting the observation the Government stated (May 2024) that the individual functional module in the SAP ERP system of OMC, was equipped with MIS, tailored to meet business requirements. However, implementation of a centralised MIS, to consolidate data from various modules is under process.

2.14.3 Information Technology and Enterprise Resource Planning

Systems, Applications and Products in Data processing (SAP) was implemented in February 2005 in OMC for Enterprise Resource Planning (ERP). The Company was provided with 14 modules for the ERP out of which only six modules⁸³ were being used as of March 2023. Based on requirements, 256 user licenses for individual user access to the SAP ERP system were purchased (December 2004) by OMC. However, as of March 2023 only 223 user licenses were in use.

During the Audit the following issues were observed:

- In Material Management module of SAP, despite the availability of ‘consumption-based planning⁸⁴ (CBP)’ in the system, manual planning for material management was still being carried out as of March 2023.
- In the Sales and Distribution module of SAP, functionality of ‘Available to Promise (ATP)⁸⁵’ was not used for ascertaining real time information about the availability of iron ore for delivery to customers during allocation, sales order and delivery order creation. Test check in eight cases revealed that due to non-usage of ATP functionality, allotment of iron ore, beyond available stock limit was made through

⁸³ Material Management (MM), Sales and Distribution (SD), Production and Planning (PP), Finance and Controlling (FICO), Assets Management (AM), Human Resource

⁸⁴ In OMC, procurement mostly consists of items required for office and colony maintenance, safety equipment, weighbridges and consumables. Consumption based planning is a functionality of MM module. It is used to determine when and how much material should be procured based on the actual consumption and demand.

⁸⁵ ATP is a functionality of SD module of SAP ERP which generates confirmation proposals for materials requested for by the buyers

auction. This resulted in a shortage in delivery of iron ore amounting to ₹30.85 crore.

- In the Production and Planning module of SAP, functionality of 'Exception Monitoring' was not used to monitor shortages, overstocking, delay in production and mines-wise annual production against statutory limits. As a result, overstocking of ores was noticed in Gandhamardan IOM and annual production in Sukrangi and Kodingamali mines was seen to exceed their EC and CTO limits.

The Government stated (May 2024) that OMC has access to various ERP modules as per the licensing agreement. However, the utilization of modules is based on business needs.

The reply was not acceptable because despite access to various modules through licensing, use of only a few modules indicated that either the other modules were not needed, or those were not compatible with the operational requirements of OMC.

2.15 Other topics of interest

2.15.1 Corporate Governance Framework

The Department of Public Enterprises of Government of Odisha has developed a Corporate Governance Manual (CGM) for the State Public Sector Undertakings which was subsequently approved by the State Cabinet in November 2009. The manual is applicable to all Public Sector undertakings registered under the Companies Act in which GoO holds 51 *per cent* share or more.

In this regard, Audit observed the following deficiencies:

2.15.2 Formulation of Corporate Plan and monitoring

Para 1.5 of the CGM mandates the preparation of a long-term Corporate Plan consisting of proposed corporate strategy for achieving the long-term goals and objectives of the organization. This Corporate Plan was to include an Asset Management Plan, a plan for Human Resources Management and an Information Technology Plan as its components. The Corporate Plan was to be approved by the BoD and submitted to the Secretary of the Steel and Mines (S&M) Department, GoO. Subsequently, as per the plan, annual budgets would be prepared.

In this context it was noted that no such Corporate Plan was prepared by OMC, depriving the Company of its envisaged benefits.

Accepting the audit observation, the Government stated (May 2024) that OMC is planning to put in place a Corporate Plan in the FY 2024-25.

2.15.3 Implementation of Risk Management Policy

Para 9 of the CGM mandates that the Board of the SPSE should ensure that a strong risk management framework is in place to enable an effective monitoring of the business processes to identify, assess, measure and manage risks on a continuous basis. OMC had thus formulated a Risk Management Policy in December 2017. The Policy required the formation of a Risk Management Committee that would implement and monitor risk management plans prepared as per Risk Management Policy and on the basis of identified risks categories. However, it was noted by Audit that neither risk management plans had been formulated, nor had a Risk Management Committee been set up by the OMC Board.

Accepting the audit observation, the Government stated (May 2024) that the risk management policy of OMC is under revision to incorporate specific role and responsibilities at each stage and shall be implemented upon approval of the Board.

2.15.4 Contribution to Chief Minister Relief Fund

Section 181 of the Companies Act, 2013 states that any contribution to bona fide charitable and other funds exceeding five *per cent* of average net profits for three immediately preceding financial years of a company, requires the approval from the Annual General Meeting (AGM).

Audit observed that during 2018-23, OMC contributed ₹1,850 crore to the Chief Minister Relief Fund (CMRF). The contribution to CMRF during 2018-22 (₹1,730 crore) exceeded five *per cent* of the average net profits for the three immediately preceding financial years which was against the provisions of Companies Act. However, OMC had not taken any prior approval in the general meeting, which was also in contravention of the Companies Act, 2013.

Accepting the audit observation Government stated (May 2024) that the donation/contribution to CMRF shall be made in accordance with the provisions of the Companies Act, 2013.

CHAPTER-III

Compliance Audit Observations

COMPLIANCE AUDIT OBSERVATIONS

Important audit findings emerging from test check of transactions of the State PSUs/Corporations are included in this Chapter.

ODISHA POWER GENERATION CORPORATION LIMITED

3.1 *Avoidable expenditure*

Avoidable expenditure of ₹24.72 crore on procurement of coal

The Odisha Power Generation Corporation Limited (OPGC) had two thermal power generating units, of 210 MW (unit 1 and 2) each, under operation, since 1994. OPGC purchased coal from the Mahanadi Coalfield Limited (MCL)⁸⁶, for units 1 and 2, under a coal supply agreement. For transportation of coal from MCL, the Company had its own set of railway lines, namely the Merry Go Round (MGR) railway system. OPGC started construction of its expansion project with two additional generating units *viz.*, unit 3 and 4 (660 MW each) in February 2014. In the mean time, in addition to the source of MCL coal, Government of India allocated (August 2015) two coal blocks, *i.e.*, (i) Manoharpur and (ii) Dip-side of Manoharpur, to the Odisha Coal and Power Limited (OCPL), a subsidiary of OPGC, for catering to the captive consumption of OPGC power plants.

In order to cater to the additional requirement of coal till operationalisation of the new blocks and completion of required infrastructure for transportation, OPGC executed (March 2019) an agreement with MCL, under the Bridge linkage scheme (BLS)⁸⁷ of the Ministry of Coal, for offtake of 101.55 lakh MT⁸⁸ (50.775 lakh MT each for units 3 and 4) of coal, from 2019-20 to 2021-22.

For transportation of coal from OCPL, the Company was constructing an MGR railway system, from the Manoharpur mine to the power plant, through the Charla railway siding⁸⁹. Due to delay in completion of the MGR railway system, OPGC initially hired (May 2021) a private railway siding (of M/s. ACB Limited), for one month, for offtake of OCPL coal, from the Manoharpur coal mine. OCPL transported coal from the mine to the private railway siding and then from that siding to the power plants, through Indian Railways. This Road-cum-Rail (RCR) mode arrangement continued up to March 2022 during which period OPGC procured 23.06 lakh MT coal from

⁸⁶ A central public sector undertaking under the Ministry of Coal, GoI

⁸⁷ The 'Bridge linkage' scheme is a short term linkage to bridge the gap between the requirement of coal of a specified end use plant of Central and State PSUs and the start of production from the linked allotted coal mine/block. It is granted for a fixed period of three years from the date of allotment of the coal mine/block

⁸⁸ In 2019-20, 48.30 lakh MT; in 2020-21, 36.45 lakh MT; and in 2021-22, 16.8 lakh MT; total: 101.55 lakh MT

⁸⁹ A short railway track beside the main tracks, used for joining the main track for loading materials for transportation through rail

OCPL. Further, for 2021-22, OPGC had already agreed to lift 12.60 lakh MT under the BLS from MCL and the scheme was valid for that year only. In this connection it was revealed that the procurement cost of OCPL coal under RCR mode was higher than the MCL coal under the BLS. Hence, considering the comparative cost advantage, OPGC should have exhausted the BLS quota for 2021-22 against which it had lifted only 7.91 lakh MT. By short lifting of 4.69 lakh MT of the BLS quota, OPGC incurred an avoidable expenditure of ₹24.72 crore as below:

Table 3.1: Excess expenditure on procurement of coal

Year	Agreed qty as per agreement with MCL (MT)	Actual qty procured from MCL (MT)	Shortfall in procurement of coal (MT)	Cost of coal procured from MCL including transportation (₹/MT)	Cost of OCPL coal procured through RCR mode including transportation (₹/MT)	Excess cost of coal (₹/MT)	Excess expenditure (₹ in crore)
(1)	(2)	(3)	(4)=(2-3)	(5)	(6)	(7)=(6-5)	(8)=(7x4)
2021-22	12,60,000	7,90,907	4,69,093	1,751	2,278	527	24.72

(Source: Information provided by OPGC)

As may be observed from the above, OPGC procured coal through RCR mode by incurring extra expenditure of ₹24.72 crore which it could have avoided by procuring the balance 4.69 lakh MT coal from MCL under BLS.

The Government stated (April 2024) that the new units (*i.e.*, unit 3 and 4) have been designed for firing better quality coal, as compared to unit 1 and 2, which can be handled by inferior quality of coal. Firing of inferior quality of MCL coal could lead to stoppage of new units due to ash handling issues.

The reply was not acceptable, because as per the Fuel Supply Agreement with OCPL, G-14 grade coal was envisaged for supply to the unit 3 and 4. As per the agreement under BLS with M/s MCL, the grade required to be supplied was G-12/G-13 during FY 2021-22. It was observed that during 2021-22, MCL supplied mostly G-12 and G-13 grade coal under BLS which was higher in quality than G-14 grade. Hence, the reply of the Government contradicts the factual position regarding the quality of coal supplied by MCL. As such, short lifting of 4.69 lakh MT coal from MCL, under the BLS, was not financially prudent which led to extra expenditure of ₹24.72 crore on procurement of coal.

3.2 Avoidable interest burden

Extension of interest-free mobilisation advance, led to avoidable interest burden of ₹13.60 crore

The Odisha Power Generation Corporation Limited (OPGC) is a Government of Odisha (GoO) undertaking, generating power at its thermal plant in the Jharsuguda district. This plant had two thermal power units with total installed capacity of 420 MW (210 MW x 2). Subsequently, OPGC implemented its expansion project by addition of two more thermal power units with an installed capacity of 1,320 MW (660 MW x 2). Finances for this expansion project were arranged by raising loans from the Power Finance Corporation

Limited (PFC) and Rural Electrification Corporation Limited (REC)⁹⁰. The expansion project and the related facilities like construction of a Twin Township, construction of Ash Pond *etc.*, were implemented through a tendering process followed by award of contracts.

Contracts for “Construction of a Twin township” (first contract in April 2014) and “Construction of an ash pond at Tilia village” (second contract in December 2016), were examined by Audit, wherein the following were noticed:

- OPGC had given interest-free mobilisation advances, amounting to 10 *per cent* of the contract value, to contractors in the aforesaid two contracts.
- In the first contract for ‘Construction of twin township’ OPGC had paid a mobilisation advance of ₹13.02 crore in May 2014 to M/s. NCC Limited, against a contract value of ₹130.23 crore.
- In the second contract, OPGC had paid a mobilisation advance of ₹19.98 crore (July 2017), against the contract price of ₹199.75 crore, to M/s. Shree Balaji Engicons Limited, for the work of ‘Construction of Ash Pond at Tilia Village’.
- Both these advances were interest free.
- The scheduled completion period for both contracts was 24 months, *i.e.*, from April 2014 to April 2016 (for construction of twin township) and from May 2017 to May 2019 (for construction of ash pond at Tilia village).

In this regard, Audit observed that:

- The Odisha Public Works Department (OPWD) code, Vol. I (Para 3.7.21) prohibited payment of mobilisation advances to contractors. However, in some exceptional circumstances, it specified that such advances shall be interest bearing. Further, Works Department of GoO, in its Standard Bidding Document, permits extension of mobilisation advances, at an interest of 10 *per cent* per annum. Thus, making provisions in the tender and contract documents for giving interest free advances was not in conformity with these guidelines.
- OPGC had taken loans from the PFC and REC, for implementation of the aforesaid expansion project with related facilities. The loans had been taken (2016-17 to 2020-21) at rates of interest ranging from 10.30 to 10.80 *per cent*. Thus, extension of interest free mobilisation advances to the contractors was financially imprudent, while OPGC itself was paying interest on this amount to the lending companies. Further, this was also not in conformity with the guidelines laid down

⁹⁰ PFC and REC are two Central Public Sector Enterprises registered with RBI as non-banking finance company for financing power sector entities

in the OPWD code and Standard Bidding Document of the Works Department of GoO, as stated above.

- It was seen that in the first contract with M/s. NCC Limited, the advance of ₹13.02 crore had been recovered, through 59 running account bills, till March 2021. In case of the second contract with M/s. Shree Balaji Engicons Limited, ₹9.59 crore had been recovered, out of the advance amount of ₹19.98 crore, till November 2021. However, the balance advance of ₹10.39 crore with interest could not be recovered as the matter was under arbitration.

Thus, extension of interest-free mobilisation advances out of interest bearing loans availed, resulted in blockage of ₹10.39 crore and avoidable interest burden of ₹13.60 crore⁹¹ (*Appendix 25*) for OPGC.

The Government insisted (April 2024) that interest free advance was paid as per the provisions of the tender and contract agreement. The reply of the Government was not acceptable because OPWD code as well as Standard Bidding Document of Works Department of GoO, permits extension of interest bearing mobilisation advances only. Further, OPGC itself issued “Manual for Contracts and Materials Sourcing” in May 2022 and Para 9.1 of it also stipulated a provision for only interest-bearing mobilisation advance. Hence, OPGC did not adhere to the established norms set by State Government in sanctioning mobilisation advances, which led to avoidable interest burden of ₹13.60 crore.

3.3 Loss of revenue

Loss of revenue due to non-marketing of cenosphere ₹1.09 crore

In thermal power plants, during the course of generation of power, a substance namely cenosphere is generated as by-product. This cenosphere is commercially useful, compatible with cement and other building materials such as coatings and composites and is used in a wide variety of products, including sports equipment, insulators, automobile bodies, marine craft bodies, paints *etc.* It was noted that several thermal power plants *viz.*, National Thermal Power Corporation Limited’s Power plants (in Odisha, Andhra Pradesh, Telangana), Chhattisgarh State Power Generation Company Limited, Telangana State Power Generation Corporation Limited, West Bengal Power Development Corporation Limited, Damodar Valley Corporation (Jharkhand) were selling cenosphere by engaging agencies.

Odisha Power Generation Corporation Limited (OPGC) a Government of Odisha public sector undertaking has been generating cenosphere at its thermal power plant in Jharsuguda district. During 2005-06 to 2021-22, a total of 1,890 MT of cenosphere was generated in this plant, but this was not collected and sold by the Company. Review of related records revealed that OPGC had floated two tenders (March 2020 and December 2020), for

⁹¹ Interest loss was calculated at 10 *per cent*, being the rate of interest prescribed in the Standard Bidding Document of Works Department, GoO

collection and sale of cenosphere from its ash ponds. In the first tender (March 2020), three bidders participated but the tender was abruptly cancelled (June 2020). Reason for cancellation of the tender was not recorded. In case of the second tender, no further progress was made after publication (December 2020) of tender notice. Thereafter, no action taken by OPGC was found on record for collection and sale of cenosphere, which is being marketed and sold by other thermal power PSUs. Nothing was found on record indicating how the cenosphere was being disposed of, if not collected and sold.

Audit observed that, due to non-marketing of cenosphere, OPGC had been losing revenue for a long period. Considering the latest available market price and generation of cenosphere during the last five years⁹², OPGC has incurred a potential revenue loss to the extent of ₹1.09 crore⁹³.

The Government, while accepting the audit observation stated (September 2023) that OPGC has been trying to commercialise the collection of cenosphere since 2005-06 through some agencies but the same was not successful due to resistance from the periphery villagers. The Government also stated that all effort will be made for sale of cenosphere through tendering in future. However, no specific or concrete plan for preventing this recurring loss of revenue was shared with Audit.

ODISHA POWER TRANSMISSION CORPORATION LIMITED

3.4 *Infructuous Expenditure*

Infructuous expenditure of ₹5.37 crore for implementation of Advance Metering Infrastructure System

The Odisha Power Transmission Corporation Limited (OPTCL) being a State Transmission Utility is responsible for installation of special energy meters at the peripheries⁹⁴ of States and regions according to metering regulations notified by the Central Electricity Authority, Ministry of Power, Government of India. The Company is also responsible for collecting and processing the meter data for validation/accounting purposes. Since its incorporation, OPTCL has been using a manual system for reading meter data. In September 2011, the Odisha Electricity Regulatory Commission directed the Corporation to automate the manual process of meter reading and collection of meter data from the sub-stations across Odisha. The online automatic system of data collection was meant to facilitate implementation of the intra-state Availability Based Tariff, by downloading meter data from all the sub-stations. For this, OPTCL decided (December 2012) to implement the Advance Metering Infrastructure (AMI) system. The implementation of AMI system included procurement and installation of Special Energy Meters, a Data Collecting Unit

⁹² From 2017-18 to 2021-22

⁹³ 412 MT X ₹26,383 per MT. The rate of cenosphere of ₹26,383 per MT has been considered as lowest price discovered through e-auction by MSTC limited for Chhattisgarh State Power Generation Company in 2022, which was adjacent state to the OPGC power plant in Jharsuguda.

⁹⁴ Interface points of transmission and distribution network of the State

at each sub-station, a Central Data collecting system/Central Servers, communication system *etc.*

Accordingly, a contract for implementation of AMI was awarded by OPTCL (February 2014) to M/s Tata Consultancy Services Limited (TCS) on turnkey basis at a cost of ₹5.62 crore⁹⁵. The scheduled completion date of the project was August 2015, which was subsequently extended to July 2016. Within this period, all supplies and installation of AMI were to be completed. User Acceptance Testing (UAT), as per technical specifications of the project, was a pre-requisite for completion of the system. However, it was seen that UAT could not be completed within the above period, due to which further extension was allowed upto March 2020. During the period from 2014-15 to 2018-19, a total payment of ₹5.37 crore was made to TCS for this project.

OPTCL decided to discontinue (June 2022) the implementation of the system before its completion, citing the following reasons:

- Raw un-editable meter data was absolutely necessary for billing purposes but the data generated by the AMI system was editable and prone to tampering. Therefore, it may not have been acceptable to DISCOMs or any legal forum.
- OPTCL often requires to change its existing meters due to various reasons. However, the AMI system was unable to capture the meter data in the event of change of meter in the middle of the month.
- Data generated periodically by the AMI system was observed to be inconsistent.

Audit further observed that:

- OPTCL, during project formulation, did not envisage the essential requirement of 'raw and un-editable meter data' from the AMI system and it was not specified in the contract documents. However, during a 'Requirement Analysis Workshop' held in January 2015, OPTCL conveyed the requirement to provide output file in 'emd' and 'mrd' format, for which TCS stated that the said files were meter proprietary extension files and expressed its inability to provide the same. TCS also stated that it can provide output file in 'prn', 'csv', 'npc', 'xls' and 'pdf' formats, which are editable. In this connection, Audit observed that as per Clause-7 of Technical Specifications, Volume-II, the contractor was liable to provide new features and functionality such as supporting new data format. However, OPTCL did not take any action to enforce the said clause to get the data in the required format.

⁹⁵ ₹3.31 crore for supply of AMI equipment and ₹2.31 crore for erection, testing and commissioning of the AMI project

- OPTCL continued execution of AMI system work and made payment of ₹5.37 crore (from 2014-15 to 2018-19), without resolving the matter of format of output data.
- Further, OPTCL records indicated that the meter data downloaded and processed through the AMI system could not deliver 100 *per cent* accuracy and was prone to accounting errors leading to erroneous billing.

The aforesaid lapses on the part of OPTCL resulted in scrapping of the project, rendering the related expenditure of ₹5.37 crore infructuous.

The Government accepted the audit observation and stated (March 2024) that the requirement of raw uneditable meter data from the AMI was initially not anticipated. The same was only emphasised (January 2015) after award of the project but the implementing agency expressed its inability to provide raw meter data. In the meanwhile, discussions were held to upgrade the AMI project for OPTCL network and for utilizing its existing hardware infrastructure.

However, Audit observed that OPTCL, despite having an enabling Clause⁹⁶ in the Technical Specifications of the contract agreement, did not consider enforcing the obligation on the part of TCS to provide data required for project completion. Instead, it went by the opinion of the TCS without doing any due diligence. The contention of upgrading the AMI project for OPTCL network is just an afterthought as no documentary evidence of such efforts was made available to Audit.

3.5 *Undue benefit to a DISCOM*

Non-compliance with directions of the Board of Directors of OPTCL resulted in extension of undue benefit to CESU and loss of ₹2.16 crore

The Government of Odisha (GoO) launched (25 July 2013) a scheme (Construction of 33/11 KV Sub-stations) for construction of 500 new 33/11 KV sub-stations in the State with an investment of ₹2,600 crore, which was subsequently named, the “Odisha Distribution System Strengthening Project (ODSSP)”. The Odisha Power Transmission Corporation Limited (OPTCL), a GoO undertaking incorporated in March 2004, was engaged as the implementing / nodal agency for the project. To manage the implementation of the project, the scheme provided for payment of six *per cent* of project cost to OPTCL to meet the cost of administrative expenses, setting up of project office, manpower, contingencies and fees payable to a Project Management Consultant.

In a review meeting held (April 2013) under the Chairmanship of Secretary, Department of Energy, it was decided that a multi-disciplinary team drawn

⁹⁶ Clause-7 of the Technical Specification of the Contract Agreement envisaged that AMI system shall meet the software requirement for adding new features and functionality, such as supporting new data format

from OPTCL and Distribution Companies (DISCOMs) would be assigned the work of construction of 33/11 KV sub-stations. Accordingly, OPTCL intimated (April 2013) the four DISCOMs⁹⁷ in the State, to identify a team of technical and financial executives for the multi-disciplinary team. Subsequently, the Board of Directors (BoD) of OPTCL in their 58th meeting decided (August 2013) to create a 'Project Management Unit (PMU)-33/11KV' under the functional and administrative control of Chairman-cum-Managing Director (CMD) of OPTCL to look after the work *i.e.*, from concept to commissioning of 500 new 33/11KV sub-stations. Further, it was also decided that instead of one, four multi-disciplinary teams consisting of officers drawn from OPTCL and DISCOMs would handle the contract management and associated activities of the scheme. Pay/salary of these officers was to be borne by the respective DISCOMs. Accordingly, 16 executives⁹⁸ of four DISCOMs were deployed for the multi-disciplinary teams of ODSSP.

It was observed (December 2022) in audit that although 16 executives from four DISCOMs were deployed in OPTCL for ODSSP, OPTCL released ₹2.16 crore towards pay and allowances to three executives in case of one DISCOM *i.e.*, Central Electricity Supply Utility of Odisha (CESU) (now Tata Power Central Odisha Distribution Limited - TPCODL⁹⁹) for their deployment during the period from 5 May 2013 to 02 April 2022, unlike other three DISCOMs where no such disbursement was made. Thus, despite clear instructions of the BoD of OPTCL regarding pay and allowances of executives to be borne by their respective DISCOMs, the decision of the Management to make a payment for the three executives of CESU/TPCODL was discriminatory towards the other three DISCOMs. It also resulted in extension of undue benefit to CESU/TPCODL and loss of ₹2.16 crore to OPTCL.

The Government in its reply stated (March 2024) that the drawing of pay and allowances of the three officers deputed from CESU to OPTCL for ODSSP, was allowed based on approval of CMD, OPTCL, as per terms and conditions of their deputation. The reply is not acceptable as it was against the decision taken in the 58th meeting of the BoD of OPTCL. Further, the salary of the officers of the other three DISCOMs deputed for ODSSP, was not similarly borne by OPTCL. Moreover, while making the payment of salaries of the executives drawn from CESU for the ODSSP, OPTCL, in its letter to all DISCOMs had clarified (January 2017) that salary of DISCOMs' executives engaged in other projects like DDUGJY¹⁰⁰, SCRIPS¹⁰¹ and IPDS¹⁰² would not be borne by the OPTCL and would have to be met by respective DISCOMs in

⁹⁷ Central Electricity Supply Utility of Odisha (CESU), North Eastern Electricity Supply Company of Odisha Limited (NESCO), Southern Electricity Supply Company of Odisha Limited (SOUTHCO) and Western Electricity Supply Company of Odisha Limited (WESCO)

⁹⁸ Three executives of Central Electricity Supply Utility of Odisha (CESU), Four executives of North Eastern Electricity Supply Company of Odisha Limited (NESCO), three executives of Southern Electricity Supply Company of Odisha Limited (SOUTHCO) and six executives of Western Electricity Supply Company of Odisha Limited (WESCO)

⁹⁹ Under the orders of OERC the utilities CESU were vested with the TPCODL with effect from 1 June 2020.

¹⁰⁰ Deen Dayal Upadhyaya Gram Jyoti Yojana

¹⁰¹ State Capital Region Improvement of Power System

¹⁰² Integrated Power Development Scheme

line with the decision taken at the 58th BoD meeting, as in case of ODSSP. Hence, the action of OPTCL was self-contradictory.

Thus, due to payment of pay and allowances to three executives of CESU/TPCODL in violation of the BoD's decision, OPTCL did not safeguard its financial interests and suffered a loss of ₹2.16 crore.

3.6 Undue benefit to a private beneficiary of shifting of EHT lines

Undue benefit to Shri Mahavir Ferro Alloys Private Limited as a result of non-realisation of revenue loss of ₹1.49 crore due to shut down of lines

Odisha Power Transmission Corporation Limited (OPTCL) owns extra high voltage transmission system comprising transmission lines and sub-stations. For diversion of these extra high tension (EHT) lines for construction of new railway lines by Indian Railways and new EHT lines of other beneficiaries, shut down permissions are to be taken from OPTCL by the beneficiaries. Due to these shutdowns, OPTCL and GRIDCO Limited¹⁰³ incur revenue losses due to non-supply of electricity during the period. The Board of Directors (BoD) of OPTCL in their 73rd meeting (23 September 2015) decided to recover such losses from beneficiaries and approved a generic formula for calculation of the amount of loss.

Shri Mahavir Ferro Alloys Private Limited (SMFAPL), Rourkela sought (August 2017) permission from OPTCL for "Diversion of 132 KV Tarkera-Rajgangpur circuit-I and II and 132 KV Kalunga-Budhipadar circuit passing through their premises". OPTCL accorded (07 June 2019) technical sanction for the same at an estimated cost of ₹5.28 crore including GST. As per the technical sanction order, the work was to be executed by the beneficiary *i.e.*, SMFAPL under supervision of EHT (Operation and Maintenance) Division, OPTCL, Rourkela, after deposit of ₹1.74 crore¹⁰⁴ towards loss of revenue, supervision charges *etc.*, (out of the total of ₹5.28 crore). The amount of loss of revenue due to shut down of EHT lines was calculated on the basis of the generic formula approved by the BoD of OPTCL.

Accordingly, SMFAPL was asked (18 June 2019) to deposit ₹1.74 crore in favour of Chief General Manager (CGM) (Finance), OPTCL, Bhubaneswar. It was also intimated that the work would be allowed to be executed after deposit of the amount. SMFAPL deposited (February 2020) only ₹0.25 crore¹⁰⁵ towards supervision fees and requested (03 November 2020) OPTCL to waive off the claim of ₹ 1.49 crore towards revenue loss. While rejecting (29 December 2020) the request for waiver of claim, OPTCL asked SMFAPL to

¹⁰³ GRIDCO Limited is presently engaged in business of bulk purchase and bulk sale of power to the four Distribution Companies inside the State

¹⁰⁴ 6 per cent supervision charges on supply and erection cost (₹21,22,405), 18 per cent GST on supervision charge (₹3,82,033), loss of revenue to GRIDCO and OPTCL due to shut down of line (₹1,48,73,424), cost of survey including GST (₹2,36,000) with adjustment of payment already received for survey (-₹2,16,000)

¹⁰⁵ Six per cent supervision charges on supply and erection cost (₹21,22,405) plus 18 per cent GST on supervision charge (₹3,82,033)

deposit ₹0.30 crore as advance towards revenue loss before executing shutdown for diversion of lines. SMFAPL was also asked to submit an undertaking to deposit the balance amount, if any, on actual revenue loss calculation after completion of the work. It was seen that SMFAPL deposited (March 2021) ₹0.30 crore towards revenue loss but no undertaking was submitted to OPTCL. After completion of work, the actual loss of revenue due to shut down during the execution of work was calculated by OPTCL as ₹1.79 crore, but the same was not claimed from SMFAPL, although completion certificate was issued (30 March 2022) to the beneficiary.

Thus, wrongful issuance of completion certificate by OPTCL and inaction towards claiming the balance amount of ₹1.49 crore (₹1.79 crore - ₹0.30 crore), resulted in extension of undue benefit to SMFAPL.

The Government stated (March 2024) that the loss of revenue of ₹1.49 crore due to shutdown was a theoretical loss and there was no actual revenue loss occurring during the shutdown period. The reply was not tenable because the loss of revenue amounting to ₹1.79 crore had been calculated by OPTCL itself on the basis of actual hours of shutdown. Further, OPTCL had stated (August 2023) that necessary action had been taken to recover the differential amount of ₹1.49 crore from SMFAPL.

3.7 Avoidable Expenditure

Avoidable expenditure towards Penal Net Present Value ₹0.69 crore

The Odisha Power Transmission Corporation Limited (OPTCL), a wholly owned Government of Odisha (GoO) undertaking, submitted (August 2016) a proposal to the Forest and Environment Department, GoO for diversion of 18.5 hectares of revenue forest land for construction of 220 KV SC Transmission Line from Grid Sub-station at Balimela to Grid Sub-station at Malkangiri. The diversion proposal was submitted in pursuance to section 2(ii) of the FC Act, 1980 which stipulates that prior approval from Ministry of Environment, Forest and Climate Change (MoEF&CC), Government of India (GoI) is required for non-forest use of forest land. The total length of the transmission line was 21.217 km, which included 5.290 km passing through forest area.

In pursuance of the order (October 2002) of the Supreme Court, Net Present Value (NPV) of the forest land diverted for non-forest purpose was to be paid by the user agency. Further, in terms of the directive issued (January 2018) by MoEF&CC, any portion of the forest land diverted for non-forest purpose without approval of Government of India, was liable for a payment of penal NPV apart from the NPV. It was seen that OPTCL commenced (January 2018) construction of the transmission line without prior approval from MoEF&CC, due to which penal NPV of ₹0.69 crore was paid by the Corporation.

In this connection audit observed that:

- While dealing with the diversion proposal of OPTCL, Divisional Forest Officer (DFO), Malkangiri, requested (September 2017) OPTCL, not to start any work in the forest area without prior approval from GoI. The DFO also stated that taking up work without approval would lead to future complications and OPTCL would be held responsible for the same.
- The diversion proposal of OPTCL was discussed by the Regional Empowered Committee (Eastern Zone), MoEF&CC in its 24th meeting (20 February 2018). As the construction work was already completed without prior approval, the Committee approved the proposal for grant of Stage-I approval¹⁰⁶ with imposition of penalty for the violation. The Committee decided that Stage-I approval would be issued after submission of details of commencement and completion of the transmission line. The Stage-I approval was granted in July 2020, due to delay in submission of above details by OPTCL between February 2018 and July 2020 (29 months).
- As per the conditions of the Stage-I approval, DFO, Malkangiri, raised (September 2020) a demand of penal NPV ₹0.69 crore. The Penal NPV was paid by OPTCL in December 2022.

Thus, violation of provisions of FC Act, 1980 by OPTCL, despite being a PSU, resulted in avoidable payment of penal NPV of ₹0.69 crore.

Government stated (November 2023) that for providing reliable and quality power supply to Left Wing Extremism affected areas and hospitals in Malkangiri district, construction of transmission lines was undertaken. Reply was not acceptable because there was delay on the part of OPTCL, as the latter took more than two years to comply with the conditions of the Regional Empowered Committee. Moreover, OPTCL had violated the statutory norms by starting the work without forest clearance.

ODISHA BRIDGE AND CONSTRUCTION CORPORATION LIMITED

3.8 Avoidable payment

Delayed payment of GST with consequential payment of interest amounting to ₹2.56 crore

The Odisha Bridge and Construction Corporation Limited (OBCC), a Government of Odisha (GoO) undertaking is engaged in providing works

¹⁰⁶ Prior approval of central government under the FC Act, 1980 is given in two stages. In Stage-I, approval the proposal is agreed to in-principle with conditions relating to transfer, mutation of non-forest land, payment of compensatory afforestation, realization of NPV etc, are stipulated. After receipt of compliance report from the State Government in respect of the stipulated conditions, formal approval (Stage-II) under the FC Act is issued.

contract services to the Works Department, GoO, in consideration of applicable supervision charges (*i.e.*, eight *per cent* of actual expenditure of work). As per notifications (June 2017) of the Ministry of Finance, Government of India and Finance Department, GoO, OBCC is liable to pay GST on works contract projects executed by it. Although OBCC was paying GST on contract value through the contractor engaged by it, it had not been paying GST on supervision charges since the inception of the GST Act. As interpreted by OBCC, supervision charges are used to meet its day-to-day operations relating to the works and GST was not leviable on the supervision charges.

Audit observed that:

- As per section 50 (1) of OGST Act, 2017 in case of failure to pay GST within the prescribed period, the defaulter is liable to pay interest at the rate of 18 *per cent* for the period for which the tax remains unpaid. As OBCC did not pay GST, the CT&GST Officer, Bhubaneswar-II, initiated statutory proceedings for the period from Financial Year (FY) 2017-18 to FY 2021-22 and issued orders for payment of ₹231.05 crore¹⁰⁷ which included interest and penalty. The demand of tax was made on the total contract price received by OBCC from the Works Department, GoO, which included eight *per cent* as supervision charges on works undertaken by OBCC. As against this order, OBCC filed (April 2021) an appeal before the Appellate Authority (*i.e.*, Joint Commissioner of State Tax-Appeal). The Appellate Authority quashed (May 2022) the appeal and ordered that OBCC is liable to pay tax unless exempted by a separate notification.
- The above liability of ₹231.05 crore upto 2021-22 was deliberated upon in a high level meeting held (July 2022) in the presence of Chief Secretary, GoO, and Commissioner of CT&GST. In that meeting it was decided that henceforth OBCC had to pay GST just like other corporations on overhead charges/corporation charges to GST authorities. Referring to the said meeting, Works Department intimated that the Finance Department, GoO had clarified (July 2022) that OBCC, as a State PSU, is liable to pay GST as per the provisions of the OGST Act, 2017.
- Accordingly, OBCC computed GST of ₹5.46 crore on supervision charges and interest ₹2.56 crore for the FY 2017-18 to FY 2020-21 and the same was paid in July 2022. From FY 2022-23 onwards, OBCC has been filing GST returns and paying GST as per the provisions of GST Act.
- However, Audit observed that while computing the GST, OBCC did not consider the GST liability for FY 2021-22 for no reasons on record. Audit calculated the liability towards GST at ₹3.59 crore for

¹⁰⁷ Demand of ₹231.05 crore included GST of ₹131.42 crore, interest of ₹25.41 crore and penalty of ₹74.21 crore

the FY 2021-22 and interest thereon as ₹0.86 crore¹⁰⁸. Further delay in payment of the outstanding GST for the FY 2021-22 would likely increase the liability towards interest.

Thus, non-compliance of the statutory requirement of timely remittance of GST on supervision charges received by OBCC on the works executed, resulted in avoidable payment of ₹2.56 crore on account of interest for belated remittance of GST.

The Government stated (December 2023) consequent upon the decision (July 2022) of GoO, OBCC had been paying GST on supervision charges regularly from 2022-23. However, GST on supervision charges from 2017-18 to 2020-21 was paid under protest and GST on supervision charges and interest for the period 2021-22 was not payable as the same was under dispute.

The reply was not acceptable because OBCC did not comply with the provisions of GST Act and unnecessarily delayed the remittance of the GST. There was no mention in the records of OBCC regarding payment under protest. Secondly, disputing a statutory obligation for a particular year even after clarification from the GoO was imprudent.

ODISHA COAL AND POWER LIMITED

3.9 *Undue favour*

Undue favour of ₹2.39 crore to the Mine Operator by violating the Mines Service Agreement

The Odisha Coal and Power Limited (OCPL) is a Government of Odisha undertaking engaged in coal mining and supply of coal. The Manoharpur coal block was allotted (August 2015) to OCPL for supply of coal exclusively to the Odisha Power Generation Corporation Limited. For development and operation of the Manoharpur coal mine, Request for Proposal (RFP) was invited from potential Mine Operators (MO) in September 2017. The RFP stipulated¹⁰⁹ that the MO would be responsible for taking all needful action for shifting the villagers of Sanghumuda village and for taking physical possession of land for mining activities. Further, during the pre-bid process, OCPL further clarified that the MO would bear the cost of shifting of all the villagers of Sanghumuda, as stated in the RFP. Accordingly, the letter of award was issued (July 2018) to M/s BGR Mining and Infra Limited (BGR), stipulating the same terms in the scope of work for which the contract price was agreed to.

¹⁰⁸ Interest at 18 *per cent* on the GST from April 2022 to July 2023 (upto the date of audit)

¹⁰⁹ Clause (f) of Annexure-A of the RFP, regarding the mining services to be undertaken by the MO

Thereafter, OCPL executed (August 2018) the Mining Service Agreement¹¹⁰ with M/s BGR as MO. As per clause B(2)(b) of Schedule 2 of the Mining Service Agreement, the MO was responsible for shifting of all 174 villagers of the Sanghumuda village, to the Rehabilitation and Resettlement (R&R) colony constructed by the OCPL and taking physical possession of homestead land for mining activities. Further, the MO was also responsible for: (i) coordination and liaison with the project affected persons and Government authorities, (ii) relocating the villagers and (iii) taking possession of the land. Accordingly, the responsibility for shifting of the villagers of Sanghumuda, by the MO, was incorporated in the conditions of tender documents, Letter of Award and in the Mining Service Agreement.

Audit however noted that instead of executing the shifting work, in accordance with the terms of Agreement, the MO intimated (June 2019) that they had been able to undertake only the works relating to demolition of existing structures, levelling of ground, liaising with the administration, local police, electrical department *etc.* Thereupon, OCPL decided (June 2019) to execute the shifting work of the Sanghumuda villagers to the R&R colony, by engaging another agency, instead of executing the same through the MO. Accordingly, OCPL appointed (August 2019) M/s Zodiac Infrastructure Private Limited for the above work and incurred a total expenditure of ₹2.39 crore for shifting of Sanghumuda villagers.

Thus, instead of enforcing the terms of the agreement against the Mines Operator, OCPL executed the work on its own by engaging another agency, leading to avoidable expenditure of ₹2.39 crore and undue benefit of ₹2.39 crore to the MO.

The Government stated (April 2024) that MO's responsibility was facilitation and liaison, for the shifting of displaced families of Sanghumuda village, as was clarified by OCPL, in response to the pre-bid query¹¹¹. The reply of the Government was not in consonance with the facts, because during the pre-bid discussion OCPL had clarified to the bidders that the financial implications of shifting of the Sanghumuda villagers would be as per the conditions¹¹² of the

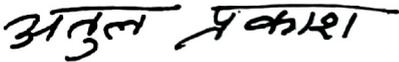
¹¹⁰ Mining Service Agreement is the contract agreement signed with M/s BGR Mining and Infra Limited for development, operation and maintenance of Manoharpur coal mine project of OCPL

¹¹¹ Query No. 146: For shifting of all 174 villagers of the Sanghumuda village, who would bear the cost for shifting? Kindly clarify.

¹¹² Response to Query No. 146: RFP condition (MO will be responsible for taking all needful action for shifting of all Sanghumuda villagers) will prevail.

RFP. Since, the scope of work for which the contract price was fixed, included the responsibility of the MO for shifting of the persons residing in Sanghumuda village, OCPL extended undue benefit of ₹2.39 crore to the MO, by executing the work at its own cost.

Bhubaneswar
The 21 JAN 2026


(ATUL PRAKASH)
Accountant General (Audit-II), Odisha

Countersigned

New Delhi
The 27 JAN 2026


(K. SANJAY MURTHY)
Comptroller and Auditor General of India

Appendices

APPENDIX – 1

(Referred to in Paragraphs 1.1.4.1 and 1.9.2)

List of 76 Government SPSEs and Government Controlled Other SPSEs

Sl. No.	Sector and Name of the PSU	Name of the Department	Government Company(GC)/Government Controlled Other Company(GCOC)
1	2	3	4
A. Social Sector			
I. Working Government Companies			
1	The Agricultural Promotion and Investment Corporation of Odisha Limited	Agriculture and Farmers' Empowerment	GC
2	The Odisha Agro Industries Corporation Limited	Agriculture and Farmers' Empowerment	GC
3	Odisha State Cashew Development Corporation Limited	Agriculture and Farmers' Empowerment	GC
4	Odisha Forest Development Corporation Limited	Forest and Environment	GC
5	Odisha Lift Irrigation Corporation Limited	Water Resources	GC
6	Odisha State Seeds Corporation Limited	Agriculture and Farmers' Empowerment	GC
7	Odisha Pisciculture Development Corporation Limited	Fisheries and Animal Resources Development	GC
8	The Odisha Small Industries Corporation Limited	Industries	GC
9	Odisha Mineral Bearing Areas Development Corporation Limited	Steel and Mines	GC
10	Water Corporation of Odisha Limited	Water Resources	GC
11	Odisha State Beverages Corporation Limited	Excise	GC
12	Odisha State Civil Supplies Corporation Limited	Food Supplies and Consumer Welfare	GC
13	Odisha State Medical Corporation Limited	Health and Family Welfare	GC
14	Odisha Sports Development and Promotion Company Limited	Sports and Youth Services	GC
15	Brahamani Railways Limited	Industries	GCOC
16	Odisha Rail Infrastructure Development Limited	Industries	GC
17	Startup Odisha	Micro, Small and Medium Enterprise	GC
18	World Skill Center	Skill Development and Technical Education	GC
II. Inactive Government Companies			
19	Eastern Aquatic Products Limited (under voluntary liquidation since 22 February 1978)	Agriculture and Farmers' Empowerment	GC
20	Orissa Fisheries Development Corporation Limited	Fisheries and Animal Resources Development	GC
B. Competitive Sector			
I. Working Government Companies			
21	The Industrial Promotion and Investment Corporation of Odisha Limited	Industries	GC
22	The Odisha Film Development Corporation Limited	Industries	GC
23	Odisha Rural Housing and Development Corporation Limited	Housing and Urban Development	GC
24	Paradip Investment Region Development Limited	Industries	GCOC
25	Odisha Construction Corporation Limited	Water Resources	GC
26	Orissa Bridge and Construction Corporation Limited	Works	GC

Sl. No.	Sector and Name of the PSU	Name of the Department	Government Company(GC)/Government Controlled Other Company(GCOC)
27	IDCO SEZ Development Limited	Industries	GCOC
28	Odisha Electronics Park Limited	Industries	GCOC
29	Baitarani West Coal Company Limited	Steel and Mines	GCOC
30	The Mandakini B-Coal Corporation Limited	Steel and Mines	GCOC
31	The Odisha Mining Corporation Limited	Steel and Mines	GC
32	Nuagaon Coal Company Limited	Steel and Mines	GCOC
33	Paradeep Plastic Park Limited	Industries	GCOC
34	Angul Aluminium Park Private Limited	Industries	GCOC
35	Lanjigarh Project Area Development Foundation	Steel and Mines	GCOC
36	Odisha Tourism Development Corporation Limited	Tourism	GC
37	Shamuka Tourism Development Corporation Limited	Tourism	GCOC
38	Inland Waterways Consortium of Odisha Limited	Industries	GCOC
39	Kalinga Studios Limited	Industries	GC
40	Odisha State Financial Corporation	Micro, Small and Medium Enterprise	Government Corporation
41	Odisha State Road Transport Corporation	Commerce and Transport	Government Corporation
42	Odisha State Warehousing Corporation	Co-operation	Government Corporation
43	Odisha Hydro Power Corporation Limited	Energy	GC
44	Odisha Power Generation Corporation Limited	Energy	GC
45	Odisha Thermal Power Corporation Limited	Energy	GCOC
46	Green Energy Development Corporation of Odisha Limited	Energy	GC
47	GEDCOL SAIL Power Corporation Limited	Energy	GC
48	Odisha Power Transmission Corporation Limited	Energy	GC
49	Odisha Coal and Power Limited	Energy	GC
50	GRIDCO Limited	Energy	GC
II. Inactive Government Companies			
51	IDCOL Software Limited (under liquidation)	Industries	GC
52	ABS Spinning Orissa Limited (under liquidation)	Industries	GC
53	Gajapati Steel Industries Limited (Company closed since 1969-70, under voluntary liquidation since 01 March 1974)	Industries	GC
54	IPITRON Times Limited (Under liquidation since 1998)	Industries	GC
55	Konark Detergent and Soaps Limited	Industries	GC
56	Konark Television Limited (Defunct since 1999-2000)	Industries	GC
57	Mayurbhanj Textiles Limited	Handlooms, Textiles and Handicrafts	GC
58	Modern Malleable Casting Company Limited (Closed since 1968. Under voluntary liquidation since 09 March 1976)	Industries	GC
59	New Mayurbhanj Textiles Limited	Handlooms, Textiles and Handicrafts	GC
60	Orissa Boat Builders Limited (under liquidation)	Industries	GC
61	Orissa Instruments Company Limited	Industries	GC
62	Orissa Leather Industries Limited	Industries	GC

Sl. No.	Sector and Name of the PSU	Name of the Department	Government Company(GC)/Government Controlled Other Company(GCOC)
63	Orissa Textile Mills Limited (Under liquidation since 2001)	Handlooms, Textiles and Handicrafts	GC
64	Orissa State Electronics Development Corporation Limited	Industries	GC
65	Orissa State Handloom Development Corporation Limited (under liquidation)	Handlooms, Textiles and Handicrafts	GC
66	Orissa State Leather Corporation Limited (closed since 18 June 1998)	Industries	GC
67	Orissa State Textile Corporation Limited	Handlooms, Textiles and Handicrafts	GC
68	Orissa Tools and Engineering Company Limited (619-B)	Industries	GC
69	Premier Bolts and Nuts Limited (Under liquidation; assets have been disposed of)	Industries	GC
70	ELCOSMOS Electronics Limited	Industries	GC
71	ELCO Communication and Systems Limited (Under liquidation since 1998)	Industries	GC
72	ELMARC Limited	Industries	GC
73	Orissa State Commercial Transport Corporation Limited	Commerce and Transport	GC
C. Other Sector			
I. Working Government Companies			
74	The Odisha State Police Housing and Welfare Corporation Limited	Home	GC
75	Bhubaneswar Smart City Limited	Housing and Urban Development	GCOC
76	Rourkela Smart City Limited	Housing and Urban Development	GCOC

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

No. of Working Companies/ Corporation	51
No. of non-working Companies/ Corporation	25
Total	76
Government Companies	58
Statutory Corporations	03
Government Control Other Companies	15
Total	76

APPENDIX - 2
(Referred to in Paragraphs 1.1.4.1 and 1.9.2)
Details of accounts in arrears or companies under liquidation¹¹³/defunct
Government Companies and Corporations

Sl. No.	Name of the Sector/SPSE	Year for which Accounts are not received by 30 September 2023	No. of accounts in arrear
I. Working Government Companies			
1	The Agricultural Promotion and Investment Corporation of Odisha Limited	2021-22 and 2022-23	2
2	The Odisha Agro Industries Corporation Limited	2021-22 and 2022-23	2
3	Odisha State Cashew Development Corporation Limited	2022-23	1
4	Odisha Forest Development Corporation Limited	2022-23	1
5	Odisha Lift Irrigation Corporation Limited	2019-20 to 2022-23	4
6	Odisha State Seeds Corporation Limited	2022-23	1
7	Odisha Pisciculture Development Corporation Limited	2018-19 to 2022-23	5
8	The Odisha Small Industries Corporation Limited	2020-21 to 2022-23	3
9	Odisha State Civil Supplies Corporation Limited	2021-22 and 2022-23	2
10	Odisha State Medical Corporation Limited	2022-23	1
11	Odisha Mineral Bearing Areas Development Corporation Limited	2022-23	1
12	Odisha State Beverages Corporation Limited	2022-23	1
13	Startup Odisha	2022-23	1
14	World Skill Center	2022-23	1
15	The Odisha Film Development Corporation Limited	2020-21 to 2022-23	3
16	Odisha Rural Housing and Development Corporation Limited	2009-10 to 2022-23	14
17	Odisha Construction Corporation Limited	2020-21 to 2022-23	3
18	Orissa Bridge and Construction Corporation Limited	2022-23	1
19	Odisha Tourism Development Corporation Limited	2022-23	1
20	Kalinga Studios Limited	2021-22 and 2022-23	2
21	The Odisha State Police Housing and Welfare Corporation Limited	2022-23	1
22	Odisha Hydro Power Corporation Limited	2022-23	1
23	Odisha Power Transmission Corporation Limited	2022-23	1
II. Statutory Corporation			
24	Odisha State Financial Corporation	2022-23	1
25	Odisha State Road Transport Corporation	2021-22 and 2022-23	2
26	Odisha State Warehousing Corporation	2019-20 to 2022-23	4
III. Non-working Government Companies (under liquidation)			
27	Gajapati Steel Industries Limited	1969-70 to 2022-23	54
28	Modern Malleable Casting Company Limited	1973-74 to 2022-23	50

¹¹³ IDCOL Softwate Limited is currently under liquidation. But its name does not appear in the table as its financial statement has been finalised for the year 2022-23.

Sl. No.	Name of the Sector/SPSE	Year for which Accounts are not received by 30 September 2023	No. of accounts in arrear
29	Eastern Aquatic Products Limited	1973-74 to 2022-23	50
30	Premier Bolts and Nuts Limited	1966-67 to 2022-23	57
31	Orissa Boat Builders Limited	1971-72 to 2022-23	52
32	Orissa Textile Mills Limited	1998-99 to 2022-23	25
33	IPITRON Times Limited	1998-99 to 2022-23	25
34	ELCOSMOS Electronics Limited	1998-99 to 2022-23	25
35	ELCO Communication and Systems Limited	1998-99 to 2022-23	25
36	Orissa State Electronics Development Corporation Limited	2006-07 to 2022-23	17
37	Konark Television Limited	1992-93 to 2022-23	31
38	ABS Spinning Orissa Limited	2007-08 to 2022-23	16
39	Orissa State Handloom Development Corporation Limited	2004-05 to 2022-23	19
40	Orissa State Textile Corporation Limited	1994-95 to 2022-23	29
IV. Non-working Government Companies (Defunct)			
41	Mayurbhanj Textiles Limited	1971-72 to 2022-23	52
42	New Mayurbhanj Textiles Limited	1982-83 to 2022-23	41
43	Konark Detergent and Soaps Limited	1982-83 to 2022-23	41
44	Odisha Fishery Development Corporation Limited	1983-84 to 2022-23	40
45	Orissa Tools and Engineering Company Limited	1983-84 to 2022-23	40
46	Orissa Instruments Company Limited	1988-89 to 2022-23	35
47	Orissa State Leather Corporation Limited	1989-90 to 2022-23	34
48	Orissa Leather Industries Limited	1992-93 to 2022-23	31
49	Orissa State Commercial Transport Corporation Limited	2001-02 to 2022-23	22
50	ELMARC Limited	2001-02 to 2022-23	22

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

Summary of Age-wise Analysis of arrears of Accounts of Government Companies

Arrear for one year (2022-23)	14 Nos.
Arrear for two years (2021-22 to 2022-23)	10 Nos.
Arrears for three years and more	869 Nos.
Total	893 Nos.

APPENDIX- 3
(Referred to in Paragraphs 1.1.4.1 and 1.9.2)
Details of accounts in arrears
Government Controlled Other Companies

Sl. No.	Name of the SPSEs	Year for which Accounts not received by 30 September 2023	No. of accounts in arrear
1	IDCO SEZ Development Limited	2022-23	1
2	Odisha Electronics Park Limited	2022-23	1
3	Angul Aluminium Park Private Limited	2022-23	1
4	The Mandakini B-Coal Corporation Limited	2018-19 to 2022-23	5
5	Nuagaon Coal Company Limited	2019-20 to 2022-23	4
6	Lanjigarh Project Area Development Foundation	2021-22 & 2022-23	2
7	Inland Waterways Consortium of Odisha Limited	2021-22 & 2022-23	2
8	Paradip Investment Region Development Limited	2022-23	1
9	Bhubaneswar Smart City Limited	2022-23	1
10	Odisha Thermal Power Corporation Limited	2022-23	1

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

Summary of Age-wise Analysis of arrears of Accounts of Govt. control other Companies

Arrear for one year (2022-23)	6 Nos.
Arrear for two years (2021-22 to 2022-23)	4 Nos.
Arrears for three years and more	9 Nos.
Total	19 Nos.

APPENDIX- 4
(Referred to in Paragraph 1.1.4.2)
SPSEs and their introduction including contribution of turnover to the GSDP of the State

Sl. No.	Name of the Company	Activities	Turnover (₹ in crore)		Contribution (Percentage of turnover of GSDP of the state)		Reason for difference
			SFAR	GPFR	SFAR	GPFR	
1	The Agricultural Promotion and Investment Corporation of Odisha Limited	To promote agro-based industries/food processing industries including commercial agriculture /horticulture/ animal husbandry/fisheries, in broad terms to promote investment in Agriculture and allied sectors.	0.29	0.29	0.0000	0.0000	-
2	The Odisha Agro Industries Corporation Limited	To promote and sale improved agricultural implements and machineries, to promote and develop Bio-fertilizer / Organic manure, Cattle and Poultry Feeds, to provide irrigation to the agricultural lands utilizing the surface water and sub-surface water by way of installing dug wells, executing shallow tube wells, bore wells and River lift projects <i>etc.</i>	460.66	460.66	0.0595	0.0595	-
3	Odisha State Cashew Development Corporation Limited	The main objectives of the Odisha State Cashew Development Corporation Ltd. as per its Memorandum and Articles of Association are as follows. To develop land and raise cashew plantations and other suitable species in the State of Odisha for the purpose of development of the State.		15.64	0.0000	0.0020	In GPFR, financial statement has been taken for the year 2021-22 and in SFAR, the latest available financial statement was 2019-20 which falls under the criteria "arrear for three years or more". Hence, it was not considered.
4	Odisha Forest Development Corporation Limited (OFDC-For)	To plant, grow, cultivate, propagate, produce and raise plantations of all varieties of forest species, trees, grasses, bamboo, canes, medicinal plants and crops. To buy, sell, export, import, process, manufacture, distribute or otherwise deal in all kinds of forest plants, trees and other forest products.	145.34	145.34	0.0188	0.0188	-

Sl. No.	Name of the Company	Activities	Turnover (₹ in crore)		Contribution (Percentage of turnover of GSDP of the state)		Reason for difference
			SFAR	GPFR	SFAR	GPFR	
5	Odisha State Seeds Corporation Limited	To undertake Production of Certified seeds of those crops and varieties which come under purview of SeedAct and also quality seeds of other kinds and varieties, to process Certified seeds on scientific and commercial lines, to install, manage and operate Processing Plants and seed storage facilities etc.	186.80	186.80	0.0000	0.0000	-
6	The Industrial Promotion and Investment Corporation of Odisha Limited	IPICOL as the State Level Nodal Agency has taken up pro-active measures for Investment Promotion and Industrial Facilitation. IPICOL has made relentless effort to convert Odisha to a vibrant State and making it a favorite destination for investors. IPICOL has been able to attract a large number of investment proposals and build the state's image as an Industry- friendly destination.	543.47	543.47	0.0241	0.0241	-
7	Paradip Investment Region Development Limited	The Company is a special purpose vehicle of IDCO and the Company was incorporated mainly for promotion and development of infrastructure facilities for establishment of a petroleum, chemicals and petrochemicals investmernt region in and around Paradeep as integrated chemical complex.	0.00	0.00	0.0701	0.0701	-
8	Orissa Bridge and Construction Corporation Limited	Construction of Bridges/Roads/ Buildings, Maintenance of Bridges, Toll Collection etc.	321.25	321.25	0.0000	0.0000	-
9	The Odisha State Police Housing and Welfare Corporation Limited	To undertake construction of building for the residential and non-residentialpurpose for the Police, Vigilance, Fire service, Prison departments, Judiciary and other governmentdepartments.	357.73	357.73	0.0000	0.0000	-
10	Brahmani Railways Limited	Brahmani Railways Limited (BRL) a Special Purpose Vehicle (SPV) floated by Odisha Industrial Infrastructure Development Corporation (IDCO) with a vision for creation of infrastructure to evacuate coal as well as for setting up of industries in	0.00	0.00	0.0415	0.0415	-

Sl. No.	Name of the Company	Activities	Turnover (₹ in crore)		Contribution (Percentage of turnover of GSDP of the state)		Reason for difference
			SFAR	GPFR	SFAR	GPFR	
		the Talcher region.					
11	Odisha Mineral Bearing Areas Development Corporation Limited	For undertaking specific tribal welfare and area development works so as to ensure inclusive growth of the mineral bearing areas.	0.00	0.00	0.0462	0.0462	-
12	IDCO SEZ Development Limited	The Company is a special Purpose Vehicle of Odisha Industrial Infrastructure Development Corporation with Substantial Shareholding. The main objects of the company are development of SEZ areas in the State of Odisha.	0.00	0.00	0.0000	0.0000	-
13	Water Corporation of Odisha Limited	To provide water supply and sewerage services in the cities of Bhubaneswar, Jatni and Khordha on behalf of the respective municipal bodies.	121.29	324.51	0.0000	0.0000	In GPFR, financial statement has been taken for the year 2022-23 and in SFAR, financial statement has been taken for the year 2021-22 as accounts for 2022-23 was not available then.
14	Rourkela Smart City Limited	RSCL was floated under the Smart City Mission to drive economic growth and improve the quality of life of people by enabling local development and harnessing technology.	0.00	0.00	0.0000	0.0000	-
15	Bhubaneswar Smart City Limited	Bhubaneswar Smart City Limited (BSCL) is the nodal agency to plan, implement, manage and operate the Smart City Development Projects in the city. In accordance with the mission guidelines, the implementation will be undertaken in the area falling under jurisdiction of Bhubaneswar Municipal Corporation.	0.83	0.83	0.0157	0.0419	-
16	Odisha Electronics Park Limited	Odisha Electronics Park Limited (OEPL) a Special Purpose Vehicle (SPV) floated by Odisha Industrial Infrastructure Development Corporation (IDCO) with a vision for establishment of a Greenfield Electronic Manufacturing Cluster (EMC) at Info valley, Bhubaneswar Industrial area, Khurda, Odisha	0.00	0.00	0.0000	0.0000	-

Sl. No.	Name of the Company	Activities	Turnover (₹ in crore)		Contribution (Percentage of turnover of GSDP of the state)		Reason for difference
			SFAR	GPFR	SFAR	GPFR	
		for attracting investments in the Electronic system design and manufacturing sector.					
17	Odisha Rail Infrastructure Development Limited	To develop viable railway projects, by itself or through a subsidiary /special purpose vehicles, including projects with viability gapfunding.	0.00	0.00	0.0001	0.0001	-
18	Baitarani West Coal Company Limited	The company is a Public company domiciled in India and is a joint venture of OHPC Ltd.; Govt. of Odisha State PSU, GPC Ltd; Govt. of Gujarat State PSU and KSEB Ltd; Govt. of Kerala State PSU for coal mining.	0.00	0.00	0.0000	0.0000	-
19	The Odisha Mining Corporation Limited	To harness the mineral wealth of the State of Odisha through exploration, extraction as well as value addition.	14,449.58	14,449.58	0.0000	0.0000	-
20	Odisha State Beverage Corporation Limited	To carry on the importing, exporting and the wholesale trade and distribution of foreign liquor in the State.	6,011.39	6,011.39	0.0000	0.0000	-
21	Paradeep Plastic Park Limited	The Company is a special purpose vehicle of IDCO and was incorporated mainly for establishing and developing industrial infrastructure and support service for plastic, polymer, chemical, petrochemicals, fertilizer and allied industries by setting up a plastic park.	0.00	0.00	1.8648	1.8648	-
22	Angul Aluminium Park Private Limited	The Company is a special purpose vehicle of IDCO and NALCO and the Company was incorporated mainly to promote Aluminium specific downstream and ancillary units in the state of Odisha.	0.00	0.00	0.7758	0.7758	-
23	Lanjigarh Project Area Development Foundation	This is a special purpose vehicle advised by the Hon'ble Supreme Court for Vedanta Refinery Project and OMC's Niyarngiri mining project to engage in the activities for the welfare and development of the people belonging to the poor and weaker section of the society.	0.00	0.00	0.0000	0.0000	-

Sl. No.	Name of the Company	Activities	Turnover (₹ in crore)		Contribution (Percentage of turnover of GSDP of the state)		Reason for difference
			SFAR	GPFR	SFAR	GPFR	
24	Odisha State Civil Supplies Corporation Limited	The main function of the Corporation includes Procurement of Paddy, Storage and distribution of Custom Milled Rice.	5,489.74	5,489.74	0.0000	0.0000	-
25	Odisha Tourism Development Corporation Limited	The Company is engaged in the business of promoting tourism in the State of Odisha and operation/maintenance of Tourist Bungalow and Transport Fleet in commercial line besides to carry on business of restaurants, running boats, yachts, swimming pools, bakeries and confectionaries.	31.39	31.39	0.0000	0.0000	-
26	Odisha State Medical Corporation Limited	To make timely procurement of quality medicines, surgical, equipment, instruments, furniture etc. through fair, transparent and competitive bidding process.	18.84	18.84	0.7085	0.7085	-
27	Shamuka Tourism Development Corporation Limited	To plan, execute, develop Shamuka project as a self-contained high end, exclusive leisure cum business destination at sipasarubali in the district of Puri.	0.00	0.00	0.0041	0.0041	-
28	Inland Waterways Consortium of Odisha Limited	Inland Waterways Consortium of Odisha Limited is majorly in Transport, storage and Communications.		0.00	0.0024	0.0024	In GPFR, financial statement has been taken for the year 2020-21 and in SFAR, the latest available financial statement was 2019-20 which falls under the criteria "arrear for three years or more". Hence, it was not considered.
29	Kalinga Studios Limited	Motion picture distribution and activities allied to film distribution.	0.12	0.12	0.0000	0.0000	-
30	Odisha Sports Development and Promotion Company Limited	It is involved in the business of Sporting and other recreational activities.	0.00	0.00	0.0000	0.0000	-
31	Odisha State Financial Corporation	For meeting the financial and developmental needs of the MSME sector in the state of Odisha; to make it strong, vibrant and nationally/ internationally competitive.	8.20	8.20	0.0000	0.0000	-

Sl. No.	Name of the Company	Activities	Turnover (₹ in crore)		Contribution (Percentage of turnover of GSDP of the state)		Reason for difference
			SFAR	GPFR	SFAR	GPFR	
32	Odisha State Road Transport Corporation	The Corporation is primarily engaged in road transport services to passengers all over Odisha.	32.96	32.96	0.0000	0.0000	-
33	Start Up Odisha	To introduce a holistic and inclusive ecosystem for the existing and upcoming startups, establish itself as one of the top startup hubs in the country, and enable the youth of Odisha to become Job-Creators and support the state in employment generation.	0.00	0.00	0.0000	0.0000	-
34	World Skill Center	The WSC will impart advanced skill training in eight trades from engineering and service sectors. WSC caters primarily to induct the best talent from ITIs and Polytechnics and train them to become globally employable in emerging areas such as "Industry 4.0".	0.00	0.00	0.0011	0.0011	-
35	GRIDCO Limited	It is engaged in business of bulk purchase and bulk sale of power to the four Distribution Companies inside the State and trading of surplus power through traders to promote exchange of power with neighbouring States in the country.	11,923.13	11,923.13	0.0043	0.0043	-
36	Odisha Hydro Power Corporation Limited	To carry on the business of purchasing, selling, importing, exporting, producing, trading, manufacturing or otherwise dealing in hydro electric power, thermal and nuclear electric power based on any non-conventional sources of energy.	454.27	454.27	0.0000	0.0000	-
37	Odisha Power Generation Corporation Limited	It operates state of the art thermal power plants at Banharpalli, Jharsuguda. It has a total generation capacity of 1740 MW (2x210 MW in first phase and 2x660MW in second phase).	4,213.80	4,213.80	0.0000	0.0000	-
38	Odisha Power Transmission Corporation Limited	To undertake the business of transmission and wheeling of electricity in the State.	1,045.90	1,045.90	1.5387	1.5387	-

Sl. No.	Name of the Company	Activities	Turnover (₹ in crore)		Contribution (Percentage of turnover of GSDP of the state)		Reason for difference
			SFAR	GPFR	SFAR	GPFR	
39	Odisha Thermal Power Corporation Limited	It has been incorporated as a Joint Venture Company between OHPC and OMC for setting up a coal based supercritical thermal power plant of 3x 800 MW capacity at Kamakshya Nagar in the District of Dhenkanal.	0.00	0.00	0.0586	0.0586	-
40	Green Energy Development Corporation of Odisha Limited	To explore the huge renewable energy resources in the State which are other wise untapped for a long time.	14.62	17.53	0.5438	0.5438	In GPFR, financial statement has been taken for the year 2022-23 and in SFAR, financial statement has been taken for the year 2021-22 as accounts for 2022-23 was not available then.
41	Odisha Coal and Power Limited	It is engaged in coal mining development and operation in Ib valey coalfields in Sundargarh district of Odisha.	1,848.64	1,848.64	0.1350	0.1350	-
42	GEDCOL SAIL Power Corporation Limited	To develop 10 MW Mandira SHEP on river Sankh in Sundargarh in Joint Venture mode.	0.00	0.00	0.0000	0.0000	-
GSDP of the state is ₹7,65,963 crore for the year 2022-23							
N.B.: For SFAR, cut off date for receipt of financial statement was 30 June 2023 and for GPFR, it was 30 September 2023.							

APPENDIX- 5
(Referred to in Paragraph 1.1.4.2)
Department-wise percentage of Turnover to GSDP of Odisha

(₹ in crore)

Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
1	Energy Department					
	Turnover	9,641.1	9,974.4	12,335.38	15,363.88	19,503.27
	Percentage of Turnover to GSDP of Odisha	1.98	1.87	2.42	2.35	2.52
2	Excise Department					
	Turnover	4,738.36	4,738.36	3,922.33	3,922.33	6,011.39
	Percentage of Turnover to GSDP of Odisha	0.97	0.93	0.73	0.61	0.78
3	Steel and Mines Department					
	Turnover	4,052.3	4,093.2	5,587.27	17,036.16	14,449.58
	Percentage of Turnover to GSDP of Odisha	0.83	0.77	1.10	2.67	1.86
4	Water Resources Department					
	Turnover	763.35	486.6	486.6	595.51	324.51
	Percentage of Turnover to GSDP of Odisha	0.16	0.09	0.10	0.09	0.04
5	Home Department					
	Turnover	376.01	376.01	302.58	336.54	357.73
	Percentage of Turnover to GSDP of Odisha	0.08	0.07	0.06	0.05	0.05
6	Industries Department					
	Turnover	266.78	354.64	166.51	263.88	543.59
	Percentage of Turnover to GSDP of Odisha	0.05	0.07	0.03	0.04	0.07
7	Forest and Environment Department					
	Turnover	212.41	195.72	152.03	140.21	145.34
	Percentage of Turnover to GSDP of Odisha	0.04	0.04	0.03	0.02	0.02
8	Agriculture and Farmers' Empowerment Department					
	Turnover	191.65	181.8	548.02	671.45	663.39
	Percentage of Turnover to GSDP of Odisha	0.04	0.03	0.11	0.11	0.09
9	Commerce and Transport Department					
	Turnover	88.07	98.39	98.39	33.00	32.96
	Percentage of Turnover to GSDP of Odisha	0.02	0.02	0.02	0.01	0.004
10	Works Department					
	Turnover	65.01	96.22	139.83	108.62	321.25
	Percentage of Turnover to GSDP of Odisha	0.01	0.02	0.03	0.02	0.04
11	Tourism Department					
	Turnover	25.96	44.76	37.72	27.21	31.39
	Percentage of Turnover to GSDP of Odisha	0.005	0.008	0.007	0.004	0.004
12	Health and Family Welfare Department					
	Turnover	21.81	21.81	11.93	8.64	18.84
	Percentage of Turnover to GSDP of Odisha	0.004	0.004	0.002	0.001	0.002
13	Sports and Youth Services Department					
	Turnover	5	0	0	0	0
	Percentage of Turnover to GSDP of Odisha	0.001	0.000	0.000	0.000	0

Sl. No.	Particulars	2018-19	2019-20	2020-21	2021-22	2022-23
14	Micro, Small and Medium Enterprise					
	Turnover	6.68	6.68	1.95	1.50	8.20
	Percentage of Turnover to GSDP of Odisha	0.001	0.001	0.000	0.000	0.001
15	Food Supplies and Consumer Welfare					
	Turnover	4,994.18	4,080.85	4,080.85	3,546.53	5,489.74
	Percentage of Turnover to GSDP of Odisha	1	0.75	0.75	0.56	0.71
16	Skill Development and Technical Education					
	Turnover	-	-	-	-	0
	Percentage of Turnover to GSDP of Odisha	-	-	-	-	0

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

APPENDIX-6
(Referred to in Paragraph 1.3.2)
Shortfall in dividend by Government Companies

(₹ in crore)

Sl. No.	Name of the Company	State Government equity	Net Profit after tax	Dividend on equity shares	Dividend 30% on state gov equity	Dividend 30% on profit after tax	Minimum Dividend required to be declared	Shortfall
1	Odisha State Cashew Development Corporation Limited	1.55	1.18	0.56	0.47	0.35	0.47	No shortfall
2	Odisha Forest Development Corporation Limited	5.00	19.43	2.91	1.50	5.83	5.83	2.92
3	Odisha State Seeds Corporation Limited	2.11	1.03	0.29	0.63	0.31	0.63	0.34
4	Orissa Bridge and Construction Corporation Limited	20.00	11.38	3.41	6.00	3.41	6.00	2.59
5	The Odisha State Police Housing and Welfare Corporation Limited	5.63	23.16	6.95	1.69	6.95	6.95	No shortfall
6	The Odisha Mining Corporation Limited	31.63	4,734.04	500.00	9.49	1,420.21	1,420.21	920.21
7	Odisha State Beverages Corporation Limited	1.00	18.64	6.26	0.30	5.59	5.59	No shortfall
8	Odisha State Financial Corporation	342.72	8.30	0.05	102.82	2.49	102.82	102.77
9	Odisha Hydro Power Corporation Limited	833.19	88.86	1.73	249.96	26.66	249.96	248.23
10	Odisha Coal and Power Limited	208.72	807.47	100.00	62.62	242.24	242.24	142.24
	Total	1,451.55	5,713.49	622.16				1,419.30

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

N.B.: As per Government of Odisha guidelines, “a state PSU would pay an annual dividend of 30 per cent of profit after tax or 30 per cent of State Government equity, whichever is higher”.

APPENDIX-7
(Referred to in Paragraph 1.5.2)
Value of Production, Total Assets and Capital Employed of SPSEs

(₹ in crore)

Sl. No.	PSU	2022-23			2021-22			2020-21		
		Value of production	Total Assets	Capital employed	Value of production	Total Assets	Capital employed	Value of production	Total Assets	Capital employed
1	Odisha Hydro Power Corporation Limited	499.56	4,864.78	3,143.91	451.41	4,294.94	3,087.01	505.91	4,055.53	2,944.06
2	The Odisha Agro Industries Corporation Limited	366.75	792.62	113.86	42.60	792.62	113.86	55.18	666.55	112.75
3	Odisha Power Generation Corporation Limited	3,190.72	11,948.46	9,837.22	3,046.66	11,590.22	9,350.91	2,624.15	11,251.47	9,787.21
4	Green Energy Development Corporation of Odisha Limited	7.55	346.37	104.28	4.35	286.05	78.84	6.93	286.05	78.84
5	The Odisha Mining Corporation Limited	1,829.23	15,874.43	12,165.70	3,073.83	13,186.53	8,808.05	1,216.84	8,139.96	6,576.64
6	Odisha Tourism Development Corporation Limited	11.64	684.67	35.26	7.82	444.15	39.05	8.80	444.15	39.05
7	Odisha Coal and Power Limited	607.58	2,445.86	1,927.61	464.13	1,288.44	1,689.56	151.11	1,721.44	1,494.75
8	Odisha State Civil Supplies Corporation Limited	16,114.19	17,663.23	11.03	15,346.85	12,752.18	11.03	13,864.24	8,792.66	11.03
9	Odisha State Cashew Development Corporation Limited	9.60	113.60	52.11	6.80	106.39	48.97	9.06	102.58	48.07
10	Odisha State Seeds Corporation Limited	167.41	302.18	15.14	159.79	302.21	14.40	165.35	238.09	19.30
Total		22,804.23	55,036.20	27,406.12	22,604.24	45,043.73	23,241.68	18,607.57	35,698.48	21,111.70

(Source: Compiled on the basis of latest finalised accounts of SPSEs and information furnished by SPSEs)

APPENDIX-8
(Referred to in Paragraph 1.5.3)
Return on Capital Employed of SPSEs

(₹ in crore)

Sl. No.	SPSE	2022-23			2021-22			2020-21		
		EBIT	Capital Employed	ROCE (in %)	EBIT	Capital Employed	ROCE (in %)	EBIT	Capital Employed	ROCE (in %)
1	The Agricultural Promotion and Investment Corporation of Odisha Limited	0.10	2.27	4.41	0.10	2.27	4.41	0.22	2.25	9.78
2	The Odisha Agro Industries Corporation Limited	11.39	113.86	10.00	11.39	113.86	10.00	26.12	112.75	23.17
3	Odisha State Cashew Development Corporation Limited	1.82	52.11	3.49	4.02	48.97	8.21	9.01	48.07	18.74
4	Odisha Forest Development Corporation Limited	29.15	-30.07	-96.94	28.41	-42.63	-66.64	26.16	-52.14	-50.17
5	Odisha State Seeds Corporation Limited	1.40	15.14	9.25	3.18	14.40	22.08	6.13	19.30	31.76
6	The Industrial Promotion and Investment Corporation of Odisha Limited	511.86	560.33	91.35	12.05	125.55	9.60	10.69	115.82	9.23
7	Orissa Bridge and Construction Corporation Limited	16.06	46.96	34.20	7.61	39.39	19.32	7.53	35.96	20.94
8	The Odisha State Police Housing and Welfare Corporation Limited	31.23	168.54	18.53	28.12	152.32	18.46	26.82	137.65	19.48
9	Odisha Mineral Bearing Areas Development Corporation Limited	0.00	0.01	0.00	-1,818.38	0.01	-1,81,83,800.00	-1,818.38	0.01	-1,81,83,800.00
10	Water Corporation of Odisha Limited	0.02	0.56	3.57	0.02	0.54	3.70	-0.25	0.41	-60.98
11	Odisha Rail Infrastructure Development Limited	-1.18	51.21	-2.30	-2.36	52.38	-4.51	0.51	54.74	0.93
12	The Odisha Mining Corporation Limited	6,117.01	12,165.70	50.28	3,897.66	8,808.05	44.25	2,409.43	6,576.64	36.64
13	Odisha State Beverages Corporation Limited	31.99	246.31	12.99	33.02	343.94	9.60	33.02	330.64	9.99
14	Odisha State Civil Supplies Corporation Limited	0.00	11.03	0.00	0.00	11.03	0.00	0.00	11.03	0.00
15	Odisha Tourism Development Corporation Limited	-3.97	35.26	-11.26	11.88	39.05	30.42	19.68	40.88	48.14
16	Odisha State Medical Corporation Limited	4.85	73.87	6.57	3.43	70.33	4.88	14.28	68.28	20.91
17	Kalinga Studios Limited	-0.16	-1.84	8.70	0.01	-1.68	-0.60	-0.24	-0.93	25.81
18	Odisha Sports Development and Promotion Company Limited	-1.11	19.39	-5.72	1.86	22.43	8.29	1.50	20.56	7.30
19	Odisha State Financial Corporation	8.77	64.46	13.61	-0.45	57.06	-0.79	-1.59	50.12	-3.17
20	Odisha State Road Transport Corporation	-10.55	169.95	-6.21	-10.59	170.40	-6.21	1.97	139.17	1.42
21	Start Up Odisha	0.00	0.15	0.00	-	-	-	-	-	-

Sl. No.	SPSE	2022-23			2021-22			2020-21		
		EBIT	Capital Employed	ROCE (in %)	EBIT	Capital Employed	ROCE (in %)	EBIT	Capital Employed	ROCE (in %)
22	World Skill Centre	0.00	0.00	-	-	-	-	-	-	-
23	GRIDCO Limited	-338.25	-1472.60	22.97	205.49	128.69	159.68	-951.19	-1,176.02	80.88
24	Odisha Hydro Power Corporation Limited	189.87	3143.91	6.04	277.95	3,087.01	9.00	317.78	2,944.06	10.79
25	Odisha Power Generation Corporation Limited	1,792.95	9,837.22	18.23	650.86	9,350.91	6.96	602.02	9,787.21	6.15
26	Odisha Power Transmission Corporation Limited	212.24	3,759.64	5.65	212.24	3,759.64	5.65	-8.82	1,709.62	-0.52
27	Green Energy Development Corporation of Odisha Limited	17.53	104.28	16.81	10.52	78.84	13.34	10.52	78.84	13.34
28	Odisha Coal and Power Limited	1,173.69	1,927.61	60.89	299.32	1,689.56	17.72	85.46	1,494.75	5.72
29	GEDCOL SAIL Power Corporation Limited	-0.02	9.96	-0.20	-0.02	10.06	-0.20	0.02	0.04	50.00
Total		9,796.69	31,075.22	31.53	3,867.34	28,132.38	13.75	828.40	22,549.71	3.67

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

APPENDIX-9
(Referred to in Paragraph 1.5.4)
Rate of Real Return in respect of 29 SPSEs

(₹ in crore)

Financial year	Present value of total investment of State Government at the beginning of the year	Equity infused by the State Government during the year	Net Interest free loan given by the State Government during the year	Interest free loan converted into Equity during the year	Grants/subsidies given by State Government for operational and administration expenditure	Disinvestment by the State Government during the year at face value	Total investment during the year	Total investment at the end of the year	Average rate of interest	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year	RORR (in %)
<i>A</i>	<i>B</i>	<i>C</i>	<i>D</i>	<i>E</i>	<i>F</i>	<i>G</i>	$H=C+D-E+F-G$	$I=B+H$	<i>J</i>	$K=I*(1+J/100)$	$L=I*J/100$	<i>M</i>	$N=M*100/K$
2003-04	7,953.53	0.00	1.21	0.00	24.98	0.00	26.19	7,979.72	9.51	8,738.59	758.87	-483.53	-5.53
2004-05	8,738.59	0.76	0.00	0.00	12.54	0.00	13.30	8,751.89	9.51	9,584.20	832.30	664.33	6.93
2005-06	9,584.20	-60.00	0.00	0.00	2.16	0.00	-57.84	9,526.36	9.92	10,471.37	945.01	797.93	7.62
2006-07	10,471.37	60.00	0.00	0.00	2.98	0.00	62.98	10,534.35	8.18	11,396.06	861.71	418.63	3.67
2007-08	11,396.06	280.98	0.00	0.00	11.05	0.00	292.03	11,688.09	8.13	12,638.33	950.24	1,264.01	10.00
2008-09	12,638.33	52.23	0.00	0.00	11.98	0.00	64.21	12,702.54	7.44	13,647.61	945.07	1,025.91	7.52
2009-10	13,647.61	9.56	0.00	0.00	12.00	0.00	21.56	13,669.17	7.63	14,712.13	1,042.96	2,216.13	15.06
2010-11	14,712.13	71.97	0.00	0.00	5.35	0.00	77.32	14,789.45	7.39	15,882.39	1,092.94	1,163.48	7.33
2011-12	15,882.39	43.00	0.00	0.00	11.10	0.00	54.10	15,936.49	6.09	16,907.02	970.53	1,329.85	7.87
2012-13	16,907.02	197.45	0.00	0.00	40.23	0.00	237.68	17,144.70	6.54	18,265.97	1,121.26	926.56	5.07
2013-14	18,265.97	0.00	0.00	0.00	7.13	0.00	7.13	18,273.10	6.56	19,471.81	1,198.72	1,904.71	9.78
2014-15	19,471.81	81.99	0.00	0.00	272.20	0.00	354.19	19,826.00	5.90	20,995.73	1,169.73	1,200.69	5.72
2015-16	20,995.73	366.86	0.00	766.20	995.36	0.00	596.02	21,591.75	6.06	22,900.21	1,308.46	1,918.66	8.38
2016-17	22,900.21	294.75	0.00	0.00	94.64	0.00	389.39	23,289.60	7.62	25,064.27	1,774.67	1,529.78	6.10
2017-18	25,064.27	737.74	0.00	0.00	774.68	0.00	1,512.42	26,576.69	7.58	28,591.21	2,014.51	-336.13	-1.18
2018-19	28,591.21	164.92	0.00	0.00	192.68	0.00	357.60	28,948.81	7.74	31,189.44	2,240.64	842.10	2.70
2019-20	31,189.44	475.17	0.00	0.00	134.34	0.00	609.51	31,798.95	7.09	34,053.50	2,254.55	1,347.47	3.96
2020-21	34,053.50	112.15	0.00	0.00	80.10	0.00	192.25	34,245.75	7.04	36,656.65	2,410.90	-1,652.76	-4.51
2021-22	36,656.65	3,520.99	0.00	0.00	247.86	0.00	3,768.85	40,425.50	7.09	43,291.67	2,866.17	711.22	1.64
2022-23	43,291.67	1,351.15	0.00	0.00	1,647.24	0.00	2,998.39	46,290.06	6.95	49,507.22	3,217.16	6,246.80	12.62
Total							11,577.28	4,13,988.98					

(Sources: Compiled on the basis of latest finalized accounts of SPSEs and information provided by the SPSEs)

APPENDIX-10
(Referred to in Paragraph 1.5.5)
Return on Equity of SPSEs

(₹ in crore)

Sl. No.	SPSE	2022-23			2021-22			2020-21		
		Equity	Net Profit After Tax and Preference Dividend	ROE (in %)	Equity	Net Profit After Tax and Preference Dividend	ROE (in %)	Equity	Net Profit After Tax and Preference Dividend	ROE (in %)
1	The Agricultural Promotion and Investment Corporation of Odisha Limited	2.27	0.03	1.32	2.27	0.03	1.32	2.25	0.09	4.00
2	The Odisha Agro Industries Corporation Limited	111.04	6.90	6.21	111.04	6.90	6.21	110.14	16.55	15.03
3	Odisha State Cashew Development Corporation Limited	52.11	1.18	2.26	48.97	1.46	2.98	48.07	7.97	16.58
4	Odisha Forest Development Corporation Limited	-30.07	19.43	-64.62	-42.63	20.04	-47.01	-52.14	10.54	-20.21
5	Odisha State Seeds Corporation Limited	13.16	1.03	7.83	12.42	2.84	22.87	3.58	6.02	168.16
6	The Industrial Promotion and Investment Corporation of Odisha Limited	560.33	434.77	77.59	125.55	9.73	7.75	115.82	8.56	7.39
7	Orissa Bridge and Construction Corporation Limited	46.96	11.38	24.23	39.39	5.48	13.91	35.96	5.43	15.10
8	The Odisha State Police Housing and Welfare Corporation Limited	168.54	23.16	13.74	152.32	20.95	13.75	137.65	20.06	14.57
9	Odisha Mineral Bearing Areas Development Corporation Limited	0.01	0.00	0.00	0.01	-1,818.38	-1,81,83,800.00	0.01	-1,818.38	-1,81,83,800.00
10	Water Corporation of Odisha Limited	0.56	0.02	3.57	0.52	0.02	3.85	0.41	-0.25	-60.98
11	Odisha Rail Infrastructure Development Limited	51.21	-1.17	-2.28	52.38	-2.36	-4.51	54.74	0.29	0.53
12	The Odisha Mining Corporation Limited	12,165.70	4,734.04	38.91	8,808.05	2,731.72	31.01	6,576.64	1,586.27	24.12
13	Odisha State Beverages Corporation Limited	246.31	18.64	7.57	343.94	20.88	6.07	330.64	20.88	6.32

Sl. No.	SPSE	2022-23			2021-22			2020-21		
		Equity	Net Profit After Tax and Preference Dividend	ROE (in %)	Equity	Net Profit After Tax and Preference Dividend	ROE (in %)	Equity	Net Profit After Tax and Preference Dividend	ROE (in %)
14	Odisha State Civil Supplies Corporation Limited	11.03	0.00	0.00	11.03	0.00	0.00	11.03	0.00	0.00
15	Odisha Tourism Development Corporation Limited	35.26	-3.79	-10.75	39.05	-1.83	-4.69	40.88	3.40	8.32
16	Odisha State Medical Corporation Limited	73.87	3.44	4.66	70.33	2.09	2.97	68.28	9.78	14.32
17	Kalinga Studios Limited	-1.84	-0.16	8.70	-1.68	0.01	-0.60	1.75	-0.24	-13.71
18	Odisha Sports Development and Promotion Company Limited	19.39	-1.11	-5.72	22.43	1.86	8.29	20.56	1.50	7.30
19	Odisha State Financial Corporation	-41.57	8.30	-19.97	-48.97	-0.92	1.88	-48.49	-2.35	4.85
20	Odisha State Road Transport Corporation	168.65	-10.55	-6.26	169.10	-10.59	-6.26	137.87	3.54	2.57
21	Start Up Odisha	0.15	0.00	0.00	-	-	-	-	-	-
22	World Skill Centre	0.00	0.00	-	-	-	-	-	-	-
23	GRIDCO Limited	-5,662.32	-778.18	13.74	-5,094.96	-440.18	8.64	-6,869.29	-1,382.35	20.12
24	Odisha Hydro Power Corporation Limited	2,248.08	88.86	3.95	2,160.95	180.64	8.36	1,987.77	158.06	7.95
25	Odisha Power Generation Corporation Limited	3,704.76	839.99	22.67	2,832.91	-102.83	-3.63	2,731.27	-190.51	-6.98
26	Odisha Power Transmission Corporation Limited	2,018.67	61.97	3.07	2,018.67	61.97	3.07	888.50	-144.37	-16.25
27	Green Energy Development Corporation of Odisha Limited	104.28	12.60	12.08	78.84	5.35	6.79	78.84	5.35	6.79
28	Odisha Coal and Power Limited	1,235.15	807.47	65.37	571.80	158.27	27.68	373.58	-1.46	-0.39
29	GEDCOL SAIL Power Corporation Limited	9.96	-0.02	-0.20	10.06	0.02	0.20	10.07	0.02	0.20
Total		17,311.65	6,278.23	36.27	12,493.79	853.17	6.83	6,796.39	-1,675.60	-24.65

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

APPENDIX– 11
(Referred to in Paragraph 1.6.1)
Loss incurred by 07 SPSEs during 2021-22 and 2022-23

(₹ in crore)

Sl. No.	Name of SPSEs	Profit/Loss during 2022-23	Profit/Loss during 2021-22
1	Odisha Rail Infrastructure Development Limited	-1.17	-2.36
2	Odisha Tourism Development Corporation Limited	-3.79	-1.83
3	Kalinga Studios Limited	-0.16	0.01
4	Odisha Sports Development and Promotion Company Limited	-1.11	1.86
5	Odisha State Road Transport Corporation	-10.55	-10.59
6	GRIDCO Limited	-778.18	-440.18
7	GEDCOL SAIL Power Corporation Limited	-0.02	-0.02
TOTAL		-794.98	-453.11

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

APPENDIX-12
(Referred to in Paragraph 1.6.2)
List of SPSEs having negative Net Worth as on 31 March 2023

(₹ in crore)

Sl. No.	Name of the Company	Net Worth	Paid-up capital	Net Profit after tax
1	Odisha Forest Development Corporation Limited	-30.07	5.00	19.43
2	Kalinga Studios Limited	-1.84	1.75	-0.16
3	Odisha State Financial Corporation	-41.57	420.01	8.30
4	GRIDCO Limited	-5,662.32	3,002.04	-778.18
Total		-5,735.80	3,428.80	-750.61

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

N.B.: Though 04 SPSEs have negative net worth, two SPSEs at Sl. No 1 and 3 have earned profits as per their latest finalised accounts as on 30 September 2023.

APPENDIX-13
(Referred to in Paragraph 1.11.3)
List of SPSEs where Comment by CAG issued

Sl. No.	Name of the Company	Government Company(GC)/ Government Controlled Other Company(GCOC)
1	GRIDCO Limited	GC
2	World Skill Centre	GC
3	Odisha Hydro Power Corporation Limited	GC
4	Nuagaon Coal Company Limited	GCOC
5	Odisha Power Transmission Corporation Limited	GC
6	Paradeep Plastic Park Limited	GCOC
7	Odisha Rail Infrastructure Development Limited	GC
8	Odisha State Civil Supplies Corporation Limited	GC
9	Odisha Mineral Bearing Areas Development Corporation	GC
10	Odisha Thermal Power Corporation Limited	GCOC
11	Green Energy Development Corporation Limited	GC
12	Odisha Power Generation Corporation Limited	GC
13	Odisha State Road Transport Corporation	GC
14	Bhubaneswar Smart City Limited	GCOC
15	Rourkela Smart City Limited	GCOC
16	Odisha Coal and Power Limited	GC
17	Odisha State Financial Corporation	GC
18	Odisha Small Industries Corporation Limited	GC
19	Odisha Mining Corporation Limited	GC
20	Startup Odisha	GC

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

APPENDIX- 14

(Referred to in Paragraph 1.12)

Details of Companies where there was non-compliance with Accounting Standards/Ind AS as reported by the Statutory Auditors

Sl. No.	Name of the Company	Government Company (GC) or Government Controlled Other Company (DGC)	Number of Accounting Standard (AS)/ IND AS
1	Odisha State Seeds Corporation Limited	GC	AS-2, AS-3, AS-15
2	Odisha Hydro Power Corporation Limited	GC	Ind AS-115
3	Odisha State Beverage Corporation Limited	GC	Ind AS-19 and Ind AS-115
4	Odisha State Civil Supplies Corporation Limited	GC	AS-1,2,4,5,9,10,12,15, 22 and 28
5	Odisha Power Transmission Corporation Limited	GC	Ind AS-36 and Ind AS-21

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

APPENDIX- 15
(Referred to in Paragraph 1.13)
List of SPSEs where Management Letters issued by CAG

Sl. No.	Name of the Company
1	GRIDCO Limited
2	Odisha Electronics Park Limited
3	Nuagaon Coal Company Limited
4	Mandakini B-Coal Corporation Limited
5	Odisha Sports Development and Promotion Company Limited
6	Odisha Film Development Corporation Limited
7	Odisha State Police Housing and Welfare Corporation Limited
8	Odisha Tourism Development Corporation Limited
9	Odisha State Beverages Corporation Limited
10	Shamuka Tourism Development Corporation Limited
11	Odisha Coal Power Limited
12	Odisha Power Generation Corporation Limited
13	Odisha State Cashew Development Corporation Limited
14	Odisha State Civil Supplies Corporation Limited
15	Odisha Small Industries Corporation Limited
16	Kalinga Studios Limited
17	Angul Aluminium Park Private Limited
18	GEDCOL SAIL Power Corporation Limited
19	Industrial Promotion and Investment Corporation of Odisha Limited
20	IDCO SEZ Development Limited
21	Odisha State Seeds Corporation Limited

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

APPENDIX-16
(Referred to in Paragraphs 1.17.1, 1.21.1 and 1.21.4)

List of SPSEs qualifying for having Independent Directors, Audit Committee and Nomination and Remuneration Committee on their Board
(Public company with paid-up share capital of ₹10 crore or more or turnover of ₹100 crore or more or with aggregated outstanding loans, debentures and deposits exceeding ₹50 crore)

(₹ in crore)

Sl. No.	Name of the SPSE	Paid-up Capital	Turnover	Aggregated O/s Loan, debentures and deposits
1	The Agricultural Promotion and Investment Corporation of Odisha Limited	1.10	0.29	181.36
2	The Odisha Agro Industries Corporation Limited	39.85	460.66	586.54
3	Odisha Forest Development Corporation Limited	5.00	145.34	734.52
4	Odisha Lift Irrigation Corporation Limited	74.73	515.09	2,488.97
5	Odisha State Seeds Corporation Limited	2.63	186.80	118.10
6	The Odisha Small Industries Corporation Limited	11.32	524.63	134.98
7	Odisha Mineral Bearing Areas Development Corporation Limited	0.01	0	181.91
8	Water Corporation of Odisha Limited	1.00	324.51	739.79
9	Odisha State Beverages Corporation Limited	1.00	6,011.39	569.00
10	Odisha State Civil Supplies Corporation Limited	11.03	5,489.74	296.57
11	Odisha State Medical Corporation Limited	10.00	18.84	1,728.07
12	Brahamani Railways Limited	21.00	0	26.17
13	Odisha Rail Infrastructure Development Limited	51.00	0	13.19
14	The Industrial Promotion and Investment Corporation of Odisha Limited	83.14	543.47	616.28
15	Odisha Rural Housing and Development Corporation Limited.	48.16	5.11	467.74
16	Odisha Construction Corporation Limited	17.50	474.22	770.82
17	Odisha Bridge and Construction Corporation Limited	20.00	321.25	1,775.63
18	Baitarani West Coal Company Limited	30.00	0	33.49

Sl. No.	Name of the SPSE	Paid-up Capital	Turnover	Aggregated O/s Loan, debentures and deposits
19	The Odisha Mining Corporation Limited	31.63	14,449.58	7,570.27
20	Paradeep Plastic Park Limited	66.78	0	21.37
21	Angul Aluminium Park Private Limited	33.11	0	61.49
22	Odisha Tourism Development Corporation Limited	9.62	31.39	660.82
23	Odisha Hydro Power Corporation Limited	833.19	454.27	2,014.98
24	Odisha Power Generation Corporation Limited	2,067.50	4,213.80	6,310.13
25	Odisha Thermal Power Corporation Limited	344.41	0	4.32
26	Green Energy Development Corporation of Odisha Limited	50.32	17.53	152.96
27	GEDCOL SAIL Power Corporation Limited	10.00	0	0.67
28	Odisha Power Transmission Corporation Limited	1,886.71	10,45.90	3,133.29
29	Odisha Coal and Power Limited	425.95	1,848.64	925.25
30	GRIDCO Limited	3,002.04	1,1923.13	4,195.65
31	The Odisha State Police Housing and Welfare Corporation Limited	5.63	357.73	1,046.27
32	Bhubaneswar Smart City Limited	250.00	0.83	402.79
33	Rourkela Smart City Limited	250.00	0	158.84
34	Odisha State Financial Corporation	420.01	8.20	129.30
35	Odisha State Road Transport Corporation	344.47	32.96	260.62

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

APPENDIX- 17

(Referred to in Pararagraph 1.17.2)

List of SPSEs qualifying for having woman directors on their Board

(Public Company having paid-up share capital of ₹100 crore or more or turnover of ₹300 crore or more)

(₹ in crore)

Sl. No.	Name of the SPSE	Paid-up Capital	Turnover	Whether having Women director in the Board
1	The Odisha Agro Industries Corporation Limited	39.85	460.66	Yes
2	The Odisha Small Industries Corporation Limited	11.32	524.63	Yes
3	Water Corporation of Odisha Limited	1.00	324.51	Yes
4	Odisha State Beverages Corporation Limited	1.00	6,011.39	No
5	Odisha State Civil Supplies Corporation Limited	11.03	5,489.74	No
6	The Industrial Promotion and Investment Corporation of Odisha Limited	83.14	543.47	No
7	Odisha Construction Corporation Limited.	17.50	474.22	No
8	Orissa Bridge and Construction Corporation Limited	20.00	321.25	No
9	The Odisha Mining Corporation Limited	31.63	14,449.58	Yes
10	Odisha Hydro Power Corporation Limited	833.19	454.27	Yes
11	Odisha Power Generation Corporation Limited	2,067.50	4,213.80	No
12	Odisha Thermal Power Corporation Limited	344.41	0	Yes
13	Odisha Power Transmission Corporation Limited	1,886.71	1,045.90	Yes
14	Odisha Coal and Power Limited	425.95	1,848.64	No
15	GRIDCO Limited	3,002.04	11,923.13	Yes
16	The Odisha State Police Housing and Welfare Corporation Limited	5.63	357.73	No
17	Bhubaneswar Smart City Limited	250.00	0.83	Yes
18	Rourkela Smart City Limited	250.00	0	Yes
19	Odisha State Financial Corporation	420.01	8.20	Yes
20	Odisha State Road Transport Corporation	344.47	32.96	Yes
21	Odisha Lift Irrigation Corporation Limited	74.73	515.09	No

(Source: Compiled on the basis of latest finalised accounts of SPSEs)

APPENDIX- 18
(Referred to in Paragraph 1.25)

Statement showing applicability of CSR Criteria

(Net Worth of ₹500 crore or more; or turnover of ₹1,000 crore or more; or a net profit of ₹5 crore or more during immediately preceding financial year)

(₹ in crore)

Sl. No.	Name of the SPSE	Period of accounts	Net profit/loss after dividend, interest and tax	Turnover	Net Worth
1	The Odisha Agro Industries Corporation Limited (OAIC)	2020-21	5.90	460.66	111.04
2	Odisha Forest Development Corporation Limited (OFDC)	2021-22	16.52	145.34	-30.07
3	Odisha Lift Irrigation Corporation Limited (OLIC)	2018-19	11.46	515.08	241.01
4	Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL)	2022-23	434.77	543.47	560.33
5	Odisha Construction Corporation Limited (OCC)	2019-20	34.31	474.22	179.88
6	Odisha Bridge and Construction Corporation Limited (OBCC)	2021-22	7.97	321.25	46.96
7	Odisha State Police Housing and Welfare Corporation Limited (OSPHWC)	2021-22	16.21	357.73	168.54
8	Odisha Mining Corporation Limited (OMC)	2022-23	4,234.04	14,449.58	12,165.70
9	Odisha State Beverages Corporation Limited (OSBC)	2021-22	12.38	6,011.39	246.31
10	Odisha State Civil Supplies Corporation Limited (OSCSCL)	2020-21	0.00	5,489.74	11.03
11	GRIDCO Limited	2022-23	-778.18	11,923.13	-5,662.32
12	Odisha Hydro Power Corporation Limited (OHPC)	2021-22	87.13	454.27	2,248.08
13	Odisha Power Generation Corporation Limited (OPGC)	2022-23	839.99	4,213.80	3,704.76
14	Odisha Power Transmission Corporation Limited (OPTCL)	2021-22	61.97	1,045.90	2,018.67
15	Green Energy Development Corporation of Odisha Limited (GEDCOL)	2022-23	12.60	17.53	104.28
16	Odisha Coal and Power Limited (OCPL)	2022-23	707.47	1,848.64	1,235.15

(Source: Latest finalised financial statements of State SPSEs)

APPENDIX- 19

(Referred to in Paragraphs 1.28 and 1.29)
Statement showing sector specific CSR expenditure
(As per the provisions of Schedule-VII of the Companies Act, 2013)

(₹ in crore)

Sl. No.	Name of the SPSE	Healthcare	Education	Environment	Promotion of sports, culture	Rural development	Contribution to PMNRF	Total
1	The Odisha Agro Industries Corporation Limited (OAIC)	0.17	0.27	0.00	0.00	0.04	0.00	0.48
2	Odisha Forest Development Corporation Limited (OFDC)	0.20	0.08	0.03	0.02	0.03	0.00	0.36
3	Odisha Lift Irrigation Corporation Limited (OLIC)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
4	Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL)	0.00	0.10	0.00	0.00	0.00	0.00	0.10
5	Odisha Construction Corporation Limited (OCC)	0.00	0.00	0.00	0.00	0.00	1.09	1.09
6	Odisha Bridge and Construction Corporation Limited (OBCC)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
7	Odisha State Police Housing and Welfare Corporation Limited (OSPHWC)	0.06	0.64	0.01	0.00	0.13	0.00	0.84
8	Odisha Mining Corporation Limited (OMC)	7.66	15.12	14.50	0.00	15.20	0.00	52.48
9	Odisha State Beverages Corporation Limited (OSBC)	0.41	0.46	0.00	0.61	0.00	0.00	1.48
10	Odisha State Civil Supplies Corporation Limited (OSCSCL)	0.00	0.00	0.00	0.00	0.00	0.00	0.00
11	GRIDCO Limited	0.00	0.00	0.00	0.00	0.00	0.00	0.00
12	Odisha Hydro Power Corporation Limited (OHPC)	1.08	0.00	0.00	0.10	0.01	0.00	1.19
13	Odisha Power Generation Corporation Limited (OPGC)	0.66	0.12	0.00	0.00	0.42	0.00	1.20
14	Odisha Power Transmission Corporation Limited (OPTCL)	0.00	0.38	0.00	0.00	0.01	0.00	0.39
15	Green Energy Development Corporation of Odisha Limited (GEDCOL)	0.23	0.27	0.00	0.00	0.00	0.00	0.50
16	Odisha Coal and Power Limited (OCPL)	0.30	0.36	0.00	0.20	0.26	0.00	1.12
	Total	10.77	17.80	14.54	0.93	16.10	1.09	61.23

(Source: Information provided by the State SPSEs concerned)

APPENDIX- 20

(Referred to in Paragraphs 1.30.1 and 1.30.2)
Allocation and actual CSR spend including carry forward(*₹ in crore*)

Sl. No.	Name of the SPSE	Average profit/ loss of preceding three years	Two % of Col.3 to be spent on CSR	Carry forward from previous year	Total amount to be spent	Actual spent	Difference	Unspent amount carried forward	Period of expenditure approved
<i>1</i>	<i>2</i>	<i>3</i>	<i>4</i>	<i>5</i>	<i>6=(4+5)</i>	<i>7</i>	<i>8=6-7</i>	<i>9</i>	<i>10</i>
1	The Odisha Agro Industries Corporation Limited	30.17	0.60	1.60	2.20	0.48	1.72	1.72	Q1: 29.04.2022 Q3: 29.10.2022
2	Odisha Forest Development Corporation Limited	23.86	0.48	0.73	1.21	0.36	0.85	0.85	NA
3	Industrial Promotion and Investment Corporation of Odisha Limited	8.40	0.17	-	0.17	0.10	0.07	0.07	NA
4	Odisha Construction Corporation Limited	54.25	1.09	-	1.09	1.09	0.00	0.00	21.03.2023
5	Odisha State Police Housing and Welfare Corporation Limited	28.72	0.57	0.85	1.42	0.84	0.58	0.58	03.03.2023
6	Odisha Mining Corporation Limited	2,479.36	49.59	NA	49.59	52.48	-2.89	0.00	NA
7	Odisha State Beverage Corporation Limited	34.65	0.69	0.00	0.69	1.48	-0.79	0.00	NA
8	Odisha Hydro Power Corporation Limited	225.12	4.50	NA	4.50	1.19	3.31	3.31	NA
9	Odisha Power Generation Corporation Limited	-192.83	-3.86	0.00	-3.86	1.21	-5.07	0.00	NA
10	Odisha Power Transmission Corporation Limited	19.08	0.38	NA	0.38	0.39	-0.01	0.00	NA
11	Green Energy Corporation of Odisha Limited	12.21	0.24	-	0.24	0.50	-0.26	0.00	NA
12	Odisha Coal and Power Limited	51.53	1.03	-	1.03	1.12	-0.09	0.00	NA
	Total	2,774.52	55.48	3.18	58.66	61.24	-2.57	6.53	

(Source: Information provided by the concerned State PSUs)

APPENDIX– 21

(Referred to in Pararagraph 1.30.3)

Quarter-wise CSR spend including carry forward during the financial year 2022-23

(₹ in crore)

Sl. No.	Name of the SPSE	Apr'22 to Jun'22	Jul'22 to Sept'22	Oct'22 to Dec'22	Jan'22 to Mar'22	Total
1	2	3	4	5	6	7
1	The Odisha Agro Industries Corporation Limited (OAIC)	0.00	0.30	0.18	0.00	0.48
2	Odisha Forest Development Corporation Limited (OFDC)	0.01	0.00	0.00	0.35	0.36
3	Industrial Promotion and Investment Corporation of Odisha Limited (IPICOL)	0.00	0.00	0.00	0.10	0.10
4	Odisha Construction Corporation Limited (OCC)	0.00	0.00	0.00	1.09	1.09
5	Odisha State Police Housing and Welfare Corporation Limited (OSPHWC)	0.28	0.24	0.08	0.24	0.84
6	Odisha Mining Corporation Limited (OMC)	0.00	0.00	0.00	52.48	52.48
7	Odisha State Beverages Corporation Limited (OSBC)	0.00	0.00	0.00	1.48	1.48
8	Odisha Hydro Power Corporation Limited (OHPC)	0.10	0.00	0.00	1.09	1.19
9	Odisha Power Generation Corporation Limited (OPGC)	0.59	0.21	0.22	0.19	1.21
10	Odisha Power Transmission Corporation Limited (OPTCL)	0.00	0.00	0.00	0.39	0.39
11	Green Energy Development Corporation of Odisha Limited (GEDCOL)	0.00	0.00	0.23	0.27	0.50
12	Odisha Coal and Power Limited (OCPL)	0.01	0.14	0.11	0.86	1.12
	Total	0.99	0.89	0.82	58.54	61.24

(Source: Information provided by the State SPSEs concerned)

[NB: In absence of quarter-wise spent provided by the SPSE concerned total expenditure has been taken in 4th quarter]

APPENDIX-22A
(Referred to in Paragraph 2.9.1)

Production targets and achievements

(All quantities of ores in lakh MT and khondalite stone in CBM)

Sl. No	Name of the Mines	Ore Name	2018-19			2019-20			2020-21			2021-22		
			Target (BE)	Target (RE)	Actual Prod'n	Target (BE)	Target (RE)	Actual Prod'n	Target (BE)	Target (RE)	Actual Prod'n	Target (BE)	Target (RE)	Actual Prod'n
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
1	Daitari	Iron	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	42.50	42.50
2	Gandhamardan-A	Iron	39.50	0.50	0.20	59.00	1.80	1.59	2.76	2.25	2.21	3.50	1.41	1.56
3	Gandhamardan-B	Iron		56.00	50.59		68.00	68.27	70.00	65.02	64.25	80.98	70.00	72.78
4	Kurmitar	Iron	24.00	24.00	24.00	24.00	24.00	24.00	24.00	27.00	27.00	40.00	42.00	42.03
5	Tiringpahar	Iron	3.00	0.00	0.00	3.25	0.00	0.00	3.28	0.82	1.28	3.28	3.28	3.28
6	Mahaparbat	Iron	0.70	0.00	0.00	5.50	0.00	0.00	0.00	0.00	0.00	9.75	0.00	0.00
7	Guali	Iron	-	-	-	-	-	-	0.00	2.00	3.62	49.69	57.00	57.00
8	Jilling Longaolta	Iron	-	-	-	-	-	-	0.00	1.19	1.96	59.87	50.00	56.53
9	Khandbandh	Iron	-	-	-	-	-	-	-	-	-	5.00	0.00	0.00
10	Banspanai	Iron	-	-	-	-	-	-	-	-	-	9.90	0.00	0.00
11	Roida-C	Iron	-	-	-	-	-	-	-	-	-	-	-	-
Total Iron			97.20	110.50	104.79	121.75	123.80	123.86	130.04	128.28	130.32	291.97	266.19	275.68
12	South Kaliapani	Chromite	10.00	10.50	10.51	10.00	9.00	7.14	10.00	10.00	9.66	12.00	10.00	10.00
13	Sukarangi	Chromite	1.30	1.30	1.27	2.30	1.30	1.21	1.30	1.30	1.27	3.00	2.00	1.64
14	Bangur	Chromite	0.325	0.11	0.11	0.046	0.001	0.001	0.15	0.00	0.00	0.15	0.00	0.00
Total Chromite			11.63	11.91	11.89	12.35	10.30	8.35	11.45	11.30	10.93	15.15	12.00	11.64
15	Kodingamali	Bauxite	30.00	27.00	27.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
Total Bauxite			30.00	27.00	27.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00
16	Narangarh	Khondalite	0.00	0.00	0.00	0.00	0.00	0.00	25,000.00	11,000.00	148.02	25,000.00	16,937.00	16,542.72
17	Gobindpur	Khondalite	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	2500.00	0.00
18	Sukhuaparha	Khondalite	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0	2500.00	0.00
Total Khondalite			0.00	0.00	0.00	0.00	0.00	0.00	25,000.00	11,000.00	148.02	25,000.00	21,937.00	16,542.72

APPENDIX-22A (Continued)
(Referred to in Paragraph 2.9.1)

(All quantities of ores in lakh MT and khondalite stone in CBM)

Sl.No.	Name of the Mine	Ore Name	2022-23			Total			Shortfall			
			Target (BE)	Target (RE)	Actual Prod'n	Target (BE)	Target (RE)	Actual Prod'n	BE		RE	
									QTY	%	QTY	%
			(13)	(14)	(15)	(16)	(17)	(18)	(19)	(20)	(21)	(22)
1	Daitari	Iron	40.00	37.50	37.50	160.00	170.00	170.00	-10.00	-6.25	0.00	0
2	Gandhamardan-A	Iron	2.00	2.03	1.65	8.26	7.99	7.21	1.05	12.71	0.78	9.76
3	Gandhamardan-B	Iron	90.00	70.00	70.34	339.48	329.02	326.23	13.25	3.90	2.79	0.85
4	Kurmitar	Iron	60.00	40.00	40.11	172.00	157.00	157.14	14.86	8.64	-0.14	-0.09
5	Tiringpahar	Iron	3.28	3.28	3.28	16.09	7.38	7.84	8.25	51.27	-0.46	-6.23
6	Mahaparbat	Iron	10.00	9.00	9.96	25.95	9.00	9.96	15.99	61.62	-0.96	-10.67
7	Guali	Iron	57.00	57.00	57.00	106.69	116.00	117.62	-10.93	-10.24	-1.62	-1.40
8	Jilling Longaolta	Iron	62.80	62.80	62.80	122.67	113.99	121.29	1.38	1.12	-7.30	-6.40
9	Khandbandh	Iron	10.00	6.00	6.01	15.00	6.00	6.01	8.99	59.93	-0.01	-0.17
10	Banspanai	Iron	10.00	7.62	7.28	19.90	7.62	7.28	12.62	63.42	0.34	4.46
11	Roida-C	Iron	0.00	1.00	0.86	0.00	1.00	0.86	-0.86		0.14	14.00
Total Iron			345.08	296.23	296.79	986.04	925.00	931.44	54.60	5.54	-6.44	-0.70
12	South Kaliapani	Chromite	14.00	9.00	10.00	56.00	48.50	47.31	8.69	15.52	1.19	2.45
13	Sukarangi	Chromite	3.00	0.090	0.070	10.90	5.99	5.46	5.44	49.91	0.53	8.85
14	Bangur	Chromite	0.15	1.00	0.70	0.82	1.11	0.81	0.01	1.22	0.30	27.00
Total Chromite			17.15	10.09	10.77	67.72	55.60	53.58	14.14	20.88	2.02	3.63
15	Kodingamali	Bauxite	30.00	30.00	30.00	150.00	147.00	147.00	3.00	2.00	0.00	0.00
Total Bauxite			30.00	30.00	30.00	150.00	147.00	147.00	3.00	2.00	0.00	0.00
16	Narangarh	Khondalite	25,000.00	5,501.00	4,105.41	75,000.00	33,438.00	20,796.15	54,203.85	72.27	12,641.85	37.81
17	Gobindpur	Khondalite	25,000.00	3,989.00	3,866.97	25,000.00	6,489.00	3,866.97	21,133.03	84.53	2,622.03	40.41
18	Sukhuaparha	Khondalite	25,000.00	1,673.00	1,673.38	25,000.00	4,173.00	1,673.38	23,326.62	93.31	2,499.62	59.90
Total Khondalite			75,000.00	11,163.00	9,645.76	1,25,000.00	44,100.00	26,336.50	98,663.50	78.93	17,763.50	40.28

• Figure of iron, chrome and bauxite ore are in lakh tonnes

* Figure of Khondalite ore in CBM

APPENDIX-22B
(Referred to in Paragraph 2.9.1)
Approved quantities as per MP/MS, CTO, EC and actual production

(All quantities of ores in lakh MT and khondalite stone in CBM)

Sl. No	Name of the Mines	Ore Name	2018-19				2019-20				2020-21				2021-22			
			Actual Prod'n	MP/MS Qty.	CTO Qty.	EC Qty.	Actual Prod'n	MP/MS Qty.	CTO Qty.	EC Qty.	Actual Prod'n	MP/MS Qty.	CTO Qty.	EC Qty.	Actual Prod'n	MP/MS Qty.	CTO Qty.	EC Qty.
			(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
1	Daitari	Iron	30.00	45.90	30.00	30.00	30.00	62.50	30.00	30.00	30.00	60.00	30.00	30.00	42.50	60.00	60.00	30.00
2	Gandhamardan-A	Iron	0.20	3.50	3.50	3.50	1.59	3.50	3.50	3.50	2.21	3.50	3.50	3.50	1.56	21.20	3.50	3.50
3	Gandhamardan-B	Iron	50.59	57.80	91.20	91.20	68.27	76.19	91.20	91.20	64.25	70.20	91.20	91.20	72.78	88.40	91.20	91.20
4	Kurmitar	Iron	24.00	69.70	24.00	60.00	24.00	62.70	24.00	24.00	27.00	60.00	60.00	60.00	42.03	60.00	60.00	60.00
5	Tiringpahar	Iron	0.00	3.26	0.00	0.00	0.00	3.28	0.00	0.00	1.28	3.28	3.28	3.28	3.28	3.28	3.28	3.28
6	Mahaparbat	Iron	0.00	4.30	0.00	0.00	0.00	9.86	0.00	0.00	0.00	9.75	0.00	0.00	0.00	10.22	0.00	0.00
7	Guali	Iron	-	-	-	-	-	-	-	-	3.62	4.80	57.00	57.00	57.00	57.00	57.00	57.00
8	Jilling Longaolta	Iron	-	-	-	-	-	-	-	-	1.96	-	62.80	62.80	56.53	62.80	62.80	62.80
9	Khandbandh	Iron	-	-	-	-	-	-	-	-	-	-	-	-	0.00	10.00	0.00	0.00
10	Banspanai	Iron	-	-	-	-	-	-	-	-	-	-	-	-	0.00	9.92	0.00	0.00
11	Roida-C	Iron	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Iron			104.79	184.46	148.70	184.70	123.86	218.03	148.70	148.70	130.32	211.53	307.78	307.78	275.68	382.82	337.78	307.78
12	South Kaliapani	Chromite	10.51	13.90	14.00	14.00	7.14	13.80	14.00	14.00	9.66	14.00	14.00	14.00	10.00	10.00	14.00	14.00
13	Sukarangi	Chromite	1.27	3.00	1.30	3.00	1.21	3.00	1.30	3.00	1.27	3.00	1.30	3.00	1.64	3.00	3.00	3.00
14	Bangur	Chromite	0.11	0.8965	0.60	0.60	0.001	0.9089	0.60	0.60	0.00	0.2186	0.60	0.60	0.00	0.5765	0.60	0.60
Total Chromite			11.89	17.80	15.90	17.60	8.35	17.71	15.90	17.60	10.93	17.22	15.90	17.60	11.64	13.58	17.60	17.60
15	Kodingamali	Bauxite	27.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	30.00	60.00	30.00	30.00	30.00	60.00	30.00	30.00
Total Bauxite			27.00	30.00	60.00	30.00	30.00	30.00	60.00	30.00	30.00							
16	Narangarh	Khondalite	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	148.02	25,037	25,186	25,186	16,542.72	25,022	25,186	25,022
17	Gobindpur	Khondalite	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	26,195	26,195	26,195
18	Sukhuaparha	Khondalite	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	26,650	26,650	26,650
Total Khondalite			0.00	148.02	25,037.00	25,186.00	25,186.00	16,542.72	77,867.00	78,031.00	77,867.00							

APPENDIX-22B (Continued)
(Referred to in Paragraph 2.9.1)

(All quantities of ores in lakh MT and khondalite stone in CBM)

Sl. No	Name of the Mines	Ore Name	2022-23				Total				Shortfall					
			Actual Prod'n	MP/MS Qty.	CTO Qty.	EC Qty.	Actual Prod'n	MP/MS Qty.	CTO Qty.	EC Qty.	MP/MS		CTO		EC	
											QTY	%	QTY	%	QTY	%
			(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	(30)
1	Daitari	Iron	37.50	60.00	60.00	60.00	170.00	288.40	210.00	180.00	118.40	41.05	40.00	19.05	10.00	5.56
2	Gandhamardan-A	Iron	1.65	28.80	3.50	3.50	7.21	60.50	17.50	17.50	53.29	88.08	10.29	58.80	10.29	58.80
3	Gandhamardan-B	Iron	70.34	91.20	91.20	91.20	326.23	383.79	456.00	456.00	57.56	15.00	129.77	28.46	129.77	28.46
4	Kurmitar	Iron	40.11	60.00	60.00	60.00	157.14	312.40	228.00	264.00	155.26	49.70	70.86	31.08	106.86	40.48
5	Tiringpahar	Iron	3.28	3.28	3.28	3.28	7.84	16.38	9.84	9.84	8.54	52.14	2.00	20.33	2.00	20.33
6	Mahaparbat	Iron	9.96	9.97	10.00	10.00	9.96	44.10	10.00	10.00	34.14	77.41	0.04	0.40	0.04	0.40
7	Guali	Iron	57.00	300.00	57.00	57.00	117.62	361.80	171.00	171.00	244.18	67.49	53.38	31.22	53.38	31.22
8	Jilling Longaolta	Iron	62.80	100.00	62.80	62.80	121.29	162.80	188.40	188.40	41.51	25.50	67.11	35.62	67.11	35.62
9	Khandbandh	Iron	6.01	10.10	10.00	10.00	6.01	20.10	10.00	10.00	14.09	70.10	3.99	39.90	3.99	39.90
10	Banspanai	Iron	7.28	10.00	10.00	10.00	7.28	19.92	10.00	10.00	12.64	63.45	2.72	27.20	2.72	27.20
11	Roida-C	Iron	0.86	4.60	4.60	4.60	0.86	4.60	4.60	4.60	3.74	81.30	3.74	81.30	3.74	81.30
Total Iron			296.79	677.95	372.38	372.38	931.44	1,674.79	1,315.34	1,321.34	743.35	44.38	383.90	29.19	389.90	29.51
12	South Kaliapani	Chromite	10.00	14.00	14.00	14.00	47.31	65.70	70.00	70.00	18.39	27.99	22.69	32.41	22.69	32.41
13	Sukarangi	Chromite	0.07	3.00	3.00	3.00	5.46	15.00	9.90	15.00	9.54	63.60	4.44	44.85	9.54	63.60
14	Bangur	Chromite	0.70	0.60	0.60	0.60	0.81	3.20	3.00	3.00	2.39	74.66	2.19	73.00	2.19	73.00
Total Chromite			10.77	17.60	17.60	17.60	53.58	83.90	82.90	88.00	30.32	36.14	29.32	35.37	34.42	39.11
15	Kodingamali	Bauxite	30.00	60.00	30.00	30.00	147.00	240.00	150.00	150.00	93.00	38.75	3.00	2.00	3.00	2.00
Total Bauxite			30.00	60.00	30.00	30.00	147.00	240.00	150.00	150.00	93.00	38.75	3.00	2.00	3.00	2.00
16	Narangarh	Khondalite	4,105.41	25,005	25,186	25,186	20,796.15	75,064.00	75,558.00	75,394.00	54,267.85	72.30	54,761.85	72.48	54,597.85	72.42
17	Gobindpur	Khondalite	3,866.97	26,925	26,925	26,925	3,866.97	5,3120.00	53,120.00	53,120.00	49,253.03	92.72	49,253.03	92.72	49,253.03	92.72
18	Sukhuaparha	Khondalite	1,673.38	28,975	28,975	28,975	1,673.38	55,625.00	55,625.00	55,625.00	53,951.62	96.99	53,951.62	96.99	53,951.62	96.99
Total Khondalite			9,645.76	80,905.00	81,086.00	81,086.00	26,336.50	1,83,809.00	1,84,303.00	1,84,139.00	1,57,472.50	85.67	1,57,966.50	85.71	1,57,802.50	85.70

• Figure of iron, chrome and bauxite ore are in lakh ton

* Figure of Khondalite ore in CBM

APPENDIX-23

(Referred to in Pararagraph 2.10.2)

Details of loss of Revenue due to non-beneficiation of 5,83,434.87 MT of sub grade chrome ore during 2020-23

Period	Through put quantity of sub grade Chrome ore (in MT)	Expected Production of Concentrate at the rate of 48% (in MT)	Average ASP of Concentrate for the period (in ₹)	Total value (in ₹)	Sale of - 40 Cr2O3 Ore for the period (in MT)	Average price of sale of sub-grade ore per MT (in ₹)	Value (in ₹)	Total Loss due to non-conversion (in ₹)
	A	B = 48% of A	C	D = B×C	E	F	G = E×F	H = D-G
2020-21	3,00,857.35	1,44,411.528	12,161	1,75,61,88,592	3,00,857.350	3,084.75	92,80,69,710.41	82,81,18,882
2021-22	61,381.65	29,463.192	13,332	39,28,03,276	61,381.650	6,355.34	39,01,01,255.51	27,02,020
2022-23	2,21,195.87	1,06,174.018	14,430	1,53,20,91,080	2,21,195.870	5,681.38	1,25,66,97,791.90	27,53,93,288
Total	5,83,434.87	2,80,048.738		3,68,10,82,947	5,83,434.870		2,57,48,68,758	1,10,62,14,190
	Less:- Conversion cost at the rate of ₹1,766 per MT to produce 2,80,048.738 MT of Chrome concentrate							49,45,66,071
								61,16,48,119

APPENDIX-24
(Referred to in Paragraph 2.12.1)
Sales Target and achievement

(All quantities of ores in lakh MT and Khondalite stone in CBM)

Details		2018-19	2019-20	2020-21	2021-22	2022-23	Total	
Iron	Actual Prod'n	10.40	12.90	13.06	25.31	30.31	91.98	
	BE (Sales)	11.17	14.10	14.55	30.10	34.16	104.08	
	RE (Sales)	9.97	13.72	12.98	21.47	25.30	83.44	
	Actual (Sales)	10.34	13.38	12.33	23.16	23.74	82.95	
	RE- Actual		-0.37	0.34	0.65	-1.69	1.56	0.49
			-3.71%	2.48%	5.01%	-7.87%	6.17%	0.59%
	BE-Actual		0.83	0.72	2.22	6.94	10.42	21.13
			7.43%	5.11%	15.26%	23.06%	30.50%	20.30%
Production- sales		0.06	-0.48	0.73	2.15	6.57	9.03	
		0.58%	-3.72%	5.59%	8.49%	21.68%	9.82%	
Chromite	Actual Prod'n	1.05	0.50	1.23	1.07	0.94	4.79	
	BE (Sales)	1.17	1.35	1.52	1.81	1.82	7.67	
	RE (Sales)	1.14	1.02	0.94	0.93	1.24	5.27	
	Actual (Sales)	1.13	0.86	0.83	0.95	1.17	4.94	
	RE- Actual		0.01	0.16	0.11	-0.02	0.07	0.33
			0.88%	15.69%	11.70%	-2.15%	5.65%	6.26%
	BE-Actual		0.04	0.49	0.69	0.86	0.65	2.73
			3.42%	36.30%	45.39%	47.51%	35.71%	35.59%
Production- sales		-0.08	-0.36	0.40	0.12	-0.23	-0.15	
		-7.62%	-72.00%	32.52%	11.21%	-24.47%	-3.13%	
Bauxite	Actual Prod'n	2.70	3.00	3.00	3.00	3.00	14.70	
	BE (Sales)	3.00	3.00	3.00	3.00	3.70	15.70	
	RE (Sales)	1.60	3.00	3.20	3.70	3.70	15.20	
	Actual (Sales)	1.69	2.58	3.05	3.63	3.62	14.57	
	RE- Actual		-0.09	0.42	0.15	0.07	0.08	0.63
			-5.62%	14.00%	4.69%	1.89%	2.16%	4.14%
	BE-Actual		1.31	0.42	-0.05	-0.63	0.08	1.13
			43.67%	14.00%	-1.67%	-21.00%	2.16%	7.20%
Production- sales		1.01	0.42	-0.05	-0.63	-0.62	0.13	
		37.41%	14.00%	-1.67%	-21.00%	-20.67%	0.88%	
Khondalite	Actual Prod'n	-	-	148.02	16,542.72	9,645.79	26,336.53	
	BE (Sales)	-	-	25,000.00	25,000.00	78,000.00	1,28,000.00	
	RE (Sales)	-	-	11,000.00	22,000.00	13,000.00	46,000.00	
	Actual (Sales)	-	-	0.00	1,337.58	6,529.14	7,866.72	
	RE- Actual		-	-	11,000	20,662.42	6,470.86	38,133.28
			-	-	100.00%	93.92%	49.78%	82.90%
	BE-Actual		-	-	25,000.00	23,662.42	71,470.86	1,20,133.28
			-	-	100.00%	94.65%	91.63%	93.85%
Production- sales		-	-	148.02	15,205.14	3,116.65	18,469.81	
		-	-	100.00%	91.91%	32.31%	70.13%	

* Quantity of iron, chomite and bauxite is in lakh ton

** Quantity of khondalite is in CBM

APPENDIX-25

(Referred to in Paragraph 3.2)

Details of interest free advances extended and their recoveries

Name of the work : Construction of Ash Pond at Tilia Village

Name of the Contractor: Shree Balaji Engicons Limited

(Amount in ₹)

Date	Particulars of Repayment	Total Amount paid under RA Bill	Adjustment of MA in RA Bill (10%)	Outstanding MA	Days	RoI	S.I @ 10.00%
11.07.2017				19,97,54,588			
26.02.2018	1st RA Bill	1,93,91,107	19,39,110	19,78,15,478	230	10.00%	1,25,87,275
22.03.2018	2nd RA Bill	4,03,77,977	40,37,798	19,37,77,680	24	10.00%	13,00,705
31.03.2018	3rd RA Bill	3,08,29,153	30,82,915	19,06,94,765	9	10.00%	4,77,808
16.07.2018	4th RA Bill	3,90,04,885	39,00,488	18,67,94,277	107	10.00%	55,90,230
16.07.2018	5th RA Bill	3,25,95,886	32,59,589	18,35,34,688	0	10.00%	0
02.08.2018	6th RA Bill	3,21,02,810	32,10,281	18,03,24,407	17	10.00%	8,54,819
20.09.2018	7th RA Bill	86,95,857	8,69,586	17,94,54,821	49	10.00%	24,20,793
06.10.2018	8th RA Bill	48,95,962	4,89,596	17,89,65,225	16	10.00%	7,86,651
13.12.2018	9th RA Bill	2,15,85,477	21,58,548	17,68,06,677	68	10.00%	33,34,147
06.02.2019	10th RA Bill	1,64,92,804	16,49,280	17,51,57,397	55	10.00%	26,64,210
12.03.2019	11th RA Bill	3,16,28,878	31,62,888	17,19,94,509	34	10.00%	16,31,603
31.03.2019	12th RA Bill	3,22,68,698	32,26,870	16,87,67,639	19	10.00%	8,95,314
03.06.2019	13th RA Bill	8,07,11,974	80,71,197	16,06,96,442	64	10.00%	29,59,213
23.07.2019	14th RA Bill	6,15,72,687	47,53,246	15,59,43,196	50	10.00%	22,01,321
28.09.2019	15th RA Bill	4,07,30,626	36,47,538	15,22,95,658	67	10.00%	28,62,519
26.02.2020	16th RA Bill	11,11,86,313	1,05,15,728	14,17,79,930	151	10.00%	63,00,451
17.09.2020	17th RA Bill	4,61,01,174	42,27,908	13,75,52,022	204	10.00%	79,24,139
18.09.2020	18th RA Bill	2,58,48,168	29,17,525	13,46,34,497	1	10.00%	37,685
18.09.2020	19th RA Bill	3,41,52,785	31,36,248	13,14,98,249	0	10.00%	0
20.10.2020	20th RA Bill	91,10,830	7,73,880	13,07,24,369	32	10.00%	11,52,861
28.11.2020	21st RA Bill	3,38,82,684	32,05,502	12,75,18,867	39	10.00%	13,96,781
20.01.2021	22nd RA Bill	2,06,61,845	14,64,276	12,60,54,591	53	10.00%	18,51,644
30.04.2021	23rd RA Bill	2,34,67,302	1,15,05,393	11,45,49,198	100	10.00%	34,53,550
20.11.2021	24th RA Bill	1,21,45,161	1,06,73,695	10,38,75,503	204	10.00%	64,02,202
29.09.2024			0	10,38,75,503	862	10.00%	2,45,31,694
			9,58,79,085	Total Loss of interest			9,36,17,616

Name of the work: New construction and renovation of twin township

Name of the Contractor: M/S NCC Limited

(Amount in ₹)

Date	Particulars of Repayment	Total Amount paid under RA Bill	Adjustment of MA in RA Bill (10%)	Outstanding MA	Days	ROI	S.I @ 10.00%
19.05.2014	Advance paid		0	13,02,33,000			
02.09.2014	1st RA Bill	74,49,257	7,44,926	12,94,88,074	106	10.00%	37,82,109
20.10.2014	2nd RA Bill	52,28,929	5,22,893	12,89,65,181	48	10.00%	17,02,857
08.11.2014	3rd RA Bill	46,70,610	4,67,061	12,84,98,120	19	10.00%	6,71,326
05.12.2014	4th RA Bill	92,38,196	9,23,820	12,75,74,300	27	10.00%	9,50,534
31.12.2014	5th RA Bill	1,97,80,833	19,78,083	12,55,96,217	26	10.00%	9,08,748
10.02.2015	6th RA Bill	2,06,57,787	20,65,779	12,35,30,438	41	10.00%	14,10,807
10.03.2015	7th RA Bill	2,25,88,851	22,58,885	12,12,71,553	28	10.00%	9,47,631
04.04.2015	8th RA Bill	2,08,34,110	20,83,411	11,91,88,142	25	10.00%	8,30,627
09.05.2015	9th RA Bill	1,46,08,288	14,60,829	11,77,27,313	35	10.00%	11,42,900
20.06.2015	10th RA Bill	1,91,60,267	19,16,027	11,58,11,286	42	10.00%	13,54,670
03.07.2015	11th RA Bill	86,33,824	8,63,382	11,49,47,904	13	10.00%	4,12,479
13.08.2015	12th RA Bill	1,57,86,396	15,78,640	11,33,69,264	41	10.00%	12,91,196
08.09.2015	13th RA Bill	1,47,24,881	14,72,488	11,18,96,776	26	10.00%	8,07,562
11.09.2015		0	0	11,18,96,776		10.00%	0
06.10.2015	14th RA Bill	1,86,31,032	18,63,103	11,00,33,673	25	10.00%	7,66,416
05.11.2015	Suppl. Bill	1,27,19,574	32,71,957	10,67,61,716	30	10.00%	9,04,386
05.11.2015	15th RA Bill	2,49,09,983	24,90,998	10,42,70,718	0	10.00%	0
02.12.2015	16th RA Bill	61,62,284	6,16,228	10,36,54,490	27	10.00%	7,71,318
13.01.2016	17th RA Bill	1,88,01,079	18,80,108	10,17,74,382	42	10.00%	11,92,737
08.02.2016	18th RA Bill	1,32,35,458	13,23,546	10,04,50,836	26	10.00%	7,24,968
09.03.2016	19th RA Bill	1,47,69,493	14,76,949	9,89,73,887	30	10.00%	8,25,623
31.03.2016	20th RA Bill	2,64,29,072	26,42,907	9,63,30,980	22	10.00%	5,96,555
30.04.2016	21th RA Bill	87,58,664	8,75,866	9,54,55,114	30	10.00%	7,91,761
11.06.2016	22th RA Bill	2,22,61,648	22,26,165	9,32,28,949	42	10.00%	10,98,388
07.07.2016	23th RA Bill	3,31,82,785	33,18,279	8,99,10,670	26	10.00%	6,64,097
09.08.2016	24th RA Bill	3,16,83,186	31,68,319	8,67,42,351	33	10.00%	8,12,891
08.09.2016	25th RA Bill	2,75,65,489	27,56,549	8,39,85,802	30	10.00%	7,12,951
07.10.2016	26th RA Bill	2,05,52,043	20,55,204	8,19,30,598	29	10.00%	6,67,284
10.11.2016	27th RA Bill	2,30,62,547	23,06,257	7,96,24,341	34	10.00%	7,63,189
08.12.2016	28th RA Bill		17,83,512	7,78,40,829	28	10.00%	6,10,817
08.12.2016	Final Bill of 24		23,483	7,78,17,346	0	10.00%	0
08.12.2016	Final Bill of 25	17,83,519	4,112	7,78,13,234	0	10.00%	0
31.12.2016	29th RA Bill	2,00,87,618	20,08,762	7,58,04,472	23	10.00%	4,90,330
22.02.2017	30th RA Bill	2,70,54,084	27,05,408	7,30,99,064	53	10.00%	11,00,722
21.03.2017	31th RA Bill	3,18,91,079	31,89,108	6,99,09,956	27	10.00%	5,40,733
21.03.2017	32th RA Bill	2,76,66,448	27,66,645	6,71,43,311	0	10.00%	0
10.05.2017	33rd RA Bill	2,65,37,264	26,53,726	6,44,89,585	50	10.00%	9,19,771
12.06.2017	34th RA Bill	2,23,63,833	22,36,383	6,22,53,202	33	10.00%	5,83,057
05.07.2017	35th RA Bill	2,20,03,206	22,00,321	6,00,52,881	23	10.00%	3,92,280

Date	Particulars of Repayment	Total Amount paid under RA Bill	Adjustment of MA in RA Bill (10%)	Outstanding MA	Days	ROI	S.I @ 10.00%
11.08.2017	36th RA Bill	5,15,74,103	51,57,410	5,48,95,471	37	10.00%	6,08,755
11.08.2017	ST Reimbursement	16,27,578	1,62,758	5,47,32,713	0	10.00%	0
09.09.2017	37th RA Bill	3,43,69,051	34,36,905	5,12,95,808	29	10.00%	4,34,863
11.10.2017	38th RA Bill	3,35,78,537	33,57,854	4,79,37,954	32	10.00%	4,49,717
08.11.2017	39th RA Bill	1,63,38,158	16,33,816	4,63,04,138	28	10.00%	3,67,743
14.12.2017	40th RA Bill	4,01,44,729	40,14,473	4,22,89,665	36	10.00%	4,56,698
10.01.2018	41st RA Bill	2,48,35,841	24,83,584	3,98,06,081	27	10.00%	3,12,828
08.02.2018	42nd RA Bill	2,65,52,809	26,55,281	3,71,50,800	29	10.00%	3,16,267
13.03.2018	43rd RA Bill	3,50,59,297	35,05,930	3,36,44,870	33	10.00%	3,35,884
07.04.2018	44th RA Bill	1,63,10,266	16,31,027	3,20,13,843	25	10.00%	2,30,444
02.05.2018	45th RA Bill	1,08,13,459	10,81,346	3,09,32,497	25	10.00%	2,19,273
08.06.2018	46th RA Bill	1,12,31,847	11,23,185	2,98,09,312	37	10.00%	3,13,562
11.07.2018	47th RA Bill	1,70,59,885	17,05,989	2,81,03,323	33	10.00%	2,69,509
04.08.2018	48th RA Bill	88,29,900	8,82,990	2,72,20,333	24	10.00%	1,84,789
05.09.2018	49th RA Bill	72,24,864	7,22,486	2,64,97,847	32	10.00%	2,38,644
03.10.2018	50th RA Bill	55,75,959	5,57,596	2,59,40,251	28	10.00%	2,03,271
08.11.2018	51st RA Bill	14,62,426	1,46,243	2,57,94,008	36	10.00%	2,55,849
11.12.2018	52nd RA Bill	15,32,838	1,53,284	2,56,40,724	33	10.00%	2,33,206
07.01.2019	53rd RA Bill	43,15,745	4,31,575	2,52,09,149	27	10.00%	1,89,671
04.02.2019	54th RA Bill	59,54,178	5,95,418	2,46,13,731	28	10.00%	1,93,385
16.03.2019	55th RA Bill	17,93,051	1,79,305	2,44,34,426	40	10.00%	2,69,740
05.04.2019	56th RA Bill	4,88,568	0	2,44,34,426	20	10.00%	1,33,887
24.12.2019	57th RA Bill	8,04,81,678	80,48,168	1,63,86,258	263	10.00%	17,60,618
03.06.2020	58th RA Bill	2,34,83,518	23,48,352	1,40,37,906	162	10.00%	7,27,280
31.03.2021	59th RA Bill	3,36,80,481	0	1,40,37,906	301	10.00%	11,57,646
06.07.2021			1,40,37,906	0	97	10.00%	3,73,062
Total loss of Interest							4,23,80,313

Glossary of Abbreviations

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Sl. No.	Abbreviation	Description
1	AGM	Annual General Meeting
2	AMI	Advance Metering Infrastructure
3	AM&SAR	Ancient Monuments and Archaeological Sites and Remains
4	APTEL	Appellate Tribunal for Electricity
5	ATP	Available to Promise
6	BE	Budget Estimates
7	BLS	Bridge Linkage Scheme
8	BoD	Board of Directors
9	BSCL	Bhubaneswar Smart City Limited
10	BTG	Boiler Turbine and Generator
11	CAG	Comptroller and Auditor General of India
12	CAGR	Compounded Annual Growth Rate
13	CBP	Consumption Based Planning
14	CESU	Central Electricity Supply Utility of Odisha
15	CGM	Corporate Governance Manual
16	CGM	Chief General Manager
17	CHP	Coal Handling Plant
18	CLO	Calibrated Lump Ore
19	CMD	Chairman-cum-Managing Director
20	CMRF	Chief Minister Relief Fund
21	COBP	Chrome Ore Beneficiation Plant
22	COPU	Committee on Public Undertakings
23	CSR	Corporate Social Responsibility
24	CTO	Consent to Operate
25	CWIP	Capital work in progress
26	DDM	Deputy Director of Mines
27	DFO	Divisional Forest Officer
28	DISCOMs	Distribution Companies
29	DMF	District Mineral Fund
30	DPR	Detailed Project Report
31	EBIT	Earnings Before Interest and Taxes
32	EC	Environmental Clearance
33	EHT	Extra High Tension
34	ERP	Enterprise Resource Planning
35	ETP	Effluent Treatment Plant
36	FC	Forest Clearance
37	FDP	Forest Diversion Proposal
38	FMCP	Final Mine Closure Plan
39	FPA	Fuel Price Adjustment
40	FY	Financial Year
41	GCOC	Government Controlled Other Companies
42	GEDCOL	Green Energy Development Corporation of Odisha Limited

Sl. No.	Abbreviation	Description
43	GoI	Government of India
44	GoO	Government of Odisha
45	GSDP	Gross State Domestic Product
46	GSVA	Gross State Value Added
47	HHEP	Hirakud Hydro Electric Projects
48	HSD	High Speed Diesel
49	IBM	Indian Bureau of Mines
50	ICAI	Institute of Chartered Accountants of India
51	ICR	Interest Coverage Ratio
52	ITPS	IB Thermal Power Station
53	JVs	Joint Ventures
54	LTL	Long Term Linkage
55	MCL	Mahanadi Coalfield Limited
56	MECL	Mineral Exploration Corporation Limited
57	MGR	Merry Go Round
58	MIS	Management Information Systems
59	MMT	Million Metric Ton
60	MO	Mine Operators
61	MoEF&CC	Ministry of Forest and Environment and Climate Change
62	MoU	Memorandum of Understanding
63	MSTC	Metal Scrap Trade Corporation Limited
64	MTPA	Million Tonne per Annum
65	N&R	Nomination and Remuneration
66	NCCL	Nuagaon Coal Company Limited
67	NEERI	National Environmental Engineering Research Institute
68	NFSA	National Food Security Act
69	NIT	Notice Inviting Tender
70	NMET	National Mineral Exploration Trust
71	NPV	Net Present Value
72	O&M	Operation and Maintenance
73	OB	Overburden
74	OBCC	Odisha Bridge and Construction Corporation Limited
75	OCPL	Odisha Coal and Power Limited
76	ODSSP	Odisha Distribution System Strengthening Project
77	OHPC	Odisha Hydro Power Corporation Limited
78	OLIC	Odisha Lift Irrigation Corporation Limited
79	OMC	Odisha Mining Corporation Limited
80	OPGC	Odisha Power Generation Corporation Limited
81	OPTCL	Odisha Power Transmission Corporation Limited
82	OPWD	Odisha Public Works Department
83	OSCSC	Odisha State Civil Supplies Corporation Limited
84	OSRTC	Odisha State Road Transport Corporation
85	OTS	One Time Settlement
86	PACS	Primary Agricultural Co-operative Society

Sl. No.	Abbreviation	Description
87	PFC	Power Finance Corporation Limited
88	PPE	Property, Plant and Equipment
89	PSUs	Public Sector Undertakings
90	PV	Present Value
91	RCR	Road-cum-Rail
92	REC	Rural Electrification Corporation Limited
93	RML	Renewal of Mining Lease
94	RMP	Risk Management Policy
95	ROCE	Return on Capital Employed
96	ROE	Return on Equity
97	ROR	Rate of Return
98	RORR	Rate of Real Return
99	S&M	Steel and Mines
100	SAP	Systems, Applications and Products in Data Processing
101	SFSS	State Food Security Scheme
102	SIA	Standard on Internal Audit
103	SIDBI	Small Industries Development Bank of India
104	SLASs	State Level Autonomous Society
105	SMFAPL	Shri Mahavir Ferro Alloys Private Limited
106	SPCB	State Pollution Control Board
107	SPSEs	State Public Sector Enterprises
108	SRS	Star Rating System
109	STP	Sewage Treatment Plant
110	TCS	Tata Consultancy Services Limited
111	TEPL	Thriveni Earthmovers Private Limited
112	UAT	User Acceptance Testing
113	UIHEP	Upper Indravati Hydro Electric Project
114	UPL	Ultimate Pit Limit
115	WPI	Wholesale Price Index

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