सत्यमेव जयते

Report of the
Comptroller and Auditor General of India
on
Public Sector Undertakings
for the year ended 31 March 2019

लोकहितार्थ सत्यनिष्ठा

Dedicated to Truth in Public Interest

Government of Gujarat
Report No. 4 of the year 2020

Report of the
Comptroller and Auditor General of India

on

Public Sector Undertakings

for the year ended 31 March 2019

GOVERNMENT OF GUJARAT

(Report No. 4 of the year 2020)

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Preface

This Report deals with the results of audit of 83 Government Companies and four Statutory Corporations for the year ended 31 March 2019.

The accounts of Government Companies (including Companies deemed to be Government Companies as per the provisions of the Companies Act) are audited by the Comptroller and Auditor General of India (C&AG) under the provisions of Section 619 of the Companies Act, 1956 and Section 139 and 143 of the Companies Act, 2013.

Reports in relation to the accounts of a Government Company or Corporation are submitted to the Government by the C&AG for laying before the State Legislature of Gujarat under the provisions of Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

C&AG is the sole auditor for Gujarat State Road Transport Corporation, a Statutory Corporation, and Gujarat Electricity Regulatory Commission, a regulatory body. As per the State Financial Corporations (Amendment) Act, 2000, the C&AG has the right to conduct the audit of accounts of Gujarat State Financial Corporation in addition to the audit conducted by the Chartered Accountants, appointed by the Corporation from the panel of auditors approved by the Reserve Bank of India. In respect of Gujarat State Warehousing Corporation, the C&AG has the right to conduct the audit of their accounts in addition to the audit conducted by the Chartered Accountants, appointed by the State Government in consultation with the C&AG. Audit of Gujarat Industrial Development Corporation is entrusted to the C&AG under Section 19(3) of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 and C&AG is a sole Auditor.

The instances mentioned in this Report are those, which came to notice in the course of test audit during the year 2018-19 as well as those which came to notice in earlier years, but could not be reported in the previous Audit Reports; matters relating to the period subsequent to 31 March 2019 have also been included, wherever necessary.

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

Overview

Overview on the Functioning of State Public Sector Undertakings

Introduction

The State Public Sector Undertakings (SPSUs) consist of State Government Companies and Statutory Corporations. The SPSUs are engaged in activities of commercial nature that occupy an important place in the State economy. As on 31 March 2019, there were 87 SPSUs (83 Companies and four Statutory Corporations) including 16 inactive SPSUs. Of the 87 SPSUs, four SPSUs were listed on the stock exchange(s). The active SPSUs registered a turnover of ₹ 1,48,487.47 crore as per their latest finalised financial statements as on 30 September 2019. The turnover was 9.88 *per cent* of State's Gross Domestic Product (GSDP) for 2018-19. The active SPSUs earned aggregate profit of ₹ 1,002.59 crore as per their latest finalised financial statements.

Accountability framework

The process for audit of Government Companies in respect of financial years commencing on or after 1 April 2014 is governed by respective provisions of Sections 139 and 143 of the Companies Act, 2013 (Act). The financial statements of Government Companies are audited by Statutory Auditors who are appointed by the Comptroller and Auditor General of India (C&AG) as per the provisions of Section 139(5) or (7) of the Act. These financial statements are subject to supplementary audit by C&AG within 60 days from the date of receipt of the audit report under provisions of Section 143(6) of the Act. Audit of Statutory Corporations is governed by their respective legislations.

Investment in SPSUs

As on 31 March 2019, the investment in 87 SPSUs was ₹ 2,49,724.88 crore. The thrust of SPSUs investment was mainly in the Power and Infrastructure sector as the percentage share of investment in Infrastructure sector to total investment was 35.84 in 2018-19 as compared to 32.43 in 2014-15. The percentage share of investment in Power sector increased from 42.09 in 2014-15 to 42.78 in 2018-19.

Introduction

1 Overview on Functioning of Power sector Undertakings

Introduction

The SPSUs engaged in generation, transmission and distribution of electricity are classified under Power sector. Of the 87 SPSUs, 10 SPSUs are engaged in electricity related business and remaining 77 SPSUs are engaged in other activities as on 31 March 2019. The 10 SPSUs are active State Government Companies, which includes eight subsidiary/ joint venture Companies of other Government Companies. The turnover of Power sector SPSUs recorded continuous increase over previous years and was ₹ 1,09,824.46 crore as on 2017-18. The increase in GSDP of Gujarat ranged between 11.63 and 14.21 *per cent* during the period 2014-15 to 2018-19. During last five years against the Compounded Annual Growth Rate (CAGR) of 13.20 *per cent* of GSDP, the CAGR for turnover of Power sector SPSUs was 10.04 *per cent* during last five years.

Investment and budgetary support in Power sector SPSUs

As on 31 March 2019, the investment in 10 SPSUs was ₹ 1,06,844.09 crore. Government of Gujarat (GoG) periodically provides financial support to three Power sector SPSUs as budgetary assistance through annual budget in various forms that ranged between ₹ 6,144.63 crore and ₹ 10,223.10 crore during the period from 2014-15 to 2018-19 no funds were infused in the remaining seven SPSUs. During 2018-19 total budgetary assistance of ₹ 10,223.10 crore received included ₹ 2,813.37 crore and ₹ 7,409.73 crore in the form of equity and grants/ subsidy respectively.

Performance and Status of finalisation of financial statements of Power sector SPSUs

Of the 10 Power sector SPSUs, as per their latest finalised financial statements, all the 10 SPSUs earned profit of ₹ 1,084.95 crore. The financial statement of Gujarat Energy Transmission Corporation Limited, Gujarat Power Corporation Limited and the consolidated financial statement of GUVNL were in arrear for one year (2018-19).

Return on investment

GoG infused funds in the form of equity and loans in only three Power sector SPSUs. The Return on investment (RoI) from the three SPSUs based on historical cost ranged between 0.46 *per cent* and 0.87 *per cent* during the period from 2014-15 to 2018-19. Further, investment by GoG in the three SPSUs increased from ₹ 1,645.94 crore in 2004-05 to ₹ 75,021.86 crore in 2018-19. The Rate of Real Return based on Present Value (PV) of above investment being ₹ 1,23,757.93 crore as at 31 March 2019 to total earnings of three SPSUs during 2018-19 was 0.37 *per cent*. An analysis of investment and accumulated profit/ losses disclosed that the net worth of Power sector SPSUs as on 31 March 2019 was ₹ 26,333.27 crore.

Return on equity and capital employed

The Return on equity in respect of the three SPSUs as on 31 March 2019 was 1.72 *per cent.* During last five years ended March 2019, the Net Income and Shareholders' fund was positive. The Return on capital employed of Power sector SPSUs was consistent and ranged between 4.61 and 7.12 *per cent* during the period from 2014-15 to 2018-19.

Comments on financial statements

Ten SPSUs forwarded their 10 financial statements during the period from October 2018 to September 2019. Statutory Auditors had given unqualified opinion for eight financial statements and qualified opinion for two financial statements. The compliance of SPSUs with the Accounting Standards/ IND AS remained deficient, as there were six instances of non-compliance in five financial statements.

(Chapter 1)

2. Compliance audit observations relating to Power Sector Undertakings

Compliance audit observations relating to Power Sector Undertakings in this Report highlights deficiencies in the management of PSUs.

Gujarat State Electricity Corporation Limited (the Company) is responsible for generation of power. The Company has four coal based Thermal Power Stations (TPSs). The two Coal Supply Agreements (CSAs) for Ukai Coal based TPS were not simultaneously monitored. Delayed commissioning of coal handling plant and insufficient space for stacking the coal resulted in avoidable payment of demurrage charges. The Company violated the MoEF guidelines by utilising the amount recovered from sale of fly ash for other than specified purpose. The Monthly Inventory Control Register did not report the value of inventory issued to indenting departments but not consumed. The fast, slow and non-moving items report does not provide information of critical and non-critical items. Even after more than ten years no action for reconciliation of 195 items was taken and scrap remained unsold for more than five years.

(Chapter 2)

3. Overview on Functioning of State Public Sector Undertakings (*Excluding State Public Sector Undertakings of Power sector*)

Introduction

The State has 87 SPSUs as on 31 March 2019 of which 10 SPSUs are engaged in electricity related business and remaining 77 SPSUs are engaged in other activities. These 77 SPSUs include 73 State Government Companies (SGCs) and four Statutory Corporations for undertaking different activities. GoG periodically provides financial support to SPSUs

in the form of equity, loans and grants/ subsidy. Of the 77 SPSUs, GoG invested funds in 61 SPSUs and no funds were infused in remaining 16 SPSUs that were joint venture/ subsidiary of SGCs. The turnover of these SPSUs was ₹ 38,663.01 crore as on 2018-19.

Investment and budgetary support in SPSUs

As on 31 March 2019, the investment in 77 SPSUs was ₹ 1,42,880.79 crore. GoG provides financial support to SPSUs in various forms through the annual budget. The budgetary assistance received by these SPSUs ranged between ₹ 8,150.79 crore and ₹ 9,953.84 crore during the period from 2014-15 to 2018-19. The budgetary assistance of ₹ 8,327.24 crore provided during 2018-19 included loans, grants/ subsidy and equity of ₹ 1,109.70 crore, ₹ 3,204.77 crore and ₹ 4,012.77 crore respectively.

Performance and Status of finalisation of financial statements of SPSUs

During 2018-19, as per their latest finalised financial statements, out of 61 active SPSUs, 44 SPSUs earned profit of ₹ 2,487.28 crore and 15 SPSUs incurred loss of ₹ 2,569.64 crore. Of the total 61 active SPSUs, 39 SPSUs had 67 financial statements in arrears, which ranged between one and four years.

Return on Investment

Out of 77 SPSUs, GoG infused funds in the form of equity, loans and grant/subsidy in 61 SPSUs including three SPSUs listed on stock exchanges that reported positive Return on Investment. The Return on investment from 61 SPSUs on historical cost basis ranged between (-) 18.91 *per cent* and 0.72 *per cent* during the period from 2014-15 to 2018-19. Further, investment by GoG in these 60 SPSUs increased from ₹ 14,625.84 crore in 2004-05 to ₹ 1,05,960.02 crore in 2018-19. The Present Value (PV) of investment of GoG up to 31 March 2019 was ₹ 1,95,062.26 crore. An analysis of investment and accumulated profit/ losses disclosed that the net worth of 77 SPSUs as on 31 March 2019 was ₹ 65,322.85 crore.

Return on equity and capital employed

During last five years ended March 2019, the Return on Equity was 0.90 *per cent* in 2014-15 on the net income reported during financial year 2014-15. Since net loss was reported in 57 SPSUs during the four FYs ended 2018-19, therefore Return on Equity was Nil. The Return on capital employed ranged between 3.03 and 5.16 *per cent* during the period from 2014-15 to 2018-19.

Comments on financial statements

Forty-seven active SPSUs forwarded 63 audited financial statements for supplementary audit during the period from October 2018 to September 2019, Statutory Auditors had given unqualified opinion for 45 financial statements and qualified opinion for 21 financial statements. The compliance of SPSUs with the Accounting Standards/ IND AS remained deficient, as there were 35 instances of non-compliance in 19 financial statements.

Of the four active Statutory Corporations, three Corporations forwarded financial statements for audit during the period from October 2018 to September 2019. Statutory Auditor expressed qualified opinion on financial statements of Gujarat State Financial Corporation.

(Chapter 3)

4. Performance Audit relating to Public Sector Undertakings (*Excluding State Public Sector Undertakings of Power sector*)

Performance Audit on '**Mining Activities of Gujarat Mineral Development Corporation Limited** was conducted. Highlights of the performance audit are given below:

Gujarat Mineral Development Corporation Limited (the Company) was incorporated in May 1963 as a Private Limited Company to undertake mining of minerals in the State of Gujarat. It was converted into a wholly owned Government Company in July 1971.

The mining of minerals and power generation operations of the Company contributed 77 and 23 *per cent* respectively of its operational revenue during last five years. The mining activities mainly relate to Lignite, Bauxite and Fluorspar.

The Company had 24 mining leases as on 31 March 2019 out of which nine were non-operational. Of these, in five leases, the Company had neither submitted application for extension nor undertook mining operations.

Important goals of the sole business plan of the Company were not achieved. Audit observed that neither the mechanism for monitoring the achievement of business plan was in place nor business plan was prepared for subsequent periods.

Audit observed instances of non-achievement of the targets of production set in the Mine Plan (MP) which indicated need for revision of MP on more realistic basis as the mining during the remaining period will not be completed as per the approved MP.

In two cases, there was short deposit of ₹ 59.53 crore in escrow accounts for Mine Closure of Lignite projects.

Audit observed that the Company was yet to frame any policy regarding retention or sale of the acquired private freehold land after mineral reserves are exhausted.

In one case, the Company acquired land of ₹ 13.70 crore before completing the preliminary assessment of viability of a project. The project was subsequently closed and the land remained unutilised. Besides overpayment of ₹ 4.81 crore was noticed in eight land compensation cases.

The standard terms for rate fixation in turnkey Lignite mining agreements were not finalised even after more than 10 years. Audit also observed deficiencies in the system for tendering and awarding of turnkey Lignite mining agreements that had resulted in avoidable loss of ₹ 17.75 crore.

Deviation from terms of turnkey mining agreements resulted in extra expenditure of ₹ 23.38 crore in one case, undue benefit of ₹ 23.30 crore in one case and additional payment of ₹ 1.48 crore in one case.

Deficient monitoring of turnkey mining agreements system resulted in avoidable loss of ₹ 104.64 crore in 10 cases, undue benefit to contractor of ₹ 21.02 crore in two cases and arbitration claim of ₹ 107.01 crore in one case.

The Company separately collected Mine Closure Fund through invoices for Lignite sale and avoided royalty payment of ₹ 33.11 crore on it.

Audit noticed violations of the conditions of Environmental Clearances related to Corporate Social Responsibility (CSR) expenditure in two cases which had resulted in incurring ₹ 52.47 crore less for CSR expenditure.

(Chapter 4)

5. Compliance audit observations relating to Statutory Corporation

Compliance audit observations relating to Statutory Corporation in this Report highlights deficiencies in the management of the Corporation.

Gujarat State Road Transport Corporation (the Corporation) was incorporated on 1 May 1960 under the Road Transport Corporations Act, 1950. The Corporation is mandated to provide an efficient, adequate, economical, and properly co-ordinated road transport in the State. The Inventory Management System (INMANS) is implemented in Central Stores and 16 Division Stores of the Corporation. Of the 84 reports of INMANS related to the store Management three selected Divisions did not generate 17 to 24 reports. Only the parameter of six month for non-moving stock and the Minimum Stock level of one and half months was fixed. Short/excess stock levels were observed due to non-monitoring of stock levels at regular intervals that resulted in delayed fabrication of buses, docking of buses, decline in production of re-treaded tyres. Deficient maintenance of records was observed for store management. Absence of periodic system for identification of scrap items led to large quantity of unsold scrap. Mandatory physical verification of both movable and immovable assets, responses to concurrent stock verification reports, non-conducting inspection by Peripatetic Audit Parties and delayed submission of purchase indents were observed.

Chapter 5

Introduction

Functioning of State Public Sector Undertakings

Introduction

Functioning of State Public Sector Undertakings

General

1. The State Public Sector Undertakings (SPSUs) consist of State Government Companies and Statutory Corporations. SPSUs are engaged in activities of commercial nature for the welfare of the people and occupy an important place in the State economy. As on 31 March 2019, there were 87 SPSUs including four Statutory Corporations[1] and 83 State Government Companies[2]. Of the 87 SPSUs, four SPSUs[3] were listed on the stock exchange(s). 87 SPSUs include 16 inactive SPSUs. During the year 2018-19 two active SPSUs[4] were classified as inactive SPSUs as they had ceased their operations. Four SPSUs[5] ceased to exist on dissolution vide orders passed by Gujarat High Court therefore they were removed from the list of SPSUs. GoG merged (August 2018) Bhavnagar Energy Company Limited (BECL) with Gujarat State Electricity Corporation Limited (GSECL) with effect from 01 April 2018. One SPSU[6] came under the purview of the Comptroller and Auditor General of India (C&AG) under Section 139(5) of the Companies Act, 2013.

2. The financial performance of the SPSUs on the basis of latest financial statements as on 30 September 2019 is discussed in this Report. The nature of SPSUs and the position of financial statements are indicated in **Table 1** below:

Table 1: Status of financial Statements as on 30 September 2019

(Figures in numbers)

Nature of SPSUs	Total Number	Financial year of FSs received from SPSUs during October 2018 to September 2019						SPSUs having FSs in arrears	
		2018-19	2017-18	2016-17	2015-16	2014-15	Total	SPSUs	FSs
Active Government Companies	67	33	29	6	4	1	73	36	60
Active Statutory corporations	4	1	1	1	0	0	3	3	7
Total Active SPSUs	**71**						**76**	**39**	**67**
Inactive SPSUs	16	1	3	0	1	0	5	15	126
Total	**87**	**35**	**33**	**7**	**5**	**1**	**81**	**54**	**193**

FSs- Financial Statements.

Source: Compiled based of financial statements of active SPSUs received during the period from October 2018 to September 2019.

The active SPSUs registered a turnover of ₹ 1,48,487.47 crore as per their latest finalised financial statements as on 30 September 2019. Out of total turnover

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1 Gujarat State Warehousing Corporation, Gujarat State Financial Corporation, Gujarat Industrial Development Corporation and Gujarat State Road Transport Corporation.

2 Includes other Companies referred in Section 139(5) and 139(7) of the Companies Act, 2013.

3 Gujarat Gas Limited, Gujarat Mineral Development Corporation Limited, Gujarat State Petronet Limited and Gujarat State Financial Corporation.

4 Alcock Ashdown (Gujarat) Limited and Gujarat Industrial Corridor Corporation Limited.

5 Gujarat Fintex Limited, Gujarat Siltex Limited, Gujarat Texfab Limited and GSFS Capital and Securities Limited.

6 Bahucharaji Rail Corporation Limited was incorporated in December 2018 and finalised its financial statements for the year up to 2018-19, the supplementary audit of which was entrusted (October 2019) from the year 2018-19.

of ₹ 1,48,487.47 crore, ₹ 1,36,719.36 crore pertains to 30 active SPSUs that have finalised their financial statements for the year 2018-19 and the balance turnover of ₹ 11,768.11 crore pertained to earlier year financial statements. The turnover was 9.88 *per cent* of State's Gross Domestic Product[7] (GSDP) for 2018-19.

The active SPSUs incurred aggregate profit of ₹ 1,002.59 crore as per their latest finalised financial statements. As on 31 March 2019, the SPSUs employed 1.11 lakh employees.

As on 31 March 2019, there were 16 inactive SPSUs with an investment of ₹ 510.39 crore (Capital ₹ 185.87 crore and Long-term loans ₹ 324.52 crore). Of the 16 inactive SPSUs four were under liquidation, one of them[8] is under liquidation since 1997 and liquidation process commenced in remaining three SPSUs[9] between 2002-03 and 2014-15. In remaining 12 SPSUs, the process to close down/ winding up/ liquidation was yet to start though they had ceased carrying out their operations. This is a critical area as the investments in inactive SPSUs do not contribute to the economic growth of the State. The State Government may take suitable decision at an early date as regards the remaining 12 inactive SPSUs.

Accountability framework

3. The process of audit of Government Companies under the Act is governed by respective provisions of Sections 139 and 143[10] of the Act. According to Section 2(45) of the Act, a Government Company means any Company in which not less than fifty-one *per cent* of the paid up share capital is held by the Central Government or by any State Government or Governments or partly by the Central Government and partly by one or more State Governments and includes a Company which is a subsidiary Company of such a Government Company. Besides, any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Other Government Companies.

The Comptroller and Auditor General of India (C&AG) appoints the Statutory Auditors of a Government Company and Other Government Companies under Section 139 (5) and (7) of the Act. Section 139 (5) of the Act, provides that the Statutory Auditors in case of a Government Company or Other Government Companies are to be appointed by the C&AG within a period of one hundred and eighty days from the commencement of the financial year. Section 139 (7) of the Act provides that in case of Other Government Companies, the first auditor is to be appointed by the C&AG within sixty days from the date of

[7] As per Statements prepared under the Gujarat Fiscal Responsibility Act, 2005, Budget Publication No. 30, the GSDP for 2019-20 as per Advance estimates is ₹ 15,01,496 crore.

[8] Gujarat State Textile Corporation Limited.

[9] Gujarat Leather Industries Limited, Gujarat Communications and Electronics Limited and Gujarat Small Industries Corporation Limited.

[10] As amended *vide* the Companies (Removal of Difficulties) Seventh Order 2014 dated 04 September 2014.

registration of the Company and in case C&AG does not appoint such auditor within the said period, the Board of Directors of the Company or the members of the Company have to appoint such auditor.

Further, as per sub-Section 7 of Section 143 of the Act, the C&AG may, in case of any Company covered under sub-Section (5) or sub-Section (7) of Section 139 of the Act, if considered necessary, by an order, cause test audit to be conducted of the financial statements of such Company and the provisions of Section 19A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit. Thus, a Government Company or any other Company owned or controlled directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments is subject to audit by the C&AG. An audit of the financial statements of a Company in respect of the financial years that commenced on or before 31 March 2014 shall continue to be governed by the provisions of the Companies Act, 1956.

Statutory Audit

4. The financial statements of a Government Company (as defined in Section 2(45) of the Act) are audited by Statutory Auditors, who are appointed by the C&AG as per the provisions of Section 139 (5) or (7) of the Act. The Statutory Auditors submit a copy of the Audit Report to the C&AG including, among other things, financial statements of the Company under Section 143 (5) of the Act, 2013. These financial statements are also subject to supplementary audit to be conducted by the C&AG within sixty days from the date of receipt of the Audit Report under the provisions of Section 143 (6) of the Act, 2013.

Audit of Statutory Corporations is governed by their respective legislations. Out of the four Statutory Corporations, the C&AG is the sole auditor of Gujarat Industrial Development Corporation and Gujarat State Road Transport Corporation. In respect of Gujarat State Warehousing Corporation and Gujarat State Financial Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the C&AG.

Submission of financial statements by SPSUs

5. ***Need for timely finalisation and submission***

According to Section 394 and 395 of the Act, Annual Report on the working and affairs of the Government Company, is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation laid before the Houses or both the Houses of State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the C&AG. 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 the State.

Section 96 of the Act requires every Company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for consideration of the members. Section 129 (7) of the Act provided for levy of penalty like fine and imprisonment on the persons including directors of the Company responsible for non-compliance with the provisions of Section 129 of the Act.

Role of Government and Legislature

6. GoG exercises control over the affairs of the SPSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the GoG.

The State Legislature also monitors the accounting and utilisation of Government investment in the SPSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the C&AG, in respect of GoG Companies and Separate Audit Reports (SARs) in case of Statutory Corporations are to be placed before the Legislature under Section 395 of the Act or as stipulated in the respective Acts. The Audit Reports of the C&AG are submitted to the GoG under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Stake of Government of Gujarat

7. The State Government has a substantial financial stake in the SPSUs. This is of mainly three types:

- **Share Capital and Loans**- In addition to the Share Capital Contribution, State Government also provides financial assistance by way of loans to the SPSUs from time to time.

- **Special Financial Support**- State Government provides budgetary support by way of grants and subsidies to the SPSUs as and when considered necessary.

- **Guarantees**- State Government also guarantees the repayment of loans with interest, availed by the SPSUs from Financial Institutions.

Investment in SPSUs

8. The sector wise summary of investments by GoG, GoI and Others in the 87 SPSUs as on 31 March 2019 is given below:

Table 2: Sector-wise investment in SPSUs

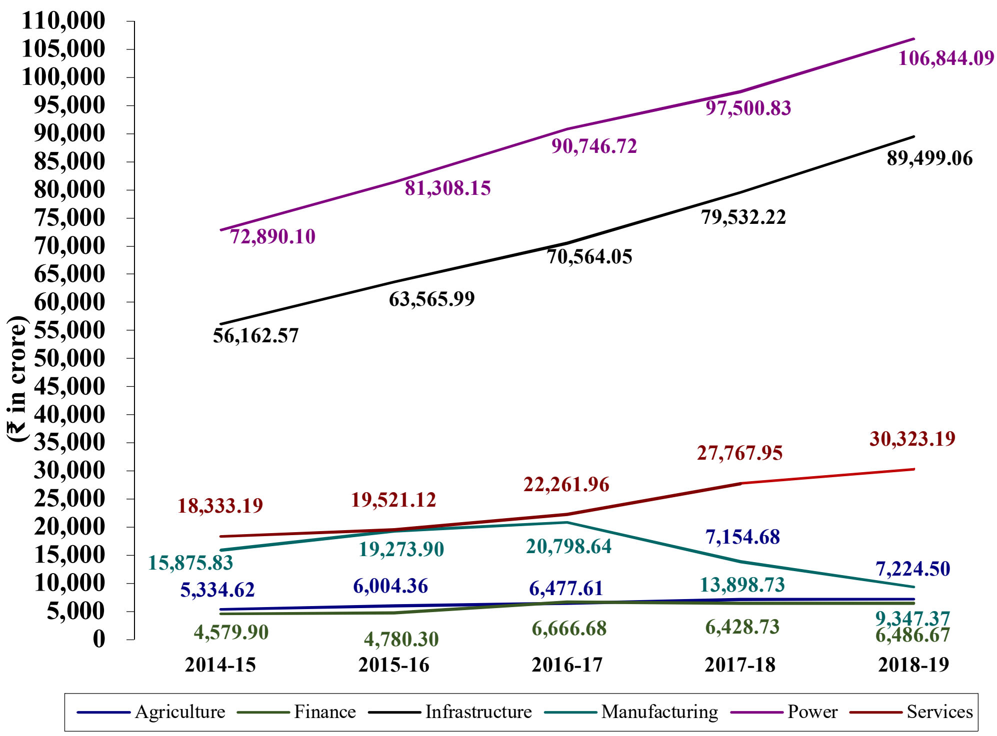
Name of the Sector	SPSUs (Figures in Number)			Investment (₹ in crore)			
	Government/ other Companies	Statutory Corporations	Total	Paid up capital	Loans	Grant	Total Investment
Power	10	-	10	32,652.17	18,378.21	55,813.71	1,06,844.09
Manufacturing	12	-	12	1,014.42	8,318.34	14.61	9,347.37
Finance	15	1	16	1,632.54	3,641.94	1,212.19	6,486.67
Service	22	1	23	5,356.95	9,061.65	15,904.59	30,323.19
Infrastructure	18	1	19	66,804.52	8,067.06	14,627.48	89,499.06
Agriculture & Allied	06	1	7	38.60	93.27	7,092.63	7,224.50
Total	**83**	**4**	**87**	**1,07,499.20**	**47,560.47**	**94,665.21**	**2,49,724.88**

Source: Compiled based on information received from SPSUs.

The thrust of SPSUs investment was mainly in the Power and Infrastructure Sector. The percentage share of investment in Infrastructure Sector to total investment was 35.84 in 2018-19 as compared to 32.43 in 2014-15. The percentage share of investment in Power Sector to total investment increased from 42.09 in 2014-15 to 42.78 in 2018-19.

9. The investment in significant sectors at the end of 31 March 2015 and 31 March 2019 are indicated in the chart below:

Chart 1.1: Sector wise investment in SPSUs (₹ in crore)



Considering the high level of investment in Power Sector, we are presenting the results of audit of 10 Power Sector SPSUs[11] in Part I of this Report and of the 77 SPSUs[12] (other than power sector) in the Part II of the Report.

[11] Part I includes Chapter-I (Functioning of Power Sector SPSUs).
[12] Part II includes Chapter-III (Functioning of SPSUs (excluding Power Sector SPSUs)).

Part-I

Chapter I

Functioning of Power sector Undertakings

Part - I

Chapter I

Functioning of Power sector Undertakings

Introduction

1.1 The State Public Sector Undertakings (SPSUs) engaged in generation, transmission and distribution of electricity are classified under Power sector. The State has 87 SPSUs as on 31 March 2019 of which 10 SPSUs are engaged in electricity related business and remaining 77 SPSUs are engaged in other activities. The functioning of 77 SPSUs engaged in activities other than Power sector is discussed in Chapter III of Part II. The 10 SPSUs are State Government Companies, which includes eight subsidiary/ joint venture Companies of other Government Companies. Government of Gujarat (GoG) periodically provides financial support to SPSUs in the form of equity, loans and grants/subsidy. Of the 10 SPSUs, GoG invested funds in three SPSUs[1] and no funds were infused in remaining seven SPSUs[2] that were subsidiary/ joint venture of State Government Companies. The respective Holding Companies contributed to the equity of these seven subsidiary/ joint venture Companies.

Contribution to Economy of the State

1.2 The Power sector SPSUs play an important role in the economy of the State. Apart from providing critical infrastructure required for development of the State's economy, the sector also adds significantly to the Gross State Domestic Product (GSDP). The ratio of turnover of SPSUs of Power sector to GSDP is indicative of the scale of SPSU activities in the economy of the State. The details of Power sector SPSUs' turnover *vis-à-vis* GSDP for five years ending March 2019 are given in the **Table 1.1**.

Table 1.1: Details of turnover of Power sector SPSUs *vis-à-vis* GSDP of Gujarat

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover[3] (₹ in crore)	74,271.78	82,115.94	84,049.58	94,544.75	1,09,824.46
Percentage change in turnover	9.12	10.56	2.35	12.49	16.16
GSDP of Gujarat (₹ in crore)	9,21,773	10,29,010	11,53,327 (P)	13,14,680 (Q)	15,01,496 (A)
Percentage change in GSDP	14.13	11.63	12.08	13.99	14.21
Percentage of turnover to GSDP	8.06	7.98	7.29	7.19	7.31

Estimate (P) = Provisional, (Q) = Quick estimate and (A) = Advance estimate.

Source: Compiled based on turnover reported by SPSUs in the financial statements finalised in respective years and Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No. 30 of 2019-20).

[1] Gujarat Urja Vikas Nigam Limited, Gujarat Energy Transmission Corporation Limited and Gujarat Power Corporation Limited.

[2] Gujarat State Electricity Corporation Limited, Gujarat State Energy Generation Limited, GSPC Pipavav Power Company Limited, Dakshin Gujarat Vij Company Limited, Madhya Gujarat Vij Company Limited, Paschim Gujarat Vij Company Limited and Uttar Gujarat Vij Company Limited.

[3] Turnover of active SPSUs as per the latest finalised financial statements received up to 30 September 2019.

The turnover of Power sector SPSUs has recorded continuous increase over previous years. The increase in turnover ranged between 2.35 and 16.16 *per cent* during the period 2014-19, whereas increase in GSDP of Gujarat ranged between 11.63 and 14.21 *per cent* during the same period. The Compounded Annual Growth Rate (CAGR)[4] of GSDP was 13.20 *per cent* during last five years. Against the CAGR of 13.20 *per cent* of GSDP, the turnover of Power sector SPSUs recorded lower CAGR of 10.04 *per cent* during last five years. As a result, the share of turnover of Power sector SPSUs to GSDP reduced from 8.06 *per cent* in 2014-15 to 7.31 *per cent* in 2018-19. Out of the total turnover of ₹ 1,09,824.46 crore, ₹ 1,06,209.12 crore pertains to eight Power sector SPSUs which finalised the financial statements for the year 2018-19. In case of two SPSU[5], the turnover of ₹ 3,615.34 crore was as per the finalised financial statements for the year 2017-18.

Formation of Power sector Undertakings

1.3 Gujarat Electricity Board (GEB) was engaged in Generation, Transmission and Distribution of electricity in Gujarat. GoG enacted the Gujarat Electricity Industry (Reorganisation & Regulation) Act, 2003 to restructure Power sector. Accordingly, GEB was unbundled with effect from 1 April 2005 into seven Companies. All the assets and liabilities of GEB (including equity of ₹ 6,964.14 crore and accumulated losses of ₹ 584.67 crore) were distributed amongst two Companies[6] according to the provisions of Gujarat Electricity Industry Reorganisation and Comprehensive Transfer Scheme, 2003. Of the seven Companies, Gujarat Urja Vikas Nigam Limited (GUVNL) is Holding Company of remaining six Companies[7] and had the functional responsibility of trading in electricity. Of the six Companies equity investment of GoG in Gujarat Energy Transmission Corporation Limited (GETCO) of GoG and GUVNL was ₹ 12.50 crore (1.81 *per cent*) and ₹ 676.52 crore (98.19 *per cent*) respectively.

Apart from the above seven Companies, remaining three Companies[8] are engaged in development of energy sector and generation of electricity for sale to GUVNL. Thus, there were 10 Power sector SPSUs in the State as on 31 March 2019.

Disinvestment, Restructuring and Privatisation of SPSUs of Power sector

1.4 No disinvestment and privatisation of the State PSUs in the Power sector took place during the year ended 31 March 2019. GoG restructured

4 CAGR is a useful method to measure growth rate over multiple time-period.

5 Gujarat Power Corporation Limited and Gujarat Energy Transmission Corporation Limited (GETCO).

6 Accumulated loss ₹ 737.29 crore (GUVNL) *less* accumulated surplus ₹ 152.62 crore (GSECL).

7 A generation company *i.e.,* Gujarat State Electricity Corporation Limited (GSECL); a transmission company *i.e.,* Gujarat Energy Transmission Corporation Limited (GETCO); and four distribution Companies *viz.,* Dakshin Gujarat Vij Company Limited (DGVCL), Madhya Gujarat Vij Company Limited (MGVCL), Uttar Gujarat Vij Company Limited (UGVCL) and Paschim Gujarat Vij Company Limited (PGVCL).

8 Gujarat Power Corporation Limited (GPCL), Gujarat State Energy Generation Limited (GSEG) and GSPC Pipavav Power Company Limited (GPPC).

(August 2018) GSECL by merging Bhavnagar Energy Company Limited (BECL) with it. The above merger was effective from 1 April 2018.

Investment in Power sector Undertakings

1.5 The activity wise summary of investment in the 10 Power sector SPSUs as on 31 March 2019 is given in **Table 1.2** below:

Table 1.2: Activity wise investment in Power sector SPSUs as on 31 March 2019

Activity	Number of SPSUs	Investment[9] (₹ in crore)			
		Equity	Long-Term Loans	Grant and Subsidy	Total
Generation of power	4	4,050.03	11,197.87	197.39	**15,445.29**
Transmission of power	1	724.24	6,403.21	-	**7,127.45**
Distribution of power	4	7,708.07	651.47	-	**8,359.54**
Other[10]	1	20,169.83	125.66	55,616.32	**75,911.81**
Total	**10**	**32,652.17**	**18,378.21**	**55,813.71**	**1,06,844.09**

Source: Compiled based on information received from SPSUs.

Out of the total investment of ₹ 1,06,844.09 crore in Power sector SPSUs as on 31 March 2019, 30.56 *per cent* was towards equity, 17.20 *per cent* was towards long-term loans and 52.24 *per cent* was towards grant and subsidy.

The long-term loans advanced by the State Government and Central Government constituted 4.90 *per cent* (₹ 900.66 crore) and 0.24 *per cent* (₹ 43.20 crore) of the total long-term loans respectively. The Power sector SPSUs availed 94.86 *per cent* (₹ 17,434.35 crore) of the total long-term loans from other financial institutions[11].

Assistance under *Ujwal* DISCOM Assurance *Yojana* (UDAY)

1.6 The Ministry of Power (MoP), Government of India launched (20 November 2015) *Ujwal* DISCOM Assurance *Yojana* (UDAY scheme) for operational and financial turnaround of State owned Power Distribution Companies (DISCOMs). As per provisions of UDAY, the participating States were required to undertake activities for operational and financial turnaround of DISCOMs. In Gujarat the DISCOMs have already achieved financial turnaround prior to introduction of UDAY therefore, the State Government/ DISCOMs have not availed any loan/ assistance under UDAY. In respect of operational turnaround, the achievements *vis-à-vis* targets under UDAY regarding different operational parameters relating to the four DISCOMs of the State are given in **Table 1.3** below:

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9 This amount will not tally with the equity and long-term loan figures in ***Paragraph* 1.10**, which is prepared based on latest finalised financial statements whereas details of investment in SPSUs in **Table 1.2** has been prepared based on information furnished by the SPSUs, which includes additions subsequent to latest finalised financial statements.

10 GUVNL is included under "Others" as it is the holding Company of UGVCL, DGVCL, MGVCL, PGVCL, GSECL, and GETCO. It is engaged in the business of bulk purchase and sale of electricity, supervision, co-ordination of the activities of subsidiary Companies and receives financial support from the State Government to support the four subsidiary DISCOMs.

11 Banks, National Bank for Agriculture and Rural Development, Rural Electrification Corporation, Gujarat State Financial Services Limited, Financial Institutions.

Table 1.3: Parameter wise achievements *vis-à-vis* targets of operational performance up to 31 March 2020

Sl. No.	Parameter of UDAY Scheme	Unit	Target		Achievement	
			Physical	Date of Completion	Physical	(in *per cent*)
1	Feeder Metering	Nos.	724	-	5,524	100
2	Urban DT Metering	Nos.	22,686	-	50,482	100
3	Rural DT Metering	Nos.	2,33,257	-	7,83,728	100
4	Feeder Segregation	Nos.	-	-	1,077	100
5	Rural Feeder Audit	Nos.	7,953	-	2,27,391	100
6	Electricity to new household	lakh Nos.	6.35	-	13.56	100
7	Smart metering	Nos.	2,60,000	-	22,328	8.59
8	Distribution of LED UJALA	lakh Nos.	202	-	388.33	100
9	AT&C Losses	*per cent*	4.20		8.51	-
10	ACS-ARR Gap	₹ *per* unit	(-) 0.03	31 December 2019	(-) 0.03	100
11	Net Income or Profit/ Loss including subsidy	₹ in crore	289	31 December 2019	245.92	85.09

DT- Distribution Transformers**.**

Source: State Health Card under UDAY Scheme as per website (www.uday.gov.in) of the Ministry of Power, GoI.

The State has not achieved target of smart metering and the AT&C losses of DISCOMS (Sl. No. 7 and 9 of **Table 1.3**). However, the targets for remaining parameters of UDAY have been achieved.

Budgetary support to Power sector Undertakings

1.7 The State Government provides financial support to Power sector SPSUs in various forms through the annual budget. The summarised details of budgetary outgo towards equity, loans and grants/subsidies in respect of Power sector SPSUs for three years ended 2018-19 is given in **Table 1.4**. It also gives details of guarantee commitment outstanding at the end of the respective years.

Table 1.4: Budgetary support to Power sector SPSUs during last three years

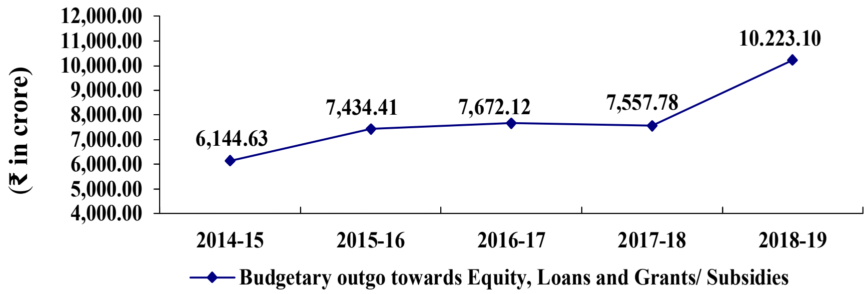
(₹in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity Capital outgo from budget	2	2,627.41	2	2,885.99	2	2,813.37
2.	Loans given from budget	-	-	1	50.62	-	-
3.	Grants/Subsidy from budget	8	5,044.71	7	4,621.17	7	7,409.73
4.	**Total Outgo (1+2+3)**		**7,672.12**		**7,557.78**		**10,223.10**
5.	Waiver of loans and interest	-	-	-	-	-	-
6.	Loans converted into equity	-	-	-	-	-	-
7.	Guarantees issued during the year	-	-	-	-	-	-
8.	Guarantee Commitment outstanding at the end of the year	1	0.08	-	-	-	-

Source: Compiled based on information received from SPSUs.

The details of budgetary outgo towards equity, loans and grants/subsidies for past five years are given in **Chart 1.1**:

Chart 1.1: Budgetary outgo towards Equity, Loans and Grants/Subsidies



Source: Compiled based on information received from SPSUs.

The budgetary assistance received by these PSUs ranged between ₹ 6,144.63 crore and ₹ 10,223.10 crore during the period from 2014-15 to 2018- 19. Outgo in the form of equity, loans and grants/subsidies increased from ₹ 7,557.78 crore in 2017-18 to ₹ 10,223.10 crore in 2018-19. This included ₹ 2,813.37 crore and ₹ 7,409.73 crore in form of equity and grants/ subsidy respectively. GUVNL received (₹ 2,767.09 crore) major share of equity funds from budgetary outgo for upcoming power projects, transmission projects and research and maintenance activities related to power plants.

Besides, the Ministry of Power, Government of India launched (20 November 2015) *Ujwal* DISCOM Assurance *Yojana* (UDAY) for operational and financial turnaround of State Owned Power Distributions Companies (DISCOMs). However, the State Government has not availed any loan/ assistance under UDAY.

Further, in order to provide financial assistance to SPSUs from Banks and Financial Institutions, State Government gives guarantee under Gujarat State Guarantee Act, 1963 for which guarantee fee is being charged. During 2017-18 and 2018-19 no guarantee commitments were outstanding.

Reconciliation with Finance Accounts

1.8 The figures in respect of equity, loans and guarantees outstanding as per the records of SPSUs should agree with the corresponding figures appearing in the Finance Account of the State. In case the figures do not agree, the concerned SPSUs and the Finance Department should carry out reconciliation of the differences. The above difference in paid-up capital and Guarantee Committed as on 31 March 2019 is given in **Table 1.5** below:

Table 1.5: Equity and guarantees outstanding as on 31 March 2019 as per Finance Accounts *vis-à-vis* records of Power sector SPSUs

(₹ in crore)

Sl. No.	Name of SPSUs	As per Finance Accounts		As per SPSU Records		Difference	
		Paid-up Capital	Guarantee Committed	Paid-up Capital	Guarantee Committed	Paid-up Capital	Guarantee Committed
1	2	3	4	5	6	7	8
1	Gujarat Energy Transmission Corporation Limited	50.00	--	12.50	--	37.50	--
2	Gujarat Urja Vikas Nigam Limited	20,170.51	344.54	20,169.83	--	0.68	344.54
	Total	**20,220.51**	**344.54**	**20,169.83**	--	**38.18**	**344.54**

Source: Compiled based on information received from SPSUs and Finance Accounts.

The differences between the figures mentioned in **Table 1.5** in respect of the two SPSUs are persisting since prior to 2003-04. Besides, four SPSUs[12] have outstanding loan of ₹ 900.66 crore that remained unreconciled because the Finance Accounts of the State report disclosed the aggregate amount of loan outstanding of the SPSUs instead of providing the breakup of amount outstanding in respect of individual SPSUs. The above issue was taken up by the Principal Accountant General (Audit) II Gujarat, regularly, the latest being in July 2020 with the SPSUs/ Departments to reconcile the differences.

We, therefore, recommend that the State Government and the SPSUs should reconcile the differences in a time bound manner.

Submission of financial statements by Power sector Undertakings

1.9 The 10 SPSUs in the Power sector, under the audit jurisdiction of C&AG as on 31 March 2019 finalised 10 annual financial statements including one consolidated financial statement[13] as per Indian Accounting Standards (IND ASs). Of these, eight financial statements pertained to 2018-19 and remaining two financial statements pertained to previous year.

Table 1.6 provides the details of progress made by active SPSUs in the submission of financial statements as on 30 September 2019.

Table 1.6: Status for submission of financial statements of Power sector SPSUs as on 30 September 2019

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Number of active SPSUs/ other companies	11	11	11	11	10
2.	Number of financial statements finalised during the year	11	13[14]	11[15]	13[16]	10[17]
3.	Number of active SPSUs which finalised financial statements for current year	9	10	9	10	8
4.	Number of previous year financial statements finalised during current year	2	3[14]	2[15]	3[16]	2[17]
5.	Number of financial statements in arrears	3[14]	2[15]	3[16]	2[17]	3[18]
6.	Number of active SPSUs with arrears in financial statements	2	1	3	2	3
7.	Extent of arrears (numbers in years)	1	1	1	1	1

Source: Compiled based on financial statements of active SPSUs received during the period October 2018 to September 2019.

The Power sector SPSUs generally submitted the financial statements timely, but the financial statement of Gujarat Energy Transmission Corporation Limited, Gujarat Power Corporation Limited and the consolidated financial statement of GUVNL were in arrear for one year (2018-19).

12 Gujarat Energy Transmission Corporation Limited (₹ 546.08 crore), Gujarat Urja Vikas Nigam Limited (₹ 125.66 crore, Paschim Gujarat Vij Company Limited (₹ 171.69 crore) and Uttar Gujarat Vij Company Limited (₹ 57.23 crore).

13 Gujarat Urja Vikas Nigam Limited 2017-18.

14 This includes one consolidated financial statement of 2014-15.

15 This includes one consolidated financial statement of 2015-16.

16 This includes one consolidated financial statement of 2016-17.

17 This includes one consolidated financial statement of 2017-18.

18 This includes one consolidated financial statement of 2018-19.

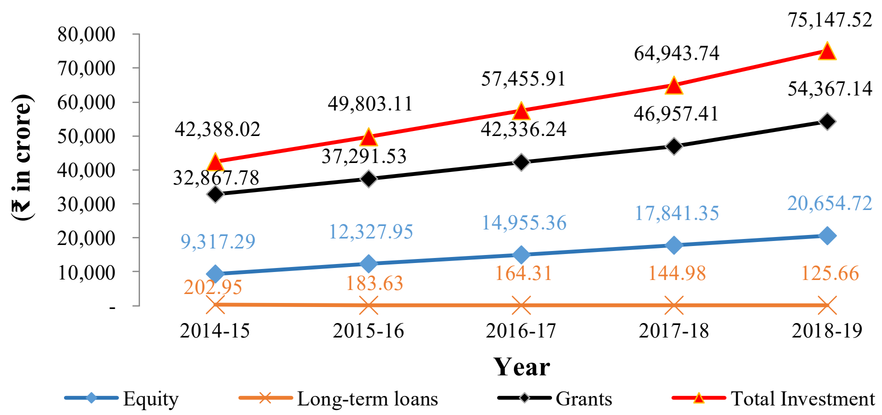
Performance of Power sector SPSUs

1.10 The financial position and working results of 10 Power sector SPSUs as per their latest finalised financial statements as of 30 September 2019 are detailed in ***Annexure* 1.**

The SPSUs are expected to yield reasonable return on investment made by Government in the SPSUs. The total investment of State Government and others in the Power sector SPSUs is ₹ 49,203.80 crore[19] as on 31 March 2019. The investment consists of ₹ 32,638.15 crore as equity and ₹ 16,565.65 crore as long-term loans. Out of 10 Power sector SPSUs, the State Government infused funds in the form of equity, loans and grants/subsidies in three[20] Power sector SPSUs only while in other seven Power sector SPSUs funds have been invested by respective joint venture/ holding Companies. GoG invested Equity of ₹ 20,654.72 crore, grants/subsidies of ₹ 54,367.69 crore in three Power sector SPSUs and out of long-term loans provided, interest bearing long-term loans of ₹ 125.66 crore[21] was outstanding in GUVNL and no interest free loan was outstanding **(*Annexure* 3).**

The year wise status of investment of GoG in form of equity, long-term loans and grants/subsidies in the three Power sector SPSUs during the period 2014-15 to 2018-19 is given in **Chart 1.2** below:

Chart 1.2: Total investment of GoG in Power sector SPSUs



Source: Compiled as per latest finalised financial statements received from SPSUs.

The total investment of GoG has grown by 77.28 *per cent* from ₹ 42,388.02 crore in 2014-15 to ₹ 75,147.52 crore in 2018-19 as shown in the **Chart 1.2**.

[19] This amount will not tally with investment amount shown in ***Paragraph* 1.5,** which is prepared based on information furnished by the SPSUs, which includes additions subsequent to latest finalised financial statements.

[20] Gujarat Power Corporation Limited, Gujarat Energy Transmission Corporation Limited, Gujarat Urja Vikas Nigam Limited.

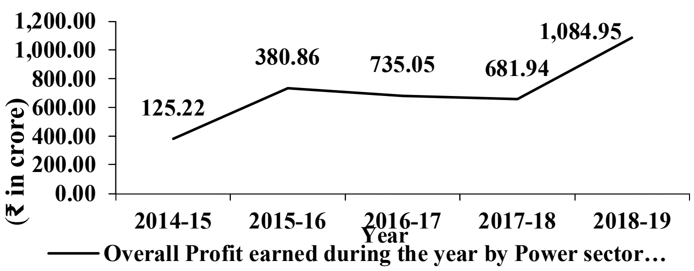
[21] Loan received from GoG for power purchase and Asian Development Bank loan for transmission and power evacuation component of Gujarat Solar Power Project.

The profitability of a Company is traditionally assessed through return on investment, return on equity and return on capital employed. Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity, long-term loans and grant/ subsidy and is expressed as a percentage of profit to total investment. The Rate of Real Return on investment 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 assumes significance when compared with the conventional Return on Investment (RoI), which is calculated by dividing the PAT by the sum of all such investments counted on historical cost basis. Return on capital employed is a financial ratio that measures the Company's profitability and the efficiency with which its capital is used and is calculated by dividing Company's earnings before interest and taxes by capital employed. Return on equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund.

Return on investment

1.11 Return on investment is the percentage of profit or loss to the total investment. The overall position of profit/ losses earned/ incurred after tax by all the Power sector SPSUs during 2014-15 to 2018-19 is depicted in the **Chart 1.3** below:

Chart 1.3: Profit after tax of Power sector SPSUs



Source: Compiled based on latest finalised financial statements received from SPSUs.

As per their latest finalised financial statements received as on September 2019, all 10 Power sector active SPSUs, earned profit after tax of ₹ 1,084.95 crore ***(Annexure* 1*)***. The major contributors to the profit were:

- Gujarat Energy Transmission Corporation Limited (₹ 375.72 crore)
- Gujarat State Electricity Corporation Limited (₹ 372.43 crore)
- Paschim Gujarat Vij Company Limited (₹ 74.66 crore)

Position of Power sector SPSUs, which earned profit/ incurred loss during 2014-15 to 2018-19 is given in **Table 1.7** below:

Table 1.7: Power sector SPSUs that earned profit/ incurred loss

Financial year	Total number of SPSUs	During the year number of SPSUs that	
		earned profit	incurred loss
2014-15	11	08	3
2015-16	11	10	1
2016-17	11	10	1
2017-18	11	10	1
2018-19	10	10	-

Source: Compiled as per latest finalised financial statements received from SPSUs.

Return on Investment on historical cost of GoG investment

1.11.1 Out of 10 Power sector SPSUs, GoG infused funds in the form of equity, loans, grants/subsidies in three Power sector SPSUs[22] only. GoG did not infuse any funds directly in the remaining seven Power sector SPSUs[23]. In these seven SPSUs equity was contributed by the respective Joint venture/ Holding Companies.

The Return on investment (RoI) from the three SPSUs has been calculated on the investment made by the GoG in the SPSUs in the form of equity, interest free long-term loans, grant and subsidies given by GoG for operational and administrative expenditure. Out of the total long-term loans, only interest free loans have been considered as investment of the GoG in these SPSUs. This is so because the interest free loans given to the SPSUs are akin to equity as the Government does not receive any interest on such loans.

The investment of GoG in these three Power sector SPSUs has been arrived at by considering the equity, adding interest free loans, grants/subsidies and later deducting the interest free loans that were converted into equity in each year. The investment of GoG in three Power sector SPSUs as on 31 March 2019 was ₹ 75,147.52 crore consisting of equity of ₹ 20,654.72 crore, grants/subsidies of ₹ 54,367.14 crore and interest bearing long-term loans of ₹ 125.66 crore. As no interest free loan was outstanding as on 31 March 2019, the investment of the GoG in these three Power sector SPSUs, on the basis of historical cost at the end of 2018-19 stood at ₹ 75,021.86 crore.

The RoI in the three Power sector SPSUs on historical cost basis for the period 2014-15 to 2018-19 is given in **Table 1.8** below:

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22 Gujarat Power Corporation Limited, Gujarat Energy Transmission Corporation Limited and Gujarat Urja Vikas Nigam Limited.

23 Paschim Gujarat Vij Company Limited, Uttar Gujarat Vij Company Limited, Dakshin Gujarat Vij Company Limited, Madhya Gujarat Vij Company Limited, Gujarat State Energy Generation Limited, GSPC Pipavav Power Company Limited and Gujarat State Electricity Corporation Limited.

Table 1.8: Return on GoG Investment at historical cost

Year	Total Earnings[24]/ Net Losses (₹ *in crore)*	Investment of GoG in Equity, Interest Free Loans, Grants/subsidies (₹ in crore)	Return on investment (in *per cent)*
(1)	(2)	(3)	(4)=(3)÷(2)×100
2014-15	365.91	42,185.07	0.87
2015-16	302.14	49,619.48	0.61
2016-17	265.95	57,291.60	0.46
2017-18	531.15	64,798.76	0.82
2018-19	453.42	75,021.86	0.60

Source: Figures in column 2 are as per latest finalised financial statements and figures in column 3 are as per information received from SPSUs for respective years.

The RoI of the three Power sector SPSUs ranged between 0.46 *per cent* and 0.87 *per cent* during the period from 2014-15 to 2018-19.

Rate of Real Return on GoG Investment (RoRR)

1.11.2 In view of the significant investment by Government in the three Power sector Companies, Rate of Real Return (RoRR) on such investment is essential from the perspective of State Government. Traditional calculation of RoI is based on historical cost of investment, which may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value (PV) of money. Therefore, in addition, RoRR is calculated considering the Present Value (PV) of historical cost of investment. PV of the State Government investment was computed where funds had been infused by GoG as equity, grant/ subsidies and interest free loans since inception of these Companies till 31 March 2019. The RoRR of the SPSUs was not sufficient to recover the cost of funds for the year.

The PV of GoG investment in Power sector SPSUs was computed on the basis of following assumptions:

- Interest free loans (IFL) have been considered as investment infusion by the GoG as there are cases where interest free loans given to the SPSUs 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 funds made available in the form of grant/ subsidies have been reckoned as investment.
- The average rate of interest on GoG borrowings for the concerned financial year[25] was adopted as compound rate for arriving at PV since they represent the cost incurred by the government towards investment of funds for the year.

1.12 The position of State Government investment in the three Power sector SPSUs in the form of equity, grant, subsidies and loans since inception of these SPSUs till 31 March 2019 is indicated in ***Annexure* 2.** The consolidated

[24] Net profit earned during the year *less* losses incurred during the year (by the individual SPSUs).
[25] The average rate of interest on government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Gujarat) for the concerned year. The calculation for the average rate for interest paid = Interest Payment ÷ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities) ÷2] × 100.

position of the PV of the GoG investment relating to the three Power sector SPSUs since inception of these SPSUs till 31 March 2019 is indicated in **Table 1.9** below:

Table 1.9: Year wise details of GoG investment and its present value until 2018-19

(₹in crore)

Financial year	PV of investment at beginning of year	During the year infused by GoG					Investment at the end of year	Avg. rate of interest on government borrowings (in *per cent*)	Net present value of total investment at the end of the year	Min. expected return to recover cost of funds for the year[26]	Total earnings for the year
		Equity	IFL		Grants/ Subsidies for operation and administrative Expenditure	Total investment					
			Infused/ (Repayment)	Converted into equity							
1	2	3	4	5	6	7= 3+4+5+6	8=2+7	9	10=8×(1+(9÷100))	11= (8×(9÷100))	12
Up to 2004-05	-	200.32	-	-	1,445.62	1,645.94	1,645.94	9.08	1,795.39		
2005-06	1,795.39	1,628.71	-	-	1,620.89	3,249.60	5,044.99	8.06	5,451.62	406.63	91.77
2006-07	5,451.62	756.31	225.58	150.00	2,010.30	2,842.19	8,293.81	8.19	8,973.07	679.26	89.31
2007-08	8,973.07	811.61	-	-	2,284.93	3,096.54	12,069.61	8.12	13,049.66	980.05	54.37
2008-09	13,049.66	120.70	(11.76)	-	3,613.72	3,722.66	16,772.32	7.80	18,080.56	1,308.24	59.19
2009-10	18,080.56	97.97	(15.12)	-	3,357.65	3,440.50	21,521.06	7.64	23,165.27	1,644.21	118.96
2010-11	23,165.27	703.76	(15.12)	-	3,126.43	3,815.07	26,980.34	7.56	29,020.06	2,039.71	296.75
2011-12	29,020.06	518.20	(15.12)	-	2,230.55	2,733.63	31,753.69	7.63	34,176.49	2,422.81	338.21
2012-13	34,176.49	1,056.25	(15.12)	-	4,409.45	5,450.58	39,627.07	7.66	42,662.51	3,035.43	296.14
2013-14	42,662.51	1,539.25	(3.34)	-	4,507.82	6,043.73	48,706.24	7.62	52,417.65	3,711.42	362.78
2014-15	52,417.65	1,884.21	-	-	4,260.42	6,144.63	58,562.28	7.76	63,106.72	4,544.43	365.91
2015-16	63,106.72	3,010.66	-	-	4,423.75	7,434.41	70,541.13	7.69	75,965.74	5,424.61	302.14
2016-17	75,965.74	2,627.41	-	-	5,044.71	7,672.12	83,637.86	7.67	90,052.88	6,415.02	265.95
2017-18	90,052.88	2,885.99	-	-	4,621.17	7,507.16	97,560.04	7.59	1,04,964.85	7,404.81	531.15
2018-19	1,04,964.85	2,813.37	-	-	7,409.73	10,223.10	1,15,187.95	7.44	1,23,757.93	8,569.98	453.42
Total	-	**20,654.72**	**150.00**	**150.00**	**54,367.14**	**75,021.86**	-	-	-	-	-

Source. Figures of equity, interest free loans and grants/subsidies are compiled based on information received from SPSUs and the figure of total earnings is compiled based on latest finalised financial statements.

The investment by GoG in these three SPSUs increased from ₹ 1,645.94 crore in 2004-05 to ₹ 75,021.86 crore in 2018-19. The PV of investment of the State Government up to 31 March 2019 worked out to ₹ 1,23,757.93 crore. Total earnings for the year 2004-05 to 2018-19 depicted net earnings for the year related to three SPSUs. The total earnings for the year relating to these SPSUs remained positive during 2004-05 to 2018-19, however, the earnings remained substantially below the minimum expected return towards the investment made in these Power sector SPSUs. The RoRR of investment of ₹ 1,23,757.93 crore to the total earnings of three SPSUs during 2018-19 is as per **Table 1.10** below:

Table 1.10: Return on GoG Funds for 2018-19

(₹in crore)

Year	Total Earnings/ (Loss)	At historical cost		At Present Value (PV)	
		Investment by GoG in form of Equity, IFL and grant	Return on Investment (*per cent*)	Investment of GoG at the end of year	Rate of Real Return (*per cent*)
1	2	3	4=(2÷3)×100	5	6=(2÷5)×100
2014-15	365.91	42,185.07	0.87	63,106.72	0.58
2015-16	302.14	49,619.48	0.61	75,965.74	0.40
2016-17	265.95	57,291.60	0.46	90,052.88	0.29
2017-18	531.15	64,798.76	0.82	1,04,964.85	0.51
2018-19	453.42	75,021.86	0.60	1,23,757.93	0.37

Source: Figures of earnings, investment and Present Value of investment is compiled from **Table 1.9**.

[26] Present value of Total investment at the end of the year *less* Total investment at the end of the year.

The RoRR was less than RoI as indicated by the comparison of returns during 2018-19. Return on Investment was 0.60 *per cent* during 2018-19 whereas Rate of Real Return was only 0.37 *per cent*.

Performance of Power sector SPSUs with investment of GoG

Analysis of net worth of active Power sector SPSUs

1.13 Net worth means the sum total of the paid-up capital and free reserves and surplus *minus* accumulated losses and deferred revenue expenditure. Essentially, it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure. The capital investment[27] and accumulated profits of the three active SPSUs as per their latest finalised financial statements were ₹ 23,565.12 crore and ₹ 2,768.15 crore respectively as detailed in ***Annexure* 1**. As on 31 March 2019, the aggregate net worth of all the active SPSUs in the Power sector was positive.

The paid-up capital, accumulated profit/ loss and net worth of the three Power sector SPSUs for the period from 2014-15 to 2018-19 are given in **Table 1.11** below:

Table 1.11: Net worth of three Power sector SPSUs during 2014-15 to 2018-19

(₹ in crore)

Year	Paid up capital at the end of the year	Free Reserves	Accumulated Profit (+) Loss (-) at end of the year	Net worth
2014-15	8,006.32	1,666.05	1,413.50	11,085.87
2015-16	9,459.47	2,109.83	1,690.50	13,259.80
2016-17	14,770.26	2,252.25	2,163.96	19,186.47
2017-18	17,344.48	2,663.47	2,696.01	22,703.96
2018-19	20,901.65	2,663.47	2,768.15	26,333.27

Source: As per latest finalised financial statements received in respective years from SPSUs.

Dividend Pay-out

1.14 The Finance Department has issued standing instructions in October 1994 by which all profit making SPSUs were required to pay dividend to the government regularly. As per their latest finalised financial statements, the three active Power sector SPSUs in which the share capital was invested by GoG earned profit of ₹ 453.42 crore. However, none of these SPSUs declared dividend during 2018-19.

The State Government may consider specifying minimum rate of return from the profit earned by SPSUs on the paid-up share capital contribution by the State Government.

[27] Capital investment=Paid-up capital *excluding* share money application pending allotment *plus* Free Reserves

Return on equity

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

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

RoE has been computed in respect of three Power sector SPSUs in which the State Government has infused funds. The details of Shareholders' fund and RoE relating to these three Power sector SPSUs during the period from 2014-15 to 2018-19 are given in **Table 1.12** below:

Table 1.12: Return on equity of three Power sector SPSUs where GoG in equity

Year	Net Income (₹ in crore)	Shareholders' fund (₹ in crore)	RoE (in *per cent*)
2014-15	365.91	11,085.87	3.30
2015-16	302.14	13,259.80	2.28
2016-17	265.95	19,186.47	1.39
2017-18	531.15	22,703.96	2.34
2018-19	453.42	26,333.27	1.72

Source: As per latest finalised financial statements received in respective years from SPSUs.

During the last five years ended March 2019, the Net Income and Shareholders' fund was positive.

Return on capital employed in active Power sector SPSUs

1.16 Return on Capital Employed (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 employed[28]. The details of RoCE of 10 Power sector SPSUs during the period from 2014-15 to 2018-19 are given in **Table 1.13** below:

Table 1.13: Return on Capital Employed

Year	EBIT (₹ in crore)	Capital Employed (₹ in crore)	RoCE (in *per cent*)
2014-15	3,145.47	49,385.77	6.37
2015-16	3,366.38	47,285.84	7.12
2016-17	3,471.05	55,537.32	6.25
2017-18	3,570.50	59,021.29	6.05
2018-19	2,977.48	64,533.80	4.61

Source: As per finalised financial statements received in respective years from Companies.

[28] Capital employed= Paid-up capital *minus* share application money pending allotment *plus* accumulated profit/ loss *plus* free reserves *plus* long-term loan outstanding.

The RoCE of Power sector SPSUs ranged between 4.61 and 7.12 *per cent* during the period 2014-15 to 2018-19. During 2018-19, the EBIT has decreased by 16.61 *per cent* while Capital employed has increased by 9.34 *per cent* as compared to 2017-18.

Analysis of long-term loans of active Power sector SPSUs

1.17 The analysis of long-term loans of SPSUs which had leverage during 2014-15 to 2018-19 was carried out to assess the ability of the SPSUs to service the debt owned by the SPSUs to Government, banks and other financial institutions. This is assessed through the Interest Coverage Ratio and Debt Turnover Ratio.

Interest Coverage Ratio

1.18 Interest coverage ratio 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 the ability of the Company to pay interest on debt. Interest coverage ratio below one indicates that the Company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio[29] in ten Power sector SPSUs that had interest burden during the period from 2014-15 to 2018-19 are given in **Table 1.14** below:

Table 1.14: Interest coverage ratio of Power sector SPSUs

Year	Interest (₹ in crore)	Earnings before interest and tax (₹ in crore)	Number of SPSUs having liability of interest from Government and Banks and other financial institutions	Number of SPSUs with interest coverage ratio	
				In excess of 1	Less than 1
2014-15	2,469.15	3,145.47	10	08	2[30]
2015-16	2,320.99	3,366.38	10	10	-
2016-17	2,169.49	3,471.05	10	10	-
2017-18	2,123.69	3,570.50	11	10	1[31]
2018-19	1,852.81	2,977.48	10	10	-

Source: As per finalised financial statements received in respective years from SPSUs.

It was observed that during 2018-19 Interest Coverage ratio of individual SPSUs and overall of Power sector SPSUs was more than one.

Debt Turnover ratio of Power sector SPSUs

1.19 During the last five years, the turnover of Power sector SPSUs recorded CAGR of 10.04 *per cent* and CAGR of debt was (-) 1.59 *per cent* due to which the Debt Turnover Ratio improved from 0.27 in 2014-15 to 0.15 in 2018-19 as given in **Table 1.15** below:

29 Earnings before interest and tax (EBIT) ÷ Interest.
30 Gujarat State Energy Generation Limited and GSPC Pipavav Power Company Limited.
31 Bhavnagar Energy Company Limited.

Table 1.15: Debt Turnover Ratio of Power sector SPSUs

(₹in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government and Others (Banks and Financial institutions)	19,908.67	18,861.76	19,445.03	17,041.59	16,565.65
Turnover	74,271.78	82,115.94	84,049.58	94,544.75	109,824.46
Debt Turnover Ratio	0.27:1	0.23:1	0.23:1	0.18:1	0.15:1

Source: Compiled based on latest finalised financial statements.

Comments on financial statements of Power sector SPSUs

1.20 Ten Power sector SPSUs forwarded their 10 audited financial statements[32] for supplementary audit during the period October 2018 to September 2019. All the 10 financial statements were reviewed in supplementary audit. The comments in the Audit Report of Statutory Auditors appointed by the C&AG and the supplementary audit of the C&AG mention the significant observations on the financial statements. These comments indicate the quality of financial statements and highlight the areas, which need improvement. The details of aggregate money value of comments of Statutory Auditors and the C&AG for the financial statements of 2016-19 are given in **Table 1.16**.

Table 1.16: Impact of audit comments on Power sector SPSUs

(₹in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		No. of FSs	Amount	No. of FSs	Amount	No. of FSs	Amount
1.	Increase in profit	01	82.67	-	-	-	-
2.	Decrease in profit	-	-	-	-	01	716.09
3.	Non-disclosure of material facts	01	23.85	01	401.00	-	-
4.	Errors of classification	01	58.15	07	2,851.94	04	2,162.93
	Total		**164.67**		**3,252.94**		**2,879.02**

FSs- Financial Statements.

Source: Compiled from comments of the Statutory Auditors/C&AG in respect of Government Companies.

The aggregate money value of Statutory Auditors' comments and C&AG's comments during the year 2018-19 was ₹ 2,879.02 crore.

During the period from October 2018 to September 2019, the Statutory Auditors had given unqualified opinion for eight financial statements and qualified opinion for two financial statements. The compliance of SPSUs with the Accounting Standards (ASs)/ IND AS remained deficient, as six instances of non-compliance were observed in five financial statements. Few instances of non-compliance of IND AS commented upon in the financial statements of SPSUs are discussed below:

i. Gujarat Urja Vikas Nigam Limited (Standalone) (2018-19)

The Company through oversight paid excess wheeling/ transmission charges amounting to ₹ 716.09 crore during 2009-18 to Gujarat Energy Transmission Corporation Limited. The Company during 2018-19 recovered the above

32 Includes one consolidated financial statement of Gujarat Urja Vikas Nigam Limited for the year 2017-18.

excess wheeling/ transmission charges and reported it as revenue for the year. The Company follows IND AS for preparation of its financial statements. IND AS 8 requires that an entity shall correct material prior period errors retrospectively in the first set of financial statements approved for issue after their discovery by restating the comparative amounts for the prior period(s) presented in which the error occurred. As the above was an error relating to the prior period, the effect of the same should have been worked out retrospectively and accounted for in the opening balance of retained earnings. This has resulted in understatement of retained earnings and overstatement of profit by ₹ 716.09 crore.

ii. Dakshin Gujarat Vij Company Limited (2018-19)

The Company recognised the grants/ consumer contribution received against depreciable assets at reducing balance method but it revised the above recognition to straight line method from 01 April 2016. The Company revised the method to rectify the error of mismatch in recognition of grants in the Statement of Profit and Loss *vis-à-vis* the related depreciation expense. As per Accounting Standard-12, Grants related to depreciable assets are treated as deferred income and the provision for its recognition are same in AS-12 and the corresponding IND AS 20 therefore the above change was not mandated by IND AS 20. Since the depreciable assets related to the above grants/ consumer contribution were capitalised in the books of the Company the effect of such change should have been worked out retrospectively and accounted in the opening balance of Deferred Government Grants, Subsidies and Consumer contribution. This has resulted in overstatement of retained earnings and understatement of balances of Deferred Government Grants, Subsidies and Consumer Contribution towards Capital Assets by ₹ 293.44 crore as at 31 March 2017.

The above observations were issued for financial statements for the year 2016-17 and 2017-18, however, no corrective action has been taken by the Company during 2018-19.

The above comment was also issued on the financial statements of **Madhya Gujarat Vij Company Limited** and **Paschim Gujarat Vij Company Limited** for the year ending 31 March 2019.

Follow-up action on Audit Reports

Replies outstanding

1.21 The Report of the C&AG of India represents the culmination of the process of audit scrutiny. It is therefore, necessary that they elicit appropriate and timely response from the executive. All the administrative departments of SPSUs need to submit, within three months of their presentation to the Legislature, the explanatory notes indicating the corrective/ remedial action taken or proposed to be taken on paragraphs and Performance Audits included in the Audit Reports.

There were no explanatory notes pending to be received (June 2020) from Energy and Petrochemical department on paragraphs and PAs included in the Audit Reports.

Discussion of Audit Reports by COPU

1.22 The status as on 30 September 2019 of Performance Audits and Paragraphs that appeared in Audit Reports (PSUs) and discussed by Committee on Public Undertakings (COPU) pertaining to Energy & Petrochemicals department was as under:

Table 1.17: PAs/ CA Paragraphs appeared in Audit Reports *vis-à-vis* discussed as on 30 September 2019

Period of Audit Report	Number of Performance Audits/ paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	PAs	Paragraphs	PAs	Paragraphs
2015-16	2	2	-	-
2016-17	-	4	-	-
Total	**2**	**6**	**-**	**-**

Source: Compiled based on the discussions of COPU on the Audit Reports.

The discussion on the Audit Reports (PSUs) up to 2014-15 has been completed.

Compliance to Reports of COPU

1.23 Action Taken Notes (ATN) to a recommendation made on a paragraph which pertained to a Report of the COPU presented to the State Legislature in September 2018 had not been received (September 2019) as indicated below:

Table 1.18: Compliance to COPU Reports

Report of COPU	Total number of recommendations in COPU Report	Number of recommendations for which ATNs not received
2nd Report of 14th Assembly	1	1
Total	**1**	**1**

Source: Compiled based on ATNs received on recommendations of COPU from the respective Departments of GoG.

The Report of COPU for which ATN was not received, contained recommendation in respect of the paragraph which appeared in the Report of the C&AG of India for the year 2012-13.

It is recommended that the Government may ensure that replies to Explanatory Notes/ Draft Paragraphs/ Performance audits and ATNs on the recommendation of COPU are received as per the prescribed time schedule.

Part-I

Chapter II

Compliance audit observations relating to Power sector Undertakings

Part-I

Chapter II

Compliance audit observations relating to Power sector Undertakings

Important audit findings that emerged from the test check of transactions of the Power sector Undertakings of Government of Gujarat are included in this Chapter.

Gujarat State Electricity Corporation Limited

Coal and Inventory management

2.1 Gujarat State Electricity Corporation Limited[1] (the Company), a subsidiary of Gujarat Urja Vikas Nigam Limited, is responsible for generation of power. As on 31 March 2019, the Company has total installed generating capacity of 6,041.067 Mega Watt (MW) that *inter alia* included four coal based thermal power stations (TPSs).

The Company procures domestic and imported Coal required for its Coal-based TPS. The Company entered[2] into Coal Supply Agreement (CSA) with South Eastern Coalfields Limited (SECL) and Western Coalfields Limited (WCL) for supply of domestic coal for its four coal-based TPS. The Company also purchases critical and non-critical material for Operation and Maintenance (O&M) for its TPSs.

The Company purchased coal worth ₹ 25,603.98 crore and materials worth ₹ 1,201.65 crore during 2014-19. Out of the total material purchased, the material worth ₹ 955.08 crore was purchased for the four coal-based TPS's, which formed 79.48 *per cent* of the total purchase of material during 2014-19. The Company has installed *e-Urja* system for monitoring the purchases and its store management across the Power Stations and Corporate Office (CO) of the Company.

Audit reviewed the coal supply and inventory management in the Coal based TPSs *i.e.,* Ukai, Gandhinagar, Wanakbori and Sikka of the Company for the period from April 2014 to March 2019. The observations in the coal and inventory management are discussed in the succeeding paragraphs.

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1 The Company was incorporated in August 1993 as a wholly owned subsidiary of the erstwhile Gujarat Electricity Board to enhance its generation capacity by resource mobilisation from the market. Post-unbundling (April 2005) of the Gujarat Electricity Board into seven companies *viz*., Gujarat State Electricity Corporation Limited, Gujarat Energy Transmission Corporation Limited, Uttar Gujarat Vij Company Limited, Dakshin Gujarat Vij Company Limited, Madhya Gujarat Vij Company Limited, Paschim Gujarat Vij Company Limited and Gujarat Urja Vikas Nigam Limited were formed.

2 South Eastern Coalfields Limited (SECL) on 7 July 2009 and from Western Coalfields Limited (WCL) on 15 October 2009.

Coal

2.2 The Company entered into a Coal Supply Agreement (CSA) with SECL (July 2009) and WCL (October 2009) for supply of domestic coal. The SECL supplied coal to all the four TPSs whereas WCL supplied coal to Ukai TPS only. Audit reviewed the execution of CSA entered with SECL and WCL and observed the following:

Monitoring of coal supply agreements

2.2.1 The terms of CSA *inter alia* included TPS wise Annual Contracted Quantity (ACQ) agreed to be purchased by the Company and to review the CSA on completion of every five years. The terms of ACQ stipulated for payment of incentive and penalty for lifting the quantity of coal in excess and short of 90 *per cent* of ACQ respectively. The Company was therefore required to constantly monitor the quantity of coal lifted for each TPS against the ACQ considering the Power Load Factor (PLF), generation planned, coal stock position, coal consumption and lead time for supply of coal to TPS.

Ukai TPS received coal with total ACQ of 41.70 Lakh Metric Tonne[3] (LMT), which includes 32.40 LMT from SECL and 9.30 LMT from WCL. The Company paid incentive of ₹ 21.68 crore in 2014-15 and ₹ 4.12 crore in 2015-16 for lifting of quantity in excess of ACQ to SECL and WCL. During 2016-17 the Company paid incentive of ₹ 14.87 crore to SECL due to lifting of quantity in excess of ACQ, On the other hand, it paid penalty of ₹ 8.41 crore to WCL due to short lifting of coal quantity against ACQ. Audit observed that out of the above, incentive/ penalty of ₹ 10.37 crore[4] for 2016-17 was avoidable. Besides it also resulted in consequential payment of ₹ 10.56 crore[5] being differential freight charges for lifting excess coal quantity from SECL instead of WCL.

Audit observed that though the Company has requisite information about coal consumption, stock position, *etc.,* it did not simultaneously monitor the coal supplied to Ukai TPS against the ACQ of two CSAs. This could have mitigated the penalty/ incentive payment. Thus, due to non-monitoring of the coal supply under two CSAs simultaneously, it had to incur avoidable expenditure of ₹ 20.93 crore in 2016-17.

The Government replied (June 2020) that demand of power and availability of coal are considered for scheduling the supply of coal. The Government further stated that excess quantity was lifted from SECL because the quality of coal received from WCL was very poor as compared to coal received from SECL and had lumps/ mud in it. The Company was technically advised to use SECL

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3 32.40 LMT from South Eastern Coal Fields Limited and 9.30 LMT from Western Coalfields Limited.

4 Incentive of ₹ 1.96 crore to SECL on lifting excess quantity of 2.04 LMT and ₹ 8.41 crore penalty was payable for short lifting of 2.04 LMT coal quantity to WCL.

5 Excess quantity lifted from SECL: 2.04 LMT × difference in freight charges ₹ 517.75 *per* MT (being the difference of lowest freight charges paid during 2016-17 for lifting the coal from SECL and WCL) Average freight (approx.) = ₹ 10.56 crore (approx.).

coal having better quality to avoid any damage and wear & tear to the plant. The reply is not acceptable, as the Company has been receiving coal from WCL in the past years (since 2009) but it has never raised any complaints with WCL regarding the quality of coal. The penalty/ incentive paid has increased the cost of coal lifted from SECL that was avoidable by proper monitoring.

Payment of demurrage charges

2.2.2 The coal required for TPSs of the Company are transported through Rail wagons. The Company has installed Coal Handling Plant comprising of Wagon tippler, stacker re-claimer, *etc*., for mechanised unloading of coal wagons. Railways levy demurrage for detention of rake of coal wagons beyond free time of seven hours allowed for unloading the coal by mechanised system. Audit observed that the Company paid ₹ 14.38 crore towards demurrage charges during the period from 2014-15 to 2018-19 as given in **Table 2.1** below.

Table 2.1: Payment of Demurrage charges due to delayed unloading during 2014-19

Sl. No.	Name of TPS, Unit No.	Reason	Audit Observation
1	Ukai, 500 MW Unit 6 commissioned in June 2013	Wagon tippler associated with Unit 6 commissioned with defect in March 2018.	There was delay in the commissioning Wagon tippler 4 and 5 and only one Stacker-cum-Reclaimer was available for feeding coal to mill bunker for Unit 6. Besides, frequent tripping in Side Arm Charge of newly commissioned Wagon tippler delayed unloading that resulted in payment of demurrage charges of ₹ 5.63 crore.
2	Sikka, 2 × 200 MW Unit 3 and 4 commissioned in September 2015	Associated CHP not commissioned (May 2019) that led to utilising vintage CHP of Unit-1&2 of lower capacity.	Coal unloading for Unit-3&4 is done by old vintage CHP of Unit-1&2 that does not run to full capacity, which delayed unloading of rakes. This resulted in payment of demurrage charges of ₹ 1.41 crore.
3	Wanakbori TPS	Delayed unloading from Coal Rake.	Coal for the TPS was not unloaded within the free time due to insufficient space for stacking of coal which led to payment of demurrage charges of ₹ 7.08 crore. Further, no action has been taken to make additional space for stacking of coal.

Source: Information extracted from records of the Company.

Thus, delayed commissioning of coal handling plant and insufficient space for stacking the coal resulted in avoidable payment of demurrage charges of ₹ 14.12 crore.

The Government stated (June 2020) that wagon tippler of Ukai Unit 6 had some defects initially which was later attended. It assured that there would not be demurrage charges due to wagon tippler henceforth. Regarding Sikka (Unit 3 and 4), it stated that the wagon tippler has been commissioned in February 2020 and so there would not be demurrage charges now. In respect of Wanakbori, it was informed that insufficient space is not a usual phenomenon and assured to take corrective action to avoid demurrage charges. The fact remains that delayed corrective action of the Company resulted in avoidable payment of demurrage charges.

Ash Utilisation

2.2.3 Ash is generated from combustion of coal at TPS. The ash collected by Electrostatic Precipitator (ESP) is called fly ash and the ash collected at the bottom of the boiler is called bottom ash. Pond ash is the mixture of ESP fly ash and bottom ash. The ash has some economic value at it is sold to third parties for various uses like in road laying, cement factory, block and brick industry, *etc*. Ash management assumes significance as it is a threat to the environment and therefore, has to be disposed-off without letting it into atmosphere.

As per Ministry of Environment, Forest and Climate Change (MoEF&CC) notification (November 2009), existing TPSs in operation were required to complete utilisation of ash generated by October 2014 which was subsequently (January 2016) extended up to 31 December 2017. Audit observed that during 2014-18 only Gandhinagar and Sikka TPS maintained 100 *per cent* ash utilisation level while Wanakbori TPS achieved 100 *per cent* utilisation level only in 2016-17. The Ukai TPS could not achieve complete ash utilisation in any of the year during 2014-18. This non-achievement made the Company liable for damages of ₹ 10 crore for environment restoration as per directives (20 November 2018) of National Green Tribunal[6].

MoEF&CC also stipulated that the amount recovered from sale of ash and ash-based product should be kept in a separate account head and utilised for specified purpose[7] based on the level of utilisation. It was observed that the Company did not maintain separate account head until 2016-17. The Ukai TPS collected ₹ 69.02 crore between 2014-18 from sale of ash and ash-based products. Against this, it utilised ₹ 1.01 crore during 2017-18 for repairs and maintenance of ash handling equipment and ₹ 1.69 crore for payment of salary and wages of the personnel of ash handling plant. Thus, the Company violated the MoEF&CC guidelines by utilising ₹ 2.70 crore for other than specified purpose.

The Government stated (June 2020) that no payment has been made for environment restoration and the Joint Committee of MoEF&CC in July 2019 extended the time limit for 100 *per cent* ash utilisation. It was further stated that as per GERC Multi Year Tariff order (11 April 2011 and 31 March 2017) ash income was deducted from approved fixed cost hence no revenue from sale of ash was available for incurring expenditure. The Company has created ash fund from 2016-17 for those TPSs where 100 *per cent* ash utilisation was not achieved. The Government also added that ash handling plant and employees working for the system are directly involved in development, facilitation, maintenance, *etc.* for achieving the 100 *per cent* utilisation and hence expenditure on them cannot be considered as violation of the MoEF&CC notification. The reply is not acceptable, as the deduction of revenue from sale of ash does not exonerate the Company of its statutory

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6 NGT while deciding in Shantanu Sharma *versus* Union of India and others issued directions for all TPSs that have failed to dispose of 100 *per cent* ash up to 31 December 2017.

7 Only for development of infrastructure or facilities, promotion and facilitation activities for use of ash until 100 *per cent* ash utilisation level is achieved, thereafter as long as 100 *per cent* utilisation levels are maintained the amount could be utilised for other development programmes.

compliance for utilising the revenue from sale of ash and creating ash fund for complying with MoEF&CC guidelines.

Inventory Management

2.3 Efficient inventory control requires that inventory is effectively available without blockage of funds for continuous operation of the TPSs. The coal based TPSs account for 79.48 *per cent* of the total material procured during 2014-19. Therefore, it is imperative to have an efficient inventory management to ensure timely availability of material for smooth operations. The Company has implemented e-*Urja* an enterprise resource planning (ERP) solution supported by multiple module applications to manage its business, which includes the store management module for inventory management. Review of the inventory management revealed the following:

Incorrect reporting

2.3.1 At the time of indenting for the inventory to be purchased, the TPSs considers the inventory reported in Monthly Inventory Control Register (MICR) and the unconsumed inventory issued to the indenting department. The closing stock of four coal based TPS stores reported in MICR for the month of March during 2014-19 is given in **Table 2.2** below.

Table 2.2: Position of closing stock as on 31 March of each year

(₹ in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Total inventories as per MICR as on 31 March	66.88	72.12	87.57	97.62	109.37
Inventory issued but unconsumed as at 31 March	30.26	32.74	37.48	32.75	93.78
Closing inventory as per Financial statements	97.14	104.86	125.05	130.37	203.15

Source: Information as provided by the Company.

Audit observed that the MICR does not report the value of inventory issued to indenting departments but not consumed. As a result, the overall position of the inventory including those lying unconsumed in the indenting departments is not reflected. Such unconsumed inventory increased from ₹ 30.26 crore in 2014-15 to ₹ 93.78 crore in 2018-19 indicating that funds were increasingly blocked in the inventory that was not reported in the MICR. Thus, the inventory report of MICR was not correct to that extent.

The Government accepted (June 2020) that MICR did not report the unconsumed inventory lying in sub-stores. It was further stated that such unconsumed inventory is added back in books of accounts to arrive at correct position of inventory at the year-end. The reply did not provide justification to increase in unconsumed inventory. Thus, the facts remains that the inventory report of MICR was incorrect.

Non-utilisation of store management module

2.3.2 The store management module has the provision for setting inventory level and classification of inventory in the order of their importance. Though the Company has identified critical and non-critical items, it had not classified its inventory based on the above classification in the store management module. The TPSs submits a report of fast, slow and non-moving items (FSN) at monthly interval to Corporate Office in addition to MICR. However, due to non-categorisation of inventory in the order of their importance, the FSN report does not provide information of critical and non-critical items.

The Government stated (June 2020) that though FSN report doesn't provide information of critical and non-critical stores, these records are maintained by user section manually. The fact remains that the FSN report provided deficient information.

Non-rectification of discrepancies between e-Urja and legacy system

2.3.3 Prior to introduction (2009) of e-*Urja* system, the inventory records were maintained in a legacy system. During adoption of e-*Urja* system at Ukai TPS, the unidentified items due to inappropriate description of material could not be identified during physical verification and is reported as shortage of material. On review of the physical verification report of the inventories, Audit observed that shortage of 307 items (in 2014-15) had declined to 195 items (in 2017-18). These 195 items remained unreconciled even after more than ten years and no action for its rectification was taken by the Company. Further, all the 195 items have been assigned nil value which does not reflect its correct value.

The Government stated (June 2020) that out of the 195 items, 149 items were declared scrap due to retirement of Unit 1 and 2, material description of seven items was identified and identification of remaining 39 items was under progress. The action of the Company was delayed and undertaken on being pointed out by Audit.

Disposal of scrap

2.3.4 The position of scrap as at the end of each year during 2014-19 in four coal based TPS is tabulated below:-

Table 2.3: Position of scrap disposal during 2014-19

(₹ in crore)

Years	Opening balance	Addition during the year	Total scrap	Value of scrap sold	Closing balance
2014-15	8.22	10.99	19.22	11.69	7.53
2015-16	7.53	9.04	16.56	9.29	7.28
2016-17	7.28	16.09	23.36	8.56	14.80
2017-18	14.80	24.15	38.96	28.65	10.30
2018-19	10.30	6.59	16.89	12.81	4.08

Source: Information as provided by the Company.

It can be seen from the above table that the Company regularly disposed of scrap received during the year. Audit observed that at the end of 2018-19, the closing balance of scrap was worth ₹ 4.08 crore which included ₹ 3.08 crore lying in stores and remained unsold for more than five years. Delay in disposal of scrap deteriorates its quality and value. The Company may take timely action for their disposal.

The Government replied (June 2020) that scrap is sold through Metal Scrap Trade Corporation Limited by way of auction system after receiving at least 75 *per cent* of the quoted rates that is fixed based on SOR prepared by the Company. It was explained that scrap remained unsold due to non-receipt of above-mentioned desired rates. The reply is not acceptable as the scrap, which remained unsold for more than five years requires expeditious disposal to avoid further deterioration.

Recommendations

The Company may:

- ***regularly monitor the coal supply position and lift the required coal quantity in terms of annual contracted quantity.***
- ***ensure unloading of coal rakes within the prescribed time to prevent payment of demurrage charges.***
- ***rectify the gaps in the inventory management system for better reporting.***

Part-II

Chapter III

Functioning of State Public Sector Undertakings (*Excluding State Public Sector Undertakings of Power sector*)

Part - II

Chapter III

Functioning of State Public Sector Undertakings
(Excluding State Public Sector Undertakings of Power sector)

Introduction

3.1 The State has 87 State Public Sector Undertakings (SPSUs) as on 31 March 2019. Of this, 10 SPSUs are in Power Sector and remaining 77 SPSUs are engaged in activities other than Power Sector. The functioning of 10 SPSUs under Power Sector is discussed in Chapter I of Part I. The remaining 77 SPSUs of other than Power Sector discussed in this Chapter include 73 State Government Companies[1] (SGCs) and four Statutory Corporations[2] for undertaking different activities. Of these, four SPSUs[3] are listed on stock exchange(s). The SPSUs include 16 inactive SGCs and 16 subsidiary/ joint venture Companies of other Government Companies. During 2018-19, two active SPSUs[4] were classified as inactive SPSUs as they had ceased their operations. Four SPSUs[5] were removed from the list of SPSUs as they cease to exist on dissolution *vide* orders passed by Gujarat High Court. One SPSU[6] came under the purview of the Comptroller and Auditor General of India (C&AG) under Section 139(5) of the Companies Act, 2013. The details of SPSUs of Government of Gujarat (GoG) as on 31 March 2019 are given in **Table 3.1** below.

Table 3.1: Total number of SPSUs as on 31 March 2019

Type of SPSUs	Active SPSUs	Inactive SPSUs[7]	Total
Government Companies	57	16	73
Statutory Corporations	4	--	4
Total	**61**	**16**	**77**

Source: Compiled based on latest finalised financial statements received from SPSUs until September 2019.

GoG periodically provides financial support to SPSUs in the form of equity, loans and grants/subsidy. Of the 77 SPSUs, GoG invested funds in 61 SPSUs and no funds were invested in remaining 16 SPSUs that were subsidiary/ joint venture companies of other Government Companies. The respective joint

1 Includes Other Companies referred in Section 139(5) and 139(7) of the Companies Act, 2013.
2 Gujarat State Warehousing Corporation, Gujarat State Financial Corporation, Gujarat Industrial Development Corporation and Gujarat State Road Transport Corporation.
3 Gujarat Gas Limited, Gujarat Mineral Development Corporation Limited, Gujarat State Petronet Limited and Gujarat State Financial Corporation.
4 Alcock Ashdown (Gujarat) Limited and Gujarat Industrial Corridor Corporation Limited.
5 Gujarat Fintex Limited, Gujarat Siltex Limited, Gujarat Texfab Limited and GSFS Capital and Securities Limited.
6 Bahucharaji Rail Corporation Limited was incorporated in December 2018 and finalised its financial statements for the year up to 2018-19, the supplementary audit of which was entrusted (October 2019) from the year 2018-19.
7 Inactive SPSUs are those, which have ceased to carry on their operations.

venture/ Holding Companies contributed to the equity of these 16 joint venture/ subsidiary Companies.

Contribution to Economy of the State

3.2 The ratio of turnover of the SPSUs to the Gross State Domestic Product[8] (GSDP) shows the extent of activities of the SPSUs in the State Economy. The **Table 3.2** below provides the details of turnover of SPSUs and GSDP of Gujarat for five years ending March 2019:

Table 3.2: Details of active SPSUs turnover *vis-à-vis* GSDP

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Turnover[9](₹ in crore)	32,281.76	28,920.56	27,903.73	31,282.40	38,663.01
Percentage change in turnover	5.31	(-)10.41	(-)3.52	12.11	23.59
GSDP of Gujarat(₹ in crore)	9,21,773	10,29,010	11,53,327 (P)	13,14,680 (Q)	15,01,496 (A)
Percentage change in GSDP	14.13	11.63	12.08	13.99	14.21
Percentage of Turnover to GSDP	3.50	2.81	2.42	2.38	2.57

Estimate: (P) = Provisional, (Q) = Quick estimate and (A) = Advance estimate.

Source: Compiled based on turnover reported by SPSUs in the financial statements finalised in respective years and Statement under Gujarat Fiscal Responsibility Act, 2005 (Budget Publication No. 30 of 2019-20).

The turnover of SPSUs had recorded variations over previous years. The variation in turnover ranged between (-) 10.41 and 23.59 *per cent* during the period 2014-2019, whereas increase in GSDP of the State ranged between 11.63 and 14.21 *per cent* during the same period. The Compounded Annual Growth Rate (CAGR)[10] of GSDP was 13.20 *per cent* during last five years. Against the CAGR of 13.20 *per cent* of the GSDP, the turnover of SPSUs recorded lower CAGR of 4.75 *per cent* during the last five years. As a result, the share of turnover of SPSUs to GSDP reduced from 3.50 *per cent* in 2014-15 to 2.57 *per cent* in 2018-19. Out of the total turnover of ₹ 38,663.01 crore, ₹ 30,510.24 crore pertains to 22 active SPSUs which finalised the financial statements for the year 2018-19. In respect of remaining 39 active SPSUs, the turnover of ₹ 8,152.77 crore was taken as per their last finalised financial statements.

Investment in SPSUs

3.3 The SPSUs function as instruments of GoG to provide certain services, which the private sector may not be willing to extend due to various reasons. Besides, the Government has also invested in certain business segments through SPSUs, which function in a competitive environment with private sector undertakings. In view of the above, the SPSUs have been analysed under two major classifications *viz.*, those in the social sector and those functioning in competitive environment. SPSUs incorporated to perform some specific activities on behalf of GoG have been categorised under "Others". Details of investment made in 77 SPSUs in the form of equity, grants/subsidy and long-term loans up to 31 March 2019 are detailed in ***Annexure* 4**.

8 As per Statements prepared under the Gujarat Fiscal Responsibility Act, 2005, Budget Publication No. 30 of 2019-20.

9 Turnover of active SPSUs as per their latest finalised financial statements received up to 30 September 2019.

10 CAGR is a useful method to measure growth rate over multiple time-period.

3.4 The sector wise summary of investment in SPSUs as on 31 March 2019 is given in **Table 3.3** below:

Table 3.3: Sector wise investment in SPSUs as on 31 March 2019

Sector	Number of SPSUs	Investment (₹ in crore)			
		Equity	Long-term loans	Grant/Subsidy	Total
Social	27	2,969.71	3,917.58	12,037.59	18,924.88
Competitive	35	6,461.57	18,042.88	15,404.32	39,908.77
Others	15	65,415.75	7,221.80	11,409.59	84,047.14
Total	**77**	**74,847.03**	**29,182.26**	**38,851.50**	**142,880.79**

Source: Compiled based on information received from SPSUs (***Annexure* 4**).

As on 31 March 2019, the total investment (equity, long-term loans and grant/subsidy) in the 77 SPSUs was ₹ 1,42,880.79 crore. The investment consisted of 52.39 *per cent* of equity, 20.42 *per cent* of long-term loans and 27.19 *per cent* of grant/subsidy. The long-term loans advanced by the GoG and Government of India (GoI) constituted 23.76 *per cent* (₹ 6,933.10 crore) and 8.79 *per cent* (₹ 2,564.73 crore) respectively of the total long-term loans whereas 67.45 *per cent* (₹ 19,684.43 crore) of the long-term loans were availed from other financial institutions[11].

The investment has grown by 42.47 *per cent* from ₹ 1,00,292.76 crore in 2014-15 to ₹ 1,42,880.79 crore in 2018-19.

Disinvestment, Restructuring and Privatisation of SPSUs

3.5 No disinvestment, restructuring, and privatisation of the SPSUs took place during the year ended 31 March 2019.

Budgetary support to SPSUs

3.6 GoG provides financial support to SPSUs in various forms through annual budget. The summarised details of budgetary outgo towards equity, loans, grants/subsidies, guarantee issued and guarantee commitment outstanding in respect of active SPSUs for the last three years ending March 2019 are given in **Table 3.4** below:

Table 3.4: Details of budgetary support to SPSUs during last three years

(₹in crore)

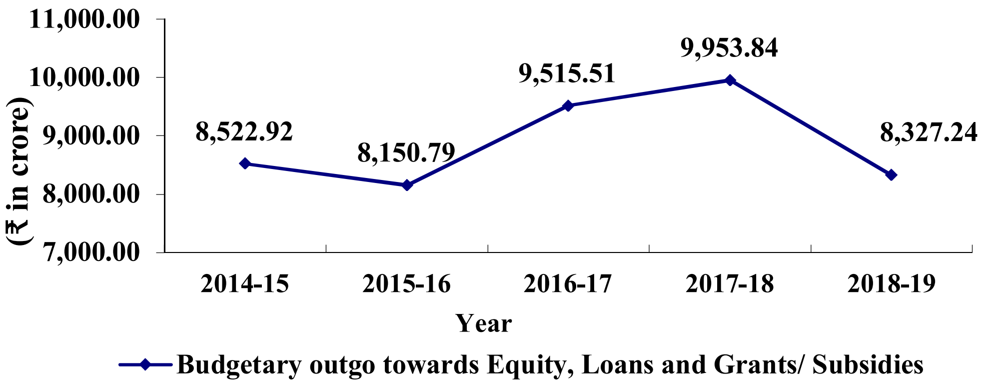
Sl. No.	Particulars	2016-17		2017-18		2018-19	
		No. of SPSUs	Amount	No. of SPSUs	Amount	No. of SPSUs	Amount
1.	Equity Capital outgo from budget	12	5,729.96	12	5,853.65	10	4,012.77
2.	Loans given from budget	4	194.69	9	165.20	7	1,109.70
3.	Grants/ Subsidy from budget	17	3,590.86	20	3,934.99	20	3,204.77
4.	**Total Outgo (1+2+3)**	-	**9,515.51**	-	**9,953.84**	-	**8,327.24**
5.	Guarantees issued during the year	-	-	1	120.50	2	57.32
6.	Guarantee Commitment outstanding at the end of the year	3	234.28	4	201.52	4	75.03

Source: Compiled based on information received from SPSUs.

The details regarding budgetary outgo towards equity, loans and grants/subsidies for past five years are given in **Chart 3.1**:

11 Banks, Gujarat State Financial Services Limited, Financial Institutions.

Chart 3.1: Budgetary outgo towards Equity, Loans and Grants/Subsidies



Source: Compiled based on information received from SPSUs.

The annual budgetary assistance to these active SPSUs ranged between ₹ 8,150.79 crore and ₹ 9,953.84 crore during the period from 2014-15 to 2018-19. The budgetary assistance of ₹ 8,327.24 crore provided during 2018-19 included loans, grants/subsidy and equity of ₹ 1,109.70 crore, ₹ 3,204.77 crore and ₹ 4,012.77 crore respectively. Sardar Sarovar Narmada Nigam Limited received the major share of equity funds (₹ 3,585.17 crore) from the budgetary outgo for acquisition of capital assets.

In order to provide financial assistance to SPSUs from Banks and Financial Institutions, GoG gives guarantee under Gujarat State Guarantee Act, 1963. Such guarantees are given subject to the limits prescribed by the Constitution of India, for which the guarantee fee is being charged. This fee varies from 0.25 to one *per cent per annum* as decided (31 December 1988) by GoG depending upon the loanees. The guarantee commitment decreased from ₹ 201.52 crore during 2017-18 to ₹ 75.03 crore during 2018-19. Sardar Sarovar Narmada Nigam Limited received guarantee commitment of ₹ 17.20 crore and Gujarat State Petroleum Corporation Limited received guarantee commitment of ₹ 40.12 crore. Further, two SPSUs[12] paid guarantee fee of ₹ 1.29 crore during 2018-19.

Reconciliation with Finance Accounts

3.7 The figures in respect of equity, loans and guarantees outstanding as per the records of SPSUs should agree with the corresponding figures appearing in the Finance Accounts of GoG. In case the figures do not agree, the concerned SPSUs and the Finance Department should carry out reconciliation of the differences. The position in this regard as on 31 March 2019 is given in **Table 3.5** below:

[12] Gujarat State Petroleum Corporation Limited (₹ 0.80 crore) and Sardar Sarovar Narmada Nigam Limited (₹ 0.49 crore).

Table 3.5: Equity, loans, guarantees outstanding as on 31 March 2019 as per Finance Accounts *vis-à-vis* records of SPSUs

(₹in crore)

Outstanding in respect of	Number of SPSUs	Amount as per Finance Accounts	Amount as per records of SPSUs	Difference
Equity	43	65,778.92	68,359.89	2,580.97
Loans	21[13]	4,239.46[14]	6,933.10	2,693.64
Guarantees	16	2,904.87	33.70	2,871.17

Source: Compiled based on information received from SPSUs and Finance Accounts.

Audit observed that such differences occurred in respect of 46 SPSUs[15] as detailed in ***Annexure* 5**[16]. The differences between the figures are persisting since prior to 2003-04. The issue of reconciliation of differences was taken up by the Principal Accountant General (Audit) II Gujarat, regularly, the latest being in July 2020 with the SPSUs/ Departments to reconcile the differences. Major differences were observed in Gujarat State Petroleum Corporation Limited, Sardar Sarovar Narmada Nigam Limited, Gujarat Metro Rail Corporation Limited (formerly known as Metro-link Express for Gandhinagar and Ahmedabad Company Limited), GSPC LNG Limited, Dholera Industrial City Development Limited, Gujarat State Financial Corporation and Gujarat State Road Transport Corporation.

Submission of financial statements by SPSUs

3.8.1 Out of 77 SPSUs in other than Power Sector, there were 61 active SPSUs *i.e.* 57 active Companies and four Statutory Corporations, and 16 inactive Companies under the audit jurisdiction of C&AG as of 31 March 2019. **Table 3.6** indicates the position relating to submission of financial statements as on 30 September 2019.

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13 This represents the differences in loan amount reported by SPSUs only.

14 The SPSU wise information of loans is not available in Finance Accounts therefore the above balance may include loan to SPSUs of Power sector.

15 This represents SPSUs in which GoG has given budgetary support towards equity, loans and grants/subsidies and such SPSUs are under the audit jurisdiction of C&AG.

16 SPSU wise loan amount outstanding is not available in Finance Accounts therefore the same is not reflected in the ***Annexure* 5**.

Table 3.6: Status for submission of financial statements of active SPSUs as on 30 September 2019

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1.	Number of active SPSUs/ other companies	57	61	66	62[17]	61[18]
2.	Number of financial statements submitted during the year	45	59	63	63	66
3.	Number of active SPSUs, which submitted financial statements for current year	23[19]	25[20]	24[21]	24[22]	22[23]
4.	Number of previous year financial statements finalised during current year	20	28	34	34[24]	40[25]
5.	Number of financial statements in arrears	58	62	73	58[26]	67[27]
6.	Number of active SPSUs with arrears in financial statements	34	35	40[28]	37	39
7.	Extent of arrears (Numbers in years)	1 to 5	1 to 6	1 to 6	1 to 4	1 to 4

Source: Compiled based on financial statements of active SPSUs received during the period October 2018 to September 2019.

Of the total 61 active SPSUs, 50 active SPSUs had finalised their 66 financial statements, of which 26 financial statements pertained to 2018-19 and remaining 40 financial statements pertained to previous years. Thirty-nine SPSUs had 67 financial statements in arrears, which ranged between one and four years as detailed in ***Annexure* 6**. Out of 50 active SPSUs, which finalised the financial statements during 2018-19, 17 SPSUs prepared 23 financial statements (including four[29] consolidated financial statements of 2018-19 and two[30] Standalone financial statements of 2017-18) as per Indian Accounting Standards.

The Administrative Departments have the responsibility of overseeing the activities of these SPSUs to ensure that the financial statements are finalised and adopted by the SPSUs within the stipulated period. The concerned departments were informed on a quarterly basis regarding arrears of financial statements. In addition, the matter was taken up (January 2020) with GoG for liquidating the arrears of financial statements. However, no significant improvement has been noticed in submission of financial statements for audit.

17 Four SPSUs were classified as inactive SPSUs during the year and one active SPSU *viz.* Diamond Research and Mercantile City Limited is included as it submitted financial statement for 2017-18.

18 Two SPSUs were classified as inactive SPSUs during the year and one active SPSU *viz.* Bahucharaji Rail Corporation Limited is included as it submitted financial statement for 2018-19.

19 These 23 SPSUs finalised 25 FSs of 2014-15 that included two consolidated FSs.

20 These 25 SPSUs finalised 31 FSs of 2015-16 that included six consolidated FSs.

21 These 24 SPSUs finalised 29 FSs of 2016-17 that included five consolidated FSs.

22 These 24 SPSUs finalised 29 FSs of 2017-18 that included five consolidated FSs. One SPSU *viz.* Diamond Research and Mercantile City Limited finalised its FS for 2017-18 but it is not included as its supplementary audit was entrusted from the year 2018-19.

23 These 22 SPSUs finalised 26 FSs of 2018-19 that included four consolidated FSs.

24 This includes one consolidated financial statement of 2016-17.

25 This includes two consolidated FSs of 2016-17 and three consolidated FSs of 2017-18.

26 This includes one consolidated financial statement of 2017-18.

27 This includes one consolidated FSs of 2017-18 and four FSs of 2018-19.

28 Excluding Gandhinagar Railway and Urban Development Corporation Limited and Gandhinagar Rail Infrastructure Development Corporation Limited whose first financial statements were not due.

29 Gujarat Mineral Development Corporation Limited, Gujarat State Petronet Limited, Gujarat State Petroleum Corporation Limited and Gujarat Gas Limited.

30 GSPC (JPDA) Limited and GSPC LNG Limited.

GoG invested ₹ 9,262.66 crore in 22 active SPSUs {equity: ₹ 4,399.51 crore (9 SPSUs), loans ₹ 804.10 crore (6 SPSUs) and grants ₹ 4,059.05 crore (17 SPSUs)} during the last three years for which financial statements have not been finalised as detailed in ***Annexure* 6**. Due to non-finalisation of financial statements and their subsequent audit, proper accounting of investments and expenditure incurred could not be ensured and the investment of GoG in such SPSUs remained outside the control of the State Legislature.

Timeliness in preparation of financial statements by inactive SPSUs

3.8.2 In addition to the above active SPSUs, as on 30 September 2019, there were arrears in finalisation of financial statements by 11 inactive SPSUs as given in **Table 3.7** below.

Table 3.7: Arrears of financial statements of 11 inactive SPSUs

Number of inactive SPSUs	Period for which financial statements were in arrears	Number of years for which financial statements were in arrears
1[31]	1999-00 to 2018-19	20
2[32]	2011-12 to 2018-19	8
1[33]	2012-13 to 2018-19	7
1[34]	2015-16 to 2018-19	4
2[35]	2016-17 to 2018-19	3
4[36]	2018-19	1

Source: Compiled based on financial statements of inactive SPSUs received during the period October 2018 to September 2019.

Gujarat Dairy Development Corporation Limited had finalised its financial statements up to 2018-19.

Placement of Separate Audit Reports of Statutory Corporations

3.9 Separate Audit Reports (SARs) are audit reports of the C&AG on the financial statements of Statutory Corporations. These reports are required to be placed before the Legislature as per the provisions of the respective Acts.

The status of placement of SARs issued by the C&AG (up to 31 March 2020) on the financial statements of Statutory Corporations in the Legislature is given in **Table 3.8** below.

31 Gujarat Fisheries Development Corporation Limited.

32 Infrastructure Finance Company Gujarat Limited and Gujarat Foundation for Mental Health and Allied Services.

33 Naini Coal Company Limited.

34 BISAG Satellite Communication.

35 Gujarat State Rural Development Corporation Limited and Gujarat State Construction Corporation Limited.

36 Gujarat State Machine Tools Corporation Limited, Gujarat Trans Receivers Limited, Alcock Ashdown (Gujarat) Limited and Gujarat Industrial Corridor Corporation Limited.

Table 3.8: Status of placement of SARs in Legislature as on 31 March 2020

Sl. No.	Name of Statutory Corporation	Year up to which SARs placed in Legislature	Year for which SARs are yet to be placed in Legislature	
			Year of SAR	Date of issue to the Government/ Present Status
1.	Gujarat State Warehousing Corporation	2012-13	2013-14	9 May 2016
			2014-15	4 August 2017
2.	Gujarat State Financial Corporation	2018-19	--	--
3.	Gujarat Industrial Development Corporation	2017-18	2018-19	Draft SAR under finalisation
4.	Gujarat State Road Transport Corporation	2015-16	2016-17	Draft SAR under finalisation

Source: Compiled based on information received from respective Statutory Corporation.

Impact of non-finalisation of financial statements of SPSUs

3.10 As discussed in ***Paragraph* 3.8,** the delay in finalisation of financial statements may result in risk of fraud and leakage of public money apart from violation of the provisions of relevant statutes. In view of the arrears in finalisation of financial statements as above, the actual contribution of SPSUs to GSDP for the year 2018-19 could not be ascertained and their performance could not be reported to the State Legislature.

It is therefore, recommended that the Government may monitor the clearance of arrears in finalisation of financial statements.

Similar recommendation had been made in the Audit Report (PSU), GoG for the year 2016-17 and 2017-18. No significant improvement, however, has been noticed in this regard (October 2019). The number of financial statements in arrear increased from 58 to 67 at the end of September 2019.

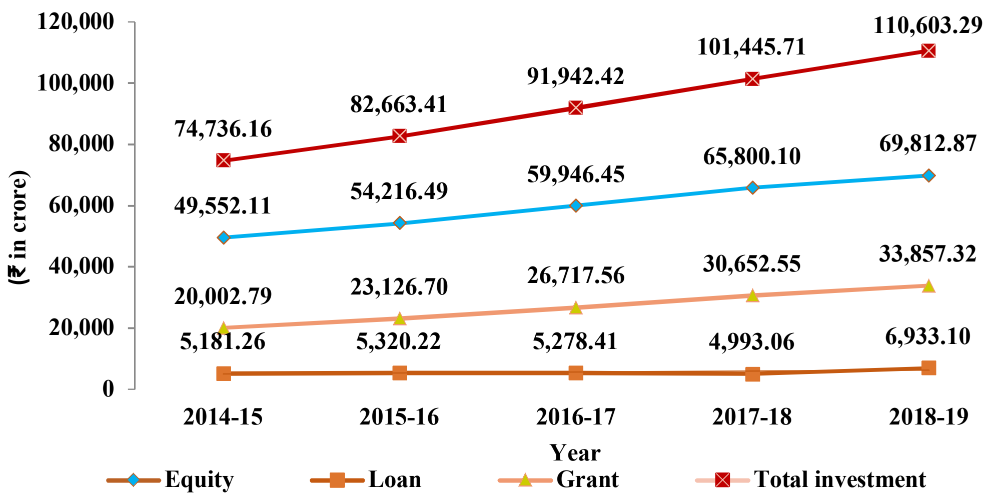
Performance of SPSUs

3.11 The financial position and working results of active SPSUs are detailed in ***Annexure* 7** as per their latest finalised financial statements as of 30 September 2019.

The SPSUs are expected to yield reasonable return on the investment of GoG. The total investment of GoG and others in the SPSUs was ₹ 1,42,880.79 crore. The investment consists of ₹ 74,847.03 crore as equity, ₹ 29,182.26 crore as long-term loans and ₹ 38,851.50 crore as grant/subsidy. Out of this, GoG has investment of ₹ 1,10,603.29 crore in 61 SPSUs in the form of equity (₹ 69,812.87 crore) and long-term loans of ₹ 6,933.10 crore and grant/subsidy (₹ 33,857.32 crore) ***(Annexure* 4).**

The year-wise investment of GoG in the SPSUs during the period from 2014-15 to 2018-19 is given in **Chart 3.2** below:

Chart 3.2: Total investment of GoG in SPSUs



Source: Compiled based on information received from SPSUs.

The profitability of a Company is traditionally assessed through return on investment, return on equity and return on capital employed. Return on investment measures the profit or loss made in a fixed year relating to the amount of money invested in the form of equity, long-term loans and grant/subsidy and is expressed as a percentage of profit to total investment. Return on capital employed is a financial ratio that measures the Company's profitability and the efficiency with which its capital is used and is calculated by dividing company's earnings before interest and taxes by capital employed. Return on equity is a measure of performance calculated by dividing net profit after tax by shareholders' fund.

Return on investment of listed SPSUs of GoG

3.12 The Return on investment is the percentage of profit or loss after tax to total investment. Out of 87 SPSUs as on 31 March 2019, four SPSUs[37] are listed on stock exchange(s). GoG invested equity in only three listed SPSUs namely Gujarat Mineral Development Corporation Limited (GMDC), Gujarat State Financial Corporation (GSFC) and Gujarat Gas Limited (GGL). In Gujarat State Petronet Limited (GSPL) equity is invested by its holding SPSU *viz.* Gujarat State Petroleum Corporation Limited and no equity is invested by GoG therefore GSPL is excluded for computing the RoI on GoG investment in listed SPSUs. The RoI of three listed SPSUs[38] and composite return on investment in the three listed SPSUs for the period from 2014-15 to 2018-19 is given in ***Annexure* 8.**

The Compounded Annual Growth Rate (CAGR) of GMDC and GSFC increased from *minus* 12.56 and *minus* 17.74 *per cent* to *minus* 11.87 and *minus*

[37] Gujarat Gas Limited, Gujarat Mineral Development Corporation Limited, Gujarat State Petronet Limited and Gujarat State Financial Corporation.

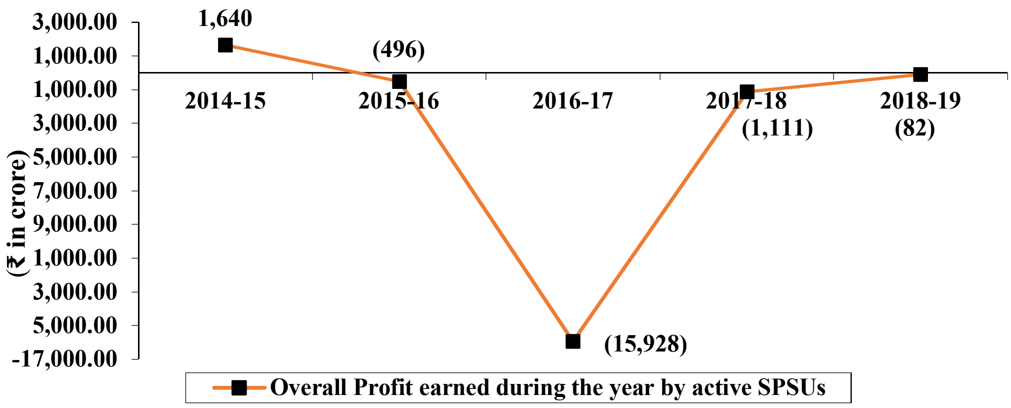
[38] Gujarat Mineral Development Corporation Limited, Gujarat State Financial Corporation and Gujarat Gas Limited.

13.32 *per cent* respectively. GGL became SPSU in 2015-16, its CAGR increased from *minus* 34.67 *per cent* in 2016-17 to *minus* 31.75 *per cent* in 2018-19. The Compounded Annual Growth Rate (CAGR) of GoG investment in the three listed SPSUs was *minus* 11.64 *per cent* in 2018-19. GMDC's market capitalisation has decreased during 2018-19 due to decline in market price of shares. Similarly, GGL's market capitalisation declined during 2018-19 due to splitting up of its equity share with face value of ₹ 10 into five equity shares with face value of ₹ 2 each. Further, due to high level of default in repayment of dues by the loanees, GSFC has suspended its finance related business activity since 2001-02 and is concentrating on recovery of dues. Due to weak financial condition of GSFC, its accumulated losses were ₹ 2,687.30 crore as per financial statements for the year ended 31 March 2019. As a result, RoI of GoG's investment in the three listed SPSUs has increased from 414.21 in 2014-15 to 521.24 *per cent* in 2018-19.

Return on Investment

3.13 The Return on investment is the percentage of profit or loss after tax to total investment. The overall position of profit earned or losses incurred[39] by the active SPSUs during the period from 2014-15 to 2018-19 are given in the **Chart 3.3** below.

Chart 3.3: Profit/Loss after tax of active SPSUs



Source: Compiled based on latest finalised financial statements received from SPSUs.

As per their latest finalised financial statements, out of 61 active SPSUs, 44 SPSUs earned profit after tax of ₹ 2,487.28 crore and 15 SPSUs incurred loss of ₹ 2,569.64 crore. Of the two SPSUs which neither reported profits nor losses, the excess of expenditure over income of one SPSU[40] was adjusted against capital reserve and non-plan grants while in one SPSU[41] excess of expenditure over income was transferred to works completed.

Net profit of ₹ 487.59 crore was contributed by three SPSUs[42] which functioned in finance, asset management and mining sector that were not open to market competition in the State. This constituted 19.60 *per cent* of total profit of

[39] Figures as per latest finalised financial statements of the respective years.
[40] Gujarat Women Economic Development Corporation Limited.
[41] Gujarat State Police Housing Corporation Limited.
[42] Gujarat State Investment Limited- ₹ 72.82 crore, Gujarat State Financial Services Limited- ₹ 275.98 crore and Gujarat Mineral Development Corporation- ₹ 138.79 crore.

₹ 2,487.28 crore in all 44 profit making SPSUs during 2018-19. RoE of these three SPSUs in 2018-19 was 5.55 *per cent* as compared to 35 SPSUs functioning in competitive environment which had negative net worth hence could generate no return on equity. The major contributors to the profit were:

- Gujarat State Petronet Limited (₹ 794.67 crore),
- Gujarat Gas Limited (₹ 417.03 crore),
- Gujarat State Financial Services Limited (₹ 275.98 crore),
- Gujarat State Petroleum Corporation Limited (₹ 259.51 crore).

Losses were incurred by:

- Sardar Sarovar Narmada Nigam Limited (₹ 1,709.96 crore),
- Gujarat State Road Transport Corporation (₹ 424.46 crore),
- Gujarat Water Resources Development Corporation Limited (₹ 150.23 crore),
- Gujarat State Financial Corporation (₹ 114.87 crore).

Of the 61 active SPSUs, the number of active SPSUs, which earned/ incurred profit/ loss[43] during 2014-15 to 2018-19 is given in **Table 3.9** below:

Table 3.9: Active SPSUs that earned profit/ incurred loss

Financial year	Number of SPSUs during the year			
	Total	Earned profits	Incurred loss	Others[44]
2014-15	57	41	10	6
2015-16	61	39	13	9
2016-17	66	44	13	9
2017-18	62	38	20	4
2018-19	61	44	15	2

Source: Compiled as per latest finalised financial statements received from SPSUs.

Return on investment at historical cost of GoG investment

3.14 Out of the 77 SPSUs, GoG infused funds in the form of equity, long-term loans, grants and subsidies in 61 SPSUs[45]. Of these 61 SPSUs, in Gujarat Industrial Development Corporation, Dahej SEZ Limited and Narmada Clean Tech, GoG has provided funds in form of grants and subsidies and no equity/ long-term loan has been infused. GoG has investment of ₹ 1,10,603.29 crore in 61 SPSUs with equity of ₹ 69,812.87 crore, long-term loans of ₹ 6,933.10 crore and grant/subsidy of ₹ 33,857.32 crore. The Real Rate of Return on investment from the SPSUs has been calculated on the investment made by the GoG in the SPSUs in the form of equity, loans and grants/subsidies. In the case of loans, only interest free loans (IFLs) are considered as investment since the GoG does not receive any interest on such loans and therefore are of the nature of equity investment by GoG except to the extent that the loans are liable to be repaid as per terms and conditions of repayment. Thus, investment of GoG in these

43 Figures as per latest finalised financial statements of the respective years.

44 Includes SPSUs that had not commenced commercial operations; not finalised its first financial Statements, did not report profit or loss and SPSUs whose excess of income/ expenses was adjusted against grants.

45 The SPSUs where no Equity/ Long-term loan/ Grant is infused (as shown in ***Annexure* 4**) by GoG are excluded.

61 SPSUs of other than Power Sector has been arrived at by considering the equity, grant and subsidies and IFLs (net of amount repaid by the SPSUs). The value of investment based on historic cost and present value (PV) was calculated on the reduced balance of IFLs over the period as detailed in **Table 3.10**.

Out of the long-term loans of ₹ 6,933.10 crore in 61 SPSUs, IFLs of ₹ 2,289.83 crore were released to 60 SPSUs[46] based on the reduced balances over the period. Thus, the total investment of GoG in these 60 SPSUs based on historical cost was ₹ 1,05,960.02 crore {₹ 69,812.87 crore(equity) *plus* ₹ 2,289.83 crore (IFL) *plus* ₹33,857.32 crore (grant and subsidy)}.

The return on investment on the basis of historical cost of investment for the period 2014-15 to 2018-19 is given in **Table 3.10** below:

Table 3.10 Return on GoG investment at historical cost

(₹in crore)

Year wise Sector wise break up	Total earnings/ (loss) for the year	Investment of GoG in Equity, IFLs and Grants/subsidies	Return on GoG investment (in *per cent*)
1	**2**	**3**	**4=(2÷3)×100**
2014-15			
Social Sector	90.30	7,955.48	1.14
Competitive Sector	223.37	11,615.97	1.92
Others	194.21	51,066.48	0.38
Total	**507.88**	**70,637.93**	**0.72**
2015-16			
Social Sector	114.87	9,511.92	1.21
Competitive Sector	(843.55)	13,034.39	(6.47)
Others	(678.80)	56.203.73	(1.21)
Total	**(1,407.48)**	**78,750.04**	**(1.79)**
2016-17			
Social Sector	117.09	10,610.21	1.10
Competitive Sector	(16,070.16)	14,933.93	(107.61)
Others	(684.51)	62,442.42	(1.10)
Total	**(16,637.58)**	**87,986.56**	**(18.91)**
2017-18			
Social Sector	(28.31)	12,194.39	(0.23)
Competitive Sector	(1,388.07)	17,023.12	(8.15)
Others	(558.41)	68,598.94	(0.81)
Total	**(1,974.79)**	**97,816.45**	**(2.02)**
2018-19			
Social Sector	(53.66)	13,306.34	(0.40)
Competitive Sector	324.88	18,655.83	1.74
Others	(1,255.06)	73,997.85	(1.70)
Total	**(983.84)**	**1,05,960.02**	**(0.93)**

Source: Figures in column 2 is as per latest finalised financial statement and figure in column 3 is as per information received from SPSUs for respective years.

[46] Excludes one SPSU *viz.,* Gujarat Leather Industries Limited (under liquidation) that received loan of ₹ 2.06 crore but no equity or grant from GoG. As the information related to the said loan being interest bearing/ interest free was not available therefore the SPSU is excluded.

The return on GoG investment is worked out by dividing the total earnings[47] of these SPSUs by the cost of GoG investments. The return earned on GoG investment ranged between (-) 18.91 *per cent* and 0.72 *per cent* during the period from 2014-15 to 2018-19. The return on GoG investment deteriorated during 2016-17 due to exceptional loss of ₹ 17,061.20 crore[48] incurred by Gujarat State Petroleum Corporation Limited which resulted in reduction in return on GoG investment in competitive sector from 1.92 *per cent* in 2014-15 to (-) 107.61 *per cent* in 2016-17.

Rate of Real Return on GoG Investment (RoRR)

3.15 An analysis of the earnings *vis-à-vis* investments in 60 SPSUs where funds had been invested by GoG was conducted to assess the profitability of the SPSUs. In view of the significant investment by GoG in the SPSUs, Rate of Real Return (RoRR) on such investment is essential from the perspective of State Government. Traditional calculation of return based only on historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the PV of money. Therefore, in addition to the calculation of return on investment of GoG in the 60 SPSUs on historical cost basis, the RoRR on investment has also been calculated after considering the PV of money. PV of State Government investment was computed where funds had been infused by GoG as equity, interest free loan and grants and subsidies since 2004-05/ inception of these SPSUs until 31 March 2019. During the period from 2014-15 to 2018-19, these 60 SPSUs had an overall positive return on investment during the year 2014-15. The RoRR for 2014-15 have, therefore, been calculated and depicted based on PV.

The PV of GoG investment in these undertakings was computed on the following assumptions:

- Interest free loans (IFLs) have been considered as investment infusion by GoG. However, in case of repayment of loans by SPSUs, the PV was calculated on the reduced balances of IFLs over the period.
- The average rate of interest on GoG borrowings for the concerned financial year[49] was adopted as compounded rate for arriving at PV since they represent the cost incurred by the GoG towards investment of funds for the year.

For the years 2015-16, 2016-17, 2017-18 and 2018-19 when these 60 SPSUs overall had a negative return on investment due to losses incurred by five

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47 This represents net profit after tax/ losses for the concerned year relating to those SPSUs where the investments have been made by the GoG.

48 GSPC Limited booked impairment loss of ₹ 14,923.54 crore on 80 *per cent* Participating Interest and 10 *per cent* in KG-OSN-2001/ 3 Block (KG Block).

49 The average rate of interest on GoG borrowings was adopted from the Reports of the C&AG of India on State Finances (GoG) for the concerned year. The calculation for the average rate for interest paid = Interest Payment ÷ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities) ÷ 2] × 100.

SPSUs[50], a more appropriate measure of performance is erosion of net worth due to losses. The erosion of net worth is commented in ***Paragraph* 3.18**.

3.16 The SPSU wise position of GoG investment in 60 SPSUs in the form of equity, loans and grants and subsidies on historical cost basis for the period from 2004-05 to 2018-19 is indicated in ***Annexure* 9**[51]**.** Further, consolidated position of PV of GoG investment relating to these SPSUs for the same period is indicated in **Table 3.11** below:

Table 3.11: Year wise details of GoG investment and its present value until 2018-19

(₹in crore)

Financial year	PV of investment at beginning of year	During the year infused by GoG				Investment at the end of the year	Avg. rate of interest on government borrowings (in *per cent*)	Net present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total Earnings/ (losses) for the year
		Equity	Interest free loan/ (Net repayment)	Grants/ Subsidies for operation and administrative Expenditure	Total Investment					
1	2	3	4	5	6=3+4+5	7=2+6	8	9=7×(1+(8÷100))	10=(7×(8÷100))	11
Up to 2004-05	-	13,906.88	21.15	697.81	14,625.84	14,625.84	9.08	15,953.87	-	-
2005-06	15,953.87	1,495.83	0.05	811.47	2,307.35	18,261.22	8.06	19,733.07	1,471.85	313.60
2006-07	19,733.07	2,564.69	1.76	955.98	3,522.43	23,255.50	8.19	25,160.13	1,904.63	149.56
2007-08	25,160.13	2,406.62	(0.43)	1,117.66	3,523.85	28,683.98	8.12	31,013.12	2,329.14	729.23
2008-09	31,013.12	5,404.24	0.72	1,341.64	6,746.60	37,759.72	7.80	40,704.98	2,945.26	677.20
2009-10	40,704.98	2,228.59	30.85	2,072.53	4,331.97	45,036.95	7.64	48,477.77	3,440.82	566.02
2010-11	48,477.77	2,218.76	512.96	2,223.13	4,954.85	53,432.63	7.56	57,472.13	4,039.51	792.70
2011-12	57,472.13	3,306.22	145.79	2,287.21	5,739.22	63,211.35	7.63	68,034.38	4,823.03	1,298.06
2012-13	68,034.38	6,020.18	6.38	2,368.16	8,394.72	76,429.10	7.66	82,283.57	5,854.47	1,527.60
2013-14	82,283.57	5,170.72	30.45	2,635.15	7,836.32	90,119.89	7.62	96,987.03	6,867.14	824.57
2014-15	96,987.03	4,829.37	333.35	3,492.05	8,654.77	1,05,641.80	7.76	1,13,839.60	8,197.80	507.88
2015-16	1,13,839.60	4,664.38	323.82	3,123.91	8,112.11	1,21,951.71	7.69	1,31,329.80	9,378.09	(1,407.48)
2016-17	1,31,329.80	5,729.96	(84.30)	3,590.86	9,236.52	1,40,566.32	7.67	1,51,347.75	10,781.44	(16,637.58)
2017-18	1,51,347.75	5,853.65	41.25	3,934.99	9,829.89	1,61,177.64	7.59	1,73,411.03	12,233.38	(1,974.79)
2018-19	1,73,411.03	4,012.77	926.03	3,204.77	8,143.57	1,81,554.60	7.44	1,95,062.26	13,507.66	(983.84)
Total		**69,812.87**	**2,289.83**	**33,857.32**	**1,05,960.02**					

Source: Compiled based on information, latest finalised financial statements and annual reports received from SPSUs.

The balance of investment by GoG in these SPSUs at the end of the year increased to ₹ 1,05,960.02 crore in 2018-19 from ₹ 14,625.84 crore in 2004-05 as GoG further invested equity (₹ 55,905.99 crore), IFLs (₹ 2,268.68 crore) and grants and subsidies (₹ 33,159.51 crore) during the period from 2005-06 to 2018-19. The PV of funds infused by GoG up to 31 March 2019 amounted to ₹ 1,95,062.26 crore. During the period from 2005-06 to 2018-19, total earnings for the year remained below the minimum expected return to recover cost of funds infused in these SPSUs as four[52] SPSUs incurred substantial losses during this period. Further, the profits earned by Gujarat Mineral Development Corporation Limited and Gujarat Gas Limited during the period from 2005-06 to 2018-19 were also set off towards the losses incurred by the four SPSUs due to which the total earnings remained below the minimum expected return from all SPSUs.

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50 Gujarat State Petroleum Corporation Limited, Gujarat State Financial Corporation, Gujarat State Road Transport Corporation, Gujarat Water Infrastructure Limited and Sardar Sarovar Narmada Nigam Limited.

51 Prepared based on information received from SPSUs/ previous Audit Reports (PSUs)/latest finalised financial statements received from SPSUs.

52 Gujarat State Petroleum Corporation Limited, Sardar Sarovar Narmada Nigam Limited, Gujarat State Financial Corporation and Gujarat State Road Transport Corporation.

A further analysis of the two profit making SPSUs *viz*. Gujarat Mineral Development Corporation Limited and Gujarat Gas Limited revealed that the SPSUs could report profits because of their substantial market share in their respective business segments.

3.17 During last five years, GoG received return on investments in these SPSUs in 2014-15 only. The sector wise comparison of RoI and RoRR on GoG investment is given in **Table 3.12** below:

Table 3.12: Return on GoG Funds

(₹in crore)

Year/ Sector	Total Earnings/ (Losses)	At historical cost		At Present Value (PV)	
		Investment by GoG in form of Equity, IFL and Grants	Return on Investment (in *per cent*)	Investment of GoG at end of year	Rate of Real Return (in *per cent*)
1	2	3	4= (2÷3×100)	5	6=(2÷5×100)
2014-15					
Social	90.30	7,955.48	1.14	11,083.57	0.81
Competitive	223.37	11,615.97	1.92	17,439.32	1.28
Others	194.21	51,066.48	0.38	85,316.71	0.23
Total	**507.88**	**70,637.93**	**0.72**	**1,13,839.60**	**0.45**
2015-16					
Social	114.87	9,511.92	1.21	13,612.03	0.84
Competitive	(843.55)	13,034.39	(6.47)	20,307.90	(4.15)
Others	(678.80)	56.203.73	(1.21)	97,409.87	(0.70)
Total	**(1,407.48)**	**78,750.04**	**(1.79)**	**1,31,329.80**	**(1.07)**
2016-17					
Social	117.09	10,610.21	1.10	15,838.60	0.74
Competitive	(16,070.16)	14,933.93	(107.61)	23,910.75	(67.21)
Others	(684.51)	62,442.42	(1.10)	1,11,598.40	(0.61)
Total	**(16,637.58)**	**87,986.56**	**(18.91)**	**1,51,347.75**	**(10.99)**
2017-18					
Social	(28.31)	12,194.39	(0.23)	18,745.17	(0.15)
Competitive	(1,388.07)	17,023.12	(8.15)	27,973.33	(4.96)
Others	(558.41)	68,598.94	(0.81)	1,26,692.52	(0.44)
Total	**(1,974.79)**	**97,816.45**	**(2.02)**	**1,73,411.02**	**(1.14)**
2018-19					
Social	(53.66)	13,306.34	(0.40)	21,334.50	(0.25)
Competitive	324.88	18,655.83	1.74	31,808.73	1.02
Others	(1,255.06)	73,997.85	(1.70)	1,41,919.03	(0.88)
Total	**(983.84)**	**1,05,960.02**	**(0.93)**	**1,95,062.26**	**(0.50)**

Source: Figures in column 2 is as per latest finalised financial statement and figure in column 3 is as per information received from SPSUs for respective years.

The RoI was 0.72 *per cent* in 2014-15 whereas the RoRR was 0.45 *per cent* during the same period. Further, during the period, the RoRR of competitive sector was 1.28 *per cent* in 2014-15 against RoI of 1.92 *per cent*.

Performance of SPSUs with investment of GoG

Analysis of Net worth of SPSUs

3.18 Net worth means the aggregate value of the paid-up share capital, all reserves created out of profits and securities premium account after deducting the aggregate value of the accumulated losses, deferred expenditure and miscellaneous expenditure not written-off as per the audited financial statements. It does not include reserves created out of revaluation of assets and write-back of depreciation and amalgamation. The capital investment[53] and losses of the 77 SPSUs as per their latest finalised financial statements was ₹ 79,605.77 crore and ₹ 14,282.92 crore respectively resulting in net worth of ₹ 65,322.85 crore as detailed in ***Annexure*** **7**. A further analysis revealed that the erosion in net worth occurred in 18 SPSUs[54] out of total 77 SPSUs. The accumulated losses of these 18 SPSUs were ₹ 23,112.35 crore as against their paid-up capital and free reserves of ₹ 10,370.86 crore. The major erosion was in Gujarat State Petroleum Corporation Limited (₹ 7,941.08 crore), Gujarat State Financial Corporation (₹ 2,579.29 crore), Gujarat State Road Transport Corporation (₹ 774.89 crore) and Alcock Ashdown (Gujarat) Limited (₹ 485.86 crore).

The **Table 3.13** further indicates the total paid up capital, total accumulated profit/ loss and total net worth of the 60 SPSUs where the GoG has made investment in from of equity, loans and grant and subsidies:

Table 3.13: Net worth of SPSUs during 2014-15 to 2018-19

(₹in crore)

Year	Paid up capital at the end of year		Free Reserves	Accumulated Profit/(Loss) at end of the year	Net worth
	Number	Equity			
2014-15	53	44,065.64	9,537.09	(1,696.72)	51,906.01
2015-16	56	47,811.22	10,011.75	(2,479.20)	55,343.77
2016-17	60	51,958.94	10,451.69	(18,946.05)	43,464.58
2017-18	60	59,381.46	10,413.21	(18,314.76)	51,479.91
2018-19	60	66,061.76	11,383.48	(19,216.58)	58,228.66

Source: As reported in latest finalised financial statements received from SPSUs.

It can be seen from **Table 3.13** that net worth of the SPSUs varied between ₹ 58,228.66 crore and ₹ 43,464.58 crore. During 2018-19, the net worth improved to ₹ 58.228.66 crore from ₹ 51,479.91 during 2017-18 due to equity infusion.

Dividend Pay-out

3.19 The Finance Department has issued standing instructions in October 1994 by which all profit making SPSUs were required to pay dividend to the government regularly. Dividend pay-out relating to 57 SPSUs[55] where GoG invested equity is shown in **Table 3.14** below:

53 Capital investment=Paid-up capital *excluding* share application money pending allotment+ Free Reserves.

54 Sl. No. 3, 5, 15, 23, 24, 32, 33, 35, 49, 51, 53, 55, 56, 58, 59, 60, 62 and 68 of ***Annexure*** **7**.

55 Excludes three SPSUs *viz*. Gujarat Industrial Development Corporation, Narmada Clean Tech and Dahej SEZ Limited where investment of GoG is only in form of grant.

Table 3.14: Dividend pay-out of SPSUs during 2014-15 to 2018-19

(₹ in crore)

Year	Paid up capital at the end of the year		SPSUs that earned profit in the year		Dividend declared/ paid SPSUs during the year		Dividend Pay-out Ratio (in *per cent*)
	No.	Equity	No.	Equity	No.	Dividend	
1	2	3	4	5	6	7	8=(7÷5)×100
2014-15	51	44,019.59	31	3,222.33	6[56]	79.25	2.46
2015-16	53	47,683.77	25	3,130.80	6[57]	94.21	3.01
2016-17	56	51,827.22	19	5,381.31	5[58]	83.22	1.55
2017-18	56	59,249.74	10	1,638.28	5[59]	97.89	5.97
2018-19	57	65,930.14	22	2,196.43	5[60]	71.68	3.26

Source: Compiled based on latest finalised financial statements received in respective year.

During the period from 2014-15 to 2018-19, the profit earning SPSUs ranged between 10 and 31. Of these, the SPSUs, which declared/ paid dividend to GoG ranged between five and six SPSUs. The dividend pay-out ratio during the period from 2014-15 to 2018-19 ranged between 1.55 and 5.97 *per cent*.

GoG may consider formulating a dividend policy for payment of reasonable return from profit earning SPSUs on paid up share capital invested by GoG.

Return on equity

3.20 Return on equity (RoE) is a measure of financial performance to assess how effectively the management is using shareholders' fund to earn profit, is calculated by dividing net income (*i.e.,* net profit after taxes) by shareholders' fund and is expressed as a percentage and can be calculated for any SPSUs if net income and shareholders' fund are both positive numbers.

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

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[56] Gujarat Mineral Development Corporation Limited, Gujarat State Seeds Corporation Limited, Gujarat Gas Limited, Tourism Corporation of Gujarat Limited, Gujarat Agro Industries Corporation Limited and Gujarat State Warehousing Corporation.

[57] Gujarat State Seeds Corporation Limited, Gujarat Gas Limited, Tourism Corporation of Gujarat Limited, Gujarat Mineral Development Corporation Limited, Gujarat State Financial Services Limited and Gujarat Agro Industries Corporation Limited.

[58] Gujarat State Seeds Corporation Limited, Tourism Corporation of Gujarat Limited, Gujarat Mineral Development Corporation Limited, Gujarat State Financial Services Limited and Gujarat State Civil Supplies Corporation Limited.

[59] Gujarat State Seeds Corporation Limited, Gujarat Gas Limited, Tourism Corporation of Gujarat Limited, Gujarat Mineral Development Corporation Limited and Gujarat State Financial Services Limited.

[60] Gujarat State Seeds Corporation Limited, Gujarat Gas Limited, Tourism Corporation of Gujarat Limited, Gujarat Mineral Development Corporation Limited and Gujarat State Financial Services Limited.

RoE has been computed in respect of 57 SPSUs where GoG has invested in their equity. The details of Shareholders fund and RoE relating to 57 SPSUs during the period from 2014-15 to 2018-19 are given in **Table 3.15** below:

Table 3.15 Return on equity of SPSUs with investment of GoG in equity

Year	Net Income/ (loss) (₹ in crore)	Shareholders' fund (₹ in crore)	RoE (in *per cent*)
1	**2**	**3**	**4=(2÷3×100)**
2014-15	455.56	50,358.23	0.90
2015-16	(1,506.18)	53,640.42	-
2016-17	(16,963.20)	41,430.75	-
2017-18	(2,167.41)	49,261.10	-
2018-19	(1,173.61)	56,016.62	-

Source: Compiled based on latest finalised financial statements received in respective year.

During last five years ended 31 March 2019, RoE was 0.90 *per cent* in 2014-15 as net income reported in that year was positive. RoE in respect of these SPSUs was not worked out during the period from 2015-16 to 2018-19 as net loss was reported by these SPSUs.

Return on capital employed in active SPSUs

3.21 Return on capital employed (RoCE) is the 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 employed. The details of RoCE of active SPSUs during the period from 2014-15 to 2018-19 are given in **Table 3.16** below:

Table 3.16: Return on Capital Employed of active SPSUs

Year	EBIT (₹ in crore)	Capital employed[61] (₹ in crore)	RoCE (in *per cent*)
1	**2**	**3**	**4=(2÷3×100)**
2014-15	4,911.86	94,827.91	5.18
2015-16	3,173.29	1,04,883.10	3.03
2016-17	(11,383.09)	98,941.94	-
2017-18	4,098.41	95,504.00	4.29
2018-19	5,144.00	99,622.08	5.16

Source: Latest finalised financial statements of SPSUs.

The RoCE of SPSUs ranged between 3.03 and 5.16 *per cent* during the period 2014-15 to 2018-19. During 2016-17, there was no profit after tax hence RoCE was shown as Nil.

Analysis of Long-term loans of active SPSUs

3.22 Analysis of the long-term loans of the active SPSUs which had leverage during the period from 2014-15 to 2018-19 was carried out to assess the ability of the SPSUs to service the debt of the SPSUs due to the Government, banks and other financial institutions. This has been assessed through the interest coverage ratio and debt turnover ratio.

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61 Capital employed= Paid up capital - share application money pending allotment + accumulated profit/ loss + free reserves + long-term loan outstanding.

Interest Coverage Ratio

3.23 Interest coverage ratio determines the ability of a SPSU to pay interest on outstanding debt and is calculated by dividing the Company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser the ability of the SPSU to pay interest on debt. Interest coverage ratio below one indicates that the Company is not generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio during the period 2014-15 to 2018-19 are given in **Table 3.17** below:

Table 3.17: Interest Coverage Ratio of active SPSUs

Year	Interest (₹ in crore)	Earnings before interest and tax (₹ in crore)	Number of SPSUs having liability of loans from Government and Banks and other financial institutions	Number of SPSUs with interest coverage ratio	
				in excess of 1	less than 1
2014-15	2,475.73	3,983.95	21	15[62]	6
2015-16	2,585.56	2,536.82	23	17[63]	6
2016-17	4,682.90	(12,183.91)	25	20[64]	5
2017-18	4,246.65	3,732.31	25	16[65]	9
2018-19	4,113.41	5,010.73	30	22[66]	8

Source: Latest finalised financial statements received from SPSUs.

Out of the 30 active SPSUs having liability of loans from GoG, banks and other financial institutions during 2018-19, 22 SPSUs had interest coverage of more than one whereas eight SPSUs had interest coverage ratio below one. This indicated that these SPSUs could not generate sufficient revenues to service their interest expenses.

Debt Turnover Ratio of SPSUs

3.24 During last five years, the turnover of 61 active SPSUs recorded compounded annual growth of 4.75 *per cent* and compounded annual growth of debt was (5.40 *per cent*) due to which the debt turnover ratio improved from 0.70 in 2014-15 to 0.54 in 2018-19. This reflected efficient collection of dues as given in the **Table 3.18** below:

Table 3.18: Debt Turnover Ratio

(₹in crore)

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Debt from Government and other (Banks and Financial Institutions)	22,600.38	26,466.09	29,747.35	25,650.60	21,033.51
Turnover[67]	32,281.76	28,920.56	27,903.73	31,282.40	38,662.99
Debt Turnover Ratio	0.70:1	0.91:1	1.07:1	0.82:1	0.54:1

Source: Latest finalised financial statements received from SPSUs.

The debt turnover ratio ranged between 0.54 and 1.07 during the period.

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62 **Sl. No**. 1, 7, 8, 9, 10, 14, 18, 31, 32, 39, 40, 42, 43, 47 and 64 of ***Annexure*** **7**.
63 **Sl. No**. 1, 3, 7, 8, 9, 10, 14, 16, 18, 31, 39, 40, 42, 43, 47, 62 and 64 of ***Annexure*** **7**.
64 **Sl. No**. 1, 3, 7, 8, 9, 10, 14, 16, 18, 20, 28, 37, 39, 40, 41, 42, 43, 47, 62 and 64 of ***Annexure*** **7**.
65 **Sl. No**. 1, 3, 9, 10, 14, 16, 18, 28, 37, 39, 40, 42, 43, 47, 64 and 76 of ***Annexure*** **7**.
66 **Sl. No.** 1, 3, 4, 5, 9, 10, 14, 16, 18, 28, 31, 32, 37, 39, 40, 41, 42, 43, 47, 64, 72 and 76 of ***Annexure*** **7**.
67 Turnover of active SPSUs as per the latest finalised financial statements as of 30 September 2019.

Winding up of inactive SPSUs

3.25 There were 16 inactive SPSUs as on 31 March 2019. Of these, four SPSUs have commenced liquidation process. The number of inactive SPSUs at the end of each year during past five years is given in **Table 3.19** below.

Table 3.19: Inactive SPSUs as on 31 March 2019

Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
Number of inactive SPSUs	13	14	14	18	16
Number of inactive Corporations	-	-	-	-	-
Total	13	14	14	18	16

Source: Compiled from the information included in Audit Report (PSU), GoG of respective years and details received from SPSUs**.**

The inactive SPSUs are either under liquidation or have been closed/ ceased their operations. They are not contributing to the State's economy. Out of the 16 inactive SPSUs, four are under liquidation as on 31 March 2019. Of the four inactive SPSUs under liquidation, one SPSU[68] is under liquidation since 1997 and liquidation process commenced in remaining three SPSUs[69] between 2002-03 and 2014-15. The investment in 16 inactive SPSUs was ₹ 510.39 crore (Capital ₹ 185.87 crore and Long-term loans ₹ 324.52 crore). Of the 16 inactive SPSUs, Gujarat Dairy Development Corporation Limited has no arrear of accounts.

The stages of closure in respect of inactive SPSUs as on 30 September 2019 are given in **Table 3.20** below.

Table 3.20: Closure of inactive SPSUs as on 31 March 2019

Sl. No.	Particulars	SPSUs	Total
1.	Total number of inactive SPSUs	16	16
2.	Of (1.) above, the number of SPSUs under:		
	(a) Liquidation by Court (liquidator appointed)	3	3
	(b) Voluntary winding up (liquidator appointed)	1[70]	1
	(c) Closure, *i.e.,* closing orders/ instructions issued by the GoG but liquidation process not yet commenced.	12	12

Source: Compiled from details received from inactive SPSUs and latest information received in for SPSUs under liquidation.

The winding up of four (liquidation by Court and one Voluntary winding up) SPSUs under the Court order are under liquidation for periods ranging from one to 22 years. The Government may take appropriate decision in respect of remaining 12 inactive SPSUs.

Comments on financial statements

3.26 Out of 57 active SPSUs, 47 SPSUs forwarded their 63 audited financial statements for audit during the period from October 2018 to September 2019. Of the 63 financial statements, 48 financial statements were selected for

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68 Gujarat State Textile Corporation Limited.

69 Gujarat Leather Industries Limited, Gujarat Communications and Electronics Limited and Gujarat Small Industries Corporation Limited.

70 Gujarat Small Industries Corporation Limited.

supplementary audit. The comments in the Audit Report of Statutory Auditors appointed by the C&AG and the supplementary audit of the C&AG mention the significant observations on the financial statements. These observations indicate the quality of financial statements and highlight the areas, which needs improvement. The details of aggregate money value of opinion of Statutory Auditors and comments of the C&AG for the last three years are given in **Table 3.21** below.

Table 3.21: Impact of audit comments on financial Statements of active SPSUs

(₹in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		No. of FSs	Amount	No. of FSs	Amount	No. of FSs	Amount
1.	Decrease in profit	7	190.61	4	129.77	5	123.36
2.	Increase in profit	4	9.64	3	2.11	3	6.83
3.	Increase in loss	-	-	7	164.65	2	4.04
4.	Decrease in loss	1	2.95	-	-	1	0.03
5.	Non-disclosure of material facts	1	36.35	6	169.97	3	158.97
6.	Errors of classification	8	424.75	3	87.40	10	1,092.47
Total		**21**	**664.30**	**23**	**553.90**	**19**	**1,385.70**

FSs- Financial Statements.

Source: Compiled from of the Independent Auditors Report and Comments of C&AG issued to SPSUs.

The aggregate money value of Statutory Auditors' opinion and C&AG's comments during the year 2018-19 was ₹ 1,385.70 crore.

During the period from October 2018 to September 2019, the Statutory Auditors had given unqualified opinion for 45 financial statements and qualified opinion for 21 financial statements and adverse opinion for Gujarat Trans-Receivers Limited. The compliance of SPSUs with the Accounting Standards/ IND AS remained deficient, as there were 35 instances of non-compliance in 19 financial statements during the period October 2018 to September 2019.

3.27 Similarly, out of four active Statutory Corporations, three Corporations[71] forwarded their financial statements for audit during the period from October 2018 to September 2019. Of these, financial statements of Gujarat State Road Transport Corporation and Gujarat Industrial Development Corporation are subject to sole audit by the C&AG, which was completed and financial Statements of Gujarat State Financial Corporation was selected for supplementary audit. The Audit Report of Statutory Auditors and the sole/ supplementary audit of the C&AG mention the significant observations on the financial statements of the Statutory Corporations. These indicate the quality of financial statements and highlight the areas, which need improvement. The details of aggregate money value of opinion of Statutory Auditors and the comments of C&AG are given **Table 3.22** below.

[71] Gujarat State Road Transport Corporation, Gujarat State Financial Corporation and Gujarat Industrial Development Corporation.

Table 3.22: Impact of audit comments on the financial statements of Statutory Corporations

(₹in crore)

Sl. No.	Particulars	2016-17		2017-18		2018-19	
		No. of FSs	Amount	No. of FSs	Amount	No. of FSs	Amount
1.	Decrease in profit	2	28.75	-	-	1	12.52
2.	Increase in profit	1	0.74	-	-	-	-
3.	Increase in loss	1	682.68	1	599.89	1	0.11
4.	Decrease in loss	-	-	-	-	-	-
5.	Non-disclosure of material facts	1	0.09	1	1,180.98	1	31.49
6.	Errors of classification	1	189.25	2	525.11	1	52.57
	Total	**6**	**901.51**	**4**	**2,305.98**	**4**	**96.69**

FSs- Financial Statements.

Source: Compiled from the opinion of Independent Auditors Report and Comments of C&AG issued to Statutory Corporations.

The aggregate money value of Statutory Auditors' comments and C&AG's comments during the year 2018-19 was ₹ 96.69 crore.

During the period, Statutory Auditor expressed qualified opinion on financial statements of Gujarat State Financial Corporation.

During the period from October 2018 to September 2019, the Statutory Auditors had given qualified opinion for one financial statement. In case of Gujarat Industrial Development Corporation and Gujarat State Road Transport Corporation we are the sole auditors. The compliance of SPSUs with the Accounting Standards (ASs) remained deficient, as one instance of non-compliance were observed in one financial statement. Few instances of non-compliance of IND AS commented upon in the financial statements of SPSUs are discussed below:

i. Dahej SEZ Limited (2017-18)

The invoices of material purchased for construction of road under a work order awarded to a contractor was booked in the Company's books as purchase of material. The Contractor included the material cost in its RA bills. In the Annual Financial Statements, the Company has again included the cost of material ₹ 40.03 lakh in Capital works-in-progress that has resulted in double accounting of material cost under CWIP. This has resulted in overstatement of Capital works-in-progress and Current Liabilities by ₹ 40.03 lakh.

ii. Gujarat State Petronet Limited (Standalone) (2018-19)

The Company retrospectively revised Tariff of its 48 customers as per PNGRB order. One among the 48 customers *viz.,* Torrent Power Limited (TPL) objected to the said retrospective billing and obtained a stay order for implementation of the PNGRB order on 10 December 2018 from the Gujarat High Court. The Company, therefore, issued invoices to TPL at the old rates during the financial year 2018-19. The Company did not disclose the above information regarding uncertainty of revenue required by IND AS 115. The disclosure regarding tariff fixation was deficient to above extent.

iii. Gujarat Metro Rail Corporation Limited (2018-19)

The Company followed the Accounting policy for recognising the price variation claims on its acceptance, which did not comply with requirement of IND AS 37. Therefore, the Company did not recognise the obligation of ₹ 43.35 crore on accrual basis. This has resulted in understatement of Other Current Liabilities and corresponding understatement of Capital Work in Progress by ₹ 43.35 crore.

Response of the Government to Audit

Performance Audits and Compliance Audit Paragraphs

3.28 For the Report of C&AG of India for the year ended 31 March 2019, one Performance Audit Report and one audit paragraph contained in this report, were issued (May 2020) to the Management of SPSUs and the Additional Chief Secretaries/ Principal Secretaries of the respective Departments with request to furnish replies within four weeks. The replies in respect of one compliance audit paragraph was awaited from the Management/ Department (June 2020).

Follow-up action on Audit Reports

Replies outstanding

3.29 The Report of the C&AG of India represents the culmination of the process of audit scrutiny. It is therefore, necessary that they elicit appropriate and timely response from the executive. All the administrative departments of SPSUs need to submit, within three months of their presentation to the Legislature, the explanatory notes indicating the corrective/ remedial action taken or proposed to be taken on paragraphs and Performance Audits included in the Audit Reports.

Table 3.23: Explanatory notes not received as on 30 September 2019

Year of the Audit Report	Date of placement of Audit Report in the State Legislature	Total Performance Audits (PAs) and Paragraphs in the Audit Report		Number of PAs/ Paragraphs for which explanatory notes were not received	
		PAs	Paragraphs	PAs	Paragraphs
2013-14	31 March 2015	2	5	1	3
2016-17	19 September 2018	1	6	1	3
Total		**3**	**11**	**2**	**6**

Source: Compiled based on explanatory notes received from respective Departments of GoG.

From the above, it could be seen that out of 14 Paragraphs/ Performance Audits, explanatory notes to 8 Paragraphs/ Performance Audits in respect of five[72] Departments were awaited (September 2019).

[72] (i) Health and Family Welfare Department; (ii) Industries and Mines Department; (iii) Roads and Building Department; (iv) Port and Transport Department; and (v) Agriculture, Farmers Welfare; and Co-operation Department.

Discussion of Audit Reports by Committee on Public Undertakings (COPU)

3.30 The status as on 30 September 2019 of Performance Audits and Paragraphs that appeared in Audit Reports (PSUs) and discussed by Committee on Public Undertakings (COPU) was as under:

Table 3.24: Performance Audits/ Paragraphs appeared in Audit Reports *vis-a-vis* discussed as on 30 September 2019

Period of Audit Report	Number of Performance Audits (PAs)/ paragraphs			
	Appeared in Audit Report		Paragraphs discussed	
	PAs	Paragraphs	PAs	Paragraphs
2013-14	1	5	-	2
2014-15	1	4	1	3
2015-16	-	4	-	-
2016-17	1	6	-	-
Total	**3**	**19**	**1**	**5**

Source: Compiled based on the discussions of COPU on the Audit Reports.

Compliance to Reports of COPU

3.31 Action Taken Notes (ATN) to four recommendations made on three paragraphs which pertained to three Reports of the COPU presented to the State Legislature in March 2017 and September 2018 had not been received (September 2019) as indicated below:

Table 3.25: Compliance to COPU Reports as on 30 September 2019

Report of COPU	Total number of recommendations in COPU Report	Number of recommendations for which ATNs not received
12th Report of 13th Assembly	1	1
2nd Report of 14th Assembly	1	1
3rd Report of 14th Assembly	2	2
Total	**4**	**4**

Source: Compiled based on ATNs received on recommendations of COPU from the respective Departments of GoG.

The Reports of COPU for which ATNs were not received, contained recommendations in respect of paragraphs pertaining to two[73] Departments, which appeared in the Reports of the C&AG of India for the year 2006-07, 2012-13 and 2013-14.

It is recommended that the Government may ensure that replies to Explanatory Notes/ Draft Paragraphs/ Performance audits and ATNs on the recommendation of COPU are as per the prescribed time schedule.

[73] (i) Industries and Mines Department; and (ii) Forest and Environment Department.

Part-II

Chapter IV

Performance Audit relating to Public Sector Undertakings (Other than Power sector)

Part-II

Chapter IV

Performance Audit relating to Public Sector Undertakings (Other than Power sector)

Gujarat Mineral Development Corporation Limited

4 Mining activities of Gujarat Mineral Development Corporation Limited

Executive Summary

Introduction

Gujarat Mineral Development Corporation Limited (the Company) was incorporated in May 1963 as a Private Limited Company to undertake mining of minerals in the State of Gujarat. It was converted into a wholly owned Government Company in July 1971.

The mining of minerals and power generation operations of the Company contributed 77 and 23 *per cent* respectively of its operational revenue during last five years. The mining activities mainly relate to Lignite, Bauxite and Fluorspar.

Audit Findings

Status of mining leases of the Company

The Company had 24 mining leases as on 31 March 2019 out of which nine were non-operational. Of these, in five leases, the Company had neither submitted application for extension nor undertook mining operations.

Absence of review of the business plan

Important goals of the sole business plan of the Company were not achieved. Audit observed that neither the mechanism for monitoring the achievement of business plan was in place nor business plan was prepared for subsequent periods.

Project formulation and estimation

Audit observed instances of non-achievement of the targets of production set in the Mine Plan (MP) which indicated need for revision of MP on more realistic basis as the mining during the remaining period will not be completed as per the approved MP.

In two cases, there was short deposit of ₹ 59.53 crore in escrow accounts for Mine Closure of Lignite projects.

Audit observed that the Company was yet to frame any policy regarding retention or sale of the acquired private freehold land after mineral reserves are exhausted.

In one case, the Company acquired land of ₹ 13.70 crore before completing the preliminary assessment of viability of a project. The project was subsequently closed and the land remained unutilised. Besides overpayment of ₹ 4.81 crore was noticed in eight land compensation cases.

Core mining activities conducted through contractors

The standard terms for rate fixation in turnkey Lignite mining agreements were not finalised even after more than 10 years. Audit also observed deficiencies in the system for tendering and awarding of turnkey Lignite mining agreements that had resulted in avoidable loss of ₹ 17.75 crore.

Deviation from terms of turnkey mining agreements resulted in extra expenditure of ₹ 23.38 crore in one case, undue benefit of ₹ 23.30 crore in one case and additional payment of ₹ 1.48 crore in one case.

System for Monitoring of mining activities at Lignite and Bauxite projects

Deficient monitoring of turnkey mining agreements system resulted in avoidable loss of ₹ 104.64 crore in 10 cases, undue benefit to contractor of ₹ 21.02 crore in two cases and arbitration claim of ₹ 107.01 crore in one case.

Marketing of Minerals

The Company separately collected Mine Closure Fund through invoices for Lignite sale and avoided royalty payment of ₹ 33.11 crore on it.

Discharge of Corporate Social Responsibility and other statutory mandates

Audit noticed violations of the conditions of Environmental Clearances related to Corporate Social Responsibility (CSR) expenditure in two cases which had resulted in incurring ₹ 52.47 crore less for CSR expenditure.

Introduction

4.1 Gujarat Mineral Development Corporation Limited (the Company) was incorporated in May 1963 as a Private Limited Company to undertake mining of minerals in Gujarat. It was converted into a wholly-owned Government Company in July 1971.

The Company is engaged in mining of minerals and power generation, which contributed 77 and 23 *per cent* respectively of its operational revenue. The mining activities mainly relate to Lignite, Bauxite and Fluorspar. The Company is the largest merchant seller of Lignite in the country with an annual production capacity of 90 lakh MT *per annum*. The Company earned a profit before tax of ₹ 307.30 crore from its total revenue of ₹ 2,022.26 crore for the year 2018-19. The Company has also entered into joint ventures (JVs) for development and sale of minerals like Bauxite, Fluorspar, Manganese and Limestone.

As per the data published by Indian Bureau of Mines (IBM)[1], Gujarat had total proven reserves of 1,278.65 million metric tonnes (MMT) of Lignite and 331.27 MMT of Bauxite. As against this, as on March 2019, the Company had economically extractable Lignite reserves of 169.70 MMT at its five Lignite projects and extractable Bauxite reserves of 29.38 MMT at its two Bauxite projects.

During the period of audit, Lignite and Bauxite contributed 98.23 and 1.70 *per cent* respectively of the total mining revenue of the Company. The details of production and revenue of Lignite and Bauxite mining are given in ***Annexure*** **10** and **11** respectively.

The Company supplies Lignite to three Thermal Power Stations[2] (TPSs) and 33 different categories of industry in the State. The Company supplied Bauxite to its JV and conducted 11 auctions. Other minerals[3] were supplied to industries on receipt of demand therefrom and the ore from Manganese dump was supplied to its JV for beneficiation.

Organisational Set-up

4.2 The Management of the Company is vested in Board of Directors (BoD) comprising of a Chairman, a Managing Director (MD), two functional Directors, and four Independent Directors. The MD is the Chief Executive of the Company and is assisted by Chief General Manager (CGM) and Chief Financial Officer (CFO), Senior General Manager (SGM), General Managers (GMs), Deputy General Managers (DGMs), Senior Managers (SMs) and Company Secretary (CS) in the day-to-day functioning of the Company.

Audit Objectives

4.3 The Performance Audit (PA) was conducted to obtain a reasonable assurance that:

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1 IBM Year Book released in July 2019. IBM is a regulatory body for promotion of systematic and scientific development of mineral resources of the Country through regulatory inspections of the mines and approval of mining plans of all minerals other than Coal and Lignite.

2 Akrimota Thermal Power Station (ATPS), Kutch Lignite Thermal Power Station (KLTPS) and Gujarat Industries Power Company Limited (GIPCL), Lignite to Bhavnagar Lignite Thermal Power Station (BLTPS) was supplied up to 2018.

3 Limestone, Silica sand, Ball clay, Bentonite, *etc*.

- the planning and execution of mining activities were in accordance with applicable laws, rules and regulations prescribed by the statutory authorities;
- the system for award of contracts was transparent, terms and conditions of the contracts were periodically reviewed and the contracts were efficiently monitored for effective implementation;
- the production and sales activities were carried out economically and efficiently adhering to required rules and approved policies and marketing/ sales activities ensured revenue optimisation;
- the environmental laws, regulations and rules complied within the execution of mining activities; and
- the internal control mechanism and monitoring system were adequate and efficient, and mandate for Corporate Social Responsibility was effectively discharged.

Scope of Audit and sampling

4.4 A Performance Audit (PA) on the mining activities of the Company was conducted for the period 2001-06 and was included in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2006 (Commercial) – Government of Gujarat. The Committee on Public Undertakings (COPU) discussed (28 January 2011) the report and no recommendations were made *vide* COPU's 18th Report of 12th Assembly.

The present PA was conducted between February and November 2019. The PA reviewed the mining activities of the Company for a period of five years from 2014-15 to 2018-19. The Company operated six Lignite projects[4], two[5] Bauxite projects, a Manganese project (Shivrajpur), a Fluorspar project (Kadipani) and a Multimetal project (Ambaji). Audit selected three Lignite projects *viz.,* Mata no Madh, Tadkeshwar and Bhavnagar located in different geographical strata with the highest production for detailed scrutiny. The remaining three Lignite projects including Panandhro (where Lignite reserves exhausted in April 2019) were generally reviewed. Of the two Bauxite projects, Gadhsisa project having major production was selected for detailed scrutiny and records of transactions with, a Joint Venture formed for Bauxite beneficiation and processing were reviewed.

Audit Criteria

4.5 The following audit criteria were adopted for assessing the performance of the Company:

- Mines Act, 1952; Mines Rules, 1955; Mines and Minerals (Development and Regulation) Act, 1957; Mineral Concession Rules,

4 Bhavnagar (District-Bhavnagar), Mata no Madh (District-Kutch), Panandhro (District-Kutch), Rajpardi (District-Bharuch), Tadkeshwar (District-Surat) and Umarsar (District-Kutch).

5 Gadhsisa (District-Kutch) and Mevasa (District-*Devbhoomi* Dwarka).

1960, Mineral Conservation and Development Rules, 1988, Auction by Competitive Bidding of Coal Mines Rules, 2012;

- Gujarat Mineral Policy, 2003 and Gujarat Mineral Concession Rules, 2010;
- Relevant Notifications/ Circulars/ Guidelines issued by the Government of India (GoI)/ Government of Gujarat (GoG)/ office of the Commissioner of Geology and Mining/ Court Orders;
- Forest Conservation Act, 1980, Forest Conservation Rules, 2003; Water (Prevention and Control of Pollution) Act, 1974, Air (Prevention and Control of Pollution) Act, 1981, Environment Protection Act and Rules, 1986; standard operating procedures for operating mines issued by office of the Director General of Mines and Safety and their inspection reports;
- Agenda and Minutes of the meetings of the Board of Directors (BoD), annual budgets, annual production plans and production reports, Annual Reports;
- Project reports/ Mine Plan (MP), Mine Closure Plans (MCPs); and
- Purchase and works manuals and procedure of the Company, Notice inviting tenders, agreements, contracts for production and sale of mineral ore.

Audit Methodology

4.6 An Entry Conference was held on 24 June 2019 with the MD of the Company wherein Audit scope, objectives and Methodology was explained. The methodology included scrutiny of records at Corporate Office and Project Offices, interaction with auditee personnel, collection of information through audit requisitions, analysis of data with reference to audit criteria and issue of audit observations.

The draft performance audit (draft PA) report was issued to GoG/ Company on 15 May 2020. The replies were received from Company on 06 July 2020. An Exit Conference was held on 08 July 2020 with the MD and senior officials of the Company and Deputy Secretary (Industries and Mines Department, GoG) wherein important audit findings were discussed. The responses received to the Draft PA Report and at the time of Exit Conference have been suitably incorporated in relevant paragraphs.

Achievements, Good practices and Corrective actions

4.7 The Company had won the National Mine Safety award for lowest injury frequency rate *per* million cubic meter of output during 2015-16. Further, the Company had a robust and transparent marketing system for allocation of Lignite. Proportionate allocation was made in advance based on registered capacity of the customers, which ensured equitable distribution of Lignite. The allocated quota for the Lignite for each fortnight is also published on Company’s website.

The Company also took prompt corrective actions on five audit observations made during the performance audit. The gist of the audit observations and the actions initiated by the Company are discussed in ***Annexure* 12.**

Audit Findings

4.8 Audit reviewed the various activities related to mining operations of the Company and the observations are discussed in the succeeding paragraphs.

Status of mining leases of the Company

4.9 The Company has mining leases for Lignite, Bauxite, Fluorspar and Multi-metal. The mining leases are governed by the Mines and Minerals (Development and Regulation) Act, 1957 (MMDRA). Various stages of grant of mining lease and commencement of mining operations are as under:

- Submission of mining lease application to GoG;
- Forwarding of mining lease application by GoG to GoI for approval;
- Approval for mining lease received from GoI;
- Submission of Mining Plan (MP) to Ministry of Coal[6] (MoC) or Indian Bureau of Mines[7] (IBM) for approval;
- Submission of application for Environmental clearance (EC) to the Ministry of Environment, Forest and Climate Change, GoI (MoEF&CC);
- Grant of EC by MoEF&CC;
- Execution of mining lease between GoG and the Company for periods ranging from 20 to 30 years;
- Land acquisition;
- Commencement of the mining operations after permission from District Collector office;
- Payment of royalty for the minerals extracted and other levies[8] to GoG.

As on March 2019, the Company had 24 mining leases of which nine were non-operational as detailed in **Table 4.1** below:

[6] Mining plan is approved by Ministry of Coal in case of coal and Lignite.

[7] Indian Bureau of Mines (IBM) is a regulatory body for promotion of systematic and scientific development of mineral resources of the Country through regulatory inspections of the mines and approval of mining plans of all minerals other than Coal and Lignite.

[8] Contribution towards District Mineral Foundation and National Mineral Exploration Trust Fund, Central Goods and Service Tax (CGST), State Goods and Service Tax (SGST), *etc*.

Table 4.1: Details of mining leases as on March 2019

Name of Mineral	Number of leases		Revenue for 2018-19 (₹ in crore)	No. of Non-operational leases	Number of years since non-operational			
	Total	Operational			Since inception	1-3	3-6	6-9
Lignite	10	8	1,478.35	2	2	-	-	-
Bauxite	11	7	15.50	4	-	1	1	2
Fluorspar	2	-	-	2	-	-	2	-
Multi-metals	1	-	-	1	1	-	-	-
Total	**24**	**15**	**1,493.85**	**9**	**3**	**1**	**3**	**2**

(**Source:** Information provided by the Company.)

Besides, the Company was awarded work permit for removal of Manganese waste dump at Shivrajpur and sale of minerals extracted during overburden removal (OBR) at its Lignite mining projects.

The status of 9 out of 24 mining leases that are non-operational as on March 2019 is provided in ***Annexure* 13.** These nine non-operational leases shall lapse by an order of GoG as per Section 4A (4) of the MMDRA on expiry of two years from the date of lease deed/ discontinuance of mining operation unless an application is made by the Company for its extension. The Company had neither submitted its application for extension of above nine leases nor initiated any action to undertake mining operation till date (November 2019).

The Management provided (July 2020) the reasons of these leases being non-operational and stated that extension of mining leases of four Bauxite mines has been obtained recently.

The five non-operational leases (except Bauxite) may lapse if application for extension is not made by the Company.

The Company may submit application in time for extension of non-operational leases before their expiry.

New Lignite blocks awarded to the Company

4.10 As per the amendment (January 2015) to the MMDRA by GoI, all the pending mining lease applications were rendered ineligible. Subsequently, the Company did not apply for any mining lease applications for any minerals. The Company was awarded six Lignite blocks by the GoI under allotment/ reservation under the amended MMDRA and Auction by Competitive Bidding of Coal Mines Rules, 2012 (CBCMR). The details of these new blocks are provided in ***Annexure* 14.**

Audit reviewed the process of allotment/ reservation of these blocks and the related activities by the Company for obtaining these Lignite blocks. Audit observation on non-submission of application for reservation of blocks by the Company is given below:

Lignite blocks allotted under Competitive Bidding of Coal Mine Rules

4.10.1 The Company signed the Lignite Block Development and Production Agreement (LBDPA) for Panandhro Extension (2,662 ha), Bharkandam Block (1,088 ha) and Ghala Block (323 ha) under Rule 7 of CBCMR. The Lignite from Panandhro Extension Block is reserved for supply to Akrimota Thermal Power Station (ATPS) of the Company and from remaining two blocks is reserved for small and medium scale enterprises.

The Company applied (14 September 2015) for reservation of Ghala Block (1,600 ha) under Section 17A (2) of the MMDRA which was approved (24 June 2016) by MoC. The Company subsequently surrendered (16 August 2017) Ghala block (323 ha) as its allotted area did not include the entire Lignite basin and the Lignite produced from blocks reserved under Section 17A (2) of the MMDRA was cost-effective and beneficial for small and medium enterprises.

In case of blocks allotted under CBCMR, reserve price and intrinsic value of the block along with royalty is payable on Lignite produced from block. On the other hand, in case of blocks reserved under MMDRA, only royalty is payable on the Lignite produced from the block. Thus, the cost of production for Lignite produced from the block allotted under CBCMR would be higher.

Audit observed (November 2019) that the Company, despite having assessed the benefits of reservation under Section 17A (2) of the MMDRA, applied for the reservation of only one block instead of all the three blocks allotted under CBCMR.

The Management replied (July 2020) that the Lignite reserves of remaining two blocks were very less and the Company had reserves in other leases, which are adequate for next 25 years. Also, the cost of production under reservation and allotment could not be compared at this stage and the MoC may not entertain all proposals for reservation.

The fact remains that the Company has to develop these mines within specified period as per the LBDPA and the cost of production for blocks allotted under CBCMR would be higher. Moreover, the Company did not make any efforts for reservation of these two blocks allotted under CBCMR.

Absence of review of the business plan

4.11 The Company prepared its first comprehensive business plan for a period of five years from 2013-14 to 2017-18. The details of important goals of the above plan and achievements there against as on 31 March 2019 are given in **Table 4.2** below:

Table 4.2: Goals and achievement as per the business plan of the Company for the period 2013-18 as on 31 March 2019

Goals	Achievement
Increase turnover from ₹ 1,800 to ₹ 6,000 crore.	Operational Revenue – ₹ 1,880 crore *plus* Interest and other income – ₹ 142 crore
Double Lignite production from 109 to 218 lakh MT.	Lignite production– 92 lakh MT.
Double power generation capacity from 405 to 815 MW.	Total Power generation capacity – 456 MW (Thermal – 250 MW and Renewable – 206 MW).
Increase Bauxite production capacity from 8 to 28 lakh MT.	Bauxite production achieved – 1.18 lakh MT (Annual capacity of working mines – 7.41 lakh MT).
Increase the number of JVs for value addition in the mineral sector.	A JV for beneficiation of manganese ore was added.

Source: Information provided by the Company

Audit observed (November 2019) that no mechanism for monitoring the achievement against the Goals set in the business plan was in place. The Company did not periodically monitor the achievement of its business plan despite changes in the regulatory environment concerning mining leases and acquisition of land having an impact on the Company's business operations. Lower prices of imported coal in 2015-16 affected Lignite demand and competition in the Bauxite market affected its demand. Further, no business plan was prepared for subsequent periods.

The Management replied (July 2020) that due to various non-controllable operational, regulatory and market constraints, it was difficult to achieve long-term targets and hence the Company was preparing annual budgets. The Management assured that a vision document for the period (2020-30) would be prepared.

Project formulation and estimation

4.12 The project formulation for a mining project is undertaken after receipt of mining lease and signing of lease deed with GoG. The data collected during the detailed exploration of the lease area is utilised to estimate mineral and assess the economically extractable reserves. The Company prepares a Mine Plan[9] (MP) for excavation of minerals from the leased area and includes the Mine Closure Plan (MCP). The possession of Government land is obtained after signing of lease deed and possession of private land on freehold basis is obtained based on the progress of mining activity in the mining lease area. The exploration activity and mineral extraction after Overburden Removal/ Inter-burden Removal (OBR/ IBR) are executed on turnkey basis by the contractors. The Project Offices monitor the mining activities of contractors for ensuring compliance with applicable laws and regulations and achieving the targets for production. The Corporate Office of the Company is marketing the minerals produced that are dispatched from respective mines.

[9] Mine Plan is a document submitted by mine owner providing details of Location, Topography and Communication, Exploration, Geology and Reserves, Mining, Manpower, Safety and Supervision, Lignite handling, Mode of dispatch, Infrastructure facilities, Land Requirement, Environmental management plan, Progressive and Final Mine closure plan.

The audit observations related to project formulation are discussed in detail in succeeding paragraphs.

Need for revision in Mine Plans based on actual progress at Lignite projects

4.12.1 The minerals are excavated from the leased area as per the approved MP. The details regarding targets as per MP, targets set by the Company and actual achievement there against are provided in ***Annexure* 15.**

Audit observed that the targets set in the MP were unrealistic as in 72 *per cent* cases, the targets set by the Company were lower than the MP. Also, the actual achievement of the target was lower in 60 *per cent* cases. The main reasons for lower achievement of the targets were lower demand from the consumers, lower production due to geological disturbances in the contract area, delay in land acquisition, *etc*. The lower production of Lignite *vis-à-vis* the targets in MP indicated the need for revision of MPs to be on more realistic basis as the mining during the remaining period will not be completed as per the approved MP.

The Management replied (July 2020) that maximum production capacity for the mine was considered while preparing the Mine Plan as the approval and related clearances was a time consuming process.

The fact remains that the Mine Plans were not revised based on actual production capacity.

The Company may fix a timeframe within which mine plans are reviewed and revised, if required.

Short deposit of funds in the Escrow account for Mine Closure

4.12.2 The Mine closure cost is estimated by the mine owner in the MCP that is annually deposited in an escrow account with a scheduled bank. The Company opened project-wise six escrow accounts. Audit reviewed the MCPs and deposits made in escrow accounts by the Company and observed (June/ November 2019) that ₹ 59.53 crore were short deposited in escrow accounts of Bhavnagar and Panandhro Lignite projects as on March 2019 as discussed below:

- The MP for Bhavnagar Lignite Mines was approved (2006) with production capacity of three MMT *per annum* (MMTPA). The Company submitted (July 2012-March 2013) a draft revised MP including MCP to increase the production capacity from three to five MMTPA with 2011-12 being the first year for the remaining 16 years. The MCP in the revised MP was approved (9 May 2016) with total Mine closure cost of ₹ 200.16 crore[10] with Wholesale Price Index (WPI) of July 2013. The Company considered 2013-14 as the first year and deposited ₹ 85.09 crore until March 2019.

[10] 2,465 ha × ₹ 8.12 lakh *per* ha.

The Coal Controller's Organisation (CCO) informed (13 December 2016) that the 16 years balance life of Mine was considered from 2011-12 and WPI of July 2013 was considered for yearly deposition in the escrow account. It was further advised by CCO to change the balance life of mine and yearly deposition to escrow account. Thus, the revised balance life of the mine should have been 14 years. Audit observed that the Company ignored the above facts for deposition by considering the balance life of mine as 16 years from the year 2013-14 and deposited ₹ 85.09 crore instead of ₹ 97.25 crore as on March 2019. Thus, the Company short deposited ₹ 12.16 crore in escrow account ignoring the advice of CCO as on March 2019. It was further observed that considering balance life of mine as 14 years from 2013-14 would be beneficial to the Company as the total deposit till the end of mine will be less by ₹ 15.75 crore as compared to the current methodology adopted.

The Management replied (July 2020) that the matter was represented to the CCO for review and the reply of CCO is awaited.

- The Panandhro project had a total area of 1,719 ha comprising of two leases of 1,151 ha and 568 ha. The mineral reserves had exhausted in March 2019. The Company deposited (August 2018) a single instalment of total mine closure cost of ₹ 96 crore[11] for the Panandhro project without submission of MCP. The Company while computing the mine closure cost of ₹ 96 crore ignored the mine closure cost for 568 ha of project area amounting to ₹ 47.37 crore[12]. Due to the non-submission of MCP, the withdrawal of the above deposited amount on completion of the mine closure activities is uncertain as Mine closure guidelines allows withdrawal of funds only against activities included in the approved MCP.

The Management replied (July 2020) that Lignite from lease area of 568 ha exhausted in March 2007 before the mine closure guidelines became applicable. It was further stated by the Management that there is no provision in the guidelines to be effective from retrospective date. The Management also stated during Exit Conference (July 2020) that the CCO had all the details of the lease and no objection of CCO had been received towards short deposit of mine closure cost for Panandhro mines.

The fact remains that the Company has never taken specific approval of CCO for not depositing the mine closure cost of ₹ 47.37 crore for 568 ha lease. It is pertinent to mention that in another similar case of Rajpardi mine (G-19), where also the reserves had exhausted prior to applicability of the mine closure guidelines, the Company took specific approval of CCO for not depositing the mine closure cost.

The Company may deposit mine closure cost of ₹47.37 crore for 568 ha lease at Panandhro.

[11] 1,151 ha × ₹ 8.34 lakh *per* ha (based on WPI of March 2018).

[12] Mine closure cost for 568 ha = ₹ 8.34 lakh (per ha cost of mine closure) × 568 ha = ₹ 47.37 crore.

Acquisition of land

4.12.3 The land required by the Company is acquired from the State Government as well as private land owners.

Government Land - The Company receives possession of Government land on leasehold basis and pays surface rent based on leased area.

Private Land - The land from private land owners is acquired on a freehold basis by outright purchase. The payment for outright purchase to private land owners for regular or consent award is declared by the Land Acquisition Officer (LAO) under the Land Acquisition Act, 1894 (Land Act) and the Right to Fair Compensation and Transparency in Land Acquisition, Rehabilitation and Resettlement Act, 2013 (New Land Act). The aggrieved private land owners file Land Reference Cases for additional land compensation. The additional land compensation determined under the above-mentioned Acts by the Court is deposited in the Court by the Company.

Audit observations regarding land acquisitions are discussed below:

Status of acquired private freehold land after the expiry of mining lease

4.12.3.1 The Company started acquisition of private land from 1987 onwards for its various projects and has paid compensation of more than ₹ 400 crore (March 2019). The Company acquired 183.87 ha land at Rajpardi mines and 1,719 ha land at Panandhro Mines where mineral reserves were exhausted in 2006 and 2019 respectively. The Government land will lapse to Government on completion of Mine Closure activities to the satisfaction of CCO/ expiry of mining lease.

Audit observed that the Company is yet to frame any policy regarding retention or sale of the acquired private freehold land after mineral reserves are exhausted. Also, there are chances of encroachment if suitable policy regarding utilisation of such land is not framed by the Company. A clear policy will help the Company in taking appropriate action before undertaking final Mine Closure activities.

The Management stated (July 2020) during the Exit Conference that a proper policy shall be framed in consultation with the GoG.

Purchase of land before ascertaining the viability of the proposed JV project

4.12.3.2 The Company planned (June 2012) for setting up an Alumina and Aluminium Smelter Plant of one MMTPA capacity in Kutch District in Joint Venture with National Aluminium Company Limited (NALCO). The Plant was to be set up considering the estimated Bauxite reserves of Kutch District. The Company paid ₹ 13.70 crore and took advance possession (February 2013) of 104.42 ha government land for the proposed Plant. NALCO, in its Detailed Project Report (August 2013/ July 2016), reported the project as unviable, therefore the Company decided (July 2016) not to pursue the project.

Thus, the Company acquired land worth ₹ 13.70 crore for the project before completing the preliminary assessment for its viability that did not reflect financial prudence. Further, even after the lapse of four years from the Company's decision (July 2016) for not pursuing the project, the land has remained unutilised (July 2020).

The Management replied (July 2020) that it has approached the GoG in April 2019 for surrender of the land and refund of the amount paid.

Land acquisition outside the mining lease area

4.12.3.3 GoG granted (March 2000/ December 2005) Lignite mining lease for Mata no Madh Project. The Company acquired (January 2013) Lignite bearing private land measuring 32.3549 ha, which was outside the mining lease boundary for ₹ 2.48 crore. The Company had already completed (2008-09) Lignite excavation in the adjacent land located inside the lease boundary. Audit observed (November 2019) that the Lignite from the land located outside mining lease boundary was not excavated and it remained idle since possession.

The Management replied (July 2020) that the land acquired may be used in future as it is Lignite bearing and cost of acquisition would have increased in future.

The reply is not acceptable as mining in adjoining land is already completed and hence, excavation of Lignite from this land may not be financially feasible.

Overpayment in Land reference case at Lignite projects

4.12.3.4 Audit reviewed the payments for one regular award for land acquired under New Land Act by Land Acquisition Officer for Bhavnagar project and 12 out of 13 additional land compensations awarded under Land Act during the period from 2014-15 to 2018-19 based on various Court judgments.

The amounts for additional land compensation are determined based on *kabja pavti*[13] under Land Act and New Land Act. Audit observed that proper records of the same were not maintained at various projects. Incorrect calculation for additional land compensation had resulted in overpayment of ₹ 4.81 crore in eight cases. The overpayments reflected deficient internal control in checking payments to be made for additional land compensation.

While accepting the audit observation, the Management stated (July 2020) that as the money was deposited in various courts and had not yet been disbursed to the landowners, it has initiated action by filing recovery applications through its advocates. The Management also informed that Special Land Cell had been created in the Company for land related matters.

13 A document recording the date of possession of land.

Inconclusive land use of the non-Lignite bearing area at Bhavnagar project

4.12.4 The Company submitted (April 2011 - September 2013) the draft revised MP due to increase in production capacity from three to five MMTPA for Bhavnagar Lignite Project. As the non-Lignite bearing private land of 322 ha (Block D) was of no use, it was proposed to be surrendered in the draft revised MP. Later on, the Company informed (March 2013) the MoC that Block D may be retained for external OB dumping in future. In the revised MP, Block D was included without a conclusive land-use plan.

The Project Office, Bhavnagar requested (February 2016) for the surrender of Block D due to land acquisition issues of the irrigated land and additional mine closure costs[14]. However, the Company did not review the status of Block D till date (July 2020).

The Management stated (July 2020) during the Exit Conference that though the end use of this land was not included in the present MCP, the same would be included in future MP for use as an external dump site.

The reply ignores the fact that there are land acquisition issues as stated by the Project Office and hence the Company may not be able to acquire and use it as an external dump site.

Pyrite removal plant at Bhavnagar project

4.12.5 The Lignite produced at Bhavnagar mines has higher Sulphur content, therefore the Company decided to set up a Pyrite[15] removal plant at Bhavnagar Lignite Project. The Company issued (November 2010) work order to Contractor A for processing 1.5 MMTPA raw Lignite at ₹ 111 *per* MT excluding service tax. The Company estimated annual net revenue of ₹ 18.73 crore from sale of iron and sulphuric acid extracted from the Pyrite generated. The plant commenced operations (March 2015) but was shut down due to fire (March 2017). The crushing activity re-commenced (July 2017) and the plant operations at full capacity were restored (January 2018). The Company supplied a total of 3.59 lakh MT (average monthly quantity of 8,758 MT[16]) of raw Lignite between March 2015 and May 2019 to the Pyrite removal plant.

Due to low demand for processed Lignite from market and Bhavnagar Energy Company Limited[17], the Company was unable to supply the minimum quantity of 35,000 MT *per* month of raw Lignite. Contractor A requested (July 2016) for payment of processing charges for 35,000 MT raw Lignite *per* month payable as per the terms of the work order. As the Company was not

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14 Mine closure cost is worked out on *per* hectare basis on total lease. The amounts are deposited in an escrow account to be utilised only for mine closure activities.

15 Pyrite is a sulphide mineral composed of iron and sulphur.

16 3,59,060 MT ÷ 41 months (March 2015 to May 2019 *less* 10 months of fire incident).

17 The major consumer of processed Lignite was supposed to be power plant of Bhavnagar Electricity Company Limited (BECL). However, the arrangement of supplying Lignite to BECL was only a stopgap arrangement till the captive mine of Gujarat Power Corporation Limited was transferred to BECL. As such, the arrangement with BECL never guaranteed continuous future demand.

supplying the minimum quantity, it is liable to pay ₹ 11.94 crore[18] processing charges for the shortfall quantities. The Company also constructed (August 2016) a shed at the cost of ₹ 2.19 crore for storage of 22,000 MT Pyrite nodules but had less than 500 MT Pyrite nodules which remained unsold (July 2020). Due to short supply of raw Lignite for processing in Pyrite removal plant, the envisaged net revenue of ₹ 18.73 crore from sale of iron and sulphuric acid could not be earned.

Thus, the Pyrite removal plant was set up by the Company without assessment of market demand for processed Lignite. Besides, the storage facility created for pyrite nodules remained underutilised. Further, due to the short supply of raw Lignite, it has become liable for the payment of the minimum processing charge of ₹ 11.94 crore.

The Management replied (July 2020) that the contractor had not raised any claim regarding liability for minimum processing charges and the Company was making payment as per the Running Accounts (RA) bills raised by the contractor. It was also stated that demand for processed Lignite was less as the processing increased the cost of the Lignite. It further stated that the storage shed was constructed to comply with EC conditions.

The reply ignores the fact that there is a contractual liability of ₹ 11.94 crore which has also been noted by the Company in its records. Also, the EC conditions did not specify the capacity of storage shed, which should have been decided after proper analysis of production of pyrite nodules.

Core mining activities conducted through contractors

4.13 The Company awards contracts for excavation of Lignite and Bauxite after removal of Overburden/ Inter-burden (OB/ IB)[19]. In this regard, the Company finalises the contract area details, specific gravity and Stripping Ratio (SR)[20] involved, estimation of the quantity of OB/ IB and Lignite/ Bauxite, terms and conditions for the contract, *etc.*, before inviting tenders. The Company awards turnkey contracts for its core mining activities of extraction and loading Lignite and mining, grading and stacking of Bauxite. During 2014-19 the Company had awarded/ under execution 16 contracts for Lignite mining, 14 contracts for Bauxite mining besides other contracts. The Company primarily monitors the work done by the contractors to ensure targeted production after compliance with various statutory rules and regulations.

Audit reviewed the system for tendering and awarding of contracts and monitoring of contract execution. All contracts for Lignite mining, 13 out of

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18 Minimum billing months = 41 months (March 2015 to May 2019 *less* 10 months of fire incident) Additional processing charges = [(41 months × 35,000 MT) – 3,59,060 MT] × ₹ 111 *per* MT.

19 Overburden is the material (soil, clay, limestone, *etc.*) that lies from the surface level to the first layer of Lignite. Inter-burden is the material (soil, clay, limestone, *etc.*) that lies between two layers of Lignite.

20 Stripping Ratio (SR) is the ratio between volume of OB/ IB and quantity of Lignite. It is stated in the form of volume (in m^3) of OB/ IB required to be removed for extraction of one MT of Lignite.

14 contracts for Bauxite mining and one contract for setting up of Effluent Treatment Plant (ETP) at all Lignite projects were selected for review.

System for tendering and awarding of contracts

4.13.1 Audit observed that the standard terms for fixation of rate for payment to the contractors for turnkey contracts awarded for Lignite mining have not been finalised till date (July 2020). Audit also observed deficiencies in the system for tendering and awarding of turnkey mining contracts which resulted in avoidable loss of ₹ 17.75 crore. The audit observations are discussed in succeeding paragraphs.

Failure to adopt uniform pricing terms for turnkey Lignite mining contracts

4.13.1.1 Uniform policy for fixing the rates in the contracts awarded for similar activities removes ambiguity and facilitates timely and correct payment. Uniform policy also reduces financial loss, litigations, *etc.,* due to incorrect interpretations of different contract terms.

The Company had commenced awarding turnkey Lignite mining contracts from 2006-07 onwards. The review of Lignite mining contracts executed during the period from 2014-15 to 2018-19 revealed that the Company failed to finalise standard terms for fixation of rate for payment to the contractors for turnkey Lignite mining contracts even after more than 10 years. The Company adopted three base payment methodologies[21] for fixation of rate. It also used certain other conditions like Constant[22], etc. and the contractors were paid after calculating rate arrived through seven different methods as discussed in the ***Annexure* 16**. This resulted in financial losses to the Company by way of payment based on higher contracted Stripping Ratio (SR) against actual SR which was lower, not using constant in all the contracts, *etc.*

The Management replied (July 2020) that the Company would review the contracts and appropriate steps would be taken accordingly.

Variation in tendered and contracted Stripping Ratio for existing mines

4.13.1.2 The Company estimates the SR based on quantities of OBR in cubic metres (m^3) and quantities of Lignite dispatch in metric tonnes (MT). The bidders quote their rates *inter alia* based on the estimated SR declared in the tender documents. Audit reviewed the contracts awarded for Lignite mining at all six Lignite projects and observed (August/ December 2019) that in three contracts[23], the contracted SR was lower than the tendered SR on account of continued work of OBR/ IBR in the proposed working area till new turnkey contract work was finalised. Lower contracted SR would result in lower quantities of OBR/ IBR *per* MT of Lignite dispatched and would be beneficial to the contractors. However, the Company, without accounting for

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21 Composite Rate; Component-wise rate; Component-wise and item-wise rate.

22 Constant is the ratio between actual SR and contractual SR. In case the actual SR is lower than contractual SR, using constant will protect the financial interests of the Company as rate will be in proportion to the actual SR achieved. The Company first adopted the concept of Constant in contract awarded in 2010.

23 Panandhro, Mata no Madh and Tadkeshwar.

lower contracted SR by reducing the quoted rates proportionately, awarded the contracts at the quoted rates that were based on higher tendered SR. Audit observed that by not reducing the quoted rates proportionately to adjust for lower contracted SR resulted in loss of ₹ 17.75 crore to the Company.

The Management replied (July 2020) that there was no provision in tender for pro-rata revision of quoted rates and as such it did not result in loss to the Company.

The reply indicates that the Company did not safeguard its financial interest wherein contracted SR was lower than tendered SR resulting in loss to the Company.

System for Monitoring of turnkey mining agreements

4.13.2 The Corporate Office of the Company monitors the contracts on an overall basis and the Project Offices monitors the day-to-day mining activities of the contractors. Audit reviewed reporting of contract details by the Project Office and monitoring mechanism at the Corporate Office. The observations are discussed in succeeding paragraphs.

Deviation from agreement terms of turnkey mining agreements

Reimbursement for hard strata - Tadkeshwar

4.13.2.1 The Company awarded (August 2009) turnkey mining contract to JV-RD at Tadkeshwar Lignite Project for five years with an estimated SR of 1:9 and agreed for payment of ₹ 340 *per* MT of Lignite dispatched. JV-RD encountered (June 2012) hard strata during mining and after its removal, represented (22 July 2014) for reimbursement of expenditure incurred thereon. Audit observed that though there was no provision in the agreement for reimbursement of hard strata removal work cost, the Company reimbursed JV-RD ₹ 23.38 crore incurred towards hard strata removal work. This resulted in extra expenditure for the Company.

The Management replied (July 2020) that the matter of hard strata was approved by the Tender Committee/ BoD after obtaining report of Expert Committee and legal opinion. The Management further informed that BoD took note that payment was linked with Lignite dispatch only and actual SR was 1:7.49 as against contracted SR of 1:9.

The fact remains that payment for hard strata was against the contractual conditions. Further, the BoD was not specifically informed about the financial benefit[24] received by JV-RD due to actual SR being lower than the contracted SR.

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24 Minimum benefit of ₹ 41.06 crore received by the contractor due to lower SR = ₹ 340 *per* MT × (9 - 7.49) ÷ 9 × 71.98 lakh MT of actual Lignite dispatch during the contract.

Higher rate benefit extended to the contractor during the contract period - Umarsar

4.13.2.2 The Company awarded (August 2014) turnkey mining contract for excavation of 50 lakh MT Lignite with 477 lakh m^3 OB/IB for five years to Contractor B at Umarsar Lignite Project. Contractor B was to be paid ₹ 555.55 per MT of Lignite dispatched along with escalation in diesel component. Contractor B could excavate only 43.25 lakh MT Lignite with 370.88 lakh m^3 OB/IB in 44 months from the contract area due to geographical disturbances within its working area. For the balance 16 months, Contractor B requested (June 2018) to allot additional plot for the balance contract quantity. The Company entered (23 July 2018) into a supplementary agreement with Contractor B for an available plot to excavate 5 lakh MT Lignite. Audit observed that in supplementary agreement, Company increased the rate of removal of Overburden/ Interburden, excavation of Lignite and its loading, which worked out to ₹ 853.79 *per* MT of Lignite dispatch. Thus, there was rate difference of ₹ 298.24 *per* MT of Lignite dispatch between the original and supplementary agreement. The rate difference further increased with passage of time due to price variation clause indexed to market rate of diesel. Audit also observed that as per the tender conditions, in case of unforeseen event, the work may be required to be carried out at other locations within the mine lease area without any extra claim. Since, balance period and balance quantities were available to be excavated under the original contract, paying higher price for additional plot was not justified. Contractor B excavated 4.26 lakh MT of Lignite and 80.86 lakh m^3 of OB/IB from the additional plot during the balance period. The total payment made to Contractor B was ₹ 46.91 crore. However, audit worked out that the total payment as per the original contract rate would have been ₹ 23.61 crore. This resulted in undue benefit of ₹ 23.30 crore to Contractor B.

The Management replied (July 2020) that the Lignite within the tendered boundary was exhausted and new tender was floated. In the meantime to maintain continuous supply of Lignite, a stop gap arrangement was made with the existing contractor at the rates received in the new tender.

The reply is not acceptable as the Company agreed for higher rate in violation of the tender conditions. Moreover, the total quantities executed including that from additional plot was within the contract quantities and period.

The Company may recover additional payment of ₹23.30 crore made to Contractor B for Lignite excavated from additional plot.

Non-adherence to clause of reassessment and incorrect rate fixation for additional Lignite – Mata no Madh

4.13.2.3 The Company awarded (February 2014) turnkey mining contract for dispatch of 148 lakh MT Lignite from 19.60 lakh sq.m. area at Mata no Madh Lignite Project to Contractor M. The Lignite was to be excavated from area above specified workable depth (SWD) provided in the tender document. The agreement also stipulated for extracting additional Lignite from area below SWD at the rate to be decided separately with reassessment of the quantities of Lignite and IB to extract Lignite from area below SWD. Contractor M dispatched 133.58 lakh MT Lignite excavated upto SWD from 12.83 lakh sq.m. area and 14.42 lakh MT Lignite excavated from below SWD. Audit observed that though the Contract conditions required reassessment of quantities of Lignite and OB/ IB in case of mining below SWD, the Company considered the quantity below SWD as part of the contracted quantity without reassessment for closing the contract with Contractor M. Also, 6.77 lakh sq.m. area remained unexcavated. Audit further observed that the payment for excavation of additional Lignite from below SWD was to be computed pro-rata as per the terms of the contract based on the composite rate[25] of ₹ 448 per MT of Lignite dispatched, which included loading cost also. However, the Company, while computing the rate for the additional Lignite excavation, paid for the loading cost separately. This resulted in excess payment of ₹ 1.48 crore, indicating weak internal control.

The Management replied (July 2020) that the Company exercised the provision of extracting Lignite from below certain depth and earned substantial revenue. The Company also provided the calculation for arriving at the revised rates.

The reply does not justify separate payment for Lignite loading cost, which was against the agreed contract conditions.

The Company may recover additional payment of ₹1.48 crore made to Contractor M towards loading charges.

Deficient monitoring of turnkey mining agreements

Undue benefit for hard strata and additional lead - Bhavnagar

4.13.2.4 A five-year turnkey contract (March 2008) for Bhavnagar Lignite project with JV-A was extended up to March 2015 without rate revision. Later, it was further extended (March 2015) with revised rates under the supplementary agreement.

(1) Audit observed that the scope of work of original contract (of 2008) did not include work for hard strata. However, the rate agreed in supplementary agreement was inclusive of work for hard strata that may occur in future mining operations for the remaining quantities of Lignite production. Subsequently, on request of JV-A, work for hard strata was removed (December 2015) from scope of supplementary agreement without corresponding reduction in the revised rate. The work for hard strata encountered in the working area of JV-A was done by a separate work order through another contractor for which separate payment was made by the Company. Audit observed (October 2019) that the issue of removal of hard strata work from the scope of the supplementary agreement of JV-A was not discussed by the BoD. The records relating to action taken report on the Agenda item of the BoD stated that the issue was resolved. The exclusion of

[25] Composite rate includes payment for removal of Overburden, Inter burden, excavation and loading of Lignite into consumers' trucks and all other ancillary activities.

hard strata work from the scope of supplementary agreement of JV-A was without corresponding reduction in rate. This resulted in extension of undue benefit of ₹ 10.88 crore[26] to JV-A for dispatch of 31.49 lakh MT Lignite from April 2015 to January 2019.

The Management replied (July 2020) that the contractor requested to exclude the work for hard strata from its scope or to pay higher rate for the same. It was further stated by the Management that in order to maintain uninterrupted supply of Lignite, competent authority approved the exclusion of hard strata work from the scope of JV-A.

The reply is not justified as the rates agreed by JV-A at the time of supplementary agreement was inclusive of work for hard strata. As such, its removal from the scope of agreement attracted corresponding reduction in rates.

(2) The contract with JV-A included standard lead[27] of 1.5 KM for dumping of OB/IB removed at the time of mining. Later on, JV-A was provided an adjoining plot under supplementary contract that was outside the existing contract area. The Project Office proposed payment of additional lead of 1.2 KM beyond the standard lead for 50 *per cent* quantity of the OB removed. The Company paid for the additional lead of 1.5 KM beyond the standard lead for the complete quantity of OB/IB removed ignoring the proposal of the Project Office. However, only 76 *per cent* of the total OB quantities required additional lead. This resulted in avoidable loss of ₹ 10.86 crore.

The Management stated (July 2020) that additional lead distance and quantity of OB/IB proposed by project office was just an estimation. The total quantity of OB/IB removed and dumped beyond standard lead of 1.5 km was 76 *per cent* of the total OB/IB removed from adjoining plot. The Management also replied (July 2020) during the Exit Conference that additional lead of 1.5 km was provided against 1.2 km considering difference of 0.3 km as meagre and based on other technical factors. Further, the Management assured that payment for remaining quantities would be calculated and taken up during arbitration proceedings going on with JV-A.

The Management did not reply on the issue of approval of additional lead for 100 *per cent* OB/IB quantity. Further, the contention of Company that the proposal of project office was not accepted as it was just an estimation was not convincing since the approved additional lead was also based on estimation.

Deficiencies in monitoring the contract terms – Bhavnagar

4.13.2.5 The turnkey contract for Bhavnagar project was awarded (March 2008) to JV-A for five years up to March 2013 for dispatch of 120 lakh MT Lignite. As the contracted quantities could not be completed within the contract period, the contract was extended up to March 2015

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26 Average cost of hard strata removal from March 2008 to January 2019 = ₹ 34.55 *per* MT of Lignite dispatched; Undue benefit to JV-A = ₹ 34.55 × 31.49 lakh MT = ₹ 10.88 crore.

27 Standard lead is the average distance from working plot area to OB/ IB dumps.

without rate revision. Later, it was further extended (March 2015) with revised rates[28] under the supplementary agreement. At the time of commencement of the supplementary agreement (March 2015), the actual SR was 8.82 against the contracted SR of 9.62. Audit observed that the actual SR for the contract (including SR of additional adjoining plot) was only 8.75 as on February 2019. As JV-A was getting the benefit of lower actual SR, the Company should have continuously monitored the actual SR and allotted JV-A with additional plot having higher SR in the supplementary agreement. Moreover, it was also observed in Audit that no Lignite Mining was conducted by JV-A in the original contracted area with higher SR since June 2018. Thus, failure of the Company to monitor the actual SR and not providing JV-A with plot area having higher SR, benefitted the contractor.

The Management replied (July 2020) that to provide plot area having higher SR was not practical in view of requirement for sequential mining and the contractor was not benefitted by not allotting the plot having higher SR. The reply is not correct as JV-A was working in two different areas and the Company provided more work in area with lower SR.

In the same contract, the contract terms provided free of cost diesel supply of 3.95 litre per MT of Lignite dispatch with any excess to be adjusted at end of contract period. Audit observed that the Company did not obtain additional Security Deposit (SD) for the free diesel supply to JV-A at the time of commencement of the contract to safeguard its financial interest. However, it subsequently recovered the cost of diesel from RA bills of JV-A. As on March 2019, the Company had recovered the SD of ₹ 7.81 crore only from the RA bills against the cost of ₹ 9.66 crore for the free diesel supplied. The Company needs to demand additional SD to safeguard its interests.

The Management also (July 2020) replied that the SD for free diesel supply was not obtained as there was no provision in the tender and the Company is now recovering the same from RA bills. The fact remains that ₹ 1.85 crore is still not safeguarded by SD.

Audit further observed that all these benefits of lower SR, lower SD and supplementary agreement without tendering were extended without obtaining assurance from JV-A for not filing a legal or contractual claim against the Company for past events related to the execution of the contract. JV-A subsequently filed (August 2017/ June 2018) a claim for ₹ 107.01 crore against the Company for idling of manpower and machinery during the period from April 2008 to April 2011, penalties and interest on outstanding loans, depreciation on machineries, loss of profit, *etc*.

The Management replied (July 2020) that the Company could not provide for any clause restraining the JV from seeking arbitration remedy. Audit did not object to the inclusion of arbitration clause in the contract but mutual business interest demanded obtaining assurance from JV-A for not invoking arbitration clause at the time of extending benefits.

28 Based on rates received under another tender at Bhavnagar

Deficient presentation of facts resulted in the foreclosure of contract - Rajpardi

4.13.2.6 The Company awarded (23 July 2012) turnkey mining contract for five years with SR of 19.78 for dispatch of 45 lakh MT Lignite at ₹ 765 *per* MT for Rajpardi Lignite project to Contractor D. The contract provided for price variation for 30 *per cent* rate in diesel rate. Contractor D commenced (September 2012) work and later requested (September/ October 2013) to consider the post-monsoon period of 2013 as *Force Majeure* citing abnormally high rainfall which resulted in submersion of Lignite seam exposed up to Inter-burden with SR of 5.45. The contractor also requested the Company to revise the terms and targets of the contract. Based on the request of the Contractor D, the Company allotted two[29] substitute plots to meet the shortfall in Lignite dispatch and also approved *Force Majeure* period till 31 May 2014. Later on, Contractor D declined (13 July 2014) to continue the work citing financial unviability due to introduction (18 January 2013) of dual pricing policy for diesel by GoI claiming that it increased the landed cost of diesel procured though bulk purchase. Contractor D reiterated its demand for amendment in the diesel escalation formula, but later requested (15 July 2014) to foreclose the contract. Contractor D (July 2014) as well as an outside expert appointed (August 2014) by the Company, both suggested an alternative mining method for safe working *i.e.,* Dip to Rise. However, based on the opinion of the Legal expert, the Company entered (August 2014) into foreclosure agreement with Contractor D on account of the devastation of mining conditions within the contract boundary subject to dispatch of additional 4 lakh MT Lignite till finalisation of a new contract. Contractor D dispatched a total of 13.97 lakh MT Lignite including additional 3.54 lakh MT Lignite till May 2015.

The Company issued (19 August 2015) fresh tender and awarded (23 October 2015) new contract for dispatch of 79 lakh MT Lignite with SR of 15.51 to a JV, in which Contractor D is one of the partners. The new contract was awarded at the rate of ₹ 554.67 *per* MT of Lignite dispatched with five *per cent* yearly escalation and the Diesel Component at 9.53 Litre *per* MT of Lignite dispatch.

Audit observed (November 2019) that:

- the Company did not adequately negotiate with Contractor D on the financial implication of dual pricing formula of diesel in view of the fact that the Company was already paying price variation due to increase/ decrease in diesel rate.
- The *Force Majeure* clause of the agreement with Contractor D stated that GMDC may at its discretion terminate the contract if any unforeseen event has substantially affected the performance of contract and delay due to such event lasted for over two months. However, the Company invoked the *Force Majeure* clause even though Contractor D never remained idle

[29] Allotted first plot on 12 November 2013 with 1.83 lakh MT Lignite with approximate SR of 5.45 and allotted (22 January 2014) second plot outside contract boundary with 1.69 lakh MT Lignite and SR of 8.87.

for more than two months as it had been allotted two substitute plots with lower SR during *Force Majeure* period.

- Substitute plots with SR of 5.45 were allotted to Contractor D with the condition that Contractor D will not excavate the submerged seam with SR of 5.45. However, the Company allowed Contractor D to excavate 86 *per cent* of the submerged seam resulting in the benefit of ₹ 10.14 crore[30] from the substitute plot by making payment at the rate applicable to SR of 19.78. This aspect was not considered by the Company while foreclosing the contract.
- The Company incorrectly took basis of the report of outside expert for foreclosing of the contract ignoring the suggested alternative mining method *i.e.* Dip to Rise method. This alternative method was also suggested by Contractor D.
- The Company claimed that Contractor D suffered losses due to heavy rainfall but the fact is Contractor D was also benefitted due to lower SR than the contracted SR.

The above facts were not specifically considered by the Company at the time of foreclosing of existing contract and award of a new contract. The award of new contract has resulted in avoidable loss of ₹ 83.60 crore[31] due to higher rates received that also included remaining quantities of the old contract.

The Management replied (July 2020) that the representation of the contractor regarding unviability due to dual pricing policy of diesel was considered. The Management further stated that as it was not possible for the Contractor to work in the contracted area due to heavy rainfall, substitute plots were given for which payments were as per agreed terms. It was also stated that based on the opinions of experts, the Company adopted alternative mining method *viz.* Dip to Rise for future tender and as the JV comprising of the current contractor was L-1, new contract was awarded to it. The Management also emphasised that the rates agreed under the new contract cannot be compared with the previous contract.

The reply is not justified as the Company was already paying for price variation in diesel. Also, Contractor D excavated Lignite from submerged seam in violation of supplementary agreement resulting in undue benefit on payment of higher rates for the substitute plots. The Company foreclosed the contract even though work outside contract area using alternative method suggested by the Contractor D was possible as per the contract conditions.

Incorrect adoption of diesel rate for payment of price variation - Panandhro

4.13.2.7 The Company invited (January 2010) tender for a turnkey mining contract at Panandhro project. The rates quoted by the bidders (RQB)

30 (₹ 765×1,83,000) – ((₹ 765×5.45×1,83,000) ÷ 19.78).

31 Quantity remain unexecuted = (45,00,000-13,97,484) = 31,02,516 MT.
Difference of new and old rates = {₹ 554.67-(0.70×₹ 765)} + {(9.53×₹ 56.4)-₹ 287.19} = ₹ 269.472
Amount that could have been saved (considering rate of diesel ₹ 56.405 *per* litre) = 31,02,516 × ₹ 269.472 = ₹ 83,60,41,191.552 say ₹ 83.60 crore.

for the tender included fixed rate for work component and variable rate for diesel component. RQB was computed based on different rates for diesel. For the purpose of comparability, the Company computed the rates for the bidders (RFB) at the diesel rate prevailing on the technical bid opening date. This rate was adopted as Frozen Diesel Rate (FDR) for payment of price variation for diesel component. Audit observed that while making payment of price variation for diesel component, the Company incorrectly adopted RQB (based on quoted rate of diesel) instead of RFB (based on FDR). This resulted in excess payment of ₹ 1.81 crore towards price variation during the period of contract up to July 2016.

The Management replied (July 2020) that FDR cannot be taken as the quoted rate of diesel as it was not in line with provision of the tender.

The reply is not justifiable because the Company had adopted RFB for tender comparability and therefore should have used it for calculating price variation.

Adoption of incorrect specific gravity/ conversion factor for payment - Gadhsisa

4.13.2.8 The Company invited bids for Bauxite mining at the rates to be quoted on *per* cubic metre basis for Bauxite dispatched. Since Bauxite dispatch was computed in Metric Tonne (MT *i.e.* weight) basis, the Company included specific gravity/ bulk density/ tonnage factor[32] of 1.2 in the contract to convert the rate from Rupees *per* cubic metre into Rupees *per* MT. Audit observed (November 2019) that the specific gravity/ conversion factor of 1.2 adopted by the Company for payment in all the seven ongoing Bauxite mining contracts was in variation from the approved MP, in which it was considered as 1.75. This incorrect adoption of specific gravity for conversion of rate during the period from February 2016 to August 2019 resulted in avoidable loss of ₹ 8.37 crore to the Company that will increase with the progress of the contracts.

The Management replied (July 2020) that 1.75 was *in situ* specific gravity of Bauxite considered in MP. The Company considered specific gravity of 1.2 after removal of waste/ clay and stacking the Bauxite that also had voids. The Management also replied that 1.2 was a well established conversion factor for more than two decades which is different from assessment reports and MP.

The reply is not justified as the specific gravity of 1.75 was reported in the MP based on lab test. Also, the question of void does not arise once the Bauxite is loaded in trucks and weighed at weigh bridge. Hence, use of specific gravity of 1.2 was not prudent.

Marketing of Minerals

4.14 The price fixation and marketing of the minerals produced by the Company is managed at the Corporate office of the Company. The sale of minerals is a major contributor to the revenue of the Company with Lignite

32 All the terms used mean Weight (in MT)/Volume (in M^3).

and Bauxite contributing 98.23 and 1.70 *per cent* respectively of the total mining revenue of the Company during 2014-19. The Company primarily sells Bauxite under a Bauxite Sale Agreement (BSA) with its JV. A negligible quantity of Bauxite is sold by auction. The Bauxite sale in the auction and sale of other minerals (0.07 *per cent* of total sale) was not significant hence it was not reviewed by Audit.

The Company has classified its consumers into four categories *viz.,* captive, non-captive, Special Economic Zone and Power plants. The Company followed the GoG guidelines for pricing of Lignite for power plant consumers, whereas other consumers are charged market driven price fixed by the Company. The royalty for the minerals extracted and other levies[33] payable to GoG was included in the invoices issued for the sale of minerals.

As the Company is the sole merchant seller of Lignite in Gujarat, it has no competitor. During the two years from 2015-16 to 2016-17, the lower prices of imported coal affected the sale of Lignite which resulted in decline[34] in overall profit of the Company. The above monopolistic position of the Company in the fuel market of the Gujarat State concealed the inefficiencies of the Company in core operations and deficient monitoring of Lignite mining projects as discussed in ***Paragraphs* 4.13.1 and 4.13.2**.

Mine Closure Fund

4.14.1 The Mine Closure Plan (MCP) guidelines issued by the MoC (August 2009) for all Coal mining operations (including Lignite) required depositing the mine closure cost in an escrow account opened with any scheduled bank. Accordingly, the Company decided (May 2010) to recover the Mine Closure Cost by an increase in the basic price of Lignite.

Audit observed that the Company started recovering the Mine Closure Cost separately and did not include it in the Basic price of Lignite from June 2010. The Company recovered ₹ 612.99 crore towards Mine Closure Fund until 31 March 2019 for its Lignite Projects excluding Panandhro Lignite project. Audit observed that the practice followed in the Coal/ Lignite mining industry PSUs[35] is to include Mine Closure Cost in the basic price and paying royalty on it. The Company is invoicing Mine Closure Fund separately on sale of Lignite and has avoided royalty payment of ₹ 33.11 crore till March 2019.

The Management replied (July 2020) that Mine Closure charges was a kind of levy and hence the same were included as other charges in the invoice and not in the basic price.

The reply is not justifiable as this is against the industry practice and resulted in loss of revenue for the State Government.

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[33] Contribution towards District Mineral Foundation and National Mineral Exploration Trust Fund, Central Goods and Service Tax (CGST), State Goods and Service Tax (SGST), *etc.*

[34] Profit Before Tax–2014-15–₹ 635.87 crore; 2015-16–₹ 318.45 crore; 2016-17–₹ 445.98 crore.

[35] Rajasthan State Mines and Minerals Limited, Coal India Limited and NLC India Limited.

The Company may follow industry practice of including mine closure cost in basic price of Lignite and make royalty payment of ₹ 33.11 crore on mine closure cost recovered from customers till March 2019 separately.

Compliance to Environmental Laws/ Mine Plan

4.15 Audit reviewed the mining and allied activities of the Company with reference to compliance to applicable environmental laws/ Mine Plan (MP). Audit observed instances of non-compliance as discussed in succeeding paragraphs.

Violation of conditions of Environmental Clearance (EC)/ approved mine plan

Lignite mines

4.15.1 The EC issued by MoEF&CC for the Lignite projects of the Company specified the quantity for extraction of Lignite reserves and any expansion, modernisation with the addition of capacity beyond the originally specified limits required revised EC. Audit observed (July 2019) that:

- In Mata no Madh project, the Company extracted 3.21, 3.92 and 3.09 MMT Lignite during 2014-15, 2017-18 and 2018-19 respectively in violation of EC for extraction of 2.4 MMTPA.
- In Bhavnagar project, despite approval (May 2016) of the MoC for enhanced capacity of 5 MMTPA in revised MP, the application for revised EC with enhanced capacity was belatedly (June 2019) submitted and its approval was awaited (November 2019).
- In Rajpardi project (G-19 Extension mines), despite existing EC for maximum mining for 100 metre depth, the maximum mining depth between 2016-17 and 2018-19 was 125.17 metre in violation of EC.
- In Umarsar project, the Company extracted 1.47, 1.60 and 1.58 MMT during 2016-17, 2017-18 and 2018-19 respectively in violation of EC for extraction of 1 MMTPA that led to over-extraction of 1.65 MMT Lignite during three years.

The above instances resulted in violations of statutory requirements related to environment.

The Management replied (July 2020) that at Mata no Madh and Umarsar, the production in excess of EC was carried out in bona fide interest of public. It was also stated by the Management that in Rajpardi, the Company took approval of office of the Director General of Mines and Safety (DGMS) for mining up to 150 meter. The reply is not justified because violation of EC cannot be in bona fide public interest.

Bauxite mines

4.15.2 Bauxite mining is regulated under Mineral Conservation and Development Rules (MCDR), 1988. Under MCDR, mining is conducted as per the approved MP that is reviewed every five years. Further, a notice under Rule 24 of the Mineral Conservation and Development (Amendment) Rules, 2003 is submitted to the Indian Bureau of Mines (IBM) for discontinuance of mine for more than 90 days. Maximum permissible area for mining under the lease area and the production capacity of a Bauxite mine is specified in its EC.

The Company is mining Bauxite from Gadhsisa group of mines that comprise of ten[36] Bauxite mines in Kutch district. Audit observed (September 2019) that during the period from 2014-15 to 2018-19, Bauxite production was done without approved MP in violation of Rule 9 and 12 of the MCDR as detailed below:

- 1,76,705.67 MT of Bauxite was produced from three Bauxite mines, *viz.,* Daban Wamoti, Roha Kotda and Naredi Nandra respectively during 2014-15.
- 95,359.23 MT of Bauxite was produced from three Bauxite mines, *viz.,* Nana Goniyasar, Ratadia-Nagrecha and Wandh-I respectively during 2017-18.

At Wandh-I and II mines, Audit observed that:

- Against the EC for mining area of 12.67 ha, the Company mined in 15.617 ha up to 2017-18 exceeding 2.947 ha, which was in violation of EC.
- The Company excavated 85,168 MT Bauxite from Wandh-I mines during 2018-19 without obtaining the revised EC.
- Gujarat Pollution Control Board (GPCB) renewed (July 2014) Consolidated Consent and Authorisation (CC&A) of Wandh-I mine for Bauxite production mentioning the quantity that was lower than the quantity specified in the EC and approved under MP. The Company without initiating action for rectification of renewed CC&A continued to produce higher quantity of Bauxite than mentioned in renewed CC&A.

The above instances resulted in violations of statutory requirements related to environment.

The Management accepted (July 2020) the gaps in approval of Bauxite MPs and stated that the same was intimated to IBM at the time of approval of subsequent MPs. The Management also accepted the audit observation in respect of Wandh I and II and stated that rectification of EC and GPCB consent was in process.

The reply acknowledges that the production was carried out in absence of approved MPs and in violation of EC/ GPCB CC&A.

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[36] **(i)** Daban Wamoti, **(ii)** Mothala Balachod, **(iii)** Roha Kotda, **(iv)** Naredi Nandra, **(v)** Nana Goniasar, **(vi)** Ratadia Nagrecha, **(vii)** Wandh-I, **(viii)** Wandh-II, **(ix)** Naredi-I and **(x)** Naredi-II.

Violation of EC and Supreme Court directives for wildlife preservation

4.15.3 In Panandhro project, the Company conducted mining till exhaustion (March 2019) of the mine. Audit observed that this was in violation of Supreme Court orders (2010) which prohibited any mining activity within the radius of three kilometres from 'Narayan Sarovar Chinkara Sanctuary'. It was also observed that the mining was conducted without obtaining renewed mining lease and approval of MP required under the MMDRA. Further, mining was done without obtaining EC in accordance with EIA Notifications (1994/ 2006) and without preparing of MCP as required in the Guidelines issued by MoC.

The Management replied (July 2020) that there was no requirement of obtaining EC as the mines were operational prior to EIA notification 1994. The Management further added that the mine has already exhausted and therefore not in operation.

The reply is not correct as the Company had enhanced production capacity after 1994 that required EC as per EIA notification. No specific reply was provided against violation of Supreme Court orders.

Non-installation of RO Plant at Mata no Madh Lignite project

4.15.4 The EC issued (31 August 2010) for Mata no Madh Lignite project *inter alia* included the condition for installation of a Reverse Osmosis (RO) plant for desalination of water using solar energy technology. The desalinated water was to be supplied as potable water to nearby villages/ schools adopted under CSR and even for discharge into natural fields. The aforesaid condition of EC assumes significance for the local population due to semi-arid climate and low average rainfall ranging between 250 to 300 mm.

Audit observed (September 2019) that the Company procured mobile RO plant on an experimental basis with a monthly flow range of 580 to 2,900 m^3. It was further observed that the Company failed to install RO plant using solar energy technology as required under EC and continued its mining activity in violation of EC condition. Though the Company procured potable water from outside for supply to villagers, the huge quantum of acidic water available in the mine remained unutilised that may cause damage to fragile flora and fauna of the area.

The Management replied (July 2020) that efforts were made to procure RO plant which were not successful. It was further stated that a budget allocation of ₹ 15 crore has been made for the year 2020-21 for the same.

The fact remains that the Company failed to install RO plant even after more than nine years of receipt of EC.

Discharge of Corporate Social Responsibility and other statutory mandates

4.16 Audit reviewed the statutory commitments for social expenditure and assessment made under relevant rules/ clearances at all projects as well as the Rehabilitation and Resettlement (R&R) package provided by the Company at Rajpardi project. Audit observation is discussed below:

Violation of Corporate Social Responsibility (CSR) expenditure conditions of revised environment clearance

4.16.1 The Company revised its production capacity at Mata no Madh (February 2010) and Tadkeshwar (November 2009) Lignite mines and obtained requisite ECs. Audit observed (August 2019) that the revised EC stipulated that the Company was to incur CSR expenditure for socio-economic development of nearby villages. The CSR expenditure for Mata no Madh was to be higher of the two *viz.,* ₹ 6 crore *per* year or ₹ 5 *per* MT of Lignite dispatched. On the other hand, for Tadkeshwar the CSR expenditure was ₹ 5 *per* MT of Lignite dispatched. Further, a triennial socio-economic development impact assessment report of CSR activity was to be conducted and the monitoring report was to be regularly uploaded on the website of the Company.

Audit reviewed the expenditure incurred on CSR for Mata no Madh and Tadkeshwar projects from 2010-11 onwards and observed (August 2019) shortfall in expenditure incurred on CSR as given in **Table 4.3** below:

Table 4.3: CSR Expenditure incurred in compliance with EC till March 2019

Name of Lignite project	Period of expenditure (after revised EC)	Envisaged expenditure in revised EC (₹ in crore)	Actual CSR expenditure (₹ in crore)	Shortfall (₹ in crore)	Shortfall (in *per cent*)
Mata no Madh	2010-19	54.00	5.77	48.23	89
Tadkeshwar	2010-19	6.78	2.54	4.24	63
Total	**-**	**60.78**	**8.31**	**52.47**	**-**

Source: Information provided by the Company.

It can be observed from **Table 4.3** that the Company violated one of the conditions on which EC was granted by incurring ₹ 52.47 crore less for CSR expenditure at both Mata no Madh and Tadkeshwar Lignite projects. Further, the Company neither conducted triennial socio-economic development impact assessment nor placed any such information on the Company's website. Thus, the impact of CSR activities on socio-economic development was not monitored.

The Management replied (July 2020) that the Company was carrying out various CSR activities under its CSR Policy and was fulfilling the statutory requirement for CSR under the Companies Act.

The reply is not specific to the audit observation as the requirement of the CSR expenditure under EC is different from the requirement under the Companies Act.

Internal control

4.17 Internal control is an important management tool and comprises methods and procedures adopted by the Management to assist in achieving its objective of ensuring orderly and efficient conduct of its business, including adherence to policies, safeguarding of assets, prevention and detection of fraud and error. It monitors and evaluates the effectiveness of operational processes and risk management of the Company.

Audit reviewed the various activities involved at Corporate Office and Project Offices and inter-departmental coordination for various mining issues. Audit observations relating to absence of uniform methodology for assessment and payment of various rates and taxes and the corrective action taken by the Company based on audit observations are discussed in ***Paragraph*** **4.7**. Audit also observed absence of methodology for the assessment of the reasonable level of advance royalty deposit and non-safeguarding of mining lease area. These are discussed below:

Excess deposit of advance royalty

4.17.1 Every mine owner has to deposit in advance the royalty payable for one month with the office of the Commissioner of Geology and Mining (CGM). The amount for advance deposit of royalty is based on its Lignite/ other minerals production. No interest is payable on advance royalty deposited; however, non-deposit of advance royalty attracts a penalty. Further, advance royalty can be paid any number of times during the month.

Audit reviewed the mechanism for assessment, payment and advance deposit of royalty at the six Lignite projects of the Company for the period of 60 months during 2014-19. Audit observed (June/ September/ October 2019) that the advance royalty deposited for Lignite was not always based on an assessment of next month's production. Audit observed that on an average, in 41 *per cent* of the months under review, there was no deposit of advance royalty due to huge excess deposit lying idle with the Office of the CGM. The incorrect assessment of advance royalty deposit resulted in blocking up of funds and consequent interest loss of ₹ 2.68 crore. This excess deposit of advance royalty reflected lack of internal control to exercise financial prudence.

The Management replied (July 2020) that advance royalty was paid as per the oral and written demands from authorities. Further, the Management replied that all efforts would be made by the management to minimise interest loss on advance royalty.

This indicated that the Company does not have a system for reasonably assessing the amount of advance royalty to be deposited.

Non-safeguarding of mining lease area at Tadkeshwar Lignite Project

4.17.2 The Company acquires mining lease (ML) from GoG after allocation of the block by GoI and before preparation and approval of MP and obtaining of various statutory clearances. Hence, the Company must take necessary steps to safeguard the ML area and ensure that no activity detrimental to its interests is undertaken in the block area.

GoG granted (18 March 2002) ML for Tadkeshwar Lignite Block and the mining operations commenced from December 2005. Audit observed (September 2019) that:

- Two industrial units were constructed (June 2015 and May 2018 respectively) inside the ML area on private land which is yet to be acquired by the Company.
- The Company was to complete excavation of Lignite from the area where these companies are located within four years of revised MP approval (November 2009). The acquisition was pending as on date (July 2020) even after lapse of more than 10 years from the approval of revised MP.
- The compensation for private land depends on the condition of the land and the prevailing market rate. Since the construction of above two industrial units had considerable capital investment, therefore their compensation may be high.
- The action plan to acquire the land north of the diverted State Highway - 65 and for recovery of Lignite deposit thereunder was not available on record.

Thus, lack of internal control and supervision for safeguarding the ML area has resulted in the commencement of activities detrimental to the interest of the Company that will affect the acquisition cost of land and consequent cost for extraction of reserves.

The Management replied (July 2020) that there was strong agitation and protest by local people against the acquisition of private land under lease area. Further, private landowners or district authorities did not ask the Company for No Objection Certificate.

The fact remains that the Company failed to safeguard the mine lease area allotted to it due to the lack of coordination with local district authorities.

Conclusion and Recommendations

4.18 The Company was incorporated to undertake mining of minerals in the State of Gujarat. The Company has mining leases for Lignite, Bauxite, Fluorspar and Multi-metal of which, the mining of Lignite and Bauxite was the major contributor to total sales. The business plan and mine plans were not revised and no decision was taken for ownership and usage of private land after extraction of minerals therefrom. Excess payment in Land reference cases for land acquisition was noticed. Deficiencies in the system for turnkey mining agreements related to the absence of a uniform policy for rate fixation, variation in stripping ratio, inadequate monitoring of contract conditions, incorrect payments, *etc.,* were observed. Deficiencies in management of mine closure fund were also observed. Violations of environmental clearances, approved mine plans and directives for wildlife preservation, non-installation of RO plant at Lignite projects and short expenditure towards CSR activities were also observed.

Recommendations:

Apart from the specific recommendations given under the relevant paragraphs, the Company may;

- ***prepare a vision document;***
- ***may comply with all the conditions of Environmental Clearances;***
- ***incur Corporate Social Responsibility expenditure as per the requirements of Environmental Clearances; and***
- ***enhance its internal control mechanism.***

The matter was reported to Government/ Management (May 2020). The reply of Government is awaited (June 2020).

Part-II

Chapter V

Compliance audit observations relating to Statutory Corporation

Part-II

Chapter V

Compliance audit observations relating to Statutory Corporation

Important audit findings that emerged from the test check of transactions of the Statutory Corporation of Government of Gujarat are included in this Chapter.

Gujarat State Road Transport Corporation

Store management in Gujarat State Road Transportation Corporation

Introduction

5.1 Gujarat State Road Transport Corporation (the Corporation) was incorporated on 1 May 1960 under the Road Transport Corporations Act, 1950. The Corporation is mandated to provide an efficient, adequate, economical, and properly co-ordinated road transport in the State. The Corporation is functioning under the administrative control of the Ports and Transport Department of Government of Gujarat (GoG).

The Central Stores Department (CSD) of the Corporation was segregated (December 2018) from the Central Purchase and Stores Department. The CSD of the Corporation exercises control over Central Store (CS) and 16 Division Stores (DSs) at its Division Offices. The Corporation has a Central Workshop for fabrication of bus bodies and reconditioning of bus engines which issues delivery schedule for chassis of bus and monitored the fabrication of buses by contractors. The functions of CSD include issue of delivery schedule, receipt, inspection, issue of capital/ revenue store materials (other than chassis for bus), disposal of unserviceable store/ scrap, obsolete and surplus items. The Corporation has a printing press and seven[1] tyre re-treading plants.

Scope of Audit and Sampling

5.2 The operational performance of the Corporation depends on the availability of material and management of their storage. The Corporation implemented (1997) Inventory Management System (INMANS) at CS and DSs and implemented (July 2009) Integrated Depot Management System (IDMS) at Depot Stores. Two modules of INMANS *viz.,* Store and Account store modules are utilised for store management. Audit reviewed the store management of the Corporation *viz.* bus bodies, chassis, tyres and tubes, lubricants, auto, spares, diesel, batteries, engines, *etc.* During audit, the timely assessment of adequate quantity of material, receipt of material as per

[1] Amreli, Bharuch, Godhra, Naroda (Ahmedabad), Palanpur, Rajkot and Valsad.

specifications, proper accounting, disposal of obsolete/ unserviceable stores and scrap was reviewed. The audit was conducted between January and April 2019 and covered the period from 2014-15 to 2018-19.

The stores issued to the 125 Depots by respective DSs are considered consumed by DSs therefore, stores expenditure is significant at Divisions. Audit selected[2] Ahmedabad, Palanpur, Rajkot and Surat Divisions for detailed examination besides Central Store and Workshop.

Store performance of the Corporation

5.3 The store performance in terms of financial and operational parameters of the Corporation is as under:

Table 5.1: Store performance of the Corporation

Sl. No.	Particulars	2014-15	2015-16	2016-17	2017-18	2018-19
1	Fuel Consumption (₹ in crore)	1,161.69	963.44	1,132.11	1,201.35	1,434.75
2	Other Consumption (₹ in crore)	117.61	108.55	94.93	98.39	116.73
3	Store consumption (₹ in crore)	1,279.30	1,071.99	1,227.04	1,299.74	1,551.48
4	Total Closing stock (₹ in crore)	17.95	18.92	24.12	25.47	37.53
5	Average number of bus held	7,765	7,852	7,863	7,345	8,042
6	Closing stock held *per* bus (in ₹) (Sl. No. 4÷5)	23,117	24,096	30,675	34,677	46,667
7	Gross kms (in lakh)	10,701	10,797	10,865	10,739	11,379
8	Store consumption *per* km (in ₹) (Sl. No. 3÷7)	11.95	11.10	11.29	12.10	13.63
9	Store consumption *per* bus (₹ in crore) (Sl. No. 3÷5)	0.16	0.14	0.16	0.18	0.19

Source: As per information furnished by Statistical Department of the Corporation.

The total closing stock increased during 2014-19 by 109 *per cent* from ₹ 17.95 crore to ₹ 37.53 crore whereas store consumption increased by 18.75 *per cent* from ₹ 1,279.30 crore to ₹ 1,551.48 crore. The average number of vehicles increased by 3.57 *per cent* from 7,765 to 8,042 buses during this period. Thus, the increase in total closing stock and consumption *per* bus did not correspond with increase in number of buses.

Inventory Management System

5.4 The Corporation implemented (1997) Inventory Management System (INMANS) in Central Stores and 16 Division Stores. Audit reviewed the operation of INMANS and major observations are discussed below.

- No Information Technology Policy has been approved by the Corporation to define rules, regulations and guidelines to assure health, safety, and security of data, products, facilities as well as the people using them.

[2] Selected by assigning a rank to each division for "Expenditure on store items" and "Closing stock of inventory" on the basis of each of the above criteria and by further assigning a rank based on the average of the ranks of the abovementioned two criteria. Based on a single rank arrived for each division, zone wise ranks were assigned to each division in a zone. The division with the highest rank in the zone was selected.

- The INMANS was not audited by independent personnel to assess its compliance with the applicable regulations, standards, guidelines, plans, and procedures for store management of Corporation. Audit observed that the methodology for valuation of stock and issue of material stipulated in Manual of Account Department was ignored during computation of weighted average rate. This resulted in incorrect costing due to incorrect valuation of issues and stock.

- Of the total 84 reports generated in INMANS, the Divisions at Rajkot, Ahmedabad and Palanpur did not generate 24, 17 and 21 reports regarding surplus allocation of store items, change in delivery schedule, store items below/ above minimum/ maximum level, item-wise, party-wise rejection reports, item-wise inventory report, lost items, non-moving items, *etc*. The reports are critical for inventory management at Division stores.

- The information on scrap items are not maintained in INMANS but are manually entered by CS on receipt of information from DSs. This indicates lack of effective monitoring and control, which may lead to loss/ pilferage of scrap items.

The other deficiencies of Store Management related to stock level, procurement of capital/ revenue items, stores records and storage system, identification and delay in approval of obsolete/ non-use stores, unsold scrap items, internal Control and monitoring are discussed in succeeding paragraphs.

Store management

5.5 Store management refers to efficient management of materials for ensuring that store keeping activity is performed efficiently and effectively by those employed in the store. To achieve the above objective, various stock levels *viz.,* Minimum, Maximum, reordering levels are fixed. The Corporation fixed (March 2003) one and half months consumption as the minimum stock level (MinSL) for storage of all store items. The Corporation informed that while implementing INMANS the maximum stock level (MaxSL) was fixed twice the MinSL *i.e.,* three months for all items except nine[3] store items. For these items the MinSL was considered three months and MaxSL was fixed twice the MinSL *i.e.,* six months. However, the basis for assessment of above-mentioned MinSL and MaxSL and approval of Board of Directors (BoD) in respect of above stock level was not available on record.

Audit reviewed the stock position considering the above stock levels and observed the following:

Monitoring of stock levels

5.5.1 The Corporation handled 3,246 store items in its CS and four[4] DSs checked by Audit. Of this, Audit test checked the daily balance of items in

[3] Brake lining and clutch facing, Brake drums and hubs, Gears and gear parts, Malleable spare/ sheet metal comp, springs and leaves, clutch and clutch parts, Electrical spare Lucas, Centre Bolt and “U” Bolt, Propeller shaft and its components.

[4] Ahmedabad, Palanpur, Rajkot and Surat Division.

store account of randomly selected 58 items. The value of 58 items consumed was ₹ 54.01 crore during four years from 2015-16 to 2018-19, which was approximately 25 *per cent* of the total consumption value of the stock. The Stock level of items in excess of maximum stock level during 2015-19 in above DSs and CS is given in **Table 5.2** below.

Table 5.2: Stock level in excess of maximum stock level during the period from 2015-16 to 2018-19

(₹ in crore)

Name of Store	Number of Items (in numbers)		Value of items		Number of items for which Stock level					Range of days during 2015-19 in which Stock level exceeded MaxSL	Total value of items exceeding MaxSL
					did not exceed MaxSL	exceeded MaxSL in					
	Total	Revie-wed in Audit	Total	Revie-wed		all 4 Years	3 years	2 years	only 1 year		
Central Stores	514	15	103.56	10.89	-	6	6	1	2	6 to 366	2.86
Ahmedabad	941	10	34.72	11.53	1	2	3	1	3	12 to 365	0.68
Palanpur	715	11	30.26	10.27	3	0	1	6	1	5 to 365	0.46
Rajkot	509	10	26.60	8.45	3	1	4	1	1	7 to 365	0.21
Surat	567	12	25.20	12.87	1	2	4	3	2	1 to 365	0.58
Total	**3,246**	**58**	**220.34**	**54.01**	**8**	**11**	**18**	**12**	**9**		**4.79**

Source: Compiled based on information provided by the Corporation.

The stock level of eight of the 58 items reviewed did not exceed MaxSL. The stock level of all 15 items of CS valued ₹ 2.86 crore exceeded the MaxSL indicating stock remained idle. The stock level of remaining 33 items exceeded the MaxSL in the four checked DSs in consecutive period of four, three, two and one year that valued ₹ 1.93 crore. Thus, 86 *per cent* of the items reviewed remained idle due to non-monitoring of their stock levels at regular intervals. Audit observed that the stock balance above MaxSL was due to non-review of available stock balance prior to issue of Purchase Order and issue of delivery schedule, acceptance of receipt of excess over scheduled quantity. This excess above MaxSL could have been avoided by effective monitoring and control.

Categorising store items

5.5.2 Audit observed that the Corporation has not framed any policy for categorising store items based on their turnover. The Corporation has categorised all items that remained unutilised for more than six months as non-moving items. As on 31 March 2019 the Corporation had 7,594 items (excluding Diesel and unconsumed store at Depots) valued ₹ 35.84 crore. The Corporation had identified 993 items valued ₹ 0.84 crore (March 2019) as non-moving. Of the 993 items, 396 items valuing ₹ 30.39 lakh were non-moving since February 2009. However, the Corporation has not fixed the parameters for monitoring the consumption and categorising its store items into fast and slow-moving store items. This has resulted in delayed identification of scrap and obsolete/ unserviceable items as discussed in ***Paragraph* 5.8**.

Monitoring of store material availability

5.6 Availability of adequate materials at right time and of right quality reduce the storage cost. The Corporation procures major items *viz.,* Diesel, Tyre, Tubes, Batteries, Chassis/ Bus Bodies, Mini Buses and Auto Spares, *etc.* Audit reviewed the store management for availability of major items and the audit findings are discussed in succeeding paragraphs.

Deficient monitoring of fabrication materials

5.6.1 The Corporation has workshop for fabrication of bodies on bus chassis. It also gets the fabrication of bus body done through external contractors. Audit observed that the Corporation has not set the parameter of time required for fabrication of a bus body at their workshop. However, in the fabrication contracts, the Corporation stipulates a period of 30 days for fabricating a bus which audit has considered as the time for fabrication of a bus in its own Workshop. During 2014-19, 679 buses were fabricated in the Corporation's Workshop with delays ranging from 1 to 60 days. The delays were mainly due to non-availability of readymade seats, windows, epoxy primer, galvanised plain sheets, complete window for passenger door, mating, front glass, rear glass, *etc.* in adequate quantity. This indicated the deficient monitoring on the part of the management to watch stock levels of required materials in order to complete the fabrication within the time limit.

Docking of buses due to non-availability of material

5.6.2 Maximum availability of bus fleet for operation is essential for providing efficient and (spelling) adequate Road Transport. The breakdown of the buses has to be attended in the shortest possible time for maximum availability of buses fit for road travel. It is therefore necessary that material required for repair and maintenance is available in stores at least at MinSL. Audit reviewed the Docking of buses in respect of five[5] DSs for the period from April 2016 to December 2018 and observed that 980 buses were docked for maintenance.

Table 5.3: Buses docked due to non-availability of material during the period from 2016-17 to 2017-18

Range of days	Number of Buses	Number of Bus days lost
1 to 15	873	3,120
16 to 30	87	1,912
30 to 60	18	773
60 to 100	1	78
100 & above	1	103
Total	**980**	**5,986**

Source: Information provided by Divisions of the Corporation.

It can be observed that non-availability of material resulted in docking of 980 buses and consequent non-availability of 5,986 bus operating days as worked out by the divisions. This indicates lack of monitoring for ensuring availability of materials for maintenance.

5 Bharuch, Junagadh, Palanpur, Rajkot and Valsad Division.

Decline in production of re-treaded tyres

5.6.3 The Corporation's requirement of tyres is fulfilled through purchase of new tyres and re-treaded tyres (RT) by its seven re-treading plants. The CSD issues delivery schedule and pursues it for timely delivery of raw material for tyre re-treading based on the indents received from re-treading plants. During 2014-18, the Corporation had set the target of 73,200 tyres against the installed capacity of 1,17,400 number tyres *per annum*. It was observed that the production declined due to non-availability of required raw material that was attributed to delayed finalisation of PO by Central Stores Department for material though the Stock level of material was below MinSL.

Review of store records and storage system

5.7 Audit reviewed the maintenance of store records and storage system for the period from 2014-15 to 2018-19 in stores of four DS, five sub-stores of Central Workshop and observed the following deficiencies.

- The record of receipt, consumption and balance of stock items were not maintained by sub-stores for bus body materials and printing press required for effective monitoring and control of material.
- Item-wise stock ledger was not maintained in sub-stores of Fuel Injection Pump, Engine Shop and Tyre Re-treading Plant and the consumption of items was derived based on closing stock at the end of the month.
- The coach shop of Workshop deposits identified scrap into scrap yard without weighing it. The credit voucher in this regard was being prepared on the basis of approximate weight prior to e-auction of the scrap.
- The workshop and DS recorded approximate quantity of scrap generated. The variance between store records and their actual weight were observed in the range of 15 to 688 *per cent* of recorded quantities at the time of physical verification of the scrap items by Management (April 2018).

The above deficiencies indicated lack of effective monitoring and control in the store management.

Discrepancies in store balances

5.7.1 The Store records in Central Worksop, Tyre re-treading plant and printing press are not computerised. Therefore, the stock balances have to be reconciled at regular intervals to ensure their agreement with physical stock. During detailed checking of the stock records of Tyre re-treading plant at Naroda discrepancies were observed between closing stock position and opening stock position of respective succeeding month. In two[6] instances, discrepancy in stock balances of two items at each instance was observed. The opening stock balance of the succeeding months were short recorded for Pre-tread rubber by 3,660 KG valued ₹ 4.60 lakh, Bonding Gum by 329 KG valued ₹ 0.51 lakh and Black Vulcanizing Solution by 120 litre valued

[6] Bonding gum and Black Vulcanizing Solution in November-December 2017, Pre-tread rubber and Bonding gum in April -May 2018.

₹ 0.08 lakh. The reasons for shortage and action taken for their reconciliation were not available on record. This shows that the Corporation did not reconcile the records regularly for effective monitoring and control.

Management of scrap

5.8 The various items purchased become obsolete/ unserviceable due to efflux of time, change in technology and these have to be disposed periodically. The disposal of unserviceable/ obsolete items by the Corporation involves their identification, submission, approval of proposal for disposal. The disposal of chassis of bus related items and store items other than chassis of bus related items are undertaken by Workshop and Store respectively. During the period from 2014-15 to 2018-19, the Corporation realised ₹ 60.13 crore from sale of scrap. The deficiencies observed in the above process for sale of scrap at the Stores and Workshop of the Corporation are discussed below.

Stores

5.8.1 Audit reviewed the process of store identification followed and observed delays in identification of scrap and non-disposal of scrap items as shown in **Table 5.4** below.

Table 5.4: Status of scrap items in Store as on 31 March 2019

Sl. No.	Item		Authority		Event period	Audit observation
	Name	Number	Name	Delay range		
Items not declared scrap						
1	Electronic Based Ticket Machine (EBTM)	8,151 Nos.	Electronic Data Processing Department	8 years	2006-07 to 2013-14	Non-working since 2006-07 at 7 Division Stores[7] as per information submitted.
2	*Khakhi* cloth material	10,943 meters	CSD	More than 9 years	July 2008 to December 2017	Unused at 12 DSs[8] and Central Stores since July 2008 and has not been disposed.
3	Miscellaneous Store	24	CSD	10 years	Prior to March 2009	Unused lying at CS for 10 years.
Non disposal of scrap items						
4	Obsolete auto spare Items	1,277	CSD	More than seven years	Prior to February 2012	Remained unsold since September 2012 and again placed for Auction in October 2018 but remained unsold as not approved by BoD.

7 Ahmedabad, Bhuj, Bharuch, Junagarh, Nadiad, Rajkot and Surat division.

8 Bharuch, Godhra, Himatnagar, Jamnagar, Junagadh, Mehsana, Nadiad, Rajkot, Surat, Vadodara and Valsad.

Sl. No.	Item		Authority		Event period	Audit observation
	Name	Number	Name	Delay range		
5	Obsolete auto spare items	2,917	CSD	More than three years	October 2013 and January 2016	Obsolete items valuing ₹ 2.65 crore collected between October 2013 and January 2016 were not placed for e-auction until March 2019 that remained unsold.
6	Scrap furniture and fixtures Items	18	CSD	More than two years	Sept. 2017 to Dec. 2019	Unsold lying at DSs as information of Average issue Rate/ last sale price by DSs is not available.

Source: As per information provided by the Corporation.

Workshop

5.8.2 The office of Divisional Controller (DC) proposes scrapping of non-usable vehicles/ engines to the office of Chief Mechanical Engineer (CME). CME office after inspection of the vehicles/ engines, issues order for evacuation of buses to Central Workshop for sale/ auction by workshop. Audit test-checked the information for the period from 2015-16 to 2018-19 proposed to CME office and observed delays for declaring as scrap as given in table below.

Table 5.5: Status of scrap items in workshop as on 31 March 2019

Sl. No.	Item		Authority		Event Period	Audit observation
	Name	Number	Name	Delay range		
Identification of scrap						
1	Non-use engines	146	2 DSs[9]	More than four years	March 2015 to Feb. 2019	Unused since June 2015. Lying at Division Stores.
2	Engines	31	Workshop	More than two years	Oct. 2013 to Dec. 2016	Received for reconditioning but Engine shop stopped functioning from December 2017
Delay in proposing non-use items as scrap						
3	Buses	1,646	8 DSs[10]	1 to 248 days	2015-16 to 2017-18	Delay in forwarding Proposal by DSs to CME office. However neither reasons were recorded nor the Corporation devised system/ for monitoring
4	Vehicles other than Buses	15	DSs	63 to 345 days		
5	Engines	302	DSs	15 to 443 days	2017-18 to 2018-19	

9 Ahmedabad and Surat.
10 Ahmedabad, Baroda, Bharuch, Mehsana, Palanpur, Rajkot, Surat and, Valsad Divisions.

Sl. No.	Item		Authority		Event Period	Audit observation
	Name	Number	Name	Delay range		
6	Engines	521	Engine shop	1 to 31days		the non-use items lying in the DSs
7	Burnt Buses	154	Committee of Corporation	19 months	April 16 to October 2017	Abnormal delay in approval for sale and the buses remained unsold after October 2017.
Delay in issue of evacuation order for scrap						
8	Buses	1,261	CME	7 to 189 days	2015-16 to 2017-18	Delay in issue of Evacuation order by the office of Chief Mechanical Engineer for disposal as scrap.
9	Trucks	5	CME	88 to 93 days	2016-17 to 2017-18	
10	Water Tanker	1	CME	77 days		
Delay in approval of scrap proposal						
11	Workshop machines	77	Four[11] departments of the Workshop	22 Months	Sept. 2014 to May 2017	Approval of BoD is pending for disposal (February 2019) for which reasons were not available on record.
Non-disposal of scrap items						
12	Mini Buses	130	Workshop	27 Months	Nov.2016 to Feb. 2019	No system for setting upset price for sale of Mini Buses
13	Buses	1,810	Workshop	More than four years	2015-16 to 2018-19	Reasons for non-sale of buses not ascertained and has remained unsold
14	Bus body	141	Workshop	More than two years	Sept. 2017 to Dec. 2019	Not placed for e-auction Lying unsold.
15	Crown pinion	Scrap 1,331	Workshop	10 months	April 2018 to Jan. 2019	Earlier both items were dismantled for sale later on it was decided to keep it as a single unit to get better value, However, the items remained unsold and reasons sale was not recorded.
16	Gear assembly	Scrap 1,377	Workshop			
17	Mild Steel material	168.364 MT	Workshop	19 Months	Sept. 2017 to Mar. 2019	Lying unsold in scrap yard at Central Workshop, Naroda premises due to non-receipt of approval from civil department.

Source: As per information provided by the Corporation

11 Engine Shop, Machinery shop, Printing Press and Tyre Shop.

It can be observed from the **Table 5.4 and 5.5** that delays were observed at all stages in disposal of scrap. The disposal of scrap is necessary for the Corporation to unblock funds and space. Though the Corporation has issued general standing order (GSO 980), it has not prescribed any time limit within which the various scrap proposal has to be processed and disposed. This shows that the Corporation has not devised any system for periodic identification of scrap items and their timely disposal by accurate assessment of the scrap value. The delays at all stages from their identification until disposal were not available on record. The system for periodic identification of scrap and accurate assessment of scrap value needs to be devised to prevent deterioration in their quality and ensure realisation of good price on their sale.

Internal control and Monitoring

5.9 Internal control provides reasonable assurance for an efficient system to maintain financial discipline, run operations efficiently and comply with applicable laws and regulations. Audit observed following deficiencies in the internal control and monitoring mechanism of the Corporation:

- The mandatory physical verification of both movable and immovable assets required to be conducted at least once in a year as per Gujarat State Road Transportation Rules, 1971 was not conducted.

- The responses to the Concurrent Stock Verification report for 2015-16, 2016-17 and 2017-18 of CS were pending for more than three years as on 31 March 2019.

- The Peripatetic Audit Parties did not conduct inspection of initial records, accounts maintained and physical verification of assets and stores by the units during period from 2013-18.

- The submission of purchase indents to Central Stores Department (CSD) by the office of works manager and consolidated indents to the office of Controller of Purchase by CSD was delayed in the range of 38 to 116 days and 53 to 201 days respectively.

Conclusion and Recommendations

5.10 Gujarat State Road Transport Corporation implemented (1997) Inventory Management System at Central Stores Department and Divisional Stores. The Corporation has not fixed various levels except Minimum Stock level for store items, not categorised its store items based on turnover and has not set parameters of time for fabrication of a bus body on the chassis. The stock level was not monitored which resulted in non-availability of materials, acceptance of sub-standard materials, *etc*. Deficiencies were also observed in store records maintenance, scrap management.

Recommendations

For better store management, the Corporation may:

- **frame a policy to fix stock levels, categorise the store based on turnover and set parameters for fabrication of a bus body on chassis for effective monitoring;**

- **devise a mechanism for periodic identification of scrap and its timely disposal.**

The matter was reported to Government/ Management (May 2020); the reply from Government/ Management is awaited (June 2020).

(H. K. DHARMADARSHI)

Ahmedabad **Principal Accountant General**

The **(Audit-II) Gujarat**

Countersigned

New Delhi **(RAJIV MEHRISHI)**

The **Comptroller and Auditor General of India**

Annexures

Annexure 1

Summarised financial position and working results of Power sector SPSUs as per their latest finalised financial statements

(Referred to in paragraph 1.10, 1.11 and 1.13)

(Figures in columns 5 to 15 are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of Financial Statements	Year in which finalised	Paid-up Capital including Share application money pending allotment	Share Application money pending allotment	Paid-up capital	Long-term Loans outstanding at the end of the year	Accumulated Profit (+)/ Loss (-) (A)	Free reserves	Net Worth (B)	Turnover (C)	Net profit/ (loss) before Interest & tax	Net profit/ (loss) after interest & tax	Capital employed (D)
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15
A	**Generation**													
1	Gujarat Power Corporation Limited	2017-18	2018-19	445.41	5.00	440.41	0.00	535.91	0.38	976.70	77.96	68.66	49.69	976.70
2	Gujarat State Electricity Corporation Limited[$]	2018-19	2019-20	2,127.80	-	2,127.80	8,591.25	809.52	3,020.29	5,957.60	11,662.59	694.58	372.43	14,548.84
3	Gujarat State Energy Generation Limited	2018-19	2019-20	568.69	61.46	507.23	238.01	(119.64)	46.23	433.82	465.81	114.50	53.59	671.84
4	GSPC Pipavav Power Company Limited	2018-19	2019-20	861.84	0.00	861.84	840.20	(160.32)	0.00	701.52	1,462.16	128.49	21.83	1,541.72
	Sub-total			**4,003.74**	**66.46**	**3,937.28**	**9,669.46**	**1,065.47**	**3,066.90**	**8,069.64**	**13,668.52**	**1,006.23**	**497.54**	**17,739.10**
B	**Transmission**													
1	Gujarat Energy Transmission Corporation Limited	2017-18	2018-19	756.51	67.49	689.02	6,295.99	1,952.44	2,663.09	5,304.55	3,537.38	1,308.04	375.72	11,600.54
	Sub-total			**756.51**	**67.49**	**689.02**	**6,295.99**	**1,952.44**	**2,663.09**	**5,304.55**	**3,537.38**	**1,308.04**	**375.72**	**11,600.54**
C	**Distribution**													
1	Dakshin Gujarat Vij Company Limited	2018-19	2019-20	409.97	-	409.97	45.22	559.84	1,230.35	2,200.16	12,679.19	139.65	39.27	2,245.38
2	Madhya Gujarat Vij Company Limited	2018-19	2019-20	425.51	-	425.51	131.00	376.99	1,236.47	2,038.97	6,060.62	122.50	33.13	2,169.97
3	Paschim Gujarat Vij Company Limited	2018-19	2019-20	6,316.26	-	6,316.26	234.24	(126.05)	1,160.44	7,350.65	16,953.09	205.85	74.66	7,584.89
4	Uttar Gujarat Vij Company Limited	2018-19	2019-20	556.33	-	556.33	64.08	296.02	2,099.81	2,952.16	12,058.13	139.39	36.62	3,016.24
	Sub-total			**7,708.07**	**-**	**7,708.07**	**474.54**	**1,106.80**	**5,727.07**	**14,541.94**	**47,751.03**	**607.39**	**183.68**	**15,016.48**
D	**Others**													
1	Gujarat Urja Vikas Nigam Limited	2018-19	2019-20	20,169.83	397.61	19,772.22	125.66	279.80	0.00	20,052.02	44,867.53	55.82	28.01	20,177.68
	Sub-total			**20,169.83**	**397.61**	**19,772.22**	**125.66**	**279.80**	**0.00**	**20,052.02**	**44,867.53**	**55.82**	**28.01**	**20,177.68**
	Grand Total (A+B+C+D)			**32,638.15**	**531.56**	**32,106.59**	**16,565.65**	**4,404.51**	**11,457.06**	**47,968.15**	**1,09,824.46**	**2,977.48**	**1,084.95**	**64,533.80**

(A) Accumulated profit/loss represents the surplus/deficit of Statement of Profit and Loss as depicted in the Balance Sheet. The profit/ loss derived from other comprehensive income of IND AS companies have not been considered.

(B) Net worth is the sum total of the Paid-up capital, free reserves and surplus and accumulated profit and loss.

(C) The Turnover of the Company represents the main source of income of the PSU based on the nature of activity undertaken. It represents the revenue from operations.

(D) Capital employed in case of Companies/ Corporation preparing their Accounts based on Revised Schedule VI of the Companies Act, 2013 is the sum of "Shareholders' Funds" and "Long Term Borrowings". However, the Shareholders' Funds here do not include Share Application money. In addition, Long Term Borrowings do not include debts maturing within 12 months. In case of Companies/ Corporation preparing their accounts based on old Schedule VI, Capital Employed is "Net fixed Assets including Capital works in progress *plus* working capital".

$ Government of Gujarat notified Gujarat Electricity Reform (Transfer of Generation Undertakings) scheme, 2018 under Gujarat Electricity Industry (Reorganisation and Regulation) Act 2003 on 27 August 2018 for merger of 'Bhavnagar Energy Company Limited' with Gujarat State Electricity Corporation Limited *w. e. f.* 1 April 2018. GSECL has accounted merger of BECL in accordance with IND AS 103 "Business Combination".

Annexure 2

State Government funds infused in Power sector SPSUs until 31 March 2019

(Referred to in paragraph 1.12)

(₹ in crore)

Year	GPCL		GUVNL					GETCO	Total					
	Equity	Grant and Subsidy	Equity	Interest Free Loan			Grant and Subsidy	Equity	Equity	Interest Free Loan				Grant and Subsidy
				Principal	Repayment	Converted to equity				Principal	Repayment	Converted to equity	Balance/ (IFL Repayment)	
2000-01	200.27	-	-	-	-	-		-	200.27	-	-	-	-	-
2004-05	-	-	0.05	-	-	-	1,445.62	-	0.05	-	-	-	-	1,445.62
2005-06	-	-	1,628.71	-	-	-	1,620.89	-	1,628.71	-	-	-	-	1,620.89
2006-07	-	-	756.31	225.58	-	150.00	2,010.30	-	756.31	225.58	-	150.00	75.58	2,010.30
2007-08	-	-	811.61	-	-	-	2,284.93	-	811.61	-	-	-	-	2,284.93
2008-09	-	-	120.70	-	11.76	-	3,613.72	-	120.7	-	11.76	-	(11.76)	3,613.72
2009-10	-	-	97.97	-	15.12	-	3,357.65	-	97.97	-	15.12	-	(15.12)	3,357.65
2010-11	63.00	-	628.26	-	15.12	-	3,126.43	12.50	703.76	-	15.12	-	(15.12)	3,126.43
2011-12	10.00	20.00	508.20	-	15.12	-	2,210.55	-	518.2	-	15.12	-	(15.12)	2,230.55
2012-13	6.25	28.13	1,050.00	-	15.12	-	4,381.32	-	1,056.25	-	15.12	-	(15.12)	4,409.45
2013-14	83.25	35.00	1,456.00	-	3.34	-	4,472.82	-	1,539.25	-	3.34	-	(3.34)	4,507.82
2014-15	11.67	27.00	1,872.54	-	-	-	4,233.42	-	1,884.21	-	-	-	-	4,260.42
2015-16	21.66	14.33	2,989.00	-	-	-	4,409.42	-	3,010.66	-	-	-	-	4,423.75
2016-17	12.51	2.76	2,614.90	-	-	-	5,041.95	-	2,627.41	-	-	-	-	5,044.71
2017-18	17.50	-	2,868.49	-	-	-	4,621.17	-	2,885.99	-	-	-	-	4,621.17
2018-19	46.28	-	2,767.09	-	-	-	7,409.73	-	2813.37	-	-	-	-	7,409.73
Total	**472.39**	**127.22**	**20,169.83**	**225.58**	**75.58**	**150.00**	**54,239.92**	**12.50**	**20,654.72**	**225.58**	**75.58**	**150.00**	**-**	**54,367.14**

Annexure 3

Statement showing position of equity and outstanding loans and grant/ subsidy relating to Power sector SPSUs as on 31 March 2019

(Referred to in paragraph 1.10)

(Figures in columns 5(a) to 7(d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Equity at close of the year 2018-19				Loans outstanding at the close of the year 2018-19				Grant/ Subsidy[1] at the close of the year 2018-19			
				GoG	GoI	Others	Total	GoG	GoI	Others	Total	GoG	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7(a)	7(b)	7(c)	7(d)
A	**Power**														
	I-Active Companies														
1	Gujarat Power Corporation Limited	Energy and Petrochemicals	01 August 1993	472.39	-	19.30	491.69	-	-	-	-	127.22	33.15	37.02	197.39
2	Gujarat State Electricity Corporation Limited	Energy and Petrochemicals	12 August 1993	-	-	2,127.80	2,127.80	-	-	9,848.35	9,848.35	-	-	-	-
3	Gujarat State Energy Generation Limited	Energy and Petrochemicals	30 December 1998	-	-	568.70	568.70	-	-	340.72	340.72	-	-	-	-
4	Gujarat Energy Transmission Corporation	Energy and Petrochemicals	19 May 1999	12.50	-	711.74	724.24	546.08	-	5,857.13	6,403.21	-	-	-	-
5	GSPC Pipavav Power Company Limited	Energy and Petrochemicals	22 February 2006	-	-	861.84	861.84	-	-	1,008.80	1,008.80	-	-	-	-
6	Dakshin Gujarat Vij Company Limited	Energy and Petrochemicals	15 September 2003	-	-	409.97	409.97	-	43.20	13.00	56.20	-	-	-	-
7	Madhya Gujarat Vij Company Limited	Energy and Petrochemicals	15 September 2003	-	-	425.51	425.51	-	-	151.87	151.87	-	-	-	-
8	Paschim Gujarat Vij Company Limited	Energy and Petrochemicals	15 September 2003	-	-	6,316.26	6,316.26	171.69	-	184.14	355.83	-	-	-	-
9	Uttar Gujarat Vij Company Limited	Energy and Petrochemicals	15 September 2003	-	-	556.33	556.33	57.23	-	30.34	87.57	-	-	-	-
10	Gujarat Urja Vikas Nigam Limited	Energy and Petrochemicals	22 December 2004	20,169.83	-	-	20,169.83	125.66	-	-	125.66	54,239.92	1,354.55	21.85	55,616.32
	Total A			**20,654.72**	**-**	**11,997.45**	**32,652.17**	**900.66**	**43.20**	**17,434.35**	**18,378.21**	**54,367.14**	**1,387.70**	**58.87**	**55,813.71**

[1] The amount of grant/susidy received by SPSUs includes amount of grant/subsidy received for purposes other than operational and administrative expenditure as at inception.

Annexure 4

Statement showing position of equity and outstanding loans and Grant/ Subsidy relating to SPSUs (excluding SPSUs of Power sector) as on 31 March 2019

(Referred to in paragraph 3.3, 3.4, 3.11 and 3.14)

(Figures in columns 5(a) to 7(d) are ₹ in crore)

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Equity at close of the year 2018-19				Loans outstanding at the close of the year 2018-19				Grant/ Subsidy[1] at the close of 2018-19			
				GoG	GoI	Others	Total	GoG	GoI	Others	Total	GoG	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7(a)	7(b)	7(c)	7(d)
A	**Social Sector**														
	I-Active Companies														
1	Gujarat Agro Industries Corporation Limited	Agriculture, Farmers Welfare and Co-operation	5 September 1969	8.08	-	-	8.08	-	-	-	-	2,840.57	80.28	6.06	2,926.91
2	Gujarat State Seeds Corporation Limited	Agriculture, Farmers Welfare and Co-operation	16 April 1975	3.75	0.18	-	3.93	-	-	-	-	-	0.38		0.38
3	Gujarat State Land Development Corporation Limited	Agriculture, Farmers Welfare and Co-operation	28 March 1978	5.88	-	-	5.88	15.91	-	-	15.91	3,861.41	117.75	65.83	4,044.99
4	Gujarat Sheep and Wool Development Corporation Limited	Agriculture, Farmers Welfare and Co-operation	10 September 1979	2.28	1.89	0.14	4.31	-	-	-	-	115.67	3.36	0.57	119.60
5	Gujarat State Handloom and Handicrafts Development Corporation Limited	Industries and Mines	10 August 1973	10.23	1.81	0.02	12.06	12.18	2.70	-	14.88	249.74	-	-	249.74
6	Gujarat Women Economic Development Corporation Limited	Women and Child Development	16 August 1988	5.34	4.66	-	10.00	-	-	-	-	79.20	0.48	6.89	86.57
7	Gujarat Minorities Finance and Development Corporation Limited	Social Justice and Empowerment	24 September 1999	19.09	-	-	19.09	22.23	16.51	-	38.74	5.95	0.85	0.27	7.07
8	Gujarat Gopalak Development Corporation Limited	Social Justice and Empowerment	18 May 2001	18.30	-	-	18.30	-	-	27.67	27.67	8.28	1.25	-	9.53
9	Gujarat Safai Kamdar Vikas Nigam Limited	Social Justice and Empowerment	24 October 2001	14.09	-	-	14.09	10.62	64.10	-	74.72	181.30	13.86	28.90	224.06

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Equity at close of the year 2018-19				Loans outstanding at the close of the year 2018-19				Grant/ Subsidy[1] at the close of 2018-19			
				GoG	GoI	Others	Total	GoG	GoI	Others	Total	GoG	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7(a)	7(b)	7(c)	7(d)
10	Gujarat Thakor and Koli Vikas Nigam Limited	Social Justice and Empowerment	19 September 2003	14.10	-	-	14.10	33.34	-	24.30	57.64	6.12	-	-	6.12
11	Gujarat Livelihood Promotion Company Limited	Panchayat Rural Housing and Rural Development	21 April 2010	0.05	-	-	0.05	-	-	-	-	437.07	178.18	-	615.25
12	Dr. Ambedkar Antyoday Vikas Nigam	Social Justice & Empowerment	1 October 2014	6.00	-	-	6.00	-	-	-	-	0.25	-	-	0.25
13	Gujarat Nomadic and Denotified Tribes Development Corporation	Social Justice & Empowerment	14 August 2015	4.00	-	-	4.00	23.00	1.70	-	24.70	1.06	-	-	1.06
14	Gujarat Metro Rail Corporation Limited	Urban Development and Urban Housing	04 February2010	1,567.00	1,001.21	-	2,568.21	1,068.79	2,461.86	-	3,530.65	24.50	-	-	24.50
15	Gujarat Water Resources Development Corporation Limited	Narmada, Water Resources, Water Supply and Kalpsar	03 May 1971	31.49	-	-	31.49	31.96	-	-	31.96	525.33	-	-	525.33
16	Gujarat State Forest Development Corporation Limited	Forest and Environment	20 August 1976	3.93	2.39	-	6.32	-	-	-	-	3.93	25.72	-	29.65
17	Gujarat Rural Industries Marketing Corporation Limited	Industries and Mines	16 May 1979	13.00	-	-	13.00	-	-	-	-	14.64	1.69	-	16.33
18	Gujarat State Civil Supplies Corporation Limited	Food, Civil Supplies and Consumer Affairs	26 September 1980	70.00	-	-	70.00	-	-	-	-	1,813.41	1,102.62	-	2,916.03
19	Gujarat Medical Services Corporation Limited	Health and Family Welfare	23 August 2012	2.50	-	-	2.50	-	-	-	-	93.63	-	-	93.63
20	Narmada Clean Tech	Industries and Mines	04 December 2014	-	-	85.56	85.56	-	-	-	-	13.95	-	-	13.95
21	Sarigam Clean Initiative	Industries and Mines	08 June 2015	-	-	16.66	16.66	-	-	-	-	-	-	-	-
	Total A-1			**1,799.11**	**1,012.14**	**102.38**	**2,913.63**	**1,218.03**	**2,546.87**	**51.97**	**3,816.87**	**10,276.01**	**1,526.42**	**108.52**	**11,910.95**
	II-Inactive Companies														
22	Gujarat Fisheries Development Corporation Limited	Agriculture, Farmers Welfare and Co-operation	17 December 1971	1.94	-	-	1.94	2.29	-	-	2.29	-	-	-	-
23	Gujarat Dairy Development Corporation Limited	Agriculture, Farmers Welfare and Co-operation	29 March 1973	10.46	-	-	10.46	55.07	-	20.00	75.07	-	-	-	-

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Equity at close of the year 2018-19				Loans outstanding at the close of the year 2018-19				Grant/ Subsidy[1] at the close of 2018-19			
				GoG	GoI	Others	Total	GoG	GoI	Others	Total	GoG	GoI	Others	Total
1	**2**	**3**	**4**	**5(a)**	**5(b)**	**5(c)**	**5(d)**	**6(a)**	**6(b)**	**6(c)**	**6(d)**	**7(a)**	**7(b)**	**7(c)**	**7(d)**
24	Gujarat Small Industries Corporation Limited (under liquidation)	Industries and Mines	26 March 1962	3.79	-	0.21	4.00	8.65	-	14.42	23.07	-	-	-	-
25	Gujarat State Rural Development Corporation Limited	Panchayat Rural Housing and Rural Development	07 July 1977	0.58	-	-	0.58	-	-	-	-	71.48	54.56	-	126.04
26	Gujarat Foundation for Mental Health and Allied Sciences	Health and Family Welfare	29 April 2003	0.02	-	-	0.02	-	-	-	-	-	0.60	-	0.60
27	BISAG Satellite Communication	Science and Technology	23 August 2012	39.08	-	-	39.08	-	-	0.28	0.28	-	-	-	-
	Total A-II			**55.87**	**-**	**0.21**	**56.08**	**66.01**	**-**	**34.70**	**100.71**	**71.48**	**55.16**		**126.64**
	Total A (I+II)			**1,854.98**	**1,012.14**	**102.59**	**2,969.71**	**1,284.04**	**2,546.87**	**86.67**	**3,917.58**	**10,347.49**	**1,581.58**	**108.52**	**12,037.59**
B	**Competitive Sector**														
	I-Active Companies														
28	Gujarat Industrial Investment Corporation Limited	Industries and Mines	12 August 1968	256.97	-	-	256.97	61.88	-	-	61.88	10.00	-	-	10.00
29	Gujarat Ports Infrastructure and Development Company Limited	Ports and Transport	27 August 1982	-	-	18.00	18.00	-	-	-	-	-	-	-	-
30	Gujarat Growth Centres Development Corporation Limited	Industries and Mines	11 December 1992	15.00	21.35	-	36.35	-	-	-	-	-	-	-	-
31	Gujarat State Road Development Corporation Limited	Roads and Building	12 May 1999	5.00	-	-	5.00	1.00	-	-	1.00	1,056.78	28.92	-	1,085.70
32	Gujarat State Petroleum Corporation Limited	Energy and Petrochemicals	29 January 1978	224.10	-	33.83	257.93	-	-	6,321.79	6,321.79	-	-	-	-
33	GSPC (JPDA) Limited	Energy and Petrochemicals	13 October 2006	-	-	99.39	99.39	-	-	-	-	-	-	-	-
34	GSPC LNG Limited	Energy and Petrochemicals	27 February 2007	378.00	-	104.63	482.63	-	-	1,205.90	1,205.90	1.63	-	-	1.63
35	GSPC Offshore Limited	Energy and Petrochemicals	23 September 2015	-	-	0.05	0.05	-	-	-	-	-	-	-	-
36	GSPC Energy Limited	Energy and Petrochemicals	18 December 2015	-	-	0.05	0.05	-	-	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Equity at close of the year 2018-19				Loans outstanding at the close of the year 2018-19				Grant/ Subsidy[1] at the close of 2018-19			
				GoG	GoI	Others	Total	GoG	GoI	Others	Total	GoG	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7(a)	7(b)	7(c)	7(d)
37	Tourism Corporation of Gujarat Limited	Industries and Mines	10 June 1975	20.00	-	-	20.00	-	-	-	-	3,159.25	247.07	148.81	3,555.13
38	Gujarat Industrial and Technical Consultancy Limited	Industries and Mines	08 December 1978	-	-	0.20	0.20	-	-	-	-	-	-	-	-
39	Gujarat State Petronet Limited	Energy and Petrochemicals	23 December 1998	-	-	563.97	563.97	-	-	2,365.98	2,365.98	-	-	-	-
40	Gujarat Informatics Limited	Science and Technology	19 February 1999	17.06	-	1.45	18.51	8.59	-	-	8.59	949.83	165.94	1.98	1,117.75
41	Guj Info Petro Limited	Energy and Petrochemicals	15 January 2001	-	-	0.05	0.05	-	-	-	-	-	-	-	-
42	Dahej SEZ Limited	Industries and Mines	21 September	-	-	46.05	46.05	-	-	-	-	3.41	-	-	3.41
43	Sabarmati Gas Limited	Energy and Petrochemicals	6 June 2006	-	-	20.00	20.00	-	-	39.40	39.40	-	-	-	-
44	Guj-Tour Development Company Limited	Industries and Mines	07 April 2011	18.40	-	-	18.40	-	-	-	-	-	-	-	-
45	GSPL India Gasnet Limited	Energy and Petrochemicals	13 October 2011	-	-	462.02	462.02	-	-	924.61	924.61	-	-	-	-
46	GSPL India Transco Limited	Energy and Petrochemicals	13 October 2011	-	-	381.00	381.00	-	-	313.85	313.85	-	-	-	-
47	Gujarat Gas Limited	Energy and Petrochemicals	30 March 2015	9.00	-	128.69	137.69	-	-	2,212.96	2,212.96	-	-	-	-
48	Gujarat Fibre Grid Network Limited	Science and Technology	30 September 2016	0.10	-	-	0.10	-	-	-	-	-	-	-	-
49	Gujarat ISP Services Limited	Science and Technology	05 December 2016	0.10	-	-	0.10	-	-	0.10	0.10	-	-	-	-
	Total B-I			**943.73**	**21.35**	**1,859.38**	**2,824.46**	**71.47**	**-**	**13,384.59**	**13,456.06**	**5,180.90**	**441.93**	**150.79**	**5,773.62**
	II-Active Statutory Corporations														
50	Gujarat State Warehousing Corporation	Agriculture, Farmers Welfare and Co-operation	05 December 1960	2.00	-	2.00	4.00	-	-	-	-	0.75	-	-	0.75
51	Gujarat State Financial Corporation	Industries and Mines	01 May 1960	49.09	-	40.02	89.11	630.19	-	-	630.19	2.54	-	-	2.54
52	Gujarat Industrial Development Corporation	Industries and Mines	04 August 1962	-	-	-	-	-	-	-	-	1,393.72	583.73	4.20	1,981.65
53	Gujarat State Road Transport Corporation	Ports and Transport	01 May 1960	3,317.95	106.28	-	3,424.23	3,146.06	17.86	-	3,163.92	7,632.78	-	-	7,632.78
	Total B-II			**3,369.04**	**106.28**	**42.02**	**3,517.34**	**3,776.25**	**17.86**	**-**	**3,794.11**	**9,029.79**	**583.73**	**4.20**	**9,617.72**

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Equity at close of the year 2018-19				Loans outstanding at the close of the year 2018-19				Grant/ Subsidy[1] at the close of 2018-19			
				GoG	GoI	Others	Total	GoG	GoI	Others	Total	GoG	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7(a)	7(b)	7(c)	7(d)
	III-Inactive Companies														
54	Infrastructure Finance Company Gujarat limited	Finance	3 February 2000	-	-	2.50	2.50	-	-	-	-	-	-	-	-
55	Gujarat Leather Industries Limited (under liquidation)	Industries and Mines	18 April 1978	-	-	1.50	1.50	2.06	-	-	2.06	-	-	-	-
56	Gujarat State Construction Corporation Limited	Roads and Buildings	16 December 1974	5.00	-	-	5.00	-	-	-	-	-	-	-	-
57	Gujarat State Textile Corporation Limited (under liquidation)	Industries and Mines	13 November 1968	46.46	-	-	46.46	587.88	-	0.67	588.55	-	-	-	-
58	Gujarat State Machine Tools Limited	Industries and Mines	15 February 1974	-	-	0.52	0.52	-	-	2.92	2.92	-	-	-	-
59	Gujarat Communications and Electronics Limited (under liquidation)	Industries and Mines	30 May 1975	12.45	-	-	12.45	0.90	-	8.69	9.59	-	-	-	-
60	Gujarat Trans-Receivers Limited	Industries and Mines	26 March 1981	-	-	0.29	0.29	-	-	0.55	0.55	-	-	-	-
61	Naini Coal Company Limited	Industries and Mines	09 October 2009	-	-	0.05	0.05	-	-	-	-	-	-	-	-
62	Alcock Ashdown (Gujarat) Limited	Industries and Mines	05 September 1994	14.50	-	36.50	51.00	133.50	-	55.54	189.04	-	12.98	-	12.98
	Total B-III			**78.41**	**-**	**41.36**	**119.77**	**724.34**	**-**	**68.37**	**792.71**	**-**	**12.98**	**-**	**12.98**
	Total B (I+II+III)			**4,391.18**	**127.63**	**1,942.76**	**6,461.57**	**4,572.06**	**17.86**	**13,452.96**	**18,042.88**	**14,210.69**	**1,038.64**	**154.99**	**15,404.32**
C	**Others**														
	I-Active Companies														
63	Gujarat State Investments Limited	Finance	29 January 1988	1,042.77	-	-	1,042.77	1,077.00	-	-	1,077.00	-	-	-	-
64	Gujarat State Financial Services Limited	Finance	20 November 1992	106.28	-	31.72	138.00	-	-	1,609.39	1,609.39	-	-	-	-
65	Sardar Sarovar Narmada Nigam Limited	Narmada, Water Resources, Water Supply and Kalpsar	24 March 1988	60,644.27	-	-	60,644.27	-	-	4,535.41	4,535.41	-	-	-	-
66	Gujarat State Police Housing Corporation Limited	Home	01 November 1988	50.00	-	-	50.00	-	-	-	-	3,897.02	254.59	268.77	4,420.38

Sl. No.	Sector & Name of the Company	Name of the Department	Month and year of incorporation	Equity at close of the year 2018-19				Loans outstanding at the close of the year 2018-19				Grant/ Subsidy[1] at the close of 2018-19			
				GoG	GoI	Others	Total	GoG	GoI	Others	Total	GoG	GoI	Others	Total
1	2	3	4	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	7(a)	7(b)	7(c)	7(d)
67	Gujarat Urban Development Company Limited	Urban Development and Urban Housing	27 May 1999	26.00	-	-	26.00	-	-	-	-	-	-	-	-
68	Gujarat Water Infrastructure Limited	Narmada, Water Resources, Water Supply and Kalpsar	25 October 1999	155.02	-	-	155.02	-	-	-	-	5,188.94	490.09	1,057.00	6,736.03
69	Gujarat State Aviation Infrastructure Company Limited	Industries and Mines	07 July 2010	0.05	-	-	0.05	-	-	-	-	133.18	-	-	133.18
70	Dholera International Airport Company Limited	Industries and Mines	20 January 2012	50.00	-	4.39	54.39	-	-	-	-	-	-	-	-
71	Diamond Research and Mercantile City Limited	Urban Development and Urban Housing	10 July 2015	40.00	-	25.00	65.00	-	-	-	-	-	-	-	-
72	Dholera Industrial City Development Limited	Industries and Mines	28 January 2016	1,347.05	1,745.55	-	3,092.60	-	-	-	-	-	-	-	-
73	Gandhinagar Railway and Urban Development Corporation Limited	Industries and Mines	05 January 2017	22.20	7.80	-	30.00	-	-	-	-	60.00	40.00	-	100.00
74	Gujarat Rail Infrastructure Development Corporation Limited	Industries and Mines	06 January 2017	26.01	17.30	-	43.31	-	-	-	-	20.00	-	-	20.00
75	Bahucharaji Rail Corporation Limited	Industries and Mines	10 December 2018	-	-	0.74	0.74	-	-	-	-	-	-	-	-
76	Gujarat Mineral Development Corporation Limited	Industries and Mines	15 May 1963	47.06	-	16.54	63.60	-	-	-	-	-	-	-	-
	Total C-I			**63,556.71**	**1,770.65**	**78.39**	**65,405.75**	**1,077.00**	**-**	**6,144.80**	**7,221.80**	**9,299.14**	**784.68**	**1,325.77**	**11,409.59**
	II-Inactive Companies														
77	Gujarat Industrial Corridor Corporation Limited	Industries and Mines	30 March 2009	10.00	-	-	10.00	-	-	-	-	-	-	-	-
	Total C-II			**10.00**	**-**	**-**	**10.00**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total C (I+II)			**63,566.71**	**1,770.65**	**78.39**	**65,415.75**	**1,077.00**	**-**	**6,144.80**	**7,221.80**	**9,299.14**	**784.68**	**1,325.77**	**11,409.59**
	Grand Total (A+B+C)			**69,812.87**	**2,910.42**	**2,123.74**	**74,847.03**	**6,933.10**	**2,564.73**	**19,684.43**	**29,182.26**	**33,857.32**	**3,404.90**	**1,589.28**	**38,851.50**

[1] The amount of grant/subsidy received by SPSUs includes amount of grant/subsidy received for purposes other than operational and administrative expenditure as at inception.

Annexure 5

Statement showing difference between Finance Accounts of Government of Gujarat and financial statements of SPSUs (excluding SPSUs of Power sector) in respect of balances of Equity and Guarantee as on 31 March 2019

(Referred to in paragraph 3.7)

(Figures in columns 3 to 8 are ₹ in crore)

Sl. No.	Name of SPSU	As per SPSU Records		As per Finance Account		(Difference)	
		Paid-up Capital	Guarantee Committed	Paid-up Capital	Guarantee Committed	Paid-up Capital	Guarantee Committed
1	2	3	4	5	6	7	8
1	Gujarat Agro Industries Corporation Limited	8.08	-	8.93	-	(0.85)	-
2	Gujarat State Land Development Corporation Limited	5.88	-	5.89	-	(0.01)	-
3	Gujarat Sheep and Wool Development Corporation Limited	2.28	-	3.67	-	(1.39)	-
4	Gujarat State Handloom and Handicrafts Development Corporation Limited	10.23	-	8.92	-	1.31	-
5	Gujarat Women Economic Development Corporation Limited	5.34	-	4.72	-	0.62	-
6	Gujarat Minorities Finance and Development Corporation Limited	19.09	-	10.66	-	8.43	-
7	Gujarat Gopalak Development Corporation Limited	18.30	-	11.00	-	7.30	-
8	Gujarat Safai Kamdar Vikas Nigam Limited	14.09	-	5.00	15.00	9.09	(15.00)
9	Gujarat Thakor and Koli Vikas Nigam Limited	14.10	-	10.70	26.50	3.40	(26.50)
10	Gujarat Livelihood Promotion Company Limited	0.05	-	0.00	-	0.05	-
11	Dr. Ambedkar Antyoday Vikas Nigam	6.00	16.50	0.00	-	6.00	16.50
12	Gujarat Metro Rail Corporation Limited	1,567.00	-	1412	-	155.00	-
13	Gujarat Water Resources Development Corporation Limited	31.49	-	25.96	-	5.53	-
14	Gujarat State Forest Development Corporation Limited	3.93	-	5.71	1.41	(1.78)	(1.41)
15	Gujarat Rural Industries Marketing Corporation Limited	13.00	-	9.17	-	3.83	-
16	Gujarat State Civil Supplies Corporation Limited	70.00	-	1.22	4.20	68.78	(4.2)
17	Gujarat Medical Services Corporation Limited	2.50	-	0.00	-	2.50	-
18	Gujarat Fisheries Development Corporation Limited	1.94	-	0.77	-	1.17	-
19	Gujarat Dairy Development Corporation Limited	10.46	-	7.74	1.69	2.72	(1.69)
20	Gujarat Small Industries Corporation Limited (under liquidation)	3.79	-	3.12	-	0.67	-
21	Gujarat Foundation for Mental Health and Allied Sciences	0.02	-	0.00	-	0.02	-
22	Gujarat Industrial Investment Corporation Limited	256.97	-	218.99	125.69	37.98	(125.69)

Sl. No.	Name of SPSU	As per SPSU Records		As per Finance Account		(Difference)	
		Paid-up Capital	Guarantee Committed	Paid-up Capital	Guarantee Committed	Paid-up Capital	Guarantee Committed
1	2	3	4	5	6	7	8
23	Gujarat Growth Centres Development Corporation Limited	15.00	-	35.28	-	(20.28)	-
24	Gujarat State Road Development Corporation Limited	5.00	-	-	-	5.00	-
25	Gujarat State Petroleum Corporation Limited	224.10	-	2654.62	-	(2,430.52)	-
26	Alcock Ashdown (Gujarat) Limited	14.50	-	-	0.01	14.50	(0.01)
27	GSPC LNG Limited	378.00	-	300.00	-	78.00	-
28	Tourism Corporation of Gujarat Limited	20.00	-	14.92	-	5.08	-
29	Gujarat Informatics Limited	17.06	-	6.00	-	11.06	-
30	Guj-Tour Development Company Limited	18.40	-	-	-	18.40	-
31	Gujarat Gas Limited	9.00	-	50.00	-	(41.00)	-
32	Gujarat Fibre Grid Network Limited	0.10	-	-	-	0.10	-
33	Gujarat ISP Services Limited	0.10	-		-	0.10	-
34	Gujarat State Warehousing Corporation	2.00	-	1.56	-	0.44	-
35	Gujarat State Financial Corporation	49.09	-	47.69	432.99	1.40	(432.99)
36	Gujarat Industrial Development Corporation	-	-	-	0.36	-	(0.36)
37	Gujarat State Road Transport Corporation	3,317.95	-	628.57	202.15	2,689.38	(202.15)
38	Gujarat State Construction Corporation Limited	-	-	-	4.02	-	(4.02)
39	Gujarat State Textile Corporation Limited (under liquidation)	46.46	-	18.37	10.64	28.09	(10.64)
40	Sardar Sarovar Narmada Nigam Limited	60,644.27	17.20	60093.36	1408.93	550.91	(1391.73)
41	Gujarat State Police Housing Corporation Limited	-	-	-	21.28	-	(21.28)
42	Gujarat Water Infrastructure Limited	155.02	-	125.10	650.00	29.92	(650)
43	Gujarat Industrial Corridor Corporation Limited	10.00	-	-	-	10.00	-
44	Gujarat State Aviation Infrastructure Company Limited	0.05	-	-	-	0.05	-
45	Dholera Industrial City Development Limited	1,347.05	-	-	-	1,347.05	-
46	Gandhinagar Railway and Urban Development Corporation Limited	22.20	-	49.28	-	(27.08)	-
	Total	**68,359.89**	**33.70**	**65,778.92**	**2,904.87**	**2,580.97**	**(2,871.17)**

Annexure 6

Financial Statements (FSs) in arrears and Investment made by State Government during the year in SPSUs of which FSs are in arrears

(Referred to in paragraph 3.8.1)

(Figures in columns 4 and 7 to 9 are ₹ in crore)

Sl. No.	Name of the Company	Last finalised FSs	Paid-up Capital#	FSs in Arrears	No. of FSs in arrears	Investment made by State Government during the year of which FSs are in arrears		
						Equity	Loans	Grants
1	2	3	4	5	6	7	8	9
A	**Active Government Companies**							
1	Gujarat Agro Industries Corporation Limited (Standalone)	2016-17	8.08	2017-18 to 2018-19	2	-	-	-
	Gujarat Agro Industries Corporation Limited (Consolidated)	2016-17		2017-18 to 2018-19	2	-	-	-
2	Gujarat State Seeds Corporation Limited	2017-18	3.93	2018-19	1	-	-	-
3	Gujarat State Land Development Corporation Limited	2015-16	5.88	2018-19	3	-	-	81.29
				2017-18		-	-	668.58
				2016-17		-	-	-
4	Gujarat Sheep and Wool Development Corporation Limited	2017-18	4.31	2018-19	1	-	-	8.54
5	Gujarat Industrial Investment Corporation Limited (Standalone)	2017-18	256.98	2018-19	1	-	-	-
	Gujarat Industrial Investment Corporation Limited (Consolidated)	2017-18		2018-19	1	-	-	-
6	Gujarat State Handloom and Handicrafts Development Corporation Limited	2016-17	12.06	2018-19	1	-	-	51.03
				2017-18	1		-	52.28
7	Gujarat Women Economic Development Corporation Limited	2015-16	7.02	2018-19	3	-	-	7.57
				2017-18		-	-	-
				2016-17		0.02	-	-
8	Gujarat Minorities Finance and Development Corporation Limited	2016-17	19.99	2018-19	1	-	1.50	-
				2017-18	1	-	5.50	-

Sl. No.	Name of the Company	Last finalised FSs	Paid-up Capital#	FSs in Arrears	No. of FSs in arrears	Investment made by State Government during the year of which FSs are in arrears		
						Equity	Loans	Grants
1	2	3	4	5	6	7	8	9
9	Gujarat Gopalak Development Corporation Limited	2015-16	13.41	2018-19	3	1	14.00	1.06
				2017-18		0.50	4.00	0.75
				2016-17		3.40	-	-
10	Gujarat Safai Kamdar Vikas Nigam Limited	2016-17	14.09	2017-18 to 2018-19	2	-	-	-
11	Gujarat Thakor and Koli Vikas Nigam Limited	2017-18	13.11	2018-19	1	1.00	15.75	1.00
12	Gujarat Livelihood Promotion Company Limited	2015-16	0.05	2016-17 to 2018-19	3	-	-	-
13	Dr. Ambedkar Antyodya Development Corporation	2014-15	2.00	2018-19	4	1.00	5.00	-
				2017-18		1.00	5.00	-
				2016-17		1.00	-	-
				2015-16		1.00	-	0.25
14	Gujarat Nomadic and Denotified Tribes Development Corporation	2017-18	3.00	2018-19	1	1.00	-	0.66
15	Sardar Sarovar Narmada Nigam Limited	2017-18	57,059.11	2018-19	1	3,585.17	-	-
16	Gujarat State Investment Limited	2017-18	1,042.77	2018-19	1	-	572.00	-
17	Gujarat Growth Centres Development Corporation Limited	2017-18	36.35	2018-19	1	-	-	-
18	Gujarat Urban Development Company Limited (Standalone)	2017-18	26.00	2018-19	1	-	-	-
	Gujarat Urban Development Company Limited (Consolidated)			2018-19	1	-	-	-
19	Gujarat Water Infrastructure Limited	2017-18	155.02	2018-19	1	-	-	693.00
20	Gujarat State Aviation Infrastructure Company Limited	2016-17	0.05	2017-18 to 2018-19	2	-	-	-
21	Diamond Research and Mercantile City Limited	2017-18	50.00	2018-19	1	15.00	-	-
22	Dholera Industrial City Development Limited	2017-18	2,641.28	2018-19	1	-	-	-
23	Gandhinagar Railway and Urban Development Corporation Limited	2017-18	30.00	2018-19	1	-	-	-
24	Gujarat Water Resources Development Corporation Limited	2015-16	31.49	2018-19	1	-	-	50.00
				2016-17 to 2017-18	2	-	-	-

Sl. No.	Name of the Company	Last finalised FSs	Paid-up Capital#	FSs in Arrears	No. of FSs in arrears	Investment made by State Government during the year of which FSs are in arrears		
						Equity	Loans	Grants
1	2	3	4	5	6	7	8	9
25	Gujarat State Forest Development Corporation Limited	2017-18	6.32	2018-19	1	-	-	0.15
26	Gujarat Rural Industries Marketing Corporation Limited	2017-18	13.00	2018-19	1	-	-	1.47
27	Gujarat Port Infrastructure and Development Company Limited	2017-18	18.00	2018-19	1	-	-	-
28	Gujarat State Civil Supplies Corporation Limited	2017-18	70.00	2018-19	1	-	-	469.44
29	Tourism Corporation of Gujarat Limited	2017-18	20.00	2018-19	1	-	-	401.71
30	Gujarat Informatics Limited (Standalone)	2017-18	18.51	2018-19	2	-	-	-
	Gujarat Informatics Limited (Consolidated)	2017-18		2018-19		-	-	-
31	Dahej SEZ Limited	2017-18	46.05	2018-19	1	-	-	-
32	Guj-Tour Development Company Limited	2017-18	18.40	2018-19	1	-	-	-
33	Gujarat Medical Services Corporation Limited (Standalone)	2017-18	2.50	2018-19	1	-	-	29.00
	Gujarat Medical Services Corporation Limited (Consolidated)	2017-18		2018-19	1	-	-	-
34	Sarigam Clean Initiative	2017-18	20.10	2018-19	1	-	-	-
35	Gujarat Fibre Grid Network Limited	2017-18	0.10	2018-19	1	-	-	-
36	Gujarat ISP Services Limited	2017-18	0.10	2018-19	1	0.10	-	-
Total A (Active Government Companies)			**61,669.06**		**60**	**3,611.19**	**622.75**	**2,517.78**
B	**Active Statutory Corporations**							
37	Gujarat State Warehousing Corporation	2014-15	4.00	2015-16 to 2018-19	4	-	-	-
38	Gujarat Industrial Development Corporation	2017-18	0.00	2018-19	1	-	-	294.19
39	Gujarat State Road Transport Corporation	2016-17	2,635.91	2018-19	2	214.49	112.66	578.98
				2017-18		573.83	68.69	668.10
Total B (Active Statutory Corporations)			**2,639.91**		**7**	**788.32**	**181.35**	**1,541.27**
Grand Total (A + B)			**64,308.97**		**67**	**4,399.51**	**804.10**	**4059.05**
C	**Inactive Government Companies**							
1	Gujarat Fisheries Development Corporation Limited	1998-99	1.94	1999-00 to 2018-19	20	-	-	-

Sl. No.	Name of the Company	Last finalised FSs	Paid-up Capital#	FSs in Arrears	No. of FSs in arrears	Investment made by State Government during the year of which FSs are in arrears		
						Equity	Loans	Grants
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**
2	Gujarat Small Industries Corporation Limited (under liquidation)	2006-07	4.00	2007-08 to 2018-19	12	-	-	-
3	Gujarat Leather Industries Limited (under liquidation)	2001-02	1.50	2002-03 to 2018-19	17	-	-	-
4	Infrastructure Finance Company Gujarat Limited	2010-11	2.50	2011-12 to 2018-19	8	-	-	-
5	Gujarat State Construction Corporation Limited	2015-16	5.00	2016-17 to 2018-19	3	-	-	-
6	Gujarat State Rural Development Corporation Limited	2014-15	0.58	2016-17 to 2018-19	3	-	-	-
7	Gujarat State Textile Corporation Limited (under liquidation)	1996-97	46.46	1997-98 to 2018-19	22	-	-	-
8	Gujarat State Machine Tools Limited	2017-18	0.54	2018-19	1	-	-	-
9	Gujarat Communications and Electronics Limited (under liquidation)	2000-01	12.45	2001-02 to 2018-19	18	-	-	-
10	Gujarat Trans-Receivers Limited	2017-18	0.29	2018-19	1	-	-	-
11	Alcock Ashdown (Gujarat) Limited	2017-18	51.00	2018-19	1	-	-	-
12	Gujarat Industrial Corridor Corporation Limited	2017-18	10.00	2018-19	1	-	-	-
13	Naini Coal Company Limited	2011-12	0.05	2012-13 to 2018-19	7	-	-	-
14	Gujarat Foundation for Mental Health and Allied Sciences	2010-11	0.02	2011-12 to 2018-19	**8**	-	-	-
15	BISAG Satellite Communication	2014-15	39.08	2015-16 to 2018-19	4	-	-	-
Total C (Arrears inactive Government Companies)			**175.41**		**126**	**-**	**-**	**-**
Grand Total (A+B+C)			**64,484.38**		**193**	**4,399.51**	**804.10**	**4,059.05**

FSs= Financial Statements.

The annexure has been prepared on the basis of information provided by the SPSUs.

\# Paid up capital includes share application money pending allotment.

Annexure 7

Summarised financial position and working results of SPSUs (excluding SPSUs of Power sector) as per their latest finalised financial statements

(Referred to in paragraph 3.11, 3.18 and 3.23)

(Figures in columns 5 to 13 are ₹ in crore)

Sl. No.	Sector & Name of the Company	Period of FSs	Year in which finalised	Paid-up Capital#	Paid-up capital excluding application money pending allotment	Accumulated Profit/ (loss) (A)	Free reserves	Net Worth (F)	Turnover (B)	Net Profit/ (loss) before Interest and Tax	Net profit/ (loss) after Tax	Capital employed (C)
1	2	3	4	5	6	7	8	9	10	11	12	13
A	Social Sector											
Active Companies												
1	Gujarat Agro Industries Corporation Limited	2016-17	2019-20	8.08	8.08	119.88	-	127.96	517.43	65.10	39.51	347.96
2	Gujarat State Seeds Corporation Limited	2017-18	2018-19	3.93	3.93	-	199.49	203.42	163.73	18.56	11.33	203.42
3	Gujarat State Land Development Corporation Limited	2015-16	2017-18	5.88	5.88	(110.89)	-	(105.01)	514.52	2.00	0.05	(43.06)
4	Gujarat Sheep and Wool Development Corporation Limited	2017-18	2019-20	4.31	4.31	1.29	-	5.60	0.03	0.32	0.09	5.60
5	Gujarat State Handloom and Handicrafts Development Corporation Limited	2016-17	2019-20	12.06	12.06	(59.38)	-	(47.32)	15.28	2.62	0.76	(42.04)
6	Gujarat Women Economic Development Corporation Limited$	2015-16	2018-19	7.02	7.02	-	-	7.02	-	-	$	7.02
7	Gujarat Minorities Finance and Development Corporation Limited	2016-17	2017-18	19.99	19.09	(8.26)	-	10.83	4.84	0.53	(0.08)	44.24
8	Gujarat Gopalak Development Corporation Limited	2015-16	2019-20	13.41	13.41	4.16	0.04	17.60	2.00	1.02	1.02	33.81
9	Gujarat Safai Kamdar Vikas Nigam Limited	2016-17	2018-19	14.09	14.09	-	34.48	48.57	5.62	4.89	4.97	137.41
10	Gujarat Thakor and Koli Vikas Nigam Limited	2017-18	2018-19	13.11	13.11	13.95	0.00	27.06	2.77	3.38	2.83	69.63
11	Gujarat Livelihood Promotion Company Limited	2015-16	2017-18	0.05	0.05	0.27	-	0.32	-	0.05	0.03	0.32
12	Dr. Ambedkar Antyodaya Development Corporation	2014-15	2016-17	2.00	2.00	0.18	-	2.18	-	0.04	0.02	2.18
13	Gujarat Nomadic and Denotified Tribes Development Corporation	2017-18	2018-19	3.00	3.00	0.28	-	3.28	0.41	0.15	(0.17)	14.77
14	Gujarat Metro Rail Corporation Limited	2018-19	2019-20	2,568.21	2,101.21	(68.09)	-	2,033.12	0.04	1.03	(1.66)	3501.32
15	Gujarat Water Resources Development Corporation Limited	2015-16	2019-20	31.49	31.49	(177.61)	-	(146.12)	54.69	(146.56)	(150.23)	(146.12)
16	Gujarat State Forest Development Corporation Limited	2017-18	2018-19	6.32	6.32	61.73	0.18	68.23	33.73	18.12	13.24	68.23
17	Gujarat Rural Industries Marketing Corporation Limited	2017-18	2018-19	13.00	13.00	25.65	1.04	39.69	164.49	7.50	4.77	39.69
18	Gujarat State Civil Supplies Corporation Limited	2017-18	2018-19	70.00	70.00	28.99	0.00	98.99	1,964.70	17.49	12.77	98.99

Sl. No.	Sector & Name of the Company	Period of FSs	Year in which finalised	Paid-up Capital#	Paid-up capital excluding application money pending allotment	Accumulated Profit/ (loss) (A)	Free reserves	Net Worth (F)	Turnover (B)	Net Profit/ (loss) before Interest and Tax	Net profit/ (loss) after Tax	Capital employed (C)
1	2	3	4	5	6	7	8	9	10	11	12	13
19	Gujarat Medical Services Corporation Limited	2017-18	2018-19	2.50	2.50	2.97	-	5.47	1.99	0.80	0.68	5.47
20	Narmada Clean Tech	2018-19	2019-20	85.57	85.57	(36.39)	-	49.18	54.37	(5.52)	(6.81)	49.18
21	Sarigam Clean Initiative	2017-18	2018-19	20.10	20.10	1.33	-	21.43	8.92	2.19	2.19	21.43
Total				**2,904.12**	**2,436.22**	**(199.94)**	**235.23**	**2,471.50**	**3,509.56**	**(6.29)**	**(64.49)**	**4,419.45**
Inactive Companies												
22	Gujarat Fisheries Development Corporation Limited	1998-99	2002-03	1.94	1.94	4.01	-	5.95	28.13	(0.90)	1.20	0.87
23	Gujarat Dairy Development Corporation Limited	2017-18	2018-19	10.46	10.46	(123.88)	-	(113.42)	-	(0.43)	(0.47)	(38.07)
24	Gujarat Small Industries Corporation Limited (under liquidation)	2006-07	2007-08	4.00	4.00	(74.93)	-	(70.93)	-	(0.31)	6.93	3.21
25	Gujarat State Rural Development Corporation Limited	2014-15	2015-16	0.58	0.58	1.08	-	1.66	-	1.78	1.78	(0.12)
26	Gujarat Foundation for Mental health and Allied Sciences[β]	2010-11	2013-14	0.02	0.02	-	-	0.02	-	-	B	0.02
27	BISAG Satellite Communication	2014-15	2015-16	39.08	39.08	6.70	-	45.78	-	3.78	3.78	46.05
Total				**56.08**	**56.08**	**(187.02)**	**-**	**(130.93)**	**28.13**	**3.92**	**13.22**	**11.96**
Sector wise Total				**2,960.20**	**2,492.30**	**(386.96)**	**235.23**	**2,340.57**	**3,537.69**	**(2.37)**	**(51.47)**	**4,431.41**
B	**Competitive Sector**											
Active Companies												
28	Gujarat Industrial Investment Corporation Limited	2017-18	2018-19	256.98	256.98	(59.11)	-	197.87	16.06	15.72	10.75	294.51
29	Gujarat Ports Infrastructure and Development Company Limited	2017-18	2018-19	18.00	18.00	10.53	-	28.53	-	0.23	(0.39)	28.53
30	Gujarat Growth Centres Development Corporation Limited	2017-18	2018-19	36.35	36.35	(0.38)	-	35.97	-	-	-	35.97
31	Gujarat State Road Development Corporation Limited	2018-19	2019-20	5.00	5.00	15.89	-	20.89	45.94	6.66	4.71	73.25
32	Gujarat State Petroleum Corporation Limited	2018-19	2019-20	6,807.93	257.93	(15,184.21)	6,985.20	(7,941.08)	14,368.58	961.71	259.51	(1,829.27)
33	GSPC (JPDA) Limited	2018-19	2019-20	99.39	99.39	(148.19)	-	(48.80)	-	(0.06)	(0.06)	(48.80)
34	GSPC LNG Limited	2018-19	2019-20	332.63	332.63	(19.95)	-	312.68	-	(65.36)	(43.47)	1,518.59
35	GSPC Offshore Limited	2018-19	2019-20	0.05	0.05	(0.36)	-	(0.31)	-	(0.01)	(0.01)	(0.31)
36	GSPC Energy Limited	2018-19	2019-20	0.05	0.05	0.12	-	0.17	113.57	0.34	0.29	0.17
37	Tourism Corporation of Gujarat Limited	2017-18	2018-19	20.00	20.00	221.28	-	241.28	63.12	61.62	39.76	241.32
38	Gujarat Industrial and Technical Consultancy Limited	2018-19	2019-20	0.20	0.20	4.49	-	4.69	5.88	1.50	1.04	4.69

Sl. No.	Sector & Name of the Company	Period of FSs	Year in which finalised	Paid-up Capital#	Paid-up capital excluding application money pending allotment	Accumulated Profit/ (loss) (A)	Free reserves	Net Worth (F)	Turnover (B)	Net Profit/ (loss) before Interest and Tax	Net profit/ (loss) after Tax	Capital employed (C)
1	2	3	4	5	6	7	8	9	10	11	12	13
39	Gujarat State Petronet Limited	2018-19	2019-20	564.11	563.97	4,760.17	417.87	5,742.01	1,877.26	1,421.98	794.67	7,027.57
40	Gujarat Informatics Limited	2017-18	2018-19	18.51	18.51	111.93	-	130.44	14.89	28.73	7.30	139.03
41	Guj Info Petro Limited	2018-19	2019-20	0.05	0.05	24.85	27.27	52.17	16.06	4.27	2.98	52.17
42	Dahej SEZ Limited	2017-18	2018-19	46.05	46.05	169.97	-	216.02	53.51	45.01	34.87	216.02
43	Sabarmati Gas Limited	2018-19	2019-20	20.00	20.00	310.58	145.67	476.25	1,122.57	155.58	100.47	499.31
44	Guj-Tour Development Company Limited	2017-18	2018-19	18.40	18.40	6.29	-	24.69	-	1.52	1.10	24.69
45	GSPL India Gasnet Limited	2018-19	2019-20	462.02	462.02	(21.28)	-	440.74	21.64	(6.15)	(27.80)	1,365.35
46	GSPL India Transco Limited	2018-19	2019-20	381.00	381.00	8.03	-	389.03	0.00	1.42	0.99	702.88
47	Gujarat Gas Limited	2018-19	2019-20	137.68	137.68	1,276.66	2.72	1,417.06	7,962.48	790.04	417.03	3,506.21
48	Gujarat Fibre Grid Network Limited	2017-18	2018-19	0.10	0.10	(0.03)	-	0.07	-	-	-	0.07
49	Gujarat ISP Services Limited	2017-18	2018-19	0.10	0.10	(0.13)	-	(0.03)	-	(0.11)	(0.11)	(0.03)
Total				**9,224.60**	**2,674.46**	**(8,512.85)**	**7,578.73**	**1,740.34**	**25,681.56**	**3,424.64**	**1,603.63**	**13,851.92**
Active Statutory Corporations												
50	Gujarat State Warehousing Corporation	2014-15	2016-17	4.00	4.00	3.95	0.98	8.93	14.46	5.85	3.91	13.16
51	Gujarat State Financial Corporation	2018-19	2019-20	89.11	89.11	(2,687.30)	18.90	(2,579.29)	2.42	**13.19**	(114.87)	750.79
52	Gujarat Industrial Development Corporation*	2017-18	2018-19	-	-	1,946.83	-	1,946.83	704.41	**161.71**	161.71	11,809.99
53	Gujarat State Road Transport Corporation	2016-17	2019-20	2,635.91	2,635.91	(3,410.80)	-	(774.89)	2,882.74	(423.34)	(424.46)	2,131.60
Total				**2,729.02**	**2,729.02**	**(4,147.32)**	**19.88**	**(1,398.42)**	**3,604.03**	**(242.59)**	**(373.71)**	**14,705.54**
Inactive Companies												
54	Infrastructure Finance Company Gujarat Limited	2010-11	2016-17	2.50	2.50	(0.66)	-	1.84	-	0.10	-	1.84
55	Gujarat Leather Industries Limited (under liquidation)	2001-02	2002-03	1.50	1.50	(6.67)	-	(5.17)	-	-	-	-
56	Gujarat State Construction Corporation Limited	2015-16	2016-17	5.00	5.00	(48.82)	-	(43.82)	-	0.07	-	9.58
57	Gujarat State Textile Corporation Limited (under liquidation)	1996-97	1997-98	46.46	46.46	-	-	46.46	-	-	-	-
58	Gujarat State Machine Tools Limited	2016-17	2017-18	0.54	0.54	(3.27)	-	(2.73)	-	(0.10)	(0.10)	0.16
59	Gujarat Communications and Electronics Limited (under liquidation)	2000-01	2001-02	12.45	12.45	(104.74)	-	(92.29)	5.57	(34.13)	-	-
60	Gujarat Trans-Receivers Limited	2016-17	2017-18	0.29	0.29	(6.06)	-	(5.77)	-	-	-	(2.20)

Sl. No.	Sector & Name of the Company	Period of FSs	Year in which finalised	Paid-up Capital#	Paid-up capital excluding application money pending allotment	Accumulated Profit/ (loss) (A)	Free reserves	Net Worth (F)	Turnover (B)	Net Profit/ (loss) before Interest and Tax	Net profit/ (loss) after Tax	Capital employed (C)
1	2	3	4	5	6	7	8	9	10	11	12	13
61	Naini Coal Company Limited	2011-12	2013-14	0.05	0.05	0.05	-	0.10	-	0.10	-	0.10
62	Alcock Ashdown (Gujarat) Limited	2017-18	2018-19	51.00	51.00	(536.86)	0.00	(485.86)	0.00	(6.12)	(32.86)	(296.82)
Total				**119.79**	**119.79**	**(707.03)**	**0.00**	**(587.24)**	**5.57**	**(40.08)**	**(32.96)**	**(287.34)**
Sector wise Total (B)				**12,073.41**	**5,523.27**	**(13,367.20)**	**7,598.60**	**(245.33)**	**29,291.16**	**3,141.97**	**1,196.96**	**28,270.12**
C	**Others**											
Active Companies												
63	Gujarat State Investments Limited	2017-18	2018-19	1,042.77	1,042.77	812.80	-	1,855.57	76.76	75.46	72.82	2,415.57
64	Gujarat State Financial Services Limited	2018-19	2019-20	138.00	138.00	1,375.27	1,421.16	2,934.43	3,039.08	3024.21	275.98	2,934.43
65	Sardar Sarovar Narmada Nigam Limited	2017-18	2018-19	57,059.11	55,324.92	(3,636.72)	-	51,688.20	499.05	(1,441.34)	(1,709.96)	54,542.01
66	Gujarat State Police Housing Corporation Limited##	2018-19	2019-20	50.00	50.00	-	-	50.00	0.67	##	##	50.00
67	Gujarat Urban Development Company Limited	2017-18	2019-20	26.00	26.00	34.99	-	60.99	-	1.02	0.75	60.99
68	Gujarat Water Infrastructure Limited	2017-18	2018-19	155.02	149.60	(428.25)	-	(278.65)	372.57	(89.59)	(89.56)	(278.65)
69	Gujarat State Aviation Infrastructure Company Limited	2016-17	2018-19	0.05	0.05	0.06	-	0.11	0.05	-	-	0.11
70	Dholera International Airport Company Limited	2018-19	2019-20	131.66	54.39	6.98	-	61.37	-	2.82	2.02	61.37
71	Diamond Research and Mercantile City Limited	2017-18	2018-19	50.00	50.00	3.99	-	53.99	-	5.45	3.99	58.99
72	Dholera Industrial City Development Limited	2017-18	2018-19	2,641.28	2,641.28	100.71	-	2,741.99	-	80.19	56.94	2,741.99
73	Gandhinagar Railway and Urban Development Corporation Limited	2017-18	2018-19	30.00	30.00	0.64	-	30.64	-	0.92	0.64	30.64
74	Gujarat Rail Infrastructure Development Corporation Limited	2018-19	2019-20	43.31	35.30	(0.06)	-	35.24	-	-	-	35.24
75	Bahucharaji Rail Corporation Limited	2018-19	2019-20	0.74	-	-	-	-	-	-	-	-
76	Gujarat Mineral Development Corporation Limited	2018-19	2019-20	63.60	63.60	1,209.60	2,719.29	3,992.49	1,879.68	309.13	138.79	3,992.49
Total				**61,431.54**	**59,605.91**	**(519.99)**	**4,140.45**	**63,226.37**	**5,867.86**	**1,968.27**	**(1,247.59)**	**66,645.18**
Inactive Companies												
77	Gujarat Industrial Corridor Corporation Limited	2017-18	2018-19	10.00	10.00	(8.77)	-	1.23	-	(7.46)	(7.46)	1.23
Total				**10.00**	**10.00**	**(8.77)**	**-**	**1.23**	**-**	**(7.46)**	**(7.46)**	**1.23**
Sector wise Total (C)				**61,441.54**	**59,615.91**	**(528.76)**	**4,140.45**	**63,227.60**	**5,867.86**	**1,960.81**	**(1,255.05)**	
Grand Total (A+B+C)				**76,475.15**	**67,631.48**	**(14,282.92)**	**11,974.29**	**65,322.85**	**38,696.71**	**5,100.41**	**(109.56)**	

(A) Accumulated Profit/ Loss represent the surplus/ deficit of Statement of Profit and Loss as depicted in the Balance Sheet. The profit/ loss derived from other comprehensive income of IND. AS companies have not been considered.

(B) The turnover of the Company represents the main source of income of the PSU based on the nature of activity undertaken. It represents the revenue from operations.

(C) Capital employed in case of Companies/ Corporation preparing their Accounts based on Revised Schedule VI of the Companies Act, 2013 is the sum of "Shareholders' Funds" and "Long Term Borrowings". However, the Shareholders' Funds here do not include Share Application money. In addition, Long Term Borrowings do not include debts maturing within 12 months. In case of Companies' Corporation preparing their accounts based on old Schedule VI, Capital Employed is "Net fixed Assets including Capital works in progress plus working capital".

(D) In case of Companies at Sl. No. A-14, B-32, B-33, B-34, B-35, B-36, B-39, B-41, B-42, B-43, B-45, B-46, B-47, C-63, C-64, C-65, C-72 and C-76, the Companies have prepared their accounts as per Ind. AS. Therefore, for the purpose of comparison with other companies, reserves representing unrealised gains/losses and other equity instruments through other comprehensive income have not been considered for capital employed.

(E) Sl. No. A-2, A-3, A-7, A-9, A-11, A-12, A-22, A-24, A-26, A-27, B-29, B-37, B-50, B-54, B-55, B-56, B-57, B-59, B-61, B-62, C-63 and C-71 did not submit any accounts during 1st October 2018 to 30 September 2019. Hence, figures as per last year report have been incorporated.

(F) Net worth represents paid up capital excluding share application money pending allotment plus accumulated profit/ loss *plus* free reserve.

$ Excess of expenditure over income adjusted against capital reserve and Non-plan grant by Company (Sl. No. A-6).

Paid-up capital includes share application money pending allotment.

Neither profit nor loss is shown by the Company as excess of expenditure over income are transferred to works completed (Sl. No. C-66).

β Expenditure incurred set off from grants income taken to Statement of Profit and Loss (Sl. No. A-26).

* GoG made capital contribution in the form of loan, hence, paid-up capital is Nil. However, even the loans have now been repaid (Sl. No. B-52).

Annexure 8

Composite return on investment in three listed SPSUs with Government of Gujarat Investment

(Referred to in paragraph 3.12)

(Figures in columns B to E, I to L and P are ₹ in crore)

Year	Equity	Equity added	Grants/ Subsidy and IFL	Dividend receipts	No. of Years	Rate of interest (r)	1+r	Inception value of equity added	Inception value of Grants/ Subsidy	PV of Dividend receipts	Cost of invest-ment	No. of Shares	Market Price per Share	Market Value of Share	Current Value of Investment	Return on Invest-ment	Compounded Annual Growth Rate
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P	Q	R
							(1+G)	C/product of H since inception to year value of (F-1)	D/product of H since inception to year value of (F-1)	E*product of H from the year to the last year	B+ΣI+ΣJ			M*N/ 10000000	O+ΣK	((P-L)/L)/F	((Current year ROI/ ROI of 2000-2001)^1/(F-1)-1)*100
2004-05	72.62	-	2.47	11.77	1	0.0908	1.0908	-	2.47	36.48	75.09	7,26,22,400	310.01	2,251.37	2,287.85	2,946.81	-
2005-06	72.62	-	-	14.12	2	0.0806	1.0806	-	-	40.12	75.09	7,26,22,400	457.36	3,321.46	3,398.06	2,212.66	(24.91)
2006-07	72.62	-	0.07	23.53	3	0.0819	1.0819	-	0.06	61.87	75.15	7,26,22,400	508.35	3,691.76	3,830.24	1,665.61	(24.82)
2007-08	72.62	-	-	23.53	4	0.0812	1.0812	-	-	57.19	75.15	16,67,50,400	294.03	4,902.96	5,098.63	1,671.16	(17.23)
2008-09	72.62	23.53	-	47.06	5	0.0780	1.0780	17.07	-	105.79	92.21	28,44,10,400	46.44	1,320.80	1,622.26	331.84	(42.07)
2009-10	72.62	-	-	58.83	6	0.0764	1.0764	-	-	122.68	92.21	28,44,10,400	145.87	4,148.69	4,572.83	809.81	(22.77)
2010-11	72.62	-	-	70.60	7	0.0756	1.0756	-	-	136.77	92.21	28,44,10,400	138.32	3,933.96	4,494.87	682.05	(21.64)
2011-12	72.62	-	-	70.60	8	0.0763	1.0763	-	-	127.16	92.21	28,44,10,400	186.29	5,298.28	5,986.35	798.97	(17.01)
2012-13	72.62	-	-	70.60	9	0.0766	1.0766	-	-	118.15	92.21	28,44,10,400	169.53	4,821.61	5,627.82	666.99	(16.95)
2013-14	72.62	-	-	70.60	10	0.0762	1.0762	-	-	109.74	92.21	28,44,10,400	136.07	3,869.97	4,785.93	509.00	(17.73)
2014-15	72.62	-	-	70.60	11	0.0776	1.0776	-	-	101.97	92.21	28,44,10,400	115.18	3,275.84	4,293.76	414.21	(17.82)
2015-16	81.62	-	-	72.85	12	0.0769	1.0769	-	-	97.64	101.21	29,34,05,862	550.12	16,140.84	17,256.41	1,412.44	(6.47)
2016-17	81.62	-	-	70.60	13	0.0767	1.0767	-	-	87.87	101.21	29,34,05,862	752.65	22,083.19	23,286.63	1,762.09	(4.19)
2017-18	81.62	-	-	85.96	14	0.0759	1.0759	-	-	99.37	101.21	29,34,05,862	932.66	27,364.79	28,667.59	2,015.96	(2.88)
2018-19	81.62	-	-	51.56	15	0.0744	1.0744	-	-	55.40	101.21	32,93,87,710	202.09	6,656.60	8,014.79	521.24	(11.64)

Notes:-

1. It is assumed that transitions in the form of Addition of Equity, Addition of Grants\ Subsidy, Disinvestment and Payment of Dividend have taken place at the beginning of the year.
2. Interest free Loan and Grants/ Subsidies for Operational and Administrative Expenses have been considered as Investment of Government.
3. The listed SPSUs included in this Annexure are Gujarat Mineral Development Corporation Limited, Gujarat State Financial Corporation and Gujarat Gas Limited.
4. Since no disinvestment has been done of any of the three SPSU in any year from 2004-05 to 2018-19, no relevant column has been added in the table.

Return on Investment in Gujarat Mineral Development Corporation Limited

(Referred to in paragraph 3.12)

(Figures in columns B, C, E, J to L and P are ₹ in crore)

Year	Equity	Equity added	Dividend receipts	No. of Years	Rate of interest (r)	1+r	Inception value of equity added	PV of Dividend receipts	Cost of investment	No. of Shares	Market Price per Share	Market Value of Share	Current Value of Investment	Return on Investment	Compounded Annual Growth Rate
A	B	C	E	G	H	I	J	K	L	M	N	O	P	Q	R
						(1+H)	C/product of I since inception to year value of (G-1)	E*product of I from the year to the last year	B+ΣJ			M*N/10000000	O+ΣK	((P-L)/L)/G	((Current year ROI/ ROI of 2000-2001)^1/(G-1)-1)*100
2004-05	23.53	-	11.77	1	0.0908	1.0908	-	36.48	23.53	2,35,32,000	304.3	716.08	752.56	3,098.30	-
2005-06	23.53	-	14.12	2	0.0806	1.0806	-	40.12	23.53	2,35,32,000	449.25	1,057.18	1,133.78	2,359.22	(23.85)
2006-07	23.53	-	23.53	3	0.0819	1.0819	-	61.87	23.53	2,35,32,000	478.75	1,126.59	1,265.07	1,758.81	(24.66)
2007-08	23.53	-	23.53	4	0.0812	1.0812	-	57.19	23.53	11,76,60,000	291	3,423.91	3,619.57	3,820.70	7.24
2008-09	23.53	23.53	47.06	5	0.0780	1.0780	17.07	105.79	40.60	23,53,20,000	39.55	930.69	1,232.15	587.04	(34.02)
2009-10	23.53	-	58.83	6	0.0764	1.0764	-	122.68	40.60	23,53,20,000	141.9	3,339.19	3,763.33	1,528.38	(13.18)
2010-11	23.53	-	70.60	7	0.0756	1.0756	-	136.77	40.60	23,53,20,000	135.7	3,193.29	3,754.20	1,306.83	(13.40)
2011-12	23.53	-	70.60	8	0.0763	1.0763	-	127.16	40.60	23,53,20,000	182.05	4,284.00	4,972.07	1,518.48	(9.69)
2012-13	23.53	-	70.60	9	0.0766	1.0766	-	118.15	40.60	23,53,20,000	167	3,929.84	4,736.06	1,285.16	(10.42)
2013-14	23.53	-	70.60	10	0.0762	1.0762	-	109.74	40.60	23,53,20,000	131.9	3,103.87	4,019.82	980.21	(12.00)
2014-15	23.53	-	70.60	11	0.0776	1.0776	-	101.97	40.60	23,53,20,000	112.15	2,639.11	3,657.04	809.86	(12.56)
2015-16	23.53	-	70.60	12	0.0769	1.0769	-	94.63	40.60	23,53,20,000	65.4	1,538.99	2,651.54	535.97	(14.74)
2016-17	23.53	-	70.60	13	0.0767	1.0767	-	87.87	40.60	23,53,20,000	122.35	2,879.14	4,079.56	765.33	(11.00)
2017-18	23.53	-	82.36	14	0.0759	1.0759	-	95.20	40.60	23,53,20,000	123.05	2,895.61	4,191.23	730.31	(10.52)
2018-19	23.53	-	47.06	15	0.0744	1.0744	-	50.56	40.60	23,53,20,000	81.3	1,913.15	3,259.34	528.59	(11.87)

Notes:-

1. It is assumed that transitions in form of Addition of Equity and Payment of Dividend have taken place at the beginning of the year.
2. Interest free Loan and Grants/ Subsidies for Operational and Administrative Expenses have been considered as Investment of Government.
3. Since no grant/subsidy has been given by Government of Gujarat during 2004-05 to 2018-19, the same has not been shown in the above table.
4. Since no Disinvestment has been done of GMDC during 2004-05 to 2018-19, the same has not been shown in the above table.

Return on Investment in Gujarat Gas Limited

(Referred to in paragraph 3.12)

(Figures in columns B to D, H to J and N are ₹ in crore)

Year	Equity	Equity added	Dividend receipts	No. of Years	Rate of interest (r)	1+r	Inception value of equity added	PV of Dividend receipts	Cost of investment	No. of Shares	Market Price per Share	Market Value of Share	Current Value of Investment	Return on Investment	Compounded Annual Growth Rate
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
						(1+F)	C/product of G since inception to year value of (E-1)	D*product of G from the year to the last year	B+ΣH			K*L/10000000	M+ΣI	((N-J)/J)/E	((Current year ROI/ ROI of 2000-2001)^1/(E-1)-1)*100
2015-16	9	-	2.25	1	0.0769	1.0769	-	3.02	9	89,95,462	481.15	432.82	435.83	4,742.58	-
2016-17	9	-	0	2	0.0767	1.0767	-	0.00	9	89,95,462	626.6	563.66	566.67	3,098.17	(34.67)
2017-18	9	-	3.60	3	0.0759	1.0759	-	4.16	9	89,95,462	808.05	726.88	734.06	2,685.39	(24.75)
2018-19	9	-	4.50	4	0.0744	1.0744	-	4.83	9	4,49,77,310	120	539.73	551.74	1,507.61	(31.75)

Notes:-

1. It is assumed that transitions in the form of Addition of Equity, and Payment of Dividend have taken place at the beginning of the year.
2. Interest free Loan and Grants/ Subsidies for Operational and Administrative Expenses have been considered as Investment of Government.
3. The SPSU was formed as result of amalgamation between GSPC Gas Company Limited, Gujarat Gas Company Limited, Gujarat Gas Financial Services Limited, Gujarat Gas Trading Company Limited and GSPC Distribution Networks Limited. Under the amalgamation scheme appointed dated was 01 April 2013 and effective date was 14 May 2015.
4. As on 31 March 2015 equity shares of the SPSU were not listed. The shares were listed on Stock exchanges *w.e.f.* 15 September 2015.
5. Since no grant/subsidy has been given by Government of Gujarat during 2015-16 to 2018-19, the same has not been shown in the above table.
6. Since no Disinvestment has been done of GGL during 2015-16 to 2018-19, the same has not been shown in the above table.

Return on Investment in Gujarat State Financial Corporation

(Referred to in paragraph 3.12)

(Figures in columns B to D, H to J,and N are ₹ in crore)

Year	Equity	Equity added	Grant/ Subsidy and IFL	No. of Years	Rate of interest (r)	1+r	Inception value of equity added	Inception value of Grants/ Subsidy	Cost of investment	No. of Shares	Market Price per Share	Market Value of Share	Current Value of Investment	Return on Investment	Compounded Annual Growth Rate
A	B	C	D	E	F	G	H	I	J	K	L	M	N	O	P
						(1+F)	C/product of G since inception to year value of (E-1)	D/product of G since inception to year value of (E-1)	B+ΣH+ΣI			K*L/10000000	M	((N-J)/J)/E	((Current year ROI/ ROI of 2000-2001)^1/(E-1)-1)*100
2004-05	49.09	-	2.47	1	0.0908	1.0908	-	2.47	51.56	4,90,90,400	5.71	28.03	28.03	(45.63)	
2005-06	49.09	-	-	2	0.0806	1.0806	-	0	51.56	4,90,90,400	8.11	39.81	39.81	(11.39)	(75.04)
2006-07	49.09	-	0.07	3	0.0819	1.0819	-	0.06	51.62	4,90,90,400	29.6	145.31	145.31	60.50	Nil[5]
2007-08	49.09	-	-	4	0.0812	1.0812	-	0	51.62	4,90,90,400	3.03	14.87	14.87	(17.80)	(26.94)
2008-09	49.09	-	-	5	0.0780	1.0780	-	0	51.62	4,90,90,400	6.89	33.82	33.82	(6.90)	(37.65)
2009-10	49.09	-	-	6	0.0764	1.0764	-	0	51.62	4,90,90,400	3.97	19.49	19.49	(10.37)	(25.64)
2010-11	49.09	-	-	7	0.0756	1.0756	-	0	51.62	4,90,90,400	2.62	12.86	12.86	(10.73)	(21.44)
2011-12	49.09	-	-	8	0.0763	1.0763	-	0	51.62	4,90,90,400	4.24	20.81	20.81	(7.46)	(22.80)
2012-13	49.09	-	-	9	0.0766	1.0766	-	0	51.62	4,90,90,400	2.53	12.42	12.42	(8.44)	(19.02
2013-14	49.09	-	-	10	0.0762	1.0762	-	0	51.62	4,90,90,400	4.17	20.47	20.47	(6.03)	(20.13)
2014-15	49.09	-	-	11	0.0776	1.0776	-	0	51.62	4,90,90,400	3.03	14.87	14.87	(6.47)	(17.74)
2015-16	49.09	-	-	12	0.0769	1.0769	-	0	51.62	4,90,90,400	3.57	17.53	17.53	(5.50)	(17.49)
2016-17	49.09	-	-	13	0.0767	1.0767	-	0	51.62	4,90,90,400	3.7	18.16	18.16	(4.99)	(16.85)
2017-18	49.09	-	-	14	0.0759	1.0759	-	0	51.62	4,90,90,400	1.56	7.66	7.66	(6.08)	(14.36)
2018-19	49.09	-	-	15	0.0744	1.0744	-	0	51.62	4,90,90,400	0.79	3.88	3.88	(6.17)	(13.32)

Notes:-

1. It is assumed that transitions in the form of Addition of Equity and Addition of Grants\ Subsidy have taken place at the beginning of the year.
2. Interest free Loan and Grants/ Subsidies for Operational and Administrative Expenses have been considered as Investment of Government.
3. Market Price taken from Bombay Stock Exchange website.
4. Since the PSU has not declared dividend and also no disinvestment has been done in any year from 2004-05 to 2018-19, the same has not been shown above.
5. The CAGR for 2006-07 is reported Nil due to sudden increase in market price per share.

Annexure 9

Statement showing Government of Gujarat funds infused in SPSUs (excluding SPSUs of Power sector) until 31 March 2019

(Referred to in paragraph 3.16)

(₹ in crore)

Sl. No.	Sector & Name of the Company	Nature of Infusion	Up to 2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
A	**Social Sector**																
1	Gujarat Agro Industries Corporation Limited	Equity	8.08	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant	11.22	21.84	58.50	44.31	85.27	129.94	179.93	153.17	216.96	200.94	638.10	638.10	462.29		-
2	Gujarat State Seeds Corporation Limited	Equity	2.95	0.10	0.10	0.10	-	0.20	0.10	0.10	0.10	-	-	-	-	-	-
3	Gujarat State Land Development Corporation Limited	Equity	5.87	-	0.0035	0.0020	-	0.0020	0.0020	0.0020	-	-	-	-	-	-	-
		Grant	52.05	82.86	126.7600	243.2600	308.81	525.6700	469.51	485.2200	256.76	456.43	104.21	-	-	668.58	81.29
4	Gujarat Sheep and Wool Development Corporation Limited	Equity	2.28	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant	3.64	3.51	3.47	7.78	6.07	7.71	10.99	8.63	9.85	6.60	9.28	12.08	9.28	8.24	8.54
5	Gujarat State Handloom and Handicrafts Development Corporation Limited	Equity	10.23	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		IFL	4.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Repayment to GoG	-	-	-	0.14	0.15	0.02	0.29	0.38	1.87	0.15	0.17	0.13	0.55	0.15	-
		Grant	1.80	3.04	3.79	6.39	6.74	7.22	8.14	9.35	6.31	11.00	-	41.06	41.59	52.28	51.03
6	Gujarat Women Economic Development Corporation Limited	Equity	5.32	-	-	-	-	-	-	-	-	-	-	-	0.02	-	-
		Grant	1.93	2.11	7.39	7.30	9.63	9.58	9.41	10.01	14.27	-	-	-	-	-	7.57
7	Gujarat Minorities Finance and Development Corporation Limited	Equity	1.35	0.20	-	3.20	3.65	1.60	-	-	-	-	-	9.09	-	-	-
		IFL	3.40	-	1.71	1.45	0.77	0.70	0.50	1.50	1.50	1.50	1.50	1.50	7.50	5.50	-
		Grant	-	-	0.10	0.36	0.30	0.40	0.83	0.01	0.35	0.35	0.50	0.50	2.25	-	-
8	Gujarat Gopalak Development Corporation Limited	Equity	0.35	0.25	0.50	0.75	0.75	0.75	0.75	0.90	1.50	-	3.50	3.40	3.40	0.50	1.00
		Grant	0.10	-	0.46	0.36	0.73	0.46	1.15	0.45	0.73	0.43	0.45	1.15	-	0.75	1.06
9	Gujarat Safai Kamdar Vikas Nigam Limited	Equity	1.00	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	-	-	9.09	-	-	-
		Grant	9.37	17.00	16.25	16.65	26.70	28.76	21.60	13.43	7.88	12.03	-	-	-	11.63	-

Sl. No.	Sector & Name of the Company	Nature of Infusion	Up to 2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
10	Gujarat Thakor and Koli Vikas Nigam Limited	Equity	0.20	0.20	0.30	0.40	1.00	-	0.75	0.85	1.35	0.85	0.90	4.30	1.00	1.00	1.00
		IFL	-	0.05	0.05	0.30	0.50	0.50	0.50	0.55	0.30	0.60	0.60	0.60	0.75	0.75	-
		Grant	0.15	0.22	0.15	0.30	0.35	0.35	0.47	0.40	0.42	0.81	-	-	0.75	0.75	1.00
11	Gujarat Livelihood Promotion Company Limited	Equity	-	-	-	-	-	-	0.05	-	-	-	-	-	-	-	-
		Grant	-	-	-	-	-	-	12.04	32.50	178.16	108.36	30.71	75.30	-	-	-
12	Dr. Ambedkar Antyodaya Development Corporation	Equity	-	-	-	-	-	-	-	-	-	-	2.00	1.00	1.00	1.00	1.00
		Grant	-											0.25			
13	Gujarat Nomadic and Denotified Tribes Development Corporation	Equity	-	-	-	-	-	-	-	-	-	-	-	1.00	1.00	1.00	1.00
		Grant	-	-	-	-	-	-	-	-	-	-	-	-	-	0.40	0.66
14	Gujarat Metro Rail Corporation Limited	Equity	-	-	-	-	-	-	-	50.00	500.00	550.00	150.00	162.00	-	155.00	
		IFL	-	-	-	-	-	-	-	-	-	-	150.00	267.00	108.00	155.00	388.79
		Grant	-	-	-	-	-	-	-	-	-	-	-	-	2.00	15.00	7.50
15	Gujarat Water Resources Development Corporation Limited	Equity	31.49	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant	37.46	37.86	38.00	39.79	39.57	37.50	46.00	48.90	50.09	51.16	49.00	-	-	-	50.00
16	Gujarat State Forest Development Corporation Limited	Equity	3.93	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		IFL	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant	-	-	1.50	-	2.14	-	-	-	-	0.14	-	-	-	-	0.15
17	Gujarat Rural Industries Marketing Corporation Limited	Equity	9.17	-	-	-	-	-	-	-	-	-	3.83	-	-	-	-
		Grant	0.12	4.32	1.21	1.26	1.00	0.86	0.78	0.74	0.44	0.50	-	-	0.60	1.34	1.47
18	Gujarat State Civil Supplies Corporation Limited	Equity	10.00	-	-	-	-	-	-	-	-	-	-	-	60.00	-	-
		Grant	0.13	0.50	0.16	0.27	2.13	15.79	21.22	18.09	1.72	33.80	50.49	328.65	394.41	476.61	469.44
19	Gujarat Medical Services Corporation Limited	Equity	-	-	-	-	-	-	-	-	2.50	-	-	-	-	-	-
		Grant	-	-	-	-	-	-	-	-	14.44	21.18	0.01	-	-	29.00	29.00
20	Gujarat Fisheries Development Corporation Limited	Equity	1.94	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Sl. No.	Sector & Name of the Company	Nature of Infusion	Up to 2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
21	Gujarat Dairy Development Corporation Limited	Equity	10.46	-	-	-	-	-	-	-	-	-	-	-	-	-	-
22	Gujarat Small Industries Corporation Limited (under liquidation)	Equity	3.79	-	-	-	-	-	-	-	-	-	-	-	-	-	-
23	Gujarat State Rural Development Corporation Limited	Equity	0.58	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant	1.18	0.50	0.50	0.50	0.50	0.50	0.13	25.18	20.28	22.21	-	-	-	-	-
24	Gujarat Foundation for Mental health and Allied	Equity	-	-	-	-	-	-	0.02	-	-	-	-	-	-	-	-
25	BISAG Satellite Communication	Equity	-	-	-	-	-	-	-	-	30.00	8.08	1.00	-	-	-	-
26	Narmada Clean Tech	Grant	-	-	-	-	-	-	-	-	-	-	-	0.50	3.00	-	10.45
	Total (A)	**Equity**	**108.99**	**1.25**	**1.40**	**4.95**	**5.90**	**3.05**	**2.17**	**52.35**	**535.95**	**558.93**	**161.23**	**189.88**	**66.42**	**158.50**	**4.00**
		IFL	**7.40**	**0.05**	**1.76**	**1.75**	**1.27**	**1.20**	**1.00**	**2.05**	**1.80**	**2.10**	**152.10**	**269.10**	**116.25**	**161.25**	**388.79**
		Repayment to GoG	**-**	**-**	**-**	**0.14**	**0.15**	**0.02**	**0.29**	**0.38**	**1.87**	**0.15**	**0.17**	**0.13**	**0.55**	**0.15**	**-**
		Balance IFL	**7.40**	**0.05**	**1.76**	**1.61**	**1.12**	**1.18**	**0.71**	**1.67**	**-0.07**	**1.95**	**151.93**	**268.97**	**115.70**	**161.10**	**388.79**
		Grant	**119.15**	**173.76**	**258.24**	**368.53**	**489.94**	**764.74**	**782.20**	**806.08**	**778.66**	**925.94**	**882.75**	**1,097.59**	**916.17**	**1,264.58**	**719.16**
B	**Competitive Environment Sector**																
1	Gujarat Industrial Investment Corporation Limited	Equity	256.97	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		IFL	-	-	-	-	-	-	-	60.50	-	19.63	-	-	-	-	1.35
		Repayment to GoG	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36.11
		Grant	-	-	-	-	-	-	10.00	-	-	-	-	-	-	-	-
2	Gujarat Growth Centres Development Corporation Limited	Equity	15.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
3	Gujarat State Road Development Corporation Limited [α]	Equity	6.00	-	-	-	-	-	-	(1.00)	-	-	-	-	-	-	-
		Grant	-	-	-	59.67	62.19	-	77.20	140.09	143.12	103.97	196.32	-	93.65	180.57	-
4	Gujarat State Petroleum Corporation Limited	Equity	100.36	-	-	-	100.36	-	-	-	6.17	7.91	3.82	5.48	-	-	-

Sl. No.	Sector & Name of the Company	Nature of Infusion	Up to 2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
5	Alcock Ashdown (Gujarat) Limited [α]	Equity	12.00	-	-	3.50	-	-	-	-	-	(1.00)	-	-	-	-	-
6	GSPC LNG Limited	Equity	-	-	-	-	-	-	-	-	-	50.00	150.00	-	-	-	178.00
		Grant	-	-	-	-	-	-	-	-	-	1.63	-	-	-	-	-
7	Tourism Corporation of Gujarat Limited	Equity	20.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant	9.96	29.98	40.59	92.00	79.71	119.32	1.76	198.40	340.00	367.50	251.32	348.00	431.00	448.00	401.71
8	Gujarat Informatics Limited	Equity	17.06	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		IFL	24.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Repayment to GoG	10.25	-	-	2.47	0.40	0.08	-	1.38	0.83	-	-	-	-	-	-
		Grant	10.76	1.58	5.25	20.12	14.81	31.93	31.38	20.08	24.96	67.71	157.42	169.45	307.69	86.69	-
9	Guj-Tour Development Company Limited	Equity	-	-	-	-	-	-	-	0.01	-	18.39	-	-	-	-	-
10	Gujarat Fibre Grid Network Limited	Equity	-	-	-	-	-	-	-	-	-	-	-	-	0.10	-	-
11	Gujarat Gas Limited	Equity	-	-	-	-	-	2.77	-	5.68	-	0.55	-	-	-	-	-
12	Gujarat State Warehousing Corporation	Equity	2.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant										0.75					-
13	Gujarat State Financial Corporation	Equity	49.09	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant	2.47	-	0.07	-	-	-	-	-	-	-	-	-	-	-	-
14	Gujarat State Road Transport Corporation	Equity	502.37	17.69	33.00	15.00	15.00	15.00	15.00	15.00	25.00	600.00	386.62	358.95	531.00	573.83	214.49
		Grant	310.09	356.00	356.00	361.62	361.62	501.62	501.00	703.70	600.00	600.00	713.89	536.54	483.62	668.10	578.98
15	Gujarat State Construction Corporation Limited	Equity	5.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
16	Gujarat State Textile Corporation Limited (under liquidation)	Equity	46.46	-	-	-	-	-	-	-	-	-	-	-	-	-	-
17	Gujarat Communications and Electronics Limited (under liquidation)	Equity	12.45	-	-	-	-	-	-	-	-	-	-	-	-	-	-
18	Gujarat Industrial Development Corporation	Grant	17.74	57.86	43.35	7.59	117.81	269.02	115.87	108.21	65.00		112.60		52.48	132.00	294.19

Sl. No.	Sector & Name of the Company	Nature of Infusion	Up to 2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
19	Dahej SEZ Limited	Grant	-	-	-	-	-	-	-	-	-	3.41	-	-	-	-	-
20	Gujarat ISP Services Limited	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	-	0.10
	Total (B)	**Equity**	**1,044.76**	**17.69**	**33.00**	**18.50**	**115.36**	**17.77**	**15.00**	**19.69**	**31.17**	**675.85**	**540.44**	**364.43**	**531.10**	**573.83**	**392.59**
		IFL	**24.00**	**-**	**-**	**-**	**-**	**-**	**-**	**60.50**	**-**	**19.63**	**-**	**-**	**-**	**-**	**1.35**
		Repayment to GoG	**10.25**	**-**	**-**	**2.47**	**0.40**	**0.08**	**-**	**1.38**	**0.83**	**-**	**-**	**-**	**-**	**-**	**36.11**
		Balance IFL	**13.75**	**-**	**-**	**(2.47)**	**(0.40)**	**(0.08)**	**-**	**59.12**	**(0.83)**	**19.63**	**-**	**-**	**-**	**-**	**(34.76)**
		Grant	**351.02**	**445.42**	**445.26**	**541.00**	**636.14**	**921.89**	**737.21**	**1,170.48**	**1,173.08**	**1,144.97**	**1,431.55**	**1,053.99**	**1,368.44**	**1,515.36**	**1,274.88**
C	**Other Sector**																
1	Gujarat State Investments Limited	Equity	442.77	-	-	-	-	-	-	-	600.00	-	-	-	-	-	-
		IFL	-	-	-	0.43	-	29.75	512.25	85.00	7.28	8.87	550.00	54.85	-	60.00	572.00
		Repayment to GoG	-	-	-	-	-	-	-	-	-	-	368.58	-	200.00	179.85	-
2	Gujarat State Financial Services Limited	Equity	26.28	-	-	-	10.00	-	-	50.00	-	-	-	-	-	20.00	-
3	Sardar Sarovar Narmada Nigam Limited	Equity	12,129.70	1,466.89	2,520.19	2,373.07	5,229.35	2,193.00	2,191.54	3,164.18	4,827.96	3,920.94	4,112.70	4,105.07	4,103.72	4,720.79	3,585.17
4	Gujarat State Police Housing Corporation Limited	Equity	50.00	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Grant	165.64	135.44	151.48	106.13	98.33	231.93	144.97	222.95	322.75	240.29	369.75	319.33	488.25	392.05	507.73
5	Gujarat Urban Development Company Limited	Equity	20.93	-	0.10	0.10	0.10	4.77	-	-	-	-	-	-	-	-	-
6	Gujarat Water Infrastructure Limited	Equity	59.92	10.00	10.00	10.00	10.00	10.00	10.00	10.00	0.10	10.00	5.00	5.00	5.00	-	-
		Grant	62.00	56.85	101.00	102.00	117.23	153.97	558.75	87.70	93.67	316.77	802.00	653.00	698.00	693.00	693.00
7	Gujarat Industrial Corridor Corporation Limited	Equity	-	-	-	-	10.00	-	-	-	-	-	-	-	-	-	-
8	Gujarat State Aviation Infrastructure Company Limited	Equity	-	-	-	-	-	-	0.05	-	-	-	-	-	-	-	
		Grant	-	-	-	-	-	-	-	-	-	7.18	6.00	-	120.00	-	-
9	Dholera International Airport Company Limited	Equity	-	-	-	-	-	-	-	10.00	25.00	5.00	10.00	-	-	-	-

Sl. No.	Sector & Name of the Company	Nature of Infusion	Up to 2004-05	2005-06	2006-07	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17	2017-18	2018-19
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18
10	Diamond Research and Mercantile City Limited	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	25.00	15.00
11	Dholera Industrial City Development Limited	Equity	-	-	-	-	-	-	-	-	-	-	-	-	1,023.64	323.41	-
12	Gandhinagar Railway and Urban Development Corporation Limited	Equity	-	-	-	-	-	-	-	-	-	-	-	-	0.08	22.12	-
		Grant														60.00	-
13	Gujarat Rail Infrastructure Development Corporation Limited	Equity	-	-	-	-	-	-	-	-	-	-	-	-	-	10.00	16.01
		Grant														10.00	10.00
14	Gujarat Mineral Development Corporation Limited	Equity	23.53	-	-	-	23.53	-	-	-	-	-	-	-	-	-	-
Total (C)		**Equity**	**12,753.13**	**1,476.89**	**2,530.29**	**2,383.17**	**5,282.98**	**2,207.77**	**2,201.59**	**3,234.18**	**5,453.06**	**3,935.94**	**4,127.70**	**4,110.07**	**5,132.44**	**5,121.32**	**3,616.18**
		IFL	**-**	**-**	**-**	**0.43**	**-**	**29.75**	**512.25**	**85.00**	**7.28**	**8.87**	**550.00**	**54.85**	**-**	**60.00**	**572.00**
		Repayment to GoG	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**368.58**	**-**	**200.00**	**179.85**	**-**
		Balance IFL	**-**	**-**	**-**	**0.43**	**-**	**29.75**	**512.25**	**85.00**	**7.28**	**8.87**	**181.42**	**54.85**	**(200.00)**	**(119.85)**	**572.00**
		Grant	**227.64**	**192.29**	**252.48**	**208.13**	**215.56**	**385.90**	**703.72**	**310.65**	**416.42**	**564.24**	**1,177.75**	**972.33**	**1,306.25**	**1,155.05**	**1,210.73**
Grand Total (A+B+C)		**Equity**	**13,906.88**	**1,495.83**	**2,564.69**	**2,406.62**	**5,404.24**	**2,228.59**	**2,218.76**	**3,306.22**	**6,020.18**	**5,170.72**	**4,829.37**	**4,664.38**	**5,729.96**	**5,853.65**	**4,012.77**
		IFL	**31.40**	**0.05**	**1.76**	**2.18**	**1.27**	**30.95**	**513.25**	**147.55**	**9.08**	**30.60**	**702.10**	**323.95**	**116.25**	**221.25**	**962.14**
		Repayment to GoG	**10.25**	**-**	**-**	**2.61**	**0.55**	**0.10**	**0.29**	**1.76**	**2.70**	**0.15**	**368.75**	**0.13**	**200.55**	**180.00**	**36.11**
		Balance IFL	**21.15**	**0.05**	**1.76**	**(0.43)**	**0.72**	**30.85**	**512.96**	**145.79**	**6.38**	**30.45**	**333.35**	**323.82**	**(84.30)**	**41.25**	**926.03**
		Total of grant	**697.81**	**811.47**	**955.98**	**1,117.66**	**1,341.64**	**2,072.53**	**2,223.13**	**2,287.21**	**2,368.16**	**2,635.15**	**3,492.05**	**3,123.91**	**3,590.86**	**3,934.99**	**3,204.77**

The Annexure has been prepared based on information and latest finalised financial statements submitted by the SPSUs.

α The negative equity figures against Sl. No. 3 and 5 of Competitive Environment Sector indicate share application money pending allotment withdrawn by Government of Gujarat.

In 2009-10, ₹ 7.34 crore grant of Gujarat State Fertilizer and Chemical not included as the Company is out of audit purview since 2010-11.

Annexure 10

Project-wise Production and Revenue for Lignite

Project-wise production of Lignite by GMDC *vis-à-vis* production of Gujarat and India

(Referred to in paragraph* 4.1*)
(Production in lakh MT)

Name of Country/State/Project	2014-15	2015-16	2016-17	2017-18	2018-19	Total
India	**482.70**	**438.42**	**452.30**	**462.55**	**NA**	**-**
Gujarat	**123.17**	**101.23**	**105.46**	**133.92**	**NA**	**-**
Panandhro	27.90	29.78	13.36	11.53	7.07	89.64
Mata no Madh	32.10	13.70	21.82	39.19	32.81	139.62
Umarsar	0.12	8.43	14.71	16.01	15.88	55.15
Tadkeshwar	8.83	7.97	14.48	15.92	19.42	66.62
Rajpardi	6.16	1.02	6.85	10.58	9.98	34.59
Bhavnagar	12.02	8.78	5.28	12.77	6.71	45.56
Total	**87.13**	**69.68**	**76.50**	**106.00**	**91.87**	**431.18**
***Per cent* of Production of India**	**18**	**15.80**	**16.91**	**22.91**	**------**	**-----**
***Per cent* of Production of Gujarat**	**70.70**	**68.83**	**72.53**	**79.15**	**------**	**-----**

Source: Indian Bureau of Mines yearbooks released in 2018 and 2019.
Data provided by the Company for its projects.

Project-wise revenue from the sale of Lignite

(₹ in crore)

Project Name	2014-15	2015-16	2016-17	2017-18	2018-19	Total	*Per cent* of total revenue
Kutch Region							
Panandhro	125.07	148.15	94.97	62.42	31.48	462.09	7.56
Mata no Madh	496.53	234.34	352.65	572.06	513.86	2,169.44	35.50
Umarsar	2.51	136.48	125.62	244.50	199.07	708.18	11.58
South Gujarat Region							
Tadkeshwar	134.81	137.11	262.12	276.00	360.11	1,170.15	19.14
Rajpardi	146.68	28.65	166.77	245.74	246.56	834.4	13.65
Bhavnagar Region							
Bhavnagar	175.90	139.74	101.76	221.74	127.27	766.41	12.54
Total Year-wise	**1,081.50**	**824.47**	**1,103.89**	**1,622.46**	**1,478.35**	**6,110.67**	**100**

Source: Information provided by the Company.

Annexure 11

Project-wise Production and Revenue for Bauxite

Project wise production of Bauxite by GMDC *vis-à-vis* production of Gujarat and India

(Referred to in paragraph 4.1)
(Production in lakh MT)

Name of project	2014-15	2015-16	2016-17	2017-18	2018-19	Total
India	**224.936**	**281.237**	**247.454**	**223.12**	**NA**	**----**
Gujarat	**58.256**	**103.870**	**58.812**	**31.015**	**NA**	**----**
Gadhsisa	2.41	0.17	5.95	2.61	3.96	**15.10**
Mevasa	0	1.28	1.11	0.72	0.40	**3.51**
TOTAL	**2.41**	**1.45**	**7.06**	**3.33**	**4.36**	**18.61**
***Per cent* of Production of India**	**1.071**	**.060**	**2.853**	**1.492**	**--**	**--**
***Per cent* of Production of Gujarat**	**4.136**	**1.395**	**12.004**	**10.736**	**--**	**--**

Source: Indian Bureau of Mines yearbooks released in 2018 and 2019.
Data provided by the Company for its projects.

Project-wise revenue from sale of Bauxite

(₹ in crore)

Project Name	2014-15	2015-16	2016-17	2017-18	2018-19	Total	*Per cent* of total revenue
Kutch Region							
Gadhsisa	22.52	14.55	21.13	23.72	9.74	91.66	86.77
Devbhoomi Dwarka Region							
Mevasa	0.08	0.15	0.78	7.19	5.77	13.97	13.22
Total Year-wise	**22.60**	**14.70**	**21.91**	**30.91**	**15.51**	**105.63**	**100**

Source: Information provided by the Company.

Annexure 12

Details of action taken by the Management subsequent to the audit observation

(Referred to in paragraph 4.7)

Sl. No.	Audit observation	Action taken by the Management
1	The Company did not use the concept of Constant[1] in all the contracts awarded post 2010-11 and lost the opportunity to make payments based on actual Stripping Ratio.	The Company has finalised all the recent tenders with payments linked to actual Stripping Ratio.
2	The contract for operation and maintenance of ETP was entered for 10 hours instead of 24 hours provided in the tender.	The Company took an undertaking from the contractor for working free of cost for the balance hours not included in the contract and the work has now been completed.
3	Lignite customers were misclassified between small and large customers using deficient criteria.	The Company has revised the criteria for classification of Lignite customers.
4	Compliance to EC condition of digital processing of the entire lease area using remote sensing technique once in three years for monitoring land use pattern was pending.	The Company has awarded contract for digital processing of the lease area that is ongoing.
5	The Surface Rent and Non Agriculture Assessment (NAA) charges were paid using varied methodologies by the mining projects.	The Company has issued a letter to project offices to adopt uniform methodology for payment of surface rent and NAA charges.

[1] Constant is the ratio between actual SR and contractual SR. In case the actual SR is lower than contractual SR, using constant will protect the financial interests of the Company as rate will be in proportion to the actual SR achieved. The Company first adopted the concept of Constant in contract awarded in 2010.

Annexure 13

Details of Lignite mining leases with no mining activity as on March 2019

(Referred to in paragraph 4.9)

Name of mineral	Lease Name and area	Present status
Lignite	G-20 Rajpardi	The lease was granted in November 1979. The Company applied (July 1999) for diversion of forestland and requested (September 2005) for confirmatory drilling[1] for which response therefrom was awaited. No concerted efforts were made for obtaining clearances from Forest Department. The Company applied (July 1998) for renewal of lease. However, the same was not renewed as the area was declared as forest area.
Lignite	Jhularai – waghapadar	The lease deed was signed in August 1981. No mining activity is undertaken since the grant of lease for which no reasons are available on record. The Company applied (August 2000) for renewal of lease. However, renewal order for mining lease was not available on records. The detail of expenditure incurred for the lease was not available on records.
Bauxite	Naredi-I	Non-operational since 2012 due to non-disposal of mined out Bauxite.
	Naredi-II	Non-operational since November 2013 due to non-disposal of mined out Bauxite.
	Daban Wamoti	Non-operational since February 2018 due to non-disposal of mined out Bauxite.
	Wandh-II	Non-operational since 2012 due to uneconomical Bauxite reserves.
Fluorspar	Ambadungar-I	Non-operational pending setting up of Fluorspar Beneficiation Plant by a JV Company.
	Ambadungar-II	Non-operational pending setting up of Fluorspar Beneficiation Plant by a JV Company.
Multimetal[2]	Ambaji	Mining on pilot basis was discontinued due to declaration (1989) of adjoining forestland as Balaram Ambaji Wildlife Sanctuary. The mine lease has an area of 184.98 ha that included 171.43 ha of forestland. The Company had received other clearances[3] and submitted (September 2011) application for wildlife clearance, which is pending for approval. The Company had incurred ₹ 24.02 crore[4] on the project.

Source: Information provided by the Company.

1 Drilling undertaken for confirmation of mineral deposits.
2 Lead, Zinc and Copper metals referred to as Multi-metals.
3 The Company had received Environmental Clearance (July 2007) and Forest Clearance (February 2009).
4 ₹ 9.87 crore paid (February 2009) for compensatory afforestation and forestland and ₹ 10.18 crore (including enhanced land compensation based on court award in February 2017 and initial payment in January 1996) towards private land acquired and ₹ 3.97 crore towards maintenance of above land.

Annexure 14

New Lignite blocks awarded to the Company

(Referred to in paragraph 4.10)

Name of the block (District)	Date of allotment/ reservation	Block area (in ha)	Act/Rule under which allotted	Mode of grant of block
Bharkandam (Kutch)	10 August 2015	2,662	Rule 4 of CBCMR, 2012	Allotment
Panandhro Extn. (Kutch)	10 August 2015	1,088		Allotment
Ghala (Bharuch)[1]	10 August 2015	323		Surrendered
Ghala (Bharuch)	24 June 2016	1,600	Section 17A (2) of MMDRA, 1957	Reservation
Damlai (Bharuch)	24 June 2016	1,400		Reservation
EFG (Bharuch)	17 February 2016	3,015		Reservation
Lakhpat (Kutch)	7 December 2016	2,973		Reservation

Source: Information provided by the Company.

[1] Ghala block (323 ha) was allotted and subsequently surrendered as it was not covering the entire Lignite basin.

Annexure 15

Project-wise yearly execution of Mine Plan

(Referred to in paragraph 4.12.1)
(Figures of target and actual production in million MT)

Name of the project	Balance Reserve as on 31 March 2019	Target as per Mine Plan	Target set and actual production										Balance life as per MP target (in years)	Balance life as per average production (in years)
			2014-15		2015-16		2016-17		2017-18		2018-19			
			Target	Actual	Target	Actual	Target	Actual	Target	Actual	Target	Actual		
Bhavnagar	78.02	3 (up to 2016-17) and 5	1.50	1.20	2.00	0.88	2.00	0.53	1.80	1.28	1.50	0.67	15.60	85.55
Mata no Madh	29.03	2.4 (up to 2014-15) and 4.8	3.20	3.21	3.00	1.37	3.00	2.18	3.00	3.92	3.40	3.28	6.05	10.40
Panandhro	--	No Mine Plan	3.00	2.79	3.00	2.98	0.90	1.34	0.70	1.15	0.70	0.71	--	--
Rajpardi	8.90	1	0.80	0.62	0.80	0.10	0.60	0.69	1.00	1.06	1.10	1.00	8.90	12.82
Tadkeshwar	31.76	2.5	1.30	0.88	1.50	0.80	1.50	1.45	1.50	1.59	1.70	1.94	12.70	23.84
Umarsar	21.98	1	0.20	0.01	1.00	0.84	1.00	1.47	1.00	1.60	1.60	1.59	21.98	15.93

Source: Annual Reports of the Company, Mine Plans and information provided by the Company.

Annexure 16

Methodologies adopted for payment to contractors of turnkey Lignite mining contracts

(Referred to in paragraph 4.13.1.1)

Sl. No.	Methodology	Constant	Payment rate fixed for	Adjustment	No. of contracts	Remarks
1	Composite Rate	without	per MT of lignite dispatched	price variation for diesel rate payable on 30 *per cent* of Composite rate	4	If actual SR is lower than contracted SR, the contractor is benefitted by lower quantity of OBR/ IBR. In all the four contracts, actual SR was lower than contracted SR.
2	Composite Rate	with	per MT of lignite dispatched	price variation for diesel rate payable on 30 *per cent* of Composite rate. Further rate is adjusted based on constant.	1	If actual SR is higher than contracted SR, the Company is required to make higher payment by not limiting the constant to 1. Actual SR was lower than contractual SR in the contract.
3	Component-wise Rate	without	per MT of lignite dispatched and the rate is divided into WC (in ₹) and DC (in litre) separately.		2	If actual SR is lower than contractual SR, the contractor is benefitted as lower quantity of OB/IB is removed. In one contract, actual SR was lower than contractual SR and another contract is ongoing.
4	Component-wise Rate	with	per MT of lignite dispatched and the rate is divided in WC (in ₹) and DC (in litre) separately.	rate of WC is adjusted based on constant limited to 1; and rate of WC will never be more than that fixed in the contract.	1	Concept of constant used only for WC. Hence, if actual SR is lower than contractual SR, the Company will incur loss as DC is not adjusted based on actual SR. Contract is ongoing.
5	Component-wise Rate	with	per MT of lignite dispatched and the rate is divided into WC (in ₹) and DC (in litre) separately.	rate of WC and DC is adjusted based on constant, constant is limited to 1 for WC; and rate of WC will never be more than that fixed in the contract.	1	The methodology used in the Contract is beneficial to the Company and the Contractor as constant is restricted to 1 for only WC, and DC is not restricted. Contract is ongoing.
6	Component-wise Rate	with	per MT of lignite dispatched and the rate is divided in WC (in ₹) and DC (in litre) separately.	rate will be adjusted at the end of the contract based on constant.	1	If actual SR is lower than the contracted SR, the contractor will be benefitted by higher payments in the initial phase of the contract, which will be adjusted only on completion of contract. Contract is ongoing.
7	Item-wise & Component-wise Rate	without	Components of two works *i.e.* (i) WC (in ₹) and DC (in litre) for OB/IB removal; and (ii) WC (in ₹) and DC (in litre) for excavation and loading of Lignite.		6	WC relates to the fixed cost of machinery and manpower deployed by the Contractor based on contracted quantity of work and SR. The contractor would be benefitted if actual OB/IB removed is higher than the contracted quantity and the contractor has not deployed additional machinery and manpower. Hence, the Company should deploy the methodology of constant restricted to 1 for WC and not restricting constant for DC.

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