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Report of the Comptroller and Auditor General of India on Public Sector Undertakings for the year ended March 2015

भारतीय लेखा एवं लेखा परीक्षा विभाग ✦ INDIAN AUDIT AND ACCOUNTS DEPARTMENT

GOVERNMENT OF TELANGANA

Government of Telangana

Report No.5 of 2016

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Comptroller and Auditor General of India
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Preface

This report deals with results of audit of Government Companies and Statutory Corporations for the year ended March 2015.

The accounts of the Government Companies (including Companies deemed to be Government Companies as per the provision of the Companies Act) are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act 1956 and Section 139 and 143 of the Companies Act 2013. The accounts certified by the Statutory Auditors (Chartered Accountants) appointed by the CAG under the Companies Act are subject to supplementary audit by officers of the CAG and the CAG gives his comments or supplements the reports of the Statutory Auditors. In addition, these companies are also subject to test audit by the CAG.

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

CAG is sole auditor for one Statutory Corporation, i.e., Andhra Pradesh State Road Transport Corporation.

The instances mentioned in this Report are those, which came to notice in course of test audit for the period 2014-15 as well as those which came to notice in earlier years, but could not be reported in previous Audit Reports; matters relating to the period subsequent to 2014-15 have also been included, wherever necessary.

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

OVERVIEW

1. Overview of State Public Sector Undertakings

The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations which are established to carry out activities of commercial nature, keeping in view the welfare of the people.

The AP Reorganization Act, 2014 came into effect from 2 June 2014 vide which erstwhile State of Andhra Pradesh was bifurcated and Telangana State was formed on the same day. In Telangana, the State PSUs occupy an important place in the State economy. The accounts of these PSUs are subject to supplementary audit conducted by CAG as per the provisions of Section 143 of the Companies Act, 2013. Audit of Statutory Corporations is governed by their respective legislations.

As on 31 March 2015, there were 66 PSUs, falling under our audit purview. Out of these, 11 working PSUs pertain exclusively to Telangana, 33 PSUs are under demerger and remaining 22 are non-working PSUs (yet to be bifurcated). As on 31 March 2015, the investment (capital & long term loans) in 66 PSUs was ₹ 60,233.62 crore. The investment has grown by 56.23 *per cent* from ₹ 7,700.39 crore in 2010-11 to ₹ 17,594.84 crore in 2014-15 in respect of working PSUs and the thrust of investment was mainly in power sector.

- During 2014-15, the total outgo from the budget of the State of Telangana was ₹ 4,264.48 crore for working PSUs and ₹ 7,117.64 crore for PSUs under demerger.
- As per their latest finalised accounts, 11 working PSUs (Exclusive Telangana) incurred an aggregate loss of ₹ 351.62 crore and one PSU declared a dividend of ₹ 129.99 crore. Thirty three PSUs under demerger, incurred an aggregate loss of ₹ 444.12 crore and four PSUs declared a dividend of ₹ 16.19 crore.
- During the year 2014-15, out of six working PSUs (Exclusive Telangana) which finalised accounts, one PSU (The Singareni Collieries Company Limited) earned profit of ₹ 491.90 crore and three PSUs incurred loss of ₹ 1.35 crore and two working PSUs have not started their commercial operations. Out of 22 PSUs under demerger which finalised accounts, 14 PSUs earned a profit of ₹ 510.27 crore, seven PSUs incurred a loss of ₹ 1,221.54 crore and one PSU prepared its accounts on 'no profit no loss' basis. Major contributors to profit were Andhra Pradesh Forest Development Corporation Ltd, Andhra Pradesh State Warehousing Corporation, Andhra Pradesh Industrial Infrastructure Corporation Ltd. and Andhra Pradesh State Irrigation Development Corporation Ltd.

(Chapter I)

2. Performance Audit relating to Government Company

Performance Audit of **Fuel Management in Telangana State Power Generation Corporation Limited** was conducted. Executive summary of audit findings are given below:

Introduction

In the combined State of Andhra Pradesh, generation of power was carried out by Andhra Pradesh Power Generation Corporation Limited (APGENCO). After the formation of Telangana State as per the Andhra Pradesh Reorganisation Act, 2014, Telangana State Power Generation Corporation Limited (TSGENCO) was incorporated under Companies Act, 2013 on 19 May 2014 and it commenced operations from 2 June 2014. It has a capacity of 2,282.5 MW at three thermal power plants viz. Kothagudem Thermal Power Stations (KTPS, 1,720 MW), Paloncha (Khammam District), Kakatiya Thermal Power Station (KTPP, 500 MW), Bhuppalapalli (Warangal District), and Ramagundam Thermal Power Station (RTS-B, 62.5 MW), Ramagundam (Karimnagar District). The power generation increased from 10,783 MU (Million Units) in 2010-11 to 16,057 MU in 2014-15 and the total cost per unit increased from ₹ 2.01 in 2010-11 to ₹ 3.58 in 2014-15.

Linkage less than the requirement

Though the New Coal Distribution Policy (NCDP) of GoI provides for 100 *per cent* supply as per norms, the Company did not approach the GoI to bridge the gap between the normative requirement and linkage already obtained. Due to this the Company had to procure coal at higher price over and above the linkage quantity and thus incurred an additional expenditure of ₹ 170.56 crore which was avoidable.

Abnormal difference in average GCV of invoiced coal and bunkered coal

The abnormal difference in the Gross Calorific Value (GCV) as per the invoiced coal and the bunkered coal resulted in excess consumption of coal of 76.02 Lakh MT valued ₹ 2,082.44 crore.

Lack of adequate unloading facilities led to delay in unloading of coal

For transportation of coal, Railways changed their fleet from 'N' type to 'BOBR' wagons. Lack of adequate unloading facilities for these wagons led to delay in unloading of coal. The Company had paid ₹ 12.33 crore in the form of demurrages during 2010-15.

Excess payment of freight on diversion of rakes due to lack of timely action

The Company, though being aware that the supplies from Mahanadi Coalfields Limited (MCL) were not meeting the requirement of KTPS, had not planned in advance nor taken any steps to reallocate the coal to KTPS. This has resulted in payment of additional freight charges of ₹ 7.53 crore for diversions from KTPP to KTPS.

Excess unburnt carbon in ash

The high quantum of unburnt coal in fly ash and bottom ash resulted in wastage of 3.53 Lakh MT of coal valued ₹ 66.73 crore (being the cost of unburnt coal) in the ash.

Deficient internal control

Internal control system was found deficient as - there was no proper mechanism to review the coal supplies and their utilisation according to the requirement; no mechanism to review the inventory levels of coal; transit loss/demurrage charges were not monitored.

(Chapter II)

3. Compliance Audit Observations

Compliance audit observations included in this Report highlight deficiencies in the management of PSUs, which resulted in financial implications. The irregularities pointed out are broadly of the following nature:

Loss of ₹ 4.35 crore in one case due to defective/ deficient planning.

(Paragraph 3.1)

Loss of ₹ 31.45 lakh in one case due to non-safeguarding the financial interest of organization.

(Paragraph 3.2)

Loss of ₹ 0.66 crore in one case due to non-compliance with rules, directives, procedures, terms and conditions of contracts.

(Paragraph 3.3)

Gist of the important audit observations is given below:

The Singareni Collieries Company Limited without conducting the economic viability of 20 MW Captive Power Plant, incurred an expenditure of ₹ 4.35 crore on Consultants' fees and other civil works. An amount of ₹ 1.76 crore was finally written off in view of another upcoming Project (Singareni Thermal Power Project) leading to infructuous expenditure.

(*Paragraph 3.1*)

Telangana State Industrial Infrastructure Corporation Limited did not include rental clause for Full Tank Level (FTL) Land in the Tripartite agreement for lease rent entered into with the Department of Youth Advancement, Tourism & Culture (Department) and the Developer, resulted in non-recovery of ₹ 31.45 lakh and undue favour to the developer.

(*Paragraph 3.2*)

Andhra Pradesh State Road Transport Corporation had not registered BOT licenses as per the terms of the agreement resulting in loss to exchequer in the form of Stamp duty. Service tax of ₹ 65.82 lakh was not billed and collected from BOT/DOT licensees and remitted to appropriate authorities.

(*Paragraph 3.3*)

(Chapter III)

Chapter I

I. Functioning of State Public Sector Undertakings

1.1 Introduction

The State Public Sector Undertakings (PSUs) consist of State Government Companies and Statutory Corporations. The State PSUs are established to carry out activities of commercial nature keeping in view the welfare of people and also occupy an important place in the State economy. The Andhra Pradesh Reorganisation Act, 2014 came into effect from 2nd June 2014 vide which erstwhile composite State of Andhra Pradesh was bifurcated and Telangana State was formed on the same day.

This is the first Audit Report of the state of Telangana after bifurcation of erstwhile composite State of Andhra Pradesh.

As per the above Act, the assets and liabilities relating to the PSUs of the erstwhile composite State of Andhra Pradesh where such undertaking or part thereof is exclusively located in, or its operations are confined to, a local area, shall pass to the State in which that area is included, irrespective of the location of Head Quarters[1]. The assets and liabilities of the PSUs which had interstate operations shall have to be apportioned between the two States[2] as follows:

(*a*) the operational units of the undertaking shall be apportioned between the two successor States on location basis; and
(*b*) the headquarters of such undertaking shall be apportioned between the two successor States on the basis of population ratio.
Accordingly in Telangana State, as on 31 March 2015, there were 66 PSUs.

1.1 Of these, none of the ***PSUs*** were listed on the stock exchange(s). During the year 2014-15 no new PSUs were incorporated. However notification for incorporation were issued in respect of 14 PSUs which are under demerger. None of the PSUs were closed down. The details of the State PSUs in Telangana State as on 31 March 2015 are given as follows:

Table 1.1: Total number of PSUs as on 31 March 2015

Type of PSUs	Working PSUs	Non-working PSUs*	Total
Government Companies (Exclusive Telangana)	11	0	11
Government Companies under demerger	30	22*	52
Statutory Corporation under demerger	3	0	3
Total	**44**	**22***	**66**

Source: Information furnished by State Government and PSUs

*Non-working Companies given above are also yet to be bifurcated and assets and liabilities are yet to be bifurcated between the two States.

[1] PSUs coming under Telangana State are referred as exclusive Telangana PSUs

[2] PSUs having interstate operations are referred as PSUs under demerger

The Government Companies (Exclusive Telangana) registered a turnover of ₹ 34,394.10 crore as per their latest finalised accounts as of September 2015. This turnover was equal to 7.99 *per cent* of State Gross Domestic Product (GDP)[3] for 2014-15. These PSUs incurred loss of ₹ 351.62 crore as per their latest finalised accounts as of September 2015. They had employed 0.77 lakh employees as at the end of March 2015.

The 33 PSUs under demerger (including 3 Statutory Corporations) registered a turnover of ₹ 34,593.50 crore as per their latest finalised accounts as of September 2015. These PSUs incurred aggregate loss of ₹ 444.12 crore as per their latest finalised accounts as of September 2015. They had employed 0.89 lakh employees as at the end of March 2015.

As on 31 March 2015, there were 22 non-working PSUs under demerger existing from over 20 years and having investment of ₹ 259.19 crore. This is a critical area as the investments in non-working PSUs do not contribute to the economic growth of the State.

Accountability framework

1.2 The process of audit of Government Companies is governed by respective provisions of Section 139 and 143 of the Companies Act, 2013 (Act). According to Section 2 (45) of the Act, "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;

Further, as per sub-Section 7 of Section 143 of the Act, the CAG may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if considers necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section 19 A 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 Central Government and partly by one or more State Governments is subject to audit by the CAG. 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

1.3 The financial statements of the Government companies (as defined in Section 2 (45) of the Companies Act, 2013) are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 139

[3] Gross Domestic Product of Telangana- ₹ 430599 crore

(5) or (7) of the Act which shall submit a copy of the Audit Report to the CAG which, among other things, including financial statements of the Company under Section 143(5) of the Act. These financial statements are subject to supplementary audit to be conducted by CAG within sixty days from the date of receipt of the audit report under the provisions of Section 143 (6) of the Act.

Audit of Statutory Corporations, is governed by their respective legislations. Out of three Statutory Corporations, CAG is the sole auditor for State Road Transport Corporation. In respect of State Warehousing Corporation and State Financial Corporation, the audit is conducted by Chartered Accountants and Supplementary audit by CAG.

Role of Government and Legislature

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

The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Reports together with the Statutory Auditors' Reports and comments of the CAG, in respect of State Government companies and Separate Audit Reports in case of Statutory corporations are to be placed before the Legislature under Section 394 of the Act or as stipulated in the respective Acts. The Audit Reports of CAG are submitted to the Government under Section 19A of the CAG's (Duties, Powers and Conditions of Service) Act, 1971.

Stake of Government of Telangana

1.5 The State Government has a significant financial stake in these PSUs. This stake 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 PSUs from time to time.
- **Special Financial Support-** State Government provides budgetary support by way of grants and subsidies to the PSUs as and when required.
- **Guarantees-** State Government also guarantees the repayment of loans with interest availed by the PSUs from Financial Institutions.

Investment in State PSUs

1.6 As on 31 March 2015, the investment (capital and long-term loans) in 66 PSUs was ₹ 60,233.62 crore detailed as follows:

Table 1.2: Total investment in PSUs

(₹ in crore)

Type of PSUs	Government Companies			Statutory Corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
11 Working PSUs (Exclusive Telangana)	2,747.09	14,847.75	17,594.84	--	--	--	17,594.84
33 PSUs under demerger-Working	3,197.65	33,988.51	37,186.16	340.81	4,852.62	5,193.43	42,379.59*
22 PSUs under demerger-Non working	74.66	184.53	259.19	--	--	--	259.19
Total	6,019.40	49,020.79	55,040.19	340.81	4,852.62	5,193.43	60,233.62

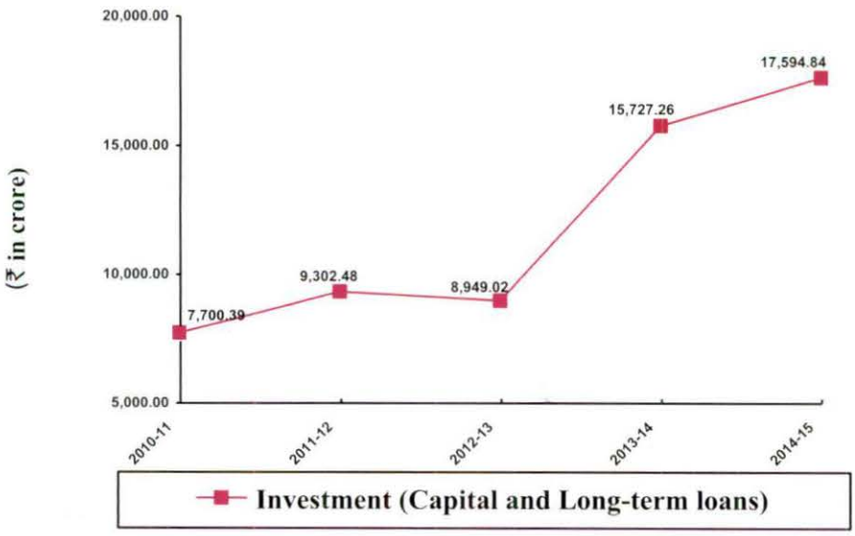
Source: Information as furnished by PSUs
** APGENCO: 2013-14*

As on 31 March 2015, of the total investment, 29.21 *per cent* was in Working PSUs (Exclusive Telangana), 61.74 *per cent* was in PSUs under demerger, 8.62 *per cent* in Statutory Corporations and 0.43 *per cent* in non-working PSUs.

This total investment consisted of 15.61 *per cent* towards capital and 84.39 *per cent* in long-term loans in respect of Working PSUs (Exclusive Telangana). This total investment consisted of 8.47 *per cent* towards capital and 91.53 *per cent* in long-term loans in respect of PSUs under demerger.

The investment has grown by 56.23 *per cent* from ₹ 7,700.39 crore in 2010-11 to ₹ 17,594.84 crore in 2014-15 in respect of Working PSUs (Exclusive Telangana) as shown in the graph as follows:

Chart 1.1: Total investment in Working PSUs (Exclusive Telangana)



1.7 The sector wise summary of investments in the Working PSUs (Exclusive Telangana), PSUs under demerger (including

Statutory Corporations) as on 31 March 2015 is given as follows:

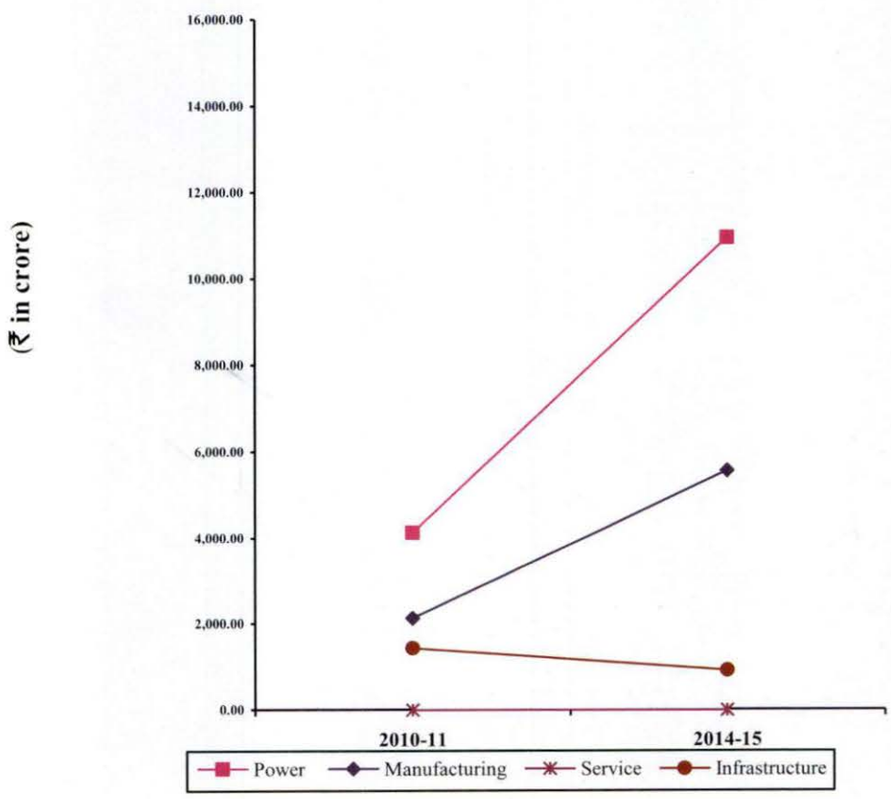
Table 1.3:Sector-wise investment in PSUs

Name of Sector	*Working PSUs (Exclusive Telangana)*	PSUs under de-merger		Non-working PSUs	Investment
		Working PSUs	Statutory Corporations		
Power	10,972.95	16,927.03	0.00	--	27,899.98
Manufacturing	5,575.49	186.20	--	202.41	5,964.10
Finance	0	5,832.23	2,534.55	23.57	8,390.35
Miscellaneous	0	5.09	--	--	5.09
Service	0.57	5.50	2,564.41	1.13	2,571.61
Infrastructure	1,045.83	13,830.65	--	--	14,876.48
Agriculture & Allied	0	399.46	94.47	32.08	526.01
Total	**17,594.84**	**37,186.16**	**5,193.43**	**259.19**	**60,233.62**

Source: Information as furnished by PSUs

The investment in four significant sectors and percentage thereof at the end of 31 March 2011 and 31 March 2015 in respect of Working PSUs (Exclusive Telangana) is indicated in ***Chart 1.2***. The thrust of investment in respect of Working PSUs (Exclusive Telangana) was mainly in power sector, which increased from 53.77 *per cent* to 62.36 *per cent* during 2010-11 to 2014-15.

Chart 1.2: Sector wise investment in Working PSUs (Exclusive Telangana)



It may be seen from the above graph that there is a steep increase in investments in power sector indicating State Government's thrust towards creating infrastructure in power sector. Investments in manufacturing sector also increased during 2010-11 to 2014-15 from 27.68 to 31.69 *per cent.*

Special support and returns during the year

1.8 The State Government provides financial support to PSUs in various forms through annual budget. The summarized details of budgetary outgo towards equity, loans, grants/ subsidies, loans written off and interest waived in respect of Working PSUs (Exclusive Telangana) and PSUs under demerger are given for the year ended 2014-15 as follows:

Table 1.4: Details regarding budgetary support to PSUs

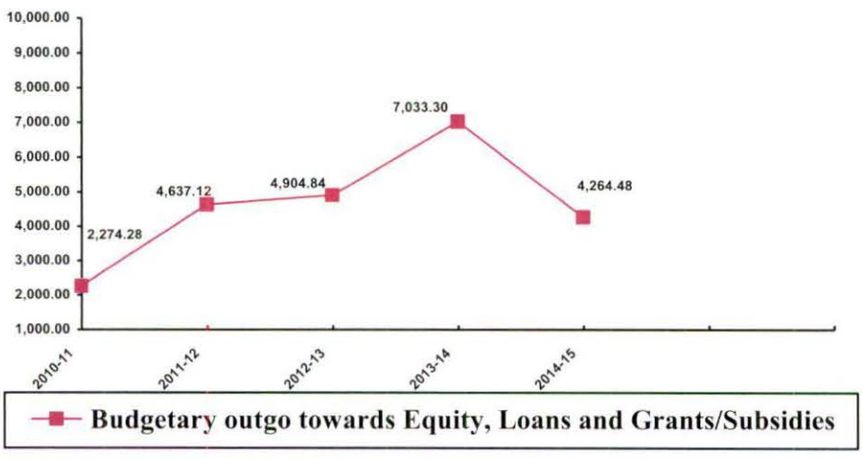
(₹ in crore)

Sl. No.	Particulars	2014-15			
		11 Working PSUs (Exclusive Telangana)		33 PSUs under demerger	
		No. of PSUs	Amount (A)	No. of PSUs	Amount (B)
1	Equity capital outgo from budget	0	0.00	04	3,019.58
2	Loans given from budget	01	322.23	03	457.33
3	Grants/Subsidy given from budget	03	3,942.25	15	3,640.73
4	**Total Outgo**	**04**	**4,264.48**	**22**	**7,117.64**
5	Interest/Penal interest written off	0	0.00	0	0.00
6	Guarantees issued	0	0.00	01	100.00
7	Guarantee Commitment	02	7,800.69	05	7,448.83

Source: Information as furnished by PSUs

The details regarding budgetary outgo towards equity, loans and grants/ subsidies for past five years in respect of Working PSUs (Exclusive Telangana) are given in the graph as follows.

Chart 1.3: Budgetary outgo towards Equity, Loans and Grants/Subsidies



Budgetary support by State Government to the PSUs increased from 2010-11 to 2013-14 but reduced drastically during 2014-15.

In order to enable PSUs to obtain financial assistance from Banks and Financial Institutions, State Government gives guarantee subject to the limits prescribed by the Constitution of India, for which the guarantee fee is being charged. This fee varies from 0.25 *per cent* to one *per cent* as decided by the State Government depending upon the loanees. The guarantee commitment increased to ₹ 15249.52 crore in 2014-15 from ₹ 14,349.85 crore in 2012-13 in respect of all PSUs including PSUs under demerger. Further, one PSU (APIIC) paid guarantee fee to the tune of ₹ 8.70 crore during 2014-15. There were five PSUs[4] which did not pay guarantee fees/commission during the year and accumulated/outstanding guarantee fees/commission there against was ₹ 7.23 crore (31 March 2015).

Reconciliation with Finance Accounts

1.9 The figures in respect of equity, loans and guarantees outstanding as per records of State PSUs should agree with that of the figures appearing in the Finance Accounts of the State. In case the figures do not agree, the concerned PSUs and the Finance Department should carry out reconciliation of differences. The position in this regard as at 31 March 2015 is as follows:

Table 1.5: Equity, loans, guarantees outstanding as per finance accounts vis a vis records of PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs			Difference
	(A)	*Working PSUs (Exclusive Telangana)*	*PSUs under demerger*	*Total (B)*	(A)-(B)
Equity	6,413.16	1,889.43	1,347.28	3,236.71	3,176.45
Loans	9,932.13	702.99	19,371.11	20,074.10	-10,141.97
Guarantees	23,963.42	7,800.69	7,448.82	15,249.51	8,713.91

Source: Finance Accounts and Information as furnished by PSUs

Audit observed that the differences occurred in respect of 37 PSUs and some of the differences were pending reconciliation since long. Matter was taken up with the State Government of Telangana and erstwhile composite State of Andhra Pradesh. The Government and the PSUs should take concrete steps to reconcile the differences in a time-bound manner. A meeting was held during 2014-15 for reconciliation of figures between Finance Department and Office of AG (Accounts & Entitlements). Some Companies where variations were noticed in the figures approached office of AG (Accounts & Entitlements) for reconciliation. Reasons for variations were explained by the office of AG (Accounts & Entitlements) in respect of

[4] APIDC, NREDCAP, Nizam Sugars, APSFC and TSSPDCL.

some PSUs concerned. Variations were mainly because Corporations either omitted to show the loan amount taken from State govt. or were treated as grants or showing only part of the loan amount as outstanding.

Arrears in finalisation of accounts

1.10 The financial statements of the companies for every financial year are required to be finalised within six months from the end of the relevant financial year i.e. by September end in accordance with the provisions of Section 96 (1) of the Act. Failure to do so, may attract penal provisions under Section 99 of the Act. Similarly, in case of Statutory Corporations, their accounts are finalised, audited and presented to the Legislature as per the provisions of their respective Acts.

Table 1.6 provides the details of progress made by working PSUs in finalisation of accounts as of 30 September 2015.

Table 1.6: Position relating to finalisation of accounts of working PSUs

Sl. No.	Particulars	2014-15*			
		Working PSUs (Exclusive Telangana)	PSUs under demerger		Total
			Working PSUs	Statutory Corporations	
1.	Number of Working PSUs	11	30	03	44
2.	Number of accounts finalised during the year	07	22	03	32
3.	Number of accounts in arrears	19	67	02	88
4.	Average arrears per PSU (3/1)	1.73	2.23	0.67	2.00
5.	Number of Working PSUs with arrears in accounts	09	29	02	40
6.	Extent of arrears	1 to 6 yrs	1 to 13 yrs	1 yr	1 to 13 yrs

Source: As compiled by O/o AG (ERSA) Andhra Pradesh and Telangana;
** Position up to September 2015*

It can be observed that in respect of Working PSUs (Exclusive Telangana), 19 accounts relating to nine PSUs are in arrears. Similarly, in respect of PSUs under demerger, 69 accounts (including Statutory Corporations) relating to 31 PSUs are in arrears as on 30 September 2015. Further, the extent of arrears of accounts ranged from one year to 13 years

The Administrative Departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the stipulated period. The arrears of accounts continue to exist though the concerned Department/Ministry were informed annually. In addition, the AG took up the matter with the State Government/ departments for liquidating the arrears of accounts. D.O. Letters were addressed to secretaries for liquidating arrears of accounts and for necessary action at their end. As a result two (Indira Gandhi Centre for Advanced Research on Livestock-03 accounts and Vizag Apparel Park for exports- 4 accounts) PSUs submitted arrear accounts for seven years.

1.11 The State Government had invested:

(a) an amount of ₹ 3,927.43 crore in 03 PSUs (Working PSUs (Exclusive Telangana)) {equity: Nil, loans: ₹ 1,002.26 crore for 01 PSU and grants ₹ 2,925.17 crore 02 PSUs)} during the years for which accounts have not been finalised (***Annexure* 1a**).

(b) an amount of ₹ 5,331.84 crore in 18 PSUs under demerger {equity: ₹ 14.52 crore in 05 PSUs, loans: ₹ 3,416.65 crore for 03 PSUs and grants ₹ 1,900.67 crore for 12 PSUs} during the years for which accounts have not been finalised (***Annexure* 1b**).

In the absence of finalisation of accounts and their subsequent audit, it could not be ensured whether the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested was achieved or not and thus Government's investment in such PSUs remained outside the control of State Legislature.

1.12 In addition to above, as on 30 September 2015, there were arrears in finalisation of accounts by non-working PSUs. Out of 22 non-working PSUs, 10 were in the process of liquidation whose accounts were in arrears for 02 to 13 years. Of the remaining 12 non-working PSUs, all the PSUs had arrears of accounts.

Table 1.7: Position relating to arrears of accounts in respect of non-working PSUs

No. of non-working companies	Period for which accounts were in arrears	No. of years for which accounts were in arrears
10	2 to 13 years	In the process of liquidation
12	Information not available	

Source: Information as furnished by Official Liquidator

The information in respect to non-working Companies, a letter was addressed to Public Enterprises Department of State Govt. The reply was awaited.

Placement of Separate Audit Reports

1.13 The position depicted in Table 1.8 shows the status of placement of Separate Audit Reports (SARs) issued by the CAG (up to 30 September 2015) on the accounts of Statutory Corporations in the Legislature.

Table 1.8: Status of placement of SARs in Legislature

Sl. No.	Name of statutory corporation	Year up to which SARs placed in Legislature	Year for which SARs not placed in Legislature	
			Year of SAR	Date of issue to the Government/Present Status
1.	Andhra Pradesh State Financial Corporation	2011-12	2012-13	04-02-2014
			2013-14	30-09-2015
			2014-15	18-11-2015
2.	Andhra Pradesh State Warehousing Corporation	2012-13	2013-14	31-07-2015
			2014-15	17-08-2015
3.	Andhra Pradesh State Road Transport Corporation	2012-13		Not applicable

Source: Information as furnished by PSUs

Impact of non-finalisation of accounts

1.14 As pointed out above ***(para 1.10 to 1.12)***, the delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the relevant Statutes. In view of the above state of arrears of accounts, the actual contribution of PSUs to the State GDP for the year 2014-15 could not be ascertained and their contribution to State exchequer was also not reported to the State Legislature.

Performance of PSUs as per their latest finalized accounts

1.15 The financial position and working results of Working PSUs (Exclusive Telangana) and PSUs under demerger and Statutory Corporations are detailed in **Annexure 2a and Annexure 2b**. A ratio of PSUs turnover to State GDP shows the extent of PSU activities in the State economy. Table 1.9 provides the details of State working PSUs turnover and State GDP for the year ended 31 March 2015.

Table 1.9: Details of Working PSUs (Exclusive Telangana) and PSUs/ Statutory Corporations under demerger and turnover vis-a-vis State GDP

(₹ in crore)

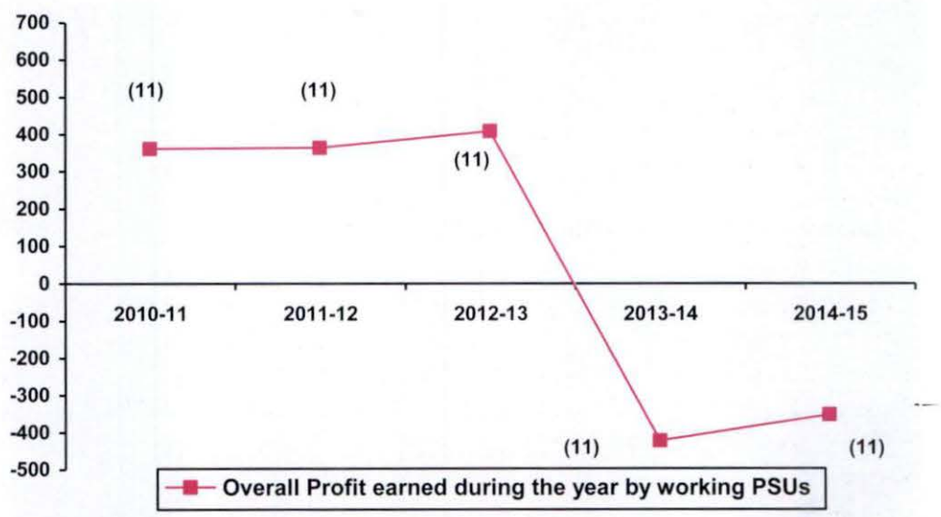
Particulars	2014-15		
	Working PSUs (Exclusive Telangana)	PSUs under demerger	Statutory Corporations under demerger
Turnover	34,394.10	26,129.81	8,463.69

Particulars	2014-15		
	Working PSUs (Exclusive Telangana)	PSUs under demerger	Statutory Corporations under demerger
Telangana State GDP	4,30,599.00	Not Applicable	Not Applicable
Percentage of turnover to State GDP	7.99	Not Applicable	Not Applicable
Net profit(+)/loss (-)	-351.62	549.79	-993.91

Source: As per latest finalised Annual Accounts of PSUs

1.16 Overall profit (losses) earned (incurred) by Working PSUs (Exclusive Telangana) during 2010-11 to 2014-15 are given in graph as follows:

Chart 1.4: Profit/Loss of working PSUs (Exclusive Telangana)



(Figures in brackets show the number of working PSUs in respective years)

During the year 2014-15, out of six Working PSUs (Exclusive Telangana) which finalised accounts, one PSU (Singareni Collieries Company Limited) earned profit of ₹ 491.90 crore and three PSUs incurred loss of ₹ 1.35 crore. Two working PSUs have not started its commercial operations. Losses were incurred by Damodhara Minerals Private Limited, Fab City (India) Private Limited and Hyderabad Growth Corridor Limited.

During the year 2014-15, out of 22 PSUs under demerger which finalised accounts, 14 PSUs earned profit of ₹ 510.27 crore and seven PSUs incurred loss of ₹ 1,221.54 crore. One working PSU prepared their accounts on a 'no profit no loss' basis. The major contributors to profit were Andhra Pradesh Forest Development Corporation Limited, Andhra Pradesh State Warehousing Corporation, Andhra Pradesh Industrial Infrastructure Corporation Limited and Andhra Pradesh State Irrigation Development Corporation Limited. Heavy losses were incurred by Andhra Pradesh State Road Transport Corporation, Leather Industries Development Corporation

of Andhra Pradesh Limited, The Nizam Sugars Limited, and Andhra Pradesh State Agro Industries Development Corporation Limited.

1.17 Some other key parameters of PSUs are given as follows.

Table 1.10: Key Parameters of Working PSUs (Exclusive Telangana) and PSUs under demerger

(₹ in crore)

Particulars	2014-15	
	Working PSUs (Exclusive Telangana)	PSUs under demerger
Return on capital employed	916.52	6,324.34
Debt	14,814.37	36,155.06
Turnover[5]	34,394.10	34,593.50
Debt/ Turnover Ratio	0.43	1.05
Interest Payments	1,268.14	4,445.36
Accumulated Profits / (losses)	-11,168.07	-4,175.52

(Above figures pertain to all PSUs except for turnover which is for working PSUs).

Source: As per latest finalised Annual Accounts of PSUs

1.18 As per their latest finalised accounts, 11 Working PSUs (Exclusive Telangana) incurred an aggregate loss of ₹ 351.62 crore and 01 PSU declared a dividend of ₹ 129.99 crore.

As per their latest finalised accounts, 33 PSUs under demerger incurred an aggregate loss of ₹ 444.12 crore and 04 PSUs declared a dividend of ₹ 16.19 crore.

Winding up of non-working PSUs

1.19 There were 22 non-working PSUs (22 Companies and Nil Statutory Corporations) as on 31 March 2015. Of these, 10 PSUs have commenced liquidation process. The number of non-working companies at the end of the year 2014-15 are given as follows.

Table 1.11: Non working PSUs

Particulars	2014-15
No. of non-working companies	22
No. of non-working corporations	0
Total	22

Source: As compiled by O/o AG (ERSA) Andhra Pradesh and Telangana;

Since the non-working PSUs are not contributing to the State economy and meeting the intended objectives, therefore, these PSUs may be considered either to be closed down or revived. During 2014-15, three non-working PSUs incurred an expenditure of ₹ 0.19 crore towards establishment expenditure. The entire expenditure was met from the interest earned on

[5] Turnover of working PSUs as per the latest finalised accounts as of 30 September.

FDRs kept with various scheduled banks, rents collected, amounts payable were written back from excess provisions made in earlier years.

1.20 The stages of closure in respect of non-working PSUs given as follows.

Table 1.12: Closure of Non-working PSUs

Sl. No.	Particulars	Companies	Statutory Corporations	Total
1.	Total No. of non-working PSUs	22	0	22
2.	Of (1) above, the No. under			
(a)	liquidation by Court (liquidator appointed)	10	0	10
(b)	Voluntary winding up (liquidator appointed)	Not available		
(c)	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started.	Not available		

Source: Information as furnished by Official Liquidator

During the year 2014-15, no company was finally wound up. The companies which have taken the route of winding up by Court order are under liquidation for a period ranging from 02 years to 13 years. The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/ pursued vigorously. The Government may take a decision regarding winding up of 12 non-working PSUs where no decision about their continuation or otherwise has been taken after they became non-working.

Comments on Accounts

1.21. (a) Six Working PSUs (Exclusive Telangana) forwarded their audited seven accounts to AG during the year 2014-15. Of these, six accounts of six companies were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given as follows.

Table 1.13.(a): Impact of audit comments on Working PSUs (Exclusive Telangana)

(₹ in crore)

Sl. No.	Particulars	2014-15	
		No. of accounts	Amount
1.	Decrease in profit	1	12.24
2.	Increase in loss	1	1.26
3.	Non-disclosure of material facts	0	0.00
4.	Errors of classification	4	4022.11

Source: As per comments issued by the CAG and Statutory Auditors

1.21. (b) 19 PSUs under demerger forwarded their audited 22 accounts to AG during the year 2014-15. Of these, 22 accounts of 19 companies were selected for supplementary audit. The audit reports of statutory auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given as follows:

Table 1.13. (b): Impact of audit comments on PSUs under demerger

(₹ in crore)

Sl. No.	Particulars	2014-15	
		No. of accounts	Amount
1.	Decrease in profit	4	12.08
2.	Increase in loss	0	0.00
3.	Non-disclosure of material facts	8	1,408.42
4.	Errors of classification	6	596.98

Source: As per comments issued by the CAG and Statutory Auditors

During the year, the Statutory Auditors had given unqualified certificates for eight accounts (one of exclusive Telangana State and seven PSUs under demerger), qualified certificates for 23 accounts (six exclusive Telangana state and 17 PSUs under demerger), while adverse certificates and disclaimers (meaning the auditors are unable to form an opinion on accounts) were not given for any accounts. The compliance of companies with the Accounting Standards remained poor as there were seven instances of non-compliance in four accounts during the year.

1.22 Similarly, three working Statutory Corporations forwarded their three accounts to AG during the year 2014-15. Of these, three accounts of three Statutory Corporations were audited. CAG is the sole auditor for one Statutory Corporation (APSRTC). The Audit Reports of Statutory Auditors and the sole/ supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of statutory auditors and CAG are given as follows:

Table 1.14: Impact of audit comments on Statutory Corporations

(₹ in crore)

Sl. No.	Particulars	2014-15	
		No. of accounts	Amount
1.	Decrease in profit	02	297.59
2.	Increase in loss	0	0.00
3.	Non-disclosure of material facts	0	0.00
4.	Errors of classification	02	89.50

Source: As per comments issued by the CAG and Statutory Auditors

During the year, out of three accounts, only one account received unqualified certificate, two accounts received qualified certificate.

Response of the Government to Audit

Performance Audit and Paragraphs

1.23 For the Report of the Comptroller and Auditor General of India for the year ended 31 March 2015, one performance audit and three audit paragraphs were issued (September to November 2015) to the Additional Chief Secretaries/Principal Secretaries of the respective Departments with request to furnish replies within six weeks. However, replies in respect of one compliance audit paragraph was awaited from the State Government (January 2016).

Follow up action on Audit Reports

Replies outstanding

1.24 The Report of the Comptroller and Auditor General (CAG) 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. The Finance Department, erstwhile Government of Andhra Pradesh issued (June 2004) instructions to all Administrative Departments to submit replies/explanatory notes to paragraphs/reviews included in the Audit Reports of the CAG of India within a period of three months of their presentation to the Legislature, in the prescribed format without waiting for any questionnaires from the COPU.

Table No.1.15: Explanatory notes not received (as on 30 September 2015)

Year of the Audit Report (Commercial /PSU)	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
1992-93	29-03-1994	7	29	0	0
1993-94	28-04-1995	6	19	0	0
1995-96	19-03-1997	5	23	0	2
1996-97	19-03-1998	6	23	0	0
1997-98	11-03-1999	6	23	0	7
1998-99	03-04-2000	4	25	0	6
1999-00	31-03-2001	6	18	2	6
2000-01	30-03-2002	4	17	1	1
2001-02	31-03-2003	3	20	0	0
2002-03	24-07-2004	3	13	0	2
2003-04	31-03-2005	2	19	1	0
2004-05	27-03-2006	2	21	1	2
2005-06	31-03-2007	4	19	1	2
2006-07	28-03-2008	5	24	2	6
2007-08	05-12-2008	3	22	1	1
2008-09	30-03-2010	3	24	1	7

Year of the Audit Report (Commercial /PSU)	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
2009-10	29-03-2011	3	18	1	1
2010-11	29-03-2012	3	22	0	10
2011-12	21-06-2013	2	6	2	4
2012-13	06-09-2014	2	9	2	4
2013-14	26-03-2015	2	5	1	4
Total		**81**	**399**	**16^**	**65&**

^All 16 pertain to both AP State and Telangana State.

&Out of this, 60 pertain to both AP State and Telangana State & 5 pertain to Telangana State.

Source: As compiled by O/o AG (ERSA) Andhra Pradesh and Telangana

From the above, it could be seen that out of 480 paragraphs/ performance audits, explanatory notes to 81 paragraphs/ performance audits in respect of 10 departments[6], which were commented upon, were awaited (September 2015).

Discussion of Audit Reports by COPU

1.25 The status as on 30 September 2015 of Performance Audits and paragraphs that appeared in Audit Reports (PSUs) and discussed by the Committee on Public Undertakings (COPU) was as follows:

Table No.1.16: Reviews/Paras appeared in Audit Reports vis a vis discussed as on 30 September 2015

Year of the Audit Report (Commercial/PSU)	Number of reviews/ paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
1992-93	7	29	6	29
1993-94	6	19	5	19
1995-96	5	23	3	12
1996-97	6	23	3	22
1997-98	6	23	2	10
1998-99	4	25	0	14
1999-00	6	18	1	7
2000-01	4	17	1	15
2001-02	3	20	0	13
2002-03	3	13	3	10
2003-04	2	19	0	8

[6] : 1. Industries & Commerce 2. Irrigation and Command Area Development 3.Revenue 4. Animal Husbandry 5. Energy 6. Agriculture & Co-operation and 7. Transport and Road & Buildings 8. Housing, 9. Youth Advancement, Tourism and Culture and 10. Municipal Administration & Urban Development.

Year of the Audit Report (Commercial/PSU)	Number of reviews/ paragraphs			
	Appeared in Audit Report		Paras discussed	
	PAs	Paragraphs	PAs	Paragraphs
2004-05	2	21	0	13
2005-06	4	19	0	11
2006-07	5	24	1	5
2007-08	3	22	1	9
2008-09	3	24	1	7
2009-10	3	18	1	7
2010-11	3	22	0	3
2011-12	2	6	0[$]	0[$]
2012-13	2	9	0[$]	0[$]
2013-14	2	5	0[$]	0[$]
Total	**81**	**399**	**28**	**214**

[$] *Even though COPU meetings were held only one para of 2012-13 was discussed and deferred.*

Source: As compiled by O/o AG (ERSA) Andhra Pradesh and Telangana

No COPU meetings were conducted during 2014-15. After restructuring COPU was formed on 27-03-2015

Compliance to Reports of Committee on Public Undertakings (COPU)

1.26 Action Taken Notes (ATNs) to 333 paragraphs pertaining to 48 Reports of the COPU presented to the State Legislature between April 1983 to March 2007 had not been received (January 2016) are indicated as follows:

Table No.1.17: Compliance to COPU Reports

Year of the COPU Report	Total number of COPU Reports	Total no. of recommendations in COPU Report	No. of recommendations where ATNs not received
1983-84	1	3	3
1990-91	1	4	4
1991-92	5	160	100
1993-94	5	177	97
1995-96	3	33	17
1996-97	2	38	24
1998-99	2	16	16
2000-01	13	110	43
2002-03	1	24	0
2004-05	9	66	5
2004-06	1	14	0
2006-07	4	25	24
Total	**48**	**671**	**333**

Note: The above information pertains to erstwhile composite State of Andhra Pradesh (including Telangana State)

Source: As compiled by O/o AG (ERSA) Andhra Pradesh and Telangana

These Reports of COPU contained recommendations in respect of paragraphs pertaining to 12 departments[7], which appeared in the Reports of the CAG of India for the years 1983-84 to 2006-07.

It is recommended that the Government may ensure: (a) sending of replies to IRs/explanatory Notes/draft paragraphs/performance audits and ATNs on the recommendations of COPU as per the prescribed time schedule; (b) recovery of loss/ outstanding advances/ overpayments within the prescribed period; and (c) revamping of the system of responding to audit observations.

Coverage of this Report

1.27. This Report contains three paragraphs and one Performance Audit i.e. on Fuel Management in Telangana Power Generation Corporation Limited involving financial effect of ₹ 2,485.99 crore.

[7]: 1 Industries & Commerce 2. Irrigation and Command Area Development 3.Revenue 4. Animal Husbandry 5. Energy 6. Agriculture & Co-operation 7. Transport, Road & Buildings and 8. Forest, 9. Housing, 10. Youth Advancement, Tourism and Culture, 11. Municipal Administration & Urban Development and 12. General Administration.

CHAPTER II

PERFORMANCE AUDIT RELATING TO GOVERNMENT COMPANY

Fuel Management in Telangana State Power Generation Corporation Limited

Chapter II

2. Performance Audit relating to Government Company

2.1 Fuel Management in Telangana State Power Generation Corporation Limited

Executive Summary

Introduction

In the combined state of Andhra Pradesh, generation of power was carried out by Andhra Pradesh Power Generation Corporation Limited (APGENCO). After the formation of Telangana State as per the Andhra Pradesh Reorganisation Act, 2014, Telangana State Power Generation Corporation Limited (TSGENCO) was incorporated under Companies Act, 2013 on 19 May 2014 and it commenced operations from 2 June 2014. It has a capacity of 2282.5 MW at three thermal power plants viz. Kothagudem Thermal Power Stations (KTPS, 1720 MW), Paloncha (Khammam district), Kakatiya Thermal Power Station (KTPP, 500 MW), Bhuppalapalli (Warangal district), and Ramagundam Thermal Power Station (RTS-B, 62.5 MW), Ramagundam (Karimnagar district). The power generation increased from 10783 MU (Million Units) in 2010-11 to 16057 MU in 2014-15 and the total cost per unit increased from ₹ 2.01 in 2010-11 to ₹ 3.58 in 2014-15.

Linkage less than the requirement

Though the New Coal Distribution Policy (NCDP) of GoI provides for 100 per cent supply as per norms, the Company did not approach the GoI to bridge the gap between the normative requirement and linkage already obtained. Due to this the Company had to procure coal at higher price over and above the linkage quantity and thus incurred an additional expenditure of ₹ 170.56 crore which was avoidable.

Abnormal difference in average GCV of invoiced coal and bunkered coal

The abnormal difference in the Gross Calorific Value (GCV) as per the invoiced coal and the bunkered coal resulted in excess consumption of coal of 76.02 Lakh MT valued ₹ 2,082.44 crore.

Lack of adequate unloading facilities led to delay in unloading of coal

For transportation of coal, Railways changed their fleet from 'N' type to 'BOBR' wagons. Lack of adequate unloading facilities for these wagons led to delay in unloading of coal. The Company had paid ₹ 12.33 crore in the form of demurrages during 2010-15.

Excess payment of freight on diversion of rakes due to lack of timely action

The Company, though being aware that the supplies from Mahanadi Coalfields Limited (MCL) were not meeting the requirement of KTPS, had not planned in advance nor taken any steps to reallocate the coal to KTPS. This has resulted in payment of additional freight charges of ₹ 7.53 crore for diversions from KTPP to KTPS.

Excess unburnt carbon in ash

The high quantum of unburnt coal in fly ash and bottom ash resulted in wastage of 3.53 Lakh MT of coal valued ₹ 66.73 crore (being the cost of unburnt coal) in the ash.

Deficient internal control

Internal control system was found deficient as - there was no proper mechanism to review the coal supplies and their utilisation according to the requirement; no mechanism to review the inventory levels of coal; transit loss/demurrage charges were not monitored.

2.1 Introduction

In the combined state of Andhra Pradesh, generation of power was carried out by Andhra Pradesh Power Generation Corporation Limited (APGENCO). After the formation of Telangana State as per the Andhra Pradesh Reorganisation Act, 2014, Telangana State Power Generation Corporation Limited (TSGENCO) (Company) was incorporated under Companies Act, 2013 on 19 May 2014 and it commenced operations from 2 June 2014. It has a capacity of 2,282.5 MW at three thermal power plants viz. Kothagudem Thermal Power Stations (KTPS, 1,720 MW)[8], Paloncha (Khammam district), Kakatiya Thermal Power Station (KTPP, 500 MW), Bhuppalapalli (Warangal district), and Ramagundam Thermal Power Station (RTS-B, 62.5 MW), Ramagundam (Karimnagar district). The details of installed capacity, actual generation and cost for the years 2010-11 to 2014-15 (2010-15) is stated in ***Annexure-2.1***. The power generation increased from 10,783 MU (Million Units) in 2010-11 to 16,057 MU in 2014-15 and the total cost per unit increased from ₹ 2.01 in 2010-11 to ₹ 3.58 in 2014-15.

Fuel forms a major component of the cost of the power generated and therefore has a direct impact on consumers. Fuel, for the purpose of this report, mainly refers to coal which was used to generate nearly 84 *per cent* (***Annexure-2.2***) of the total power generated in Telangana in 2014-15.

The price of coal is based on its GCV (Gross Calorific Value) which is a measure of its quality. The coal is purchased at a 'basic price' determined by the coal company for normal (ROM[9]) coal.

As per the Electricity Act, 2003, the SERC (State Electricity Regulatory Commission) determines various norms [Plant Availability Factor (PAF)[10], Gross Station Heat Rate (SHR)[11], Transit Loss, etc.] for operation of power stations. Central Electricity Authority (CEA) also fixes targets for power generation for Thermal Power Stations (TPSs) considering capacity of plant, average plant load factors, past performance. The company works out the requirement of coal on the basis of the targets so fixed and submits the proposals for coal linkage to Government of India. Based on the company's requirement, the CEA recommends to Standing Linkage Committee (SLC) of Ministry of Coal, Government of India which allots coal based on the availability at various collieries.

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[8] KTPS includes: KTPS – O&M consisting of KTPS-A (4 x 60 MW), KTPS-B (2 x 120 MW) and KTPS-C (2 x 120 MW) and KTPS – V&VI consisting of KTPS V (2 x 250 MW) and KTPS-VI (1 x 500 MW).

[9] Run of mine coal: ROM coal refers to Coal as extracted from the coal mine in its natural and unprocessed state.

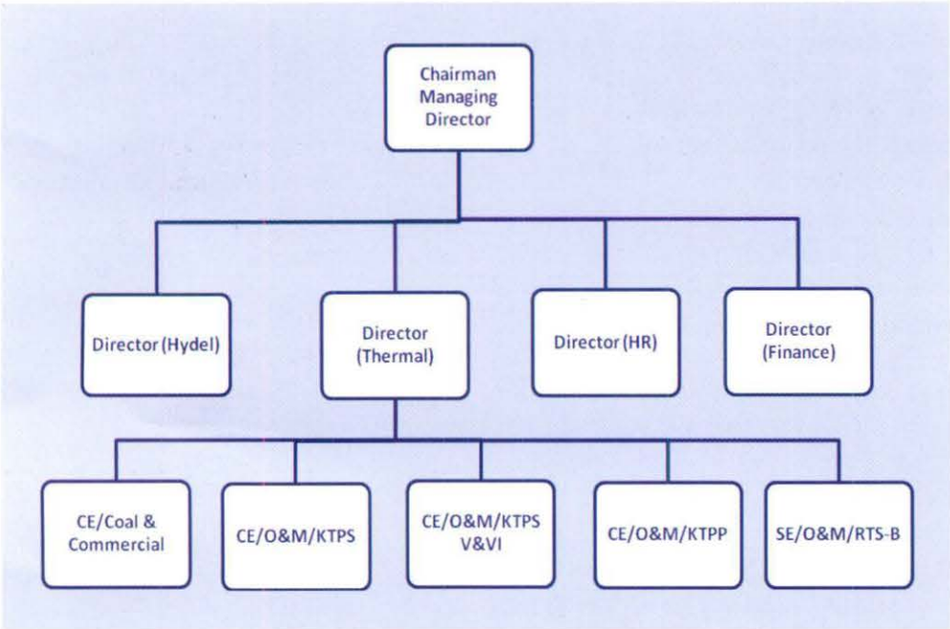
[10] PAF is the ratio of actual hours of operation of the power station to the maximum hours available during a certain period.

[11] SHR is the energy (kCal) used/required to produce one unit (kWh) of electricity in a power plant.

2.2 Organisation Structure

The organisation structure of the company (relating to purchase and transportation of fuel) is detailed below

Organisational chart



The Management of the Company is vested in Board of Directors (Board) comprising of five Directors. The day-to-day operations are carried out by the Chairman & Managing Director, who is the Chief Executive of the Company and functions with the assistance of Director (HR), Director (Finance), Director (Thermal) and Director (Hydel). Matters relating to purchase and transportation of fuel are looked after by Chief Engineer (Coal & Commercial) at Corporate office who reports to Director (Thermal). At field level, each thermal station is headed by a Chief Engineer/ Superintendent Engineer who functions under the overall control and supervision of Director (Thermal).

2.3 Scope of Audit & Methodology

The Performance Audit covered all issues relating to purchase, transportation and consumption of fuel (coal and oil) including coal ash management in all the three thermal power generation stations (KTPS, KTPP and RTS-B) of TSGENCO, covering the period from 2010-11 to 2014-15.

The audit methodologies included

i. Scrutiny of records relating to procurement, receipt and consumption of fuel, fuel cost reports, performance efficiency reports and ash generation and disposal reports.

ii. Examination of agenda and minutes of the Board meetings.

iii. Scrutiny of agreements with fuel suppliers and guidelines of Central Electricity Authority (CEA)/ State Electricity Regulatory Commission (SERC) and Ministry of Environment and Forest (MoEF).

iv. Interaction with Audited entity and analysis of the data with reference to audit criteria.

2.4 Audit Objectives

The performance audit aimed to assess whether:

i. The procurement of fuel was done economically, efficiently and effectively,

ii. The terms and conditions of agreements with the fuel suppliers were adhered to and penalties were levied in case of non compliance/adherence thereof,

iii. The consumption of fuel in power generation and disposal of ash was in line with the norms fixed by SERC and MoEF,

iv. An efficient and effective mechanism for inventory management and internal control exists to ensure adequate fuel availability as per prescribed norms.

2.5 Audit Criteria

2.5.1 The audit criteria were as follows:

i. Guidelines issued by the CEA/Electricity Act/SERC/MoEF/ Company's policies and decisions,

ii. Provisions contained in agreements with coal companies, Oil companies, Railways, transport agencies and other contractors/agents, and

iii. Norms of CEA and SERC for holding of inventory of coal and oil respectively.

2.5.2 Audit objectives and criteria were explained to the Company during the Entry Conference (June 2015). Subsequently, the audit findings were reported to the Management and the State Government (September 2015). Replies to the audit findings received from the Management and discussed in the Exit Conference (November 2015). Replies to the audit findings from the Government were received in December 2015. The views expressed by Management/Government have been considered while finalising the Performance Audit Report.

2.6 Audit Findings

Procurement of coal

Coal linkage means annual allotment of specific quantity of coal from a coal company to a power generation company. Based on GoI New Coal Distribution Policy (NCDP), coal linkage is obtained by the power generation

company from the GoI, Ministry of Coal, as per the requirement of coal in its power stations.

2.6.1 Coal linkage less than the requirement

Coal linkage is based on targets fixed by CEA for power generation for thermal power station considering the capacity of plant, average plant load factor and past performance. The Company works out the requirement of coal on the basis of targets so fixed and submits the proposal and coal linkage to CEA. Based on the company's requirement, CEA recommends to Standing Linkage Committee of Ministry of Coal, GoI. As per NCDP of GoI 100 *per cent* of the quantity as per the norms would be considered for supply through Fuel Supply Agreement (FSA).

Audit worked out the coal requirement of power stations as per SERC norms. The details of coal requirement as per SERC norms, coal linkage obtained with The Singareni Collieries Company Limited (SCCL), total quantity of coal procured, coal procured in excess of linkage and actual consumption is given in ***Annexure-2.3***. Audit observed that the Company did not compute/submit the requirement of coal linkage according to the SERC norms. As a result the linkage approved was less than the requirement during the period 2011-12 to 2014-15 by 9.60 LMT (Lakh Metric Tonnes) per annum. Though the NCDP provides 100 *per cent* supply as per norms, the Company did not approach the GoI to bridge the gap between the requirement as per norms and linkage already obtained.

Due to this the company had to procure coal over and above the linkage quantity at an additional price of ₹ 444 per MT for 38,41,364 MT during the period 2011-12 to 2014-15. The company thus incurred an additional expenditure of ₹ 170.56 crore which was avoidable.

Management / Government stated (December 2015) that the company entered into FSAs with coal companies as per coal linkage sanctioned by the Ministry of Coal. Further, it was stated that SCCL is supplying coal over and above FSA quantity to the company's power stations as per the actual requirement.

The reply was not tenable as the company did not so far approach the Ministry of Coal for revising the linkage quantity based on SERC norms, though the NCDP provided for such revision. Supplying of coal by SCCL over and above FSA quantity resulted in purchase of additional quantities of coal at higher price with consequent increase in fuel cost.

2.6.2 Abnormal difference in average GCV of invoiced coal and average GCV of bunkered coal

As per Central Power Research Institute (CPRI), the difference in GCV between the received coal (invoiced) and at the time of consumption (bunkered) coal should be within 150 kCal/kg.

Audit observed that in the TPSs the difference in average GCV of invoiced and average GCV of bunkered coal was very high. During the five year period, the difference in GCV at RTS-B ranged from 1,080-1,473 kCal/kg, at KTPP 632-854, KTPS O&M 466-942, KTPS V 413-1,018 and KTPS VI it was 850-1,329 kCal/kg which was far above the limit of CPRI.

It was noticed that the abnormal difference in the GCV as per the invoiced coal and the bunkered coal was on account of manual sampling. SCCL had not installed automatic samplers at loading points and where installed, they were not working. In the absence of automatic samplers, sample collection is done manually at the loading points of SCCL, which leaves scope for results being inaccurate. The Management has not analysed the difference in GCV and had not taken any steps to bring it down within the CPRI limit. Audit worked out the consumption of excess coal due to more than 150 kCal/kg difference in GCV (invoiced and bunkered) and found that excess coal of 76.02 LMT valued ₹ 2,082.44 crore was consumed during the period 2010-15.

Management / Government, while accepting the facts, stated (December 2015) that there was a variation in quality of coal between loading and unloading ends. This would be due to different methods of sampling of coal at loading end and unloading end, variation in moisture and size of the coal. The grade slippage was a common phenomenon for all the customers of Coal India and SCCL, however, the coal companies were being constantly pursued to minimise the grade variation to the extent possible.

Audit suggests that Company should pursue with SCCL for installation of auto sampling at all loading points and eliminate human intervention which was the main cause for difference in GCV.

2.7 Transportation of coal

Freight is one of the major components of cost of coal. Coal from different mines of SCCL and MCL is transported through railway rakes to the thermal stations (KTPS and KTPP) for which the Company entered into agreements with Railways. For RTS-B and KTPP road transportation is done through transport contractors. For KTPP, after rail transportation, the coal is transported to the TPS by road and also directly from mines by road. The road transportation contractor bears the demurrages and transit loss, if any.

2.7.1 Inaction over abnormal transit loss of coal

The difference between the invoiced quantity and the Stores Receipt Book (SRB) quantity is termed as transit loss. Apart from the transit loss, loss could also occur because of windage and shrinkage during stocking of coal in coal yard. As per SERC norms, maximum loss of coal during transit and on account of windage and shrinkage shall be 0.8 *per cent* of the quantity of coal dispatched every month. The details of coal losses over and above the SERC norms during 2010-15 are given in ***Annexure -2.4***.

It was noticed that

(i) at KTPS V & VI, though the transit loss was within the norms in the years 2010-11 and 2011-12, the transit loss exceeding the norms during the years 2012-13 to 2014-15 was 1.68 LMT representing 0.73 *per cent* of total quantity despatched amounting to ₹ 63.67 crore. The reasons for extra transit loss were non-working of in-motion weighbridge at SCCL and difference in weighing systems available at loading point of SCCL and unloading end of KTPS V & VI.

(ii) at KTPS O&M, after the break down of weighment bridge -BOBR (November 2007), the transit loss was not being recorded. Audit worked out the transit loss at KTPS O&M, considering the percentages of loss at KTPS V & VI, as the distance between these power stations and mines is the same. Transit loss exceeding the norms during the period 2010-15 were 2.09 LMT representing 0.93 *per cent* of total quantity despatched amounting to ₹ 40.00 crore.

Management/Government, while admitting the facts (December 2015), stated that steps had been initiated to contain the loss within the norms and that periodical joint calibration at all the loading points was being carried out to ensure the accuracy of the weighbridges.

The reply was not tenable as the Company had failed to keep the loss within the norms and periodical joint calibration was also not done.

2.7.2 Lack of adequate unloading facilities led to delay in unloading of coal

KTPS O&M and KTPS V & VI depend on railways for supply of coal. The Railways allowed seven hours of free time for unloading of BOX N[12] wagons type rakes and two and half hours for BOBR[13] type rakes, beyond which demurrages are levied. The details of number of rakes received, number of rakes demurred and demurrage charges paid to Railways during the period 2010-15 are as follows:

Table 4: Demurrage charges paid to Railways

Year	Power Station	Rakes received –BOBR	Rakes received –BOXN	Total Rakes received	Total Rakes demurred	Percent of rakes demurred	Demurrages paid (₹ in crore)
2010-14	KTPS O&M	3,532	1,251	4,783	2,009	42	2.77
2014-15	KTPS O&M	1,197	69	1,266	897	71	2.26
Sub-Total		4,729	1,320	6,049	2,906	48	5.03
2010-14	KTPS V&VI	3,959	873	4,832	1,807	37	4.13
2014-15	KTPS V&VI	1,324	217	1,541	1,292	84	3.17
Sub-Total		5,283	1,090	6,373	3,099	49	7.30
Grand Total		**10,012**	**2,410**	**12,422**	**6,005**	**48**	**12.33**

Source: Company records

As seen from the above, there was abnormal increase in the number of rakes demurred during 2014-15. The Company had paid ₹ 12.33 crore in the form of demurrages during 2010-11 to 2014-15 of which ₹ 5.43 crore was incurred in 2014-15. Audit noticed that the Railways had changed their fleet

[12] BOX N-High sided open wagon with side discharge arrangement.

[13] BOBR-Bottom Open and Bottom Reverse-open hopper car with rapid bottom discharge doors.

(September 2010) from 'N' type to 'BOBR' wagons for transporting coal, especially for short distance transportation. The Coal handling arrangements for BOBR wagons at KTPS O&M consisted of one track hopper for unloading 24 BOBR wagons with capacity of 1500 MT at a time. It was observed that at KTPS O&M, the demurrages mostly occurred on BOBR rakes. During 2014-15, 90 *per cent* of the rakes received were BOBR (2,521 BOBR rakes out of 2,807 rakes). No action was initiated to increase the unloading facilities for BOBR wagons.

The capacity of coal handling arrangements for BOBR wagons at KTPS V&VI was 12,000 MT i.e., 8 times the capacity of the BOBR wagons at KTPS. However, it was observed that the instances of demurrages in KTPS V&VI were also high despite having a much higher capacity. The high percentage of rakes demurred as compared to KTPS O&M lacked justification.

Management/Government stated (December 2015) that during recent times Railways had increased the supply of BOBR wagons over BOX 'N' type. The delay in unloading of rakes was mainly due to bunching of rakes and wet coal/oversized coal. Management further stated that in earlier years BOX 'N' /BOBR rake consisted of only 25 to 30 wagons. Railways had increased the rake capacity to 58 to 60 wagons in all type of coal rakes. Rate of demurrage charges were increased from ₹ 100 to ₹ 150 per hour per wagon which, along with the imposition of service tax, were the main reasons for increase in demurrages. During customer meetings with South Central Railways, TSGENCO had requested Railways to supply both BOBR and N type rakes to KTPS Complex to avoid delay in unloading of coal rakes. Management further stated that the augmentation of coal handing plant had been taken up at KTPS V & VI including modification of marshalling yard for handling of required coal.

However, high demurrage was noticed on days even when there was no bunching. Though the Railways changed the rakes for short distance of transportation from Box 'N' to BOBR from September 2010, the company did not take any action to modify the unloading facilities of BOBR rakes at KTPS O&M so far. The Company keeping in view the increased size of the rakes, did not pursue with railways for revision of time for unloading.

2.7.3 Excess payment of freight on diversion of rakes due to lack of timely action

Due to shortage of coal supply from MCL, the Company diverted an aggregate quantity of 6.35 lakh MT of premium coal (10 June 2014 to 20 January 2015) from SCCL (meant for KTPP) to KTPS V & VI by way of rebooking. Though this coal was transported by railways directly from mines to the diverted destinations (SCCL to KTPS), Railways, due to rebooking, had levied freight charges from mine to original destination (KTPP) and from there to diverted destination (KTPS) as per the Tariff Rules, resulting in additional freight charges of ₹ 7.53 crore. The Company, though being aware that the supplies from MCL were not meeting the requirement of KTPS, had neither planned in advance nor taken any steps to reallocate the coal to KTPS.

Management/Government, while admitting the facts stated (December 2015), that the boiler of KTPS-VI was designed for use of coal with higher calorific value and it was found difficult to operate this unit to their rated capacity within the available grade of coal in nearby mines of SCCL. The additional expenditure incurred by way of rebooking was less when compared to the loss of generation which would have been occurred on account of shortage of coal. However, from January 2015 onwards, rebooking of coal rakes had been avoided.

Though the dispatch schedule of SCCL was intimated to the Company in advance, the Company failed to seek reallocation before the schedule was finalised. The Company should have had a system whereby on receipt of monthly dispatch schedule from coal supplier, timely assessment of requirement and request for diversion, if required, was made. It is evident that lack of timely action and proper planning in assessing the requirement of coal by the TPS resulted in rebooking of rakes, thereby incurring an extra expenditure of ₹ 7.53 crore.

2.7.4 Transportation of coal by road: Non-payment of service tax on transportation charges

According to Section 65 (105) of Finance Act, 1994, service tax is required to be paid on services provided for transport of goods by road in a goods carriage. As per Notification issued in March 2008, service tax was payable at the rate of 25 *per cent* of the amount of freight i.e., 75 *per cent* of amount of freight is provided as abatement. The service tax was being paid at KTPP.

It was observed that RTS-B had procured 13,57,176 MT coal by road through goods carriages operated by private road transporters during the period 2010-15 for which an amount of ₹ 8.23 crore was paid as transportation charges. However, the Unit did not pay service tax amounting to ₹ 23.77 lakh so far (April 2015).

Incidentally, RTS-B was also liable to pay simple interest thereon under Section 75 and penalty equal to one *per cent* of such tax, for each month, for the period during which the default continues, up to a maximum of twenty five *per cent* of the tax amount.

Management/Government stated (December 2015) that Service tax on transportation of coal by road is exempt where the gross charges on consignments transported does not exceed ₹ 1,500 or on an individual consignment does not exceed ₹ 750 and the Service Tax was being paid as per the service tax rules.

The reply is not acceptable because the transportation charges in case of RTS-B were always greater than ₹ 1,500 thereby attracting Service Tax which was not paid by the Unit.

2.8 Quality Assurance

2.8.1 Delay in commencement of joint sampling

Coal is classified into different grades on the basis of Gross Calorific Value (GCV). Accordingly, the prices of coal, based on the grade/ quality of coal are notified by the collieries. The quality of coal supplied by the coal companies is determined on the basis of joint sampling at loading points.

The KTPP (Unit) commenced its commercial operations from 14 September 2010. The Company had signed FSA with SCCL (22 August 2012) for supply of coal to KTPP and other power projects with effect from 1 April 2012.

Clause 6 of the FSA entered into between the Company and SCCL provides for joint sampling of coal and in case of dispute, referees' (third party) decision would be final. The clause further states that in case representatives of either the purchaser or the seller fails to be present, the sampling will be carried out unilaterally by the representative of the other party and such sample will be deemed to have been jointly collected and will be binding on both the parties. The joint sample shall be as per the Bureau of Indian Standards (BIS) procedures and the quantity offered for disposal at a time will be considered as a lot till the automatic sampling arrangements are made by the seller.

FSA (clause 16) stipulates that the seller shall raise regular bills on rake-to-rake basis for the coal supplied to the purchaser at the applicable price for the declared grade for the quantity as recorded in Railway Receipt (RR). The seller shall give debit/credit note on account of grade slippage to the extent of the difference in the base price of declared grade and analysed grade of coal. Thus, the grade slippage could be claimed by the Company only when there was a difference in the declared grade of the mine and the grade declared by joint sampling at the loading end.

The KTPP received coal from nine different mines of SCCL for which SCCL claimed grade variation bills from 1 April 2013. It was observed in audit that:

i) There was no joint sampling from April 2012 though the agreement was effective from that date. The Unit commenced joint sampling only from November 2013 from one mine and for the remaining eight mines, the same had commenced between June 2014 and September 2014.

ii) In the absence of joint sampling, Company paid all the claims preferred by SCCL (₹ 73.06 lakh) towards grade variation and did not prefer any claim on SCCL for poor quality of coal despatched during the period April 2013 to July 2014. As such, the Company lost the advantage of refereed samples and could not get the price advantage towards grade variation on coal supplied, but had to pay all the claims of SCCL towards grade variation.

Management/Government, while admitting the facts stated (December 2015), that due to lack of infrastructure facilities at mine area, the joint sampling protocol could not be observed at all the loading points from the date of commencement of coal supplies.

The Company should introduce an adequate internal control mechanism whereby it is ensured that provisions of FSA are adhered to at all times.

2.8.2 Non-stacking and non-inspection of oversize stones supplied in violation of FSA norms

Coal received from coal mines is stocked in the coal yard. As per Clause 17 of the FSA, the coal supplied by the seller shall generally be free from stones with sizes (total surface area) above 250 mm. As per FSA, till auto samplers are installed at Coal Handling Plants of SCCL, the stones/shale found shall be segregated by the purchaser and equivalent cost along with railway freight and surface transportation charges will be paid by the seller. The purchaser should demarcate a site for stacking of shale/stones segregated and quantify the same. The purchaser shall thus notify the seller for inspection of stones of more than 250 mm within 15 days, and after joint inspection the stones can be disposed off.

It was observed that during the period from 2010 to 2013, KTPP identified 5,100 MT of stones/foreign material from the coal received, and intimated SCCL for joint inspection. The SCCL committee inspected the site (26 September 2013 and 10 January 2014) and stated that the material was not stacked as per FSA terms and conditions and that the claim was rejected. This had resulted in loss of ₹ 1.44 crore in respect of 5,100 MT of stones. No action was taken in respect of the oversized stones for the period 2013-15.

Similarly, during the period from 2010 to 2013, RTS-B identified 5,752 MT of stones/foreign material. The Unit also requested SCCL in June 2013, July 2013 and November 2013 for a joint inspection. Though SCCL did not respond to the requests, the Company did not follow up the matter further, which resulted in non realisation of ₹ 1.45 crore. In respect of KTPS also though stones/shales were present, but they were not quantified.

Thus there was a total loss of ₹ 2.89 crore in respect of KTPP and RTS-B due to not complying with the terms of the FSA on stacking of such stones/shale.

Management/Government stated (December 2015) that for KTPS the coal was being received by rail wagons from the mines of Rudrampur and Manuguru area of SCCL where Auto samplers were installed. However, in case of receipt of more than 250 mm size shale/stones the matter was being immediately brought to the notice of the concerned SCCL authorities to rectify the problem. In respect of KTPP and RTS-B, coal was being received by road transport from Bhupalapalli and Ramagundam mines of SCCL. Claims were being lodged with SCCL in respect of stones and joint inspection was also conducted at site. The settlement of claim was under correspondence.

The reply is not correct since the Company did not follow the prescribed procedure of stacking the stones as per norms and did not also follow up with SCCL for joint inspection in KTPP and RTS-B respectively. In case of KTPS which received coal from Rudrampur and Manuguru areas, the Auto samplers, though installed by SCCL, were not working. Thus, the Company should have lodged claim for stones/shale received for KTPS also.

2.9 Ash Management

Ash management assumes significance as ash generated from the power plant is a threat to the environment. However, it has some value due to its various uses.

2.9.1 Inefficient boilers caused wastage of coal due to excess un-burnt carbon in ash

Coal is crushed in grinding mills and fed into the boiler in the powder (pulverised) form where it is burnt. Incomplete combustion of coal leads to discharge of unfired powdered coal along with ash, resulting in wastage of fuel. The decrease in boiler efficiency causes increase of unburnt carbon in ash. About 80 *per cent* of ash goes out as flyash and the remaining 20 *per cent* is collected as bottom ash.

It was observed that due to inefficient operations of boilers, furnaces, and due to excess consumption of coal, the unburnt carbon in ash was more than the norms of 5 *per cent* (bottom ash) and 1 *per cent* (fly ash) in respect of the following power stations:

Table 2: Excess unburnt carbon in ash

Presence (in *per cent*) of unburnt carbon in fly ash and bottom ash			Quantity of coal wasted above the norms (LMT)	Value (₹ in crore)
Name of the Power Station	**Fly ash *(per cent)***	**Bottom ash *(per cent)***		
RTS-B	1.70 to 5.62	4.50 to 7.27	0.22	5.47
KTPS (O&M)	1.01 to 3.26	As per norm	2.23	41.28
KTPS-V	As per norm	3.77 to 32.57	1.08	19.98
		Total	**3.53**	**66.73**

Source: Operational review report and other company records

As seen above, the high quantum of unburnt coal in fly ash and bottom ash resulted in wastage of 3.53 LMT of coal valued ₹ 66.73 crore (being the cost of unburnt coal) in the ash during the period from 2010-15.

Management/Government, while accepting the observation stated (December 2015), that the annual overhauls were deferred during 2010-11 due to high grid demand. However, to reduce the unburnt carbon, works were carried out for effective pulverisation and daily monitoring was being done for grinding mills.

2.9.2 *Loss of revenue on Cenosphere*

A small proportion of the pulverized fuel ash produced from the combustion of coal in power stations is formed as Cenosphere[14]. It is estimated that Cenosphere is present to the extent of one *per cent* in fly ash from thermal plants as per an article of Andhra Pradesh Industrial Technological Consultancy Organisation (APITCO). It is commercially useful as an extender for plastic compounds, being compatible with plastisols, thermoplastics, latex, polyesters, epoxies, phonolic resins, and urethanes. Synthetic foams are also made with cenosphere. It is compatible with cement and other building materials such as coatings and composites. It is used in a wide variety of other products, including sports equipment, insulators, automobile bodies, marine craft bodies, paints and fire and heat protection devices.

During 2010-15, the three TPSs produced 253.13 LMT of ash, which should have contained 2.53 LMT (one *per cent*) of cenosphere, based on the estimations made by APITCO. Review of related records revealed that the Company sold only 1,525 MT of cenosphere (at KTPS) and realised an amount of ₹ 2.19 crore (average rate ₹ 14,360 per MT). The West Bengal Power Development Corporation Limited, Kolkata (a PSU) had sold it at a rate of ₹ 72,000 per MT through MSTC (Metal Scrap Trade Corporation Limited, a PSU) in September 2013. There was no sale of cenosphere at KTPP and RTS-B. The Company did not make any arrangements for collection of cenosphere, which has high demand and rate in the market, and could have earned more revenue to the company.

In view of the utility and the high market demand of cenosphere, a system may be evolved for collection and sale to get optimum revenue and to use it for the promotion of utilisation of fly ash as per MoEF notification of 2009.

Management/Government accepted the observation and stated (December 2015) that possible steps will be initiated for sale of Cenosphere.

2.9.3 *Fly ash not used within the stipulated period of five years as per MoEF notification*

Bottom ash is disposed of by using the wet system i.e., in the form of slurry whereas dry fly ash is collected / disposed of by using either 'the wet' or 'the dry' system.

Dry fly ash is a valuable resource and raw material for cement, concrete and many other high value added applications. The utilisation of fly ash for part substitution of cement in concrete/mortar etc. necessitates setting up of an efficient system of fly ash collection which is economic, effective and eco-friendly.

As per MoEF notification (November 2009), 100 *per cent* fly ash generated from the existing Units is to be utilized within five years from the date of

[14] Cenosphere – is a light weight, hollow sphere produced as a by-product of coal combustion at thermal power plants.

notification i.e., by October 2014 and within four years by new Units, i.e., by September 2014 and June 2015 for KTPP and KTPS VI respectively.

The details of ash generation and utilization in respect of all the thermal power stations of the Company during the period from 2010-15 are as detailed below:

Table 3: Generation and utilization of fly ash

(Figures in LMT)

Year	Coal consumed	Ash generated	Ash utilised	Ash utilisation in percentage
2010-11	83.44	34.93	3.52	10.08
2011-12	101.47	41.84	6.42	15.35
2012-13	128.60	56.83	10.13	17.82
2013-14	126.76	60.49	12.40	20.49
2014-15	125.59	59.04	12.18	20.64
Total	**565.86**	**253.13**	**44.65**	**17.64**

Source: Operational review reports and other company records

It can be seen that the Company on the whole utilized only 17.64 *per cent* of fly ash during 2010-15 and the utilization increased from 10.08 *per cent* in 2010-11 to 20.64 *per cent* in 2014-15. The ash was being offered free of cost at KTPP and the ash utilisation increased from 10 *per cent* to 54 *per cent* during 2010-15. The company may take further steps to promote utilisation of ash.

2.9.4 Fly ash not used for filling of mines as per MoEF notification

As per MoEF Notification (November 2009), at least 25 *per cent* of fly ash must be used in open cast mines within 50 kilometers (KMs) from coal based thermal power plants. It was observed that though the coal received from the SCCL mines were within the radius of 50 KMs of all three TPSs, the Company has not initiated any action for using fly ash for back filling of SCCL mines.

Management/Government stated (December 2015) that order was placed for the work of ash utilization at KTPP for stowing of underground mines and back filling of open cast mines and stabilization of over burden dumps[15] for achieving 100 *per cent* utilization. The contractor had carried out trial run for underground mine stowing of operations of SCCL mines with bottom ash, but the activity could not be continued due to technical problems. SCCL intimated the TSGENCO that mine stowing operation could be taken up only after removal of fines in the bottom ash. To remove fines[16] in the bottom ash

[15] Stabilisation of over burden dump: over burden is the material that lies above a coal seam, which is removed before mining of coal and stacked in dumps. Fly ash is used for stabilisation of these dumps preventing them from spilling / sliding.

[16] Fines refer to those particles of bottom ash which are smaller in size than the normal particle.

separate classifiers[17] were required. Hence mine stowing operation was not continued.

The reply was not tenable as the company was bound by the said notification (of 2009) to use the funds from sale of fly ash for development of infrastructure or facilities, promotion and facilitation activities for use of fly ash. Therefore, separate classifiers should have been installed to facilitate utilization of fly ash. The Company did not initiate action for using fly ash at KTPS and RTS-B for back filling of mines though coal mines were within a radius of 50 KMs from the TPSs.

2.10 Inventory Management

Inventory management seeks to ensure enough inventories so as to aid unimpeded generation on the one hand and avoiding excessive inventory on the other hand to reduce blocking up of funds. It also seeks to maintain the quality of stock.

2.10.1 Lack of policy

The Company did not have an inventory policy on fuel to achieve the aforesaid objectives. The Company should frame a policy on inventory of fuel (coal and oil). It was noticed that inventory assessment, planning and procurement was inadequate and ineffective which resulted in loss of generation and also abnormal high stock of coal and oil stock levels as discussed in the following paragraphs.

2.10.2 Loss of generation due to low stock levels of coal

The Coal stock levels are decided for each power station by CEA based on pit head/non pit head power stations. Overstocking may cause reduction/deterioration in the GCV and loss on account of windage and shrinkage, apart from utilisation of additional space and blocking of funds. Under stocking may lead to loss of generation due to non availability of required fuel on time. As per the CEA Coal Report (March 2015), a stock level of 20 days for KTPS and 15 days for RTS-B and KTPP need to be maintained.

The extreme inventory levels of coal and loss of generation on account of lack of coal during 2010-15 in the three power plants are given below:

Table 4: Inventory levels of coal

TPS	Loss of Generation (MU)	Lowest level		Highest level	
		No. of days inventory	Month	No. of days inventory	Month
KTPP	127.21	1	May 2014	47	September 2010
KTPS	68.33	1 to 5	June 2011	47	March 2015

[17] Classifier is a sieving equipment.

TPS	Loss of Generation (MU)	Lowest level		Highest level	
		No. of days inventory	Month	No. of days inventory	Month
RTS-B	12.20	2	June 2010	48	February 2014
Total	207.74				

Source: Company records

Low stock and shortage of coal resulted in loss of generation of 207.74 MU at the three TPSs. This shows lack of monitoring and planning by the Management in maintaining sufficient stock of coal. The excess coal stock of 47/ 48 days was due to excessive coal procurement and non-regulation of coal supplies during planned and forced outages. The Company needs to plan maintenance of required stock of coal considering the lead time for procurement and quantum of consumption.

Management/Government stated (December 2015) that prior to the formation of TSGENCO, the coal supplies from MCL to erstwhile APGENCO stations were poor because of less materialisation, that is supply against coal linkage. Short supplies used to be supplemented from SCCL by way of diversion of coal rakes to meet the coal requirement. Further, it was stated that the coal stocks would be maintained more than the norms during the peak production period of coal mines to meet the requirement during monsoon period. After formation of TSGENCO, coal stocks in all the TPSs were being maintained as per the norms.

The reply was not acceptable as excessive stock levels were observed during 2014 and 2015. The norms for holding of inventory of coal have been prescribed after considering all parameters and the Company needs to plan and monitor the stock levels to ensure that the stock is within the norms.

2.10.3 Excess holding of Oil stock

Oils are mainly used for start-up of the unit and to maintain the required heat in case of low quality coal. For procurement of these oils, the Company entered into agreements with Public Sector Oil Companies viz., BPCL, IOCL and HPCL. Oil companies raise the bills at the prevailing rates of oil at the time of delivery.

SERC fixed a norm of two months' consumption for stock holding for the purpose of reimbursement of interest on working capital. On a review of the oil receipts, consumption and stock levels, it was noticed that the thermal stations were procuring the oils without any assessment.

As against the norm of two months' consumption, it was observed that the thermal stations were maintaining oil stocks ranging between one to twenty two months. Further, the Company had not fixed minimum, maximum and re-ordering levels based on the requirements of the plants to enable them to keep the stock levels as prescribed. Lack of proper management of receipts and

consumption and balance stock of oils not only resulted in overstocking but also in blocking up of funds to the tune of ₹ 33.44 crore as of March 2015.

Management/Government stated (December 2015) that in order to meet the unprecedented oil consumption during the unit start-ups and in the rainy season due to wet coal problems, and also keeping in view the long lead distances from the source of supplies, sufficient stocks of fuel oils were being maintained at various thermal power stations.

The reply was not acceptable because the consumption of oil was less than the norm fixed (two months) and the average stock of oil held at the TPSs was always more than the average quantity consumed. To monitor the quantity of stocks the Company needs to formulate a proper inventory policy.

2.10.4 High generation of coal mill rejects and delay in its disposal

During crushing/grinding, the low quality or ungrinded coal is generated from the coal mills. This is known as coal mill rejects. The reasons for high mill rejects are insufficient air to mills, poor quality of coal, excess wear and tear of grinding media and exhaust fan blades and overfeeding of mills which indicates poor maintenance of mills, besides lack of regular overhauls resulting in excess mill rejects. These rejects are stacked in adjacent yards near the plants and are sold when accumulated. The company had set a target of 2 *per cent*.

During 2010-15, RTS-B had generated unusually high coal mill rejects which was 7.65 *per cent* of the quantity of coal consumed. Audit further noticed that during 2010-15, RTS-B had generated 1,13,833 MT of coal mill rejects of which the company sold 49,229 MT for an amount of ₹ 8.80 crore. The company, during physical verification, noticed that 5,281 MT of rejects were short. Audit observed that these rejects pertained to the period 2010-13 and delays in their disposal resulted in loss of ₹ 84.44 lakh.

Management/Government stated (December 2015) that a minimum time was needed for placing the sale orders after due fulfilment of the procedural formalities associated with the matter and the purchaser would be gradually lifting the sale order quantities. It stated that every possible effort was being made to reduce the accumulations of the mill rejects in the dump yard. The Company should take steps to improve the performance of coal mill at RTS-B in order to reduce the quantity of coal mill rejects. The Company should dispose the coal mill rejects immediately to avoid loss on account of natural spontaneous combustion.

2.11 Energy Audit

Energy audit not conducted

As per Energy Conservation Act, 2001, all the power stations are required to carry out energy audit on regular basis for conservation of energy, detection of wastages and excess consumption of fuel and other consumables for taking remedial action. It was, however, observed that KTPP and KTPS-O&M had not conducted any energy audit during 2010-15. Further, the recommendations

of Energy Audit conducted in respect of RTS-B (July 2011) and KTPS-V (May 2011) were not implemented in full.

Management/Government stated (December 2015) that tenders had been called from energy auditors for conducting Energy Audit, whose findings would be implemented during forthcoming annual overhauls as and when the system permits.

The reasons for non-compliance with earlier Energy Audits have not been stated by the management.

2.12 Internal Control

Deficient internal control

Internal control is a process and a tool designed for providing reasonable assurance for efficiency of operations, reliability of financial reporting and compliance with applicable laws and statutes to ensure effective functioning as well as effectiveness of the internal control system and detection of errors and frauds.

Audit observed that internal control system of the Company was deficient in that:

i. There was no proper mechanism to review the coal supplies and its utilization according to the requirement.

ii. There was no mechanism to review the inventory levels of coal.

iii. Transit loss/demurrage charges were not monitored for taking remedial action to reduce them.

Acknowledgement

Audit acknowledges and appreciates the co-operation and assistance extended by the staff and the Management of the Company at various stages of conducting the Performance Audit.

Conclusion

The Company failed to get Coal linkage from SCCL revised in accordance with their requirement. In the absence of an effective sampling system, the Company continued to receive inferior grade of coal from the coal companies which also contained oversized stones and foreign material. The Company incurred avoidable expenditure on account of demurrages due to delays in unloading of coal wagons. It incurred transit loss of coal in excess of the SERC norms. The Company was not monitoring its inventories of coal and oil, resulting in holding of much higher/lower stock level than the norms. Further, due to poor maintenance of equipment, large quantity of coal was being wasted as it remained unburnt in ash due to imperfect combustion. The

Company did not comply with the directions of the Ministry of Environment and Forest on utilisation of fly ash. It is yet to conduct energy audit in respect of two power stations. In respect of power stations where Energy Audit was conducted, the recommendations were not implemented in full.

Recommendations

The Company needs to:

- *review its coal requirement and approach GoI for right amount of coal linkage based on proper assessment of requirement.*
- *design a proper inventory management system to maintain optimal stocks as per norms and prevent loss of generation;*
- *get energy audit conducted in respect of all the TPSs and implement the recommendations in full.*

CHAPTER III

COMPLIANCE AUDIT OBSERVATIONS

Chapter III

3. COMPLIANCE AUDIT OBSERVATIONS

GOVERNMENT COMPANIES

The Singareni Collieries Company Limited (SCCL)

3.1 Infructuous expenditure on proposed 20 MW Captive Power Plant

Without assessing the economic viability of 20 MW Captive Power Plant, Company incurred an expenditure of ₹ 4.35 crore on Consultants' fees and other civil works. An amount of ₹ 1.76 crore was finally written off in view of another upcoming Project (Singareni Thermal Power Project) leading to infructuous expenditure.

The Singareni Collieries Company Limited (SCCL) decided (February 2007) to set up a 20 Mega Watt (MW) Captive Power Plant (CPP) at Kothagudem, under Engineering, Procurement and Construction (EPC) mode at a cost of ₹ 92.10 crore. The project report envisaged completion of the project in 24 months from date of EPC order.

SCCL appointed (December 2007) APGENCO (Andhra Pradesh Power Generation Corporation Limited) as consultant at a fee of ₹ 1.00 crore. The scope of work included preparation of site layout and assistance in the appointment of technical consultants. Based on APGENCO's advice, SCCL appointed (June 2008) M/s Cethar Consulting Engineers (P) Ltd. (CCEPL), Chennai as technical consultants (for preparation of NIT) at a fee of ₹ 1.18 crore. Thereafter, tenders were floated and Letter of Intent (LoI) was issued (October 2009) to M/s Cethar Vessels Ltd. (CVL) for ₹ 74.40 crore. Before starting the work, the contractor requested (November 2009) for changes in commercial and technical aspects and increasing the contract value by ₹ 7.10 crore. The Company did not agree and decided (November 2010) to drop the LoI and refloat tenders again. The Board directed (November 2010) the Management to have a relook into the economics of the small Power Station i.e., 20MW Power Plant vis-à-vis cost already incurred and take appropriate decision. However the Management decided to go ahead with retendering. After limited tender enquiry, it placed an order (April 2012) on M/s Desein Pvt. Ltd. (DPL) for technical consultancy at a fee of ₹ 0.89 crore. DPL submitted NIT (July 2012), but the Company did not act upon it. No further action was taken by the Company on this project.

Audit observed that the company at no stage verified/studied the economic viability of the small project and incurred expenditure on consultants and civil

works. It incurred ₹ 4.35 crore[18] on consultants' fees and civil works, plant & equipment even though no work had been done under the project.

Government replied (January 2016) that in view of upcoming Singareni Thermal Power Plant (STPP) at Jaipur in Adilabad District (2x 600 MW), it was felt that the additional investment of 20 MW Power House was not necessary. Hence the proposal for setting up of 20 MW CPP at Kothagudem was dropped in March 2015. Of the total expenditure incurred (₹ 4.35 crore), an amount of ₹ 1.76 crore was written off.

The reply is not tenable as the 20 MW project was started in 2007 without studying economic viability or technical feasibility of a small project. The Company had given in-principle approval for STPP (2X600 MW) in December 2009, whereas the 20 MW project was dropped only in March 2015. The expenditure of ₹ 4.35 crore out of which an amount of ₹ 1.76 crore was written off was rendered infructuous.

Telangana State Industrial Infrastructure Corporation Limited

3.2 Non-inclusion of rental clause for FTL land in lease agreement resulted in non-recovery of ₹ 31.45 lakh and undue favour to the Developer

Non-inclusion of rental clause for FTL Land in the Tripartite agreement of lease rent entered into with the Department of Youth Advancement, Tourism & Culture and the Developer, resulted in non-recovery of ₹ 31.45 lakh and undue favour to the Developer

Department of Youth Advancement, Tourism & Culture (Department), Govt. of Andhra Pradesh, requested (March 2005) Andhra Pradesh Industrial Infrastructure Corporation Limited (Company) for handing over of 7,710.12 Sq. yards of vacant land at Durgam Cheruvu lake area for a hotel (Project) on Build, Operate and Transfer (BOT) basis under Public Private Partnership (PPP) mode. The Department was to ensure collection of annual lease rent along with Additional Development Premium (ADP) from the developer and remit the same to the Company. The land included 5362.12 square yards of Full Tank Level (FTL)[19] area and 2,348 square yards of non FTL area. The Department awarded (November 2012) the Project (Eco Tourism Park) to M/s Shri Ravi Teja Restaurant & Resorts Private Limited, Hyderabad (Consortium) on BOT basis under PPP mode for 30 years. As per the Letter of Award (LOA), the lease amount was payable for 2,348 Square Yards (Non FTL) only, at the rate of 5 *per cent* of basic market value of the land, with increase of 5 *per cent* every year over the previous year's lease amount. But the issue of rent payable on 5,362.12 square yards of FTL area remained to be resolved. The Department asked the Company to fix a nominal lease rent for

[18] Consultancy charges - ₹ 1.76 crore, (GENCO and CCEPL) and Civil works – ₹ 2.59 crore (Compound wall and other civil works ₹ 0.41 crore, water storage tank – ₹ 0.49 crore, Pipe lines from borewells - ₹ 1.33 crore and Borewell Pump – ₹ 0.36 crore.)

[19] FTL area is water body zone where no building activity other than recreational use shall be carried out. Such area around water bodies shall be maintained as recreational/green buffer zone as per GoAP notification.

FTL land to make the project financially viable as the total land i.e. 7,710.12 Square yards was allotted to Developer. The Company decided (December 2013) to charge concessional rent for FTL area and intimated (March 2014) the Department of the decision to charge lease rental on FTL land at the rate of 1.5 *per cent* of basic market value and requested for inclusion of the same in the tripartite agreement which was entered into (May 2014) among the Department, the Company and the Consortium.

Audit noticed that there was no mention in the tripartite agreement of lease rent on FTL (1.5 *per cent)* land. Omission of separate clause for collection of lease rent resulted in non-recovery of ₹ 31.45 lakh (May 2014 to January 2016) and the Company foregoing a revenue of ₹ 11.98 crore over the remaining period of lease.

Management, while accepting the omission pointed out by audit, replied (November 2015) that they had addressed the Department for amendment of the lease agreement. The Management further stated that the agreement was not registered and was also time barred. Hence a fresh agreement needed to be entered into.

Thus non-inclusion of rental clause for FTL land in lease agreement tantamounts to undue favour to the Developer and resulted in non-recovery of ₹ 31.45 lakh. Company will forgo revenue of ₹ 11.98 crore over the remaining lease period, in case the rent clause for FTL area is not included in the lease agreement.

STATUTORY CORPORATION

Andhra Pradesh State Road Transport Corporation

3.3 Commercial exploitation of vacant lands in State of Telangana

Non registered BOT licenses as per the terms of the agreement resulting in loss to exchequer in the form of Stamp duty. Service tax of ₹ 65.82 lakh was not billed and collected from BOT/DOT licensees and remitted to appropriate authorities.

Andhra Pradesh State Road Transportation Corporation (Corporation), in erstwhile Andhra Pradesh state, with a view to augment non-traffic revenue had contemplated commercial exploitation of vacant lands. Accordingly two schemes viz., Deposit, Operate and Transfer (DOT) and Build, Operate and Transfer (BOT) were contemplated in 1998 and 2001 respectively. Under both the schemes, the land/constructed shop would be given on long term lease i.e. 20 and 30/33 years respectively.

On review of both the schemes, the following were observed:

3.3.1. BOT Scheme:

Under BOT scheme, tenders for leasing the land are floated, finalised and agreements are entered into with the licensees, at Corporate office level. License deeds are to be registered by the licensee, who has to obtain all the required statutory permissions and are responsible for construction and operation of the project. Liquidated Damages would be collected from the licensee for any delay in achieving the Commercial Operation Date (COD).

Besides, interest for belated Annual payments, as per the terms of agreement, would be collected from the licensee.

The successful bidder, after taking possession of the shop, pays monthly license fee during the license period and has to bear statutory payments viz., property tax, service tax, electricity charges and comply with all other statutory levies under Central/State laws issued from time to time.

Under the BOT scheme, 4 projects[20] were awarded in the Telangana area of erstwhile composite State of Andhra Pradesh between years 2006 to 2013. Out of these 4 projects, 3 projects[21] were reviewed in audit and the remaining 1 project was under litigation (March 2015). Audit observed as follows:

3.3.1.1 Non registration of BOT license agreement

It was noticed that in two[22] cases, the license deeds were not registered as was required under the terms of the agreement. In the absence of registered documents, the Corporation would not be able to defend its interest in realisation of its dues under the agreement in the event of any dispute/future legal complications. Non registration of agreements was also a loss to the exchequer in the form of stamp duty.

The Government replied (December 2015) that efforts would be made to get the license deed registered as per the terms of agreement.

3.3.1.2 Non recovery of service tax in BOT Projects

In respect of two[23] BOT projects, it was observed that contrary to the terms and conditions of agreement, service tax of ₹ 55. 47 lakh was not billed and collected during the periods 2007 to 2015 from the licensees and remitted to the appropriate authorities.

The Government replied (December 2015) that service tax on renting of immovable properties was not collected as per the guidelines (April 2009) as the license fee received was treated as inclusive of service tax. The service tax is being claimed with effect from 01 July 2012 as per the revised guidelines issued w.e.f. April 2014.

The reply is not correct as the relevant agreements had separate clauses for payment of taxes and for payment of license fee. Guidelines of April 2009 were applicable to shops, vacant spaces and stalls constructed under DOT only and not to the projects awarded under BOT scheme. Thus, non-adherence to the terms of the agreement and non-compliance of statutory laws resulted in non-realisation of service tax and loss of revenue to the exchequer.

3.3.2. DOT scheme:

Under DOT scheme, approval on proposals received from different regions for construction of shops would be accorded by the Corporate Office. The

[20] M/s Pratima Multiplex Pvt. Ltd, Hyderabad; M/s Kanaka Durga Complex, Mahbubnagar; M/s Soma , Hyderabad City Center Pvt.Ltd; M/s Viishnujith Infra Developers Pvt. Ltd, Armoor

[21] M/s Pratima Multiplex Pvt. Ltd, Hyderabad; M/s Kanaka Durga Complex, Mahbubnagar; M/s Viishnujith Infra Developers Pvt. Ltd, Armoor

[22] M/s Kanaka Durga Complex, Mahbubnagar, M/s Prathima Multiplex Private Ltd, Hyderabad,

[23] M/s Kanaka Durga Complex, Mahbubnagar, M/s Prathima Multiplex Private Ltd, Hyderabad

successful bidder, after taking possession of the shop, pays monthly license fee during the license period and has to bear statutory payments viz., property tax, service tax, electricity charges and comply with all other statutory levies under Central/State laws issued from time to time. A review of agreements entered into for the shops constructed under DOT scheme in two Divisions viz. Karimnagar and Hyderabad out of five Divisions in Telangana revealed the following:

3.3.2.1 Non realization of service tax for shops leased under DOT Scheme

It was noticed in audit that service tax amounting to ₹ 10.35 lakh was not collected from the DOT licensees, for the period 1 July 2012 to 31 March 2014 in Karimnagar Division (Karimnagar).

The Government stated (December 2015) that "service tax is being realized by incorporating necessary clauses in subsequent agreements".

The reply was not tenable as the terms of agreement have to be adhered to. The service tax was to be collected from the lessees.

Hyderabad
The 20 MAR 2016

(LATA MALLIKARJUNA)
Accountant General
(Economic & Revenue Sector Audit)
Andhra Pradesh and Telangana

Countersigned

New Delhi
The 22 MAR 2016

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

ANNEXURES

Annexure 1 (a)

Statement showing investments made by State Government in PSUs whose accounts are in arrears of Exclusive Telangana (Referred to in paragraph 1.11)

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

Sl. No.	Sector and name of Company	Year upto which account finalised	Paid up Capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	**Loans**	**Grants**
1	2	3	4	5	6	7	8
A.	**Working Government Companies**						
	INFRASTRUCTURE						
1	Fab City SPV (India) Pvt. Ltd.(Subsidiary to APIIC w.e.f.19-07-2007)	2012-13	0.01	2013-14	0.00	0.00	0.00
				2014-15	0.00	0.00	0.00
2	Pashamylaram Textile Park	2008-09	0.05	2009-10	NA	NA	NA
				2010-11	NA	NA	NA
				2011-12	0.00	0.00	0.00
				2012-13	0.00	0.00	0.00
				2013-14	0.00	0.00	0.00
				2014-15	0.00	0.00	0.00
3	E-City Manufacturing Cluster Limited	2013-14	0.01	2014-15	0.00	0.00	0.00
4	Maheswaram Science Park Limited	2013-14	0.01	2014-15	0.00	0.00	0.00
5	Hyderabad Growth Corridor Limited	2010-11	0.15	2011-12	0.00	331.50	0.00
				2012-13	0.00	0.00	0.00
				2013-14	0.00	348.53	0.00
				2014-15	0.00	322.23	0.00
	Total		**0.23**		**0.00**	**1002.26**	**0.00**
	MANUFACTURING						
6	APMDC-SCCL Suliyari Coal Company Limited	First A/cs not submitted (2013-14)		2013-14	0.00	0.00	0.00
				2014-15	0.00	0.00	0.00
	Total				**0.00**	**0.00**	**0.00**
	POWER						
7	Southern Power Distribution Company of Telangana Limited	2013-14	728.48	2014-15	0.00	0.00	0.50
8	Northern Power Distribution Company of Telangana Limited	2013-14	274.76	2014-15	0.00	0.00	0.00
	Total		**1003.24**		**0.00**	**0.00**	**0.50**
	SERVICES						
9	Hyderabad Metro Rail Limited	2012-13	0.57	2013-14	0	0	2500
				2014-15	0	0	424.67
	Total		**0.57**		**0**	**0**	**2924.67**
	Grand Total		**1004.04**		**0.00**	**1002.26**	**2925.17**

Annexure 1 (b)

Statement showing investments made by State Government in PSUs whose accounts are in arrears of PSUs under demerger
((Referred to in paragraph 1.11)

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

Sl. No.	Sector and name of Company	Year upto which account finalised	Paid up Capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
A.	**Working Government Companies**						
	AGRICULTURE AND ALLIED						
1	Andhra Pradesh State Agro Industries Development Corporation Limited	2013-14	21.50	2014-15	0.00	0.00	0.00
2	Andhra Pradesh Forest Development Corporation Limited	2013-14	21.82	2014-15	0.00	0.00	0.00
3	Andhra Pradesh State Irrigation Development Corporation Limited	2013-14	133.81	2014-15	0.00	0.00	0.00
4	Andhra Pradesh State Seeds Development Corp. Ltd (619-B)	2013-14	2.76	2014-15	0.00	0.00	0.00
	Total		**179.89**		**0.00**	**0.00**	**0.00**
	FINANCE						
5	Andhra Pradesh State Film, Television and Theatre Development Corporation Limited	2013-14	6.22	2014-15	0.00	0.00	2.64
6	Andhra Pradesh Handicrafts Development Corporation Limited	2013-14	2.00	2014-15	0.00	0.00	0.37
7	Andhra Pradesh State Minorities Finance Corporation Limited	2009-10	5.00	2010-11	0.00	0.00	199.73
				2011-12	0.00	0.00	277.81
				2012-13	0.00	0.00	233.88
				2013-14	0.00	0.00	96.83
				2014-15	0.00	0.00	32.16
8	Andhra Pradesh State Christian Minorities Finance Corporation Limited	First accounts not finalized		2009-10	0.00	0.00	199.73
				2010-11	0.00	0.00	8.00
				2011-12	0.00	0.00	17.15
				2012-13	0.00	0.00	8.23
				2013-14	0.00	0.00	11.75
				2014-15	0.00	0.00	0.17
	Total		**13.22**		**0.00**	**0.00**	**1088.46**
	INFRASTRUCTURE						
9	Andhra Pradesh State Police Housing Corporation Limited	2013-14	1.81	2014-15	0.00	0.00	0.00
10	Andhra Pradesh Industrial Development Corporation Limited	2013-14	96.23	2014-15	0.25	0.00	0.00

Sl. No.	Sector and name of Company	Year upto which account finalised	Paid up Capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
11	Andhra Pradesh Industrial Infrastructure Corporation Limited	2013-14	16.33	2014-15	0.00	0.00	2.50
12	Andhra Pradesh State Housing Corporation Limited	2009-10	0.25	2010-11	0.00	891.68	0.00
				2011-12	0.00	939.63	0.00
				2012-13	0.00	0.00	0.00
				2013-14	0.00	1128.01	0.00
				2014-15	0.00	429.12	0.00
13	Andhra Pradesh Rajiv Swagruha Corporation Limited	2013-14	0.05	2014-15	0.00	0.00	0.00
14	Andhra Pradesh Urban Finance and Infrastructure Development Corporation Limited	2013-14	0.15	2014-15	0.00	0.00	160.00
15	Infrastructure Corporation of Andhra Pradesh Limited	2013-14	24.12	2014-15	7.00	0.00	0.00
16	Andhra Pradesh Aviation Corporation Limited	Accounts not submitted since inception (2005-06)		2005-06	NA	NA	NA
				2006-07	NA	NA	NA
				2007-08	NA	NA	NA
				2008-09	NA	NA	NA
				2009-10	NA	NA	NA
				2010-11	NA	NA	NA
				2011-12	0.00	0.00	17.68
				2012-13	0.00	0.00	17.87
				2013-14	0.00	0.00	14.90
				2014-15	0	0	30.98
	Total		**138.94**		**7.25**	**3388.44**	**243.93**
	MANUFACTURING						
17	Andhra Pradesh Mineral Development Corporation Limited	2012-13	6.31	2013-14	0	0	0
				2014-15	0	15.00	0
18	Leather Industries Development Corporation of Andhra Pradesh Limited	2013-14	3.9	2014-15	2.56	0	0
19	Andhra Pradesh Beverages Corporation Limited	2013-14	0.24	2014-15	0	0	0
	Total		**10.45**		**2.56**	**15.00**	**0**
	POWER						
20	New & Renewable Energy Development Corporation of Andhra Pradesh Limited	2013-14	0.22	2014-15	0	0	0.87
21	Andhra Pradesh Power Generation Corporation Limited	2013-14	2106.8	2014-15	-	-	-
22	Transmission Corporation of Andhra Pradesh Limited	2013-14	779.22	2014-15	0	0	0

Sl. No.	Sector and name of Company	Year upto which account finalised	Paid up Capital	Period of accounts pending finalisation	Investment made by State Government during the year of which accounts are in arrears		
					Equity	Loans	Grants
1	2	3	4	5	6	7	8
23	Andhra Pradesh Power Finance Corporation Limited	2013-14	29.00	2014-15	4.55	0	549.92
	Total		**2915.24**		**4.55**	**0**	**550.79**
	SERVICE						
24	Andhra Pradesh State Civil Supplies Corporation Limited	2011-12	3.00	2012-13	0	0	0
				2013-14	0	0	0
				2014-15	0	0	0
25	Andhra Pradesh Trade Promotion Corporation Limited	2013-14	0.86	2014-15	0	0	0.19
26	Andhra Pradesh Technology Services Limited	2013-14	0.31	2014-15	0	0	0
27	Andhra Pradesh Tourism Development Corporation Limited	2012-13	3.76	2013-14	0.00	0.00	3.83
				2014-15	0.00	0.00	0.63
	Total		**7.93**		**0**	**0**	**4.65**
	MISCELLANEOUS						
28	Overseas Manpower Company of Andhra Pradesh Limited	2013-14	0.05	2014-15	0.00	0.00	0.00
29	Andhra Pradesh Tribal Power Company Limited	First Accounts not submitted since 2002-03		2002-03	0.00	0.00	0.87
				2003-04	0.00	0.00	0.00
				2004-05	0.00	0.00	1.00
				2005-06	0.00	0.00	0.00
				2006-07	0.00	0.00	0.75
				2007-08	0.00	0.00	2.91
				2008-09	0.16	0.00	2.44
				2009-10	0.00	0.00	1.57
				2010-11	0.00	0.00	0.23
				2011-12	0.00	0.00	0.89
				2012-13	0.00	0.00	0.98
				2013-14	0.00	0.00	0.52
				2014-15	0.00	0.00	0.67
	Total		**0.05**		**0.16**	**0.00**	**12.83**
	TOTAL: A		**3265.71**		**14.52**	**3403.44**	**1900.67**
	Working Statutory Corporations						
	AGRICULTURE AND ALLIED						
30	Andhra Pradesh State Warehousing Corporation	2013-14	8.97	2014-15	0	0	0
	SERVICES						
31	Andhra Pradesh State Road Transport Corporation	2013-14* Provisional Accounts	201.27	2014-15	0	13.21	0
	TOTAL:B		**210.24**		**0**	**13.21**	**0**
	TOTAL A+B		**3475.95**		**14.52**	**3416.65**	**1900.67**

Annexure 2 (a)

Summarised financial position and working results of Government companies and Statutory Corporations as per their latest finalised financial statements/accounts of exclusive Telangana ***(Referred to in paragraph 1.15)***

(Figures in columns 5 to 12 are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+) /loss (-)	Net impact of Audit comments	Capital employed	Return on capital employed	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
A. WORKING GOVERNMENT COMPANIES													
	INFRASTRUCTURE												
1	Fab City SPV (India) Pvt. Ltd.(Subsidiary to APIIC w.e.f.19-07-2007)	2012-13	2015-16	0.01	0.00	-0.11	2.38	-1.31	0.00	0.12	-1.31	-1091.67	0
2	Pashamylaram Textile Park	2008-09	2014-15	0.05	0.00	0.12	0.00	0.06	0.00	0.17	0.06	35.29	2
3	E-City Manufacturing Cluster Limited	2013-14	2014-15	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0
4	Maheswaram Science Park Limited	2013-14	2015-16	0.01	0.00	0.00	0.00	0.00	0.00	0.01	0.00	0.00	0
5	Hyderabad Growth Corridor Limited	2010-11	2015-16	0.15	0.00	-3.73	0.39	-0.02		-3.58	-0.02	0.56	49
	Total			**0.23**	**0.00**	**-3.72**	**2.77**	**-1.27**	**0.00**	**-3.27**	**-1.27**		**51**
	MANUFACTURING												
6	The Singareni Collieries Company Limited	2014-15	2015-16	1733.20	3545.59	1020.84	11523.25	491.90	-108.19	7460.03	531.27	7.12	58837
7	Damodhara Minerals Private Limited	2014-15	2015-16	0.04	0.00	-0.08	0.00	-0.01	0.00	-0.04	-0.01	25.00	0
8	APMDC-SCCL Suliyari Coal Company Limited	First Accounts not submitted											3
	Total			**1733.24**	**3545.59**	**1020.76**	**11523.25**	**491.89**	**-108.19**	**7459.99**	**531.26**		**58840**

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+) /loss (-)	Net impact of Audit comments	Capital employed	Return on capital employed	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	POWER												
9	Southern Power Distribution Company of Telangana Limited	2013-14	2014-15	728.48	7285.26	-8641.05	16765.59	-811.24	-3.21	1332.00	189.38	14.22	9932
10	Northern Power Distribution Company of Telangana Limited	2013-14	2014-15	274.76	3983.52	-3544.60	6102.49	-31.00	0.00	1393.02	197.15	14.15	8249
	Total			**1003.24**	**11268.78**	**-12185.65**	**22868.08**	**-842.24**	**-3.21**	**2725.02**	**386.53**		**18181**
	SERVICE												
11	Hyderabad Metro Rail Limited	2012-13	2014-15	0.57	0.00	0.54	0.00	0.00	0.00	1.10	0.00	0.00	170
	Total			**0.57**	**0.00**	**0.54**	**0.00**	**0.00**	**0.00**	**1.10**	**0.00**		**170**
	Grand Total			**2737.28**	**14814.37**	**-11168.07**	**34394.10**	**-351.62**	**-111.40**	**10182.84**	**916.52**		**77242**

Capital employed represents Shareholders fund and long term borrowings

Annexure 2 (b)

Summarised financial position and working results of Government companies and Statutory Corporations as per their latest finalised financial statements/accounts of PSUs under demerger. ***(Referred to in paragraph 1.15)***

(Figures in columns 5 to 12 are ₹ in crore)

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed	Return on capital employed	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
A. WORKING GOVERNMENT COMPANIES													
AGRICULTURE AND ALLIED													
1	Andhra Pradesh State Agro Industries Development Corporation Limited	2013-14 (14 months)	2015-16	21.50	47.93	-12.84	27.55	-6.07	0.22	111.77	-4.40	-3.94	179
2	Andhra Pradesh Forest Development Corporation Limited	2013-14 (14 months)	2014-15	21.82	20.61	288.1	240.33	176.80	-6.11	455.40	182.25	40.02	392
3	Andhra Pradesh State Irrigation Development Corporation Limited	2013-14 (14 months)	2014-15	133.81	48.08	-53.28	62.17	24.83	0	128.61	30.27	23.54	209
4	Andhra Pradesh State Seeds Development Corporation Limited (619-B)	2013-14 (14 months)	2014-15	2.76	133.62	2.81	486.85	1.36	-3.6	232.11	1.36	0.59	199
	Total			**179.89**	**250.24**	**224.79**	**816.90**	**196.92**	**-9.49**	**927.89**	**209.48**		**979**
	FINANCE												
5	Andhra Pradesh State Film, Television and Theatre	2013-14	2015-16	6.22	0.10	1.91	10.35	0.07	Accounts under finalisation	8.23	0.20	2.43	27

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed	Return on capital employed	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	Development Corporation Limited												
6	Andhra Pradesh Handicrafts Development Corporation Limited	2013-14	2015-16	2.00	0.49	12.41	78.23	2.14	0	24.49	2.14	8.74	111
7	Andhra Pradesh State Minorities Finance Corporation Limited	2009-10	2011-12	139.85	17.65	-12.03	0	-0.08	-143.79	145.47	0.38	0.26	37
8	Andhra Pradesh State Christian Minorities Finance Corporation Limited	First Accounts not submitted			0								35
9	Andhra Pradesh Power Finance Corporation Limited	2013-14	2014-15	29.00	5650.50	0.00	552.94	0.00	0.00	5679.50	552.41	9.73	5
	Total			**177.07**	**5668.74**	**2.29**	**641.52**	**2.13**	**-143.79**	**5857.69**	**555.13**		**215**
	INFRASTRUCTURE												
10	Andhra Pradesh State Police Housing Corporation Limited	2013-14 (14 months)	2015-16	1.81	0	0.01	190.92	0	Accounts under finalisation	1.82	0	0.00	173
11	Andhra Pradesh Industrial Development Corporation Limited	2013-14 (12 months)	2015-16	96.23	8.06	0.00	13.8	8.10	-14.38	183.95	8.33	4.53	57

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed	Return on capital employed	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
12	Andhra Pradesh Industrial Infrastructure Corporation Limited	2013-14 (12 months)	2014-15	16.33	341.98	500.26	1213.75	28.31	0	871.57	28.31	3.25	166
13	Andhra Pradesh State Housing Corporation Limited	2009-10	2013-14	0.25	12011.88	-4213.86	68.26	-661.98	0.00	7798.52	-63.55	-0.81	5765
14	Andhra Pradesh Rajiv Swagruha Corporation Limited	2013-14	2014-15	0.05	0	9.3	41.71	-45.78	Accounts under finalisation	9.35	-9.77	-104.49	166
15	Andhra Pradesh Urban Finance and Infrastructure Development Corporation Limited	2013-14 (14 months)	2015-16	0.15	0	-0.09	0.00	-0.05	0.00	0.06	-0.05	-83.33	40
16	Infrastructure Corporation of Andhra Pradesh Limited	2013-14 (14 months)	2014-15	24.45	0.00	-2.25	0.15	-0.48	0.17	22.21	-0.48	-2.16	60
17	Andhra Pradesh Aviation Corporation Limited	First Accounts not submitted											
	Total			**139.27**	**12361.92**	**-3706.63**	**1528.59**	**-671.88**	**-14.21**	**8887.48**	**-37.21**		**6427**

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed	Return on capital employed	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	MANUFACTURING												
18	Andhra Pradesh Mineral Development Corporation Limited	2012-13	2014-15	6.31	15.00	617.63	595.4	324.78	-68.04	752.32	327.02	43.47	177
19	Leather Industries Development Corporation of Andhra Pradesh Limited	2013-14 (12 months)	2015-16	3.9	26.93	-81.75	0.01	-8.67	-1.42	-14.43	-7.55	52.32	58
20	Andhra Pradesh Beverages Corporation Limited	2013-14 (12 months)	2014-15	0.24	0	16.15	57.58	15.28	0.00	16.47	15.28	92.77	386
21	The Nizam Sugars Limited	2014-15	2015-16	34.00	55.95	-241.49	0	-5.22	4.12	-149.92	0.57	-0.38	16
	Total			**44.45**	**97.88**	**310.54**	**652.99**	**326.17**	**-65.34**	**604.44**	**335.32**		**637**
	POWER												
22	New & Renewable Energy Development Corporation of Andhra Pradesh Limited	2013-14	2015-16	0.22	0	32.13	52.87	12.10	-0.03	32.39	12.35	38.13	79
23	Andhra Pradesh Power Generation Corporation Limited	2013-14	2014-15	2106.8	10818.78	1880.97	13862.60	555.76	0	15373.18	2536.52	16.50	12021
24	Transmission Corporation of Andhra Pradesh Limited	2013-14	2014-15	779.22	7.45	102.77	1332.40	102.77	16.6	786.67	489.96	62.28	4016
	Total			**2886.24**	**10826.23**	**2015.87**	**15247.87**	**670.63**	**16.57**	**16192.24**	**3038.83**		**16116**

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed	Return on capital employed	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	SERVICE												
25	Andhra Pradesh State Civil Supplies Corporation Limited	2011-12	2014-15	3.00	0	144.56	7047.58	9.76	4.58	150.56	194.74	149.14	1074
26	Andhra Pradesh Trade Promotion Corporation Limited	2013-14	2014-15	0.86	0	71.02	35.9	2.95	-8.32	94.86	2.98	3.14	9
27	Andhra Pradesh Technology Services Limited	2013-14 (14 months)	2014-15	0.31	0	48.66	18.33	13.4	0.00	50.77	13.4	26.39	107
28	Andhra Pradesh Tourism Development Corporation Limited	2012-13	2014-15	3.76	11.72	22.43	139.91	-0.33	0.00	37.91	0.74	1.95	1147
	Total			**7.93**	**11.72**	**286.67**	**7241.72**	**25.78**	**-3.74**	**334.10**	**211.86**		**2337**
	MISCELLANEOUS												
29	Overseas Manpower Company of Andhra Pradesh Limited	2013-14	2015-16	0.05	0	0.25	0.22	0.04	-0.24	0.46	0.04	8.70	3
30	Andhra Pradesh Tribal Power Company Limited	First A/cs not submitted											
	Total			**0.05**	**0**	**0.25**	**0.22**	**0.04**	**-0.24**	**0.46**	**0.04**		**3**
	TOTAL: A			**3434.90**	**29216.73**	**-866.22**	**26129.81**	**549.79**	**-220.24**	**32804.30**	**4313.45**		**26714**

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed	Return on capital employed	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
B.	**Working Statutory Corporations**												
	AGRICULTURE AND ALLIED												
31	Andhra Pradesh State Warehousing Corporation	2013-14 (12 months)	2015-16	8.97	2.13	330.21	298.88	122.83	-4.72	359.03	123.09	34.28	237
	SERVICES												
32	Andhra Pradesh State Road Transport Corporation	2013-14* Provisional accounts	2015-16	201.27	4620.99	-3805.08	7727.55	-1155.27	0	11516.92	1605.41	13.94	61806
	FINANCE												
33	Andhra Pradesh State Financial Corporation	2014-15	2015-16	206.01	2315.21	165.57	437.26	38.53	0	3058.28	282.39	9.23	363
	TOTAL:B			**416.25**	**6938.33**	**-3309.3**	**8463.69**	**-993.91**	**-4.72**	**14934.23**	**2010.89**		**62406**
	TOTAL A+B			**3851.15**	**36155.06**	**-4175.52**	**34593.50**	**-444.12**	**-224.96**	**47738.53**	**6324.34**		**89120**
C.	**NON-WORKING COMPANIES**												
	AGRICULTURE AND ALLIED												
1	Andhra Pradesh Fisheries Corporation Limited	1.4.02 to 9.5.02		4.67	8.67	-21.75	0.00	0.00	0.00	-7.24	0.00	0.00	
2	Proddutur Milk Foods Limited	1983-84	1990-91	1.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	8
3	Andhra Pradesh Dairy Development Corporation Limited	2013-14 (14 months)	2014-15	15.00	0.00	-5.24	0.00	0.00	0.00	9.76	0.00	0.00	

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed	Return on capital employed	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
	FINANCING												
4	A.P Small Scale Industrial Development Corporation Limited	2001-02	2003-04	9.62	13.92	-20.03	0.02	2.18	0.00	2.93	2.18	74.40	
5	Andhra Pradesh Tourism Finance Limited	2002-03	2004-05	2.00	0.00	0.07	0.11	0.11	0.00	2.05	0.11	5.37	
	MANUFACTURING												
6	Allwyn Auto Limited	1994-95		0.15	14.45	-13.54	0.00	-6.46	0.00	-2.97	-6.46	217.51	
7	Allwyn Watches Limited	1998-99	2002-03	0.15	64.93	-248.70	13.00	-70.69	0.00	95.75	-70.69	-73.83	
8	Andhra Pradesh Electronics Development Corporation Limited	2002-03	2006-07	12.72	0.68	-10.74	0.00	-0.75	0.00	3.68	-0.75	-20.38	
9	Andhra Pradesh Scooters Limited	1992-93	1993-94	11.11	11.19	-34.49	0.00	-3.70	0.00	-3.79	-3.70	97.63	
10	Andhra Pradesh Steels Limited (S)	1991-92	1993-94	2.03	2.12	-6.51	0.00	-2.09	0.00	-2.51	-2.09	83.27	
11	Aptronix Communications Limited (S)			0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
12	Hyderabad Chemicals and Fertilizers Limited (S)	1984-85	1986-87	0.78	8.25	-0.63	0.00	0.62	0.00	-1.34	0.62	-46.27	
13	Marine and Communication Electronics (India) Limited (S)	1992-93	1994-95	1.89	4.77	-4.21	0.00	-4.70	0.00	7.23	-4.70	-65.01	

Sl. No.	Sector / name of the Company	Period of accounts	Year in which accounts finalised	Paid-up capital	Loans outstanding at the end of year	Accumulated profit(+)/ loss(-)	Turnover	Net profit (+)/ loss (-)	Net impact of Audit comments	Capital employed	Return on capital employed	Percentage of return on capital employed	Manpower
1	2	3	4	5	6	7	8	9	10	11	12	13	14
14	Republic Forge Company Limited	1991-92	1993-94	7.77	54.77	-23.41	0.00	-3.24	0.00	8.82	-3.24	-36.73	
15	Southern Transformers and Electricals Limited (S)	1993-94	1996-97	0.58	0.78	-5.78	0.00	-0.57	0.00	-1.45	-0.57	39.31	
16	Andhra Pradesh Automobile Tyres & Tubes Limited (619-B)	1992-93	NA	0.75	0.00	-0.77	0.00	0.00	0.00	0.00	0.00	0.00	
17	Golkonda Abrasives Limited (619-B)	1997-98	NA	0.55	0.00	-7.44	0.00	-0.01	0.00	0.00	-0.01	0.00	
18	Krishi Engineering Limited. (619-B)	1984-85	NA	0.52	0.00	-3.54	0.00	-0.52	0.00	0.00	-0.52	0.00	
19	PJ Chemicals Limited (619-B)	1989-90	NA	0.38	0.00	-3.56	0.00	-0.51	0.00	0.00	-0.51	0.00	
20	Suganthy Alloy castings Limited (619-B)	1983-84	NA	0.20	0.00	-0.26	0.00	-0.16	0.00	0.00	-0.16	0.00	
21	Vidyut Steels Limited (619-B)	1985-86	NA	0.88	0.00	-1.55	0.00	-0.40	0.00	0.00	-0.40	0.00	
	SERVICE												
22	Andhra Pradesh Essential Commodities Corporation Limited	2011-12	2014-15	1.13	0.00	9.51	0.00	0.08	0.00	10.65	0.08	0.75	1
	TOTAL : C			**74.84**	**184.53**	**-402.56**	**13.13**	**-90.81**	0.00	**121.58**	**-90.81**		**9**
	TOTAL A+B+C				**36339.59**	**-4578.08**	**34606.63**	**-534.93**	**-224.96**	**47860.11**	**6233.53**	**0.00**	**89129**

Annexure-2.1

Statement showing station-wise installed capacity, actual generation and their cost during the period 2010-11 to 2014-15

(Referred to in paragraph 2.1)

Name of the Unit	Installed Capacity (MW)	Generation Capacity (MU)	Actual Generation (MU)				
			2010-11	2011-12	2012-13	2013-14	2014-15
KTPS-A (60 X 4)	240	1787.04	1727	1759	1637	1549	1590
KTPS-B(120 X 2)	240	1787.04	1682	1666	1478	1518	1560
KTPS -C (120 X 2)	240	1787.04	1647	1573	1492	1219	1279
KTPS V (250 X 2)	500	3723.00	3418	3544	3722	3620	3477
KTPS VI (500 X 1)*	500	3723.00	-	2301	4077	3399	3852
KTPP(500X1)	500	3723.00	1839	2441	3989	3155	4106
RTS-B (62.5X1)	62.5	465.37	470	453	436	446	193
Total	**2282.5**	**16995.49**	**10783**	**13737**	**16831**	**14906**	**16057**

Thermal Power Plant	Particulars	2010-11	2011-12	2012-13	2013-14	2014-15#
Total TSGENCO	Generation of power (MU)	10783	13737	16831	14906	16057
	Fixed cost per unit (paisa)	71	77	73	112	135
	Variable cost per unit (paisa)	130	141	188	195	222
	Total cost per unit (paisa)	201	218	261	307	358

Source: Company's website

**Generation & Cost details of KTPS -VI was included from 2012-13 onwards*

 # Cost details of 2014-15 are provisional

Annexure-2.2

The category wise details of installed capacity and actual generation of power in Telangana during the period from 2010-11 to 2014-15 are indicated below

(Referred to in paragraph 2.1)

Particulars	2010-11	2011-12	2012-13	2013-14	2014-15
Installed capacity (MW)					
Thermal	1782.5	2282.5	2282.5	2282.5	2282.5
Hydel	2081.8	2081.8	2081.8	2081.8	2081.8
Solar	0.0	1.0	1.0	1.0	1.0
Total installed capacity (MW)	3864.3	4365.3	4365.3	4365.3	4365.3
% of thermal capacity to total installed capacity	46.13	52.29	52.29	52.29	52.29
Generation (MU)					
Thermal	10783.0	13737.0	16831.0	14906.0	16057.0
Hydel	3702.0	2929.0	736.0	3164.0	3128.71
Solar	-	0.5	1.7	1.7	1.68
Total Generation (MU)	14485.0	16666.5	17568.7	18071.70	19187.39
% of thermal capacity to total generation	74.44	82.42	95.80	82.49	83.69

Source: Company's website

Total Generation (Thermal) during last five years = 72314 MU (84%)

Total Generation during the last five years = 85979 MU (100%)

Annexure-2.3

Statement showing coal linkage with SCCL, coal requirement as per SERC norms and actual consumption

(Referred to in paragraph 2.6.1)

Unit	Capacity (MW)	Gene-ration (MU)	Specific Coal consumption as per SERC norms (kCal/kg)	Quantity required per year (MT)	Actual Linkage (MT)	Actual consumption (MT)				
						2010-11	2011-12	2012-13	2013-14	2014-15
KTPS-A	240	1787.04	0.79	1411762	--					
KTPS-B	240	1787.04	0.64	1143706	--					
KTPS-C	240	1787.04	0.71	1268798	--					
Sub-Total (A)				3824266	3700000					
KTPS-V (B)	500	3723	0.83	3090090	2200000	2526060	2489525	3009659	3145175	2804507
Total (A+B)				6914356	5900000	6848468	6878707	7452851	7915050	7280095
RTS-B	62.5	465.37	0.69	321105	300000	332610	325987	328531	351665	148679
KTPP	500	3723	0.56	2084880	2160000	1163183	1487130	2481725	2111238	2608853
Grand Total				9320341	8360000	8344261	8691824	10263107	10377953	10037627

Details of Excess Procurement of coal over and above the Linkage Quantity

Year	Linkage (MT)	Requirement (MT)	Coal Procured (MT)	Excess quantity (MT)
1	2	3	4	5
2010-11	8360000	9320341	8261748	0*
2011-12	8360000	9320341	10033250	960341
2012-13	8360000	9320341	12495696	960341
2013-14	8360000	9320341	12384975	960341
2014-15	8360000	9320341	12815147	960341
				3841364

2010-11 coal procured was less than the linkage quantity

Source: Company records

Price charged by SCCL Over and above the linkage quantity - ₹444/MT

Amount paid on over & above linkage quantity during the years 2011-12 to 2014-15 (@ ₹ 444/MT) on 3841364 MT = 3841364 x 444 = ₹ 1705565616

(Coal consumed: excluding KTPS-VI and MCL Quantity)

Annexure-2.4
Details of coal losses over and above the SERC norms

(Referred to in paragraph 2.7.1)

Year	Invoiced quantity	SRB Quantity	Gain/Loss	Windage loss	Total loss	Percentage	Excess Loss (Per cent) over and above the SERC norm (0.8 *per cent*)	Excess loss (MT)	Average rate per MT (₹)	Value (₹)
KTPS V &VI										
2010-11	2509038.1	2510545	1506.64	6309.36	4802.72	0.19	-	0		0
2011-12	3666285.5	3669676	3390.67	6493.32	3102.65	0.08	-	0		0
2012-13	5726650.5	5694199	32451.25	15272.82	47724.07	0.83	0.03	1910.87	4250	8121282.5
2013-14	5373550.8	5271608.5	101942.31	17482.69	119425	2.22	1.42	76436.59	3322	253922352
2014-15	5699617.1	5577083.8	122533.22	13146	135679.22	2.38	1.58	90082.28	4159	374652203
	22975142	22723112	252029.47	58704.19	310733.66			168429.74		636695837
KTPS(O&M)										
2010-11	4223252.4	4197366.7	25885.71	28078.72	53964.43	1.28	0.48	20178.41	1293.21	26094922
2011-12	4394300.3	4407934.4	0	25952.41	25952.41	0.59	-	0	-	-
2012-13	4683874	4659295	45233.34	29602.59	74835.93	1.6	0.8	37364.94	1675.86	62618405
2013-14	4640057.5	4645749	68252.05	30634	98886.05	2.13	1.33	61765.59	1879.54	116057544
2014-15	4588658.8	4586457	95658	30789.13	126447.13	2.76	1.96	89737.86	2168.81	194624368
Total	22530143	22496802	235029.1	145056.85	380085.95	1.687011		209046.8		400007266

Note: Due to break down of weighment bridge of BOBR, gain/loss were not recorded at KTPS O&M. Audit worked out the transit loss at KTPS O&M, considering the percentages of loss at KTPS V&VI, as the distance between these power stations and mines is same

Source: Company records

GLOSSARY

Glossary

ADP	Additional Development Premium
APGENCO	Andhra Pradesh Power Generation Corporation
APIIC	Andhra Pradesh Industrial Infrastructure Corporation Limited
APITCO	Andhra Pradesh Technological Consultancy Organisation
BIS	Bureau of Indian Standards
BOBR	Bottom Open and Bottom Reverse
BoD	Board of Directors
BOT	Build, Operate and Transfer
BPCL	Bharat Petroleum Corporation Limited
CAD	Command Area Development
CCEPL	M/s Cethar Consulting Engineers Pvt Ltd,
CEA	Central Electricity Authority.
COD	Commercial Operation Date
COPU	Committee on Public Undertakings
CPP	Captive Power Plant
CPRI	Central Power Research Institute
CVL	M/s Cethar Vessels Ltd.
DOT	Deposit, Operate and Transfer
DPL	M/s Desein Pvt. Ltd.
EPC	Engineering, Procurement and Construction
FSA	Fuel Supply Agreement
FTL	Full Tank Level
GCV	Gross Calorific Value
GDP	Gross Domestic Product
GoAP	Government of Andhra Pradesh
HPCL	Hindustan Petroleum Corporation Limited
IOCL	Indian Oil Corporation Limited
KTPP	Kakatiya Thermal Power Station
KTPS	Kothagudem Thermal Power Stations
LMT	Lakh Metric Ton
LoI	Letter of Intent

MCL	Mahanadi Coalfields Limited
MoEF	Ministry of Environment and Forest
MT	Metric Ton
MU	Million Units
MW	Mega Watt
NCDP	New Coal Distribution Policy
NIT	Notice Inviting Tender
PAF	Plant Availability Factor
PPP	Public Private Partnership
ROM	Run of Mine
RR	Railway Receipt
RTS	Ramagundam Thermal Power Station
SARs	Separate Audit Reports
SCCL	The Singareni Collieries Company Limited
SERC	State Electricity Regulatory Commission
SLC	Standing Linkage Committee
SRB	Stores Receipt Book
STPP	Singareni Thermal Power Plant
TPSs	Thermal Power Stations
TSGENCO	Telangana State Power Generation Corporation Limited
YAT&C	The Youth Advancement Tourism & Culture