



**REPORT OF THE  
COMPTROLLER AND AUDITOR GENERAL  
OF INDIA**

**UNION GOVERNMENT  
NO. 2 (COMMERCIAL) OF 1991**

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**RESUME OF THE COMPANY AUDITORS' REPORTS AND  
COMMENTS ON ACCOUNTS OF GOVERNMENT COMPANIES**

REPORT OF THE  
CONTROLLER AND COMMISSIONER  
OF THE LAND OFFICE

FOR THE YEAR ENDING  
31st DECEMBER 1900

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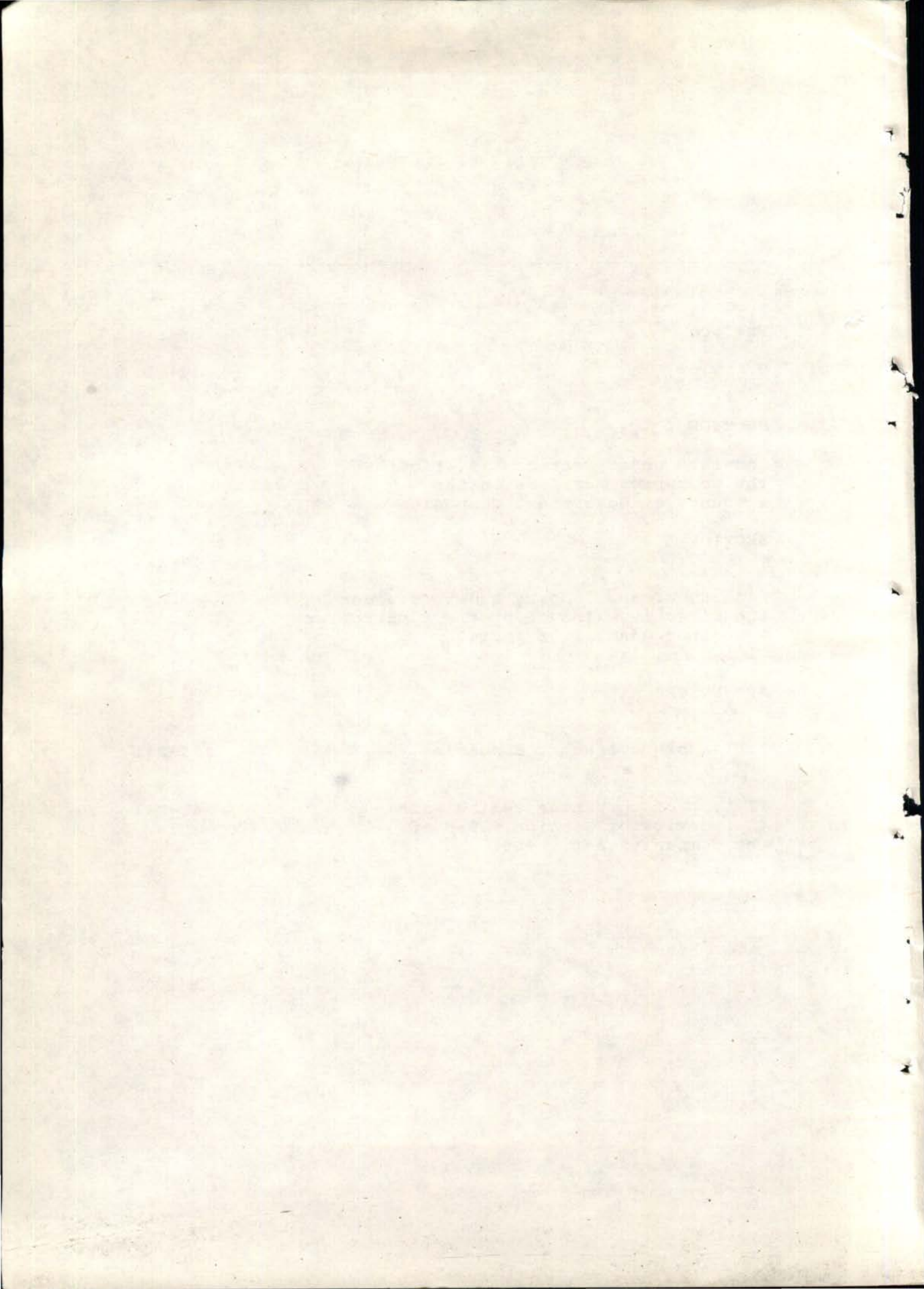
**RESUME OF THE COMPANY AUDITORS' REPORTS AND  
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## P R E F A C E

The Reports of the Comptroller & Auditor General of India - Union Government (Commercial) are prepared in several parts and presented to the Parliament. This part of the Report contains (a) particulars of significant revisions of accounts and important comments on omissions/ commissions etc. noticed during supplementary audit of accounts by the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956 and (b) a resume of the reports by the statutory auditors of Government companies submitted by them to the Comptroller & Auditor General of India in accordance with the directives issued to them under Section 619(3) of the Companies Act, 1956.

Statutory auditors for Government companies are appointed annually by the Company Law Board on the advice of the Comptroller and Auditor General of India under Section 619(2) of the Companies Act, 1956. The performance of the statutory auditors is evaluated by the Comptroller and Auditor General of India before they are recommended to the Company Law Board for re-appointment or fresh appointment. The Comptroller & Auditor General of India also issues guidelines and directives from time to time to the statutory auditors, listing out the areas which should particularly be looked into by them.

The reports of the statutory auditors are verified by the Comptroller & Auditor General of India and on a number of occasions, omissions and commissions contained in the statutory auditors' Reports are pointed out. Further, even on the accounts certified by the statutory auditors, a number of observations are made during the course of audit under Section 619(4) of the Companies Act, 1956. If the management agrees with the views expressed and revises the accounts, "NIL Comments certificate" is issued. Where, however, the management has reservations in accepting the comments of the statutory auditors as supplemented by the Comptroller & Auditor General of India, the management is free to place its views before the Annual General Meeting and get the accounts adopted. It is not to be construed that nil comments in other cases are issued in a routine manner as presumed in some quarters. Often they are the outcome of the understanding and assurance given for future corrective action on certain aspects noted and subsequent clarifications furnished at the final stage of discussions. The supplementary audit by the Comptroller & Auditor General of India also oversees if any undue comments have been made by the statutory auditors and thus provides a safeguard to the management as well.

Section I of this report deals with the important observations made by the Comptroller & Auditor General of India on the accounts of Government companies as a result of supplementary audit under Section 619(4) of the Companies Act, 1956.

Section II of this report deals with the Reports of statutory auditors submitted to the Comptroller & Auditor General of India in compliance with the directives issued by him in terms of Section 619(3)(a) of the Companies Act, 1956.



## O V E R V I E W

I Section I of this report contains company-wise gist of important observations made during review of annual accounts for 1988-89 and 1989-90 of selected companies by the Comptroller & Auditor General of India under Section 619(4) of the Companies Act, 1956.

The number of Central Government companies including 619(B) companies, which submitted their accounts for review under Section 619(4) of the Companies Act, 1956 and in respect of which comments were issued /accounts were revised as follows:-

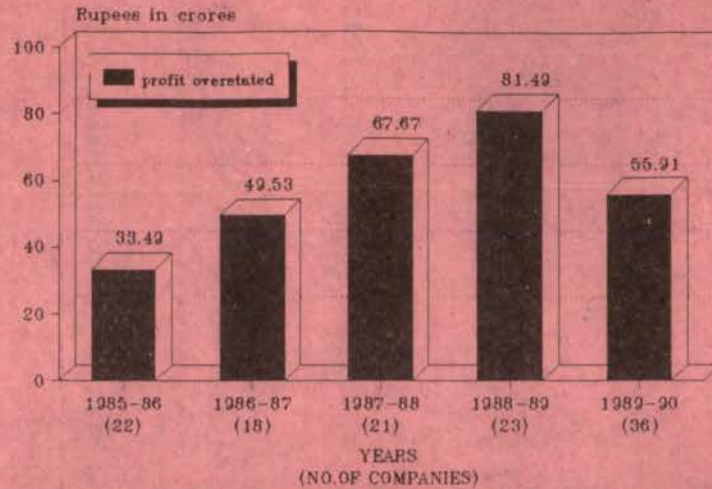
	Government Companies		Section 619(B) Companies		Total	
	1988-89	1989-90	1988-89	1989-90	1988-89	1989-90
(a) Total number of companies.	242	248	50	51	292	299
(b) No. of companies for which accounts were received.	232	234	35	43	267	277
(c) No. of companies whose accounts were selected for review.	194	194	19	22	213	216
(d) Companies which revised their accounts and consequently 'nil' comments were issued.	37	39	-	-	37	39
(e) Companies which partly revised their accounts and carried comments for which no accounting adjustments were made.	7	8	-	-	7	8
(f) Companies which did not carry out adjustments and carried full comments.	31	46	1	1	32	47
(g) No. of companies in respect of which no comments were required to be made.	119	101	18	21	137	122

Out of 76 companies during 1988-89 and 94 companies during 1989-90 including one Section 619(B) Company in each case (d+e+f), significant mistakes/omissions were noticed in 53 and 85 companies respectively. These significant defects/deficiencies noticed during audit of annual accounts of these companies had resulted in understatement/overstatement of profits/ losses and assets/liabilities as indicated below :-

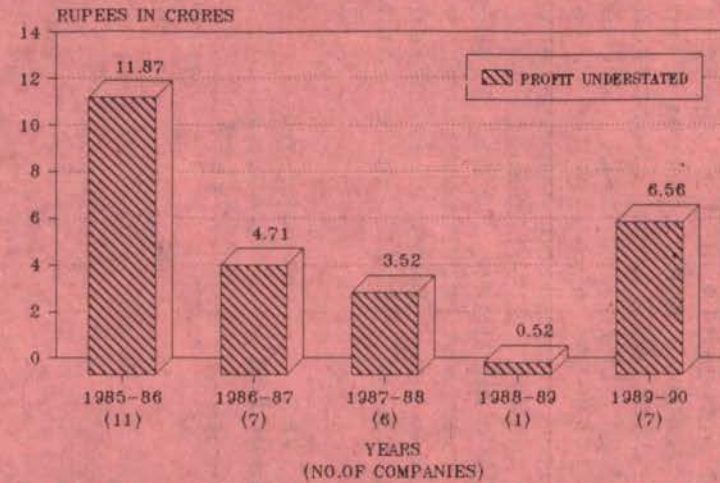
Sl No	Classification of audit observations	No. of companies in which audit observations were made		Net financial effect (Rs.in crores)	
		1988-89	1989-90	1988-89	1989-90
1.	Overstatement of profit.	23	36	81.49	55.91
2.	Overstatement of loss.	3	4	4.19	1.30
3.	Understatment of profit.	1	7	0.52	6.56
4.	Understatement of loss.	18	29	100.87	130.23
5.	Misc. observations affecting final accounts.				
(i)	Overstatement/understatement of assets/liabilities	10	16	59.95	89.10
(ii)	Observations/other mistakes	14	25	328.86	737.84

The impact on profits/losses of the defects/deficiencies noticed during supplementary audit of annual accounts of Government companies for the last 5 years has also been indicated in the following charts.

### OVERSTATEMENT OF PROFIT

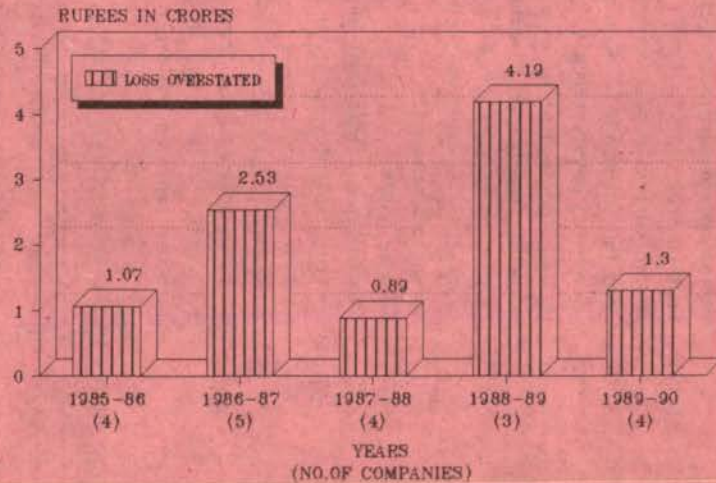


### UNDERSTATEMENT OF PROFIT

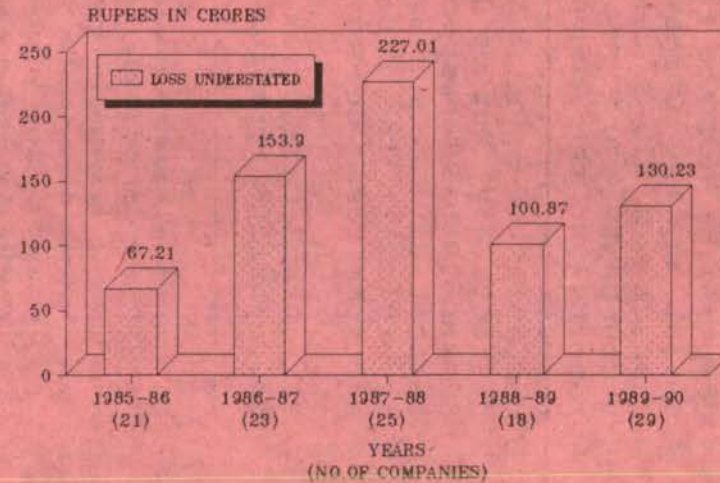


## IMPACT OF SUPPLEMENTARY AUDIT ON PROFIT/LOSS OF GOVERNMENT COMPANIES

### OVERSTATEMENT OF LOSS



### UNDERSTATEMENT OF LOSS



II. Section II of this report contains company-wise resume of the important points mentioned in the supplementary reports submitted by the company auditors in pursuance of the directives issued by the Comptroller and Auditor General of India under Section 619(3) of the Companies Act, 1956. The comments in respect of 619-B companies, received from chartered accountants, are not covered in this Report. These reports on the accounts for 1988-89 and 1989-90 in respect of 199 and 208 companies including subsidiary companies were received upto August 1990/August 1991 respectively. Out of 199 and 208 companies during 1988-89 and 1989-90 respectively, important observations in respect of 175 and 182 companies have been classified according to the broad categories of deficiencies and are summarised below:-

Sl. No.	Broad Categories of directives /brief narration of deficiencies	Number of companies affected	
		1988-89	1989-90
(i)	System of Accounts & Book-keeping (Comments on the adequacy of effectiveness of the system, non-reconciliation on books, deficiencies in the maintenance of asset registers, mistakes in the classification of expenditure and other defects)	109	105
(ii)	Internal Control (Comments on internal audit/ control procedures of various functions, variations between budget and actuals)	101	109
(iii)	Cost Control (Deficiencies in cost control and manufacturing and production accounts, points thrown up by comparison of norms with actuals, comments on rejections).	108	99
(iv)	Targets of production and achievements (Variations between targetted and actual production).	34	15
(v)	Balance Sheet (Comments on credit control, inventory control, inventory procedure etc.)	232	217
(vi)	General (Comments on non-maintenance of proforma accounts for service units for staff, deficiencies in accounts, manpower employed and other general deficiencies).	43	38

NOTE:-In the above classification, certain companies appear in more than one category.

## SECTION I

### COMMENTS UNDER SECTION 619(4) OF THE COMPANIES ACT, 1956 ON THE ACCOUNTS FOR 1988-89 AND 1989-90 OF GOVERNMENT COMPANIES.

Under Section 619(4) of the Companies Act, 1956:

(a) The auditor of a Government company (appointed under Section 619(2) of the said Act) is required to submit a copy of his report on the accounts of the company to the Comptroller & Auditor General of India; and

(b) The Comptroller and Auditor General of India has the right to comment upon or supplement the said audit report in such manner as he may think fit.

The provisions of the above Section are also applicable in the case of companies falling within the purview of Section 619(B) of the Companies Act, 1956.

Out of 242 and 248 Government companies including 80 and 83 subsidiaries of the Union Government as on 31st March, 1989 and 31st March, 1990 respectively (details given in Appendix I) accounts of 232 Government companies (including 75 subsidiaries) for 1988-89 and of 234 Government companies (including 77 subsidiaries) for 1989-90 were received upto August 1990/August 1991 respectively. In addition, there were 50 and 51 companies (details given in Appendix II) as on 31st March, 1989 and 31st March 1990 respectively falling within the purview of Section 619-B of the Companies Act, 1956 in which Central Government and/or Central Government companies and corporations owned or controlled by the Central Government together hold not less than 51 percent of the Paid-up Share Capital. Out of these, accounts of 35 companies for 1988-89 and 45 companies for 1989-90 were received upto August 1990/August 1991 respectively.

Out of 292 and 299 companies (242 and 246 Government companies and 50 and 51 Section 619(B) companies) as on 31st March 1989 and 31st March 1990 respectively as referred to above, the accounts of 194 Government companies and their subsidiaries in each year and 19 and 22 companies falling under Section

619(B) of the Companies Act, 1956 were audited by the Comptroller and Auditor General of India under Section 619(4) of the Companies Act, 1956. On the basis of the Comptroller and Auditor General's audit observations, the accounts of 37 companies for 1988-89 and 39 companies for 1989-90 were revised by the Management and in 38 cases during 1988-89 and 54 cases during 1989-90, comments were issued (including 7 cases during 1988-89 and 8 cases during 1989-90 where comments were issued as well as accounts were revised by the Management).

The particulars of significant revisions made in the accounts of both the years and important comments issued consequent upon the Comptroller and Auditor General's supplementary audit under Section 619(4) of the Companies Act, 1956 in respect of companies for such audit have been categorised as follows:

(A) Companies which revised their accounts and consequently 'nil' comments were issued.

(B) Companies which partly revised their accounts and carried comments for which no accounting adjustments were made.

(C) Companies which did not carry out adjustments and consequently comments were issued.

A. Names of Government companies and particulars of the revisions made as a result of audit observations.

As a result of supplementary audit of annual accounts of Government companies under Section 619(4) of the Companies Act, 1956 by the Comptroller & Auditor General of India, 37 and 39 companies revised their annual accounts for 1988-89 and 1989-90 respectively and consequently 'nil' comment certificates were issued. In the case of following 39 companies, which revised their accounts, the C&AG's observations had significant impact on their working results. The particulars of these revisions are discussed as follows:

1. **BHARAT BRAKES & VALVES LIMITED**

The loss of the company for 1988-89 increased from Rs.263.20 lakhs to Rs.269.05 lakhs on account of the following:

(Rs.in lakhs)

i) Increase in project expenditure.	2.00
ii) Increase in expenditure due to exchange rate variations.	1.35
earl Adjustment relating to	2.50
	<u>5.85</u>

2. **BHARAT COKING COAL LIMITED**

The profit for the years 1988-89 and 1989-90 was reduced by Rs.949.12 lakhs and Rs.268.48 lakhs respectively on account of the following:

(Rs.in lakhs)

	<u>1988-89</u>	<u>1989-90</u>
i) Decrease in income due to:		
a) Accretion in stock	867.15	226.89
b) Increase in contribution(-) from Coal Price Regulation account and other receipts.	440.34	--
	-----	-----
	<u>426.81</u>	<u>226.89</u>
ii) Increase in expenditure due to:		
a) Increase in provision of depreciation and other expenditure.	406.22	29.36
b) Increase in provision of expenditure on salaries, repairs and social overheads.	116.09	12.23
	-----	-----
	522.31	41.59
<hr/> Net effect(i)+(ii) <hr/>	949.12	268.48

### 3. BHARAT DYNAMICS LIMITED

The profit for the years 1988-89 and 1989-90 was reduced by Rs.12.24 lakhs and Rs.18.04 lakhs respectively due to:-

	(Rupees in lakhs)	
	<u>1988-89</u>	<u>1989-90</u>
i) Increase in provision of depreciation due to capitalisation of Plant & Machinery, not capitalised earlier.	24.17	21.87
ii) Increase in provision of interest accrued on deferred liabilities.	10.77	-
iii) Increase in provision for maintenance charges, deferred liabilities etc.	0.64	0.74
iv) Increase in work-in-progress and stock in-trade, etc.	(-)23.34	(-)4.57
	<u>12.24</u>	<u>18.04</u>

### 4. BHARAT EARTH MOVERS LIMITED

The profit for 1988-89 was reduced by Rs.48.76 lakhs and for 1989-90 increased by Rs.34.95 lakhs in view of the following:-

	(Rs. in lakhs)	
	<u>1988-89</u>	<u>1989-90</u>
<b>A. Increase in income due to:</b>		
i) Increase in valuation of work-in-progress and finished stock.	-	60.78
ii) Increase in claims for escalation and duty draw back	35.11	45.49
iii) Decrease in expenditure on consumption of raw material, L.T.C., welfare expenses and excise duty.	5.82	52.32
	<u>40.93</u>	<u>158.59</u>



**B.Less: Reduction in income due to:**

i)Reduction of sales and income on account of duty draw back.	17.94	21.22
ii)Increase in provision for doubtful debts, excise duty, Service charges, claim for price difference, depreciation, Salaries and wages, etc.	-27.52	77.95
iii)Increase in R&D expenditure	39.65	23.73
iv)Reduction in valuation of finished stock.	4.58	-
v)Adjustment of claims for rejection.	-	0.74
	-----	-----

(-)89.69 .(-)123.64

Net effect (A-B) (-)48.76 34.95

**5. BHARAT ELECTRONICS LIMITED**

Profit of Rs.4,251.67 lakhs during 1989-90 was reduced to 4,139.08 lakhs due to the following :-

		(Rs.in lakhs)
A.	Reduction in income due to	
a)	Reduction in sales	125.64
b)	Reduction in value of inventories	<u>1.20</u>
		<u>126.84</u>
B.	Reduction in expenditure	
a)	On repairs and maintenance	36.64
b)	increase in expenditure on depreciation, electricity charges, selling expenses, etc.	(-)22.39
		-----
		<u>14.25</u>
	Net effect(A-B)	112.59

**6. BHARAT GOLD MINES LIMITED**

Loss for the year 1989-90 was reduced by Rs.28.29 lakhs due to the following :-

		(Rs.in lakhs)
i)Reduction in expenses on salaries and wages, and power and fuel during the year	6.31	
ii)Prior period adjustments of expenditure (net debit)	22.58	
	-----	
	<u>28.89</u>	

7. **BHARAT HEAVY PLATES AND VESSELS LIMITED**

The profit for the years 1988-89 and 1989-90 was reduced by Rs.85.91 lakhs and Rs.40.26 lakhs respectively due to :-

	<u>1988-89</u>	<u>1989-90</u>
	(Rs.in lakhs)	
i) Increase in provision of liability for expenses including customs duty, royalty, electricity charges, redundancy of material, etc.	62.29	6.56
ii) Accountal of material directly despatched to sites and consumed, not accounted for earlier	10.65	-
iii) Increase in Design Engineering fees paid for work-order, not charged to profit and loss Account.	8.40	-
iv) Excess accountal of accrued income now withdrawn.	2.81	15.32
v) Increase in provision of worn out components and loose tools, not physically available as per physical verification Report.	1.76	6.11
vi) Decrease in Sales and claims receivable.	-	12.27
	<hr/> 85.91	<hr/> 40.26

8. **BHARAT PROCESS AND MECHANICAL ENGINEERS LIMITED**

The loss of the company for 1989-90 was increased by Rs.13.16 lakhs due to:-

	(Rs.in lakhs)
i) Increase in provision for doubtful debts	8.94
ii) Increase in interest on loans	2.25
iii) Increase in prior period expenditure	<u>1.97</u>
	<u>13.16</u>

9. **CENTRAL COALFIELDS LIMITED**

a) The profit of the company for 1988-89 was reduced by Rs.4.40 crores due to revision of accounts on the basis of audit observations. In addition, further adjustment of Rs.0.97 crore (Credit) had also been carried out on account of CPRA contribution (Rs.1.09 crores)(Credit), Apex overhead (Rs.0.16 crore) (debit) and other adjustments (Rs.0.04 crore)(Credit). As a result, the profit of the company for 1988-89 had decreased by Rs.3.43 crores(Net).

b) The profit of the company for 1989-90 was decreased by Rs.682.09 lakhs due to the following:

(Rs.in lakhs)

i) Decrease in Profit:	
- Reduction in accretion in stock	602.82
- Increase in consumption of stores	5.81
- Increase in cost of repairs, provision for interest, depreciation and Prior period adjustments	71.73
- Decrease in Misc. Income	<u>2.36</u>
	682.72
ii) Increase in Profit due to	
- decrease in other expenditure	<u>(-)0.63</u>
	<u>682.09</u>

10. **CENTRAL MINE PLANNING AND DESIGN INSTITUTE LIMITED**

The profit for 1989-90 was increased by Rs.0.68 lakh due to the following:-

(Rs.in lakhs)

i) Increase in income	5.77
ii) Increase in expenditure	<u>(-)5.09</u>
	<u>0.68</u>

11. **COAL INDIA LIMITED**

The profit of the company for the years 1988-89 and 1989-90 was reduced by Rs.10.06 lakhs and Rs.49.96 lakhs respectively on account of the following:-

	(Rs.in lakhs)	
	<u>1988-89</u>	<u>1989-90</u>
a) increase in Misc. income	(-) 0.50	-
b) increase in provision for expenses.	6.61	2.19
c) Increase in prior period adjustments.	3.95	-
d) Decrease in value of inventories	-	47.77
	-----	-----
	<u>10.06</u>	<u>49.96</u>

12. **DERCO COOLING COILS LIMITED**

The profit for the year 1988-89 of Rs.49.61 lakhs was reduced to Rs.29.37 lakhs due to increase in:

	(Rs.in lakhs)
i) Provision for interest on loans	19.14
ii) Provision for Gratuity and Bonus	1.26
iii) Capitalisation of expenditure on Capital works.	(-) 0.16
	-----
	<u>20.24</u>

13. **DISCOUNT AND FINANCE HOUSE OF INDIA LIMITED**

Profit for 1989-90 was increased by Rs.32.81 lakhs due to overstatement of expenditure (Rs.116.15 lakhs) and interest income ((-)Rs 83.34 lakhs).

14. **DREDGING CORPORATION OF INDIA LIMITED**

Profit for 1989-90 was reduced by Rs.26.51 lakhs due to increase in expenditure (Rs.25.97 lakhs) and decrease in misc.income (Rs.0.54 lakh).

15. **EASTERN COALFIELDS LIMITED**

The profit for the years 1988-89 and 1989-90 was decreased by Rs.992.12 lakhs and Rs.259.31 lakhs respectively on account of the following:-

	<u>1988-89</u>	<u>1989-90</u>
		(Rs.in lakhs)
a)Decrease in income due to overstatement of closing stock.	190.45	54.23
b)Increase in expenditure on:		
i)Social Overheads	2.67	0.03
ii)Provisions for various outstanding liabilities.	514.04	163.67
iii)Repairs	156.61	-
iv)Prior Period adjustments	132.32	30.55
c)Decrease/increase in depreciation.	<u>(-)3.97</u>	<u>10.83</u>
	<u>992.12</u>	<u>259.31</u>

16. **ELECTRONICS CORPORATION OF INDIA LIMITED**

Profit for 1989-90 was increased by Rs.147.52 lakhs due to the following:-

	(Rs.in lakhs)
i) Expenses incurred prior to the commercial production of Mainframe Computer Unit earlier charged to Profit & Loss Account transferred to Deferred Revenue Expenditure.	179.34
ii) Reduction in Sales and value of finished stock.	(-)31.82
	<u>147.52</u>

17. HINDUSTAN COPPER LIMITED

The profit of the company was reduced by Rs.203.79 lakhs during 1988-89 and by Rs.45.40 lakhs during 1989-90 on account of the following:

'A' <u>Reduction in profit due to:</u>	<u>1988-89</u>	<u>1989-90</u>
	(Rs.in lakhs)	
i) Reduction of sales	16.63	-
ii) Increase in stores & spares consumption.	36.73	-
iii) Increase in other manufacturing expenses.	42.41	0.14
iv) Increase in prior period adjustments (net debit)	276.96	-
v) Increase in provisions for losses/write off.	18.14	-
vi) Amortisation of Mine Development expenses	7.93	-
vii) Decrease in value of inventories.	-	45.26
	<u>398.80</u>	<u>45.40</u>
'B' <u>Increase in profit due to:</u>		
i) Accretion of Inventory	194.20	-
ii) Reduction in depreciation	0.81	-
	<u>195.01</u>	-
Net reduction in profit (A-B)	<u>203.79</u>	<u>45.40</u>

18. **HMT LIMITED**

The profit for 1988-89 was reduced by Rs.21.89 lakhs due to the following :-

	<u>1988-89</u> (Rs.in lakhs)
a) Decrease in profit on account of:	
i) Non provision for bad and doubtful debts	11.91
ii) Understatement of lease rent paid/payable on fixed assets acquired under financial lease.	5.60
iii) Short provision of obsolete material	5.40
iv) Non provision of interest	2.49
v) Non provision of leave salary & bonus	0.81
vi) Wrong accountal of certain claims and sales tax paid.	3.37
vii) Overstatement of sales.	0.23
viii) Overvaluation of finished stock	<u>0.15</u>
	<u>29.96</u>
b) Increase in profit on account of:	
i) Excess provision of liability towards erection and commissioning charges	2.95
ii) Excess provision of liability towards wage revision.	2.05
iii) Non-accountal of reusable scrap	<u>3.07</u>
	<u>8.07</u>
Net reduction in profit (a-b)	<u>21.89</u>
c) The Profit for 1989-90 was reduced by Rs.7 lakhs due to increase in provision for expenses.	

19. **HMT (BEARINGS) LIMITED**

i) The loss for 1988-89 was increased by Rs.7.40 lakhs due to:-

	(Rs.in lakhs)
i) Non-provision of liability for gratuity.	9.50
ii) Overstatement of interest and other expenditure.	(-)2.10
	-----
	<u>7.40</u>
ii) Revision of accounts for 1989-90 had resulted in increase in current assets and current liabilities by Rs.118.99 lakhs.	

20 HINDUSTAN ORGANIC CHEMICALS LIMITED

Profit for 1989-90 of Rs.3,582.83 lakhs was reduced by Rs.25.67 lakhs due to:-

	(Rs.in lakhs)
i) Non-provision of liabilities for salaries and bonus.	17.47
ii) Non-provision for demurrage charges.	8.20
	<u>25.67</u>

21. HINDUSTAN SHIPYARD LIMITED

The loss for the years 1988-89 and 1989-90 was increased by Rs.93.11 lakhs and Rs.92.17 lakhs respectively due to:-

	<u>1988-89</u>	<u>1989-90</u>
	(Rs in lakhs)	
i) Under estimation of man-days consumed on the construction of a vessel.	87.31	-
ii) Overstatement of work-in-progress.	4.96	-
iii) Excess income considered in respect of certain works and reduction thereof.	5.42	31.60
iv) Increase in provision of transit insurance claims, interest, depreciation, service charges, main-tenance costs, etc.	4.91	55.86
v) Increase in revenue expenditure previously capitalised wrongly.	-	4.73
	<u>102.60</u>	<u>92.19</u>
vi) Decrease in provision of depreciation.	(-)9.49	-
	<u>93.11</u>	<u>92.19</u>

22. HINDUSTAN TELEPRINTERS LIMITED

The Profit for 1989-90 was reduced by Rs.39.82 lakhs due to:-

	(Rs.in lakhs)
i) decrease in value of inventory of raw material and components.	39.74
ii) increase in provision for Audit fee.	<u>0.08</u>
	<u>39.82</u>



23. IISCO UJJAIN PIPE AND FOUNDRY COMPANY LIMITED

Due to revision of accounts for 1988-89, there was reduction in loss by Rs.6.32 lakhs, decrease in loans and advances by Rs.1.25 lakhs and increase in liabilities (Rs.2.04 lakhs), Sundry debtors (Rs.6.13 lakhs) and inventories (Rs.3.48 lakhs).

24. INDIAN RARE EARTHS LIMITED

Profit for 1989-90 of Rs.142.49 lakhs was increased to Rs.230.08 lakhs due to increase in valuation of inventories by Rs.87.59 lakhs.

25. INDIAN TELEPHONE INDUSTRIES LIMITED

The profit was reduced by Rs.157.07 lakhs during 1988-89 and Rs.237.08 lakhs during 1989-90 due to the following:-

	<u>1988-89</u>	<u>1989-90</u> (Rs.in lakhs)
i) Overstatement of sales in respect of supplies to DOT.	85.41	60.67
ii) Excess account of price escalation claims in respect of the period beyond the agreed delivery dates with DOT.	38.47	16.61
iii) Overstatement of stock-in-trade due to inclusion of minus balances in stock to the net value of stocks.	2.37	-
iv) Account of capital profit as revenue profit.	-	0.61
v) Non provision of liquidated damages enforced by the customers.	16.61	24.85
vi) Overstatement of finished stock due to inclusion of value of stock already sold	2.47	7.84
vii) Omission to write off the value of obsolete tools.	1.74	-
viii) Non-provision of liabilities for royalty, depreciation, doubtful debts, etc.	-	126.50
	<hr/>	<hr/>
	157.07	237.08

26. KUDREMUKH IRON ORE COMPANY LIMITED

Profit for 1989-90 was reduced by Rs.150 lakhs due to additional provision for expenses on electricity and power.

27. **MINING AND ALLIED MACHINERY CORPORATION LIMITED**

The loss of the company was increased by Rs.37.19 lakhs during 1988-89 and by Rs.34.07 lakhs during 1989-90 due to the following:

	<u>1988-89</u>	<u>1989-90</u>
	(Rs.in lakhs)	
i) Decrease in accretion to work-in-progress, finished products and sales.	18.41	2.94
ii) Increase in expenses on erection and fabrication.	3.43	23.26
iii) Increase in provisions for doubtful debts and write off of stores & spares.	15.21	-
iv) Increase in interest, manufacturing and selling expenses.	-	7.87
iv) Increase in excise duty.	<u>0.14</u>	<u>-</u>
	<u>37.19</u>	<u>34.07</u>

28. **THE MINERAL AND METAL TRADING CORPORATION LIMITED**

Profit for 1989-90 was reduced by Rs.317.00 lakhs due to:

	(Rs.in lakhs)
i) Reduction in sales.	685.00
ii) Increase in value of closing stock.	(-) <u>368.00</u>
	<u>317.00</u>

29. **NATIONAL MINERAL DEVELOPMENT CORPORATION LIMITED**

i) Profit for 1989-90 was increased by Rs.94.85 lakhs due to reduction in provision for obsolete stores (Rs.85.83 lakhs) and depreciation, other expenses, etc. (Rs.9.02 lakhs).

ii) As a result of revisions made in the accounts, assets and liabilities as on 31.3.1990 were also increased by Rs.53.30 lakhs.

30. NATIONAL TEXTILE CORPORATION (APKK&M) LIMITED

Loss for 1989-90 was reduced by Rs.15.05 lakhs due to:

		(Rs.in lakhs)
i) Increase in valuation of work-in-progress, incentive for captive generation and income on sale of scrap, etc.		40.80
ii) Less (a) Increase in provision for doubtful debts, interest and gratuity.	24.20	
b) Decrease in misc. income.	<u>1.55</u>	(-) <u>25.75</u>
		<u>15.05</u>

31. NATIONAL TEXTILE CORPORATION(DP&R) LIMITED

The accounts for 1989-90 of the company were revised resulting in :

(Rs.in lakhs)

i) Increase in net loss	22.96
ii) Increase in value of inventories.	39.09
iii) Increase in current liabilities.	33.63
iv) Decrease in sundry debtors and loans & advances.	31.09
v) Decrease in Provisions	19.16
vi) Decrease in deferred revenue expenditure.	16.49

32. NEPA MILLS LIMITED

The accounts of the company for 1989-90 were revised resulting in:

(Rs.in lakhs)

i) Increase in loss	83.09
ii) Increase in fixed assets	5.47
iii) Increase in current liabilities	0.68
iv) Decrease in sundry debtors	87.88

### 33. NATIONAL TEXTILE CORPORATION (WBABO) LIMITED

The loss for the years 1988-89 and 1989-90 was increased by Rs.32.89 lakhs and Rs.15.93 lakhs respectively due to:-

	1988-89	1989-90 (Rs.in lakhs)
i) Increase in provision for doubtful debts, obsolete stock and interest	21.38	7.73
ii) Increase in expenditure on gratuity and repairs.	8.67	1.36
iii) Decrease in valuation of closing stock	7.24	5.22
iv) Decrease in expenditure on purchase of raw material and power	(-)5.08	(-)12.23
v) Increase in Prior Period adjustments.	<u>0.68</u>	<u>13.85</u>
	<u>32.89</u>	<u>15.93</u>

### 34. NATIONAL THERMAL POWER CORPORATION LIMITED

The accounts for 1989-90 were revised to the extent of the following :-

	(Rs.in lakhs)
i) Decrease in Profit for the year	1.17
ii) Decrease in accumulated depreciation	109.62
iii) Decrease in construction stores and advances.	187.04
iv) Decrease in Misc. expenditure to the extent not written off.	60.70
v) Increase in fixed assets.	86.24
vi) Increase in capital work-in-progress.	210.58
vii) Increase in current assets, Loans & Advances	298.76
viii) Increase in current liabilities and Provisions	458.63

35. **NEYVELI LIGNITE CORPORATION LIMITED**

The profit for the years 1988-89 and 1989-90 was decreased by Rs.51 lakhs and Rs.60.81 lakhs respectively due to the following changes made in the accounts:-

	<u>1988-89</u>	<u>1989-90</u>
		(Rs.in lakhs)
i) Decrease in income	67.90	37.90
ii) Increase/decrease in expenditure	(-)0.65	25.89
ii) Increase in prior period adjustments (Net)	(-)16.25	(-)2.98
	<u>51.00</u>	<u>60.81</u>

36. **NORTHERN COALFIELDS LIMITED**

The accounts of the company for the years ending 31st March 1989 and 31st March 1990 were revised to the extent of the following:-

	<u>1988-89</u>	<u>1989-90</u>
		(Rs.in lakhs)
i) Decrease in Net Profit/Loss (including prior period adjustment)	43.70	0.55
ii) Decrease in Net Fixed Assets	54.78	36.08
iii) Loans and Advances-decrease in 1988-89/increase in 1989-90.	61.46	10.14
iv) Current liabilities & Provisions-decrease in 1988-89 /increase in 1989-90	52.73	12.87
v) Increase in capital work-in-progress.	19.81	211.46
vi) Increase in secured loans	-	172.10

37. **RASHTRIYA ISPAT NIGAM LIMITED**

Revision of accounts for 1989-90 had the following effect:-

	(Rs.in lakhs)
i) Increase in expenditure during construction	4,244.21
ii) Increase in Fixed Assets	2,450.93
iii) Decrease in capital work-in-progress	2,387.88
iv) Increase in current liabilities	63.05

38. SOUTH EASTERN COALFIELDS LIMITED

The accounts of the company for 1989-90 were revised to the extent of the following:-

	(Rs.in lakhs)
i) Increase in Net loss (including Prior Period adjustments)	91.81
ii) Increase in fixed assets.	310.13
iii) Decrease in inventories	83.77
iv) Decrease in sundry debtors and Loans and Advances.	318.17

39. WESTERN COALFIELDS LIMITED

The accounts of the company for 1989-90 were revised to the extent of the following:-

	(Rs.in lakhs)
i) Increase in loss for the year	161.73
ii) Increase in current liabilities	5.49
iii) Increase in Prior Period adjustments (Debit)	22.61
iv) Decrease in fixed assets.	23.62
v) Decrease in Current assets	155.18

B. In the case of companies mentioned below, revisions having significant effect were made in the accounts as a result of Comptroller and Auditor General's audit observations under Section 619(4) of the Companies Act, 1956 and a few separate comments were also issued where the Management did not carry out necessary adjustments in the accounts:

1. BHARAT HEAVY ELECTRICALS LIMITED

a) The revision of accounts had the effect of reduction of profit before tax by Rs.807.90 lakhs during 1988-89 and by Rs.389.59 lakhs during 1989-90 due to:-

	<u>1988-89</u>	<u>1989-90</u>
		(Rs.in lakhs)
i) Increase/decrease in income	242.52	(-)105.39
ii) Increase in expenditure	<u>565.38</u>	<u>494.98</u>
	<u>807.90</u>	<u>389.59</u>

b) The profit for the years 1988-89 and 1989-90 of the company was further overstated by Rs.168.84 lakhs and Rs.61.50 lakhs respectively due to inclusion of equipments (valued at Rs.772.67 lakhs and Rs.245.17 lakhs respectively) in sales instead of treating them as finished goods as these were despatched on 24th to 31st March of the year on FOR destination basis and the property in which had not passed on to the customers on 31.3.1989 and 31.3.1990 respectively.

c) Profit of Rs.213.19 crores for 1989-90 included Rs.26.75 crores being interest on income tax refund, received during the year.

## 2. HEAVY ENGINEERING CORPORATION LIMITED

a) The revision of the accounts had the effect of reduction in profit for 1988-89 by Rs.264.62 lakhs and increase in loss for 1989-90 by Rs.17.15 lakhs due to:

	<u>1988-89</u>	<u>1989-90</u>
	(Rs. in lakhs)	
i) Non provision of bonus, exchange variation loss, CISF dues, liquidated damages and misc expenses.	130.86	12.32
ii) Overstatement of sales due to inclusion of non-admissible custom duty.	20.87	-
iii) Overstatement of inventories of stores & spares, goods-in-transit.	73.56	5.08
iv) Overstatement of Misc. Income	39.33	-
v) Excess provision for excise duty.	-	(-) 0.25
	<u>264.62</u>	<u>17.15</u>

b) The profit of Rs.427.31 lakhs for 1988-89 and loss of Rs.3,048.52 lakhs for 1989-90 of the company after revision of accounts had to be viewed in the light of the following:-

<u>1988-89</u>	<u>1989-90</u>	
	(Rs. in lakhs)	
i) Overvaluation of closing stock due to inclusion of administrative overheads and financing charges in the value of closing stock.	-	648.00
ii) Non provision of interest on Government loans during 1988-89.	6,821.00	--
iii) Financial reliefs including waiver of interest on loans granted by Government of India.	-	31,963.52

### 3. HINDUSTAN AERONAUTICS LIMITED

a) The revision of accounts had the effect of reduction in profit for 1988-89 and 1989-90 by Rs.64.81 lakhs and Rs.469.58 lakhs respectively due to following:

	<u>1988-89</u>	<u>1989-90</u>
	(Rs. in lakhs)	
i) Decrease in of valuation of work-in-progress and stock-in-trade.	53.85	292.86
ii) Reversal of sales as stock-in trade (Profit element included therein).	-	166.70
iii) Understatement of miscellaneous operating expenses.	5.54	-
iv) Increase in provision of depreciation and doubtful debts.	2.84	5.40
v) Increase in provision of repair charges on plant & machinery and buildings.	6.48	4.62
	-----	-----
	68.71	469.58
v) Increase in miscellaneous income.	(-) 3.90	-
	-----	-----
Net effect - reduction in profit	64.81	469.58

b) The profit of the company for 1988-89 was further overstated by Rs.243.83 lakhs due to:

i) The stock-in-trade and profit during 1988-89 were overstated by Rs.53.16 lakhs due to absorption of higher labour hours consequent upon transfer of less number of hours to cost of sales in respect of 6 engines of the same batch delivered in the earlier years.



ii) Work-in-progress during 1988-89 was overstated by Rs.58.99 lakhs due to (i) transfer of lower labour hours to cost of sales (Rs.32.73 lakhs) (ii) Valuation of 8 numbers dispenser at cost which was more than the approved price for the completed tanks. These had resulted in overstatement of work-in-progress and profit by Rs.26.26 lakhs during 1988-89.

iii) Profit for 1988-89 had been overstated due to understatement of replacement and other charges by Rs.164.41 lakhs due to non-provision for further charges in respect of the engines for which sales were set up in current and earlier years on the basis of incomplete cost bookings.

4. **HINDUSTAN STEELWORKS CONSTRUCTION LIMITED**

a) The revision of accounts for the years 1988-89 and 1989-90 resulted in:-

	<u>1988-89</u>	<u>1989-90</u> (Rs. in lakhs)
i) Increase in net loss	132.26	134.62
ii) Decrease in Fixed Assets.	3.19	--
iii) Decrease in Current Assets	109.66	89.36
iv) Increase in Current liabilities.	19.41	45.26

b) Net loss amounting to Rs.7,033.09 lakhs for 1988-89 and Rs.7,298.58 lakhs for 1989-90 after revision of accounts had to be viewed in the light of the following:

	<u>1988-89</u>	<u>1989-90</u> (Rs. in lakhs)
i) Subsidy granted by Government of India towards reimbursement of expenditure incurred on the implementation of voluntary retirement scheme	427.00	420.00
ii) Provision of liability on account of difference in exchange rate and interest for the period from 1.4.1989 to 9.8 1989 on the balance of loan and overdraft from SBI, Bahrain and London.	615.28	-

5. INDIAN IRON & STEEL COMPANY LIMITED

a) The revision of accounts for 1988-89 and 1989-90 had the following effect:

(Rs.in lakhs)	<u>1988-89</u>	<u>1989-90</u>
i) Increase in loss for the current year.	128.17	145.01
ii) Decrease in value of inventories	81.13	-
iii) Increase in current liabilities and provisions	179.76	91.93
iv) Increase in current assets Loan and Advances.	102.72	28.10
v) Increase in capital work-in-progress	30.00	24.98

b) Loss for the years 1988-89 and 1989-90 after revision of the accounts had to be viewed in the light of the following:-

(Rs.in lakhs)	<u>1988-89</u>	<u>1989-90</u>
i) Overvaluation of closing stock due to inclusion of administrative and town ship overheads in the valuation of closing stock.	30.83	-
ii) Financial relief/ concession granted/to be granted to the company by the Government of India.	6,831.00	4908.00
iii) Compensation paid under Voluntary Retirement Scheme treated as deferred revenue expenditure.	-	203.31

c) Loans amounting to Rs.238.83 crores during 1988-89 and Rs.11.55 crores during 1989-90 had been written off, pending sanction of the Government of India. But for this, the cumulative loss as on 31.3.1990 would have been Rs.850.64 crores instead of Rs.600.26 crores.

6. **METALLURGICAL & ENGINEERING CONSULTANTS (INDIA) LTD.**

The revision of the accounts for the years 1988-89 and 1989-90 resulted in:

	<u>1988-89</u>	<u>1989-90</u>
(Rupees in lakhs)		
i) Decrease in net profit.	68.47	13.52
ii) Decrease in Current Assets.	403.87	13.99
iii) Decrease in current liabilities.	335.41	0.47

7. **STEEL AUTHORITY OF INDIA LIMITED**

a) The revision of accounts for the years 1988-89 and 1989-90 resulted in :-

	<u>1988-89</u>	<u>1989-90</u>
(Rupees in lakhs)		
i) Decrease in profit for the year	661.04	610.79
ii) Decrease in Fixed Assets.	120.48	121.69
iii) Decrease in Current Assets, Loans and Advances.	246.71	381.45
iv) Increase in Current liabilities and provisions.	293.85	107.65

b) The net profit amounting to Rs.30,240.07 lakhs for 1988-89 and Rs.19,046.12 lakhs for 1989-90 of the company after revision of accounts had to be viewed in the light of the following:

	<u>1988-89</u>	<u>1989-90</u>
(Rupees in lakhs)		
i) Over-valuation of closing stock due to inclusion of expenditure towards administrative overheads and interest etc. in the value of closing stock.	1,515.81	-
ii) Expenditure, representing compensation paid/payable to employees under Voluntary Retirement Scheme had been treated as Deferred Revenue Expenditure, resulting in overstatement of profit to the extent expenditure on this account not written off/provided for.	2,896.71	412.96

8. VISVESVARAYA IRON & STEEL LIMITED

A. Loss for 1989-90 was increased by Rs.107.65 lakhs due to increase in provision of liabilities for excise duty.

B. Loss for 1989-90 of Rs.279.60 lakhs after revision and cumulative loss as on 31st March 1990 (Rs.6,112.51 lakhs) had to be viewed in view of the following:-

i) Expenditure towards administrative and town overheads and interest having been treated as an element of cost for the purpose of valuing closing stock, resulting in over-valuation of closing stock and consequent understatement of loss by Rs.219.52 lakhs.

ii) Financial reliefs/concessions aggregating Rs.1,710.50 lakhs as at 31st March 1990 and Rs.13,391.16 lakhs as at 31st March 1989 were granted to the Company by the Government of India.

iii) The expenditure of Rs.493.63 lakhs representing compensation paid/payable to employees under Voluntary Retirement Scheme had been treated as Deferred Revenue Expenditure; out of which only an amount of Rs 98.73 lakhs had been charged to Profit and Loss Account during the year.

C. In the case of the following companies, important mistakes/omissions/commissions noticed during supplementary audit by the Comptroller and Auditor General were as follows:-

1. ARTIFICIAL LIMBS MANUFACTURING COMPANY LIMITED

Loss of Rs.138.28 lakhs for 1989-90 was understated by Rs.102.04 lakhs due to overstatement of sales (Rs.11.75 lakhs) and non-provision of interest on overdue interest (Rs.90.29 lakhs).

**2. BHARAT ALUMINUM COMPANY LIMITED**

(a) The profit for 1988-89 of Rs.1,265.04 lakhs had to be viewed as loss of Rs.1,540.28 lakhs in view of the following:-

(Rupees in lakhs)

i) Undercharging of depreciation on Captive Power Plant.	2,740.84
ii) Overstatement of process stock & finished goods.	64.48
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	<u>2,805.32</u>

(b) Cumulative loss of the company as on 31.3.1989 had to be viewed in the context of (i) non-charging of depreciation of Rs.1,025.71 lakhs on Captive Thermal Power Plant although it was commissioned on 1st January 1988; and (ii) non-provision of Rs.3,679 lakhs towards penal interest on account of non-payment of instalments of the Principal and interest on loans.

**3. BHARAT LEATHER CORPORATION LIMITED**

Loss of Rs.77.15 lakhs for 1989-90 was understated by Rs.24.54 lakhs due to non provision for doubtful debts (Rs.3.30 lakhs) and inclusion of damaged stock having no value in closing stock (Rs.21.24 lakhs).

**4. BHARAT PETROLEUM CORPORATION LIMITED**

Profit for 1989-90 was understated by Rs.277.78 lakhs due to:-

(Rupees in lakhs)

i) Incorrect inclusion of gas fuel under the Aromatics fuel and loss instead of Refinery fuel and loss while calculating the differential amount of actual and normative fuel and loss in Aromatics Plant which was surrenderable to Pool.	80.00
ii) Excess provision of depreciation on addition and deletion during the year in the Refinery Division.	260.00
iii) Overvaluation of stock of benzene and toluene by not allocating the cost of Production Aromatics Plant to LPG.	(-)44.33
iv) Non provision of liability for adventitious gain on benzene and toluene on the old stocks due to upward revision of prices surrenderable to Pool.	(-)17.89
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	<u>277.78</u>

**5. BENGAL CHEMICALS & PHARMACEUTICALS LIMITED**

The loss for 1988-89 of Rs.704.79 lakhs was understated by Rs.166.80 lakhs on account\* of the following:-

- a) Non-provision of liability for penal interest of Rs.166.00 lakhs on plan and non-plan loans from the Govt of India.
- b) Non-provision of penal interest of Rs.0.80 lakh due to default in repayment of loan to a Government company.

6. **BRAITHWAITE & COMPANY LIMITED**

The loss of Rs.628.82 lakhs for 1988-89 and Rs.567.03 lakhs for 1989-90 was understated by Rs.544.44 lakhs and Rs.739.53 lakhs respectively on account of the following:-

	<u>1988-89</u>	<u>1989-90</u>
	(Rupees in lakhs)	
i) Non-provision of interest pending approval of Government of India for waiver.	428.72	626.36
ii) Non-provision of liability for gratuity on accrual basis.	115.72	113.17
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	<u>544.44</u>	<u>739.53</u>

7. **BURN STANDARD COMPANY LIMITED**

The loss of Rs.430.08 lakhs for 1988-89 and Rs.597.88 lakhs for 1989-90 was understated by Rs.1,072.33 lakhs and Rs.957.71 lakhs respectively on account of the following:-

	<u>1988-89</u>	<u>1989-90</u>
	(Rupees in lakhs)	
i) Non provision of liability on account of interest on Government loans and penal interest.	726.78	775.79
ii) Accountal of sales beyond the contractual provisions or due to assumption of higher exchange loss.	209.70	8.84
iii) Under-charge of depreciation, overvaluation of work-in-progress, over valuation of closing stock of raw material, excess accountal of CCS claims for export of wagons and Non provision of interest due on customs duty.	27.41	30.31
iv) Non consideration of exchange loss as on 31.3.1989 and 31.3.1990 in assessing the liability procurement of raw material.	108.44	123.08
v) Revenue recognised without provision for matching cost	-	22.92
vi) Non accountal of interest income.	--	(-)3.23
	-----	-----
	<u>1,072.33</u>	<u>957.71</u>

8. CEMENT CORPORATION OF INDIA LIMITED

i) Loss of Rs.602.94 lakhs for 1989-90 was understated by Rs.3,022.32 lakhs due to:-

	(Rs.in lakhs)
a) Non provision of depreciation due to non capitalisation of projects already commissioned.	1,152.92
b) Classification of revenue expenditure as deferred revenue expenditure under incidental expenditure during construction.	1,867.26
c) Overstatement of sales (Profit element).	2.14
	<u>3,022.32</u>

ii) The cumulative loss as on 31.3.1990 was understated by Rs.5,622.77 lakhs due to non-provision of depreciation and incorrect classification of revenue expenditure, etc.

iii) Inventories were overstated by Rs.21.38 lakhs due to inclusion of old and set clinkers which were not used for years.

iv) Non provision for irretrievable expenditure of Rs.358 lakhs incurred on a project which is to be abandoned/shifted to other locations.

9. CYCLE CORPORATION OF INDIA LIMITED

The loss of Rs.1,645.66 lakhs for 1988-89 of the company had to be viewed in the light of the following:-

	(Rs.in lakhs)
i) Non-provision of penal interest on over-due instalments of interest and loans pending approval of the Government of India for waiver thereof.	66.25
ii) Non-provision of gratuity on accrual basis.	86.00
	<u>152.25</u>



10. **CENTRAL INLAND WATER TRANSPORT CORPORATION LIMITED**

i) Loss of Rs.1,492.13 lakhs for 1989-90 was understated by Rs.87.29 lakhs due to accountal of capital profit on sale of assets.

ii) The cumulative loss had to be viewed in the light of the following:-

a) non provision of estimated gratuity upto 1987-88 of Rs.190.27 lakhs; and

b) non provision of penal interest of Rs.6.81 lakhs (Rs.5.52 lakhs for 1989-90 and Rs.1.29 lakhs for prior period) on Government loans.

11. **ENGINEERING PROJECTS (INDIA) LIMITED**

Loss for 1988-89 was understated by Rs.1,196.94 lakhs on account of the following:-

	(Rs.in lakhs)
i) Non provision of liability for doubtful debts as per award of the arbitrator.	110.21
ii) Non provision of amount withheld by a client on account of non-performance of the plant completed in 1985.	78.91
iii) Accountal of additional expenditure incurred on a contract as advance, the recovery of which is doubtful.	144.53
iv) Non provision for the amount deducted 12 years ago due to non-performance in respect of 2 projects	36.82
v) Carrying forward of the net debit balance arising out of exchange variation under deferred revenue expenditure instead of charging it to the profit & loss account.	826.47
	-----
	<u>1,196.94</u>

12. **EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LIMITED**

Surplus of Rs.26.96 lakhs for 1989-90 in the Income and Expenditure account would have been converted into deficit of Rs.83.37 lakhs, had the credit of Rs.110.33 lakhs relating to repatriation of funds from Uganda not been taken into account because of absence of any firm commitment by the Government of Uganda.

13. THE FERTILIZER CORPORATION OF INDIA LIMITED

a) Loss of Rs.16,889.94 lakhs for 1988-89 and Rs.16,390.32 lakhs for 1989-90 had to be viewed in the light of the following:-

	<u>1988-89</u>	<u>1989-90</u> (Rs. in lakhs)
i) Non provision of claims for interest on account of default in payment of dues for services rendered because the same were not being supported by any agreement of understanding between the company & PDIL.	157.22	156.18
ii) Non provision of penal interest on loans from the Government of India.	2,373.31	3,597.54
iii) Short provision of depreciation on NPK Plant	43.58	-
iv) Inclusion of subsidy received towards crushing and handling charges, either payable to suppliers or refundable to FICC.	-	47.85

b) Expenditure of revenue nature incurred on Korba Project, future of which had been kept in abeyance since December, 1974 was being treated as expenditure during construction. Cumulative revenue expenditure treated as expenditure during construction upto 1988-89 was Rs.509.50 lakhs. (expenditure for 1988-89- Rs.48.33 lakhs).

c) Additional retention price subsidy of Rs.472.18 lakhs for cost escalation claim had been accounted for as income during 1988-89 and Rs.4,273.45 lakhs during 1989-90 pending approval of the Government. of India.

14. HINDUSTAN CABLES LIMITED

The profit was overstated by Rs.276.54 lakhs during 1988-89 and by Rs.79.21 lakhs during 1989-90 on account of the following:-

	<u>1988-89</u>	<u>1989-90</u>
	(Rupees in lakhs)	
a) Inclusion of goods (valued at Rs.1,460.06 lakhs) in sales instead of treating them as finished goods as these were transported by road on 31.3.1989 and the property in which had not passed to the purchaser on 31.3.1989.	226.39	-
b) Non-provision of excise duty on liquidated damages deducted by the customer.	28.81	41.47
c) Non-accountal of foreign exchange loss in the procurement of raw materials.	14.48	-
d) Under charge of depreciation due to non capitalisation of exchange loss/liability on fixed assets.	6.86	-
e) Overvaluation of closing stock, work-in-process and goods-in-transit due to inclusion of general administrative overheads, financial charges, etc.	-	37.74
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	<u>276.54</u>	<u>79.21</u>

15. **HINDUSTAN FERTILIZER CORPORATION LIMITED**

a) The loss of Rs.14,846.90 lakhs for 1988-89 and Rs.17,036.06 lakhs for 1989-90 had to be viewed in the light of the following:-

i) Closing stock of 2,21,705 tonnes of urea shown at net realisable value of Rs.7,160.36 lakhs included 1,45,000 tonnes of old stock of urea (valued at Rs.4,683.02 lakhs) mixed with molasses, cement, coal etc. or contained sweeping materials with high percentage of dust and lumps. This had resulted in showing 65% of the stock at highly inflated realisable value during 1988-89.

ii) Non provision of liability towards penal interest of Rs.5,418.35 lakhs during 1988-89 and Rs, 7,178.27 lakhs during 1989-90 on Government of India loans.

b) Though the plants at Haldia Unit and certain assets at Durgapur Unit were mechanically completed in January 1979 and 1977-78 to 1983-84 respectively, the same were not put to use and capitalised to the extent of Rs.34,996.80 lakhs upto 31st March 1989 and Rs.38,301.41 upto 31st March 1990. As a result, no depreciation was provided on these assets over the years.

**16. HINDUSTAN INSECTICIDES LIMITED**

i) The loss for 1988-89 and 1989-90 was understated by Rs.334.28 lakhs and Rs.391.49 lakhs respectively due to:-

	<u>1988-89</u>	<u>1989-90</u>
	(Rupees in lakhs)	
a) Non-charging of depreciation on Endosulfan Technical Project which had already gone into production.	334.28	375.17
b) Over valuation of closing stock due to inclusion of office overheads and financing charges.	-	16.32
	-----	-----
	<u>334.28</u>	<u>391.49</u>

**17. HINDUSTAN PETROLEUM CORPORATION LIMITED**

The profit for the year 1989-90 was overstated by Rs.173.11 lakhs due to non-provision of pension relief (Rs.116 lakhs payable to employees and electricity duty (Rs.57.11 lakhs) payable on the consumption of captive power.

**18. HINDUSTAN SALTS LIMITED**

Loss of Rs.130.69 lakhs for 1989-90 was understated by Rs.66.19 lakhs due to taking credit of interest due from Sambhar Salts Limited which was waived off by the Government of India.

**19. HOOGHLY PRINTING COMPANY LIMITED**

Loss of Rs.13.84 lakhs for 1989-90 was understated by Rs.6.68 lakhs due to treatment of expenditure on gratuity paid during the year as deferred revenue expenditure.

20. INDIAN DRUGS AND PHARMACEUTICALS LIMITED

a) The loss was understated by Rs.90.61 lakhs during 1988-89 and by Rs.208.78 lakhs during 1989-90 due to the following:-

(Rs.in lakhs)	<u>1988-89</u>	<u>1989-90</u>
i)Overvaluation of stock-in-trade due to inclusion of General Administrative Over-heads, financial charges, etc.	78.40	208.78
ii)Non-charging of interest on delayed payment of sales tax.	2.54	-
iii)Non-charging of incentives payable to stockists.	1.98	-
iv)Inclusion of prepaid insurance premium for 1989-90.	<u>7.69</u>	<u>-</u>
	<u>90.61</u>	<u>208.78</u>

b) The cumulative loss upto 31st March, 1989 and 31st March, 1990 had to be viewed in the light of non-provision of Rs.5,525.08 lakhs and Rs.7,192.02 lakhs respectively towards penal/compound interest on delayed repayment of loans instalments and delayed payment of interest to the Government of India.

21. INDIAN ROAD CONSTRUCTION CORPORATION LIMITED

(i) Loss of Rs.3,646.74 lakhs for 1989-90 was understated by Rs.821.24 lakhs due to non-provision for anticipated loss (Rs.818.12 lakhs) on procurement of crude oil against certified bills of the company valuing Rs.2,337 lakhs and non-charging the premium paid (Rs.3.12 lakhs) for accidental group insurance policy.

(ii)Balances with Scheduled Banks on Current Accounts (Rs.341.93 lakhs) included Rs.312.65 lakhs being the amount of cheques issued but not encashed which had been written back by contra credit to Sundry Creditors. This had resulted in overstatement of bank balance by Rs.301.34 lakhs and non-exhibition of book over-draft of Rs.11.31 lakhs as on 31.3.1989.

22. IISCO UJJAIN PIPE AND FOUNDRY LIMITED

Profit of Rs.5.67 lakhs for 1989-90 was overstated by Rs.5.22 lakhs due to overvaluation of stock of rejected pipes lying with the customers.

23. INSTRUMENTATION LIMITED

i) Profit of Rs.210.97 lakhs for 1989-90 had to be viewed in the light of the following:-

(Rupees in lakhs)

i) Non-provision of liability for wage settlement of workers (Rs.157.04 lakhs) and non-adjustment of Rs.107.93 lakhs being interim relief relating to earlier years included under "Loans and Advances".	264.97
b) Accountal of income on account of claims of supplementary cash assistance in lieu of duty draw back rejected in September, 1983 and March, 1989 against which appeal was filed in April, 1989.	50.19
c) Accountal of income of claim for cash compensatory support pertaining to export sales of Rs.228.80 lakhs, which did not crystallize during 1989-90. The title of these goods had also not passed on to the buyers.	23.24

ii) Sales included Rs.140.36 lakhs and Rs.506.57 lakhs being the cost of goods despatched on 31st March, 1989 and 31st March, 1990 respectively on F.O.R. destination basis, the title of which had not passed on to the purchasers.

24. INDIA FIREBRICKS & INSULATION COMPANY LIMITED

The net profit of Rs.1,067.08 lakhs for 1989-90 had to be viewed in the light of the following:-

(Rupees in lakhs)

a) Non-provision of interest on Government Loans in anticipation of sanction for waiver of the same.	118.90
b) Write back of outstanding interest provided upto 31st March, 1989 on loans obtained from Financial Institutions without obtaining specific sanction.	288.04
c) Non-provision of gratuity on accrual basis.	17.95
d) Non-provision of interest on the outstanding loans of Rs.150 lakhs obtained from financial institutions in anticipation of sanction for waiver of interest.	12.00

25. INDIAN PETROCHEMICALS CORPORATION LIMITED

Profit for the year 1989-90 was overstated by Rs.1,107.31 lakhs due to:-

(Rupees in lakhs)

i) Inclusion of interest on borrowed funds in Administrative Overheads pending allocation in respect of operational period for the assets already capitalised.	58.00
ii) Inclusion of recovery under Misc. Income from a private party for using the facilities of a project during its construction period.	10.00
iii) Non-charging under power and fuel the amount claimed by GAIL towards the value of shortfall in contractual quantity of gas lifted by the Company.	1,232.34
iv) Inclusion of roll overcharges for the month of April 1990 in general charges.	(-)29.88
v) Non-inclusion of interest claimed by the company under other Income.	(-)20.00
vi) Inclusion under general charges of amount deposited with Revenue authorities towards loans, compensation and rehabilitation expenses in respect of outstees from and around the Maharashtra Gas Cracker Complex.	(-)143.15
	<u>1,107.31</u>

26. JESSOP & COMPANY LIMITED

a) The profit of Rs.121.51 lakhs for 1988-89 was overstated on account of the following:-

(Rs.in lakhs)

i) Non provision of bad and doubtful debts although the amount had been deducted from the bills by client as liquidated damages and the contract closed.	42.00
ii) Non-provision of rejected claims.	9.06
iii) Accountal of claim realised during the year as revenue which was treated as revenue last year also.	2.15
iv) Revenue recognised without provision for the matching cost.	3.64
v) Non-provision on account of Modvat benefit due to the customers.	4.15
vi) Sales included Rs.364.60 lakhs being the cost of goods(Profit margin Rs.73.39 lakhs) not actually handed over to the customer and the property in which remained with the company.	73.39
vii) Excess credit of customs duty to sales.	<u>36.76</u>
	<u>171.15</u>

b) Due to revision of accounts for 1989-90, the profit was reduced by Rs.18.49 lakhs due to decretion in work-in-process (Rs.10.55 lakhs) and increase in services and sub-contracting charges (Rs.7.94 lakhs).

c) The profit of Rs.121.51 lakhs for 1988-89 and Rs.135.24 lakhs for 1989-90 had also to viewed in the light of the following:-



	<u>1988-89</u>	<u>1989-90</u>
(Rupees in lakhs)		
i) Non-provision of interest and penal interest on Government loans.	589.48	610.61
ii) Accountal of sales of structurals and its finished stock on price recommended by BICP, higher than the contract price, pending acceptance of rates by HRBC/Government of West Bengal.	84.39	16.05
iii) Non-provision of accrued liability for gratuity as estimated by the Management.	187.45	157.83
iv) Non-provision of interest due on customs duty for goods in bonded warehouses.	124.17	170.02
Total:	----- <u>985.49</u>	----- <u>954.51</u>

**27. LUBRIZOL INDIA LIMITED**

Profit for 1989-90 was overstated by Rs.19.05 lakhs due to inclusion of administrative, research and development cost in the closing stock of finished goods.

**28. MAHANAGAR TELEPHONE NIGAM LIMITED**

Profit for the year 1989-90 was overstated by Rs.64.27 lakhs due to non-charging of depreciation (Rs.79.44 lakhs) on the cables valuing Rs.702.34 lakhs ready for connection but not capitalised and excess charge of depreciation (Rs.15.17 lakhs) on Automatic Message Accounting equipment valuing Rs.134.11 lakhs, capitalised inspite of its incomplete installation.

**29. MANDOVI PELLETS LIMITED**

The cumulative loss of Rs.32.83 crores upto March 1990 was understated by Rs.1.12 crores due to write off of penal/additional interest payable to IDBI without the approval for waiver thereof by IDBI.

30. MAZAGAON DOCK LIMITED

a) The loss of Rs.1,668.64 lakhs for 1988-89 and Rs.313.50 lakhs for 1989-90 was understated by Rs.1,089.95 lakhs and Rs.254.96 lakhs respectively due to:-

(Rs.in lakhs)

	<u>1988-89</u>	<u>1989-90</u>
i) Taking credit for an insurance claim as other income in respect of which credit had already been taken in the earlier year(1987-88).	48.70	-
ii) Non-provision towards estimated loss on seven fixed price construction works as per the accounting policy.	1,041.25	254.96
	-----	-----
	<u>1.089.95</u>	<u>254.96</u>

b) The loss of Rs.1,668.64 lakhs for 1988-89 and Rs.313.50 lakhs for 1989-90 had also to be viewed in the light of the following:-

i) Financial reliefs given by the Government of India by way of interest subsidy of Rs.3,069.46 lakhs during 1988-89 and Rs.1,534.73 lakhs during 1989-90.

ii) Non provision of sales tax of Rs.785.46 lakhs during 1988-89 as per demand raised by Sales Tax Authorities in April, 1989 on completion of assessment for the year 1985-86.

iii) Non-provision of balance liquidated damages of Rs.2,350.58 lakhs for delay in delivery of jack-up Rig-II in anticipation of approval for waiver.

31. METAL SCRAP TRADE CORPORATION LIMITED

The profit for the year 1989-90 was overstated by Rs.10.46 lakhs due to non-provision for doubtful debts outstanding since 1981-82 and being disputed by the debtors.

32. MICA TRADING CORPORATION OF INDIA LIMITED

Profit of Rs.17.17 lakhs for 1989-90 was overstated due to the following :-

(Rupees in lakhs)

a) Short provision of depreciation due to charging of depreciation on single shift basis instead of double shift basis.	3.89
b) Taking credit for sale of additional licences yet to be issued by Import and Export Authorities.	29.51

The profit had also to be viewed in the light of the fact that the company had taken credit of Rs.351.58 lakhs being interest waived off by the holding company on various loans.

33. MODERN FOOD INDUSTRIES (INDIA) LIMITED

i) Against the advance of Rs.85.59 lakhs paid to a firm upto 31st March, 1988 for the supply of plant and machinery, the firm had supplied equipments worth Rs.68.42 lakhs at site. But no adjustment on this account was made in the accounts. This resulted in overstatement of loans and advances and understatement of work-in-progress by Rs.68.42 lakhs during 1988-89 and 1989-90.

ii) Loss for both the years had to be viewed in the light of the following:-

	<u>1988-89</u>	<u>1989-90</u>
	(Rupees in lakhs)	
a) Amount shown as recoverable not realised from supplier inspite of an arbitration award given in September, 1984.	1.35	1.35
b) <del>Weste</del> <del>back</del> of a liability without	3.19	-
c) Undercharge of depreciation.	2.77	-
d) Treatment of revenue expenditure as capital expenditure.	2.58	2.00
Total	<u>9.89</u>	<u>3.35</u>

34. NATIONAL BUILDINGS CONSTRUCTION CORPORATION LIMITED

The loss for 1988-89 and 1989-90 was understated by Rs.4,346.11 lakhs and Rs.5,043.87 lakhs respectively on account of the following:-

	<u>1988-89</u>	<u>1989-90</u>
	(Rupees in lakhs)	
i) Taking credit for an amount unrealisable from the customer as a result of arbitration award.	3,200.78	3,189.15
ii) Estimated profit taken credit in real estate project.	196.00	-
iii) Penal interest on overdue interest not provided for.	304.10	442.88
iv) Interest accrued and due on Oil Industry Development Board loan not provided for.	645.23	1,411.84
Total:	<u>4,346.11</u>	<u>5,043.87</u>

35. NATIONAL HYDROELECTRIC POWER CORPORATION LIMITED

BALANCE SHEET

Fixed Capital Expenditure

1. Fixed Assets-Gross Book: Rs.1,28,605.29 lakhs as on 31st March, 1990.

Fixed Assets included a Dozer valuing Rs.47.06 lakhs (Gross) Rs.20.46 lakhs (Net) which met with an accident in January, 1985. Its spare parts were removed and accounted for under Stores and Spares at Rs.74.15 lakhs. This had resulted in the overstatement of fixed assets by Rs.20.46 lakhs (Net) and inventory by Rs.53.69 lakhs during 1989-90.

2. Capital work-in-progress: Rs.1,25,678.56 lakhs as on 31.3.1990.

a) This included Rs.64.27 lakhs for works which had been completed and had been in use since 1987 but had not been capitalised. This had resulted in overstatement of capital work-in-progress and understatement of fixed assets to this extent. The depreciation on these assets had also not been ascertained during 1989-90.

b) This included assets worth Rs.127.41 lakhs including materials at site, lost on account of heavy rains of September, 1988, which had not been written off, pending investigation. This had resulted in overstatement of Capital work-in-progress and understatement of Misc. Expenditure to the extent not written off or adjusted during 1989-90.

**3. Construction Stores and Advances:**

Advances for Capital expenditure(unsecured)  
Rs.44,757.00 lakhs as on 31st March, 1990.

a) This included Rs.3.82 crores representing duty paid to Customs Authorities for the equipments already received. This had resulted in the overstatement of Advances and understatement of capital work-in-progress/capital stores to this extent during 1989-90.

b) This included Rs.138.42 lakhs being the payment made to various State Government Departments for creating various facilities for the projects which did not constitute assets of the company but were in use by the projects. This should had been disclosed as "Capital expenditure not represented by assets".

**4. CURRENT ASSETS & LOAN AND ADVANCES**

i) INVENTORIES RS.9,548.51 LAKHS as on 31st March, 1989.

a) Inclusion of items of capital nature valuing Rs.406.17 lakhs in Inventories had resulted in overstatement of inventories and understatement of fixed capital expenditure, work-in-progress during 1988-89.

b) Inclusion of Rs.189 lakhs being the price variation (Rs.142 lakhs) and balance payment (Rs.47 lakhs) in respect of equipments in inventories which had already been capitalised. This had resulted in overstatement of inventories and understatement of capital work-in-progress during 1988-89.

ii) LOANS AND ADVANCES RS.18,159.87 LAKHS as on 31st March, 1989 and Rs.12,335.96 lakhs as on 31st March, 1990.

a) This included Rs.711.38 lakhs being the payments made to various State Government Departments for creating various facilities for the projects which did not constitute assets of the company but were in use by the projects. This should have been disclosed as 'capital expenditure not represented by assets during 1988-89.

b) This included Rs.79.15 lakhs on account of ocean freight and insurance paid for the equipment already capitalised under 'advances'. This had resulted in the overstatement of advances and understatement of capital work-in-progress/fixed assets during 1988-89.

c) This had been arrived at after adjusting credit balance of Rs.95.15 lakhs, which should have been shown as 'Sundry Creditors' during 1988-89.

d) This included cost of land valuing Rs.109.93 lakhs possession of which had already been taken during 1988-89. This had resulted in overstatement of 'Loans & Advances' and understatement of 'Fixed Assets' to this extent.

e) This included Rs.33.07 lakhs on works which were completed and abandoned and as such should have been written off. This had resulted in overstatement of Loans and Advances and understatement of Misc. expenditure during 1989-90 (to the extent not written off or adjusted).

f) This above included Rs.96.08 lakhs on account of advances given to various Government Departments against which the works had been completed. This had resulted in overstatement of advances and understatement of fixed assets to this extent during 1989-90.

5. CURRENT LIABILITIES AND PROVISIONS  
LIABILITIES - RS.18,074.88 Lakhs as on 31st March,  
1989 and Rs.29,816.75 lakhs as on 31st March,  
1990.

a) This did not include liability to the extent of Rs.129 lakhs in respect of consignments already delivered at port. This had resulted in understatement of 'Sundry Creditors' and stores-in-transit to this extent during 1988-89.

b) This did not include liability of Rs.23.82 lakhs in respect of Himachal Pradesh State Electricity Board against the works executed by them during 1988-89.

c) This did not include provision for technical know-how fees of Rs.98.95 lakhs of foreign collaborators and balance payment of retention money of Rs.16.63 lakhs resulting in understatement of liabilities and Capital work-in-progress by Rs.115.58 lakhs during 1989-90.

36. **NATIONAL INSTRUMENTS LIMITED**

(a) Loss of Rs.534.68 lakhs for 1989-90 was understated by Rs.12.24 lakhs due to non-provision of liability for gratuity on accrual basis (Rs.4.66 lakhs) and over valuation of closing stock of finished goods (Rs.7.58 lakhs).

b) The above loss had also to be viewed in the light of non-provision of penal interest of Rs.212.87 lakhs on Government loans.

37. **NATIONAL JUTE MANUFACTURING CORPORATION LIMITED**

a) The loss of Rs.5,580.61 lakhs for 1989-90 was understated by Rs.5.35 lakhs due to excess accountal of subsidy (Rs.2.03 lakhs) and over valuation of closing stock (Rs.3.32 lakhs).

b) The above loss had also to be viewed in the light of non-provision of interest of Rs.5,112.38 lakhs on Government loans, pending approval of Government for interest holiday.

**38. NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED**

The profit of Rs.60.36 lakhs for 1988-89 had to be viewed as loss of Rs.473.86 lakhs and loss of Rs.2,129.87 lakhs for 1989-90 was understated on account of the following:-

	<u>1988-89</u>	<u>1989-90</u>
(Rupees in lakhs)		
i) Accountal of capital profit on sale of office premises and other fixed assets as revenue income.	241.17	-
ii) Inclusion of net gain on conversion of foreign currency transactions in other income.	212.75	128.58
iii) Accountal of value of works done for a Government company without making provision for the claims against the company for doubtful debts.	80.30	25.28
	-	43.15
	<u>534.22</u>	<u>197.01</u>

**39. NUCLEAR POWER CORPORATION OF INDIA LIMITED**

The profit of the company for 1988-89 was overstated by Rs.25.62 lakhs due to treatment of interest earned on advance to a supplier out of borrowed funds as income instead of treating it as a deduction from interest on borrowings capitalised.

**40. NATIONAL SEEDS CORPORATION LIMITED**

Loss for 1988-89 was understated by Rs.3.89 lakhs due to non-provision of liability towards Shipping Freight charges billed on 30th March, 1989 but actually paid on 4th April, 1989.

**41. NORTH BENGAL DOLOMITE LIMITED**

i) Loss of Rs.35.76 lakhs for 1989-90 was understated by Rs.1.66 lakhs due to capitalisation of revenue expenditure incurred on salaries of employees employed for prospecting work though no activity was undertaken during the year.



ii) The cumulative loss of Rs.113.82 lakhs upto 31.3.1990 had to be viewed in the light of non-writing off of the preliminary expenses and Project Development expenditure of Rs.17.65 lakhs, even though the company started commercial operations in 1980-81.

**42. NORTH EASTERN HANDICRAFTS AND HANDLOOM DEVELOPMENT CORPORATION LIMITED**

i) Loss of Rs.15.38 lakhs for 1989-90 was understated by Rs.6.36 lakhs due to non-provision of depreciation on fixed assets of Dye House Project.

ii) The cumulative loss of Rs.231.90 lakhs upto 31.3.1990 had to be viewed in the light of non-provision of interest of Rs.258.55 lakhs on Government loans pending approval of the Government for financial restructure.

**43. PROJECTS & DEVELOPMENT INDIA LIMITED**

Loss of Rs.951.85 lakhs for 1988-89 had to be viewed in the light of the following:-

(Rs.in lakhs)

a) Non-provision of penal interest on over-due instalments of loans.	117.55
b) Non-provision of liability towards gratuity on accrual basis.	96.55

**44. PYRITES, PHOSPHATES AND CHEMICALS LIMITED**

The profit of Rs.90.67 lakhs for 1988-89 and loss of Rs.131.85 lakhs for 1989-90 had to be viewed in the light of the following:-

i) Treatment of excess of expenditure over income of Rs.726.06 lakhs in 1988-89 and Rs.769.89 lakhs in 1989-90 relating to Amjhore Unit as deferred revenue expenditure instead of revenue expenditure even though there was no long term benefit qualifying the carry forward, as the unit was commissioned long back in 1968-69.

ii) The closing stock as on 31.3.1989 had been overvalued by Rs.6.48 lakhs due to inclusion of administrative overheads as an element of cost.

iii) Treatment of revenue expenditure as Mine Development Expenditure of Rs.428.46 lakhs (of which Rs.252.77 lakhs related to payment of salary, wages, share of head office expenses, etc. for the period from 1979-80 to 1989-90) incurred after the completion of Project in March, 1979.

**45. SPICES TRADING CORPORATION LIMITED**

The sales during 1988-89 had been overstated by Rs.98.01 lakhs due to inclusion of sales effected by the consignment selling agents on commission basis after 31st March, 1989 resulting in understatement of stock lying with consignees and net loss by Rs.84.95 lakhs and Rs.13.06 lakhs respectively.

**46. SMITH STANISTREET PHARMAECUTICALS LIMITED**

i) The net loss of Rs.389.92 lakhs for 1989-90 was understated by Rs.7.61 lakhs due to over valuation of inventory of finished stock by including selling and distribution expenses.

ii) The net loss for 1989-90 had to be viewed in the light of non-provision of penal interest of Rs.40.59 lakhs on loans from the Government of India. Non-provision of penal interest upto 31st March, 1989 amounted to Rs.119.21 lakhs.

**47. THE BRAITHWAITE, BURN AND JESSOP CONSTRUCTION COMPANY LIMITED**

i) Profit of Rs.13.37 lakhs for 1989-90 was overstated due to:-

	(Rs.in lakhs)
a) Non-provision of interest on loans from holding company, pending approval for waiver thereof.	156.31
b) Over valuation of closing stock of raw material due to inclusion of materials issued to the job.	2.13
Total	<u>158.44</u>

ii) The cumulative loss of Rs.1,395.81 lakhs upto 31.3.1990 had to be viewed in the light of:-

b) non disclosure of Rs. 117.43 lakhs, representing expenditure on repairs and modifications of a damaged Pylon Erection Crane.

**48. THE LAGAN JUTE MACHINERY COMPANY LIMITED**

i) Profit of Rs.35.71 lakhs for 1989-90 was overstated by Rs.5.60 lakhs due to inflation of other revenue (Rs.2.65 lakhs) and non-charging of expenditure on research and development to revenue account (Rs.2.95 lakhs) in contravention of the accounting policy followed by the company consistently.

ii) The profit after prior period adjustments of Rs.20.11 lakhs during 1989-90 had to be viewed in the light of the fact that expenditure of Rs.11.16 lakhs on research and development relating to earlier period was booked under Misc. expenditure to the extent not written off' instead of charging to revenue in contravention of the accounting policy consistently followed by the company.

**49. VIKRANT TYRES LIMITED**

i) The profit of the company for 1988-89 was overstated by Rs.36.32 lakhs due to inclusion of goods (valued at Rs.459.45 lakhs) in sales instead of in finished stock as these were despatched on 31.3.1989 on FOR destination basis and property in which had not passed on to the customers on 31.3.1989.

ii) Sales during 1988-89 included Rs.26.15 lakhs being the value of export sales of goods on CIF basis delivered to the carrier on or before 31.3.1989 but the documents of title were lodged with the bank/sent to the foreign buyer much later, resulting in overstatement of sales to that extent.

iii) (a) Consequent to the capitalisation of interest and other related charges of Rs.2,554.87 lakhs on long term loans during 1983-84, i.e. after the commencement of commercial production, in contravention with the accepted accounting principles, the profit for 1988-89 had been understated by Rs.52.29 lakhs.

(b) The extra shift depreciation relating to earlier years not provided for was shown as Rs.457.87 lakhs as against Rs.687.25 lakhs mentioned by the statutory auditors resulting in the conversion of the net profit of Rs.275.67 lakhs (after tax) into a net loss of Rs.1,086.53 lakhs.

50. **WESTERN COALFIELDS LIMITED**

Sales of Coal. Coke etc. (Rs.55,620.53 lakhs) included a debit of Rs.78.91 lakhs being the amount of credit notes pertaining to the previous year and did not include Rs.25.05 lakhs being the value of supplementary bills pertaining to the year but accounted for in 1989-90. This had resulted in understatement of sales by Rs.95.96 lakhs and overstatement of loss by Rs.25.05 lakhs during 1988-89.

## SECTION II

### REPORTS OF THE COMPANY AUDITORS UNDER DIRECTIVES ISSUED BY THE COMPTROLLER AND AUDITOR GENERAL OF INDIA.

There were 242 and 248 Government companies as on 31st March 1989 and 31st March 1990 respectively (Appendix I). There were 50 and 51 companies coming within the purview of Section 619-B of the Companies Act 1956 as on 31st March 1989 and 31st March 1990 respectively (Appendix II). Out of 242 and 248 Government companies, accounts for the years 1988-89 and 1989-90 were received in respect of 232 and 234 companies for 1988-89 and 1989-90 as on 31st August 1990/August 1991 respectively. In pursuance of the directives issued by the Comptroller & Auditor General of India under Section 619(3)(a) of the Companies Act 1956, the special reports of the company auditors on the accounts for the years 1988-89 and 1989-90 were received in the case of 199 and 208 companies (including subsidiary companies) upto August 1990/August 1991 respectively. On the basis of review of these reports, important observations in respect of 176 and 182 companies respectively have been incorporated in this Section. In respect of the remaining 23 and 26 companies respectively, no material deficiencies were pointed out by the statutory auditors (Note to Appendix I). Company Auditors' Reports received in respect of Section 619(B) companies have not been dealt with in this Section.

The important points contained in the special reports are given company-wise in the following paragraphs:-

1. **ANDAMAN NICOBAR ISLANDS FOREST & PLANTATION  
DEVELOPMENT CORPORATION LIMITED**

I. System of Accounts and Book-keeping

The company had no Accounting Manual.

## II. Internal Control

The company did not have any Manual outlining the scope and programme of work for the internal audit (1988-89 and 1989-90).

## III. Credit Control

Debts outstanding from parties other than Government Departments for more than 3 years amounted to Rs.4.35 lakhs as on 31.3.1989 and Rs.6.77 lakhs as on 31.3.1990.

## IV. Inventory Control

The company had not fixed maximum and minimum levels of stores/spares. Items of stores/spares

which were not moving for more than 3 years had not been classified. (1988-89 and 1989-90).

## 2. **ANDREW YULE AND COMPANY LIMITED**

### I. Credit Control

Debts to the extent of Rs.260.52 lakhs (Rs.103.53 lakhs from Government Departments and Rs.156.99 lakhs from others) were outstanding for more than three years as on 31.3.1989.

### II. Inventory Control

Stores and spares valuing Rs.14.16 lakhs had not moved for more than three years as on 31.3.1989.

3. **ARTIFICIAL LIMBS MANUFACTURING CORPORATION OF INDIA**

I. System of Accounts and Book-keeping

i) Records of fixed assets were incomplete in respect of location of assets. (1989-90).

ii) Loss in respect of stocks declared obsolete had neither been estimated nor provided for (1989-90).

II. Internal Control

The company did not have any Manual outlining the scope and programme of work for the internal audit. (1988-89 and 1989-90)

III. Cost Control

The company had not introduced any system to determine the cost of production of its products. (1988-89)

4. **BALMER LAWRIE AND COMPANY LIMITED**

I. System of Accounts & Book-keeping

The company had no Accounting Manual. (1988-89 and 1989-90)

II. Cost Control

i) The company had no system of ascertaining and recording idle time for labour and breakdown of machines during 1988-89.

ii) Actual cost of production in respect of containers in Mathura and Madras, L.P.G. cylinders in Mathura and of freight container repairs and refurbishing was more than the selling price during 1988-89.

III. Inventory Control

Maximum and minimum levels had not been fixed for stores and spares during 1988-89 and 1989-90. (Bombay Branch)

#### IV. Credit Control

Debts to the extent of Rs.32.43 lakhs were outstanding (Rs.24.37 lakhs from Government Departments and Rs.8.06 lakhs from others) for more than 3 years as on 31.3.1989.

#### 5. **BENGAL CHEMICALS AND PHARMACEUTICALS LIMITED**

##### I. System of Accounts & Book-keeping

i) There was no Manual detailing the accounting procedure and specifying the duties and responsibilities of the officers of the company.

ii) Fixed Assets Register was not maintained during 1989-90. (Guwahati Unit).

iii) Physical verification of assets was not conducted during 1989-90. (Bombay Unit).

##### II. Internal Control

i) There was no Manual outlining the scope and programme of work for internal audit.(Calcutta).

ii) There was no internal audit system during 1989-90. (Bombay and Guwahati Units).

##### III. Cost Control

i) Standard cost had not been fixed by the company for any of its products during 1988-89 and 1989-90.

ii) There was no system of ascertaining idle time for labour and machinery during 1989-89 and 1989-90.

iii) Cost of production was more than the selling prices during 1989-90.

##### IV. Inventory Control

Maximum and minimum levels of stores and spares had not been fixed.(1988-89 and 1989-90)



6. **BENGAL IMMUNITY LIMITED**

I. System of Accounts & Book-keeping

- i) There was no Accounting Manual.
- ii) Fixed Assets Register was not maintained in 1989-90. (Ahmedabad and Calcutta).
- iii) There was no system of reconciliation of principal and subsidiary ledgers in 1989-90. (Ahmedabad Sale Office and Cuttuck).

II. Internal Control

- i) There was no Internal Audit Manual.
- ii) The internal audit of Baranagar Factory and Jabalpur Sales Office was not commensurate with the size and nature of their business. (1988-89).
- iii) Internal audit was not conducted during 1989-90. (Cuttuck, Delhi Sales Office and Dehradun Manufacturing Unit).

III. Cost Control

- i) The company did not have standard costing system.
- ii) In the case of most of the products, the cost of production was higher than their selling price during 1988-89.

IV. Inventory Control

- i) Maximum and minimum levels of stores and spares had not been fixed. Stock-in-trade valued at Rs.2.25 lakhs and capital stores valued at Rs.3.57 lakhs were not moving for more than 3 years as on 31st March, 1989.
- ii) Plant and Machinery costing Rs.18.00 lakhs was not being used for production since May 1985 (1989-90). (Dehradun Manufacturing Unit).

7. **BHARAT ALUMINIUM COMPANY LIMITED**

I. System of Accounts & Book-keeping

i) The accounting system during 1988-89 and 1989-90 was deficient in respect of the following:-

a) Large number of advances for the material received/work executed had been pending for adjustment for three to four years for want of certain certificates from Zonal Incharge.

b) Balances/statements of accounts had neither been confirmed by individual contractors nor reconciled with respective zonal records.

c) No reconciliation had been made in respect of material sent to fabricators and received back. No confirmation was obtained from the parties with whom the material was lying for fabrication.

d) Sales invoices in some cases were raised after a gap of ten days or more from the date of despatch of material to the parties.

e) The company was not maintaining subsidiary ledger showing party-wise details in respect of Sundry creditors at Amarkantak Mines.

ii) a) Fixed Assets Register maintained by the company did not show full particulars of the assets in most of the cases during both the years.

b) No reconciliation was carried out in respect of discrepancies noticed in sundry debtors' balances during 1988-89 and 1989-90.

c) No periodical reconciliation of advances to Excise Authorities was done with PLA Register except at the end of 1988-89 and 1989-90.

d) Physical verification of fixed assets and stock of GBP was not conducted during 1989-90.

II. Cost Control

i) Standard cost of various main products had not been fixed. (1988-89 and 1989-90).

ii) Consumption of major raw materials was more than the norms fixed during 1989-90.

iii) Selling prices were less than the cost of production of various products during 1989-90. (Bidhan Bagh Unit).

III. Internal Control

i) There was no internal audit in the Captive Power Plant of the Company. (1989-90).

ii) Internal audit system required to be strengthened to make it commensurate with the size and nature of the business of the Company. (1989-90)

IV. Credit Control

Debts outstanding for more than three years amounted to Rs.34.57 lakhs and Rs.44.06 lakhs against Government Departments and Rs.46.60 lakhs and Rs.49.76 lakhs against others departments as on 31.3.1989 and 31.3.1990 respectively.

V. Inventory Control

Stores and spares which had not moved for three years or more amounted to Rs.899.72 lakhs as on 31.3.1989 and Rs.502.02 lakhs as on 31.3.1990.

8. **BHARAT BHARI UDYOG LIMITED**

I. System of Accounts & Book-keeping

The company had not prepared any Accounting Manual defining its accounting policies.(1988-89).

II. Internal Control

i) No Manual outlining the scope and programme of work for the internal audit had been drawn up.(1988-89 and 1989-90).

ii) The company had no internal audit department.

9. **BHARAT BRAKES AND VALVES LIMITED**

I. System of Accounts & Book-keeping

There was no Manual laying down the detailed accounting procedure. (31st March 1990).

II. Internal Control

i) No Manual of internal audit had been drawn up. (31.3.1990).

ii) There was no internal audit system in operation. (1988-89).

III. Cost Control

i) Standard cost had not been fixed by the company for any of its products during 1988-89 and 1989-90.

ii) No records indicating idle time for labour and machinery were maintained during 1988-89.

IV. Credit Control

i) Confirmation letters in respect of outstanding debts had not been issued during 1988-89.

ii) Debts to the extent of Rs.91.96 lakhs (Rs.88.99 lakhs from Government Departments and Rs.2.97 lakhs from others) were outstanding for more than three years as on 31.3.1989.

V. Inventory Control

i) Stores and spares valuing Rs.58.75 lakhs had not moved for more than three years as on 31.3.1989.

ii) Maximum and minimum levels had not been fixed in respect of raw material during 1988-89.

10. **BHARAT COKING COAL LIMITED**

I. System of Accounts & Book-keeping

- i) Accounting Manual was under finalisation. (1989-90).
- ii) Register of fixed assets did not show the fixed assets taken over from owners in 1988-89 and 1989-90. (Block II. Dhanbad)
- iii) Detailed records of assets acquired on nationalisation were not maintained during 1988-89 and 1989-90. (Bhowra Area XI)
- iv) The company had not taken effective steps to reduce payment of OTA being contrary to recommendations of National Productivity Council. (1988-89)
- v) There was no regular system of reconciliation of control accounts with subsidiary accounts during 1989-90. (Head Office, Calcutta and Block II Dhanbad Units).

II. Budget Estimates

- i) Budget estimates were not prepared during 1988-89. (Delhi Unit)
- ii) Cost of production per tonne was Rs.730.92 and Rs.663.20 against the budgeted cost of Rs.486.85 and Rs.548.13 during 1988-89 and 1989-90 respectively in Area I Mahunda and Area II Mahunda.

III. Cost Control

- i) There was no system of ascertaining idle time for labour and machinery during 1988-89. (Block II Dhanbad & Katra Project Area)
- ii) Standard cost of products had not been fixed. (1988-89 and 1989-90).
- iii) Demurrage charges amounting to Rs.155.22 lakhs and Rs.109.75 lakhs were paid during 1988-89 and 1989-90 respectively. (CCWO, Kusunda Area IV, V, XI & Bhowra Area XI)

iv) Cost of production was higher than the sale price during 1988-89. (Pootkee Balihari Area)

IV. Internal Control

Internal audit was not conducted during 1989-90. (Calcutta Unit).

V. Inventory Control

i) Maximum and minimum levels of stores had not been fixed during 1988-89 and 1989-90.

ii) Stock of stores & spares at the end of 1988-89 amounted to Rs.1,815.29 lakhs which was equivalent to 6 months' consumption. (Area II Mahuda)

iii) Inventory at the end of the year amounted to Rs.1,815.29 lakhs which was equivalent to about 6 months' cost of production. (Area I Barora)

iv) Following plant & machinery costing more than Rs.5 lakhs had not been installed.

(Rs.in lakhs)

<u>Sl.No.</u>	<u>Name of Plant &amp; Machinery</u>	<u>Quantity</u>	<u>Value</u>
1.	250 MIA 6.6 KV 15 Panel OCB	1	20.33
2.	Beco Heavy Duty Lathe Machine	1	6.29
3.	50 lines- Automatic Exchange	1	5.26
4.	645 HP 481 KW 1486 RPM 6.6 KV NLFP Motor	4	22.26
5.	480 HP 3.3.KV FLPFC SCR Motor.	2	14.00
6.	605 HP 451 KW 1492 RPM 3.3 KV FLP Motor (Machines at Sl.No.1 and 2 upto March 1990 and from 3 to 6 upto March 1989)	4	38.60

v) Stores & spares were not physically verified during 1988-89 and 1989-90. (Bhowra Area XI)

## VI. Credit Control

i) Confirmation from debtors was not obtained during 1988-89.

ii) Debts outstanding for 3 years or more amounted to Rs.36.92 lakhs (Other than Government Departments) as on 31.3.1989 and Rs.3495.55 lakhs (Government Departments) and Rs.88.75 lakhs (Private Parties) as on 31.3.1990.

## 11. **BHARAT DYNAMICS LIMITED**

### I. System of Accounts & Book-keeping

A comprehensive Manual containing detailed accounting procedure was not in existence.

### II. Cost Control

The company did not have the system of fixing standard costs for any of its products.

### III. Credit Control

i) In most cases, the company had not obtained confirmation of outstanding balances of debtors during 1988-89.

ii) Debts outstanding for three years or more were Rs.26.15 lakhs and Rs.65.52 lakhs (Government Departments) as on 31st March 1989 and 31st March 1990 respectively.

## 12. **BHARAT EARTH MOVERS LIMITED**

### I. Cost Control

i) The company did not draw Manufacturing Account indicating the cost of production of each unit of production during 1988-89.

ii) Standard cost of main products had not been fixed. (1988-89)

### II. Inventory Control

i) The value of stores and spares not moved for 2 years or more was Rs.1,099.93 lakhs as on 31.3.1989 and Rs.772.57 lakhs as on 31.3.1990.

ii) The value of stores and spares declared surplus and awaiting disposal was Rs.742.42 lakhs as on 31.3.1989 and Rs.109.11 lakhs as on 31.3.1990 in KGF Complex.

iii) Maximum and minimum levels of stores and spares had not been fixed during 1988-89 and 1989-90.

### III. Credit Control

Debts outstanding for 3 years or more as on 31.3.1990 were Rs. 749.42 lakhs (Rs.694.38 lakhs from Government Departments and Rs. 55.04 lakhs from Others)

#### 13. **BHARAT ELECTRONICS LIMITED**

##### I. System of Accounts and Book-keeping

Bangalore Unit did not have an updated Accounting Manual (1989-90).

##### II. Cost Control

i) Standard costs of main products had not been fixed during 1988-89 and 1989-90. (Ghaziabad, Panchkula, Madras, Hyderabad and Machilipatnam)

ii) The units did not have a system of ascertaining idle time for labour or machinery during 1988-89. (Madras, Hyderabad, Taloja and Pune)

iii) No manufacturing accounts were drawn up during 1988-89. (Machilipatnam, Taloja & Pune)

##### III. Credit Control

Debts outstanding for three years or more were :-  
(Rs. in lakhs)

	1988-89	1989-90
Ghaziabad	127.00	159.00
Bangalore	231.26	285.73



#### IV. Inventory Control

i) Maximum and minimum levels were not determined during 1988-89 and 1989-90. (Panchkula, Bangalore, Machilipatnam, Ghaziabad and Kotdwara)

ii) The value of non-moving/surplus/obsolete stores was:-

(Rs in lakhs)

	1988-89	1989-90
Ghaziabad	441.96	609.94
Bangalore	102.31	1,030.86

iii) Value of stores and spares which had not moved for three years or more as on 31.3.1989 was Rs.13.01 lakhs. (Machilipatnam).

iv) Value of slow moving stores as on 31.3.1990 was Rs.760.47 lakhs (Bangalore Plant)

v) There was no regular procedure for determining unserviceable or damaged stores, raw materials or finished goods in 1988-89 (Taloja)

vi) Physical verification of inventory at regular intervals was not done during 1988-89 (Taloja)

#### 14. **BHARAT GOLD MINES LIMITED**

##### I. System of Accounts and Book-keeping

The company did not have the Accounting Manual specifying the financial powers, duties and responsibilities of the different officers (1988-89 and 1989-90).

##### II. Cost Control

i) Standard costing was not in vogue in the company during 1988-89 and 1989-90.

ii) During both the years, the cost of mining of gold was not favourable with the selling price.

iii) There were wide variations between budget estimates and actuals during 1989-90.

### III. Credit Control

Debts outstanding for more than three years were as follow:-

Year	Government Departments	Public Sector Undertakings	Others	Total
1988-89	3.76	51.46	1.15	56.37
1989-90	-	40.23	1.29	41.52

(Rupees in lakhs)

### IV. Inventory Control

i) Value of stores and spares declared surplus and unserviceable and awaiting disposal during the year was Rs.14.96 lakhs as on 31.3.1989 and Rs.13.61 lakhs as on 31.3.1990.

ii) Value of stores and spares which had not moved for three years or more was Rs.86.10 lakhs as on 31.3.1989 and Rs. 22.84 lakhs as on 31.3.1990.

### 15. **BHARAT HEAVY ELECTRICALS LIMITED**

#### I. System of Accounts & Book-keeping

(i) The manuals and other instructions laying down the detailed Accounting Procedure and specifying financial powers, duties and responsibilities of different officers were not meeting the full requirement of the division in view of the specialized operations. (BHEL -ROD New Delhi -1989-90).

(ii) The procedure laid down in the Manual and systems prescribed had not been followed in certain areas resulting in rectifications of the entries made during 1989-90 (Ramachandrapuram Unit, Hyderabad).

(iii) The system of linking collections from customers with the debtors accounts needed to be streamlined. (Ramachandrapuram Unit, Hyderabad 1989-90).

(iv) Procedure for physical verification of fixed assets needed to be effectively implemented ( R & D Division, Hyderabad- 1989-90).

(v) Price variation claims had been calculated with the available indices instead of the applicable indices during 1988-89 and 1989-90. (Ramachandrapuram Unit, Hyderabad)

## II. Internal Control

i) Internal audit system was not commensurate with the size and nature of business and required to be strengthened during 1988-89 and 1989-90. (Ramachandrapuram, R&D Division, Hyderabad, R&D, New Delhi and Corporate Office).

ii) Internal audit was not conducted during 1988-89. (Construction Management, Muzafarpur Project)

## III. Cost Control

i) Cost records were not maintained in the Units during 1988-89 (Rudrapur (Nainital) Unit, HERP Banaras)

ii) Standard costs had not been fixed during 1988-89 and 1989-90. (Electro Porcelains Division Bangalore, IVP Goindwal, Ramachandrapuram Units and Rudra pur (Nainital)).

iii) Demurrage charges amounting to Rs.17.64 lakhs in the case of HEEP, Hardwar Unit, Rs.12.74 lakhs in respect of HPBP, Trichy during 1988-89 and Rs.5.87 lakhs and Rs. 20.68 lakhs during 1988-89 and 1989-90 respectively in Ramachandrapuram Unit and Rs. 117.48 lakhs during 1989-90 were paid in R & D New Delhi.

iv) Norms were not fixed for consumption of raw materials and for rejections during 1988-89. (CFFP, Hardwar)

v) There was no system of ascertaining idle time for labour during 1988-89 and 1989-90. (CFFP, Hardwar, Electro Porcelains Division, Bangalore and IVP Goindwal).

#### IV. Credit Control

Debts outstanding for more than three years from Government Departments and others were as follows:-

(Rupees in lakhs)

Name of the Divn. Government Departments	1988-89		1989-90	
	1988-89	1989-90	1988-89	1989-90
1. High Pressure Trichy.	N.A.	3,476.19 Boiler	14.49	7.91 Plant,
2. Electro porcelains Division, Bangalore.	N.A.	77.35	43.73	41.73
3. Power Sector Southern Region, Madras.	N.A.	214.43	16.84	21.33
4. Industrial System Group, Bangalore.	N.A.	6.92	349.61	347.47
5. Bhopal Unit.	-	1,147.05	-	57.70
6. Ramachandrapuram Unit, Hyderabad.	N.A.	1,389.50	540.20	617.40
7. Electronics Division Bangalore.	-	154.87	-	0.69
8. Heavy Electrical Equipment Plant, Hardwar.	N.A.	2,788.55	25.39	23.02
9. Power Sector, Eastern Region.	-	87.70	-	-
10. Power Sector, Northern Region.	N.A.	129.82	98.64	31.61
11. I.V.P. Goindwal	N.A.	53.56	21.47	6.29
12. Jhansi Division	-	124.04	-	58.15
13. Insulator Plant Jagdishpur.	-	39.75	-	-
14. CFP, Rudrapur (Nainital)	-	39.48	-	-
15. Power Group Commercial and Engineering Division.	-	430.37	21.80	-

#### V. Inventory Control

i) The stock of raw materials, components, stores and spares etc. possessed by the Division on behalf of other units was not physically verified by the Management during 1988-89 (ROD, New Delhi).

ii) Maximum and minimum levels of stores and spares holdings were not fixed during both the years (PG (WR) Baroda, Rudrapur (Nainital) Unit, HERP Banaras, IVP Goindwal Unit and Insulator Plant, Jagdishpur).

iii) Surplus stores awaiting disposal at the end of March 1989 and 1990 amounted to Rs.425.13 lakhs and Rs.375.29 lakhs respectively at Ramachandrapuram Unit, Rs.295.68 lakhs and Rs.311.19 lakhs respectively at HPBP Trichurapalli, Rs.37.71 lakhs at Electronic Division, Bangalore and Rs.417.72 lakhs at HEEP, Hardwar Unit as on 31.3.1989.

iv) Value of stores and spares which had not moved for 3 years or more was Rs.219.06 lakhs and Rs.203.49 lakhs as on 31.3.1989 and 31.3.1990 respectively in respect of HPBP Trichurapalli, Rs.684.33 lakhs in respect of HEEP, Hardwar as on 31.3.1989, Rs.51.42 lakhs and Rs.56.67 lakhs as on 31.3.1989 and 31.3.1990 respectively in respect of CFFP, Hardwar and Rs.46.27 lakhs as on 31.3.1989 in respect of BAP, Ranipet.

#### VI. General

i) Two items of Plant and Machinery valued at Rs.21.42 lakhs remained idle for more than 3 months and were declared surplus during 1988-89 (Electronics Division, Bangalore)

ii) Plant & Machinery valued at Rs.59.70 lakhs and Rs.29.17 lakhs was not installed and commissioned in Electronics Division and ISG Division, Bangalore respectively upto March 1989.

#### 16. BHARAT HEAVY PLATES AND VESSELS LIMITED

##### I. Inventory Control

The value of stores and spares not moved for two years or more was Rs.411.25 lakhs and Rs.157.13 lakhs as on 31st March 1989 and 31st March 1990 respectively.

## II. Credit Control.

Debts outstanding for 3 years or more as on 31st March 1990 were Rs.100.63 lakhs ( Rs.94.94 lakhs from Government Departments and Rs.5.69 lakhs from Others).

## III. General

No proforma accounts were maintained in respect of the service units during 1988-89 and 1989-90.

### 17. BHARAT LEATHER CORPORATION LIMITED

#### I. System of Accounts & Book-keeping

i) No Accounting Manual had been prepared by the company (1988-89 and 1989-90).

#### II. Internal Control

i) There was no Internal Audit Manual outlining the scope and programme of work of internal audit (1988-89).

ii) Purchase procedure of the company did not provide for calling of open tenders in any class of cases (1988-89).

iii) No records were kept for realisable scrap during 1989-90 at PSL factory, Agra.

#### III. Cost Control

i) The company did not prepare cost records (1988-89).

ii) No standard cost of various main products had been fixed (1988-89 and 1989-90).

iii) The company had no system of ascertaining idle time for labour and machinery during both the years.

#### IV. Budget Estimates

There were wide variations between the budget estimates and the actuals during 1988-89.

V. Credit Control

i) Debts outstanding for more than three years amounted to Rs.7.96 lakhs as on 31.3.1989 and Rs. 14.40 lakhs as on 31.3.1990.

ii) Confirmation was not obtained from most of the outstanding debtors during 1989-90.

VI. Inventory Control

The company did not maintain any maximum and minimum levels of stores during 1988-89 and 1989-90.

18. **BHARAT OPHTHALMIC GLASS LIMITED**

I. System of Accounts & Book-keeping

There was no Manual laying down the detailed accounting procedure (1988-89 and 1989-90).

II. Internal Control.

No Manual for internal audit had been drawn up, so far (31.3.1990).

III. Cost Control

i) No record was maintained for determining the rejection in production in different stages of processes during 1988-89.

ii) The company did not prepare any accounts indicating the cost of each unit of its major products during 1988-89.

iii) Standard costs of various main products had not been fixed during 1988-89.

iv) There was no system of ascertaining idle time for labour and machinery during 1988-89. All the machines in optical department had remained idle for a long time.

IV. Credit Control

Debts to the extent of Rs.109.33 lakhs were outstanding (Rs.10.37 lakhs from Government Departments and Rs.98.96 lakhs from others) for more than three years as on 31.3.1989.

V. Inventory Control

No maximum and minimum levels of stores and spares had been fixed during 1988-89 and 1989-90.

19. **BHARAT PETROLEUM CORPORATION LIMITED**

Following points were noticed from the reports of the Statutory Auditors for 1988-89:-

I. Credit Control

Debts outstanding for more than 3 years amounted to Rs.8.70 lakhs and Rs.6.65 lakhs against Government Departments and others respectively.

II. Inventory Control

Value of stores and spares not moved for the last three years amounted to Rs.634.49 lakhs.

20. **BHARAT PROCESS AND MECHANICAL ENGINEERS LIMITED**

I. Internal Control

i) Internal audit of Head Office and branches at Bombay, Madras, Delhi and Kanpur was not conducted during 1988-89 and 1989-90.

ii) Internal audit system was not commensurate with the size and nature of business of the Company. (1989-90).

II. Inventory Control

i) Capital work-in-progress amounting to Rs.6.06 lakhs had been lying idle in the same condition for over five years as on 31st March 1990.

ii) Surplus and obsolete stores awaiting disposal amounted to Rs.3.55 lakhs as on 31.3.1990.

iii) Maximum and minimum levels of any item of inventory had not been fixed during 1988-89 and 1989-90.



### III. Credit Control

Debts outstanding against other than Government Departments amounted to Rs.18.45 lakhs as on 31st March 1989.

#### 21. **BHARAT REFRACTORIES LIMITED**

##### I. System of Accounts & Book-keeping

The system of reconciliation of books by taking periodical trial balances, reconciliation of bank accounts, central accounts and subsidiary accounts was not followed in most of the units of the company during 1988-89.

##### II. Cost Control

i) There was no proper system of determining the cost of different items manufactured.

ii) Selling prices were not generally favourable as compared to the cost of production during 1988-89 and 1989-90.

iii) Actual production of silica bricks and fireclay bricks was much less than the rated capacity during 1988-89.

iv) Norms for the consumption of raw materials for manufacture of major products had not been fixed. (1989-90)

##### III. Inventory Control

i) Surplus/unserviceable stores of different plants were not determined during 1988-89.

ii) The company had not consistently followed perpetual system of physical verification of stores and spares in all plants during 1988-89.

iii) Stores and spares valuing Rs. 4.20 lakhs had not moved for 3 years or more as on 31st March 1990.

IV. Credit Control

i) Confirmation of balances of sundry debtors had not been obtained during 1989-90.

ii) Debts amounting to Rs. 47.14 lakhs were outstanding for 3 years or more as on 31st March 1990.

V. General

Proforma accounts in respect of the operations of service units were not maintained during 1989-90.

22. **BHARAT WAGON & ENGINEERING COMPANY LIMITED**

I. System of Accounts & Book-keeping

There was no Accounting Manual laying down the detailed accounting procedure.

II. Cost Control

i) Standard cost for any of the products had not been fixed during both the years.

ii) There was no system of ascertaining idle time for labour and machinery. (1988-89 and 1989-90)

iii) No record was maintained for determining the rejection in production during 1989-90.

III. Inventory Control

i) Maximum and minimum levels for stores had not been fixed during both the years.

ii) The value of stores not moved for five years or more was Rs.16.35 lakhs as on 31st March 1990.

IV. Credit Control

There was no system of obtaining confirmation of balances of Sundry debtors, Sundry creditors and Loans and advances. (1988-89)

23. **BIECCO LAWRIE LIMITED**

I. System of Accounts & Book-keeping

There was no Manual laying down the detailed accounting procedure (1988-89 and 1989-90).

II. Internal Control

The company had not drawn up any Manual outlining the scope and programme for internal audit so far (31st March 1990).

III. Cost Control

i) There was no system of ascertaining idle time for machinery during 1988-89.

ii) Idle wages of Rs.14.73 lakhs were paid during 1988-89 in Mayurbhanj factory.

IV. Credit Control

Debts to the extent of Rs.22.61 lakhs (Rs.20.98 lakhs from Government Departments and Rs.1.63 lakhs from others) were outstanding for more than three years as on 31.3.1989.

V. General

The norms or standards in respect of manpower requirement had not been fixed by the management during 1988-89.

24. **BIRD JUTE AND EXPORTS LIMITED**

I. System of Accounts and Book-keeping

There was no Accounting Manual.

II. Cost Control

There was no uniform costing system during 1988-89 and 1989-90.

III. Inventory Control

Maximum and minimum levels of stores and spares had not been fixed.(1988-89 and 1989-90).

IV. Credit Control

Debts were not pursued regularly (1989-90).

25. **BONGAIGAON REFINERY & PETROCHEMICALS LIMITED**

I. System of Accounts & Book-keeping

There was no Accounting Manual.

II. Internal Control.

The coverage of internal audit was not commensurate with the size and nature of its business during 1989-90.

III. Inventory Control

i) The value of surplus stores awaiting disposal at the end of 1988-89 was Rs.2.40 crores.

ii) Maximum and minimum levels of stores and spares had not been fixed during 1988-89 and 1989-90.

iii) Value of stores and spares which did not move for more than three years was Rs.6.14 crores as on 31.3.1989 and Rs. 11.65 crores as on 31.3.1990.

iv) Physical verification of stores and spares was not conducted during 1989-90.

26. **BRIDGE AND ROOF COMPANY (INDIA) LIMITED**

I. System of Accounts & Book-keeping

The company was neither preparing periodical trial balances nor doing reconciliation of control accounts with subsidiary ledgers during 1988-89 and 1989-90.

II. Targets of Production

The company had not fixed any norms for its construction jobs during 1988-89.

III. Cost Control

1) The company did not maintain any records for determining rejections in production during 1988-89.

ii) The company had no system of standard costing for any of its products during 1988-89 and 1989-90.

iii) The company had no system of maintaining any records to ascertain idle time for labour during 1988-89.

IV. Credit Control

Debts to the extent of Rs.229.06 lakhs (Rs.227.94 lakhs from Government Departments and Rs.1.12 lakhs from Private parties) were outstanding for more than three years as on 31.3.1989.

V. General

The company had not fixed any norms for manpower requirements either for its Howrah Factory or for any of its sites during 1988-89.

27. **BRAITHWAITE BURN & JESSOP CONSTRUCTION COMPANY LIMITED**

I. System of Accounts & Book-keeping

The company did not have any Accounting Manual laying down detailed accounting procedure and specifying the financial powers, duties and responsibilities of different officers (1988-89 and 1989-90).

II. Internal Control

i) No Manual outlining the scope and programme of work for internal audit had been drawn up. (31st March 1990).

ii) The company did not have any procedure for purchases and there was no specific system of scrutinising tenders (1988-89).

III. Cost Control

There was no system of ascertaining idle time for labour and machinery during 1988-89.

#### IV. Credit Control

Debts to the extent of Rs.11.36 lakhs were outstanding (Rs.10.52 lakhs from Government Departments and Rs.0.84 lakhs from others) for more than three years as on 31.3.1989.

#### V) Inventory Control

i) Maximum and minimum levels of stores had not been fixed during 1988-89 and 1989-90.

ii) Stores and spares valuing Rs.8.95 lakhs had not moved for more than three years as on 31.3.1989.

#### VI. General

Norms for manpower requirements had not been fixed.(1988-89)

#### 28. **BRAITHWAITE & COMPANY LIMITED**

##### I. System of Accounts & Book-keeping

i) There was no comprehensive Accounting Manual incorporating accounting instructions issued from time to time (1988-89 and 1989-90).

ii) The system of ascertaining idle time for labour and machinery was not adequate during 1989-90.

#### 29. **BRUSHWARE LIMITED, KANPUR**

##### I. Internal Control

There was no Internal Audit Manual.(1988-89)

##### II. Cost Control

There was no system for ascertaining idle time for machinery during 1988-89.

#### 30. **BURN STANDARD & COMPANY LIMITED**

##### I. System of Accounts & Book-keeping

The company did not have any Accounting Manual (1988-89 and 1989-90).

II. Internal Control

- i) There was no Internal Audit Manual (1989-90).
- ii) The company did not have a system of physical verification of work-in-progress during 1988-89.
- iii) In Refractory Units, the rejected bricks, wherever reused as Grog, were not recorded properly to exercise control over consumption during 1988-89.
- iv) The company did not have any regular system of recording idle time for labour and machinery during 1988-89.

III. Credit Control

Debts outstanding for 3 years or more from private parties were Rs.138.60 lakhs as on 31.3.1989.

IV. Inventory Control

- i) The company did not have any regular system of determining unserviceable, damaged and surplus stores and raw materials. (1988-89 and 1989-90).
- ii) The company had not determined the maximum and minimum levels of stock during 1988-89 and 1989-90.

31. **CAWNPORE TEXTILE LIMITED**

I. System of Accounts & Book-keeping

There was no Accounting Manual.

II. Internal Control

There was no Internal Audit Manual.

III. Cost Control

The cost of sale was on higher side as compared to selling price during 1988-89.

#### IV. General

No proforma accounts were maintained in respect of the operation of the service units run for the benefit of the staff during 1988-89 and 1989-90.

#### 32. CEMENT CORPORATION OF INDIA LIMITED

Following points were noticed from the Report of the auditors for 1988-89 :-

##### I. Credit Control

i) Confirmation of debts from the debtors had not been called for. (Mandhar Unit)

ii) Debts outstanding for more than three years amounted to Rs.53.04 lakhs (Rs.18.57 lakhs from Government Departments/Undertakings and Rs.34.47 lakhs from others).

##### II. Cost Control

There was no system of ascertaining idle time for labour and machinery. (Rajban & Nayagaon Units)

##### III. Inventory Control

i) Stores and spares valuing Rs.51.65 lakhs had not moved for over three years. (Rajban Unit)

ii) MS Rail Plates valuing Rs.68 lakhs had not moved for three years. (Nayagaon Unit)

iii) Maximum and minimum levels of stores and spares had not been fixed except for lubricants, oils, etc. in the case of Rajban Unit.

iv) Maximum and minimum levels of stores & spares had not been fixed. (Nayagaon Unit)

##### IV. General

Amount of demurrage charges paid during 1988-89 was Rs.21.37 lakhs. (Mandhar - Rs.7.18 lakhs and Akaltara - Rs.14.19 lakhs)



33. **CENTRAL COALFIELDS LIMITED**

I. System of Accounts & Book-keeping

There was no Accounting Manual laying down the detailed accounting procedure, duties and responsibilities of different officers of the company.

II. Cost Control

i) Standard cost of the products had not been fixed during 1988-89 and 1989-90.

ii) There was no system of ascertaining idle time for labour during 1988-89 and 1989-90 (Calcutta).

iii) Demurrage charges amounting to Rs.2.35 crores and Rs. 1.85 crores were paid during 1988-89 and 1989-90 respectively.

III. Credit Control

Debts outstanding for 3 years or more amounted to Rs.33.89 crores (Rs.32.03 crores from Government Departments and Rs.1.86 crores from others) as on 31.3.1989 and Rs. 41.58 crores (Rs. 37.84 crores from Government Departments and Rs.3.74 crores from Others) as on 31.3.1990.

IV. Inventory Control

i) There was no proper system to ensure that stores in excess of reasonable requirements had not accumulated (1988-89).

ii) There was no regular procedure for determining unserviceable stores during 1988-89 and 1989-90.

iii) Obsolete stores amounted to Rs.10.05 crores at the end of 1989-90.

iv) Maximum and minimum levels of stores/spares had not been fixed during 1988-89 and 1989-90.

34 **CENTRAL COTTAGE INDUSTRIES CORPORATION OF INDIA LIMITED**

I. System of Accounts & Book-keeping

There was no Accounting Manual in operation in Bombay Branch during 1988-89 and 1989-90.

II. Internal Control

The system of internal control needed to be strengthened in certain areas. (1988-89 and 1989-90).

III. Inventory Control

Proper store records were not maintained during 1989-90 (Bombay Branch).

35. **CENTRAL ELECTRONICS LIMITED**

I. Credit Control

Debts outstanding for more than three years amounted to Rs.13.92 lakhs (Rs.9.82 lakhs from Government Departments and Rs.4.10 lakhs from others) as on 31.3.1989.

II. Cost Control

There was no costing system during 1988-89.

III. Inventory Control

The company was not following the system of fixing maximum levels of stores and spares (1988-89).

36. **CENTRAL INLAND WATER TRANSPORT CORPORATION LIMITED.**

I. System of Accounts and Book-keeping.

The company did not have effective system of reconciliation of the books by taking out periodical trial balances. (1989-90).

II. Cost Control.

The company had no system of fixing standard cost of its products. (1989-90).

### III. Inventory Control.

Maximum and minimum levels of stores and spares had not been fixed during 1989-90.

### IV. General.

No proforma accounts were maintained in respect of operation of service units during 1989-90.

### 37. **CENTRAL MINE PLANNING AND DESIGN INSTITUTE LIMITED.**

#### I. System of Accounts and Book-keeping.

There was no system of allocation of consumption of stores between indigenous and imported stores/materials during 1989-90.

#### II. Credit Control.

i) Realisation of debts needed to be pursued vigorously.

ii) Debts amounting to Rs. 23.43 lakhs were outstanding as on 31.3.1990 against Government Departments for 3 years or more.

#### III. Inventory Control.

i) There was no regular procedure for determination of surplus and unserviceable stores during 1989-90.

ii) Maximum and minimum levels of stores/spares holding had not been fixed for any class of items of stores during 1989-90.

iii) Surplus/unserviceable stores as on 31.3.1990 amounted to Rs.13.65 lakhs.

iv) The purchase procedure did not ensure that stores in excess of the reasonable requirements of maintenance were not accumulated. (1989-90).

v) The value of stores and spares which had not moved for 3 years or more was not available as on 31.3.1990.

38. **CHANDIGARH CHILD & WOMAN DEVELOPMENT CORPORATION LIMITED**

I. Internal Control

There was no budgetary control system. (1988-89).

II. Inventory Control

Maximum and minimum levels had not been fixed for stores and spares during 1988-89.

39. **CHANDIGARH SCHEDULED CASTES FINANCIAL DEVELOPMENT CORPORATION LIMITED**

I. Internal Control.

There was no manual outlining the scope and programme of work for the internal audit. (1989-90).

40. **CMC LIMITED**

I. System of Accounts & Book-keeping

There was no Accounting Manual.

II. Internal Control

i) Internal Audit system needed to be strengthened so as to make it commensurate with the size and nature of business of the Company. (1988-89 and 1989-90).

ii) Internal Audit was not conducted during 1988-89 due to manpower constraints.

III. Credit Control

Debts outstanding for more than three years amounted to Rs 480.35 lakhs (Rs.368.70 lakhs from Government Departments and Rs.111.65 lakhs from others) as on 31.3.1989 and Rs. 89.39 lakhs (Rs. 54.62 lakhs from Government Departments and Rs. 34.77 lakhs from Others) as on 31.3.1990.

#### IV. Inventory Control

i) Stores valuing Rs.42.39 lakhs (1988-89); Rs.98.73 lakhs (1987-88) and Rs.66.87 lakhs (1986-87) which were declared surplus/obsolete, were not disposed off.

ii) The value of stores and spares not moved for 3 years or more was Rs. 70.01 lakhs as on 31st March 1990.

#### 41. COAL INDIA LIMITED

##### I. Cost Control

i) Standard cost of the products had not been fixed during 1989-90.

ii) There was no Standard Costing System in operation (1988-89).

##### II. Inventory Control

i) Fixed Assets Register was not maintained during 1988-89 and 1989-90. (Patna and Calcutta RSM)

ii) Value of stores and spares not moved for 3 years or more was Rs. 1.18 lakhs as on 31.3.1990.

iii) Disposal action in respect of damaged/unserviceable stores was often delayed during 1988-89.

iv) 115 mts. long gate chain conveyor type STL-62 received in July 1985 (valuing Rs.10.70 lakhs) had been lying idle as on 31.3.1990.

v) Shortage of 698.33 MT of coal was found as compared to book balance in NBQ Stockyard of NEC during 1989-90.

##### III. Credit Control

Debts outstanding for 3 years or more amounted to Rs. 50.29 lakhs (Rs. 47.55 lakhs from Government Departments and Rs. 2.74 lakhs from Others) as on 31.3.1990.

42. COCHIN REFINERIES LIMITED

I. Internal Control

Some of the important points raised in Internal Audit were pending for action as on 31.3.1989.

II. Cost Control

i) The company did not have a costing system and hence standard cost of various products had not been fixed (1988-89 and 1989-90).

ii) There was no system of ascertaining idle time for labour (1989-90).

iii) No norms were fixed for consumption of raw materials during 1988-89.

iv) Four HMT machines costing about Rs.29.84 lakhs and overhead electric crane valuing Rs.5.67 lakhs were not properly put to use upto 31.3.1989.

III. Inventory Control

Stores and spares not moved for 5 years or more amounted to Rs.156.98 lakhs as on 31.3.1989.

43. COCHIN SHIPYARD LIMITED

I. Internal Control

The Accounting Manual and Internal Audit Manual were required to be updated so as to ensure the effectiveness of the systems (1988-89 and 1989-90).

II. Inventory Control

Value of non-moving stores for more than 3 years was Rs.241.13 lakhs as on 31.3.1990.

III. Cost Control

i) Norms for consumption of raw materials for manufacturing of major products had not been fixed during 1989-90.

ii) Machines valuing more than Rs. 18.05 lakhs remained idle from April 1989 to March 1990.

IV. General

Manpower employed was more than the norms envisaged in the Project Report during 1989-90.

V. Credit Control

The debts outstanding for more than 3 years from parties other than Government Departments amounted to Rs.109.20 lakhs as on 31.3.1989.

44. **COTTON CORPORATION OF INDIA LIMITED**

I. Credit Control

Debts outstanding for three years or more were as under:

(Rs. in lakhs)

	1988-89	1989-90
Government Departments.	103.33	247.54
Others.	<u>230.28</u>	<u>253.43</u>
Total.	<u>333.61</u>	<u>500.97</u>

45. **CYCLE CORPORATION OF INDIA LIMITED**

I. System of Accounts & Book-keeping

There was no Manual laying down instructions and detailed accounting procedure, specifying the financial powers, duties and responsibilities of officers.(1988-89 and 1989-90)

II. Cost Control

The company did not monitor idle time of its machines and labour.during 1988-89 and 1989-90.

III. Inventory Control

The company did not have any system of ascertaining surplus stores during 1988-89 and 1989-90.

46. **DREDGING CORPORATION OF INDIA LIMITED**

I. Credit Control

Debts outstanding for 3 years or more as on 31st March, 1990 were Rs. 76 lakhs from Government Departments.

II. Inventory Control

The value of spares not moved for more than three years was Rs. 25.76 lakhs as on 31st March, 1990.

47. **DELHI STATE MINERALS DEVELOPMENT CORPORATION LIMITED**

I. System of Accounts & Book-keeping

i) No Manual laying down accounting procedure had been drawn up.

ii) The records had not been reconciled with financial books during 1988-89.

II. Internal Control

i) There was no Internal Audit Manual.

ii) No budgets were prepared for capital, revenue, production and sales during 1988-89.

III. Cost Control

Procedure for relating sales price with cost of production had not been established (1988-89).

IV. Inventory Control

Maximum and minimum levels of stores had not been fixed during 1989-90.

V. General

Separate accounts were not maintained in respect of facilities provided to the staff(1989-90).



48. DELHI STATE INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

I. System of Accounts & Book-keeping

i) There was no Accounting Manual.

ii) In the absence of proper records, the corporation had not done ageing, classification of sundry debtors/loans and advances during 1988-89 and 1989-90.

iii) Full credit had been taken for disputed income from rent of industrial sheds during 1988-89.

iv) The corporation did not maintain proper subsidiary records, Fixed Assets Register, reconciliation with physical verification records of the assets during 1988-89 and 1989-90.

v) Balances of Bank Accounts stated to be non-operative were unconfirmed during 1988-89.

vi) The corporation had not maintained proper and adequate records to show full particulars including quantitative details and location of its fixed assets during 1988-89 and 1989-90.

vii) In the case of construction activities of the corporation, no reasonable system of recording receipt, issue and consumption of material and stores existed during 1988-89.

viii) There was no uniform system of authorisation at appropriate levels with necessary control on issues and allocation of stores and labour to different jobs during 1988-89.

II. Internal Control

i) The corporation had neither internal audit system nor had drawn up any Manual outlining the scope and programme of work for internal audit.

ii) The procedure for recovery of charges for materials issued in respect of construction activities appeared to be inadequate during 1988-89.

I. System of Accounts & Book-keeping

No Accounting Manual, detailing accounting procedure and specifying the financial powers, duties and responsibilities of different officers had been prepared.

II. Internal Control

i) There was neither Internal Audit Manual nor internal audit system in the company.

ii) There was no Purchase Manual.

51. **ELECTRONICS CORPORATION OF INDIA LIMITED**

I. System of Accounts & Book-keeping

There was no Accounting Manual, detailing accounting procedure and specifying the financial powers, duties and responsibilities of different officers.

II. Internal Control.

The internal Audit Manual needed to be updated (1989-90).

III. Cost Control

i) Standard norms in respect of consumption of major raw materials for manufacture of major products had not been fixed (1988-89 and 1989-90).

ii) Standard costs of different main products had not been fixed during 1988-89 and 1989-90.

iii) The company had no system for ascertainment of idle time for machinery during both the years.

IV. Credit Control.

Debts outstanding for 3 years or more as on 31st March 1990 were Rs. 87 lakhs (Rs. 80 lakhs from Government Departments and Rs.7 lakhs from Others).

52. ELECTRONICS TRADE & TECHNOLOGY DEVELOPMENT CORPORATION LIMITED

I. System of Accounts & Book-keeping

i) There was no Manual, laying down the detailed accounting procedure and specifying the financial powers, duties and responsibilities of different officers (1988-89 and 1989-90).

ii) The following deficiencies for the purpose of audit in depth were noticed during 1988-89 and 1989-90 :-

a) Sales were not reconciled quantitatively (Delhi Offices).

b) Materials issued to contractor and lying with them were not checked (Bombay).

c) Fixed assets were not checked quantitatively and financially during 1988-89.

d) Inter-regional transfers were not vouchsafed during 1988-89.

e) Scanning of sundry debtors' accounts was not complete (Bombay).

f) Sales tax recoveries and details could not be checked (1988-89).

g) Insurance claims settled and pending could not be fully checked.

h) No control had been exercised in respect of salvaged goods (1988-89).

i) Plant/property register maintained by the company did not reflect the assets installed at the residential buildings (1988-89).

II. Internal Control

i) There was no Manual, outlining the scope and programme of work for internal audit. (1988-89 and 1989-90) (Delhi).

ii) None of the branches had submitted compliance reports in respect of internal audit reports during 1988-89.

iii) Internal audit need to be further strengthened (1989-90).

### III. Inventory Control

i) Maximum, minimum and reordering levels of stores and spares had not been fixed by Delhi Office (1989-90).

ii) Slow-moving stores were not determined by Delhi Office during 1989-90.

### IV. Credit Control

i) Confirmation had not been obtained for an amount of Rs.4.82 crores due from the Department of Electronics during 1988-89.

ii) Debts amounting to Rs.289.91 lakhs (Rs.263.01 lakhs against Government Departments and Rs.26.90 lakhs against other parties) as on 31.3.1989 and Rs.328.38 lakhs (Rs.268.41 lakhs from Government Departments and Rs.59.97 lakhs from others) as on 31.3.1990 were outstanding for three years or more.

### IV. General

i) Norms had not been fixed for the manpower during 1988-89.

ii) Demurrage charges of Rs.7.04 lakhs were paid during 1988-89 at Delhi office.

## 53. **ENGINEERING PROJECTS (INDIA) LIMITED**

### I. System of Accounts & Book-keeping

i) Supporting vouchers were kept by the office which made payments and not by the office where they were accounted for in certain projects during 1988-89.

ii) Quantitative records of loose tools, stores & spares charged directly to the project cost were not available at HQrs. where accounting for the same was done during 1988-89.

iii) Contract completion Certificate had not been obtained from the clients in the case of closed contracts during 1988-89.

iv) Entries for insurance claims lodged with the insurance companies had been passed on receipt basis during 1988-89.

v) There was considerable scope for improving the system of reconciling the books of accounts. In case of projects, neither trial balances were struck nor bank reconciliation was made at regular intervals during 1988-89.

## II. Internal Control

There was considerable scope for improvement in the execution of internal audit, finalisation of internal audit reports and follow up action thereon to make the internal audit more effective. (1988-89 and 1989-90).

## III. Cost Control

The company had no system of ascertaining idle time for labour and machinery. (1988-89 and 1989-90).

## IV. Credit Control

Debts amounting to Rs.1,389.23 lakhs (Government Departments -Rs.110 lakhs and others-Rs.1,279.23 lakhs) as on 31.3.1989 and Rs.2,754.78 lakhs (Government Departments - Rs.162.19 lakhs and others - Rs.2,592.59 lakhs) as on 31.3.1990 remained outstanding for 3 years or more.

## V. Inventory Control

The programme of physical verification required to be implemented more systematically (1988-89).

## 54. **ENGINEERS INDIA LIMITED**

### Credit Control

Debts outstanding for 3 years or more as on 31.3.1989 amounted to Rs.215.51 lakhs (Government Departments - Rs.172.45 lakhs and others Rs.43.06 lakhs).

55. **EXPORT CREDIT GUARANTEE CORPORATION OF INDIA LIMITED**

I. Internal Control

i) Internal audit was not conducted during 1989-90. (Coimbatore Branch).

ii) Internal audit system needed to be strengthened considering the scope and size of business of Madras Regional Office. (1989-90).

II. Credit Control

Debts outstanding for more than 3 years were Rs.28 lakhs as on 31st March 1990 in Coimbatore Branch and Rs.417 lakhs in Madras Regional Office.

III. Budget Estimates

There were wide variations between budget estimates and actuals in respect of revenue expenditure and net loss during 1988-89. (Head Office & Bombay Office)

56. **FERTILIZERS & CHEMICALS TRAVANCORE LIMITED**

I. Credit Control

Debts outstanding for more than 3 years as on 31.3.1989 from parties other than Government Departments was Rs.40.29 lakhs.

II. Inventory Control

The value of stores and spares which had not moved for three years or more amounted to Rs.1,538.82 lakhs as on 31.3.1989.

57. **FERRO SCRAP NIGAM LIMITED**

I. Budget Estimates

There were wide variations between budget estimates and actuals during 1988-89. (Operating cost and Capital assets).

II. Credit Control

Confirmation of balances from debtors had not been obtained during 1988-89.

58. GARDEN REACH SHIPBUILDERS & ENGINEERS LIMITED

I. Internal Control

i) Accounting and Internal Audit Manuals had not been updated. (31st March 1990).

ii) Records were not maintained for scrap available for sale during 1988-89. (Ranchi Unit)

ii) No stock register for scrap and wastage was kept and the generation was shown only at the time of finalisation of sales during 1988-89. (Ranchi Unit)

II. Cost Control

i) The records for determining rejections in production had not been maintained for main products of the company during 1988-89.

ii) The company had no system of fixing up the standard cost of its various main products like ship building, ship repair, cranes, diesel engines, deck machinery, conveyors, mine haulages and for general engineering during 1988-89 and 1989-90.

iii) The actual idle time for labour and machinery was 3.07 lakh hours and 2.05 lakh hours respectively during 1988-89.

III. Inventory Control

i) The value of stores declared surplus and awaiting disposal as on 31.3.1989 amounted to Rs.3.96 lakhs.

ii) Value of stores not moved for more than 3 years as on 31.3.1989 was Rs.20.71 lakhs (Net after provision of 50%). (Ranchi Unit)

iii) Maximum and minimum levels of stores and spares had not been fixed during both the years. (Ranchi Unit)

IV. Credit Control

i) Debts to the extent of Rs.615.48 lakhs (Rs.571.35 lakhs from Government Departments and Rs.44.13 lakhs from others) were outstanding for more than 3 to 6 years as on 31.3.1989.

59. **GAS AUTHORITY OF INDIA LIMITED**

I. System of Accounts & Book-keeping

There was no Manual or other instructions laying down the detailed accounting procedure. (1988-89).

II. Inventory Control

Maximum and minimum levels of stores and spares had not been fixed. (1988-89)

60. **GOA MEAT COMPLEX LIMITED**

Internal Control

There was no internal audit system in vogue in the company during 1988-89.

61. **GOA SHIPYARD LIMITED**

Credit Control

Debts outstanding for 3 years or more amounted to Rs.43.64 lakhs (Rs.11.18 lakhs from Government Departments and Undertakings and Rs.32.46 lakhs from others) as on 31st March 1989 and Rs.132.70 lakhs (Rs. 98.19 lakhs from Government Departments and Rs.34.51 lakhs from others) as on 31.3.1990.

62. **HANDICRAFTS & HANDLOOMS EXPORT CORPORATION OF INDIA LIMITED**

I. System of Accounts & Book-keeping

Following deficiencies were noticed during 1988-89:-

i) There was no Accounting Manual except for foreign offices.

ii) Confirmation of stock transfer between Indian offices was not received in time.



iii) Credit-worthiness reports of the buyers of foreign offices were not available at Head Office.

iv) Stock registers in respect of stocks at foreign offices where major stocks were held were not available at Head Office.

v) Fixed Assets Register did not show the location, date of purchase, depreciation charges, written down value etc. in respect of all the assets held. (New Delhi Branch)

vi) Dead stock register was not kept at NOIDA to control the receipt, issue etc. of the assets and their accountal at the time of physical verifications.

vii) Proper records showing full particulars and quantitative details of fixed assets were not maintained. (Calcutta Branch)

## II. Credit Control

Debts amounting to Rs.227.38 lakhs were outstanding against parties other than Government Departments for 3 years or more (New Delhi Branch and Madras Branch) as on 31.3.1989 and Rs.34.52 lakhs as on 31.3.1990 (Madras and Calcutta Branch).

## III. Internal Control

i) Following points raised by Internal Auditors of Bombay Branch during 1988-89 had not been fully attended to:

a) Several damaged items of fixed assets were not written off.

b) There was no follow up of sundry debtors for long time.

c) There was no follow up of cash incentive receivable in previous years.

d) Goods given to Fabricators had been classified under "Advances recoverable in cash".

ii) Following deficiencies in the system of internal control were noticed during 1988-89:- (New Delhi Branch)

a) Daily receipt vouchers and Daily issue vouchers were not prepared on actual movement of stocks.

b) In a number of cases, purchase orders were issued after receipt of goods from suppliers and goods were purchased without inviting quotations from parties.

iii) There was no purchase procedure for calling of open tenders. (Bombay Branch - 1988-89).

iv) Internal audit was not conducted during 1989-90. (Calcutta Branch).

v) Internal audit system needed to be strengthened keeping in view the size and nature of business of Madras Branch. (1989-90).

### III. Inventory Control

i) Physical verification was not conducted at regular intervals during 1988-89. (Calcutta Branch)

ii) Maximum and minimum levels of stock had not been fixed for any item of store during 1988-89 and 1989-90. (Calcutta Branch)

iii) Goods physically received in stores were not taken into stock records till invoices/bills were received from the suppliers. Registers were not maintained for such goods lying in stores during 1988-89. (New Delhi Branch)

### V. General

Norms for manpower requirement were not fixed during 1988-89. (Madras Branch)

## 63. **HEAVY ENGINEERING CORPORATION LIMITED**

### I. System of Accounts & Book-keeping

i) Registers were not maintained in respect of moveable fixed assets like laboratory/factory /office equipments, air conditioners, furniture, etc. during 1988-89 and 1989-90.

ii) Actual consumption of material was not reviewed against the schedule of materials on a continuous basis during 1988-89. The existence of excess stock was primarily the result of past deficiencies/mistakes in documentation and accounting which emerged as a result of physical stock-taking.

II. Internal Control

i) Follow up action on the important points raised in internal audit was not taken promptly during 1988-89 and 1989-90.

ii) Internal audit coverage was not commensurate with the size and nature of business of the company during 1989-90.

III. Budget Estimates

Actual production of major products was less than rated capacity during 1988-89 and 1989-90.

IV. Cost Control

i) The cost over-run was not considered separately to assess effectiveness of the costing system during 1988-89 and 1989-90.

ii) Standard cost of various main products had not been fixed during both the years.

iii) Average sale price excluding excise duty was less than average cost of production per machine except Centre Lathe during both the years.

iv) Demurrage charges amounting to Rs.6.89 lakhs during 1988-89 and Rs.9.39 lakhs during 1989-90 were paid.

V. Inventory Control

i) Stores and spares valuing Rs.416.63 lakhs as on 31.3.1989 and Rs.353.72 lakhs as on 31.3.1990 had not moved for 3 years or more.

ii) Stores valuing Rs.92.33 lakhs declared surplus were awaiting disposal as on 31.3.1990. (NMTP)

VI. Credit Control

i) There was no system of obtaining confirmation from sundry debtors and sundry creditors during both the years.

ii) Debts outstanding for 3 years or more were as under:-

(Rs. in lakhs)

	<u>1988-89</u>	<u>1989-90</u>
i) Government Departments and Public Sector Undertakings	1,484.27	1,439.35
ii) Others	<u>24.08</u>	<u>34.21</u>
Total	<u>1,508.35</u>	<u>1,473.56</u>

64. **HINDUSTAN AERONAUTICS LIMITED**

I. Cost Control

i) Standard costs had not been fixed during 1988-89 and 1989-90. (Nasik, Koraput, Bangalore, Korva, Hyderabad, Lucknow and Kanpur)

ii) The division did not have system of ascertaining cost of components during both the years. (Lucknow)

iii) There was no system of ascertaining idle time for machinery during both the years (Kanpur).

II. Credit Control

Debts outstanding for three years or more were as detailed below:

<u>Division</u>	<u>Government Departments</u>		<u>Others</u>	
	<u>1988-89</u>	<u>1989-90</u>	<u>1988-89</u>	<u>1989-90</u>
	(Rs. in lakhs)			
Nasik	27.90	-	-	-
Koraput	9.41	-	-	-
Bangalore	181.12	355.23	-	-
Korba	13.04	-	-	-
Hyderabad	348.94	225.50	-	293.03
Lucknow	107.61	76.73	-	-
Kanpur	<u>74.48</u>	<u>302.10</u>	<u>0.10</u>	<u>18.27</u>
	<u>762.50</u>	<u>959.56</u>	<u>0.10</u>	<u>311.30</u>

### III. Inventory Control

i) The value of stores and spares not moved for more than two years was as under:-

	<u>1988-89</u>	<u>1989-90</u>
	(Rs. in lakhs)	
Nasik	7.77	-
Kanpur	239.61	290.64
Bangalore	1,017.37	1,219.13

ii) Value of stores not moved for three years or more was as under:-

	<u>1988-89</u>	<u>1989-90</u>
	(Rs. in lakhs)	
Lucknow	-	103.40
Koraput	22.56	25.30
Hyderabad	124.40	110.38

iii) Value of stores awaiting disposal as on 31.3.1989 and 31.3.1990 was as under:-

	<u>1988-89</u>	<u>1989-90</u>
	(Rs. in lakhs)	
Koraput	49.44	47.94
Bangalore	205.44	-
Hyderabad	176.61	211.47
Kanpur	40.21	-

iv) Maximum, minimum and reordering levels of stores and spares had not been laid down during both the years. (Korva)

IV. Internal Control

There was Internal Audit Manual in Lucknow Division (1989-90).

V. General

Demurrage, wharfage charges of Rs.18.08 lakhs and Rs.34.82 lakhs were paid during 1988-89 and 1989-90 respectively. (Kanpur)

65. **HINDUSTAN ANTIBIOTICS LIMITED**

Following points were noticed from the report of auditors for 1988-89:-

I. System of Accounts & Book-keeping

i) There was no system for proper planning and indenting of stocks to depots so as to ensure optimum stock turnover and adequate stock.

ii) Fixed Assets Register was not maintained.

II. Cost Control

i) There was no standard costing system.

ii) There was no system of ascertaining idle time for labour.

iii) Cost of production of various products was more than the selling price during 1988-89.

III. Inventory Control

Stores and spares not moved for more than 3 years amounted to Rs.75.46 lakhs as on 31.3.1989.

IV. Credit Control

Debts outstanding for 3 years or more amounted to Rs.333.33 lakhs from Government Departments and Rs.92.73 lakhs from others as on 31.3.1989.

66. **HINDUSTAN CABLES LIMITED**

I. System of Accounts and Book-keeping

There was no Accounting Manual.

II. Cost Control

Standard cost of main products had not been fixed by the company during 1988-89 and 1989-90.

III. Inventory Control

Maximum and minimum levels of stores and spares had not been fixed during 1988-89 and 1989-90.

67. **HINDUSTAN FERTILIZER CORPORATION LIMITED**

I. System of Accounts & Book-keeping

Invoices were raised long after delivery of goods to dealers, resulting in short claim of discount to the extent of Rs.17.78 lakhs from the Government during 1988-89. (Calcutta Marketing Division)

II. Internal Control

The extent of internal audit was not commensurate with the size and nature of business of the company during 1988-89 and 1989-90. (Corporate Office, Haldia and Namrup Units).

III. Budget Estimates

i) No capital, revenue, production and sales budget were prepared during 1988-89 and 1989-90. (Haldia Unit)

ii) There were wide variations between budget estimates and actuals during 1988-89 and 1989-90. (Namrup Unit)

IV. Targets of Production and Achievements

i) Actual production of Urea and Ammonia was less than the targets of Urea and Ammonia during 1988-89 and 1989-90. (Durgapur Unit)

ii) Actual production of major products was less than the rated capacity during 1988-89 and 1989-90. (Namrup Unit)

V. Cost Control

i) Standard cost of main products had not been fixed during both the years. (Durgapur, Namrup and Barauni Units)

ii) There was no system of ascertaining idle time for labour during 1988-89 and 1989-90. (Durgapur, Namrup and Barauni Units)

iii) Demurrage charges amounting to Rs.10.12 lakhs and Rs.5.36 lakhs were paid during 1988-89 and 1989-90 respectively. (Durgapur & Barauni Units)

iv) Actual consumption of Naphtha per MT of Ammonia produced and Ammonia per MT of Urea produced was much more than the norms during 1988-89. (Durgapur and Barauni Units)

v) Average selling price (Rs.3,702 per MT) was much less than the cost of production (Rs.11,570 per MT) during 1988-89. (Durgapur Unit)

VI. Inventory Control

i) Plant & machinery (each costing more than Rs.0.50 lakh) awaiting installation as on 31st March, 1990 amounted to Rs.17,157.99 lakhs. (Haldia Division)

ii) There was no system of ascertaining surplus materials at regular intervals in Haldia Division. (1988-89).

iii) Maximum and minimum levels of stores/spares had not been fixed during 1988-89 and 1989-90. (Haldia Division and Namrup Unit)



iv) Value of closing stock of finished goods as on 31.3.1989, produced on trial runs in earlier years amounted to 48 months' sale (Nitrophosphate) and 132 months' sale (Urea). (Haldia Division)

v) The following plant and machinery in Durgapur Unit were mechanically completed but not commissioned upto 31st March, 1990:-

Sl.No.Description	Year of completion	Amount (Rs.in lakhs)
1.NPK Granulation Plant	1977-78	66.64
2.Ammonia Storage facility	1983-84	333.69
3.Effluent Disposal Plant	1983-84	36.85

vi) Stores/spares declared surplus were Rs.259.66 lakhs and Rs.770.55 lakhs as on 31.3.1989 and 31.3.1990 respectively.(Haldia Division, Durgapur, Barauni and Namrup Units)

vii) Stores and spares not moved for more than three years amounted to Rs.2,335.74 lakhs and Rs.2,720.76 lakhs as on 31.3.1989 and 31.3.1990 respectively in Durgapur, Barauni & Namrup Units and those not moved for more than 5 years amounted to Rs.256.68 lakhs as on 31.3.1989 in Haldia Division.

viii)Maximum and minimum levels of gunny bags had not been fixed during 1988-89. (Calcutta Marketing Division)

ix) Stock of gunny bags represented 14 months' consumption during 1988-89. (Calcutta Marketing Division)

x) Physical verification of finished goods (Rs.74.53 crores) and packing material (Rs.0.91 crore) was not conducted during 1988-89. (Calcutta Marketing Division)

## VII. Credit Control

i) Debts outstanding from other than Government Departments for three years or more amounted to Rs.170.59 lakhs as on 31.3.1989 and Rs.152 lakhs as on 31.3.1990, (Haldia Division and Calcutta Marketing Division)

ii) Debts outstanding for 3 years or more amounted to Rs.443.69 lakhs (Government Departments) and Rs.23.98 lakhs (others) as on 31.3.1990. (Barauni Unit).

## 68. HINDUSTAN COPPER LIMITED

### I. Cost Control

There was no standard costing system in vogue during 1988-89 and 1989-90. (Malanjhand Copper Project, Rakha Copper Project and Indian Copper Complex)

### II. Inventory Control

i) Maximum and minimum level of stores and spares had not been fixed during 1989-90. (Khetri Dariba Units).

ii) Value of stores and spares not moved for more than three years amounted to Rs.478.88 lakhs in Malanjhand Copper Project and Rs.262.03 lakhs in Indian Copper Complex as on 31.3.1990.

69. **HINDUSTAN FLUOROCARBONS LIMITED**

I. Cost Control

i) The Standard cost of main products had not been fixed by the Company during 1989-90.

ii) The company did not have a system of ascertaining the idle time for labour and machinery during 1989-90.

iii) The company had not fixed any norms for the consumption of major raw materials for the manufacture of its products during 1989-90.

70. **HINDUSTAN INSECTICIDES LIMITED**

I. System of Accounts & Book-keeping

The following important deficiencies in the accounting system were observed for the purposes of auditing in depth:-

i) Locations/identifications of fixed assets had not been recorded in Fixed Assets Register and physical verification of fixed assets had not been properly carried out during 1988-89.

ii) The company had not prepared any Accounting Manual. (1988-89).

iii) Property/plant register was not maintained by the Rasayani and Delhi Units during 1988-89.

II. Credit Control

i) Debts outstanding from Government Departments and others for more than three years amounted to Rs.311.78 lakhs and Rs.31.39 lakhs as on 31.3.1989 and Rs.363.24 lakhs and Rs.9.83 lakhs as on 31.3.1990 respectively.

ii) Confirmation of debts was not obtained during 1989-90 by Rasayani Unit.

III. Cost Control

i) The standard cost of various products had not been fixed by the Company during 1988-89 and 1989-90.

ii) There was no system of ascertaining idle time for labour and machinery. (1989-90).

IV. Inventory Control

i) The company did not have a system of determining the surplus stores. (1988-89).

ii) Value of stores and spares not moved for 3 years or more as on 31.3.1990 was Rs.110.93 lakhs.

iii) In most of the cases, maximum and minimum levels of stores and spares had not been fixed. (1988-89)

71. **HINDUSTAN LATEX LIMITED**

I. Cost Control

Standard costs of main products had not been fixed during 1989-90.

II. Credit Control

Debts outstanding for more than three years were Rs.11.76 lakhs as on 31.3.1990 (Government Departments - Rs.3.94 lakhs and others - Rs.7.82 lakhs).

72. **HINDUSTAN NEWSPRINT LIMITED**

I. Inventory Control

Stores and spares valuing Rs.12.68 lakhs had not moved for 3 years or more as on 31.3.1990.

II. Cost Control

i) Idle time for labour was not ascertained separately during 1989-90.

ii) Demurrage charges of Rs.5.79 lakhs were paid during 1989-90.

III. Credit Control

Debts outstanding for 3 years or more amounted to Rs.20.54 lakhs from others as on 31.3.1990.

73. HINDUSTAN ORGANIC CHEMICALS LIMITED

I. System of Accounts & Book-keeping

i) In the case of advance payments to suppliers, the procedure of linking of material receipt voucher with Invoice was not followed in certain cases. As a result an advance of Rs.27.26 lakhs remained unadjusted as on 31st March 1989 though materials had been received against the advance.

ii) Receipts were not obtained for all payments during 1988-89.

II. Internal Control

i) Internal audit system required to be strengthened so as to make it effective and commensurate with the size and nature of business of the company. (1988-89 and 1989-90).

ii) Certain important points raised by the Internal Audit like allotment of rooms in hostels to outside parties, review of sundry debtors, discrepancies in Nutrition Scheme Contract, repairs to Nitric Acid storage tank in Tank Field and in NB & NT Tank field etc. had not been attended to by the Management during 1988-89.

III. Budget Estimates

There were variations between budget estimates and actuals during 1988-89.

IV. Cost Control

i) Cochin Branch had no standard costing system. (1989-90).

ii) There was no system of ascertaining idle time for labour during 1988-89 and 1989-90. (Rasayani Unit).

V. Inventory Control

i) Maximum and minimum levels of stores and spares had not been fixed. (Cochin Unit).

ii) Stores and spares not moved for the last three years amounted to Rs.60.12 lakhs (excluding insured spares) as on 31.3.1989 and Rs.71.28 lakhs as on 31.3.1990. (Rasayani Unit).

VI. Credit Control

Debts outstanding from other than Government Departments for more than three years amounted to Rs.145.27 lakhs as on 31.3.1989 and Rs.333.77 lakhs as on 31.3.1990. (Rasayani Unit).

74. **HINDUSTAN PAPER CORPORATION LIMITED**

Cost Control

Standard cost of various main products had not been fixed during 1988-89 and 1989-90. (Naogaon Mill)

75. **HINDUSTAN PETROLEUM CORPORATION LIMITED**

I. Cost Control

Visakh Refinery did not prepare accounts indicating cost of each unit of its major products during 1989-90.

II. Credit Control

i) Confirmation of outstanding debts was not obtained during 1989-90.

ii) Debts outstanding for 3 years or more against Government Departments and Private Parties amounted to Rs.105.56 lakhs and Rs.71.95 lakhs respectively as on 31.3.1989 and Rs. 92.61 lakhs against Government Departments and Rs. 178.64 lakhs against Private Parties as on 31.3.1990.

III. Inventory Control

i) Stores valuing Rs. 62.06 lakhs declared surplus/ obsolete were awaiting disposal for more than two years as on 31st March 1989

ii) The value of stores and spares not moved for 3 years or more was Rs. 1,065.01 lakhs as on 31.3.1990 (Bombay and Visakh Refinery).

76. HINDUSTAN PHOTOFILMS MANUFACTURING COMPANY LIMITED.

I. Inventory Control.

Value of stores and spares not moved for 3 years or more as on 31.3.1990 was Rs. 57.33 lakhs.

II. Internal Control.

Internal audit system needed to be strengthened keeping in view the size and nature of business of the company (1989-90)

III. Credit Control.

Debts outstanding from Parties other than Government Departments for 3 years or more amounted to Rs.221.89 lakhs as on 31.3.1990.

77. HINDUSTAN PREFAB LIMITED

I. Internal Control

i) The internal audit was not adequate as many areas of operation were not included in the Internal Audit Programme during 1988-89 and 1989-90.

ii) The necessary follow up of the points raised in internal audit was also not adequate . (1988-89 and 1989-90).

II. Cost Control.

Selling prices of the major products manufactured by the company were lower than the cost of production during 1989-90.

II. Inventory Control

i) The system of procurement and disposal of stores did not regularly ensure that stores in excess of the reasonable requirements of maintenance and production were not accumulated (1989-90).

ii) Surplus and unserviceable stores items were not being periodically determined for all items during 1988-89 and 1989-90

iii) In some cases, consumption of major raw materials for manufacture of major products was more than norms fixed by the Management during 1989-90.

78. **HINDUSTAN STEELWORKS CONSTRUCTION LIMITED**

I. System of Accounts & Book-keeping

i) There was unreconciled difference (Rs. 53 lakhs being unlinked debit and credit balances) between control accounts and subsidiary accounts at Bokaro unit during 1988-89.

ii) Fixed assets in Libya had not been physically verified during both the years.

iii) Equipments declared surplus had not been disposed of for a considerable period of time.

iv) Fixed assets valued at Rs.35.66 lakhs were lost, damaged, obsolete and unserviceable as on 31.3.1990.

II. Inventory Control

i) Identification/ categorisation/ cataloguing of surplus stores and spares valued at Rs.77 lakhs and Rs.25.97 lakhs respectively had not been done though SUPA project had already been completed (1988-89).

ii) Internal Control system needed strengthening with regard to physical verification of stores and spares (1988-89 and 1989-90).

iii) Physical verification had not been carried out by the Vizag units of the company in respect of materials at site during both the years.

iv) Maximum and minimum levels of stores and spares had not been fixed (1988-89 and 1989-90).



### III. Cost Control

There was no system of ascertaining idle time for labour and machinery (1988-89 and 1989-90).

### IV. Credit Control

i) Age-wise classification of debts was not determined during both the years.

ii) There was no system of obtaining confirmation of debtors balances at the close of financial year (1988-89 and 1989-90).

## 79. HINDUSTAN SHIPYARD LIMITED

### I. Cost Control

i) No separate record was maintained for determining the rejections in production. (1988-89 and 1989-90).

ii) The company had not fixed any standard costs for its products. (1988-89 and 1989-90)

### II. Credit Control

Debts outstanding for three years or more were as under

	<u>1988-89</u>	<u>1989-90</u>
	(Rs. in lakhs)	
i) Government Departments	53.26	62.13
ii) Others	<u>204.56</u>	<u>393.91</u>
Total:	<u>257.82</u>	<u>456.04</u>

## 80. HINDUSTAN TELEPRINTERS LIMITED

### I. System of Accounts and Book-keeping

i) Individual identification numbers of machinery, location of assets were not properly recorded in the Assets Register during 1988-89.

ii) The method of physical verification of assets needed improvement (1988-89 and 1989-90).

iii) In the case of machinery spares, the frequency of physical verification needed to be increased to cover more items of spares (1988-89 and 1989-90).

## II. Inventory Control

i) The frequency of physical verification should be increased to cover more items (1988-89).

ii) The value of stores/spares which had not moved for three years or more was Rs.18.99 lakhs as on 31.3.1989.

## III. General

Actual manpower employed was more than that envisaged in Project Report (1988-89).

### 81. **HINDUSTAN VEGETABLE OILS CORPORATION LIMITED**

#### I. System of Accounts & Book-keeping

i) Manual laying down the detailed accounting procedure had not been finalised. (Kanpur, Calcutta, Delhi Vanaspati, Breakfast Food Units, Calcutta and Head Office) during 1988-89 and Amritsar Plant during 1989-90.

ii) Sauda Registers for sale and purchase were not maintained during 1988-89. (Delhi Vanaspati and Breakfast Food Units and Head Office)

iii) There was no effective system of reconciliation of inward and outward gate passes in the absence of which it was not possible to verify that all receipts and despatches of materials had been duly accounted for during 1988-89 and 1989-90. (Delhi Vanaspati and Breakfast Food Units and Head Office)

iv) Physical verification was not conducted in respect of capital work-in-progress during 1988-89. (Amritsar Unit)

v) Fixed assets records were not kept upto date and reconciled with financial books during 1989-90. (Breakfast food unit).

## II. Cost Control

- i) Cost of major products of each unit could not be fixed as the system of costing was not effective in Kanpur Unit during 1988-89.
- ii) The standard cost of various main products had not been fixed during both the years. (Kanpur, Breakfast Food, Amritsar, Calcutta and Madras Units and Head Office)
- iii) There was no system of ascertaining idle time for machinery and labour during 1988-89 and 1989-90. (Bombay, Breakfast Food, Delhi Vanaspati, Amritsar and Calcutta Units and Head Office)
- iv) Norms for consumption of major raw materials had not been fixed during 1988-89. (Delhi Vanaspati, Breakfast Food Units & Head Office)
- v) Cost records were not maintained separately during 1988-89 and 1989-90. (Calcutta and Madras Units).

## III. Credit Control

- i) Confirmation of balances of sundry debtors had not been obtained during 1988-89. (Hyderabad Unit)
- ii) Debts amounting to Rs.17.17 lakhs were outstanding for 3 years or more as on 31.3.1989. (Bombay Unit)
- iii) Debts amounting to Rs.28.70 lakhs (Rs.28.38 lakhs against Government Departments and Rs.0.32 lakh against others) were outstanding for 3 years or more as on 31.3.1989. (Calcutta Unit)

## IV. Internal Control

- i) There was no Manual, laying down the scope and programme of work for the internal audit. (Kanpur, Hyderabad, Bombay Madras and Amritsar Units, Delhi Vanaspati and Head Office).
- ii) Necessary action to overcome shortcomings in implementation of internal control system had not been taken during 1988-89. (Kanpur Unit)

iii) No procedure was prescribed for purchase of vegetable oils for manufacture of vanaspati during 1988-89. (Kanpur Unit)

iv) The scope and coverage of internal audit needed to be strengthened to make it more effective during 1988-89 and 1989-90. (Delhi Vanaspati and Breakfast Food Units and Head Office)

V) Inventory Control

i) There was no system of maximum and minimum levels of stores and spares during both the years. (Kanpur, Hyderabad, Bombay, Delhi Vanaspati, Breakfast Food, Amritsar, Madras, Bangalore & Calcutta Units and Head Office)

ii) Unserviceable and surplus stores were not periodically determined during 1988-89. (Bombay, Delhi Vanaspati and Breakfast Food Unit and Head Office)

iii) Records were not maintained for non-moving items for 3 years or more during 1988-89. (Delhi Vanaspati and Breakfast Food Units and Head Office)

VI. Budget Estimates

The Capital, revenue, production and sales budgets were not prepared in Kanpur, Bombay, Bangalore and Calcutta Units during 1988-89 and in Hyderabad unit during both the years.

VII. General

i) Proforma accounts were not maintained in respect of service unit by Bombay Branch during 1988-89.

ii) Norms for employment of manpower had not been fixed during 1988-89 and 1989-90. (Bombay, Madras, Delhi Vanaspati and Breakfast Food Units and Head Office)

iii) Plant & Machinery valued at Rs.8.77 lakhs remained uncommissioned since March, 1985. (Kanpur Unit- 1989-90).

iv) Solvent Extractions Plant was not in operation during 1988-89 . (Bombay Unit)

v) Setting up of Vanaspati Refining Plant on which an investment/provision of Rs.233.10 lakhs was made, remained suspended during 1988-89. (Bombay Unit)

vi) Plant and machinery valuing Rs. 183 lakhs was lying unutilised as on 31.3.1990 (Amritsar unit).

## 82. HINDUSTAN ZINC LIMITED

### I. System of Accounts & Book-keeping

The company did not have any Accounting Manual. (1988-89 and 1989-90)

### II) Cost Control

i) Standard costs of products of the company were not fixed. (1988-89 and 1989-90)

ii) There was no system of ascertaining idle time for labour. (1988-89 and 1989-90)

### III. Inventory Control

i) Mmaximum and minimum levels of stores and spares had not been fixed in respect of Vizag Unit during 1988-89 and 1989-90.

ii) Value of stores and spares which had not moved for more than two years amounted to Rs.58.37 lakhs as on 31.3.1989 and Rs. 32.76 lakhs as on 31.3.1990 (Sargipali unit).

### IV. General

Proforma accounts were not maintained in respect of Service Units during 1988-89 and 1989-90.

## 83. HMT LIMITED

### I. System of Accounts & Book-keeping

The company was not having any Accounting Manual. (1988-89)

## II. Cost Control

i) There was no standard costing system during 1988-89 and 1989-90. (Watch Case and Bangalore Lamp Divisions)

ii) There was no system of ascertaining idle time for labour and machinery during 1988-89 and 1989-90. (Watch Case Division, Bangalore)

iii) Selling prices of almost all the products were lower than their costs of production during both the years. (Lamp Division)

## III. Credit Control

Debts outstanding for three years or more amounted to Rs.572.30 lakhs (Rs.173.46 lakhs from Government Departments and Rs.398.84 lakhs from others) as on 31.3.1989 and Rs. 840.92 lakhs (Rs. 233.21 lakhs from Government Departments and Rs. 607.71 lakhs from Others) as on 31.3.1990.

## IV. Inventory Control

i) The values of stores and spares and raw materials lying unmoved for more than three years were as under -:

	<u>1988-89</u>	<u>1989-90</u>
		(Rs. in lakhs)
1. Pinjore	21.75	-
2. MTH Division.	28.67	134.67
3. Kalamassery	29.81	-
4. Lamp Division	25.19	22.05
5. Watch Factory IV Tumkur	-	64.47
6. PRH Division	-	22.30

ii) Following materials were lying unsold as on 31.3.1989 for number of years as detailed below:-

	<u>Year</u>	<u>Machine</u>	<u>(Rs.in lakhs)</u>
1.	1982-83	EDM	3.72
2.	1985-86	RISZ 16/1250	6.29
3.	1986-87	FN 2H	1.73
		RISZ 10/1250	6.59

iii) One J.N.Marshall on line Gas Analyser costing Rs.9.79 lakhs and received in 1986-87 had not been installed upto March 1990. (Lamp Division)

iv) Maximum and minimum levels of stores and spares had not been fixed in Lamp Division(1989-90).

v) Physical verification of work-in-progress in Machine Tool Division, Pinjore had not been conducted during 1989-90.

#### V. General

i) Proforma accounts were not maintained during 1988-89 for service units. (Pinjore and Watch Case Division, Kalamassery)

#### 84.. **HMT BEARINGS LIMITED**

##### I. System of Accounts & Book-keeping

There was no Accounting Manual, detailing the accounting procedure and specifying the powers, duties and responsibilities of various officers of the company.(1988-89)

##### II. Cost Control

There was no system of ascertaining idle time for labour.(1988-89 and 1989-90)

##### III. Inventory Control

There was no system of fixing maximum and minimum levels for the items of raw materials, stores and spares.(1988-89 and 1989-90)

##### IV. Credit Control

Debts outstanding for 3 years or more as on 31st March 1990 were Rs.85.49 lakhs (Rs. 23.50 lakhs from Government Departments and Rs.61.99 lakhs from others).

85. **HMT (INTERNATIONAL) LIMITED**

I. Credit Control

Debts outstanding for 3 years or more were Rs.39.17 lakhs against Private parties and Rs.3.28 lakhs against Government Departments as on 31.3.1989.

86. **HOOGLY DOCK AND PORT ENGINEERS LIMITED**

I. System of Accounts & Book-keeping

i) There was no Manual outlining the detailed accounting procedure (1988-89 and 1989-90).

ii) There was no effective system of reconciliation of books by taking out periodical trial balances during 1988-89.

iii) Property/plant registers were not complete as they did not show accumulated depreciation, particulars of assets vested in the company pursuant to the Hooghly Docking & Engineering Company Limited (Acquisition & Transfer of Undertakings) Act, 1984, etc. (1988-89)



## II. Internal Control

There was no Manual outlining the scope and programme of work for internal audit( 1988-89 and 1989-90).

## III. Targets of Production and Achievements

No rated capacity of production had been fixed by the Management during 1988-89.

## IV. Budget Estimates

There were wide variations between budget estimates and actuals with regard to production and sales during 1988-89.

## V. Cost Control

i) The cost of production of major products was more than the selling price during 1988-89.

ii) Standard costing system was not in vogue (1988-89 and 1989-90).

iii) Demurrage amounting to Rs.4.59 lakhs was incurred during 1988-89.

## VI. Inventory Control

Maximum and minimum levels of stores and spares had not been fixed during 1988-89.

## VII. Credit Control

Debts to the tune of Rs.86.33 lakhs from Government Departments and Rs.1.26 lakhs from others were outstanding for three years or more as on 31.3.1989.

## VIII. General

Norms for employment of manpower had not been fixed during 1988-89.

87. **HOOGLHY PRINTING COMPANY LIMITED**

I. System of Accounts & Book-keeping

There was no Accounting Manual laying down the detailed accounting procedure. (1988-89 and 1989-90)

II. Internal Control

i) There was no Manual outlining the scope and programme of work for internal audit. (1988-89 and 1989-90)

ii) No procedure for write off, discounts, refunds, etc. was laid down during 1988-89.

iii) No purchase procedure was laid down in the company during 1988-89.

III. Targets of Production

i) Norms in respect of consumption of major raw materials were not available during 1988-89.

ii) The company had not fixed the rated capacity and targets of production during 1988-89.

IV. Cost Control

i) There was neither any system of reconciliation of cost accounts with the financial accounts nor jobwise profit/loss was determined during 1988-89.

ii) There was no system of ascertaining idle time for labour during 1988-89.

V. Credit Control

Debts to the extent of Rs.11.34 lakhs (Rs.7.18 lakhs from Government Departments and Rs.4.16 lakhs from others) were outstanding for more than three years as on 31.3.1989.

88. **HOSPITAL SERVICES CONSULTANCY CORPORATION (INDIA) LIMITED**

I. System of Accounts & Book-keeping

There was no Manual and other instructions, laying down the detailed accounting procedure and specifying the financial powers, duties and responsibilities of officers. (1988-89)

II. Internal Control

i) Manual outlining the scope and programme of work for the internal audit had not been drawn up. (1988-89)

ii) There was no Manual outlining the purchase procedure.

89. **IISCO UJJAIN PIPE AND FOUNDRY COMPANY LIMITED**

I. Internal Control

The company had no Internal Audit Manual. (1988-89 and 1989-90)

II. Cost Control

Plant and machinery valued at Rs.56 lakhs installed in 1987-88 remained unutilised as on 31.3.1989.

III. Inventory Control

Maximum and minimum levels of stores and spares had not been fixed. (1989-90).

IV. General

Norms for employment of manpower had not been fixed during 1988-89 and 1989-90.

90. **INDIAN DRUGS AND PHARMACEUTICALS LIMITED**

I. System of Accounts & Book-keeping

i) The Fixed Assets Registers of the Plant were neither reconciled with the financial books nor updated during the years 1988-89 and 1989-90. (Gurgaon Plant)

ii) Plant registers were not reconciled with financial books during both the years. (Synthetic Drugs Plant, Hyderabad)

## II. Internal Control

The internal audit system was inadequate having regard to the size of the unit and nature of its business and needed to be strengthened considerably at Madras and Hyderabad Units. (1988-89 and 1989-90)

## III. Credit Control

i) Confirmation of Sundry debtors was not obtained in all cases during 1988-89. (Synthetic Drugs Plant, Hyderabad, RSO Madras, Cochin, Hyderabad & Bangalore)

ii) Debts outstanding for 3 years or more amounted to Rs.411.11 lakhs (Rs.158.59 lakhs from others and Rs.252.52 lakhs from Government Departments) as on 31.3.1989 and Rs.407.02 lakhs (Rs.133.40 lakhs from others and Rs.273.62 lakhs from Government Departments) as on 31.3.1990.

## IV. Cost Control

i) The system of preparing monthly cost sheets indicating cost of each formulation was not followed at the Plant during 1988-89 and 1989-90. (Gurgaon Plant)

ii) The Plant did not have any system of fixing standard cost of products during both the years. (Gurgaon Plant)

iii) There was no system at the Plants to ascertain idle time for labour and machinery during both the years. (Gurgaon Plant, Synthetic Drugs Plant, Hyderabad and Madras Unit)

iv) There were wide variations in the standard cost and the actual cost of the products during 1988-89. (Madras Unit)

v) The selling price of various products were lower than their cost of production at Madras Unit during 1988-89 and at Hyderabad Unit during 1989-90.

V. Manufacturing and Production Accounts

- i) No record was maintained at the Plant to compare the consumption of raw materials for manufacturing major products with the quantity estimated in the Project Report or with norms fixed by the Management during 1988-89. (Gurgaon Plant)
- ii) No records were maintained for determining rejections in production during 1988-89. (Gurgaon Plant)
- iii) Consumption of major raw materials was much higher than the standard fixed therefor during 1988-89. (SDP, Hyderabad)

VI. Inventory Control

- i) The amount of unserviceable and surplus stores was not periodically determined during both the years. (Gurgaon Plant)
- ii) Inventory valued at Rs.64.24 lakhs (approx) had not been physically verified during 1988-89. The perpetual inventory system needed to be strengthened. (Madras Unit)
- iii) Stores and spares valuing Rs.104.30 lakhs declared surplus were awaiting disposal at the end of 1988-89. (Synthetic Drugs Plant, Hyderabad)
- iv) Various items of stores & spares, raw materials and capital spares, etc. valuing Rs.111.04 lakhs had not moved for three years as on 31.3.1989. (Synthetic Drugs Plant, Hyderabad)
- v) Maximum and minimum levels of stores and spares had not been fixed for any of the items during 1988-89 and 1989-90. (Gurgaon Plant)

91. **INDIAN FIREBRICKS & INSULATION COMPANY LIMITED**

I. System of Accounts and Book-keeping

There was no Accounting Manual. (1989-90)

II. Cost Control

- i) Standard cost of products had not been fixed. (1989-90)

ii) There was no system of ascertaining idle time for labour. (1989-90)

iii) The selling price of traditional products was lower as compared to the cost of production during 1989-90.

### III. Credit Control

Debts amounting to Rs.59.49 lakhs (Rs.57.83 lakhs against Government Undertakings and Rs..1.66 lakhs against others) were outstanding for 3 years or more as on 31st March, 1990.

### IV. Inventory Control

i) Maximum and minimum levels of stores and spares had not been fixed.

ii) The value of stores and spares not moved for 3 years or more as on 31.3.1990 was Rs.30.32 lakhs (Imported stores and spares Rs.13.99 lakhs and indigenous stores and spares Rs.16.33 lakhs).

## 92. **INDIAN IRON AND STEEL COMPANY LIMITED**

### I. System of Accounts & Book-keeping

i) There was no separate Accounting Manual (1988-89 and 1989-90).

ii) Existing procedure for information/reporting claims/liabilities (admissible/contingent), provision and write off was not comprehensive enough to ensure proper accounting and reasonable certainty during 1988-89 and 1989-90.

### II. Internal Control

The scope and coverage of internal audit needed to be enlarged/improved (1988-89 and 1989-90) in the following areas:

i) Reconciliation of finished goods.

ii) Reconciliation and verification of stores and spares and fixed assets.

iii) Analysis of old advances/outstanding debts including the reasons for the same.

### III. Budget Estimates

There were wide variations between budget estimates and actuals during 1988-89 and 1989-90.

### IV. Cost Control

i) Records indicating idle time for labour and machinery were not maintained during both the years.

ii) The net selling price, cost and net margin were not reconciled with financial accounts during 1988-89 and 1989-90.

### V. Inventory Control

i) Stores and spares valued at Rs.6.87 crores as on 31st March 1990 had not moved for three years or more.

ii) Inventory valuing Rs.89.15 crores was not physically verified during 1989-90 and represented book balances only.

## 93. **INDIAN MEDICINES PHARMACEUTICALS CORPORATION LIMITED**

### I. System of Accounts & Book-keeping

There was no Accounting Manual. (1988-89)

### II. Internal Control

Internal Audit system had not been introduced. (1988-89)

### III. Cost Control

The company had not introduced Standard Costing System. (1988-89)

### IV. Inventory Control

i) No proper records had been maintained for determining the rejected production during 1988-89.

ii) The company had no system of ascertaining idle time for labour and machinery during 1988-89.

iii) Maximum and minimum levels of stores and spares had not been fixed during 1988-89.

V. General

No proforma accounts had been maintained for the service units during 1988-89.

94. **INDIAN OIL BLENDING LIMITED**

I. Cost Control

There was no system of ascertaining idle time for labour and machinery during 1988-89 and 1989-90.

II. Inventory Control

i) Maximum and minimum levels had not been fixed for any item of stores and spares. (1988-89 and 1989-90)

ii) Stores & spares valuing Rs.6.00 lakhs as on 31.3.1989 and Rs.2.46 lakhs as on 31.3.1990 had not moved for more than 3 years.

95. **INDIAN OIL CORPORATION LIMITED**

I. Cost Control

i) Standard Costing System was not in existence during 1988-89 and 1989-90. (Guwahati Refinery, Guwahati Siliguri Products Pipeline, Assam Oil Divisions and Barauni and Haldia Refineries)

ii) There was no established system of ascertaining idle time for labour and machinery during 1988-89 and 1989-90. (Guwahati Refinery, Guwahati-Siliguri Products Pipeline, Assam Oil Divisions and Haldia Refinery)

II. Inventory Control

(a) In the following units, stores and spares had not moved for two years or more:



	<u>1988-89</u>	<u>1989-90</u>
	(Rupees in lakhs)	
i) Guwahati-Siliguri Products Pipeline.	4.41	-
ii) Assam Oil Divisions	144.83	146.70
iii) Barauni-Kanpur Pipeline	29.26	-
iv) Barauni Refinery	102.71	340.17
v) Gujarat Refinery	1,049.12	1,034.20
vi) M.I.P.L. Bijawasan	-	18.69
vii) Mathura Refinery	-	326.00
viii) Guwahati Refinery	203.84	-

b) Value of stores and spares declared surplus and awaiting disposal as on 31.3.1990 was as under:-

	(Rs. in lakhs)	
i) Gujrat Refinery	145.87	
ii) Salya Mathura Pipeline Division.		61.77
iii) Mathura Refinery	37.71	

c) No full fledged analysis of non-moving stores/spares had been made. (1988-89 and 1989-90) (Guwahati Refinery, Guwahati Siliguri Products Pipeline, Marketing Division of Eastern Region)

d) Maximum and minimum levels of stores and spares had not been fixed during both the years. (Western and Eastern Region of Marketing Division).

### III. Credit Control

i) There was no confirmation of balances from all the customers in Marketing Divisions of Eastern Region during 1988-89.

ii) Unit- wise debts outstanding for three years or more were as under:-  
(Rs. in lakhs)

	<u>Government Departments</u>		<u>Others.</u>	
	<u>1988-89</u>	<u>1989-90</u>	<u>1988-89</u>	<u>1989-90</u>
1. Guwahati Refinery	-	0.62	28.78	28.57
2. Assam Oil Division	30.37	-	2.09	-
3. Marketing Division of Eastern Region.	495.25	606.51	42.21	41.36
4. Marketing Division of Western Region.	798.46	4,974.11	39.43	20.79
5. Marketing Division (Head Office)	2.23	2.23	48.29	42.16
6. Marketing Division of Southern Region.	-	59.00	-	1,205.54

IV. General

Proforma accounts for Service Units were not prepared during 1988-89 and 1989-90. (Eastern Region of Marketing Division and Gujrat Refinery).

96. **INDIAN PETROCHEMICALS CORPORATION LIMITED**

I. Credit Control

Debts outstanding for more than 3 years as on 31.3.1990 were Rs.32.89 against Government Departments and Rs. 3.51 lakhs against others.

II. General

Proforma accounts were not prepared during 1989-90 for various service units.

97. **INDIAN RAILWAY CONSTRUCTION COMPANY LIMITED**

I. System of Accounts & Book-keeping

i) The company did not have a system of reconciling the financial records with the stock registers ( 1988-89 and 1989-90).

ii) At the Railway Electrification Project of the company in Delhi, final bills on the clients were not raised upto March, 1989 even though the work was completed couple of years ago.

iii) Periodical trial balances were not drawn at some of the Projects (1989-90).

iv) Property and Plant Registers were not upto date. (1989-90).

II. Internal Control.

i) Internal audit system was not commensurate with the size and nature of business of the company (1989-90).

ii) There was no proper system to write off the penalty imposed/ liquidated damages imposable on the suppliers. (1989-90).

iii) There was no proper purchase procedure and works were generally awarded to sub-contractors on the basis of limited tenders during 1989-90.

III. Cost Control.

i) There was no system to ascertain idle time for labour and machinery (1988-89 and 1989-90).

ii) The company did not have a system of laying norms for consumption of major raw materials for construction of major projects (1988-89 and 1989-90).

IV. Credit Control

Debts outstanding for more than 2 years from parties other than Government Departments at the end of March 1989 and March 1990 amounted to Rs.9,809.62 lakhs and Rs.11,914.98 lakhs respectively.

V. Inventory Control

i) Surplus and unserviceable stores/construction material were not determined during both the years.

ii) Maximum and minimum levels of stores and spares had not been fixed during 1988-89 and 1989-90.

98. **INDIAN RARE EARTHS LIMITED**

I. Internal Control

Internal audit needed to be strengthened to cover more areas viz. stores, costing, vouching etc. (1988-89 and 1989-90)

II. Cost Control

i) The company had no standard costing system for its various main products (1988-89 and 1989-90).

ii) There was no system of ascertaining idle time for labour and machinery in OSCOM Unit (1988-89 and 1989-90).

III. Inventory Control

i) Maximum and minimum levels of stores and spares had not been fixed in Mineral Division and OSCOM Unit (1988-89 and 1989-90).

ii) Value of stores and spares not moved for 3 years or more (other than OSCOM Project) amounted to Rs.54.42 lakhs as on 31.3.1989 and Rs. 431.55 lakhs as on 31.3.1990.

IV. Credit Control

Debts outstanding from other than Government Departments for 3 years or more amounted to Rs.5.38 lakhs as on 31.3.1989 and Rs. 5.40 lakhs as on 31.3.1990.

99. **INDIAN TELEPHONE INDUSTRIES LIMITED**

I. Budget Estimates

There were wide variations in the budget estimates and actuals during 1988-89. (Rae Bareli, Naini and Mankapur Units).

II. Cost Control

i) No costing system had been established in Mankapur division(1988-89 and 1989-90)

ii) There was no system of ascertaining idle time for labour and machinery in Mankapur Division (1989-90).

iii) No records indicating the cost of each unit of its major products were available during 1988-89 (Palghat).

III. Credit Control

Debts outstanding for three years or more were as under:-

	<u>1988-89</u>	<u>1989-90</u>
		(Rs.in lakhs)
1. Corporate Office Bangalore.	-	1,703.00
2. Mankapur	-	378.83
3. Rae Bareli	759.06	-
4. Palakhad	-	112.82
5. Naini	128.49	109.15
6. Rae Bareli	-	457.89

#### IV. Inventory Control

i) Value of stores declared surplus and awaiting disposal as on 31.3.1989 was as under:-

(Rs. in lakhs)

Rae Bareli	121.09
Naini	137.50

(ii) Maximum and minimum levels of stores and spares had not been fixed by Mankapur Division (1989-90).

#### V. General

i) Demurrage charges worth Rs.100.20 lakhs were paid during 1988-89 in Mankapur Division and Rs.101.53 lakhs during 1989-90 (Palakhad and Mankapur).

ii) Proforma accounts were not maintained during 1989-90 (Mankapur).

#### 100. **INDIA TOURISM DEVELOPMENT CORPORATION LIMITED**

##### I. System of Accounts & Book-keeping

i) Fixed Assets Register had not been reconciled with the financial books during 1988-89 (Regional Office (South), Madras, Duty free shops at Madras and Trivandrum and Temple Bay Ashok Beach Resort, Mahabalipuram and during 1989-90 by Lalitha Mahal Palace Hotel and Temple Bay Ashoka Beach Resort).

ii) Cash Book was not maintained for the imprest amount in hand during 1988-89. (Qutab Restaurant).

iii) There was no Manual or any other instructions, laying down the detailed accounting procedure and specifying the financial powers, duties and responsibilities of different officers during 1988-89. (Hotel Kalinga Ashok Bhubaneswar and Lodhi Hotel)

iv) There was no system to verify and compare the actual stock consumed with consumption of materials that should have been made for preparation of food during 1988-89. (Hotel Kalinga Ashok Bhubaneswar).

v) There was no system to ascertain and verify quantum and cost of food consumed by operational staff during 1988-89. (Hotel Kalinga Ashok Bhubaneswar).

vi) Property Register did not indicate location of the assets during 1988-89. (Hotel Kalinga Ashok Bhubaneswar).

vii) The prescribed Accounting Manual had become outdated (1989-90- Corporate Communication Division and Central Office).

vii) Property Register had not been maintained since inception by Airport Restaurant Agra, Taj Restaurant Agra and Hotel Agra Ashok during 1988-89 and 1989-90.

viii) There was no system to check collection of rent for additional beds, permanently installed in single occupancy rooms during 1988-89 (Lodhi Hotel).

## II. Internal Control

i) There was no Manual, outlining the scope and programme of internal audit (Qutab Hotel & Qutab Restaurant New Delhi, Lodhi Hotel, Hotel Madurai, TU Agra, Jammu Ashok, ITDC Janpath and ATT Division)-(1988-89 and 1989-90).

ii) Following deficiencies in internal control system were noticed in project division during 1988-89:-

a) Register had not been maintained for recording particulars of rate contracts entered into.

b) Hindrance Register had not been maintained.

c) Register was not maintained to record the date of completion of contracts/extended as agreed upon and penalties imposed for non completion of contract within the stipulated time.

iii) Cash worth Rs.2.15 lakhs was missing in Hotel Ashok Yatri Nivas and a defalcation of Rs.1.07 lakhs was noticed in Lalitha Mahal Palace Hotel during 1988-89.

iv) Internal Audit system needed to be strengthened keeping in view the size and nature of business. (ITDC Janpath-1989-90).

### III. Inver+ory Control

i) Maximum and Minimum levels had not been fixed for stores and spares during 1988-89 and 1989-90. (Regional Office (South) Madras, Ashok Tours & Travels Madras, Duty Free shops at Madras & Trivandrum, Temple Bay Ashok Beach Resort, Mahabalipuram and Lodhi Hotel, Airport Restaurant, Hotel Agra Ashok, Agra, Madurai and Hotel Jammu).

ii) Priced stores ledgers were not maintained during 1988-89. (Qutab Hotel and Qutab Restaurant, New Delhi)

iii) There was no system of pricing issues during 1988-89. (Lalitha Mahal Palace Hotel, Mysore)

iv) There was no system to determine the surplus and unserviceable stock periodically during 1988-89. (Hotel Kalinga Ashok Bhubaneswar)

v) System of procurement and disposal of stock during 1988-89 did not ensure that:

a) stores in excess of reasonable requirements of maintenance and production had not accumulated; and

b) the amount of surplus/obsolete stores was periodically determined. (Lodhi Hotel)

vi) Maximum and minimum levels had not been fixed for stores and spare parts during 1988-89 and 1989-90. (Central Office, Project Division and Corporate Communication Division)

vii) In the absence of priced stores ledgers in a number of units/branches, pricing of issues was done by deductive method during 1988-89 and 1989-90. (Central Office, Project Division and Corporate Communication Division)



#### IV. Credit Control

- i) Confirmation of outstanding balances of debtors had not been received during both the years. (Qutab Hotel & Qutab Restaurant, New Delhi, Hotel Kalinga Ashok Bhubaneswar, Hotel Ashok, Airport Restaurant Agra, Taj Restaurant Agra and Madurai and Hotel Agra Ashok)
- ii) Debts were not pursued vigorously during 1988-89 (Hotel Kalinga Ashok Bhubaneswar).
- iii) Debts amounting to Rs. 3.35 lakhs (Rs. 0.58 lakh against Government Departments and Rs.2.77 lakhs against others) were outstanding for 3 years or more as on 31.3.1989. (Lodhi Hotel)
- iv) Confirmations had not been received in most of the cases of Sundry Debtors, loans and advances and security deposits during 1988-89. (Central Office, Project Division and Corporate Communication Division)
- v) Details of debts due from Government Departments and others had not been made available during 1988-89. (Central Office, Project Division and Corporate Communication Division)

#### V. Cost Control

- i) Separate cost records for each item of food were not maintained during 1988-89 and 1989-90. (Hotel Kalinga Ashok Bhubaneswar, Hotel Madurai, Qutab Hotel and Hotel Madurai Ashok)
- ii) Standard cost had not been fixed during 1988-89 and 1989-90. (Lalitha Mahal Palace Hotel Mysore)
- iii) System for recording idle time was not in existence during 1988-89. (Lalitha Mahal Palace Hotel Mysore)
- iv) There was no system of comparing selling price with the cost of production during 1988-89. (Lodhi Hotel)
- v) There was no system of ascertaining idle time for labour and machinery during 1988-89. (Lodhi Hotel)

## VI. General

i) Proforma accounts were not maintained in respect of operation of service units operated for the benefit of staff during 1988-89. (Hotel Kalinga Ashok, Bhubaneswar and Lalitha Mahal Palace Hotel)

ii) Computers valuing Rs. 9.83 lakhs had been kept under 'capital goods on hand' since 1985-86. (Hotel Kanishka- 1989-90).

## 101. **IBP COMPANY LIMITED**

### I. System of Accounts & Book-keeping

The company did not have any Accounting Manual except in Chemical Division. (1988-89 and 1989-90).

### II. Internal Control

The company had no Manual outlining the scope and programme of work for internal audit (1988-89 and 1989-90) (Chemical Division and Head office).

### III. Cost Control

i) The Division was not maintaining any day to day cost records during both the years. (Chemical Division)

ii) One machine costing Rs.5.55 lakhs was lying unutilised for more than 3 years as on 31.3.1990. (Chemical Division)

iii) Standard cost was not fixed during 1989-90 by Chemical and Engineering Division.

iv) No record was maintained for ascertaining the idle time for labour and machinery during 1989-90 (Engineering Division).

### IV. Inventory Control

i) Maximum and minimum levels of stores and spares had not been fixed during 1988-89 and 1989-90. (Oil Division)

ii) Stores and spares valuing Rs. 22.24 lakhs were lying unused as on 31.3.1990 for more than 3 years.

## V. Credit Control

Debts to the extent of Rs.3.67 lakhs were outstanding (Rs.3.33 lakhs from Government Departments and Rs.0.34 lakh from others) as on 31.3.1989. (Chemical Division)

## 102. INSTRUMENTATION LIMITED

### I. System of Accounts & Book-keeping

i) Invoices on the parties were issued on the basis of challans where there was no procedure to re-ensure whether all the challans were taken into account for raising the invoices or otherwise disposed of (1988-89).

ii) Physical verification of materials lying with ancillary units was not carried out periodically during 1988-89 and 1989-90.

iii) Certain work orders included in work-in-progress were not closed for a long time even after there was no work (1989-90).

iv) Huge amount of material was issued against work orders which did not have any work (1989-90).

### II Internal Control

Compliance to the points raised by Internal Audit was not adequate during 1989-90.

### III. Cost Control

i) There had been some cases of abnormal rejection at final inspection during 1989-90.

ii) Cost and financial accounts were not reconciled even at the end of March 1990.

### IV. Credit Control

Debts outstanding for more than 3 years as on 31.3.1990 amounted to Rs. 670.81 lakhs from Government Departments and Rs. 15.13 lakhs from others. (Marketing Division, Palghat and Kota).

V. Inventory Control

i) Value of stores declared surplus/obsolete and awaiting disposal as on 31.3.1990 was Rs. 33.54 lakhs.

ii) Value of stores and spares not moved for 3 years was Rs. 24.03 lakhs as on 31.3.1990.

103. **JESSOP AND COMPANY LIMITED**

I. System of Accounts & Book-keeping

The company had no Accounting Manual(1988-89).

II. Targets of Production

Actual production was less than the rated capacity (1988-89).

III. Cost Control

Actual cost in respect of major products was more than the estimated cost (1988-89).

IV. Credit Control

Debts to the extent of Rs.154.58 lakhs (Rs.119.09 lakhs from Government Parties and Rs.35.49 lakhs from private parties) were outstanding for more than 3 years as on 31st March 1989.

V. Inventory Control

Components valuing Rs.2.29 lakhs had been declared surplus and were awaiting disposal for more than 3 years as on 31.3.1989.

VI. General

The Project report envisaging the manpower was not available. No norms were fixed for employment of manpower.

104. **JUTE CORPORATION OF INDIA LIMITED**

I. System of Accounts & Book-keeping

The company did not have any Accounting Manual, laying down detailed accounting procedure.(1988-89 and 1989-90).

## II. Internal Control

- i) No procedure for write off, discount or refund was laid down during 1988-89 and 1989-90.
- ii) Purchase procedure of the company did not prescribe any system for open tenders. (1988-89).

## III. Credit Control

- i) Debts to the extent of Rs.82.68 lakhs were outstanding for more than three years as on 31.3.1989.
- ii) There was no system of obtaining confirmation from outstanding debtors (1989-90).

## 105. KUDREMU KH IRON ORE COMPANY LIMITED

### I. Cost Control

Standard Cost had not been fixed for the products (1988-89 and 1989-90).

### II. Inventory Control

Maximum and minimum level of stores and spares had not been fixed during 1989-90.

### II. General

The company had paid demurrage of Rs. 651.29 lakhs on exports during 1988-89 and Rs.620 lakhs during 1989-90.

## 106. LAGAN JUTE MACHINERY COMPANY LIMITED

### I. System of Accounts and Book-keeping

The company had no Manual prescribing detailed accounting procedure. (1988-89 and 1989-90).

### II. Internal Control

There was neither Internal Audit System nor there was Manual outlining the scope and programme of work for internal audit (1988-89 and 1989-90).

### III. Cost Control

No standard cost had been fixed by the Management for any of its products during 1988-89 and 1989-90.

### IV. Inventory Control

i) Some of the components of Imported Apron Draft Spinning Frame valuing Rs.76.27 lakhs had not been utilised and had been lying in stores for the last few years as on 31.3.1989.

ii) The value of stores and spare parts which had not moved for over 3 years was Rs.14.93 lakhs as on 31.3.1989.

iii) The company had not fixed any maximum and minimum levels of stores and spares during 1988-89 and 1989-90.

### V. General

No norms were fixed by the Management for employment of manpower during 1988-89.

## 107. **MAHANAGAR TELEPHONE NIGAM LIMITED**

### I. System of Accounts and Book-keeping

i) Property/Plant Register was not maintained for assets amounting to Rs.395.05 crores transferred from Department of Telecommunication on 1st April 1986 during 1988-89 and 1989-90. (Delhi Unit)

ii) There was no system of carrying out periodical reconciliation of Sundry Debtors as maintained by Telephone Revenue Section with the Control Account. (Bombay Unit)

iii) Property/Plant registers were in the process of compilation by Bombay Unit for assets acquired/added upto 1st April 1986. In respect of assets acquired from DOT, no records were maintained during both the years.

iv) The Accounting Manual did not contain the financial powers, duties and responsibilities of different officers(1989-90).

II. Internal Control

No Manual outlining the scope and programme of internal audit had been drawn up (1988-89 and 1989-90).

III. Inventory Control

i) No surplus and/or unserviceable stores had been determined during 1988-89. (Bombay Unit)

ii) Maximum and minimum levels of stores had not been fixed during 1989-90. (Delhi Unit).

IV. Credit Control

Debts outstanding as on 31st March 1990 for 3 years or more were Rs.153.60 lakhs (Rs.42.80 lakhs from Government Departments and Rs. 110.80 lakhs from others) (Delhi unit).

IV. General

No proforma accounts were maintained in respect of the canteen run by Delhi Unit during 1988-89 and 1989-90.

108 **MAHARASHTRA ANTIBIOTICS AND PHARMACEUTICALS LIMITED**

I. System of Accounts and Book-keeping

There was no Manual, laying down the accounting procedure (1989-90).

II. Internal Control

The Company did not have Internal Audit Manual (1989-90).

III. Cost Control

Standard cost of products was not fixed (1989-90).

IV. Inventory Control

Maximum and minimum levels of stores and spares had not been fixed during 1989-90.

109. **MAHARASHTRA ELECTROSMELT LIMITED**

I. Internal Control

There was no Internal Audit Manual, outlining the scope and programme of work for internal audit.

II. Cost Control

The company had not fixed standard cost of its products (1988-89 and 1989-90).

III. Inventory Control

Maximum and minimum levels of stores and spares had not been fixed during 1988-89 and 1989-90.

IV. Credit Control

Debts outstanding for more than 3 years amounted to Rs.30.06 lakhs as on 31.3.1989 and Rs. 65.31 lakhs as on 31.3.1990.

V. General

Plant and machinery costing Rs. 13.90 lakhs had not been installed upto 31.3.1990.

110. **MANGANESE ORE (INDIA) LIMITED**

I. Internal Control

(i) There was no Manual, outlining the scope and programme of internal audit.

(ii) The system of internal audit needed to be further strengthened (1989-90).

II. Cost Control

The company did not maintain gradewise cost records for manganese mined with the result that no comparison of cost of production with selling price could be made during 1988-89.



### III. Credit Control

Debts amounting to Rs.18.20 lakhs were outstanding for 3 years or more as on 31.3.1989.

### IV. Inventory Control

i) Maximum and minimum levels of stores and spares had not been fixed for individual items during 1988-89 and 1989-90.

ii) Value of stores not moving for 3 years or more was Rs. 18.63 lakhs as on 31.3.1990.

iii) Stores valuing Rs. 7.45 lakhs were declared as surplus during 1989-90.

### V. General

Proforma accounts were not maintained for service units during 1988-89 and 1989-90.

#### 111. **MARUTI UDYOG LIMITED**

##### I. System of Accounts & Book Keeping

i) The Company did not have an Accounting Manual (1989-90).

ii) The issues of components and raw materials were not recorded in the stores ledger (1989-90).

##### II. Internal Control

There was no Manual outlining the scope and programme of work for internal audit (1989-90).

##### III. Credit Control

Debts outstanding for three years or more amounted to Rs.12.85 lakhs as on 31.3.1990.

#### 112. **MAZAGAON DOCK LIMITED**

##### I. Internal Control

Internal audit system in the company needed to be strengthened so as to make it commensurate with the size and nature of its business (1988-89).

## II. Credit Control

Debts outstanding for 3 years or more as on 31.3.1989 amounted to Rs.750.50 lakhs from Government Departments and Rs. 245.27 lakhs from others.

### 113. METAL SCRAP TRADE CORPORATION LIMITED

#### I. Credit Control

i) No confirmation of outstanding debts was obtained during 1988-89.

ii) Debts to the extent of Rs. 11.67 lakhs were outstanding. (Rs.1.13 lakhs from Government Departments and Rs.10.54 lakhs from others) for more than three years as on 31.3.1989.

### 114. METTALLURGICAL AND ENGINEERING CONSULTANTS (INDIA) LIMITED

#### I. Internal Control

Internal audit system needed to be strengthened so as to make it commensurate with the size and nature of its business (1989-90).

#### II. Credit Control

i) Debts amounting to Rs. 684.59 lakhs were outstanding as on 31st March, 1990 against Government Departments for 3 years or more.

ii) Confirmation of balances had not been obtained from the parties during 1989-90.

#### III. Inventory Control

Maximum, minimum and re-ordering levels fixed long back had neither been reviewed nor given effect in actual practice (1989-90).

### 115. MICA TRADING CORPORATION OF INDIA LIMITED

#### I. Internal Control

i) No Manual outlining the scope and programme of work for the internal audit had been drawn up (Bhilwara Regional Office).

ii) There was no system of obtaining ticket numbers to ensure better control over travelling expenditure during 1988-89 and 1989-90.

## II. Budget Estimates

i) There were wide variations between budgeted figures and actuals in respect of revenue budget during 1988-89.

ii) Actual production of mica papers and mica powder was much less than the rated capacity and targets fixed during 1989-90. (Jhumritilaiya Unit).

ii) There were abnormal excesses for routine establishment and administrative expenses vis-a-vis budget provision during 1989-90. (Bhilwara Regional Office)

## III. Cost Control

i) There was no cost accounting system to indicate the cost of unit of major products (1988-89 and 1989-90).

ii) The standard cost of various main products had not been fixed during both the years. (Head Office and Regional Office, Gundur).

iii) There was no proper system of ascertaining idle time for labour and machinery during both the years.

iv) No project report was made at Giridih Unit, fixing pre-determined standards for consumption of raw materials during 1988-89.

v) There was no system of recording idle time during both the years. (Regional Office, Gundur)

## IV. Inventory Control

i) There was no system of fixing the maximum and minimum levels of stores and spares during 1988-89 and 1989-90.

ii) No records were maintained at Jhumritilaiya Unit to enable calculation of inventory holdings in terms of months' cost of production during 1988-89 and 1989-90.

V. Credit Control

i) Confirmation of outstanding debts had not been obtained from parties during 1988-89 and 1989-90.

ii) Debts amounting to Rs.3.75 lakhs were outstanding as on 31.3.1990 against other than Government Departments/Undertakings for 3 years or more.

VI. General

Manpower projections were not made during 1988-89. (Gudur Regional Office)

116. **THE MINERALS & METALS TRADING CORPORATION OF INDIA LIMITED**

I. Internal Control

Internal audit system needed to be strengthened and more intensive at Delhi ,Bombay and Bellary Regional offices and corporate office (1989-90).

## II. Credit Control

Debts outstanding for 3 years or more were as under:-

	Government	Departments	Private/ Parties	Other
	1988-89	1989-90	1988-89	1989-90
	(Rupees in lakhs)			
1. Bombay Regional Office.	107.64	107.01	118.93	210.50
2. Corporate Office	552.69	705.63	187.84	427.77
3. Calcutta Regional Office.	78.08	31.54	55.87	105.72
4. Madras Regional Office.	29.77	33.20	67.01	62.23
5. Calcutta Regional Office.	-	0.15	11.33	11.99
6. Goa Regional Office.	0.21	0.21	20.48	27.60
7. Visakhapatnam Regional Office.	-	5.33	101.10	10.48
8. Barbil Division	-	-	-	32.80
Total.	<u>768.39</u>	<u>883.07</u>	<u>562.56</u>	<u>889.09</u>

## III. General

i) Managerial and supervisory personnel in position was in excess of sanctioned strength during 1988-89. (Madras Regional Office)

ii) Demurrage charges of Rs. 553.89 lakhs were paid during 1989-90.

117. **MINERAL EXPLORATION CORPORATION LIMITED**

I. System of Accounts & Book-keeping

i) The Accounting system needed to be made more effective and purposeful as there was no proper allocation of expenditure at project level. (Nagpur-1988-89)

ii) No records were maintained during 1988-89 in respect of certain fixed assets in use in different projects including assets transferred from Head Office. (Calcutta Area III Office)

iii) There was no system of allocation of expenses other than wages and consumption of stores incurred on the construction of temporary hutments during 1988-89 and 1989-90. (Nagpur)

iv) Records of transfer of assets from Headquarters to Area offices or from one project to another were not maintained properly during 1988-89. (Nagpur)

II. Internal Control

i) Internal Audit was not conducted at Headquarters, Area Offices and at few projects during 1988-89 and 1989-90. Internal audit was also not conducted for Purchase Department and also for Area offices except Nagpur Area during 1988-89.

ii) Internal Audit System needed to be strengthened in Calcutta Area III & Nagpur (1988-89 and 1989-90).

III. Cost Control

i) There was no system of ascertaining idle time for labour and machinery during 1988-89 and 1989-90 (Nagpur Jaipur Area) and for machinery (Calcutta Area III).

ii) No monthly reconciliation of cost and financial accounts was done so as to exercise control over Project cost during 1988-89. (Nagpur)

IV. Credit Control

Debts outstanding from Government Departments and from other parties for more than 3 years amounted to Rs.61.72 lakhs and Rs.85.80 lakhs respectively as on 31.3.1989 (Nagpur) and Rs. 124.17 lakhs and Rs. 134.60 lakhs respectively as on 31.3.1990 (Nagpur, H.O. Calcutta and Jaipur).

V. Inventory Control

i) There was no system of ascertaining unserviceable stores during 1988-89. (Calcutta Area III)

ii) Maximum and minimum levels in respect of stores and spares had not been fixed during 1988-89 and 1989-90. (Calcutta Area III , Nagpur and Jaipur areas).

118. **MINING AND ALLIED MACHINERY CORPORATION LIMITED**

I. Internal Control

The scope of internal audit was not commensurate with the size and nature of business of the company.(1988-89 and 1989-90)

II. Cost Control

Standard/job costing system was not in operation in the company during 1988-89 and 1989-90.

III. Inventory Control

i) Stores items lying for over three years amounted to Rs.244.43 lakhs as on 31.3.1989 and Rs. 268.17 lakhs as on 31.3.1990.

ii) Surplus/obsolete stores amounted to Rs.42.75 lakhs as on 31.3.1989.

IV. Credit Control

i) Debts were not pursued vigorously during 1988-89.

ii) Debts outstanding from other than Government Departments for over three years amounted to Rs.23.82 lakhs as on 31.3.1989 and Rs. 15.63 lakhs as on 31.3.1990 and from Government undertakings - Rs. 835.86 lakhs as on 31.3.1990.

#### 119. MODERN FOOD INDUSTRIES (INDIA) LIMITED

##### I. Internal Control

i) Norms for replacement of breads as prescribed in the procedure laid down by Head Office were not properly followed during 1988-89. (Hyderabad Unit)

ii) Norms for consumption of raw material for major products were not prescribed during 1988-89. (Bhagalpur Unit)

iii) Internal audit had not been conducted during 1989-90. (Head Office at Delhi, Jaipur and Bhagalpur units).

##### II. Inventory Control

i) Maximum and minimum levels of stores and spares had not been fixed during 1989-90. (FJB Plant Delhi, Head Office and Bread unit Delhi).

ii) Surplus and unserviceable stores were not determined periodically during both the years. (Hyderabad Unit)

iii) Bread Bagging Machine costing Rs.41.45 lakhs installed during 1988-89 was not commissioned. (Cochin Unit)

iv) Annual stock verification Report for 1988-89 did not contain the full details regarding condition of stock and their valuation. (Bhagalpur Unit)

##### III. Budget Estimates

Capital, Revenue, production and sale budgets for Bhagalpur Unit and capital and revenue budget for Indore and Ranchi Units were not prepared during 1988-89 and 1989-90.



#### IV. Cost Control

i) Accounts indicating cost of each unit of major products were not prepared in Chandigarh and Indore Units during 1988-89 and in FJB Plant Delhi and Faridabad during 1989-90

ii) Standard cost of main products had not been fixed during both the years (Chandigarh, FJB Plant Delhi, Faridabad Hyderabad, Bhagalpur, Indore ,Cochin and Ranchi Units)

iii) Idle time for labour and machinery was not ascertained during 1988-89 and 1989-90. (Hyderabad, Jaipur Bhagalpur, Indore, Faridabad and Chandigarh Units)

#### V. Credit Control

No confirmation of outstanding debts was obtained during both the years. (Head Office, Chandigarh, Bhagalpur, Indore and Jaipur Units)

#### VI. General

No separate proforma accounts were maintained in respect of the canteens during both the years. (Head Office and Jaipur Unit)

#### 120. NAGALAND PULP & PAPER COMPANY LIMITED

##### I. System of Accounts and Book-keeping

The Accounting Manual was still (31st March 1990) under review.

##### II. Internal Control

i) There was no Manual for internal audit. (1988-89 and 1989-90).

ii) During physical verification, shortage of coal of 2,003.293 MT valued at Rs.13.35 lakhs was detected which was written off without the approval of the Board of Directors during 1988-89.

### III. Cost Control

- i) Standard cost of main products had not been fixed. (1988-89)
- ii) There was no system of ascertaining idle time for labour and machinery. (1988-89).
- iii) Actual consumption of major raw materials was more than the standard norms due to irregular production on account of inadequate supply of power and sudden stoppages in the manufacturing processes during 1988-89.

### IV. Inventory Control

- i) Obsolete/surplus stores and spares to the tune of Rs.12.16 lakhs (out of which items to the extent of Rs.5.73 lakhs related to earlier years) had not been disposed of during 1988-89.
- ii) Maximum and minimum levels of stock, optimum order quantity and timing of orders were not determined in most of the cases during 1988-89 and 1989-90.
- iii) Stores and spares valuing Rs.4.15 lakhs had not moved for more than 3 years as on 31.3.1989.

## 121. NATIONAL ALUMINIUM COMPANY LIMITED

### I. Cost Control

No standard costing system was followed during 1988-89 and 1989-90.

### II. Inventory Control

Maximum and minimum levels of stores and spares had not been fixed during 1988-89.

### III. General

i) Proforma accounts were not maintained in respect of service units during 1989-90.

ii) Demurrage charges of Rs 39.21 lakhs were paid during 1989-90 (M&RC and Smelter Division, Angul).

### 122. NATIONAL BICYCLE CORPORATION OF INDIA LIMITED

#### I. System of Accounts & Book-keeping

i) There was no Manual laying down the detailed accounting procedure (1988-89 and 1989-90).

ii) Physical verification of fixed assets other than plant and machinery had not been carried out during 1989-90.

#### II. Internal Control

i) The company did not have any system of budgetary control. (1988-89 and 1989-90).

ii) Scrap generated in non-process departments was neither recorded nor physically verified at the end of 1988-89.

#### III. Cost Control

i) Standard cost of main products had not been fixed during 1988-89 and 1989-90.

ii) There was no system of ascertaining idle time for labour and machinery. (1988-89 and 1989-90).

iii) Cost of production was more than the selling prices during 1989-90.

#### IV. Inventory Control

Unserviceable stores items which did not move for the last six years amounted to Rs.5.37 lakhs as on 31.3.1989.

V. Credit Control

Debts outstanding for three years or more amounted to Rs.78.49 lakhs.(Rs.5.12 lakhs from Government Departments and Rs.73.37 lakhs from others) as on 31.3.1989 and Rs. 89.73 lakhs (Rs. 5.13 lakhs from Government Departments and Rs. 84.60 lakhs from others) as on 31.3.1990.

VI. General

No norms were fixed in respect of manpower.(1988-89 and 1989-90)

123. **NATIONAL BUILDINGS CONSTRUCTION CORPORATION LIMITED**

I. System of Accounts and Book-keeping

i) Balances as per Unit Demand Ledger and Financial Ledger maintained at the Zonal Offices did not tally during 1988-89.

ii) Proper records relating to issue of material at site were not maintained by the units during 1988-89.

iii) System of self-balancing or sectional balancing was not followed during 1988-89.

iv) Inter unit reconciliation needed adequate attention for better control (1989-90- Southern and Baroda Region).

v) The system of accounting for advances to employees and their subsequent adjustments needed improvement (Zonal Offices- 1989-90).

II. Internal Control

Internal audit system needed to be further strengthened and enlarged (Southern and Baroda Region- 1989-90).

### III. Cost Control

i) Comparison of cost estimates with actual cost for most of the projects had not been carried out during 1988-89 and 1989-90.

ii) There was no reasonable system of identifying idle time for labour during 1988-89 and 1989-90 (Zonal offices, Southern and Baroda Regions).

### IV. Credit Control

Debts amounting to Rs.15,037.91 lakhs as on 31.3.1989 and Rs. 17,511.66 lakhs as on 31.3.1990 were outstanding against Government Departments for three years or more.

### IV. Budget Estimates

Capital, revenue and production budgets were not prepared during 1988-89.

### V. Inventory Control

i) There was no proper system of determining the amount of surplus/unserviceable stores periodically .(1988-89 and 1989-90).

ii) The company did not have any maximum and minimum levels for raw materials, stores & spares during 1988-89 and 1989-90.

## 124. NATIONAL FERTILIZERS LIMITED

### I. System of Accounts and Book-keeping

There was no Accounting Manual (1989-90).

### II. Internal Control

Coverage of internal audit needed to be enlarged. (1988-89 and 1989-90).

### II. Credit Control

Debts outstanding for more than three years amounted to Rs.393.22 lakhs (Government Departments Rs.139.68 lakhs and others Rs.253.54 lakhs) as on 31.3.1989 and Rs. 82.36 lakhs from Private Parties as on 31.3.1990.

### III. Inventory Control

Surplus stores and spares not moved for three years or more amounted to Rs.1,322.88 lakhs (Bhatinda Rs.627.70 lakhs and Nangal Rs.695.18 lakhs) as on 31.3.1989 and Rs.1,190.76 lakhs as on 31.3.1990 (Nangal - Rs. 538.52 lakhs, Bhatinda - Rs. 631.66 lakhs and Panipat -Rs. 20.58 lakhs).

#### 125. NATIONAL FILM DEVELOPMENT CORPORATION LIMITED

##### I System of Accounts and Book-keeping

i) There was no Accounting Manual laying down the detailed accounting procedure (1988-89 and 1989-90).

ii) Reconciliation of control accounts, subsidiary accounts including those pertaining to the branches was not carried out effectively and regularly.(1988-89 and 1989-90)

iii) Property/plant registers were not upto date as on 31.3.1990.

##### II. Internal Control

There was no Manual outlining the scope and programme of Internal Audit (1988-89 and 1989-90).

#### 126. NATIONAL HANDLOOM DEVELOPMENT CORPORATION LIMITED

##### I. System of Accounts & Book-keeping

There was no Accounting Manual (1988-89 and 1989-90).

##### II. Internal Control

No Manual outlining the scope and programme of work for internal audit had been drawn up.(1988-89 and 1989-90).

##### III. Inventory Control

Maximum and minimum levels of stores of yarn had not been fixed during 1989-90.

#### IV. Credit Control

i) Outstanding balance of Sundry Debtors as on 31.3.1989 was Rs.1,640.23 lakhs whereas accumulated balance of interest on overdue bills was Rs.53.85 lakhs and deferred accrued interest on overdue bills was Rs.147.63 lakhs.

ii) Debts outstanding for more than 3 years were Rs.13.06 lakhs as on 31.3.1990.

#### 127. NATIONAL HYDRO-ELECTRIC POWER CORPORATION LIMITED

##### I. System of Accounts and Book-keeping

i) The Project did not maintain any job-wise work-in-progress ledger during 1988-89. (Jorethang, Sikkim (South). Primary books were not maintained on regular basis during 1989-90.

ii) There was no system of reconciling stores records with financial books during 1988-89 and 1989-90.

iii) Bank reconciliation at the Corporate Office revealed long outstanding debits and credits amounting to Rs.296.93 lakhs and Rs.1,496.00 lakhs respectively for which adjustments were pending in the books as on 31.3.1989.

iv) Accounting Manual did not contain the accounting system and rules to be followed in Head Office (1989-90),

v) There was no effective system of reconciliation of books by taking out periodical trial balances. (1989-90).

##### II. Cost Control

There was no system of ascertaining idle time for labour at Bairasiul, Chamera Projects I & II and Chandigarh Transmission System, Loktak and of ascertaining idle time for machinery at Loktak Project and Corporate Office during 1988-89.

##### III. Internal Control

i) Internal audit system needed to be improved. (1989-90)

ii) Internal audit was not conducted during 1989-90. (Koel-karo H.E. Project)

IV. Credit Control

Debts outstanding for 3 years or more as on 31.3.1990 amounted to Rs.750 lakhs. (Head Office and Bairasiul Project)

V. Inventory Control

i) Physical verification of stores and spares, raw material was not conducted during 1989-90 at most of the projects (Head Office)

ii) Value of stores and spares not moved for 3 years or more was Rs. 73.90 lakhs as on 31.3.1990. (Loktak H.E. Project and Koel-Kero H.E. Project)

iii) The surplus/unserviceable stores were not periodically determined, resulting in inevitable delay in disposal of such stores during both the years. (Bairasiul, Chamera I & II, Chandigarh Transmission System, Loktak and Koel-Kero)

iv) Maximum and minimum levels of stores and spares had not been fixed during 1988-89 and 1989-90. (Bairasiul, Chamera I & II, Chandigarh Transmission System, Loktak, Koel Kero and Head Office)

v) Idle machinery valued at Rs.103.64 lakhs (WDV) had been awaiting disposal/transfer to other projects for the last few years as on 31.3.1990. (Loktak Project)



128. NATIONAL INSTRUMENTS LIMITED

I. System of Accounts and Book-keeping

There was no Accounting Manual (1989-90).

II. Internal Control

There was no Manual outlining the scope and programme of work for internal audit (1989-90).

III. Cost Control

The company did not have standard costing system (1989-90).

129. NATIONAL INDUSTRIAL DEVELOPMENT CORPORATION LIMITED

I. System of Accounts & Book-keeping

The company was not maintaining proper records to show full particulars including quantitative details and location of fixed assets during 1988-89.

II. Internal Control

There was no system of write-off of bad debts and Accounting Manual did not provide any guidelines in this respect .(1988-89 and 1989-90).

III. Credit Control

i) Efforts were not made to obtain confirmation of balance of debtors at the year end.(1988-89 and 1989-90).

ii) Debts amounting to Rs.55.24 lakhs (Rs.6.85 lakhs against Government Departments and Rs.48.39 lakhs against other parties) as on 31.3.1989 and Rs.64.39 lakhs (Rs.16 lakhs from Government Departments and Rs.48.39 lakhs from Others) as on 31.3.1990 were outstanding for three years or more.

iii) There was no formal system for allowing credit during 1988-89.

#### IV. General

Norms for employment of manpower had not been fixed during 1988-89.

#### 130. NATIONAL INSURANCE COMPANY LIMITED

##### I. System of Accounts & Book-keeping

i) Reconciliation of outstanding premium account and amounts due to and from Co-insurers/other Divisional Offices was not done during 1988-89. (Kanpur D.O. III, Indore DOI and Durgapur D.O.).

ii) Control accounts were not reconciled with subsidiary ledgers during 1988-89 and 1989-90 (Trichur D.O., Ahmedabad D.O.I, Guwahati D.O.I., Kanpur D.O.III, New Delhi D.O.III and Gorakhpur D.O.)

iii) Physical verification of fixed assets was not carried out during 1989-90 (R.O. New Delhi, New Delhi D.O.I and II, Pune D.O.II, Davangere D.O., Ahmedabad D.O.I, Calcutta R.O. and D.O.I & V, Calcutta, Rajkot D.O., Patna D.O. and Kota D.O.).

##### II. Cost Control

No norms were laid down for determining premium for non-tariff business during both the years. (Hissar D.O., New Delhi D.O. III and XVI, Mysore D.O., Kota D.O., Faridabad D.O. and Calcutta D.O.V).

##### III. Inventory Control

i) Fixed Assets Register was not maintained during both the years. (Rajkot D.O., Bhavnagar D.O. and Salem D.O.)

ii) Property and Loan Registers were not maintained during 1988-89. (Pune D.O.-III)

##### IV. Internal Control

Internal audit was not conducted during 1989-90 (Calcutta D.O. II, V & XI, Dhanbad D.O., Junagarh D.O., New Delhi D.O. III and Rohtak D.O.)

V. General

Proforma accounts were not maintained during 1989-90 in respect of service units of Dhanbad Divisional Office.

131. NATIONAL JUTE MANUFACTURERS CORPORATION LIMITED

I. System of Accounts & Book-keeping

i) There was no Accounting Manual laying down the detailed accounting procedure. (National, Union, Kinnison, Alexandra and Khardah units) (1988-89 and 1989-90).

ii) No procedure for recording generation of scrap was laid down. (Khardah Unit, Kinnison, RBHM units in 1988-89 and 1989-90).

II. Internal Control

There was no Internal Audit Manual outlining the scope and programme of internal audit. (National, Union, Alexandra and Kinnison ) 1988-89 and 1989-90).

III. Cost Control

i) The system of standard costing was not in existence during 1988-89 and 1989-90 (National, Union, Alexandra, Kinnison and Khardan Units)

ii) There was no system of ascertaining idle time for labour and machinery during 1988-89. (National)

iii) Cost of production of all the products was more than their selling price during 1988-89. (Alexandra Unit)

IV. Inventory Control

Maximum and minimum levels of stores and spares had not been fixed during 1988-89 and 1989-90. (National, Union, Khardah, Kinnison and Alexandra)

V. Credit Control

i) Debts to the extent of Rs.75.86 lakhs were outstanding for more than three years (Rs.18.66 lakhs from Government Departments and Rs.57.20 lakhs from others) as on 31.3.1989. (National, Union and Alexandra)

ii) The company did not have system of obtaining confirmation from debtors during 1988-89. (Khardah Unit)

132. NATIONAL MINERAL DEVELOPMENT CORPORATION LIMITED

I. Cost Control

Standard cost had not been fixed for its products by the company. (1988-89 and 1989-90)

II. Credit Control

Debts outstanding for three years or more were Rs.61.07 lakhs and Rs. 47.03 lakhs as on 31st March 1989 and 31st March 1990 respectively.

III. Inventory Control

i) Maximum and minimum levels of stores and spares had not been fixed at Donamalai and Bailadila Deposit No. 5 (1988-89 and 1989-90).

ii) Stores declared surplus and obsolete upto 31st March 1989 were Rs.91.36 lakhs.

iii) Value of stores which had not moved for 3 years or more was Rs.417.44 lakhs as on 31st March 1990 (Bailadila Deposit No.5).

133. NATIONAL NEWSPRINT AND PAPER MILLS LIMITED

I. Internal Control

The Internal Control needed to be strengthened (1988-89).

II. Credit Control

The debts outstanding for more than 3 years as on 31st March 1989 from parties other than Government Departments amounted to Rs.15.92 lakhs.

### III. Inventory Control

Stores/spares which did not move for three years or more amounted to Rs.1.25 crores. (1988-89)

### IV. General

Proforma accounts were not maintained in respect of canteen, transport and guest house (1988-89).

### 134. NATIONAL PROJECTS CONSTRUCTION CORPORATION LIMITED

#### I. System of Accounts & Book-keeping

Following deficiencies were noticed in the accounting system during 1988-89 :-

i) Quantitative reconciliation of actual consumption of material supplied by Project Authorities with the consumption norms had not been made.

ii) Reconciliation of quantities and rates taken in value of work done by the company and paid to the sub-contractors at most of the units and also for material belonging to Project Authorities and issued/consumed directly to/by sub-contractors had not been made.

iii) Income tax had not been deducted at source on the amounts paid to sub-contractors.

iv) Imprest accounts of employees as well as advances taken by them at units and corporate office were not adjusted regularly and required review.

v) Records had not been maintained at the corporate office to record purchase, issue and consumption of stores and office materials.

vi) Inter unit balances remained unreconciled/unconfirmed at the end of 1989-90. (Units/Regional Offices of Northern Region and Korba).

## II. Internal Control

The internal audit system was inadequate and needed to be strengthened during 1988-89 and 1989-90.

## III. Cost Control

There was no system of ascertaining idle time for labour during 1988-89 and 1989-90.

## IV. Credit Control

i) Debts amounting to Rs.2,474.51 lakhs as on 31.3.1989 and Rs. 3,581.76 lakhs as on 31.3.1990 were outstanding against Government Departments for 3 years or more.

ii) There was no system of obtaining confirmation from outstanding debtors.

## V. Inventory Control

i) Most of the units had not consistently followed during both the years the company's policy of valuation of closing stock at cost or market price or as technically assessed whichever was lower.

ii) Maximum and minimum levels of stores and spares had not been fixed during 1988-89 and 1989-90.

iii) There was no regular system of determining obsolete surplus or damaged stores, spares and tools during both the years.

## 135. NATIONAL RESEARCH DEVELOPMENT CORPORATION LIMITED

### I. System of Accounts and Book-keeping

There was no Accounting Manual (1989-90).

### II. Internal Control

There was no Manual outlining the scope and programme of work of internal audit (1989-90).

### III. Credit Control

Debts amounting to Rs. 74.12 lakhs were outstanding for more than three years as on 31.3.1990.

### IV. General

Norms had not been fixed by the Management in respect of manpower employed during 1989-90.

## 136. NATIONAL SMALL INDUSTRIES CORPORATION LIMITED

### I. System of Accounts & Book-keeping

i) There was no effective system of reconciliation of books of accounts by taking out periodical trial balances during 1988-89 and 1989-90. (Madras Regional Office and PDTC & Sub centre Dindigul)

ii) Reconciliation of the control accounts and subsidiary accounts was not done periodically during 1988-89. (PTDC & Sub centre Dindigul)

iii) No effective system of reconciliation was followed in respect of debtors' control accounts, creditors' control accounts, transactions between Central account and hire purchase account during 1988-89 and 1989-90. (Madras Regional Office)

### II. Cost Control

i) There was no standard costing system on the basis of which actuals could be compared. (PDTC Howrah 1988-89).

iii) Targets of production were not fixed. (PDTC Howrah-1988-89)

### III. Credit Control

Debts amounting to Rs.34.72 lakhs as on 31.3.1989 and Rs.433.64 lakhs as on 31.3.1990 were outstanding against parties other than Government Departments for 3 years or more. (Madras Regional Office) and Rs.417.88 lakhs (Kanpur Regional Office) as on 31.3.1990.

#### IV. Internal Control

i) There was no Internal Audit Manual. (Calcutta Regional Office, PDTC, Howrah and Madras Regional Office)

ii) Internal audit in the company needed to be strengthened and its scope and coverage needed to be enlarged with a view to make it commensurate with the size and nature of its business. (PDTC, Sub centre Dindigul, Guwahati Branch, Bombay Regional Office and Kanpur Regional Office).

#### V. Inventory Control

Maximum and minimum levels of stores and spares had not been fixed during both the years. (PDTC Howrah)

### 137. NATIONAL TEXTILE CORPORATION (APKK&M) LIMITED

#### I. Internal Control

No Internal Audit Manual outlining the scope and programme of internal audit had been drawn up during 1988-89. (Minerva Mills and Mysore Spinning & Weaving Mills),

#### II. Targets of Production and Achievements

There were shortfalls in production against the targets during 1988-89 in following Mills:



### Percentage of shortfall

1.	Ananthapur Cotton Mills	17.6
2.	Natraj Spinning & Weaving Mills, Nirmal.	19.4
3.	Sri Yallamma Cotton Woollen & Silk Mills.	34.9
4.	Azamjahi Mills Warangal.	44.4
5.	Adoni Cotton Mills.	28.0

### III. Cost Control

i) Standard cost was not fixed for main products during 1988-89 and 1989-90. (Minerva, Mysore, Ananthapur Cotton Mills, Vijaya Mohini Cannanore, Parvathi Natraj Mahe and Sri Yallama)

ii) The selling prices were lower than the cost of production during 1988-89 and 1989-90 in Ananthapur Gulbarga Cotton Mills and during 1988-89 in Parvathi Azamjahi, Cannanore and Sri Yallamma Mills.

iii) The Unit did not maintain manufacturing accounts during 1988-89 and 1989-90 (Vijaya Mohini and Sri Yallamma Mills).

iv) There was no system of ascertaining idle time for labour during 1988-89. (Azamjahi and Gulbarga)

#### IV. Credit Control

Debts outstanding for three years or more were as under:-

	<u>Government Departments</u>		<u>Others</u>		<u>Total</u>	
	1988-89	1989-90	1988-89	1989-90	1988-89	1989-90
	(Rupees in lakhs)					
1.Azamjahi	30.38	-	6.82	-	37.20	-
2.Gulbarga	3.73	-	16.43	-	20.16	-
3.Minerva	4.27	7.70	35.07	32.88	39.34	40.58
4.Mysore	0.50	0.52	25.76	37.78	26.26	38.30

#### V. Inventory Control

i) Maximum and minimum levels of stores and spares had not been fixed during both the years. (Ananthapur, Vijayamohini, Cannanore, Minerva and Mysore and sree Yallamna cotton Woolen and Silk Mills)

ii) Value of stores non-moving for more than 3 years was Rs.4.40 lakhs as on 31.3.1990. (Mysore Spinning Mills).

138. NATIONAL TEXTILE CORPORATION (SOUTH MAHARASHTRA)  
LTD.

I. System of Accounts and Book-keeping

i) There was no regular procedure for confirmation of balances of Sundry debtors, Sundry Creditors, Loans and Advances and Deposits during 1988-89. (Apollo Textile Mills)

ii) Monthly consumption of raw materials/stores was not recorded in the financial books during both the years. (Digvijay Textile Mills)

iii) All cash expenses through petty cash were accounted only at the end of the year and not on daily basis throughout the year during 1988-89. (Liaison office and Export Division)

iv) The Accounting Manual prepared long back by the holding company N.T.C. Limited was out-dated and no uniform procedure was followed at each Mill/Unit during 1988-89. (Head Office including Marketing Division & Jupiter Textile Mills)

v) Signatures of workers were not obtained on the wage sheet and revenue stamps were not affixed thereon during 1988-89. (Dhule Textile Mills)

vi) The unit had not maintained proper records of plant and Machinery in 1989-90. (Chalisingaon Textile Mills).

II Internal Control

i) Internal Audit Manual, outlining the scope and programme of internal audit had not been drawn up. (Head Office including Marketing Division, Chalisingaon Textile Mills and Barsh Textile Mills-1988-89 and 1989-90).

ii) The scope of internal audit needed to be enlarged and extended to the other areas. (Apollo Textile Mills, Digvijay Textile Mills and Dhule Textile Mills, Jupiter Textile Mills and New Hind Textile Mills-1988-89 and 1989-90).

iii) Expeditious compliance of the observations of the internal audit was required. Internal control in respect of recovery and settlement of debts needed to be strengthened. (Apollo Textile Mills-1988-89).

iv) No reconciliation with banks and N.T.C. subsidiaries was done. Neither scrutiny of accounts was made nor control on expenses was exercised during 1988-89. (Export Division and Liaison Office)

### III. Budget Estimates and Actuals

i) The actual loss for the year 1988-89 was Rs.465.47 lakhs as against budgeted loss of Rs.351.93 lakhs. (Apollo Textile Mills)

ii) No budget was prepared for the financial activities during 1988-89. (Export Division and Liaison Office)

iii) The company did not have any system of preparing capital budget (1989-90)

### IV. Cost Control

i) Standard costing system was not in vogue during both the years. (Digvijay Textile Mills, Chalisgaon Textile Mills, New Hind Textile Mills and Nanded Textile Mills).

ii) Standard cost of various main products had not been fixed during 1988-89 and 1989-90 (Dhule Textile Mills and Bharat Textile Mills, Barshi Textile Mills and Jupiter Textile Mills).

iii) Selling prices of most of the products were lower as compared to their cost of production during 1988-89 and 1989-90 (Digvijay Textile Mills and Bharat Textile Mills, Apollo Textile Mills, Dhule Textile Mills and Jupiter Textile Mills).

### IV. Credit Control

i) Confirmations from most of the parties were not received. (Digvijay Textile Mills, Apollo Textile Mills, Export Division and Liaison Office, Head Office including Marketing Division and Jupiter Textile Mills during 1988-89 and Nanded Textile Mills during 1989-90).

ii) System of collection of debts needed to be strengthened. (Digvijay Textile Mills-1988-89).

iii) Unitwise debts outstanding for three years or more were as under :-

	Government		(Rs. in lakhs)	
	1988-89	1989-90	1988-89	1989-90
1. Digvijay Textile Mills.	8.24	15.77	28.94	37.09
2. Dhule Textile Mills	-	0.53	11.13	11.39
3. Head Office including Marketing Division.	63.67	50.37	214.64	280.78
4. Jupiter Textile Mills.	7.16	12.25	56.65	54.45
5. Bharat Textile Mills.	-	-	7.95	-
6. Chalisgaon Textile Mills.	-	-	12.09	-
7. Apollo Textile Mills.	21.90	18.09	29.24	22.29
8. New Hind Textile Mills.	21.34	16.24	13.80	14.69
9. Nanded Textile Mills.	-	1.09	-	24.96

V. General

No proforma accounts were prepared for canteen facilities given to employees during 1988-89. (Bharsi Textile Mills).

139. **NATIONAL TEXTILE CORPORATION (DP&R) LIMITED**

I. System of Accounts and Book-keeping

i) No Accounting Manual was drawn up for the company as a whole.

ii) Fixed Assets Register was not properly maintained. during 1988-89 and 1989-90. (Divisional Office, Delhi and Head Office)

iii) As per the Sales Policy, credit sale was not allowed. However, all the sales during the year 1988-89 were made on credit basis. (Ajudhia Textile Mills)

iv) No day to day consumption records were maintained in respect of coal during 1988-89. Consumption of coal was being booked on estimated basis without reasonable criteria. (Ajudhia Textile Mills)

v) No accounting entires were passed at the time of despatch of goods to depots for sale during 1989-90. Entries were made only after the receipt of audited trial balances. (Kharar Textile Mills).

II. Internal Control

i) The Internal Audit System needed to be more comprehensive and effective to make it commensurate with size of the Division during 1988-89 in Divisional Office, Jaipur and during 1989-90 in Head Office and Ayudhia Textile Mills.

ii) Action was outstanding on important points raised by Internal Audit during 1988-89. (Divisional Office, Delhi)

iii) No proper follow-up action was taken by the Division to recover old outstanding claims from the Insurance companies during 1988-89. (Divisional Office, Delhi)

### III. Cost Control

- i) Norms for rejections were not fixed during 1988-89 and 1989-90. (Ajudhia Textile Mills)
- ii) Standard costs of main products were not fixed during 1988-89 and 1989-90. (Suraj Textile Mills, Malout (Punjab), Ajudhia Textile Mills, Mahalakshmi Mills and Dyal Bagh Spinning Mills).
- iii) There was no system of ascertaining idle time for labour and marketing during both the years. (Kharar Textile Mills and Dyal Bagh Spinning Mills).

### IV. Credit Control

Debts outstanding for 3 years or more from parties other than Government Departments amounted to Rs.5.27 lakhs in Ajudhia Textile Mills as on 31.3.1989 and Rs.12.56 lakhs as on 31.3.1990. (Kharar Textile Mills, Ajudhia Textile Mills and Shree Bijay Cotton Mills).

### V. Inventory Control

- i) Maximum and minimum levels of stores and spares had not been fixed during both the years. (Ajudhia Textile Mills, Suraj Textile Mills, Malout (Punjab), Divisional Office, Delhi, Kharar Textile Mills and Dyal Bagh Spinning Mills).
- ii) No surplus/unserviceable items of stores were determined during 1988-89. (Divisional Office, Delhi)
- iii) Stores valued at Rs.2.59 lakhs were declared obsolete at Suraj Textile Mills, Malout (Punjab) and stores valued at Rs.7.64 lakhs were declared surplus at Ajudhia Textile Mills during 1988-89.
- iv) Stores valued at Rs.4.09 lakhs were declared surplus/obsolete at Udaipur Textile Mills, Rs.5.56 lakhs at Ajudhia Mills, Rs.1.66 lakhs at Dyal Bagh Spinning Mills and Rs.2.71 lakhs at Suraj Textile Mills during 1989-90.

140. NATIONAL TEXTILE CORPORATION (GUJARAT) LIMITED

I. System of Accounts and Book-keeping

i) There was no Accounting Manual. (Mahalakshmi Textile Mills)

ii) There was no definite frequency of taking out periodical trial balance during 1988-89 and 1989-90. (Rajnagar Textile Mills)

iii) In respect of direct stores consumption, no proper classification was made between revenue and capital expenditure and no attempts were made to reconcile the consumption of direct materials with engineer's records during 1988-89 and 1989-90. (Rajnagar Textile Mills)

iv) The Plant Register for 1988-89 did not show the particulars of each item of plant and machinery. (Rajnagar Textile Mills)

v) Quantitative stock records were maintained in respect of only a part of all the different items of stores and spares, etc. during 1983-89. (New Manakchowk Textile Mills)

vi) The Plant Register was not reconciled with books of accounts during 1988-89. (Viramgam Textile Mills)

vii) Fixed Assets Register in Fine knitting Mill for 1988-89 was not showing full particulars including value of each item, quantitative details and their location.

viii) Departmental records for consumption of stores and spares items were not reconciled with those of Accounts Department during both the years. (Mahalakshmi Textile Mills)

II. Internal Control

i) Internal audit system was not commensurate with the size and nature of the unit during 1988-89 and 1989-90 and needed to be strengthened. (Rajnagar Textile Mills and New Manakchowk Textile Mills)



ii) Some of the observations of the Internal Audit such as non-pursuance of long outstanding advances/debts etc. were not complied with during 1988-89. (Rajnagar Textile Mills)

iii) The points raised in internal audit during 1988-89 and 1989-90 called for closer follow up at the higher level. (New Manakchowk Textile Mills)

### III. Cost Control

i) Standard cost for products of the company had not been fixed during 1988-89 and 1989-90. (New Manakchowk Textile Mills, Jupiter Textile Mills, Himadri Textile Mills and Viramgam Textile Mills)

ii) There was no system of ascertaining idle time for labour and machinery during both the years. (New Manikchowk Textile Mills (for labour only) Viramgam Textile Mills, Mahalakshmi Textile Mills and Jahangir Textile Mills)

iii) Norms for consumption of major raw materials had not been fixed during 1988-89. (New Manakchowk Textile Mills, Viramgam Textile Mills and Himadri Textile Mills)

iv) Selling prices were lower than the cost during 1988-89 in Rajnagar Textile Mills and during 1989-90 in Viramgam Textile Mills.

v) Selling prices were fixed on the basis of prevailing market rates of the products irrespective of its cost of production during 1989-90. (Mahalaxmi Textile Mills).

### IV. Inventory Control

i) Maximum and minimum levels of stock holdings had not been fixed during both the years. (Rajnagar Textile Mills, Himadri Textile Mills and Viramgam Textile Mills).

ii) There was no system of determining periodically surplus/ unserviceable stores and disposal thereof during both the years. (Jupiter Textile Mills and Viramgam Textile Mills)

iii) The company did not have a system of determining re-ordering level of stores (1988-89).

## V.

Credit Control

i) There was no practice of obtaining confirmation of outstanding debts. (Rajnagar Textile Mills)

ii) Unit-wise debts outstanding for three years or more were as under:

	<u>Government Departments</u>		<u>O t h e r s</u>	
	(Rs. in lakhs)			
	1988-89	1989-90	1988-89	1989-90
1. Rajnagar Textile Mills		-	48.15	-
2. New Manakchowk Textile Mills	-	-	4.64	5.41
3. Jupiter Textile Mills	-	-	19.77	-
4. Viramgam Textile Mills	19.84	14.74	14.95	15.46
5. Mahalakshmi Textile Mills	-	-	13.90	13.49
6. Himadri Textile Mills	29.08	25.69	7.68	-
7. N.T.C. (Gujarat)	-	-	192.35	159.32
8. Ahmedabad Textile Mills	-	-	-	22.46

VI. General

i) No proforma accounts were maintained during 1988-89 for service units operated for the benefit of staff. (Himadri Textile Mills)

ii) There was no system of comparing the manpower actually employed with the manpower envisaged in the Project Report. (Viramagam Textile Mills-1989-90.

141. NATIONAL TEXTILE CORPORATION LIMITED (HOLDING COMPANY)

I. System of Accounts and Book-keeping

i) Regular books of accounts in regard to loans received from the Government and their disbursement to various units were not maintained during 1989-90, with the result that the proper utilisation of loans by the company and its units could not be verified.

ii) Fixed Assets Register was neither maintained properly nor reconciled with lists prepared during physical verification and also with Financial Books during 1988-89.

iii) There was no Accounting Manual laying down the detailed accounting procedure. (1988-89 and 1989-90)

II. Internal Control

i) Internal Audit was not commensurate with the size and nature of business of the company during both the years.

ii) Manual outlining the scope and programme of work for the Internal Audit was not drawn up. (1988-89 and 1989-90)

142. NATIONAL TEXTILE CORPORATION (MAHARASHTRA NORTH) LTD.

I. System of Accounts and Book-keeping

i) Fixed assets records were not complete during 1988-89. (India United Mills Dye Works)

ii) Accounts with some of the parties were not reconciled during 1988-89. (Head Office including Marketing Cell)

II. Internal Control

i) There was no Manual outlining the scope and programme of internal audit. (India United Mills Dye Works).

ii) The internal audit was not commensurate with the size and nature of its business during 1989--90.

### III. Cost Control

i) Standard costs for various main products had not been fixed during both the years. (Sewatram Ramprasad Mills, India United Mills No.5, India United Mills Dye Works and Model Mills)

ii) There was no system of ascertaining idle time for labour and machinery during both the years. (Sewatram Ramprasad Mills, India United Mills No.5, Mohta Mills and India United Mills Dye Works)

iii) Selling prices were lower than the cost of production during both the years. (India United Mills No.5)

iv) No norms were fixed for consumption of major raw materials during both the years. (India United Mills Dye Works)

### IV. Inventory Control

i) Maximum and minimum levels for stores and spares had not been fixed. (Sewatram Ramprasad Mills and India United Mills Dye Works- 1988-89 and 1989-90).

ii) The amounts of surplus/unserviceable stores were not periodically determined and unserviceable stores were not disposed of within reasonable time. (India United Mills Dye Works-1988-89 and 1989-90).

### V. Credit Control

i) Confirmations of balances were not obtained from sundry debtors during 1988-89. (India United Mills Dye Works)

ii) Unitwise debts outstanding for three years or more were as under:-

(Rs. in lakhs)

	<u>Government Departments</u>		<u>O t h e r s</u>	
	<u>1988-89</u>	<u>1989-90</u>	<u>1988-89</u>	<u>1989-90</u>
1. India United Mills No.5	3.45	10.53	1.19	1.23
2. Model Mills	13.93	-	9.46	-
3. R.S.R.G. Mehta Mills	-	-	22.43	10.53
4. Vidarbha Mills Berar	-	-	-	21.65

VI. General

No proforma accounts were maintained during 1988-89 in respect of canteen facility. (Head. Office including Marketing Cell)

143. **NATIONAL TEXTILE CORPORATION (M.P.) LIMITED**

I. System of Accounts & Book-keeping

i) Property and plant registers were neither upto date nor reconciled with the financial books during 1988-89. (New Bhopal Textile Mills)

ii) The Mill had no proper system of adjustment of bills of supplies and expenses which were pending for the last 10-15 years as on 31.3.1990. (Kalyanmal Mills)

II. Internal Control

The system of internal audit needed to be strengthened to cover more areas of operation and to ensure correctness of payments as the areas covered by Internal Audit Department were not comprehensive and the coverage was not frequent during 1988-89 and 1989-90. (Kalyanmal Mills, Indore and Bengal Nagpur Cotton Mills, Rajnandgaon)

### III. Cost Control

i) The Mill had not fixed its own norms for the consumption of raw materials during 1988-89. (Bengal Nagpur Cotton Mills, Rajnandgaon)

ii) There was no system of fixing standard cost during both the years. (Indore Malwa Cotton Mills, Kalyanmal Mills, Indore and New Bhopal Textile Mills)

iii) The Mill did not have a system of ascertaining idle time for labour during 1988-89. (Kalyanmal Mills and Indore Malwa Mills)

iv) There was no system of ascertaining idle time for machinery during 1988-89. (Indore Malwa Mills)

### IV. Credit Control

Debts outstanding for more than three years from parties other than Government Departments amounted to Rs.19.86 lakhs and Rs.16.70 lakhs in the case of Bengal Nagpur Cotton Mills, Rajnandgaon, Rs.15.92 lakhs and Rs.17.52 lakhs in the case of Kalyan Mills, Rs.24.49 lakhs and Rs.26.03 lakhs in the case of Indore Malwa Mills and Rs.19.17 lakhs and Rs.19.64 lakhs in the case of New Bhopal Textile Mills as on 31.3.1989 and 31.3.1990 respectively.

### V. Inventory Control

i) Surplus or obsolete stores were not determined and disposed of and list of non-moving stores had not been prepared during 1988-89 and 1989-90. (Kalyan Mal Mills)

ii) Maximum and minimum levels of stores/spares holdings were not fixed during both the years. (New Bhopal Textile Mills, Kalyan Mal Mills and Indore Malwa Mills).

iii) Value of stores awaiting disposal as on 31.3.1990 was Rs.12.99 lakhs.

144. NATIONAL TEXTILE CORPORATION (TN & P) LIMITED

I. Cost Control

i) Standard costs of various main products had not been fixed during 1988-89. (Kaleeswarar Mills, Swadeshi Cotton Mills, Krishnavani Textile Mills, Sri Bharati Mills, Somasundaram Mills, Pankaja Mills, Pioneer Spinners, Coimbatore Spinning & Weaving Mills and Murgan Mills)

ii) There was no system of ascertaining idle time for labour during 1988-89 and 1989-90. (Coimbatore Spinning & Weaving Mills, Coimbatore, Krishnavani Textile Mills, Coimbatore Murgan Mills, Balarama Varma Textile Mills and Sri Rangavilas Ginning Spinning and Weaving Mills)

III. Credit Control

Debts outstanding for 3 years or more were as under:

	<u>1988-89</u>	<u>1989-90</u> (Rs. in lakhs)
	<u>Others</u>	<u>Others</u>
i) Sri Rangavilas Ginning, Spinning & Weaving Mills	2.69	-
ii) Kaleeswarar Mills, 'A' Unit.	6.48	8.40
iii) Sri Bharati Mills, Pondicherry.	18.52	-
iv) Swadeshi Cotton Mills	8.56	-
v) Somasundaram Mills	12.37	11.99
vi) Coimbatore Spinning & Weaving Mills.	16.74	-
vii) Coimbatore Murgan Mills.	6.09	-
viii) Retail Marketing Division Madras/Coimbatore.	2.02	12.52
ix) Sri Sarada Mills.	-	4.06

IV. Inventory Control

i) Maximum and minimum levels of stores/spares had not been fixed during 1988-89 and 1989-90. (Sri Rangavilas Ginning, Spinning & Weaving Mills, Kaleeswarar Mills A & B Units, Krishnavani Textile Mills, Pankaja Mills, Coimbatore Spinning & Weaving Mills and Pioneer Mills)

ii) Value of stores and spares not moved for more than 3 years as on 31.3.1990 was Rs.3.44 lakhs.(Rangavilas Ginning, Spinning and Weaving Mills) and Rs.3.24 lakhs(Sri Sarada Mills).

iii) Retail Marketing Division at Madras was not having any system of reconciling the stocks periodically. No physical verification of stock was carried out during 1988-89.

145. **NATIONAL TEXTILE CORPORATION(U.P.) LIMITED**

I. System of Accounts and Book-keeping

There was no Accounting Manual.(Head Office,New Victoria Mills and Swadeshi Cotton Mills, Kanpur - 1988-89 and 1989-90)

II. Internal Control

There was no Manual outlining the scope and programme of Internal Audit.(New Victoria Mills, Vikram Cotton Mills and Swadeshi Cotton Mills, Kanpur, Maunath Cotton Mills, Head Office and Rae Bareli Cotton Mills)

III. Cost Control

i) There was no standard costing system during 1988-89 and 1989-90.(New Victoria Mills,Vikram Mills and Rae Bareli Cotton Mills)

ii) There was no system of ascertaining idle time for labour and machinery during both the years.(Vikram Cotton Mills, Rae Bareli Textile Mills and Swadeshi Cotton Mills Kanpur)

iii) There was no system of ascertaining idle time for labour during both the years.(Swadeshi Cotton Mills, Naini)

iv) No standard cost of main products had been fixed during 1988-89 and 1989-90.(Lord Krishna Textile Mills,Swadeshi Cotton Mills, Kanpur and Rae Bareli Textile Mills)



IV. Inventory Control

i) No maximum and minimum levels of stores and spares had been fixed during both the years. (New Victoria Mills, Vikram Cotton Mills, Swadeshi Cotton Mills, Naini & Kanpur, Rae Bareli Textile Mills and Muir Mills)

ii) Stores & spares ledgers were not reconciled with financial books during both the years. (Rae Bareli Textile Mills).

iii) There was no procedure for determining surplus and unserviceable stores periodically. (Rae Bareli Textile Mills) - (1988-89 and 1989-90).

iv) The value of stores awaiting disposal for more than 3 years amounted to Rs.4.71 lakhs (Lord Krishna Textile Mills) as on 31.3.1989 and Rs.4.05 lakhs (Muir Mills) as on 31.3.1990.

v) Physical verification of stores was not conducted during both the years. (Rae Bareli Textile Mills).

vi) The value of store and spares which had not moved for three years or more amounted to Rs.8.58 lakhs as on 31.3.1989. (Regional Divisional Office Ghaziabad Rs.4.93 lakhs and Rs.3.65 lakhs New Victoria Mills).

V. Credit Control

i) Unitwise debts outstanding for three years or more were as under :-

(Rs. in lakhs)

Government Departments.                      Others

	<u>1988-89</u>	<u>1989-90</u>	<u>1988-89</u>	<u>1989-90</u>
1. New Victoria Mills	21.29	-	58.16	-
2. Swadeshi Cotton Mills	-	22.80	36.75	26.53
3. Muir Mills	23.87	-	44.05	51.10
4. Vikram Cotton Mills	0.08	0.08	7.36	7.36
5. Bijlee Cotton Mills	-	-	13.15	16.27
6. Lord Krishna Textile	2.97	-	12.50	-
7. Swadeshi Cotton Mills Kanpur.	-	-	25.07	36.70
8. Rae Bareli Textile Mills.	-	2.97	-	0.67

ii) There was no practice of obtaining confirmation of balances from parties. As such and confirmation was not obtained during both the years. (Rae Bareli Textile Mills, Bijlee Cotton Mills. Head Office, Swadeshi Cotton Mills, New Victoria Mills and Muir Mills).

**146. NATIONAL SEEDS CORPORATION LIMITED**

**I. System of Accounts and Book-keeping**

Manuals specifying the financial powers had not been updated (1989-90).

**II. Internal Control**

i) No Manual outlining the scope and programme of work for the internal audit had been drawn up as on 31.3.1990.

ii) Open tenders were not floated during 1988-89 even when the expenditure on transportation was likely to exceed Rs.50,000/- which was against the purchase procedure.

iii) The scope and coverage of internal audit needed to be streamlined (1989-90).

**III. Manufacturing & Production Accounts**

The company was having huge stock of condensed and sub-standards seeds valuing Rs.85.97 lakhs as on 31.3.1989.

IV. Credit Control

i) Debts outstanding for more than 3 years as on 31.3.1989 against private parties amounted to Rs.33.59 lakhs.

ii) Confirmation of Sundry Debtors was not obtained during 1989-90.

V. Cost Control

Cost accounts indicating the cost of each unit of major products were not prepared 1989-90.

147. NATIONAL TEXTILE CORPORATION (WBABO) LIMITED

I. System of Accounts and Book-keeping

i) There was no effective system of reconciling the books of accounts during 1988-89 and 1989-90.

ii) Property Registers(excluding plant registers) were not complete/up to date during 1988-89 and 1989-90.

iii) The system of periodical reconciliation of books of accounts was not effective in as much as control/subsidiary accounts in respect of some items and inter- unit accounts were not fully reconciled during 1988-89.(Manindra Mills, Kanoria Cotton Mills and Rampooria Cotton Mills)

II. Internal Control

i) There was no Manual outlining the scope and programme of work for internal audit(1988-89).

ii) Internal audit was not commensurate/adequate with the size and nature of business of the company during 1988-89 and 1989-90.

iii) The procedure for write off, allowing discount /refunds was not adequate during 1988-89 and 1989-90(Rampooria Cotton Mills).

iv) Plant & Machinery of the value of Rs.19.15 lakhs was not installed during 1988-89(Rampooria Cotton Mills).

v) There was no internal audit department(1988-89).(Luxmi Narayan Cotton Mills).

vi) Internal audit was not conducted during 1988-89. (Kanoria Cotton Mills).

### III. Budget Estimates

Capital and revenue budgets were not prepared during 1988-89. (Bengal Luxmi Cotton Mills)

### IV. Targets of Production and Achievements

i) Actual production of yarn (2,95,361 Kgs) was much less than the Budgeted target (5,76,000 Kgs.) during 1988-89. (Bihar Co-op. Weavers Spinning Mills).

ii) Actual production of yarn and cloth was 1 lakh Kgs and 52.74 lakh mts. against the targets of 5.45 lakh Kgs & 73.25 lakh mts. respectively during 1988-89. (Bengal Luxmi Cotton Mills).

iii) Actual production of cloth was 2.33 lakh Meters against the target of 4.66 lakh meters during 1988-89. (Jyoti Weaving Factory).

iv) Production of yarn and cloth was 6.86 lakh meters and 48.39 lakh meters respectively against the budgeted targets of 10.34 lakh meters and 67.08 lakh meters of yarn and cloth respectively during 1988-89. (Rampooria Cotton Mills).

iv) Production of cloth was 16.39 lakh meters against the target of 35.97 lakh meters during 1988-89.. (Manindra Mills)

vi) Actual production of cloth was 245.54 lakhs meters against the budgeted targets of 278.51 lakh meters during 1989-90.

### V. Cost Control

i) Standard cost of the main products had not been fixed (1988-89 and 1989-90).

ii) There was no system of ascertaining idle time for labour and machinery during 1988-89 and 1989-90.

iii) Cost of production of yarn was substantially higher than the selling price of each count of yarn during 1988-89 and 1989-90. (Arti Cotton Mills & Central Cotton Mills).

## VI. Inventory Control

- i) Maximum and minimum levels of stores and spares had not been fixed during 1988-89 and 1989-90.
- ii) Non-moving and slow moving stores amounted to Rs.35.31 lakhs as on 31.3.1989 and Rs.37.87 lakhs as on 31.3.1990.
- iii) Unserviceable stores amounting to Rs.3.56 lakhs were awaiting disposal for more than 3 years as on 31.3.1989.(Arti Cotton Mills)
- iv) The system of disposal of obsolete or condemned stores was inadequate during 1988-89.(Bengal Fine Spinning and Weaving Mills No.1)
- v) Obsolete and surplus stores amounted to Rs.14.62 lakhs, out of which stores worth Rs.8.58 lakhs were awaiting disposal for 2 years as on 31.3.1989(Central Cotton Mills).
- vi) Plant and Machinery costing Rs.10.72 lakhs which had been set apart by the Management in December, 1988 was found to be unserviceable and obsolete during 1988-89.(Central Cotton Mills).
- vii) Inventory valuing Rs.209.31 lakhs at the end of 1988-89 was equivalent to 6 months' sales.

## VII. Credit Control

- i) Confirmations of outstanding debts were not obtained during 1988-89.
- ii) Debts outstanding for three years and more amounted to Rs.246.10 lakhs as on 31.3.1989 and Rs.236.40 lakhs as on 31.3.1990.(other than Government Departments).

## VIII. General

Norms for man power employment had not been fixed during 1988-89.(Bengal Textile Mills, Central Cotton Mills, Jyoti Weaving Factory and Manindra Mills).

148. **NATIONAL THERMAL POWER CORPORATION LIMITED**

I. Internal Control

i) Internal audit system needed to be strengthened to cover more areas (1989-90).

II. Credit Control

Debts outstanding for more than three years from Public Sector Undertakings were Rs.195 lakhs as on 31.3.1990.

III. Cost Control

At Farakka, the cost of generation had been higher than the standard cost resulting in a loss of Rs.21.67 crores against the budgeted profit of Rs.3.67 crores during 1988-89.

IV. Inventory Control

i) There was no proper system of determining unserviceable and damaged stores during 1988-89.

ii) Value of stores and spares not moving for 2 years was Rs.50.37 crores as on 31.3.1990.

iii) Identification of obsolete stores was not done. Surplus stores awaiting disposal for more than two years amounted to Rs.60.26 lakhs as on 31.3.1989.

149. **NEW INDIA ASSURANCE COMPANY LIMITED**

I. System of Accounts and Book-keeping

i) System of reconciliation of books of accounts was not followed by taking out periodical trial balances during 1989-90 (New Delhi D.O. 311300).

ii) Control accounts / Bank accounts were not reconciled during 1989-90 (New Delhi D.O. No. 311300 & Bombay D.O.No. 111300).

iii) Branch Agents control Accounts for commission of Hublsiguda, Nalgoula and M.G.Road were not reconciled during 1989-90 in the Divisional Office, Secunderabad.

iv) Salvage register/record was not maintained during 1989-90 (Moulali D.O. and New Delhi D.O.).

v) Physical verification of fixed assets was not carried out during 1989-90. (Bombay D.O. 120700, Kota D.O., Bombay Tied unit, Gorakhpur D.O., Alwar D.O., Bhilai D.O., Moulali D.O., Ahmedabad D.O. No. IV & D.O. 210200, Belgaum D.O.).

vi) Claims and Fixed Assets Registers were not maintained during both the years. (Pune D.O. 15100 and Head Office and R.O. Bombay).

vii) Fixed Assets Register was not maintained during 1988-89. (Kota D.O., Tied Unit- 120300 and Bombay D.O. 120500 in both the years).

## II. Budget Estimates

i) There were wide variations between the actual and budgeted figures during 1988-89. (Jaipur D.O. 3).

ii) Budgets were not reviewed during 1989-90 with actuals. (Ahmedabad D.O. IV).

## III. Cost Control

No norms were laid down for determining premium for non-tariff business (1988-89 and 1989-90). (Alwar D.O., Lucknow D.O. II, Kota D.O., Bombay D.O. 1350, Jabalpur D.O., Gwalior D.O., Calcutta D.O. 510800, Bombay D.O. 110900, Bombay Head Office and Mysore D.O.).

## 150 NEYVELI LIGNITE CORPORATION LIMITED

### I. System of Accounts and Book-keeping

i) A Comprehensive Accounting Manual containing detailed accounting procedure and compendium of delegation of powers, duties and responsibilities of different officers had not been drawn up (1989-90).

ii) Review of a number of suppliers ledgers maintained by general stores revealed that a number of old balances were still outstanding for a considerable period pending adjustment as on 31.3.1990.

iii) Subsidiary ledgers were maintained only for selective accounts and these ledgers were not reconciled with respective control accounts during 1989-90.

II. Internal Control

Internal audit needed to be strengthened to make it commensurate with the size and the nature of the business of the company (1989-90).

III. Cost Control

Records were not maintained to ascertain idle time of labour during 1989-90.

IV. Inventory Control

Surplus/obsolete stores awaiting disposal for more than two years as on 31.3.1990 amounted to Rs.150.12 lakhs. Non-moving spares/items were not reviewed during 1989-90.

V. Credit Control

The outstanding debts for 3 years or more from parties other than Government Departments amounted to Rs.11.49 lakhs as on 31.3.1989.

VI. General

i) Plant and Machinery costing more than Rs.5 lakhs each which had not been installed and commissioned at the end of 1989-90 amounted to Rs.152.98 lakhs.

ii) In some units man power actually employed was more than the norms fixed by the management during 1989-90.

151. **NEPA MILLS LIMITED**

I. System of Accounts and Book-keeping

Reconciliation of Fixed Assets with the financial books had yet to be done for assets acquired prior to 1974 (1989-90).

II. Cost Control

No standard costs had been fixed during 1989-90.



### III. Credit Control

Debts outstanding for more than 3 years from Government Departments and Parties other than Government Departments amounted to Rs.8.63 lakhs and Rs.15.92 lakhs respectively as on 31.3.1990.

### IV. Inventory Control

Value of slow-moving/ non-moving stores for three years or more amounted to Rs.152.50 lakhs as on 31.3.1990.

### V. General

Proforma accounts in respect of operation of Service Units Like Canteen, Guest house and transport were not maintained during 1989-90.

## 152. NORTH EASTERN ELECTRIC POWER CORPORATION LIMITED

### I. Internal Control

The company had not drawn up a Manual laying down the scope and programme for internal audit(1988-89 and 1989-90).

### II. Budget Estimates

There were wide variations between budget estimates and actuals during 1988-89.

### III. Inventory Control

i) Power house spares worth Rs.89.78 lakhs had not moved since 31.3.1986(1988-89).

ii) Maximum and minimum levels of stores had not been fixed during 1988-89.

### IV. General

Man power employed was more than that envisaged in the Revised Project Report (except Ronga Nodi H.E. Project and Kathalguri Gas Turbine Project) during 1988-89.

153. **NORTHERN COALFIELDS LIMITED**

I. Cost Control

There was no system of ascertaining idle time for labour and machinery during 1989-90 (NCL Sidhi(MP) unit).

II. Credit Control

i)The company had paid/provided for Rs.14.35 lakhs on account of demurrage (NCL Sidhi(MP) Unit).

ii)Debts outstanding from Government Departments and parties other than Government Departments for more than three years as on 31.3.1990 amounted to Rs.14.74 lakhs and Rs.4,593.61 lakhs respectively.(NCL Sidhi(MP) Unit).

III. Inventory Control

i)Maximum and minimum levels of stores and spares had not been fixed during 1989-90.(NCL Sidhi Unit).

ii)Surplus and unserviceable stores were not determined during 1989-90.(Sidhi Unit).

IV. General

No proforma accounts were maintained in respect of service units for the benefit of staff during 1989-90.(NCL Sidhi(MP) Unit).

154. **NUCLEAR POWER CORPORATION OF INDIA LIMITED**

I. System of Accounts and Book-keeping

i)There was no Accounting Manual in the company.

ii)There was no effective system of reconciliation of books by taking out periodical trial balances during 1988-89(New Delhi Office & KAPP).

iii)The units did not maintain Fixed Assets Registers showing full particulars including quantitative details and location of fixed assets during both the years(TAPS-CMM unit, Head Office and KAPP).

## II. Internal Control

i) No Manual outlining the scope and programme of work for internal audit was drawn up by the company (1988-89 and 1989-90).

ii) The company did not have internal audit system (1988-89)

## III. Inventory Control

i) Maximum and minimum levels had not been fixed for the stores items during 1988-89 (RAPS-2 and RAPS 3&4).

ii) Machinery worth Rs.25.24 lakhs which was declared surplus/discarded in 1987 was still awaiting disposal as on 31.3.1989 (NAPP).

## 155. **ORIENTAL INSURANCE COMPANY LIMITED**

### I. System of Accounts and Book-Keeping

i) Control accounts/Bank accounts were not reconciled during 1988-89 and 1989-90. (New Delhi D.O. II and IX and Faridabad D.O.).

ii) There was no effective system of reconciliation of subsidiary accounts/premium control accounts/agent commission control accounts during 1988-89 and 1989-90 (Agra D.O. II, Rohtak D.O., Bombay D.O. No.2 and Varanasi D.O. ).

iii) There were no norms for determining premium for non-tariff business during 1988-89 and 1989-90. (Satara D.O., Kolhapur D.O., New Delhi D.O.-II, Calcutta D.O.-2, Bombay Central D.O. 12, Anantpur D.O., Kota D.O.I, Jammu D.O. Rourkela D.O., Meerut D.O., New Delhi D.O.XII, Madras D.O.I, Surat D.O., Pune D.O.I, Muzaffarpur D.O., Bombay city D.O.3 and Gwalior D.O.).

iv) There was no system of reconciliation of books by taking out periodical trial balances in Hyderabad D.O.I during 1988-89.

v) Fixed Assets/Property and investment/co-insurer's registers were not maintained during 1988-89. (Ludhiana D.O., Jhansi D.O. & New Delhi D.O.- XII and Kolhapur D.O. in both the years).

vi) There was no control over the system of bank guarantees and cash deposits. No records for these items were maintained during both the years. (Ludhiana D.O., Bombay D.O.2, Bangalore D.O. V, Varanasi D.O., Muzaffarpur D.O., Meerut D.O., Kolhapur D.O. and Pune D.O.I)

vii) Claim/disbursement registers were not maintained in Agra D.O.-II during 1988-89.

## II Internal Control

i) There was no Internal Audit Manual. (H.O. New Delhi and RO3)

ii) Internal audit was not conducted during 1988-89 and 1989-90. (Ludhiana D.O., Indore D.O., Madras C.O.1 & V, Warrangal D.O., Baroda D.O.I, Amritsar D.O., Jalandhar D.O., Ahmednagar D.O., Faizabad D.O., Ajmer D.O., Durg D.O., Hyderabad D.O.I, Madurai D.O. I & II, Nagpur D.O., New Delhi D.O.I & VII, Kota D.O. I, Kakinada D.O., Bhavanagar D.O., Bombay city D.O.3, Orghole D.O., Pune D.O.I and Udaipur D.O.)

iii) Internal control system needed to be strengthened in Bombay D.O. No.12 and Nandi D.O. (1989-90).

## III. Credit Control

There was lack of review and pursuance of balances in Sundry Debtors / Creditors/Agents Accounts during 1989-90 in Varanasi and Aligarh Divisional Offices.

## 156. OIL INDIA LIMITED

### I. Inventory Control

i) Stock of stores and spare parts included several very old valuable items accounted for at cost price which had not moved for more than 5/10 years as on 31.3.1989.

ii) Some of the customers to whom natural gas was being sold had disputed the quantities of gas supplied to them during 1988-89.

iii) Value of stores and spares not moved for more than 3 years as on 31.3.1990 was Rs.558.05 lakhs.

II. Credit Control

i)The company did not have any system of obtaining the confirmation of outstanding debts from the customers during 1988-89 and 1989-90.

ii)Debts outstanding for more than three years amounted to Rs.223.63 lakhs(Public Sector Undertakings- Rs.209.31 lakhs and Government Departments- Rs.14.32 lakhs) as on 31.3.1989 and Rs.300.78 lakhs(Public Sector Undertakings - Rs.156.72 lakhs and Government Departments - Rs.144.06 lakhs) as on 31.3.1990.

157. **ORISSA DRUGS & CHEMICALS LIMITED**

I. Internal Control

There was no Manual of internal audit fixing the scope and programme of internal audit(1988-89).

II. Cost Control

i)The company did not follow any costing system indicating the cost of each of its major product(1988-89).

ii)No standard cost of various main products had been fixed during 1988-89.

III. Inventory Control

No the maximum and minimum levels of stores and spares had been fixed during 1988-89.

158 **PRAGA TOOLS LIMITED**

I. Credit Control

Debts outstanding for 3 years or more as on 31st March 1990 were Rs.78.11 lakhs(Rs.65.86 lakhs from Government Departments and Rs.12.25 lakhs from others).

159. **PARADEEP PHOSPHATES LIMITED**

I. System of Accounts and Book-keeping

The company had no detailed Accounting Manual(1989-90).

## II. Internal Control

i) The Manual outlining the scope and programme of work for internal audit was awaiting approval of the Board of Directors (1988-89).

ii) Size and scope of internal audit needed to be strengthened so as to make it commensurate with the size and nature of business of the company during 1988-89 and 1989-90.

## III. Targets of Production and Achievements

Actual production of DAP was 6,26,500 MT and 2,47,055 MT during 1988-89 and 1989-90 respectively against the rated capacity/target of 7,20,000 MT.

## III. Cost Control

i) Actual cost of production was more than the standard cost during 1988-89 and 1989-90.

ii) There was no system of ascertaining idle time for labour and machinery during 1988-89 and 1989-90.

iii) Demurrage amounting to Rs.85 lakhs had been paid during 1988-89 including for earlier years.

## IV. Inventory Control

Maximum and minimum levels of stores and spares had not been fixed during 1988-89 and 1989-90.

## V. General

i) No proforma accounts had been maintained in respect of operation of service units during 1988-89.

ii) Plant and Machinery costing Rs.129.20 lakhs had been lying idle as on 31.3.1990 since December 1986/April 1987.

160. PROJECTS & DEVELOPMENT INDIA LIMITED

I. System of Accounts and Book-keeping

i) There was no Accounting Manual, laying down the detailed accounting procedure, duties, powers and responsibilities of the officers of the company (1988-89 and 1989-90).

ii) Property/plant register was not complete during 1988-89.

II. Internal Control

i) There was no Internal Audit Manual of the company (1988-89 and 1989-90).

ii) The scope of internal audit was not commensurate with the size and nature of business of the company during 1988-89 and 1989-90.

III. Cost Control

Standard costing system was not in operation during both the years .

IV. Credit Control

i) Debts were not pursued vigorously during 1988-89.

ii) Debts outstanding for three years or more against other than Government parties stood at Rs.18.56 lakhs as on 31.3.1989.

V. Inventory Control

Physical verification of raw-material/finished goods was not conducted during both the years.

161. **PROJECTS & EQUIPMENT CORPORTION OF INDIA LIMITED**

I System of Accounts and Book-keeping

There was no Accounting Manual(1989-90).

II.- Internal Control

i)There was no Manual outlining the scope and programme of work for internal audit(1988-89 and 1989-90).

ii)Internal audit was no conducted during 1989-90.(Bombay Branch).

III. Credit Control

Debts outstanding for more than 3 years amounted to Rs.180.09 lakhs(Government Departments Rs.19.29 lakhs and others Rs.160.80 lakhs) as on 31.3.1989 and Rs.292.67 lakhs(Rs 3.50 lakhs from Government Departments and Rs.289.17 lakhs from others) as on 31.3.1990.

162. **PYRITES, PHOSPHATES & CHEMICALS LIMITED**

I System of Accounts and Book-keeping

No entries in respect of transfer of stocks from Dehradun unit to Salem office and various warehouses in India were recorded in the financial books during 1988-89 and 1989-90.

II. Cost Control

i)The company did not have any standard costing system in operation(1989-90).

ii)Plant and machinery valued at Rs.36.89 lakhs, which were declared surplus, were awaiting disposal as on 31st March 1989.

iii)The company had no system of ascertaining idle time for labour and machinery during both the years.



### III. Inventory Control

i) Stock of raw materials (stores and spares) was equivalent to 26.52 months' consumption during 1988-89.

ii) The company had no system of determining unserviceable/damaged and surplus stores (1988-89 and 1989-90).

### IV. Credit Control

Debts outstanding for three years or more as on 31st March 1990 against Government Departments were Rs.16.80 lakhs and those against others were Rs.5.16 lakhs.

### V. Budget Estimates

Actual production of major products during 1989-90 was less than the rated capacity.

### VI. General

i) Proforma accounts in respect of service units were not maintained during 1989-90.

ii) Norms for deployment of manpower had not been fixed during 1989-90.

## 163. RAIL INDIA TECHNICAL & ECONOMIC SERVICE LIMITED

### I. Internal Control

There was no Manual outlining the scope and programme of internal audit of Head Office (1988-89).

### II. Credit Control

Debts amounting to Rs.137.97 lakhs and Rs.314.86 lakhs were outstanding for 3 years or more against Government Departments and others as on 31.3.1989 and 31.3.1990 respectively.

164. RASHTRIYA CHEMICALS AND FERTILIZERS LIMITED

I. Internal Control

There was no Manual outlining the scope and programme of work for internal audit(1988-89 and 1989-90).

II. Cost Control

i)The company did not have a system of fixing standard cost during both the years(Thal Unit).

ii)There was no system of ascertaining idle time for labour during both the years(Trombay unit).

III. Inventory Control

Stores/spares not moved for the last 3 years amounted to Rs.1,763.21 lakhs as on 31.3.1989 and Rs.1,786.78 lakhs as on 31.3.1990(Thal unit).

IV. Credit Control

Debts outstanding for 3 years or more against Government Departments and others amounted to Rs.55.02 lakhs and Rs.327.92 lakhs respectively as on 31.3.1989 and Rs.551.20 lakhs and Rs.589.82 lakhs respectively as on 31.3.1990.

V. Budget Estimates

There were wide variations between the budget estimates and the actuals during 1988-89.

VI. General

During 1989-90, Rs.273.91 lakhs were paid as demurrage by Trombay unit.

165. RAJASTHAN DRUGS & PHARMACEUTICALS LIMITED

I. System of Accounts and Book-keeping

There was no Accounting Manual and no instructions had been issued for the purpose of accounting procedure and system(1988-89).

II. Internal Control

- i) There was no Internal Audit Manual (1989-90).
- ii) Internal audit system needed to be strengthened (1989-90).

III. Inventory Control

Maximum and minimum levels for stores and spares had not been fixed during 1989-90.

IV. Cost Control

- i) The company was not having any system of ascertaining idle time for labour and machinery during 1988-89 and 1989-90.
- ii) The company did not have any system of cost accounting during 1989-90.

V. Credit Control

The company has not obtained confirmation of balances from the outstanding debtors during 1988-89.

166. **RICHARDSON & CRUDDAS (1972) LIMITED**

I. System of Accounts and Book-keeping

The scrap generated was not recorded at the stage of generation during 1988-89. (Byculla Unit, Mulund Unit & Corporate Office, Bombay).

II. Internal Control

The scope of internal audit needed to be enlarged (1988-89 and 1989-90) - (Byculla Unit, Mulund Unit and Corporate office, Bombay).

III. Cost Control

- i) No records were maintained to ascertain idle time for labour and machinery during 1988-89 and 1989-90. (Nagpur and Madras Branches).
- ii) Standard cost of various main products had not been fixed during 1988-89 and 1989-90 (Nagpur, Byculla, Mullund Units and Corporate office).

iii)The Company had not maintained cost accounts indicating the cost of each unit of its major products during 1988-89 and 1989-90.(Byculla and mullund Units and corporate office).

iv)There had been no system of comparing consumption with estimates during 1988-89 and 1989-90.(Byculla, Mulund Units and corporate office).

#### IV. Inventory Control

i)The company had not fixed maximum and minimum levels of stores/spares during 1988-89 and 1989-90.

ii)Following plant & Machinery were not installed/commissioned upto 31st March, 1990:-

<u>Name of Plant and Machinery</u>	<u>Year of purchase</u>	<u>Value</u>
	(Rupees in lakhs)	
a)Heavy Duty Crane	August,1986	31.35
b)Plate Bending and flame cutting machine.	October,1986	734.00
c)Kirloskar Compressor	July,1988	107.00
d)Power Supply System	May, 1988	64.00
e)Fabrication,Painting and Erection of Trusses and A.C.Sheets for covering open gantry.	March, 1987	12.00

### 167. RURAL ELECTRIFICATION CORPORATION LIMITED

#### I.System of Accounts and Book Keeping

Fixed Assets Register was not properly maintained during 1989-90.

#### II. Internal Control

Internal audit system needed to be strengthened (1989-90).

### III. Credit Control

i) Confirmation of loan balances were not obtained during 1988-89.

ii) The balances as per subsidiary ledgers/records were not reconciled with the control accounts balances during 1988-89 and 1989-90.

iii) Irrecoverable debts outstanding for more than three years from others amounted to Rs.2.63 lakhs as on 31.3.1989.

### 168. **SAMBHAR SALTS LIMITED**

#### I. System of Accounts and Book-keeping

Plant and Property Register did not show full particulars in respect of assets acquired prior to 1.10.1984 (1988-89 and 1989-90).

#### II. Internal Control

Internal Audit Manual needed to be updated. (1988-89).

#### III. Credit Control.

Debts outstanding for more than 3 years from parties other than Government Departments were Rs.3.17 lakhs as on 31.3.1989.

#### IV. Inventory Control.

i) Maximum and minimum levels of stores and spares had not been fixed during 1989-90.

ii) Value of stores which did not move for 3 years or more was not ascertained during 1989-90.

169. **SCOOTERS INDIA LIMITED**

I. System of Accounts and Book-keeping

There was no Accounting Manual(1988-89 and 1989-90).

II. Internal Control

There was no Manual outlining the scope and programme of work of internal audit(1988-89 and 1989-90).

III. Credit Control

Debts outstanding for more than three years amounted to Rs.80.83 lakhs(Rs.29.13 lakhs from Government Departments and companies and Rs.51.70 lakhs from others) as on 31.3.1989 and Rs.93.68 lakhs(Rs.30.67 lakhs from Government Departments and others- Rs.63.01 lakhs ) as on 31.3.1990.

IV. Cost Control

The company had not maintained any records to ascertain the actual cost of production during both the years.

V. General

No proforma accounts had been maintained for canteen and transport facilities given to staff during 1988-89 and 1989-90.

170. **SEMI CONDUCTOR COMPLEX LIMITED**

I. System of Accounts and Book-keeping

The company had no Accounting Manual and other instructions laying down the detailed accounting procedure(1988-89 and 1989-90).

II. Internal Control

There was no Audit Manual outlining the scope and programme of work for internal audit(1988-89 and 1989-90).

### III. Cost Control

i) Standard cost of various main products had not been fixed during 1988-89.

ii) No records were maintained for determining rejections in production during 1988-89.

iii) The company had no system of ascertaining idle time for labour and machinery during 1988-89 and 1989-90.

### IV. Inventory Control

Maximum and minimum levels of stores and spares had not been fixed during 1988-89 and 1989-90.

### VI. General

Proforma accounts were not maintained in respect of the operation of service units run for the benefit of staff during 1988-89 and 1989-90.

## 171. **SHIPPING CORPORATION OF INDIA LIMITED**

### I. Inventory Control

No updated inventory was maintained for furniture & fixtures and office equipment in the absence of which the results of physical verification had not been correlated with the book records. (1988-89)

### II. Credit Control

Debts outstanding for 3 years or more from Government Departments and others amounted to Rs.404 lakhs and Rs.52 lakhs respectively as on 31.3.1989.

## 172. **SMITH STANISTREET PHARMACEUTICALS LIMITED**

### I. System of Accounts and Book-keeping

i) The company had no Accounting Manual. (1988-89)

ii) Physical verification of fixed assets had not been conducted during the year. (1988-89)

## II. Internal Control

i)The company did not have any Internal Audit Manual, outlining the scope and programme of work for internal audit.(1988-89)

ii)Internal audit was not commensurate with the size and nature of business of the company.(1988-89)

## III. Cost Control

The company had no system of recording idle time for Labour and Machinery.(1988-89)

## IV. Inventory Control

i)Maximum and minimum levels in respect of any item of stores/spares had not been fixed.(1988-89)

ii)Stock of damaged/obsolete raw-material, stores and spares had not been ascertained.(1988-89)

iii)The present system of procurement and disposal of stores for maintenance and production did not ensure non-accumulation of stores in excess of the reasonable requirements.(1988-89)

## 173. **STEEL AUTHORITY OF INDIA LIMITED**

### I. System of Accounts and Book-keeping

i)Goods received notes had not been raised during 1988-89 and 1989-90 for capital goods and stores & spares-in-transit though the same had either been received or title to the goods had been passed long back(Bokaro Steel Plant ).

ii)As on 31st March, 1989,large quantities of materials namely rolls, insurance spares and other materials of considerable value were lying at the shop floors for a long time(Bokaro Steel Plant).

iii)Balances under Sundry Creditors and advances to parties had not been analysed and/or linked during both the years.(Durgapur and Bhillai Steel Plants).



iv) There was no proper documentation in respect of SIV/SRV for semi-finished and finished products received from sister plants during both the years. (Durgapur Steel Plant)

v) Proper records had not been maintained during 1988-89 in respect of instalments to be recovered from each individual who had been allotted a house under the HUDCO Housing Scheme. (Rourkela Steel Plant).

vi) Records were not maintained properly in respect of capital contracts enabling the Plant to calculate correct amount of unexpired capital contract as at the close of 1989-90 (Rourkela Steel Plant).

vii) There was difference in the subsidiary ledger and control account in Public Deposit Section during 1988-89. (Head office).

viii) Age-wise analysis of outstanding advances was not being maintained during 1988-89. (Bokaro Steel Plant).

ix) Income tax had not been deducted at source during 1989-90. (CMO House sales Department).

x) Liabilities amounting to Rs.173.88 lakhs created for supply of raw materials were pending adjustment as on 31st March, 1990. (Bhilai Steel Plant.)

xi) A large number of indents against which materials had been drawn, were still pending for valuation/appropriate adjustments as on 31st March, 1990. (Bhilai Steel Plant.)

xii) Consumption of stores of about Rs.20/25 crores out of issue notes valued at Rs.30.41 crores remained unadjusted as on 31st March, 1990. (Bokaro Steel Plant.)

xiii) The GRN's of stores and spares-in-transit valuing Rs.59.29 lakhs had not been raised during 1989-90. (Bokaro Steel Plant.)

xiv) Salvaged material valued at Rs.71.40 lakhs remained unadjusted as on 31st March, 1990. (Bokaro Steel Plant).

xv)As on 31st March, 1990, advances to suppliers amounting to Rs.55.67 crores(Net debit) and the total balances lying under Sundry creditors amounting to Rs.45.24 crores (net Credit) for supply of goods had not been linked up for last several years.(Bokaro Steel Plant).

xvi)Spares of capital nature amounting to Rs.57.63 lakhs (Rs.5.16 lakhs for the period upto 1983-84 and Rs.52.47 lakhs for 1984-85 to 1989-90) had been shown under spares-in-transit in the absence of proper identification and cataloguing.(Durgapur Steel Plant.)

xvii)In stores accounting, there was wide variation in the rates of items taken in the same account code due to wrong valuation of vouchers, wrong punching, non-incorporation of the amendments of purchase orders etc.(Rourkela Steel Plant).

## II. Internal Control

i)Timely action had not been taken on Internal Audit reports during both the years(Bhilai Steel Plant).

ii)Ad-hoc payment of Rs.925 lakhs had been made to a Government Undertaking during 1983-84 to 1988-89 pending finalisation of terms and conditions of contract.(Durgapur Steel Plant).

iii)During 1988-89,an amount of Rs.42.12 lakhs had fraudulently been paid to a contractor alleged to be based on forged documents/papers.(Durgapur Steel Plant).

iv)There was unusual delay in the erection/commissioning of equipment worth Rs.104.69 lakhs as on 31st March, 1989.(Durgapur Steel Plant).

v)CBI had established embezzlement of Rs.6.92 lakhs during 1989-90(Bhilai Steel Plant).

vi)The scope of internal audit needed to be enlarged to make it more effective.(Bhilai Steel Plant -1989-90).

vii) Small balances were outstanding as on 31.3.1990 in various 'Dead Accounts' relating to advances given to employees long time back. (Rourkela Steel Plant).

viii) There was no laid down Purchase Procedure. (CMO Eastern Region -1989-90).

### III. Budget Estimates

i) There were wide variations between the budget estimates and actuals during 1988-89. (Head Office).

ii) The percentage of actual rejection of some products was more during 1989-90 than norms fixed by the Management. (Durgapur Steel Plant).

### IV. Inventory Control

i) Stock worth Rs.913.45 lakhs as on 31st March 1989 and Rs.2,171.65 lakhs as on 31st March 1990 declared surplus/ obsolete was awaiting disposal for more than 2 years. (Alloy Steel Plant, Durgapur Steel Plant, Bokaro Steel Plant, and Rourkela Steel Plant).

ii) Stores and spares amounting to Rs.13,375.36 lakhs as on 31st March 1989 and Rs.10,207.34 lakhs had not moved for more than 3 years. (Durgapur Steel Plant, Bokaro Steel Plant, Rourkela Steel Plant and Salem Steel Plant, Bhillai Steel Plant and Alloy Steel Plant).

iii) Stores amounting to Rs.123.58 lakhs for CEZ became surplus as most of the construction equipments to which these spares related had been disposed of or were awaiting disposal as on 31.3.1989 (Bhilai Steel Plant).

iv) Maximum and minimum levels had not been fixed in respect of stores and spares during 1988-89 and 1989-90 (R&D Centre Ranchi, Ranchi Units (other than RDCIS) and Rourkela Steel Plant (Spares only)).

v) Loss of material due to conversion of semis into rolled products/structural had not been reflected in the accounts during 1988-89.

vi) Shortage of material while in transit as well as in stock yards had been shown as consumption without obtaining write off sanction during 1988-89. (CMO(NR)).

vii) Missing railway wagons had been shown as stock-in-transit while unlinked wagons were shown at recipient branches as ground stock, thus creating possible double accounting of the same (CMO(NR)-1988-89).

viii) The reconciliation of assets found short/excess on physical verification done in 1987-88 and 1988-89 was still in progress (January 1991) (Rourkela Steel Plant).

ix) There was no system of ascertaining transit losses on supplies of Naphtha received from Hindustan Petroleum Corporation Limited and consequent claim, if any. (Rourkela Steel Plant-1989-90).

x) Stores and spares valuing Rs.651.84 lakhs were declared surplus during 1989-90:-

	(Rs.in lakhs)
i) Bhilai Steel Plant,	293.20
ii) Bokaro Steel Plant	252.58
iii) Alloy Steel Plant	<u>106.06</u>
	<u>651.84</u>

xi) As on 31st March 1990, one line 350T cut sheet (Rolling Mill Line) procured at cost of Rs.13.26 lakhs had been lying idle since 1968-69. (Durgapur Steel Plant).

xii) As on 31st March 1990, composite machinery of Coil Unit (Bar Mill) costing Rs.82.69 lakhs inclusive of spares Rs.25.55 lakhs had been lying idle since August, 1976. (Alloy Steel Plant).

V. Cost Control

i) No norms for rejection in production had been fixed during both the years. (Bokaro Steel Plant).

ii) Standard cost of various products had not been fixed during 1988-89 and 1989-90 (Bokaro Steel Plant).

iii) There was no system of ascertaining idle time for labour during 1988-89 and 1989-90 (Durgapur Steel Plant and Bokaro Steel Plant).

iv) Actual cost per tonne (Rs. 64,727) was more than standard cost (Rs. 53,681) per tonne during 1988-89. (Salem Steel Plant).

v) Actual cost of various products was more than that of standard cost during 1989-90. (Bhilai Steel Plant).

vi) Average cost of production was more than net realisation Price of most of the major products during 1989-90 (Bokaro steel Plant).

vii) The actual production of all the products was less than the targets and installed/rated capacity during 1989-90 (Bokaro Steel Plant).

viii) Average realisation per MT of various products was less than actual cost per MT in almost all the cases during 1989-90 (Durgapur Steel Plant).

VI. Credit Control

i) Debts amounting to Rs. 1,229.58 (Rs. 959.91 lakhs against Government Departments/Undertakings and Rs. 269.67 lakhs against other parties were outstanding for 3 years or more as on 31st March, 1990 (CMO, Home Sales (Common Department), CMO, Home Sales (Eastern Region), Alloy Steel Plant, Durgapur Steel Plant, Bokaro Steel Plant, Rourkela Steel Plant, Bhilai Steel Plant and (CMOSR)..

ii) Follow up action for recovery of old debtors needed to be accelerated. (Rourkela Steel Plant).

## VII. General

i) The man power actually employed was more than the sanctioned strength during 1988-89. (Alloy Steel Plant).

ii) There was no system of assessing manpower requirement during both the years (Bokaro Steel Plant).

iii) Demurrage charges amounting to Rs.656.65 lakhs during 1988-89 and Rs.396.04 lakhs during 1989-90 were paid (Alloy Steel Plant, Durgapur Steel Plant, Bokaro Steel Plant and Rourkela Steel Plant).

iv) There was no system of preparing manufacturing accounts. (Durgapur Steel Plant-1989-90).

### 174. **STATE FARM CORPORATION OF INDIA LIMITED**

#### I. System of Accounts and Book-keeping

Standing trees valuing Rs.19.95 lakhs were recommended for deletion from Property and Plant Register during 1988-89 (Aralam Unit).

#### II. Internal Control

i) Manual outlining the scope and programme of work for internal audit was not drawn up. (Aralam Unit-1988-89 and 1989-90).

ii) Internal audit was not carried out during 1989-90 (Jawalgera unit).

#### III. Inventory Control

i) Spare parts worth Rs.0.72 lakhs were lying surplus for last three years as on 31.3.1989 (Jawalgera Unit).

ii) Maximum and minimum levels for stores and spares had not been fixed (Aralam and Bahraich Units-1988-89 and 1989-90).

iii) Physical verification of stores and spares had not been carried out during 1989-90. (Jawalgera unit).

IV. Cost Control

i) Cost of production of each unit was not worked out during 1988-89 and 1989-90. (Aralam and Bahraich Units)

ii) Standard costs of main products were not fixed. (Bahraich and Jawalgera Units-1988-89 and 1989-90).

iii) There was no system of ascertaining idle time for labour and machinery during both the years (Bahraich and Jawalgera Units).

V. Credit Control

No confirmation letters from debtors were obtained during 1988-89 in Jawalgera and Bahraich Units and during 1988-89 and 1989-90 in Aralam Unit.

VI. General

Proforma accounts in respect of service units were not maintained during both the years. (Aralam and Jawalgera Units).

175. **SWADESHI MINING AND MANUFACTURING COMPANY LIMITED**

Following points were noticed from auditor's reports for 1988-89:-

I. System of Accounts and Book-keeping

There was no Accounting Manual in the company.

II. Internal Control

i) There was no Internal Audit Manual in the company.

ii) Physical verification of store items was not conducted.

III. Cost Control

i) Standard cost of sugar which is the main product of the company had not been fixed.

ii) There was no system of ascertaining idle time for labour & machinery.

#### IV. Credit Control

There was no system in the company for obtaining periodical confirmation from Sundry Debtors.

#### V. Inventory Control

There was no system in the company for fixing maximum and minimum levels of stores/spares.

#### VI. General

Proforma accounts in respect of the operation of service units had not been maintained.

### 176. SOUTH EASTERN COALFIELDS LIMITED

#### I. System of Accounts and Book-keeping

i) Production of coal was accounted for on the basis of management information reports which were not tallied with the detailed records maintained at the collieries during 1988-89. (Korba West Area)

ii) There was no system of physical verification of stores and spares during 1988-89. (Korba West Area).

iii) The accounting procedure in recording suppliers bills on receipt of items purchased and the adjustment of advances in such cases was not adequate during both the years. (Korba West Area).

iv) Reconciliation of control accounts was not made with subsidiary ledgers in respect of plant & machinery, stores-in-transit, stores to contractors, Travelling Advances, Misc. Advances and priced stores ledger during both the years (Korba West Area).

v) Reconciliation between control accounts and financial books was not adequate during 1988-89 and 1989-90. Subsidiary records of loans and advances, stores ledger and sundry creditors were not reconciled with financial books. (Sohagpur Area, Jamuna Kotma Area Korba East and West Areas).

vi) Fixed Assets Registers were not maintained during 1989-90 (Korba West Area).



## II. Internal Control

i) No Manual outlining the scope and programme of internal audit was drawn up during 1988-89 and 1989-90. (Head Office, Korba West Area and Calcutta Sales Office).

ii) Adequate procedure for recovery of charges for material issued to contractors was not in existence during 1988-89. (Head Office and Korba West Area).

iii) The reasonableness of price charged by foreign suppliers was not being ensured (Head Office- 1988-89).

iv) Internal audit system was not commensurate with size and nature of business during 1989-90. (Korba East and Talcher area).

v) Internal audit was not conducted during 1989-90. (Korba central stores, Workshop Area and Ib Valley areas).

vi) The difference between issue rates and recovery rates for materials issued to contractors remained unadjusted in some cases during 1988-89 (IB Valley Area).

vii) There were instances where discount, refunds etc., had been foregone in the shape of unusual concessions, discounts and rebates involving material amounts e.g. reduction of current year's sales by Rs.261.29 lakhs and provision for bad & doubtful debts amounting to Rs.498.35 lakhs in Talchar Area during 1988-89.

## III. Cost Control

i) There was no system of ascertaining the cost per tonne of various grades of coal produced and the cost as per Cost Centres during 1988-89. (Korba West Area).

ii) There was no system of ascertaining idle time for labour and machinery during both the years (Korba West, Chirimiri and Hasdeo areas, Korba East Area, Korba Central stores/workshop Area and Baikunthapur).

IV. Credit Control

Sundry debtors ledger was not maintained during 1988-89 (IB Valley area).

V. Inventory Control

i) There was no systematic procedure for determining unserviceable/damaged stores during 1988-89 and 1989-90. (Korba West, Chirimiri, Hasdeo, Baikunthapur, Sohagpur Korba East, Jamuna Kotma Area and Johilla Area).

ii) Maximum and minimum levels of stores and spares had not been fixed during both the years. (Korba West, Chirimiri, Hasdeo, Baikunthapur and Sohagpur Area).

iii) Slow moving and obsolete/unserviceable stores were not determined during 1988-89 (Sohagpur and Jamuna, Kotma Area).

iv) At Regional Stores, there was overstocking of inventory to the tune of Rs.2.74 crores which was either slow moving or obsolete and stores worth Rs.68.03 lakhs were either surplus or slow-moving as on 31.3.1989. (Talcher Area).

v) Stores and spares not moved for more than 3 years as on 31.3.1990 amounted to Rs.980.33 lakhs (Korba West Area) and Rs.624 lakhs (Korba Central Stores/Work shop).

vi) Substantial demurrages amounting to Rs.491.58 lakhs were paid by various areas during 1988-89 and 1989-90. (Korba West - Rs.46.29 lakhs, Chirimiri Rs.111.97 lakhs, Hasdeo Rs.106.89 lakhs, Baikunthapur Rs.123.44 lakhs, Jamuna & Kotma Area Rs.51.93 lakhs, Talchar Area Rs.34.72 lakhs, Johilla area -Rs.4.69 lakhs and Sohagpur Area - Rs.11.65 lakhs).

VI. General

i) Plant and machinery costing Rs.842.30 lakhs remained uncommissioned as on 31st March 1989 (IB-Valley- Rs.263.60 lakhs, Chirimiri Area Rs.66.79 lakhs, Hasdeo Rs.64.79 lakhs, Baikunthpur Rs.81.34 lakhs, Korba West Area Rs.192.24 lakhs, and Talchar Rs.173.54 lakhs (including double drum winders valued at Rs.60.40 lakhs declared surplus).

ii) Plant and machinery costing Rs.160.80 lakhs remained uncommissioned as on 31.3.1990.

177. **SPICES TRADING CORPORATION LIMITED**

I. System of Accounts and Book-keeping

The company did not have any Accounting Manual (1988-89).

178. **STATE TRADING CORPORATION OF INDIA LIMITED**

I. System of Accounts and Book-keeping

i) In many cases during 1988-89 and 1989-90 either full details of old outstanding balances in different divisions were not available or necessary action was pending to reconcile and adjust the same. (Corporate Office).

ii) It was not possible to ascertain accuracy in respect of sales accounted for in counter Trade Division as records were not maintained properly during 1988-89 and 1989-90. (Corporate Office).

iii) Fixed Assets Register had not been maintained at corporate office in respect of assets at housing colony during both the years.

iv) Fixed Assets Register had not been produced in respect of fixed assets at foreign office during 1988-89.

v) The property Register remained to be updated during 1988-89 and 1989-90 (Corporate Office).

vi) There was no Manual laying down financial powers, duties and responsibilities of different officers of the company. (Visakhapatnam Branch - 1988-89).

vii) Accounting Manual was under finalisation (Bombay Branch - 1988-89).

viii) Reconciliation of books by taking out periodical trial balances remained in arrears. (Bombay Branch- 1988-89).

## II. Credit Control

i) Debts outstanding for more than 3 years were as under :-

	<u>Government Departments</u>		<u>O t h e r s</u>	
	1988-89	1989-90	1988-89	1989-90
	(Rs. in lakhs)			
Agra Branch	-	1.45	-	9.35
Delhi Branch	-	-	-	27.71
Bangalore Branch	0.01	33.83	2.88	2.95
Bombay Branch	58.32	820.88	132.43	127.48
Hyderabad Branch	-	-	0.35	-
Madras Branch	13.93	128.30	40.36	26.51
Corporate Office	123.76	2.77	325.03	37.95
Calcutta Branch	7.29	539.84	59.56	55.62
Visakhapatnam Branch	36.89	-	0.25	-
	<u>240.20</u>	<u>1,527.07</u>	<u>560.86</u>	<u>287.57</u>

ii) An amount of Rs.157.16 lakhs being the unreconciled net credit balance in parties accounts was written back to Misc. income during 1988-89 (Bombay branch).

iii) There was no system of obtaining confirmation of outstanding debtors at Corporate Office during 1988-89.

iv) Many of the individual debtors accounts remained unreconciled as on 31st March, 1989 and no confirmation of balances could therefore be obtained. (Calcutta Branch).

## III. Internal Control

i) No Manual outlining the scope and programme for internal audit had been drawn up. (Bombay Branch, Hyderabad Branch, Kandla, Visakhapatnam Branch and Corporate Office - 1988-89 and 1989-90).

ii) Internal audit needed to be strengthened (Bombay Branch, Hyderabad Branch and Corporate Office - 1988-89 and 1989-90).

iii) The area of operation of Internal audit should be enlarged and the system strengthened. (Calcutta Branch - 1988-89 and 1989-90).

IV. General

i) Proforma accounts in respect of service units were not maintained during 1988-89.

ii) Demurrage charges amounting to Rs.147.26 lakhs and Rs.91.32 lakhs were paid during 1988-89 and 1989-90 respectively (Corporate Office).

179. **TRADE FAIR AUTHORITY OF INDIA**

I. System of Accounts and Book-keeping

i) The company did not have Accounting Manual even after a decade of its existence (1988-89 and 1989-90).

ii) Exit permits/clearance certificates were being issued to the exhibitors to remove exhibits from sites without ensuring that all amounts due from them were received, resulting in accumulation of sundry debtors/loss of revenue (1988-89).

iii) The company was not maintaining complete records in respect of income from space rent (1988-89 and 1989-90).

iv) Appropriate control procedure and records should be introduced to cross check and reconcile on monthly or quarterly basis, the work of handling specific activities being attended to by separate divisions during 1988-89.

v) Proper records were required to be kept indicating serial number of invoices printed and issued during the year which should be capable of being produced as and when required (1988-89 and 1989-90).

vi) Authenticated and readily verifiable records were not available during 1988-89 from which it could be established with certainty that:

a) All rentable space was allotted to willing participants and there was no undetected loss of revenue due to non-allotment of space.

b)The total space rent recoverable from each of the Indian fairs held during the year had been accounted for.

vii)There was substantial loss of revenue due to failure in quantifying and collecting the amounts due on account of electricity and water consumed by the exhibitors during 1988-89.

viii)No records of bonds executed with customs and the liability on this account were maintained during 1988-89.

## II. Internal Control

i)The company did not have a system of internal audit of its own(1988-89 and 1989-90).

ii)There were omissions /commissions resulting in violation of FERA which might attract penalties or other consequences(1988-89 and 1989-90).

## III. Credit Control

i)Balances in most of the accounts remained unconfirmed during 1988-89.

ii)The company had not laid down any procedure/system for allowing credit. However, credit was being allowed from year to year. Sufficient efforts were not made for expeditious recovery of dues during 1988-89.

## 180. TYRE CORPORATION OF INDIA LIMITED

### I. System of Accounts and Book-keeping

i)The company had no Accounting Manual or any other instructions laying down the accounting procedure(1988-89 and 1989-90).

ii)The company was not reconciling, either periodically or at the end of the year, the finished stock lying at the branches, sale at branch level and realisation of the branch debtors with the records relating to despatches and replacements, etc during 1988-89.

## II. Internal Control

There was no Internal Audit Manual(1988-89 and 1989-90).

## III. Cost Control

i)Actual consumption of major raw materials was more than standard requirement in respect of major products during 1988-89.

ii)The company did not have any system of determining idle time for labour and machinery during 1988-89.

iii)Standard cost of main products had not been fixed during 1989-90.

## IV. Credit Control

i)The company had not obtained confirmation of outstanding balance from debtors during 1988-89.

ii)Debts to the extent of Rs.23.45 lakhs were outstanding(Rs.23.17 lakhs from Government Departments and Rs.0.28 lakh from others) for more than three years as on 31.3.1989.

## V. Inventory Control

i)The company had yet to fix maximum and minimum level of stores/spares(1988-89 and 1989-90).

ii)Shortages to the extent of Rs.2.98 lakhs and excesses to the extent of Rs.1.84 lakhs were found at the time of physical verification of inventories at different factories during 1988-89.

VII. General

No norms had been fixed by the management for manpower requirement during 1988-89.

181. **TANNERY & FOOTWEAR CORPORATION OF INDIA LIMITED**

I. System of Accounts and Book-keeping

The reconciliation of the Sale Depot accounts was not upto date and the differences prior to 1979-80 were still under reconciliation as on 31.3.1989.

II Credit Control

Debts outstanding for more than three years from Government Departments and Rs.7.84 lakhs from others amounted to Rs.23.23 lakhs as on 31.3.1989.

182. **TELECOMMUNICATION CONSULTANTS INDIA LIMITED**

I. Internal Control

Internal audit needed to be strengthened particularly in the area of stores accounting(1989-90).

II. Credit Control

Debts outstanding for 3 years or more recoverable from other parties amounted to Rs.12.47 lakhs as on 31.3.1990

III. General

No norms were fixed by the management for employment of manpower during 1989-90.

183. **THE BRITISH INDIA CORPORATION LIMITED**

I. System of Accounts and Book-keeping

There was no Accounting Manual in the company(1988-89 and 1989-90).

II. Internal Control

There was no Internal Audit Manual(1988-89 and 1989-90).



### III. Cost Control

i) No reconciliation between cost and financial records was done during 1988-89.

ii) Actual cost of products was higher than the standard cost during 1988-89.

### IV. Credit Control

i) No confirmation of outstanding debts was obtained from the debtors during 1988-89.

ii) Debts outstanding for more than three years from Government Departments amounted to Rs.91.00 lakhs, from other parties Rs 212.26 lakhs as on 31.3.1989 and from Government Departments Rs. 187.15 lakhs and from others Rs.244.38 lakhs as on 31.3.1990.

### V. General

No separate accounts were maintained in respect of operation of service units run for the benefit of staff during 1988-89.

## 184 THE ELGIN MILLS COMPANY LIMITED

### I. System of Accounts and Book-keeping

There was no Accounting Manual (1988-89 and 1989-90).

### II. Internal Control

i) No Internal Audit Manual, outlining the scope and programme of work for the internal audit had been drawn up (1988-89 and 1989-90).

ii) The company did not prepare Capital, Revenue, Production and Sales budgets (1988-89).

### III. Credit Control.

Debts outstanding for more than three years from Government Department amounted to Rs.49.48 lakhs and from others Rs.16.23 lakhs as on 31.3.1989.

## 185. THE FERTILIZER CORPORATION OF INDIA LIMITED

### I. Internal Control

i) The internal audit in the company needed to be strengthened keeping in view the size and nature of its business (1988-89 and 1989-90).

ii) Differences between bin cards and priced stores ledgers in respect of certain items of stores had not been reconciled during 1988-89. (Jodhpur Unit).

iii) Internal control system was not commensurate with the size and nature of business during 1988-89 in Sindri Unit and during 1989-90 in Ramagundam, Jodhpur, Regional Marketing Division Hyderabad and Raipur.

### II. Budget Estimates

A capital expenditure of Rs.119 lakhs was incurred against the budget estimate of Rs.3.00 lakhs during 1988-89 (Central Office).

### III. Targets of Production & Achievements

The actual production of urea in Gorakhpur and Talchar Units was 1,63,106 MT and 61,886 MT against the targets of 2,10,000 MT and 1,30,435 MT respectively during 1988-89 and 1,53,007 M.T. and 1,59,470 MT against the targets of 2,00,308 MT and 1,94,000 MT respectively during 1989-90..

### IV. Cost Control

i) There was no standard costing system during both the years. (Jodhpur, Sindri, Talchar & Ramagundam Units).

ii) The consumption of naphtha, coal & electricity was more than the norms during 1988-89. (Gorakhpur Unit).

iii) The cost of production was more than the standard/budgeted cost during 1988-89 and 1989-90. (Gorakhpur and Sindri Units)

iv) There was no system of recording idle time for labour at Sindri Unit and for labour and machinery at Talchar & Ramagundam Units during 1988-89 and 1989-90.

v)The actual consumption of raw materials was more than the norms during 1988-89 and 1989-90.(Ramagundam Talchar and Gorakhpur Units).

vi)Demurrage charges amounting to Rs.101.94 lakhs and Rs.75.30 lakhs were paid during 1988-89 and 1989-90 respectively(Sindri, Gorakhpur and Talcher Units and Shipping purchase and Liaison Office).

V. Inventory Control

i)Slow moving/non-moving stores had not been determined in Jodhpur Unit during both the years.

ii)Maximum and minimum levels of stores/spares had not been fixed by Sindri Unit during 1988-89 and 1989-90

iii)Raw material, finished goods etc. were found short to the tune of Rs.31.56 lakhs(Net) and Rs.9.23 lakhs(net )in Sindri Unit during 1988-89 and 1989-90 respectively and Rs.66.80 lakhs during 1989-90(Gorakhpur Unit).

iv)3 MW patterson Plant(Value Rs.21.10 lakhs) scheduled to be commissioned in February 1983 had not been commissioned upto March 1989(Sindri Unit).

v)Obsolete stores amounted to Rs.87.28 lakhs at the end of 1988-89 (Talchar Unit).

vi)Stores and spares which did not move for 3 years or more amounted to Rs.2,829.31 lakhs and Rs.2,002.98 lakhs during 1988-89 and 1989-90 respectively(Talchar, Ramagundam, Sindri and Gorakhpur Units).

vii)Surplus stores and spares amounted to Rs.57.86 lakhs as on 31.3.1989 and Rs.53.15 lakhs as on 31.3.1990 in Gorakhpur unit, Rs.84.94 lakhs , Rs.88.75 lakhs and Rs.76.14 lakhs as on 31.3.1990 in Ramagundam, Sindri and Talchar Units respectively.

## VI. Credit Control

Debts amounting to Rs.153.23 lakhs as on 31.3.1989 and Rs.91.10 lakhs as on 31.3.1990 (Other than Government Departments) were outstanding for 3 years or more. (Industrial Product Division, Calcutta, Sindri Unit, Hyderabad Regional Marketing Division, Talchar Unit and Lucknow Marketing Division).

## 186. THE MANDYA NATIONAL PAPER MILLS LIMITED

### I. System of Accounts and Book-keeping

The company did not have a Manual for accounting procedure (1988-89 and 1989-90).

### II. Internal Control

i) Manual for internal audit, outlining its scope and programme had not been drawn up during 1988-89 and 1989-90.

ii) The Internal Audit System was not exhaustive and adequate (1988-89).

### III. Cost Control

i) Standard costs of products had not been fixed (1988-89 and 1989-90).

ii) The company had no system of ascertaining idle time of its labour during both the years..

### IV. Credit Control

i) Confirmation of outstanding debtors had not been obtained during 1988-89.

ii) Debts outstanding for more than three years as on 31.3.1989 amounted to Rs.20.20 lakhs (Government Departments - Rs.7.39 lakhs and others - Rs.12.81 lakhs).

### V. Inventory Control

Value of stores not moved for three years or more were Rs.29.54 lakhs as on 31.3.1989.

187. TRIVENI STRUCTURALS LIMITED

Following points were noticed from auditor's reports for 1988-89 :-

I. Internal Control

i) Detailed Internal Audit Manual was not prepared by the company.

ii) Internal Audit needed to be strengthened.

iii) No capital budget was prepared.

II. Credit Control

i) Confirmation letters had not been obtained from debtors.

ii) Debts outstanding for more than three years amounted to Rs.142.01 lakhs.

III. Inventory Control

i) Maximum and minimum levels of all items of stores and spares had not been fixed.

ii) The value of stores and spares which had not moved and were awaiting disposal for more than three years amounted to Rs.44.61 lakhs.

188. TUNGABHADRA STEEL PRODUCTS LIMITED

I. Credit Control

i) The company had not obtained confirmation from any of the Debtors during 1988-89 and 1989-90.

ii) Debts outstanding for more than three years amounted to Rs.149.09 lakhs (Government Departments - Rs.64.59 lakhs and others - Rs.84.50 lakhs) as on 31.3.1989 and Rs.40.06 lakhs (Rs.22.74 lakhs from Government Departments and Rs.17.32 lakhs from others) as on 31.3.1990.

189. UNITED INDIA INSURANCE COMPANY LIMITED

I. System of Accounts and Book-keeping

i) Control accounts were not reconciled periodically with subsidiary records during 1989-90. (Nanded, Dhanbad and Nagpur, Bikaner, Coimbatore No.I, Jaipur No.I, Delhi No. VIII DOS).

ii) Subsidiary ledgers were not maintained during 1988-89 (Siliguri D.O.).

iii) No norms were fixed for determining premium for tariff business during 1988-89 in Kota D.O., Shahdra D.O., Bombay D.O.-13, Anantpur D.O., and Madurai D.O.-III and during 1989-90 in Bombay DO 13 and Jaipur DO No. 1.

iv) Registers regarding various advances given to employees were not maintained during 1988-89. (Aurangabad D.O.).

v) Property, loan investment registers were not maintained during 1988-89. (Bangalore D.O., Thane D.O., Durgapur D.O. and Kottayam D.O.)

vi) Fixed Assets Register had not been maintained during 1988-89 in Siliguri D.O. and Calcutta D.O. VII and during 1989-90 in Agra D.O, VI, Calcutta D.O.I & VI, Indore D.O, Pune D.O.III and Durgapur D.O.

II. Internal Control

i) Internal audit was not conducted during 1988-89 in Guwahati D.O. and during 1989-90 in Calcutta D.O. No. IV, Lucknow D.O., Bombay D.O.14, Bhatinda D.O., Madurai D.O., Jaipur R.O., New Delhi Division VI, VIII, XII, Bangalore RO, Tejpur DO, Margao DO, Jodhpur DO, Kanchipuram DO, Ahmedabad RO, Baroda RO, Korba DO, Chandigarh RO, Jaipur DO-I, Guwahati DO-I, Bombay RO,I, Surat DO-I,II, Allahabad Division, Madras DO.III, Madiad DO, Lucknow DO.III, Ujjain DO, Nagpur DO, Madurai DO-II & Ludhiana DO-V).

ii) Physical verification of fixed assets was not conducted during 1989-90 (Alwar D.O, Ahemdabad DO, Bombay DO No. 7, Guwahati RO, Jaipur RO and ND Delhi DO.II, Bikaner DO, Patna DO and Nagpur DO).

### III. Cost Control

There were wide variations between the budgeted and actual expenditure during 1988-89. (Ludhiana D.O.-IV).

#### 190. U.P.DRUGS & PHARMACEUTICALS COMPANY LIMITED

##### I. System of Accounts and Book-keeping

There was no Accounting Manual (1988-89 and 1989-90).

##### II. Internal Control

There was no Internal Audit Manual (1988-89 and 1989-90).

##### III. Credit Control

Debts outstanding for more than three years amounted to Rs.26.00 lakhs as on 31.3.1989 and Rs.26.88 lakhs as on 31.3.1990.

##### IV. Inventory Control

Maximum and minimum levels of stores had not been fixed during 1988-89 and 1989-90.

##### V. General

Proforma accounts were not maintained during 1989-90 in respect of the operation of service units for the benefit of the staff.

#### 191. VIDESH SANCHAR NIGAM LIMITED

##### I. System of Accounts and Book-keeping

i) The maintenance and upkeep of various books of accounts like ledgers, cash and bank books, journal together with vouchers and documents needed further improvement (1988-89).

ii) The assets taken over from Overseas Communication Service remained unreconciled with the financial books (1988-89 and 1989-90).

## II. Internal Control

i) No Manual outlining the scope and programme of work for the Internal Audit had been drawn up (1988-89 and 1989-90).

ii) The scope of Internal Audit needed to be widened to cover the major areas of operations of the company (Northern Region and Calcutta Branch-1988-89 and 1989-90).

## III. Inventory Control

Maximum and minimum levels for stores and spares had not been fixed during 1988-89 and 1989-90.

## IV. Credit Control

Debts outstanding as on 31st March 1990 for 3 years or more were Rs.506.56 lakhs (Rs.222.11 lakhs from Government Departments and Rs.284.45 lakhs from others) (Calcutta Branch).

## V. General

No proforma accounts were maintained in respect of operation of service units during the last 3 years (Northern Region).

## 192. **VIGNYAN INDUSTRIES LIMITED**

### I. System of Accounts and Book-keeping

There was no Accounting Manual (1989-90).

### II. Internal Control

The company had no Internal Audit Manual (1988-89 and 1989-90).

### III. Targets of Production and Achievements

There was shortfall of 19.9% in production as compared to targeted production during 1988-89.



#### IV. Cost Control

i) No cost records were maintained during 1988-89 and 1989-90.

ii) Standard cost of steel casting was not fixed as there was no costing system during 1988-89 and 1989-90.

iii) There was no system of ascertaining idle time for labour and machinery during both the years.

iv) Cost of production was more than selling price due to lower capacity utilisation during 1988-89 and 1989-90.

#### IV. Inventory Control

The company had not fixed maximum and minimum levels of stores/spares during 1988-89 and 1989-90.

#### 193. **VISVESWARAYA IRON AND STEEL LIMITED**

##### I. Inventory control

Value of stores and spares not moved for 3 years or more was Rs.596.19 lakhs as on 31.3.1990.

##### II. Credit Control

Debts outstanding for 3 years or more were Rs.421.97 lakhs as on 31.3.1990.

#### 194. **WATER & POWER CONSULTANCY SERVICES(INDIA) LIMITED**

##### I. System of Accounts and Book-keeping

There was no Accounting Manual(1988-89 and 1989-90).

##### II. Internal Control

There was no Internal Audit Manual(1988-89 and 1989-90).

##### III. Credit Control

Debts outstanding for more than three years amounted to Rs.31.73 lakhs as on 31.3.1989 and Rs.168.08 lakhs as on 31.3.1990.

## 195. WESTERN COALFIELDS LIMITED

### I. System of Accounts and Book-keeping

i) Fixed Assets records did not show full particulars including quantitative details and location of fixed assets during 1988-89 and 1989-90. (Head office, Nagpur Area, CBE Bhandara and DFDP Hinganghat and Ballarpur Area).

ii) Subsidiary records of stores and loans and advances were incomplete and not reconciled with control accounts during 1988-89 and 1989-90. (Head Office, Nagpur Area, CBE Bhandara, DFDP Hinganghat Chandrapur and Ballarpur Areas).

### II. Cost Control

i) Standard costs had not been fixed (1989-90).

ii) Cost and financial accounts were not reconciled during 1988-89. (Nagpur Area, CBE Bhandara and DFDP Hinganghat).

iii) There was no system of ascertaining idle time for labour and machinery during both the years (Ballarpur Area, Chandrapur Area, Wani Area, Nagpur, Bhandara and Hinganghat Areas).

### IV. Inventory Control

i) As regards stores and spares, there were differences amounting to Rs.188.96 lakhs and Rs.15.12 lakhs as on 31.3.1989 and 31.3.1990 respectively between the figures appearing in General ledger and those appearing in subsidiary ledger. (Head Office, Nagpur Area, CBE Bhandara and DFDP Hinganghat).

ii) There was no system of declaring slow moving, surplus/ obsolete and disposable items of stores and spares during 1988-89. (Nagpur area, CBE Bhandara and DFDP Hinganghat).

iii)The company had not fixed maximum and minimum levels in respect of stores/spares during 1988-89 and 1989-90.(Nagpur area, CBE Bhandara, DFDP Hinganghat and Ballarpur Area).

V. General

i)Proforma accounts in respect of service units run for the benefit of staff were not maintained during 1988-89.(Ballarpur area, Nagpur area and Head Office)

ii)During 1988-89 and 1989-90, demurrage and penalties of Rs.205.39 lakhs and Rs.115.15 lakhs respectively were paid.

196. WEIGHBIRD(INDIA) LIMITED

I System of Accounts and book-keeping

Accounting Manual had not been prepared(1988-89 and 1989-90).

II. Targets of Production & Achievements

The production of weighing machines and springs was 6,964 Nos. and 51.9 MT against the revised budget estimates of 10,114 Nos and 75 MT respectively during 1988-89.

III. Cost Control

i)Standard cost of various main products had not been fixed during both the years.

ii)There was no system of ascertaining the idle time for labour and machinery(1989-90).

IV. Inventory Control

Maximum and minimum levels of store/spares had not been fixed during 1988-89 and 1989-90.

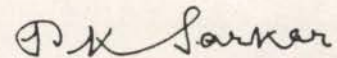
197. ZENITH SECURITIES AND INVESTMENTS LIMITED

I. System of Accounts and Book-keeping

The company had no Accounting Manual laying down the detailed accounting procedure(1989-90).

II. Internal Control

The company had no system of internal audit(1989-90).

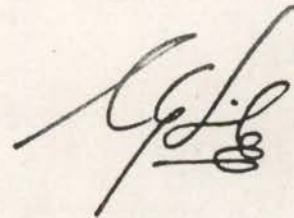


(P.K.SARKAR)

New Delhi  
The

Deputy Comptroller and Auditor General-  
cum-Chairman Audit Board

Countersigned



(C.G.SOMIAH)

New Delhi  
The

Comptroller and Auditor  
General of India

## APPENDIX I

### List of Government Companies

1. Andaman and Nicobar Inland Integrated Limited.
2. Andaman and Nicobar Islands Forest and Plantation Development Corporation Limited.
3. Andrew Yule and Company Limited.
4. Artificial Limbs Manufacturing Corporation of India.
5. Assam Ashok Hotel Corporation Limited.
6. Balmer Lawrie and Company Limited.
7. Bengal Chemicals and Pharmaceuticals Limited.
8. Bengal Immunity Limited.
9. Bharat Aluminium Company Limited.
10. Bharat Bhari Udyog Limited.
11. Bharat Brakes and Valves Limited.
12. Bharat Coking Coal Limited.
13. Bharat Dynamics Limited.
14. Bharat Earth Movers Limited.
15. Bharat Electronics Limited.
16. Bharat Gold Mines Limited.
17. Bharat Heavy Electricals Limited.
18. Bharat Heavy Plate and Vessels Limited.
19. Bharat Immunologicals & Biologicals Limited.
20. Bharat Leather Corporation Limited.
21. Bharat Ophthalmic Glass Limited.
22. Bharat Petroleum Corporation Limited.
23. Bharat Process and Mechanical Engineers Limited.
24. Bharat Pumps and Compressors Limited.
25. Bharat Refractories Limited.
26. Bharat Wagon and Engineering Company Limited.
27. Bharat Yantra Nigam Limited.
28. Biecco Lawrie Limited.
29. Bongaigon Refinery and Petrochemicals Limited.
30. Bridge and Roof Company (India) Limited.
31. Bird Jute and Exports Limited.
32. Braithwaite and Company Limited.
33. Braithwaite Burn Jessop Construction Corporation Limited.
34. Brushware Limited.
35. Burn Standard Company Limited.
36. Cawnpore Textiles Limited.
37. Cement Corporation of India Limited.
38. Central Coalfields Limited.
39. Central Cottage Industries Corporation of India Limited.
40. Central Electronics Limited.
41. Central Inland Water Transport Corporation Limited.

42. Central Mine Planning and Design Institute Limited.
43. Central Road Transport Corporation Limited. (Under liquidation with effect from 12th April, 1979).
44. Chandigarh Child and Women Development Corporation Limited.
45. Chandigarh Industrial and General Development Corporation Limited.
46. Chandigarh Scheduled Castes Financial and Development Corporation Limited.
47. Coal India Limited.
48. Cochin Refineries Limited.
49. Cochin Shipyard Limited.
50. CMC Limited.
51. Cycle Corporation of India Limited.
52. Container Corporation Limited.
53. Damodar Cement and Slag Limited.
54. Dredging Corporation of India Limited.
55. Donyi Polo Ashoka Hotel Corporation Limited.
56. Delhi Scheduled Castes Financial and Development Corporation Limited.
57. Delhi State Civil Supplies Corporation Limited.
58. Delhi State Industrial Development Corporation Limited.
59. Delhi State Mineral Development Corporation Limited.
60. Delhi Tourism Development Corporation Limited.
61. Eastern Coalfields Limited.
62. Educational Consultants( India) Limited.
63. Electronics Corporation of India Limited.
64. Electronics Trade and Technology Development Corporation Limited.
65. Engineers India Limited.
66. Engineering Projects (India) Limited.
67. Export Credit and Guarantee Corporation of India Limited.
68. Ferro Scrap Nigam Limited.
69. Garden Reach Shipbuilders and Engineers Limited.
70. Gas Authority of India Limited.
71. Goat Meat Complex Limited.
72. Goa Shipyard Limited.
73. General Insurance Corporation of India.
74. Heavy Engineering Corporation Limited.
75. Hindustan Aeronautics Limited.
76. Hindustan Antibiotics Limited.
77. Hindustan Cables Limited.
78. Hindustan Copper Limited.
79. Hindustan Fertilizer Corporation Limited.
80. Hindustan Fluoro Carbons Limited.
81. Hindustan Insecticides Limited.
82. Hindustan Latex Limited.

83. Hindustan Newsprint Limited.
84. Hindustan Organic Chemicals Limited.
85. Hindustan Photo Films Manufacturing Company Limited.
86. Hindustan Paper Corporation Limited.
87. Hindustan Petroleum Corporation Limited.
88. Hindustan Prefab Limited.
89. Hindustan Salts Limited.
90. Hindustan Shipyard Limited.
91. Hindustan Steelworks Construction Limited.
92. Hindustan Teleprinters Limited.
93. Hindustan Vegetable Oils Corporation Limited.
94. Hindustan Zinc Limited.
95. HMT Limited.
96. HMT Bearings Limited.
97. HMT (International) Limited.
98. Hooghly Dock and Port Engineers Limited.
99. Hooghly Printing Company Limited.
100. Hospital Services Consultancy Corporation (India) Limited.
101. Housing and Urban Development Corporation Limited.
102. Indian Additivies Limited (1989-90)
103. India Renewable Energy Development Agency Limited.
104. Indian Drugs and Pharmaceuticals Limited.
105. Indian Firebricks and Insulation Company Limited.
106. Indian Iron and Steel Company Limited.
107. IISCO Ujjain Pipe and Foundry Company Limited.
108. Indian Medicines And Pharmaceuticals Corporation Limited.
109. Indian Oil Blending Limited.
110. Indian Oil Corporation Limited.
111. Indian Petrochemicals Corporation Limited.
112. Indian Rare Earths Limited.
113. Indian Railway Construction Company Limited.
114. Indian Railway Fianance Corporation Limited.
115. Indian Road Construction Corporation Limited.
116. Indian Telephone Industries Limited.
117. India Tourism Development Corporation Limited.
118. IBP Company Limited.
119. Industrial Credit Company Limited.
120. Instrumentation Limited.
121. Intelligent Communication Systems India Limited.
122. Jessop and Company Limited.
123. J&K Mineral Development Corporation Limited (from May 1989).
124. Jute Corporation of India Limited.
125. Karnataka Antibiotics and Pharmaceuticals Limited.
126. Kudremukh Iron Ore Company Limited.
127. Lagan Jute Machinery Company Limited.
128. Lakshadeep Development Corporation Ltd.(1989-90).
129. Lubrizol India Limited.

130. Madhya Pradesh Ashok Hotel Corporation Limited.
131. Madras Fertilizers Limited.
132. Madras Refineries Limited.
133. Mahanagar Telephone Nigam Limited.
134. Maharashtra Antibiotics and Pharmaceuticals Limited.
135. Maharashtra Electros melt Limited.
136. Manganese Ore (India) Limited.
137. Manipur State Drugs and Pharmaceuticals Limited. (1989-90)
138. Maruti Udyog Limited.
139. Mazagon Dock Limited.
140. Metal Scrap Trade Corporation Limited.
141. Metallurgical and Engineering Consultants (India) Limited.
142. Mining and Allied Machinery Corporation Limited.
143. Mineral Exploration Corporation Limited.
144. Mishra Dhatu Nigam Limited.
145. Modern Food Industries (India) Limited.
146. Nathpajhakari Power Corporation Limited.
147. Nagaland Pulp and Paper Company Limited.
148. National Aluminium Company Limited.
149. National Bicycle Corporation Limited.
150. National Buildings Construction Corporation Limited.
151. National Fertilizers Limited.
152. National Films Development Corporation Limited.
153. National Handloom Development Corporation Limited.
154. National Hydro-Electric Power Corporation Limited.
155. National Instruments Limited.
156. National Insurance Company Limited.
157. National Jute Manufactures Corporation Limited.
158. National Mineral Development Corporation Limited.
159. National Projects Construction Corporation Limited.
160. National Power Transmission Corporation Limited (1989-90).
161. National Research Development Corporation of India Limited.
162. National Seeds Corporation Limited.
163. National Scheduled Castes and Scheduled Tribes Development Finance Corporation Limited.
164. National Textile Corporation Limited, New Delhi.
165. National Textile Corporation (Andhra Pradesh, Karnataka, Kerala and Mahe) Limited.
166. National Textile Corporation (Delhi, Punjab and Rajasthan) Limited.
167. National Textile Corporation (Gujarat) Limited.
168. National Textile Corporation (Madhya Pradesh) Limited.



169. National Textile Corporation (Maharashtra North) Limited.
170. National Textile Corporation (South Maharashtra) Limited.
171. National Textile Corporation (Tamil Nadu and Pondicherry) Limited.
172. National Textile Corporation (Uttar Pradesh) Limited.
173. National Textile Corporation (West Bengal, Assam, Bihar and Orissa) Limited.
174. National Thermal Power Corporation Limited.
175. Neelanchal Ispat Nigam Limited.
176. New India Assurance Company Limited.
177. NEPA Mills Limited.
178. Neyveli Lignite Corporation Limited.
179. North Eastern Electric Power Corporation Limited.
180. North Eastern Handicrafts and Handlooms Development Corporation Limited.
181. North Eastern Regional Agricultural Marketing Corporation Limited.
182. Northern Coalfields Limited.
183. Nuclear Power Corporation Limited.
184. Oil India Limited.
185. Oriental Insurance Company Limited.
186. Orissa Drugs and Chemicals Limited.
187. Paradeep Phosphates Limited.
188. Pawan Hans Limited.
189. Pondichery Ashok Hotel Corporation Limited.
190. Power Finance Corporation Limited.
191. Praga Tools Limited.
192. Pyrites, Phosphates and Chemicals Limited.
193. Rajasthan Drugs and Pharmaceuticls Limited.
194. Ranchi Ashok Bihar Hotel Corporation Limited.
195. Rajasthan Electronics and Instruments Limited.
196. Rashtriya Chemicals and Fertilizers Limited.
197. Rashtriya Ispat Nigam Limited.
198. Rail India Technical and Economic Services Limited.
199. Rehabilitation Industries Corporation Limited.
200. Richardson and Cruddas (1972) Limited.
201. Rural Electrification Corporation Limited.
202. Sambhar Salts Limited.
203. Scooters India Limited.
204. Semiconductors Complex Limited.
205. Smith Stanistreet Pharmaceuticals Limited.
206. South Eastern Coalfields Limited.
207. Spices Trading Corporation Limited.
208. Sponge Iron India Limited.
209. State Farms Corporation of India Limited.
210. Steel Authority of India Limited.

211. Swadeshi Mining and Manufacturing Corporation Limited.
212. Tannery and Footwear Corporation of India Limited.
213. Tea Trading Corporation of India Limited.
214. Tehri Hydro Development Corporation Limited.
215. Telecommunication Consultants(India) Limited.
216. Trade Fair Authority of India.
217. Triveni Structural Limited.
218. Tungabhadra Steel Products Limited.
219. Tyre Corporation of India limited.
220. The British India Corporation Limited.
221. The Cashew Corporation of India Limited.
222. The Cotton Corporation of India Limited.
223. The Elgin Mills Company Limited.
224. The Fertilizer Corporation of India Limited.
225. The Fertilizer and Chemicals Travancore Limited.
226. The Handicrafts and Handlooms Export Corporation of India Limited.
227. The Mandya National Paper Mills Limited.
228. The Mica Trading Corporation of India Limited.
229. The Minerals and Metals Trading Corporation of India Limited.
230. The National Industrial Development Corporation Limited.
231. The National Small Industries Corporation of India Limited.
232. The Projects and Equipments Corporation of India Limited.
233. The Projects and Development India Limited.
234. The Shipping Corporation of India Limited.
235. The Southern Pesticides Corporation Limited.
236. The State Trading Corporation of India Limited.
237. United India Insurance Company Limited.
238. U.P.Drugs and Pharmaceuticals Company Limited.
239. Uranium Corporation of India Limited.
240. Utkal Ashok Hotel Corporation Limited.
241. Videsh Sanchar Nigam Limited.
242. Vignyan Industries Limited.
243. Vijayanagar Steel Limited.
244. Visvesvaraya Iron & Steel Limited (1989-90).
245. Water and Power Consultancy Services (India) Limited.
246. Weighbird (India) Limited.
247. Western Coalfields Limited.
248. Zenith Securities and Investments Limited.

#### SECTION I

Note: Accounts for 1988-89 in respect of companies at Sl.No. 1, 2, 4, 5, 21, 23, 31, 33, 34, 44, 53, 62, 80, 89, 99, 105,108, 117, 121, 125, 127, 134, 155, 161,

175, 180, 186, 193, 199, 202, 205, 211, 216, 218, 227, 230, 243, 247 and accounts for 1989-90 in respect of companies at Sl. No. 1, 7, 8, 11, 21, 26, 28, 36, 39, 46, 51, 52, 53, 62, 80, 98, 100, 103, 108, 119, 123, 125, 128, 134, 137, 160, 175, 186, 193, 195, 203, 207, 208, 218, 221, 235, 238, 242, 245 and 246 were not selected for the purposes of audit under Section 619(4) of the Companies Act, 1956.

## SECTION II

In respect of companies at Sl.No. 22, 27, 42, 52, 53, 54, 80, 89, 101, 111, 125, 132, 137, 141, 146, 161, 175, 182, 191, 197, 215, 235, 239 and 243 during 1988-89 and companies at Sl.No. 1, 3, 22, 34, 37, 52, 53, 70, 89, 101, 102, 122, 123, 125, 128, 129, 131, 137, 140, 146, 175, 180, 197, 207, 221, 235 and 243 during 1989-90, no observations have been included in this report as no important deficiency was noticed.

## APPENDIX II

List of companies coming within the purview of Section 619(B) of the Companies Act, 1956.

1. Andhra Pradesh Industrial and Technical Consultancy Organisation Limited.
2. Accumeasures Punjab Limited( Accounts in arrears from 1979-80 onwards).
3. Agricultural Finance Corporation Limited.
4. Allied International Products Limited (Under Liquidation).
5. All Bank Finance Limited.\*
6. Ashok Paper Mills Limited.
7. Air India Charters Limited.
8. Airlines Allied Services Limited.
9. Becker Grey and Company (1930) Limited.
10. Bishra Lime Stone Company Limited.\*
11. Bihar Industrial and Technical Consultancy Organisation Limited.
12. BOB Fiscal Services Limited.(under liquidation from 25.9.1990).
13. BOI Finance Limited.\*
14. Canbank Financial Service Limited.
15. Central Bank Executor & Trustee Company Limited.
16. Derco Cooling Coils Limited.
17. Discount and Finance House of India Limited.
18. Dishergarh Power Supply Company Limited.
19. Ductron Castings Limited.(Ceased to be 619-B company from 2.3.1990).
20. Excellsior Plants Corporation Limited ( Under liquidation from 1976-77 onwards)
21. Gaydey Iron and Steel Company Limited (Under liquidation since 7.7.1977)
22. Gangawati Sugar Limited.
23. Hotel Corporation of India Limited.
24. Ind Bank Merchant Banking Services Limited.\*
25. India Tea and Restaurants Limited.
26. Industrial and Technical Consultancy Organisation of Tamil Nadu Limited
27. J&K Industrial and Technical Consultancy Organisation Limited.
28. Kerala Industrial and Technical Consultancy Organisation Limited.
29. Kohinoor Mills Company Limited.
30. Madan Industries Limited
31. Maharashtra Industrial and Technical Consultancy Organisation Limited.
32. Mandovi Pellets Limited.
33. Nalanda Ceramics and Industries Limited.
34. North Bengal Dolomite Limited.

35. North Eastern Industrial and Technical Consultancy Organisation Limited.
36. Orissa Fertilizers and Chemicals Limited.
37. Orissa Industrial and Technical Consultancy Organisation Limited.
38. O.N.G.C. Videsh Limited.
39. P.N.B.Housing Finance Corporation Limited.
40. P.N.B. Capital Services Limited
41. Punjab Tractors Limited.
42. Ruby Rubber Works Limited.(Under liquidation)
43. Shriram Pistons and Rings Limited.(ceased to be 619-B Company w.e.f. 31.8.1989).
44. Siporex India Limited.(Ceased to be 619-B company as at 31.3.1990.
45. Shyam Properties Limited.
46. Textile Processing Corporation of India Limited.(Under liquidation)
47. The Industrial Credit and Investment Corporation of India Limited.
48. U.P.Industrial Consultants Limited.
49. Vikrant Tyres Limited.
50. Vayudoot Limited.
51. Wagon India Limited.
52. Wevel Electro Ceramics Limited.
53. West Bengal Consultancy Organisation Limited.
54. Yule Leasing and Financing Company Limited.  
(earlier named as Bengal Assam Steam Ship Company Limited.

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\* These Companies were added during 1989-90.

Note: i) Accounts for 1988-89 of the companies at Sl.No. 1, 6, 7, 11, 12, 14, 18, 19, 25, 34, 35, 39, 48, 51, 52 and 53;and

ii) Accounts for 1989-90 of the companies at Sl.No.1, 6, 7, 8, 9, 10, 16, 18, 19, 25, 26, 35, 36, 37, 39, 45, 48, 49, 51, 53 and 54 were not selected for the purpose of review under Section 619(4) of the Companies Act, 1956.



## ERRATA

S. No.	Page No.	Reference	For	Read
1.	3	line 8	(iii) Adjustment relating to	(iii) Adjustments relating to earlier years.
2.	3	line 8	<del>2.50</del>	2.50
3.	8	line 14 from bottom	(Rs. in	(Rs. in lakhs)
4.	8	line 13 from bottom	Words 'lakhs'	deleted
5.	20	line 1	Figure '1988-89'	deleted
6.	20	line 1	1989-90 (Rs. in lakhs)	1988-89 (Rs. in lakhs)
7.	20	line 2	648.00	1989-90 648.00
8.	38	line 6	words '(Rs. in lakhs)'	deleted
9.	38	line 7	<u>1988-89</u> <u>1989-90</u>	<u>1988-89</u> <u>1989-90</u> (Rs. in lakhs)
10.	39	line 5 from bottom	(b) Write back of a liability without	(b) Write back of a liability without investigation
11.	40	4th line of Para 35	Gross Bock	Gross Block
12.	44	line 17	**** for doubtful debts	against the Company for doubtful debts
13.	46	after 1st line from bottom of Para 47(b)(ii)	—	(a) Non-provision of liability for gratuity on accrual basis amounting to Rs. 20.24 lakhs (upto 31.3.89)
14.	52	line 7 from bottom	1989-89	1988-89
15.	58	line 12	Mahuda	Mahunda
16.	100	line 11	was	was no
17.	102	line 7	11989-90	1989-90
18.	115	line 14 from bottom	Mmaximum	Maximum
19.	165	line 6	not ben	not been
20.	172	line 21	entires	entries
21.	174	line 5	definit	definite
22.	195	line 12	DRUSGS	DRUGS
23.	195	line 12 from bottom	No the	No
24.	198	line 11	was no	was not