

**Report of the
Comptroller and Auditor General of India
on**

**General Purpose Financial Report
for the year ended 31 March 2020
(Public Sector Undertakings)**



लोकहितार्थ सत्यनिष्ठा
Dedicated to Truth in Public Interest



**Government of Tamil Nadu
Report No. 5 of 2021**

**Report of the
Comptroller and Auditor General of India**

on

General Purpose Financial Report

**for the year ended March 2020
(Public Sector Undertakings)**

Government of Tamil Nadu

Report No. 5 of 2021

Contents

Chapter No.	Particulars	Page No.
Preface		v
Overview		vii
Chapter I	Summary of Financial performance of Tamil Nadu Public Sector Undertakings	1
	1.1 Introduction	1
	1.2 Investment in Government Companies and Corporations	5
	1.3 Return from the Government Companies and Corporations	11
	1.4 Operating efficiency of Government Companies and Corporations	16
Chapter II	Oversight role of CAG	23
	2.1 Audit of Public Sector Undertakings	23
	2.2 Appointment of statutory auditors of Public Sector Undertakings by CAG	23
	2.3 Submission of accounts by PSUs	23
	2.4 CAG's oversight - Audit of accounts and supplementary audit	25
	2.5 Result of CAG's oversight role	27
	2.6 Non-Compliance with provisions of Accounting Standards/ Ind AS	32
	2.7 Management Letters	32
Chapter III	Corporate Governance	33
	3.1 Introduction	33
	3.2 Board of Directors - Meetings and its composition	34
	3.3 Appointment and functioning of Independent Directors	37
	3.4 Filling-up the post of Key Managerial Personnel	38

	Chapter No.	Particulars	Page No.
	3.5	Audit Committee	38
	3.6	Other Committees	40
	3.7	Conclusion	41
	3.8	Recommendations	42
Chapter IV	Corporate Social Responsibility		43
	4.1	Introduction	43
	4.2	Audit Objectives	44
	4.3	Audit scope and Coverage	45
	4.4	Audit Criteria	45
	4.5	Audit Findings	45
	4.6	Conclusion	54
Appendices			
Appendix No.	Particulars		Page No.
I	List of Government companies/Government controlled other companies which came under/went out from the purview of CAG Audit during 2019-20		57
II	Summarised statement showing difference between Finance Accounts of Government of Tamil Nadu and Accounts of the State Government Companies and Corporations in respect of balances of equity as on 31 March 2020		58
III	List of Government companies where Debt Asset Ratio was greater than 1 (total assets were lower than the long term loans outstanding) during 2019-20		59
IV	PSUs in which interest outstanding on State Government Loans		60
V	List of Government Companies and Corporations which suffered loss during 2019-20 in comparison to profit in 2018-19		61
VI	List of Government Companies and Corporations having negative Net Worth as on 31 March 2020		62
VII	Shortfall in dividend declared by Government companies		63

Appendix No.	Particulars	Page No.
VIII	Value of Production, Total Assets and Capital Employed of PSUs	64
IX	Return on Capital Employed of PSUs	67
X	Return on Equity of PSUs	70
XI	Details of accounts in arrears or company under liquidation - Government Companies and Corporations	75
XII	List of Government Companies where Statutory Auditors' Report revised	76
XIII	List of PSUs where comments by CAG issued	77
XIV	Details of Companies where there were non-compliance with Accounting Standards/ IND Accounting Standards (IND AS) as reported by the Statutory Auditors	78
XV	List of PSUs where Management Letters issued by CAG	79
XVI	PSUs which did not conduct training to its independent Directors	80
XVII	PSUs in which Independent Directors did not attend 75 per cent of the Board/Committee meetings	81
XVIII	PSUs in which Independent Directors did not attend General meetings	82
XIX	PSUs where separate meetings of Independent Directors was not conducted	83
XX	PSUs where majority of Audit Committee members were not independent directors.	84
XXI	PSUs where Auditors performance was not monitored by the Audit Committee.	85
XXII	Review of Information/Documents by Audit Committee	86
XXIII	PSUs where Audit Committee did not hold discussions with statutory auditors before commencement of audit and did not hold post audit discussions	88
XXIV	PSUs which did not constitute Nomination and Remuneration Committee	89

Appendix No.	Particulars	Page No.
XXV	PSUs which did not have whistle blower mechanism	90
XXVI	List of PSUs reviewed for CSR activities	91
XXVII	List of PSUs which had shortfall of CSR spent	92
XXVIII	List of PSUs which had excess of CSR spent over 2 <i>per cent</i>	93
XXIX	List of PSUs which had CSR spent in Local Areas	94

PREFACE

The accounts of Government Companies are audited by the Comptroller and Auditor General of India (CAG) under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013. The Statutory Auditors (Chartered Accountants) appointed by the CAG certify the accounts of such companies which are subject to supplementary audit by the CAG. The CAG gives his comments on or supplements the report of the Statutory Auditors. The Companies Act, 2013 empowers the CAG to issue directions to the Statutory Auditors on the manner in which the Company's accounts shall be audited.

2. The CAG conducts supplementary audit of Tamil Nadu Warehousing Corporation under Section 31 (8) of Tamil Nadu Warehousing Corporation Act, 1962 after Chartered Accountants appointed under the statutes have conducted their audit.

3. Audit Reports on the accounts of Government Companies and Corporation for the year ending 31 March 2020 have been prepared separately for submission to the Government under Section 19-A of the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971.

4. The accounts of the State Public Sector Undertakings (PSUs) reviewed in this Report cover the accounts for the years 2018-19 and 2019-20 (to the extent received). In respect of PSUs where the accounts for 2019-20 were not received, the figures from the accounts last audited have been adopted.

5. All references to 'Government Companies/Corporations or PSUs' in this Report may be construed to refer to 'State Government Companies/Corporations' unless the context suggests otherwise.

OVERVIEW

I Financial performance of State public Sector Undertakings

There were 77 State Government Public Sector Undertakings (PSUs) under the audit jurisdiction of the Comptroller and Auditor General of India as on 31 March 2020. These included 67 Government Companies, nine Government Controlled Other Companies and one Statutory Corporation. This Report deals with 72 PSUs which comprises of 62 Government Companies, one Statutory Corporation and nine Government Controlled Other Companies. The accounts of five PSUs which were defunct/Non-working/under liquidation are not covered in this Report.

(Para 1.1.3)

Investment by State Government

The accounts of 63 Government Companies and Corporation indicated that the Government of Tamil Nadu (GoTN) had an investment of ₹36,877.29 crore in share capital. The loans given by GoTN outstanding as on 31 March 2020 amounted to ₹16,903.54 crore. Compared to the previous year, investment by GoTN in equity of PSUs registered a net increase of ₹3,059.89 crore and loans outstanding decreased by ₹2,914.70 crore during 2019-20.

(Para 1.2 and Para 1.2.1)

Market Capitalisation

The total market value of shares of one listed Government controlled other Company, stood at ₹615.28 crore as on 31 March 2020. Market value of shares held by the GoTN in this company stood at ₹217.27 crore as on 31 March 2020.

(Para 1.2.4)

Return from Government Companies and Corporations

27 Government Companies and Corporations earned a profit of ₹1,205.56 crore during 2019-20 of which ₹1,011.95 crore (83.94 *per cent*) was contributed by five Government Companies in three sectors *viz.* Power, Industries and Micro, Small and Medium Enterprises.

(Para 1.3.1)

14 Government Companies and Corporations declared dividend of ₹140.91 crore during the year 2019-20. Out of this, dividend received/receivable by GoTN amounted to ₹135.21 crore which represented 0.37 *per cent* return on

the total investment by the GoTN (₹36,877.29 crore) in 63 Government Companies and Corporations.

(Para 1.3.4)

Non-compliance with directives of Government of Tamil Nadu on declaration of dividend by 17 PSUs resulted in a shortfall of ₹220.65 crore in the payment of dividend to GoTN for the year 2019-20.

(Para 1.3.4)

There were 31 PSUs that incurred losses during the year 2019-20. The losses incurred by these companies during the year 2019-20 amounted to ₹18,629.83 crore compared to ₹17,799.23 crore in 2018-19.

(Para 1.3.2)

Net worth/ Accumulated losses

There were 26 Government Companies with accumulated losses of ₹1,41,157.46 crore as on 31 March 2020. Of these, the net worth of 18 companies had been completely eroded by their accumulated losses. As a result, the aggregate net worth of these companies had become negative to the extent of ₹1,08,863.78 crore as on 31 March 2020. All the 18 PSUs whose capital had been eroded had reported loss of ₹18,458.17 crore during 2019-20.

(Para 1.3.3)

Rate of Real Return on Government investment

The present value of Government investment was ₹1,03,754.62 crore as compared to the historical cost of investment of ₹3,83,375.28 crore. The Rate of Real Return of Government investment of historical cost as well as present value was negative at 4.54 and 16.79 *per cent* respectively.

(Para 1.4.4)

II Oversight role of CAG

Out of 77 PSUs (including one Statutory Corporation) under the Audit Jurisdiction of CAG, Financial Statements for the year 2019-20 were received from 64 PSUs (including one Statutory Corporation). The financial statement of 13 PSUs were in arrears due to different reasons.

(Para 2.3.2)

Out of the 64 PSUs from which financial statements for the year 2019-20 was received, supplementary Audit was undertaken in 46 PSUs (including one Statutory Corporation)

(Para 2.5.1)

The Statutory Auditors of seven PSUs revised their Audit report before laying the financial statements in the Annual General Meeting. In addition, various comments highlighting the deficiencies in the Financial Statements were also issued.

(Para 2.5.1.1)

The financial impact of significant comments issued on the financial statements of the selected PSUs on the profitability was ₹1,933.39 crore and on assets/liabilities was ₹1,370.57 crore respectively.

(Para 2.5.1.2)

Deviations from the provisions of Accounting Standards/Ind AS in preparation of the financial statements were noticed in 13 companies by the statutory auditors.

(Para 2.6)

Irregularities and deficiencies in the Financial Reports or in the reporting process, observed during supplementary Audit which were not material were communicated to the Management/Administrative Departments of 34 PSUs through 'Management Letter' for taking corrective action.

(Para 2.7)

III Corporate Governance

The review of Corporate Governance covered 71 PSUs (including one listed PSU) under the Administrative control of various Departments of Government of Tamil Nadu. Some provisions of the Companies Act, 2013; Finance Department, Bureau of Public Enterprises (BPE) guidelines; Regulations of Securities and Exchange Board of India regarding Corporate Governance, though mandatory were not being complied with by some of the PSUs. During the year the following significant departures from the prescribed guidelines were noticed:

- Ten PSUs did not conduct the mandatory requirement of four meetings of the Board of Directors during the year.

(Para 3.2.1)

- Representation of Independent directors was below the required number in seven PSUs. There was no women director on the Board of Directors of three PSUs.

(Para 3.2.2 and 3.2.3)

- Some of the Independent Directors did not attend even 75 per cent of the Board meetings in 19 PSUs and Board committee meetings in 11 PSUs. In 15 PSUs, some of the Independent Directors did not attend the general meetings of the Company.

(Para 3.3.3 and 3.3.4)

- In 20 PSUs, separate meeting of Independent Directors was not conducted and in one PSU, the Independent Directors did not attend the separate meetings.

(Para 3.3.5.1 and 3.3.5.2)

- In ten PSUs, the post of Key Managerial Personnel was not filled up within the time prescribed.

(Para 3.4.1)

- Audit Committee was not constituted in six PSUs and the number of Independent directors was below the prescribed number in seven PSUs.

(Para 3.5.1)

- Nomination and Remuneration Committee was not constituted by 28 PSUs and there was no whistle blower mechanism in 15 PSUs.

(Para 3.6.1 and 3.6.2)

IV Corporate Social Responsibility

The review covered the Corporate Social responsibility (CSR) activities carried out during the year 2019-20 by 17 PSUs (including one Statutory Corporation). The following significant observations were made in the Review:

- CSR committee of four PSUs did not monitor the implementation of CSR policy.

(Para 4.5.1.4)

- There was under allocation of funds towards CSR by one PSU, viz., Tamil Nadu Warehousing Corporation.

(Para 4.5.2.1)

- Five PSUs had fully utilised the CSR funds during the year, 10 PSUs had not fully utilized the CSR funds and two PSUs had spent more than the stipulated amount.

(Para 4.5.2.2)

- Three PSUs did not spend the carried forward amount of CSR during the year.

(Para 4.5.2.3)

- Total spend on CSR activities by 13 PSUs in 2019-20 was ₹12.27 crore. Highest spend was by Industries Sector (Four PSUs) which spent a maximum amount of ₹8.66 crore.

(Para 4.5.2.4 and Para 4.5.2.6)

- One PSU viz., Tamil Nadu Small Industries Corporation Limited credited the provision made for CSR activity (₹1.37 crore) as business profit during 2019-20.

(Para 4.5.2.8)

- Under CSR Expenditure Education (31 *per cent*) received the maximum focus followed by Health (28 *per cent*).

(Para 4.5.3.2)

CHAPTER I

Summary of Financial Performance of Tamil Nadu Public Sector Undertakings

1.1 Introduction

This Report presents the summary of financial performance of Government Companies, Statutory Corporations and Government controlled other Companies. In the Report, the term Public Sector Undertakings (PSUs) encompasses those Government companies in which the direct holding of the State Government is 51 *per cent* or more and subsidiary of such Government companies. The Statutory Corporations set up under Statutes enacted by the legislature and other companies owned or controlled, directly or indirectly by the State Government have also been categorized as PSUs.

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

Government Company

Any company in which not less than 51 *per cent* of paid-up share capital is held by Central Government or by one or more State Governments or partly by Central Government and partly by State Government(s) and includes subsidiary of a Government company.

Besides, any other company¹ owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as Government controlled other Companies.

There are a total of 76 companies and one statutory corporation in Tamil Nadu. Out of these 5 are Power Sector companies and 71 non-power sector companies. Out of these non-power sector companies, 66 companies are functional and 5 are non-functional. The number of PSUs covered in this report is 72 (62 Government companies, one Statutory Corporation and nine Government controlled other companies). However, this report does not cover departmentally run public enterprises.

¹ Companies (Removal of Difficulties) Seventh Order, 2014 issued by Ministry of Corporate Affairs vide Gazette Notification dated 04 September 2014

1.1.1 Mandate

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

1.1.2 What this Report contains

This Report gives an overall picture of the financial performance of the Tamil Nadu Government companies and Corporations as revealed from their accounts.

Impact on revision of accounts as well as significant comments issued as a result of supplementary audit of the financial statements of the PSUs conducted by the CAG for the year 2019-20 (or of earlier years which were finalised during the current year) is given in this Report. This Report also contains the impact on comments issued by the CAG on the financial statements of the Statutory Corporation.

This Report also gives an overall picture of the status of the adherence of PSUs to the guidelines issued by the Securities and Exchange Board of India (SEBI), Bureau of Public Enterprises (BPE), Finance Department, Government of Tamil Nadu and compliance with provisions of Companies Act, 2013 and guidelines issued by BPE on Corporate Governance and Corporate Social Responsibility.

1.1.3 Number of PSUs

As on 31 March 2020, there were 77 PSUs under the audit jurisdiction of the CAG. These include 67² Government Companies, one Statutory Corporation³ and nine Government Controlled Other Companies. Of these, summary of financial performance of 72 PSUs is covered in this report excluding five non-functional PSUs and the nature of these PSUs is indicated in **Table 1.1**.

Government Companies	67
Statutory Corporation	1
Government controlled other companies	9
Total PSUs	77

² 67 Government companies include 58 standalone/holding Government companies and nine subsidiaries of holding Government companies.

³ Tamil Nadu Warehousing Corporation

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

Nature of the PSUs	Total number of PSUs	Number of PSUs covered in the Report				Number of PSUs not covered in the Report
		Accounts up to			Total	
		2019-20	2018-19	2017-18		
Government Companies	67	53	9	0	62 ⁴	5 ⁵
Statutory Corporations	1	1	0	0	1	0
Total Companies/ Corporations	68	54	9	0	63	5
Government Controlled other Companies	9	9	0	0	9	0
Total	77	63	9	0	72	5

Source: Compiled based on the accounts received from PSUs during the respective years.

The details of Government companies/Government controlled other Companies which came under/went out from the purview of CAG's audit during 2019-20 are given in **Appendix-I**.

This Report does not include five PSUs⁶ which were defunct/ under liquidation. However, the status of winding up and their liabilities outstanding as on 31 March 2020 has been furnished below:

Out of the above five PSUs, one PSU *viz.*, Tamil Nadu Goods Transport Corporation Limited had commenced its liquidation process. The closure orders for remaining four PSUs *viz.*, Tamil Nadu Poultry Development Corporation Limited, Tamil Nadu Police Transport Corporation Limited, Tamil Nadu State Construction Corporation Limited and Southern Structurals Limited were issued but the winding up process has not yet been started.

It is observed that two PSUs had outstanding liabilities of ₹315.10 crore as on 31 March 2020 *viz.*, Southern Structurals Limited (₹285.65 crore) and Tamil Nadu State Construction Corporation Limited (₹29.45 crore) whereas there were no liabilities outstanding in respect of the other three PSUs.

It is recommended that the process of voluntary winding up under the Companies Act needs to be pursued vigorously.

⁴ Out of 62 Government companies, State Government has direct holding in 53 PSUs. The remaining 9 PSUs are subsidiaries of these 53 PSUs.

⁵ Out of 63, there were five PSUs, which neither earned profit nor incurred loss during 2019-20 since the losses/net expenses were claimed from the Government as subsidy/Grant.

⁶ Southern Structurals Limited, Tamil Nadu State Construction Corporation Limited, Tamil Nadu Police Transport Corporation Limited, Tamil Nadu Goods Transport Corporation Limited and Tamil Nadu Poultry Development Corporation Limited.

The Summary of financial performance of PSUs covered in this report is indicated in **Table 1.2** below:

Table 1.2: Summary of financial performance of PSUs covered in this report (Government Companies and Statutory Corporations)

(₹ in crore)

Particulars	Amount
Number of Government Companies and Statutory Corporations (in Nos.)	68
PSUs selected for this report (in Nos.)	63 ⁷
Paid up capital (63 PSUs)	62,720.62
Long term loans (63 PSUs)	1,75,532.77
Market capitalization (One listed traded Government Controlled Company)	615.28
Net profit (27 PSUs)	1,205.56
Net loss (31 PSUs)	18,629.83
Zero profit/loss PSUs (in Nos.)	5
Dividend declared (14 PSUs)	140.91
Total assets (63 PSUs)	2,89,918.38
Value of production (63 PSUs)	99,646.45

Source: Latest finalised accounts of PSUs.

1.1.4 Contribution of the PSUs to the GSDP of the State

A ratio of turnover of the Government companies and corporations to the Gross State Domestic Product (GSDP) shows the extent of their activities in the State economy. The Compounded Annual Growth Rate⁸ (CAGR) is a useful method to measure growth rate over multiple time periods. The details of turnover and the GSDP for a period of three years ending 31 March 2020 are given in **Table 1.3**.

Table 1.3: Turnover of Government Companies and Corporations vis-a-vis GSDP of Tamil Nadu

(₹ in crore)

Particulars	2017-18	2018-19	2019-20
Turnover	1,03,716.53	1,25,000.33	1,10,956.35
GSDP of Tamil Nadu	14,65,051	16,30,208	18,45,853
Percentage of Turnover to GSDP of Tamil Nadu	7.08	7.67	6.01
Percentage of growth of turnover	-3.56	20.52	-11.24
Percentage of growth of GSDP	12.47	11.27	13.23

Source: Turnover reported in the latest finalised accounts of Government Companies and Corporations and GSDP figures as per State Finance Audit Report of CAG of India for the year 2019-20 of GoTN.

It may be seen from the table above, that the growth rate of GSDP increased by 13.23 percentage during 2019-20 as compared to 2018-19, however, the aggregate turnover of Government Companies and Corporations decreased by 11.24 percentage during the same period. CAGR of GSDP recorded 12.32 per

⁷ Five non-functional PSUs were excluded.

⁸ The compounded annual growth rate calculated as per the formula: $((\text{Final Value}/\text{Beginning Value})^{1/\text{number of years}})-1$.

cent during 2017-18 to 2019-20 whereas during the same period, CAGR of turnover of these PSUs was at 1.04 per cent only. This was mainly due to decrease in share of turnover of these PSUs to GSDP from 7.67 in 2018-19 to 6.01 in 2019-20.

The analysis of performance of PSUs have been segregated into Power Sector and Non-Power Sector which are discussed in the **Table 1.4** below:

Table 1.4 : Turnover of Power sector/ Non-Power Sector companies and Corporations vis-a-vis GSDP of Tamil Nadu

(₹ in crore)

Particulars	2017-18	2018-19	2019-20
Turnover of Power Sector PSUs	48,843.45	61,053.34	62,868.47
Turnover of Non-Power Sector PSUs	54,873.08	63,946.99	48,087.88
GSDP of Tamil Nadu	14,65,051	16,30,208	18,45,853
Percentage of growth of Power Sector turnover	0.73	25.00	2.97
Percentage of growth of Non-Power Sector turnover	-7.07	16.54	-24.80
Percentage of Power Sector Turnover to GSDP of Tamil Nadu	3.33	3.75	3.41
Percentage of PSUs of Other than Power Sector Turnover to GSDP of Tamil Nadu	3.75	3.92	2.61
Percentage of growth of GSDP	12.47	11.27	13.23

Source: Turnover reported in the latest finalised accounts of Government Companies and Corporations and GSDP figures as per State Finance Audit Report of CAG of India for the year 2019-20 of GoTN.

It may be seen from the above **Tables 1.3 and 1.4**, that though the overall percentage of growth of turnover of 63 PSUs showed a declining trend, the percentage of growth of turnover of power sector PSUs actually increased by 2.97 per cent whereas turnover of Non-Power sector PSUs declined by 24.80 per cent during 2019-20. Similarly, percentage of turnover of Power PSUs and Non-Power PSUs to GSDP was 3.41 and 2.61 respectively during 2019-20.

1.2 Investment in Government Companies and Corporations

The amount of equity and loans in 63 Government companies and Statutory Corporations as at the end of 31 March 2020 is given in **Table 1.5**.

Table 1.5: Equity and loans in Government Companies and Corporations

(₹ in crore)

Sources of investment	As on 31.03.2020			As on 31.03.2019		
	Equity	Long term loans	Total	Equity	Long term loans	Total
1. State Government	36,877.29	16,903.54	53,780.73	33,817.40	19,818.24	53,635.64
2. Central Government	52.29	0.12	52.41	52.29	0.12	52.41
3. State Government Companies/ Corporations	25,658.39	34,978.13	60,636.52	24,894.74	37,106.09	62,000.83
4. Financial Institutions and Others	132.65	1,23,650.98	1,23,783.63	87.65	79,222.24	79,309.89
Total	62,720.62	1,75,532.77	2,38,253.29	58,852.08	1,36,146.69	1,94,998.77
Percentage of investment of State Government to total investment	58.80	9.63	22.57	57.46	14.56	27.51

Source: Latest finalised accounts of PSUs and details received from PSUs.

1.2.1 Equity holding

During 2019-20, the total equity holding at face value in the 63 PSUs covered in this Report registered a net increase of ₹3,868.54 crore comprising of ₹3,069.63 crore invested by State Government and ₹798.81 crore by State Government Companies and Financial Institutions. The total equity of ₹3,069.63 crore invested by State Government during the year 2019-20, resulted in cash inflow to 12 PSUs. Review of the new equity holding of ₹3,069.63 crore involving cash flow in PSUs indicated that infusion of ₹661.04 crore was for purchase of buses for the State Transport Undertakings in nine PSUs⁹, ₹763.59 crore was for meeting capital expenditure in TNEB Limited, ₹1,640 crore for complying with Reserve Bank of India guidelines for achieving Capital Risk (Weighted) Assets Ratio (CRAR) for acceptance of public deposits in Tamil Nadu Power Finance and Infrastructure Development Corporation Limited and ₹5 crore investment in newly formed Tamil Nadu Water Resources Conservation and River Restoration Corporation. No loan amount advanced by the State Government to the PSUs, was converted into equity.

During the year State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT) adjusted ₹9.74 crore from the share advance money being the amount advanced for the purpose of investment in the special purpose vehicle viz., Tamil Nadu Water Investment Company Limited (TWICL) consequent on issue of shares by TWICL to the Government of Tamil Nadu.

Details of significant holding (more than ₹1,000 crore) of the State Government during 2019-20 in the paid up capital of the PSUs is given in **Table 1.6**.

Table 1.6: Significant holding of the State Government

(₹ in crore)		
Name of the PSU	Name of the Department	Amount
Government Companies		
TNEB Limited	Energy	25,375.94
Tamil Nadu State Transport Corporation Limited (eight Corporations)	Transport	6,207.66
Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	Energy	2930.00
Tamil Nadu Transport Development Finance Corporation Limited	Transport	1,057.63

Source: Latest finalised accounts of PSUs and details received from PSUs.

1.2.1.1 Reconciliation with Finance Accounts of Government of Tamil Nadu

The figures in respect of equity outstanding as per records of PSUs should agree with that of the figures appearing in the Finance Accounts of the Government of Tamil Nadu (GoTN). In case the figures do not agree, the concerned PSUs and the Finance Department of GoTN should carry out reconciliation of the differences. Audit observed that as on 31 March 2020, there were differences

⁹ Tamil Nadu Transport Development Finance Corporation Limited and eight Tamil Nadu State Transport Corporations.

in the figures in respect of equity outstanding in 17 PSUs as shown in **Appendix II**. The equity as per the records of these 17 PSUs was ₹31,246.85 crore whereas, it was ₹30,800.04 crore as per finance accounts and the net difference amounted to ₹446.81 crore.

The difference between the figures are persisting since last many years. Major differences were observed in State Express Transport Corporation Limited, Tamil Nadu Transport Development Finance Corporation Limited and Tamil Nadu Sugar Corporation Limited respectively. The details of difference (PSU wise) were brought to the notice of Additional Chief Secretary, Finance Department from time to time for reconciliation¹⁰. However, the difference persisted. **Therefore, it is recommended that the State Government and the respective PSUs should reconcile the difference in time-bound manner.**

1.2.2 Loans given to Government Companies and Corporations

1.2.2.1 Computation of long term loans outstanding as on 31 March 2020

It may be seen from the **Table 1.5**, the total long term loans outstanding in 27 PSUs out of 63 Government companies and Corporations from all sources was ₹1,75,532.77 crore as on 31 March 2020. As against this, long term loans outstanding in respect of Government Companies and Corporations was ₹1,36,146.49 crore as on 31 March 2019. Thus, during 2019-20, the long term loans registered an increase of ₹39,386.08 crore. Out of the total loans of 63 PSUs¹¹ as on 31 March 2020, loans from State Government was ₹16,903.54 crore out of which seven PSUs¹² were given fresh loans of ₹1,276.07 crore during 2019-20. These seven PSUs were given loans mainly towards working capital requirements and administrative expenses. Out of seven PSUs, five PSUs¹³ were given loans during both the years 2018-19 and 2019-20. Audit noticed that during 2019-20, six out of the above seven PSUs have neither repaid principal amount of loan nor interest on loan during 2019-20 while one PSU (Tamil Nadu Generation and Distribution Corporation Limited) converted the interest-free loan of ₹4,563 crore into grant under Ujwal Discom Assurance Yojana Scheme (UDAY) scheme.

It may further be seen from the **Table 1.5**, the total long term loan outstanding as on 31 March 2020 was ₹1,75,532.77 crore which included ₹16,903.54 crore loans payable by PSUs to State Government and ₹1,23,650.98 crore to Banks/Financial institutions etc. Out of the outstanding State government loans of ₹16,903.54 crore, ₹13,538.17 crore was due from one Power Sector PSU viz.,

¹⁰ Recent letter was sent in 12 July 2021

¹¹ Out of 63 PSUs, 36 did not have any long term loan as on 31 March 2020.

¹² Tamil Nadu Tea Plantation Corporation Limited, Tamil Nadu Sugar Corporation Limited, Tamil Nadu Cements Corporation Limited, State Express Transport Corporation Limited, Tamil Nadu State Transport Corporation (Coimbatore) Limited, Tamil Nadu State Transport Corporation (Villupuram) Limited and Tamil Nadu Generation and Distribution Corporation Limited.

¹³ Tamil Nadu Tea Plantation Corporation Limited, Tamil Nadu Cements Corporation Limited, Tamil Nadu State Transport Corporation (Coimbatore) Limited, State Express Transport Corporation Limited and Tamil Nadu State Transport Corporation (Villupuram) Limited.

Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO) which also include Interest Free loan of ₹4,563 crore given under UDAY (Ujwal DISCOM Assurance Yojana) Scheme which is discussed in the succeeding paragraph. The loans payable by PSUs to Banks and Financial institutions amounted to ₹1,23,650.98 crore which included loans payable by TANGEDCO amounting to ₹94,282.25 crore. Thus, the total long term loan liability of TANGEDCO stood at ₹1,07,820.42 crore as on 31 March 2020.

With the objective of improving the health of state-owned DISCOMs, the Ministry of Power (MoP), Government of India (GoI) launched the UDAY Scheme in November 2015. As a part of the Scheme, the State Government shall take over 75 per cent of DISCOMs debt as on 30 September 2015. The debts outstanding as on 30 September 2015 was ₹80,962.02 crore. Out of this debt, GoTN took over the debt of TANGEDCO to the extent of ₹22,815 crore, as per the Memorandum of Understanding (MoU) signed in January 2017 for implementation of UDAY Scheme in TANGEDCO. Thereafter, an amount of ₹ 22,815 crore was released to TANGEDCO as interest free loan (IFL) during 2016-17, which was to be converted into Grants in five annual equal instalments of ₹4,563 crore *per annum*. Out of the above sum, TANGEDCO repaid the outstanding loans from Banks and Financial Institutions totalling a sum of ₹21,171.07 crore during 2016-17 itself and utilised the balance ₹1,643.93 crore for its working capital purpose.

1.2.2.2 Adequacy of assets to meet loan liabilities

Ratio of total debt to total assets is one of the methods used to determine whether a company can stay solvent. To be considered solvent, the value of an entity's assets must be greater than the sum of its loans/debts *i.e.*, ideally, the Debt asset ratio should be less than one. The coverage of long term loans by value of total assets in 27 PSUs which had outstanding loans as on 31 March 2020 is given in **Table 1.7**.

Table 1.7: Coverage of long term loans with total assets

	PSUs having Debt Asset Ratio <1				PSUs having Debt Asset Ratio >1			
	No. of PSUs	Long term loans	Assets	Ratio of debts to assets	No. of PSUs	Long term loans	Assets	Ratio of debts to assets
		(₹ in crore)				(₹ in crore)		
Statutory Corporations	1	103.25	286.83	0.36:1	--	--	--	--
Unlisted Companies	16	1,67,234.98	2,36,268.58	0.70:1	10	8,194.54	4,721.34	1.74:1
Total	17	1,67,338.23	2,36,555.41		10	8,194.54	4,721.34	

Source: Details received from PSUs.

It may be seen from the above table that Debt asset ratio in respect of 17 PSUs (including one Statutory Corporation) was less than one indicating that these PSUs are solvent. However, in respect of 10 PSUs, the Debt asset ratio was more than one which indicated that they are not solvent as the value of total assets of these PSUs was less than the loans outstanding (**Appendix III**).

1.2.2.3 Interest Coverage

Interest coverage ratio (ICR) is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the lesser is the ability of the company to pay interest on debt. An ICR below one indicated that the company was not generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio of PSUs, which had outstanding loans during the period from 2017-18 to 2019-20 are given in **Table 1.8**.

Table 1.8: Interest Coverage Ratio

Year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	No. of PSUs	No. of PSUs having ICR \geq 1	No. of PSUs having ICR $<$ 1
Statutory Corporations					
2017-18	---	---	---	---	---
2018-19	4.96	28.92	1	1	---
2019-20	4.99	37.5	1	1	---
Unlisted Government Companies					
2017-18	12,395.90	-4,946.63	32	17	15
2018-19	5,201.17	-3,216.23	32	14	18
2019-20	16,182.53	-1,496.56	30	12	18

Source: As per the latest finalised accounts of PSUs.

It was observed that the number of PSUs with ICR equal to or more than one has decreased in case of Government Companies during 2019-20, compared to the previous year. Out of the 31 PSUs having liabilities of loans, 18 PSUs had ICR lesser than one indicating that these PSUs could not generate adequate income to pay off its interest liability. The remaining 13 PSUs with ICR equal to or more than one indicating sufficient income to pay of its interest burden.

1.2.2.4 Age Wise Analysis of interest outstanding on State Government loans

As on 31 March 2020, interest amounting to ₹1,412.32 crore was outstanding on long term loans of 18 PSUs provided by State Government. Out of this, interest amounting to ₹24.66 crore was outstanding for more than three years in respect of three PSUs¹⁴. The age wise analysis of interest outstanding on State Government loans in PSUs is given in **Appendix – IV**.

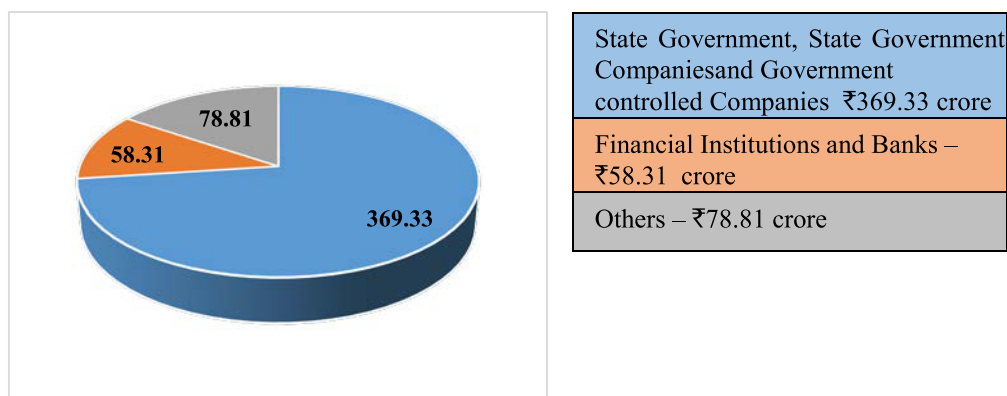
1.2.3 Investment in Government Controlled other Companies

The capital invested by the State Government and by Companies controlled by them in nine Government Controlled other Companies during the year 2019-20 is depicted in **Chart 1.1**.

¹⁴ Tamil Nadu Industrial Explosives Limited, Tamil Nadu Tourism Development Corporation Limited and Tamil Nadu Textiles Corporation Limited.

Chart 1.1: Composition of share capital in Government Controlled other Companies

(₹ in crore)



Source: Latest finalised accounts of PSUs and details received from PSUs.

As on 31 March 2020, equity in these government controlled other companies was ₹506.45 crore. The equity in government controlled other companies increased by ₹10.66 crore in 2019-20.

1.2.4. Market capitalisation of equity investment in Government controlled companies.

Market capitalisation represents market value of the shares of companies whose shares are listed. As on 31 March 2020, shares of one Government Controlled other Company was listed on the various stock exchanges in India.

The total market value of shares of the one traded listed Government Controlled other Company¹⁵ stood at ₹615.28 crore (BSE) (equity investment being ₹69.21 crore) as on 31 March 2020 as compared to ₹1,425.39 crore as on 31 March 2019. The total market value of shares decreased by ₹810.11 crore (56.83 per cent) as on 31 March 2020 as compared to 31 March 2019. The market value of shares held by the State Government amounted to ₹217.27 crore.

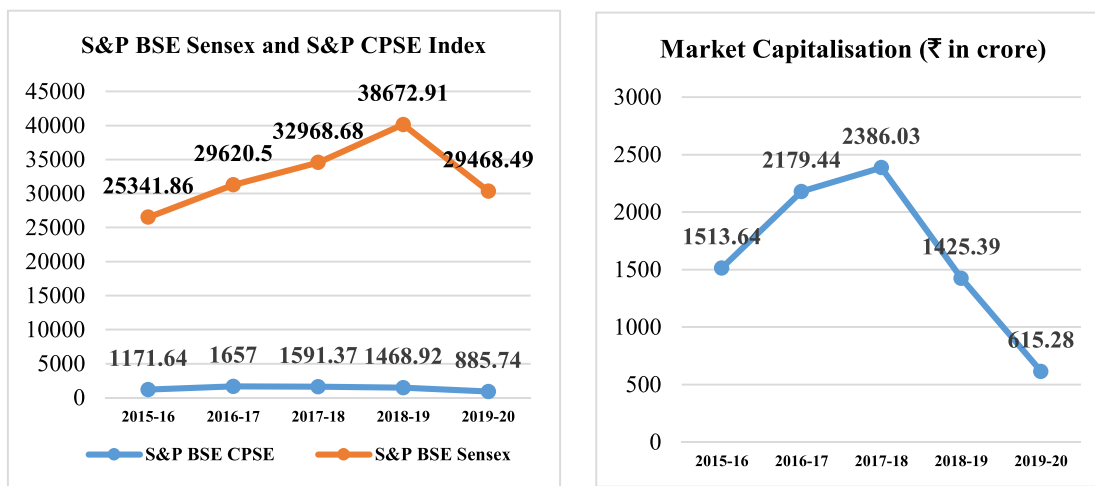
During this period, S&P BSE Sensex¹⁶ decreased by 23.80 per cent from 38,672.91 as on 31 March 2019 to 29,468.49 as on 31 March 2020. S&P BSE-CPSE Index¹⁷ decreased by 39.70 per cent from 1,468.92 as on 31 March 2019 to 885.74 as on 31 March 2020.

Trend of market capitalisation of the lone traded listed Government controlled company for the last five years *vis-a-vis* S&P BSE Sensex and S&P BSE-CPSE Index is depicted in **Chart 1.2**.

¹⁵ Tamil Nadu Newsprint and Papers Limited.

¹⁶ S&P BSE SENSEX is calculated on a "Market Capitalization-Weighted" methodology of 30 component stocks representing large, well-established and financially sound companies across key sectors.

¹⁷ S&P BSE CPSE Index consists of major Public Sector Undertakings listed on BSE.

Chart 1.2: Trend of market capitalisation vis-a-vis BSE Sensex and CPSE Index

Source: S&P BSE Sensex, S&P BSE CPSE Index and Annual Reports of Tamil Nadu Newsprint and Papers Limited.

It was observed that the trend of market capitalisation of the traded listed Government controlled PSU during 2015-16 to 2017-18 was same when compared to S&P BSE Sensex. S&P BSE Sensex showed an increasing trend during 2018-19 but declined in 2019-20 whereas, S&P CPSE Index and market capitalization showed a declining trend in both the years. Further, in 2019-20, the market value of shares of the PSU decreased by 56.83 per cent (from ₹1,425.39 crore to ₹615.28 crore) while S&P BSE Sensex also decreased by 23.80 per cent (from 38,672.91 to 29,468.49) whereas S&P CPSE Index decreased by 39.70 per cent (from 1,468.92 to 885.74) during the same period.

1.3 Returns from the Government Companies and Corporations

1.3.1 Profit earned by Government companies and Corporations

The number of PSUs (including one Statutory Corporation) that earned profit was 27 in 2019-20 as compared to 32 in 2018-19 (six loss making PSUs excluded and one PSU added). Six PSUs (**Appendix-V**) that suffered losses during 2019-20 after earning profit in the previous year was mainly due to reduction in operational income and expenses exceeding the revenue and one PSU *viz.*, Tamil Nadu Road Infrastructure Development Corporation reported profit after incurring net loss in the previous year which was due to non-operational income.

The profit earned increased to ₹1,205.56 crore in 2019-20 from ₹689.97 crore in 2018-19. The Return on Equity (ROE) of the 27 PSUs (including Tamil Nadu Warehousing Corporation) was 11.84 per cent in 2019-20 as compared to 11.06 per cent in 32 PSUs in 2018-19.

ROE in all the 63 PSUs *i.e.* including 31 loss making and five zero profit companies was negative as the net income was negative in 2019-20.

The details of top three sectors, which contributed maximum profit during 2019-20 are summarised in **Table 1.9**:

Table 1.9: -Top 3 sectors which contributed maximum profit during the year 2019-20

Sector	No. of profit earning PSUs	Net profit earned (₹ in crore)	Percentage of profit to total PSU profit
Power			
Unlisted Government Companies	1 ¹⁸	505.03	41.89
Industries			
Unlisted Government Companies	2 ¹⁹	471.67	39.12
MSME			
Unlisted Government Companies	2 ²⁰	35.25	2.93
Total (A+B+C)	5	1011.95	83.94

Source: Latest finalised Annual Accounts of PSUs.

During 2019-20, net profit of ₹1,011.95 crore constituting 83.94 *per cent* of total profit of Government companies and corporations was contributed by five PSUs as compared to 63.48 *per cent* contributed by seven PSUs during 2018-19 in these three sectors.

The list of Government companies which earned profit of more than ₹100 crore during the year 2019-20 is given in **Table 1.10**.

Table 1.10: PSUs which earned profit of more than ₹100 crore during 2019-20.

Sl. No.	Name of the PSU	Net Profit
1	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	505.03
2	State Industries Promotion Corporation of Tamil Nadu Limited	289.09
3	Tamil Nadu Industrial Development Corporation Limited	182.58
Total		976.70

Source: Latest finalised Annual Accounts of PSUs.

It may be seen that these three PSUs contributed 81.02 *per cent* of the total profit earned by 27 PSUs during 2019-20.

Of the nine Government Controlled other companies, seven companies earned profit of ₹219.58 crore during the year ended 31 March 2020. ROE in these seven PSUs was 8.63 *per cent* in 2019-20 as against the ROE in nine Government Controlled other companies was 7.98 *per cent*.

¹⁸ Tamil Nadu Power Finance and Infrastructure Development Corporation Limited.

¹⁹ Tamil Nadu Industrial Development Corporation Limited and State Industries Promotion Corporation of Tamil Nadu Limited.

²⁰ Tamil Nadu Industrial Investment Corporation Limited and Tamil Nadu Small Industries Development Corporation Limited.

1.3.2 Loss incurred by Government companies and Corporations

Out of 63 Government companies, 31 incurred losses during the year 2019-20 (including two²¹ new PSUs which reported loss in their first year of operations). The losses incurred by these PSUs increased to ₹18,629.83 crore in 2019-20 from ₹17,799.23 crore during 2018-19 as given in **Table 1.11**.

Table 1.11: Number of PSUs that incurred losses during 2019-20

Year	No of PSUs incurred loss	Net loss for the year (₹ in crore)	Accumulated loss (₹ in crore)	Net worth ²² (₹ in crore)
Unlisted Government Companies				
2017-18	21	18,020.21	(-)99,098.42	(-)46,268.88
2018-19	24	17,799.23	(-)1,22,421.03	(-)67,050.85
2019-20	31	18,629.83	(-)1,41,051.19	(-)84,036.22

Source: As per finalised Accounts of PSUs for 2019-20.

Out of total loss of ₹18,629.83 crore incurred by 31 PSUs, loss of ₹13,040.40 crore was contributed by three PSUs in Power sector which included loss of ₹1074.48 crore by one PSU viz., Tamil Nadu Transmission Corporation Limited which was not open to market competition and ₹5,230.58 crore by eight PSUs in Transport sector. PSUs listed in **Table 1.12** incurred a loss of more than ₹100 crore during the year 2019-20.

Table 1.12: PSUs that incurred losses of more than ₹100 crore during 2019-20

Sl. No.	Name of the PSUs	Net loss (₹ in crore)
1	Tamil Nadu Generation and Distribution Corporation Limited	11,964.93
2	Tamil Nadu Transmission Corporation Limited	1,074.48
3	Tamil Nadu State Transport Corporation (Kumbakonam) Limited	898.82
4	Metropolitan Transport Corporation Limited	816.98
5	Tamil Nadu State Transport Corporation (Coimbatore) Limited	727.68
6	Tamil Nadu State Transport Corporation (Madurai) Limited	701.79
7	Tamil Nadu State Transport Corporation (Tirunelveli) Limited	645.64
8	Tamil Nadu State Transport Corporation (Villupuram) Limited	561.47
9	Tamil Nadu State Transport Corporation (Salem) Limited	502.31
10	State Express Transport Corporation Limited	375.89

Source: As per Financial Statements of respective PSUs for 2019-20.

²¹ Chennai Industrial Water Utility Company Limited and Tamil Nadu Water Resources Conservation and River Restoration Corporation Limited.

²² Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision.

Out of nine Government controlled other companies, two²³ companies incurred losses of ₹3.75 crore during the year 2019-20.

1.3.3 Erosion of capital in Government Companies

As on 31 March 2020 there were 26 Government companies with accumulated losses of ₹1,41,157.46 crore. Of the 26 PSUs, 25 PSUs incurred losses in the year 2019-20 amounting to ₹18,527.29 crore and one PSU (Adyar Poonga) reported zero profit as its loss of ₹0.01 crore had been compensated by State Government Grant even though it had accumulated loss of ₹0.08 crore.

Net worth of 18 out of 26 PSUs had been completely eroded by accumulated loss and their net worth was negative. The net worth of these 18 PSUs was (-) ₹1,08,863.78 crore against equity investment of ₹31,869.56 crore in these PSUs as on 31 March 2020. All the 18 PSUs, whose capital had been eroded (being negative net worth) had reported loss of ₹18,458.17 crore during 2019-20 (**Appendix-VI**).

Out of these 18 PSUs, the net worth of 14 PSUs was negative in last five years ending 2019-20. The net worth of one PSU (Arasu Rubber Corporation Limited) was negative during last four years, two PSUs²⁴ was negative during last two years ending 2019-20 and one PSU (Tamil Nadu Transmission Corporation Limited) turned negative during 2019-20.

In case of 18 PSUs whose net worth was eroded included two Power Sector PSUs and 16 Non-Power Sector PSUs. The two Power Sector PSUs incurred operational expenditure of ₹66,612.74 crore and 16 Non-Power Sector PSUs incurred operational expenditure of ₹35,150.44 crore during 2019-20. It is pertinent to mention that the State Government had extended budgetary support in the form of grant/ subsidies etc., amounting to ₹6,744.87 crore to one Power Sector PSU (Tamil Nadu Generation and Distribution Corporation Limited) and ₹1,093.52 crore to eight Non-power sector PSUs during 2019-20.

In 10 out of 18 PSUs whose capital had been eroded, Government loans outstanding as on 31 March 2020 amounted to ₹16,603.63 crore.

Net worth was less than half of their paid up capital in respect of 4 out of 45 PSUs whose net worth was positive at the end of 31 March 2020, indicating their potential financial sickness.

In the overall, net worth of all the 63 Government companies and corporations was negative at ₹73,714.81 crore against their paid up capital of ₹61,957.03 crore.

1.3.4 Dividend payout by PSUs

The details of profit earned and dividend declared by Government companies and corporations is given in the **Table 1.13**:

²³ Tamil Nadu infrastructure Fund Management Corporation Limited and TIDEL Park, Coimbatore Limited.

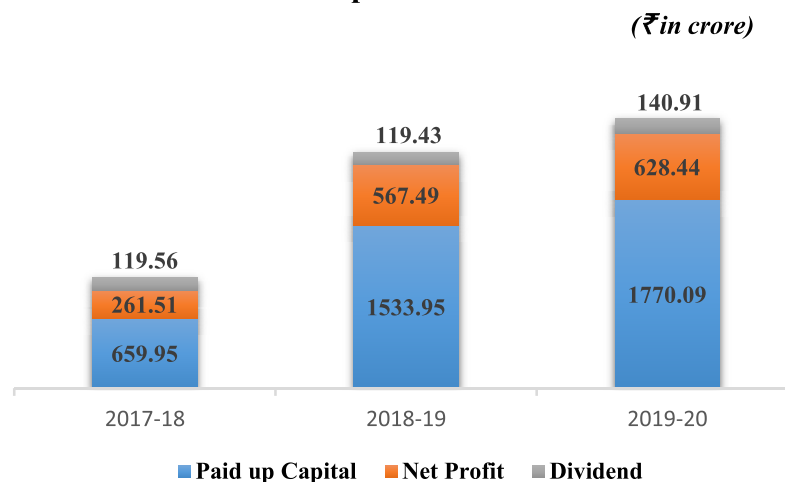
²⁴ Madurai Thoothukudi Industrial Corridor Development Corporation Limited and Tamil Nadu Minerals Limited.

Table 1.13: Profit earned and dividend declared

Category	No. of PSUs	Paid up capital (₹ in crore)	Net profit (₹ in crore)	Dividend declared (₹ in crore)
Statutory Corporations	1	7.61	24.11	8.44
Unlisted Companies	13	1,762.48	604.33	132.47
Total	14	1,770.09	628.44	140.91

Source: As per Financial Statements of PSUs.

Out of 63 Government companies and one Corporation, 14 PSUs declared dividend in 2019-20. The dividend declared as a percentage of net profit of the profit earning PSUs increased from 21.05 per cent in 2018-19 to 22.42 per cent in 2019-20. In absolute terms, the dividend declared by the PSUs in 2019-20 increased by ₹21.48 crore compared to previous year. **Chart 1.3** depicts the dividend declared *vis-a-vis* net profit earned and paid up capital of PSUs which declared dividend during the last three years.

Chart 1.3: Dividend declared *vis-a-vis* net profit earned and paid up capital

Source: As per latest finalised Accounts of PSUs.

Out of total dividend of ₹140.91 crore declared by 14 PSUs for the year 2019-20, the share of dividend received/receivable by State Government was ₹135.21 crore (95.96 per cent of total dividend declared) against the equity investment of ₹1,629.11 crore. The return in the form of dividend on aggregate investment of ₹36,877.29 crore made by the State Government in equity capital of 63 PSUs was 0.37 per cent as compared to 0.34 per cent during 2018-19. Similarly, State Government received ₹18.33 crore on the paid up capital of ₹24.44 crore contributed by it in one²⁵ listed Government Controlled Company. One PSU received ₹3.41 crore as dividend on paid up capital of ₹11.35 crore

²⁵ Tamil Nadu Newsprint and Papers Limited.

invested in one Government Controlled PSU²⁶ in 2019-20. Two PSUs²⁷ under the Department of Industries, declared dividend amounting to ₹98.41 crore which was 69.84 per cent of the total dividend of ₹140.91 crore declared by 14 PSUs in 2019-20.

The State Government had formulated (May 2014) a dividend policy, under which all PSUs were required to pay a minimum return of 30 per cent of net profit after tax or 30 per cent of the paid up share capital, whichever was higher, subject to availability of disposable profit. However, 17 PSUs had not declared dividend or lesser than the amount prescribed by the Government as given in **Appendix-VII**. The total shortfall on this account was ₹220.65 crore in 2019-20.

Of the nine Government Controlled other Companies, seven companies earned profit of ₹219.58 crore during the year ended 31 March 2020. Out of these seven companies, two PSUs declared dividend amounting to ₹65.11 crore which represented 21.92 per cent of the paid up capital of ₹297.04 crore of seven companies. Sector wise classification of two Government Controlled other Companies which declared dividend during 2019-20 is given in **Table 1.14**.

Table 1.14: Dividend declared by Government Controlled other Companies

(₹ in crore)

Sector	No. of Companies	Paid up capital	Net profit	Dividend declared
Paper Manufacture	1	69.21	130.03	51.91
Information Technology	1	44.00	52.96	13.20
Total	2	113.21	182.99	65.11

Source: As per latest Financial Statements of PSUs.

1.4 Operating efficiency of Government companies and Corporations

1.4.1 Value of production

The summary²⁸ indicating value of production, total assets and sum of capital employed in respect of Monopoly²⁹ and Non-monopoly PSUs over a period of three years is given in the **Table 1.15**.

²⁶ TIDEL Park Limited.

²⁷ Tamil Nadu Industrial Development Corporation Limited and State Industries Promotion Corporation of Tamil Nadu Limited.

²⁸ The value of production, total assets and capital employed have been compiled from the financial statements of the PSUs.

²⁹ Monopoly means a market structure characterized by a single seller, selling a unique product in the market. In a monopoly market, the seller faces no competition, as he is the sole seller of goods with no close substitute. A PSU is classified as monopoly if there is no competition in the geographical area in which it operates.

Table 1.15: Value of Production, Assets & Capital Employed of Monopoly Vs. Non-monopoly PSUs

(₹ in crore)				
Type /Year	Number of PSUs	Value of Production	Total Assets	Sum of Capital Employed
Monopoly PSUs				
2017-18	17	37,645.48	56,143.92	16,666.16
2018-19	17	44,060.53	63,212.29	18,716.74
2019-20	17	27,619.07	64,780.40	23,025.04
Non-Monopoly PSUs				
2017-18	44	65,903.65	2,00,576.25	75,489.86
2018-19	45	72,253.17	2,16,601.13	54,829.36
2019-20	46	72,027.38	2,25,137.97	46,776.36
Total				
2017-18	61	1,03,549.13	2,56,720.17	92,156.02
2018-19	62	1,16,313.70	2,79,813.42	73,546.10
2019-20	63	99,646.45	2,89,918.38	69,801.40

Source: Details received from PSUs.

During the year 2018-19, the value of production had increased to ₹1,16,313.70 crore as compared to ₹1,03,549.13 crore during 2017-18, whereas it decreased to ₹99,646.45 crore during 2019-20 which was mainly on account of reported decrease in the value of production of one PSU viz., Tamil Nadu State Marketing Corporation Limited. Total assets showed an increasing trend in all the three years. The capital employed continued to decrease in all the three years. PSU wise details of value of production, total assets and capital employed is given in **Appendix-VIII**.

1.4.2 Return on Capital Employed (ROCE)

ROCE is a ratio that measures a company's profitability and the efficiency with which its capital is employed. ROCE is calculated by dividing a company's earnings before interest and taxes (EBIT) by the capital employed³⁰. The PSU wise details of ROCE are given in **Appendix-IX**. The consolidated ROCE of 63 Government companies and corporations during the period from 2017-18 to 2019-20 is given in **Table 1.16**.

Table 1.16: Return on Capital Employed

Year	EBIT (₹ in crore)	Capital employed (₹ in crore)	ROCE (in percentage)
2017-18	-4,545.65	92,156.02	-4.93
2018-19	-2,759.64	73,546.10	-3.75
2019-20	-878.15	69,801.40	-1.26

Source: As per the latest finalised accounts of PSUs for respective years.

³⁰ Capital Employed = Paid up Share capital + Free Reserves and surplus + Long term loans – Accumulated losses – Deferred Revenue Expenditure

It was observed that ROCE of 63 Government companies and corporations was negative in all the three years. But, the overall performance of PSUs indicated an improvement which is evident from the overall decreasing trend of the loss over the three years.

ROCE in respect of Monopoly and Non-monopoly PSUs are given in **Table 1.17**.

Table 1.17: ROCE of Monopoly vs. Non-monopoly PSUs

Year	Monopoly				Non-monopoly			
	No. of PSUs	EBIT	Capital employed	ROCE (in %)	No. of PSUs	EBIT	Capital employed	ROCE (in %)
		₹ in crore)				₹ in crore)		
2017-18	17	-3,103.28	16,666.16	-18.62	44	-1,442.37	75,489.86	-1.91
2018-19	17	968.28	18,716.74	5.17	45	-3,727.92	54,829.36	-6.80
2019-20	17	1,105.61	23,025.04	4.80	46	-1,983.76	46,776.36	-4.24

Source: As per latest finalised accounts of PSUs for respective years.

From the table above, it is evident that the ROCE of PSUs under Monopoly Sector turned positive from 2018-19 onwards as compared to the ROCE of Non-Monopoly sector which was negative in all the three years.

1.4.3 Return on Equity (ROE) of PSUs

ROE³¹ is a measure of financial performance of companies calculated by dividing net income by shareholders' equity. The PSU wise details of ROE are given in **Appendix-X**. The consolidated ROE of 63 Government companies and corporations during the period from 2017-18 to 2019-20 is given in **Table 1.18**.

Table 1.18: Return on Equity

Year	Net Profit after Tax and Preference Dividend (₹ in crore)	Equity (₹ in crore)	ROE (in percentage)
2017-18	-17,430.46	-41,221.15	--
2018-19	-17,109.26	-60,673.55	--
2019-20	-17,424.27	-73,714.81	--

Source: As per latest finalised accounts of PSUs for respective years.

³¹ Return on Equity = (Net Profit after Tax and preference Dividend/Equity)*100 where Equity = Paidup Capital + Free Reserves – Accumulated Loss – Deferred Revenue Expenditure

It was observed from the table above, during the three years ending 2019-20, both the net profit after tax and the equity of 63 Government companies and corporations are negative and thus, the ROE was not worked out. Negative equity indicates that the liabilities of these PSUs have exceeded the assets, instead of returns from the PSUs, the shareholders owe money to the PSUs.

ROE in respect of Monopoly and Non-monopoly PSUs are given in **Table 1.19**

Table 1.19: ROE of Monopoly Vs. Non-monopoly PSUs

Year	Monopoly				Non-monopoly			
	No. of PSUs	Equity	Net Profit after Tax	ROE (in percentage)	No. of PSUs	Equity	Net Profit after Tax	ROE (in percentage)
		(₹ in crore)				(₹ in crore)		
2017-18	17	1,477.83	-4,604.14	-311.55	44	-42,698.98	-12,826.32	--
2018-19	17	994.45	-577.85	-58.11	45	-61,668.00	-16,531.41	--
2019-20	17	413.84	-1,068.20	-258.12	46	-74,128.65	-16,356.07	--

Source: As per latest finalised accounts of PSUs for respective years.

The net income was negative during all the three years and hence, ROE was not worked out.

It could be seen that in respect of monopoly PSUs, the Equity were positive whereas the net profit after tax was negative in all the three years and thus, the ROE was negative. In respect of non-monopoly PSUs both the net profit after tax and the Equity were negative in all the three years ending 2019-20.

Sector wise ROE of Government companies and corporations where total equity of the PSUs is more than ₹100 crore during the three years ending 2019-20 is depicted in **Table 1.20**.

Table 1.20: ROE of sectors with total equity of ₹100 crore and more
(in percentage)

Sl. No.	Sector	ROE during 2017-18	ROE during 2018-19	ROE during 2019-20
1	Power	*	*	*
2	Transport	*	*	*
3	Finance	6.51	3.30	2.40
4	Manufacturing	2.10	*	*
5	Infrastructure	17.94	11.71	18.18
6	Social	0.43	1.13	7.08

Source: As per latest finalised accounts of PSUs for respective years.

* The net income was negative and hence, ROE was not worked out.

Sector wise analysis indicated that the PSUs in Finance, Infrastructure and Social sector reported positive ROE in all the three years.

1.4.4 Rate of Real Return on Government Investment (RORR)

RORR measures the profitability and efficiency with which equity and similar non-interest bearing capitals have been employed, after adjusting them for their time value, and assumes significance when compared with the conventional Rate of Return (ROR), which is calculated by dividing the Profit After Tax (PAT) by the sum of all such investments counted on historical cost basis.

Out of total 77 PSUs in the State, the State Government had direct investment in 70³² PSUs. Audit examined the RORR in respect of these PSUs.

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

- In addition to actual infusion by the State Government in the PSUs in the form of equity, interest free loans and grants/subsidy for operational and administrative expenses given by the State Government to the PSUs have been considered as investment infusion by the State Government.
- The average interest rate on State Government securities for the concerned financial year³³ was adopted as compounded rate for arriving at Present Value (PV) since they represent the cost incurred by the Government towards investment of funds for the year and therefore considered as the minimum expected rate of return on investments made by the Government.
- For the purpose of RORR calculation, the investment of State Government in these PSUs has been arrived at by considering the equity (initial equity, net of accumulated losses up to 2009-10 plus the equity infused during the subsequent years), adding interest free loan. The dividend paid by the PSUs has been deducted from the total investment in the respective years.

The year wise details of investment by the State Government and Rate of Real Return of Government funds from 2009-10 to 2019-20 is given in the **Table 1.21** below:

³² Though TANGEDCO and TANTRANSCO are subsidiaries of TNEB Limited, considering the significant investment by the State Government, these PSUs are included for calculation of present value of investments of the State Government. Accordingly, the total investments and the aggregate of the profit/loss of all these two power sector undertakings are considered to assess the overall results on the total funds invested.

³³ The average rate of interest on Government borrowings was adopted from the Reports of CAG of India on State Finance Audit Reports (GOTN) for the concerned years wherein the calculation of the average rate of interest paid = Interest payment/[(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100.

Table 1.21: Year wise details of investment by the State Government and RORR of Government funds from 2009-10 to 2019-20

₹ in crore)

Financial year	Present value of total investment of State Government at the beginning of the year	Equity infused by the State Government during the year	Net Interest free loan given by the State Government during the year	Interest free loan converted into Equity during the year	Total investment during the year	Dividend paid by PSUs during the year	Total investment at the end of the year after deducting dividend	Average interest rate of Government borrowings	Interest Value	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year	RORR (in percentage)
1	2	3	4	5	6 = (3) + (4)	7	8 = (6) - (7)	9	10 = (8) * (9) / 100	11 = (8) + (10)	12 = 11 * 9 / 100	13	14 = (13) / (11) * 100
2009-10	-	832.25	57.87	-	890.12	69.65	820.47	7.29	59.81	880.28	64.17	-	-
2010-11	880.28	2,284.52	61.62	-	2,346.14	65.80	3,160.62	7.53	237.99	3,398.62	255.92	-11,352.19	-334.02
2011-12	3,398.62	2,466.91	2,005.16	-	4,472.07	35.11	7,835.58	7.43	582.18	8,417.76	625.44	-14,049.96	-166.91
2012-13	8,417.76	2,151.59	921.16	-	3,072.75	74.51	11,416.00	7.43	848.21	12,264.21	911.23	-13,657.56	-111.36
2013-14	12,264.21	2,397.71	1,008.69	-	3,406.40	133.81	15,536.80	7.90	1,227.41	16,764.21	1,324.37	-12,410.64	-74.03
2014-15	16,764.21	4,635.82	1,009.24	-	5,645.06	162.02	22,247.25	8.12	1,806.48	24,053.72	1,953.16	-15,066.97	-62.64
2015-16	24,053.72	2,998.10	64.14	-	3,062.24	138.06	26,977.90	8.38	2,260.75	29,238.65	2,450.20	-8,075.36	-27.62
2016-17	29,238.65	4,772.47	22,958.24	-	27,730.71	239.74	56,729.62	8.11	4,600.77	61,330.39	4,973.89	-7,030.59	-11.46
2017-18	61,330.39	4,998.74	171.20	-	5,169.94	166.77	66,333.56	8.53	5,658.25	71,991.82	6,140.90	-17,449.18	-24.24
2018-19	71,991.82	2,907.84	1,578.20	-	4,486.04	167.24	76,310.62	8.27	6,310.89	82,621.50	6,832.80	-16,965.84	-20.53
2019-20	82,621.50	3,069.63	10,456.64	-	13,526.27	140.91	96,006.86	8.07	7,747.75	1,03,754.62	8,373.00	-17,424.27	-16.79
Total		33,518.58	40,292.16	-	73,807.74	1,393.62	3,83,375.28				33,905.09		

Source: As per details received from PSUs and latest finalised accounts of PSUs for respective years.

During 2010-11 to 2019-20 the total earning were negative in all the years and thus, the RORR were also negative. The actual total earnings by all the PSUs were below the minimum expected return to recover the cost of funds infused in these PSUs. During 2019-20, the PSUs reported a total loss of ₹17,424.27 crore against the minimum expected return of ₹8,373.00 crore. Out of the total loss, bulk of the loss has been contributed by TANGEDCO: ₹11,964.93 crore and TANTRANSOCO: ₹1,074.48 crore during 2019-20.

The present value of Government investment was ₹1,03,754.62 crore as compared to the historical cost of investment of ₹3,83,375.28 crore which indicated the diminution in value of investment to the extent of ₹2,79,620.66 crore. The RORR of Government investment of historical cost as well as present value was negative at 4.54 and 16.79 per cent respectively.

1.4.5 Sales and Marketing

During 2019-20, the total sales of 63 PSUs decreased to ₹99,646.45 crore as compared to ₹1,16,313.70 crore in 62 PSUs during 2018-19. Out of 63 PSUs, 17 PSUs sold goods/rendered services worth ₹7,291.08 crore to Government sector representing 7.32 per cent of the total sales during 2019-20.

The details of total sales, sales to Government sector/PSUs and exports thereon in respect of monopoly and non-monopoly PSUs are given in **Table 1.22**.

Table 1.22: Sales details of Monopoly vs. Non-monopoly PSUs

(₹ in crore)

Year/Type	Total Sales		Sales to Government/PSUs			Export Sales
	No. of PSUs	Sales Value	No. of PSUs	Sales Value	Percentage of sales to Government/PSUs	
Monopoly PSUs						
2017-18	17	37,645.48	3	2,151.74	5.72	0.00
2018-19	17	44,060.53	3	2,468.38	5.60	0.00
2019-20	17	27,619.07	3 ³⁴	2,369.54	8.58	0.00
Non-monopoly PSUs						
2017-18	44	65,903.65	14	3,957.41	6.00	0.27
2018-19	45	72,253.17	14	4,651.19	6.44	0.75
2019-20	46	72,027.38	14	4,921.54	6.83	1.11
Total of monopoly and non-monopoly PSUs.						
2017-18	61	1,03,549.13	17	6,109.15	5.90	0.27
2018-19	62	1,16,313.70	17	7,119.57	6.12	0.75
2019-20	63	99,646.45	17	7,291.08	7.32	1.11

Source: As per latest finalised accounts of PSUs and details received from PSUs.

Against the total sales of ₹99,646.45 crore by 63 PSUs, one PSU (Tamil Nadu Handicrafts Development Corporation Limited) had made export sales of ₹1.11 crore during 2019-20.

1.4.6 Disinvestment

No disinvestment of PSUs has taken place during 2019-20.

³⁴ Tamil Nadu Civil Supplies Corporation, Tamil Nadu Medical Services Corporation Limited and Tamil Nadu Police Housing Corporation Limited.

Oversight Role of CAG

2.1 Audit of Public Sector Undertakings

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

2.2 Appointment of statutory auditors of Public Sector Undertakings by CAG

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

Statutory auditors of Companies for the year 2019-20 were appointed during August 2019.

The statutory auditors of such Companies for the year 2019-20 were appointed by the CAG during August 2019¹.

2.3 Submission of accounts by PSUs

2.3.1 Need for timely submission

According to Section 394 and 395 of the Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM). As soon as may be after such preparation, the Annual Report must be laid before the State Legislature, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. Almost similar provisions exist in the Act regulating the statutory corporation. This mechanism provides the necessary legislative control over the utilization of public funds invested in the companies from the Consolidated Fund of the State.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next.

¹ Statutory Auditors of five PSUs which submitted their accounts belatedly were appointed between October 2019 and November 2020 and in respect of one non-working PSU viz., Tamil Nadu Goods Transport Corporation Limited, Statutory Auditors were not appointed.

Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration.

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

Despite above, annual accounts of various PSUs were pending as on 31 March 2021, as detailed in the following paragraph.

2.3.2 Timeliness in preparation of accounts by Government Companies and Government Controlled Other Companies

As of 31 March 2020, there were 67 Government Companies and nine Government Controlled Other Companies under the purview of CAG's audit. The accounts for the year 2019-20 were due from all these Companies. A total of 54² Government Companies (including one³ defunct Company) and nine⁴ Government Controlled Other Companies submitted their accounts for 2019-20 and two⁵ Government Companies submitted their arrear accounts (2018-19) for audit by CAG. Accounts of 13 Government Companies were in arrears for various reasons. Details of arrears in submission of accounts of Government Companies are given in **Table 2.1** below:

Out of 76 companies, accounts of 13 companies were in arrears

² The certification of accounts of Tamil Nadu Civil Supplies Corporation is under process.

³ Southern Structurals Limited

⁴ Tamil Nadu Newsprint and Papers Limited, TIDEL Park Limited, Nilakottai Food Park Limited, Tamil Nadu Road Development Company Limited, IT Expressway, TICEL Bio Park Limited, TIDEL Park Coimbatore Limited, Chennai Smart City Corporation and Tamil Nadu Infrastructure Fund Management Corporation Limited.

⁵ Tamil Nadu Adi-dravidar Housing and Development Corporation Limited and TNEB Limited

Table: 2.1: Details showing the arrears in submission of accounts

Particulars	Government Companies/Government Controlled Other Companies						
	Government Companies		Government Controlled Other Companies		Total		
Total number of Companies under the purview of CAG's audits on 31.03.2020	67		9		76		
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted	
Listed/Unlisted	0	67	1 ⁶	8	1	75	
Less: New Companies from which accounts for 2019-20 were not due	0	0	0	0	0	0	
Number of companies from which accounts for 2019-20 were due	0	67	1	8	1	75	
Number of companies which presented the accounts for 2019-20 for CAG's audit (including one defunct company)	0	54	1	8	1	62	
Number of companies having arrear in accounts	0	13	0	0	0	13	
Break- up of Arrears	(i) Under Liquidation	0	1	0	0	0	1
	(ii) Defunct ⁷	0	3	0	0	0	3
	(iii) Others	0	9	0	0	0	9
Age-wise analysis of arrears against 'Others' category	One year (2019-20)	0	9	0	0	0	9
	Two years (2018-19 and 2019-20)	0	0	0	0	0	0
	Three years and more	0	0	0	0	0	0

Source: As per latest finalised accounts received from PSUs.

The names of these companies are indicated in **Appendix XI**.

2.3.3 Timeliness in preparation of accounts by Statutory Corporations

Audit of the lone statutory corporation viz., Tamil Nadu Warehousing Corporation is conducted by CAG i.e., supplementary audit. The Corporation presented its accounts for the year 2019-20 belatedly in February 2021 for audit by CAG.

2.4 CAG's oversight – Audit of accounts and supplementary audit

2.4.1 Financial reporting framework

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting Standards prescribed by the Central Government, in

⁶ Tamil Nadu Newsprint and Papers Limited

⁷ Defunct companies are those which have not been carrying on any business or operation and defined as “inactive company” under Section 455 of the Companies Act, 2013

consultation with National Advisory Committee on Accounting Standards. The statutory corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the CAG and any other specific provision relating to accounts in the Act governing such corporations.

2.4.2 Audit of accounts of Government Companies by Statutory Auditors

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

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

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

2.4.3 Supplementary Audit of accounts of Government Companies

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

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

The certified accounts of selected⁸ Government Companies along with the report of the statutory auditors are reviewed by CAG by carrying out a supplementary audit. Based on such review, significant audit observations, if any, are reported under Section 143 (6) of the Companies Act, 2013 to be placed before the AGM.

⁸ The accounts of the PSUs were selected for supplementary audit annually, triennially and once in five years based on Paid up capital, Capital employed and Turnover criteria

2.5 Result of CAG's oversight role

2.5.1 Audit of accounts of Government Companies/Government Controlled Other Companies under Section 143 of the Companies Act, 2013

Financial statements for the year 2019-20 were received from 54 Government Companies and nine Government Controlled Other Companies (including one listed company) and one statutory corporation. Further, financial statements for the year 2018-19 were also received from two⁹ Government Companies for audit.

CAG reviewed accounts of 45 companies and one statutory corporation for the year 2019-20.

Of these, based on selection criteria accounts of 38 Government Companies and seven Government Controlled Other Companies and one Statutory Corporation were selected for Supplementary Audit by the CAG.

The results of the review are detailed below:

2.5.1.1 Revision of Auditors Report

As a result of supplementary audit of the financial statements conducted by the CAG, the statutory auditors of seven Government Companies as detailed in **Appendix XII** revised their report before laying of the Financial Statements of these Companies in their AGM.

2.5.1.2 Significant comments of the CAG issued as supplement to the statutory auditors' reports on Government Companies/Government Controlled Other Companies

Subsequent to the audit of the financial statements for the year 2019-20 by statutory auditors, the CAG conducted supplementary audit of the financial statements of the selected Government Companies and all the Government Controlled Other Companies. The list of PSUs in respect of which comments were issued is given in **Appendix XIII**. Some of the significant comments issued on financial statements of Government Companies and Government Controlled Other Companies, the financial impact of which on the profitability was ₹1,933.39 crore and on assets/liabilities was ₹1,370.57 crore, have been tabulated below:

⁹ Tamil Nadu Adi-draavidar Housing and Development Corporation Limited and TNEB Limited

Government Companies

Comments on Financial Position

Sl. No.	Name of the Company	Comment
1	TANCEM (FS for the year 2019-20)	<p>Property Plant and Equipment did not include ₹1,025.39 Lakh (₹172.79 lakh for 2019-20, ₹456.62 lakh for 2018-19 and ₹395.98 lakh for 2017-18) being the expenditure incurred towards the Enterprise Social Commitment, as necessitated by the Ministry of Environment, Forest and Climate Change of the Government of India as a pre-condition for the Ariyalur project expansion clearance. Instead of capitalizing the social commitment expenditure, the Company charged it to Profit & Loss Account as expenses on Corporate Social Responsibility. The above accounting treatment by the Company is not in conformity with the opinion of the Expert Advisory Committee and as per the Guidance Note on Accounting for Expenditure on Corporate Social Responsibility Activities of the ICAI.</p> <p>This has resulted in understatement of the above head and over statement of Other Administrative Expenses (Note 27) for the year by ₹172.79 Lakh and for Prior Periods by ₹852.60 Lakh with resultant understatement of reserves and surplus to the same extent.</p>
2	TN ZARI (FS for the year 2018-19)	<p>Cost of materials consumed ₹30.94 crore -The statutory auditor while giving disclaimer of opinion has stated that the Silver Thread Purchases Account was debited by ₹91.21 lakh on 31.03.2019 by way of passing one journal entry and crediting Sundry Creditors Account (various parties). The entry was passed without any supporting documents.</p> <p>Detailed examination by Audit revealed that there were multiple errors/omissions committed during the earlier years and current year as well as unrecovered dues from suppliers appearing in the creditors account due to lack of control over individual creditors' ledger accounts. Therefore, audit verified 2,440 purchases (27.10 per cent) valuing ₹49.29 crore (21.02 per cent) out of 9,005 payment vouchers amounting to ₹234.53 crore (from the period 2011-12 to 2018-19) with payments.</p> <p>It was seen that the amount of ₹91.21 lakh included ₹24.64 lakh relating to accounting errors of 2018-19 and ₹66.57 lakh (Net) relating accounting errors of previous years. Consequently, purchases were overstated to the extent of ₹66.57 lakh, (prior period expenditure (Net) were understated by ₹38.89 lakh and advances to suppliers were understated by ₹27.68 lakh). Resultantly, profit before tax is understated by ₹27.68 lakh. Suitable disclosure should be made in the notes to the accounts</p>

Sl. No.	Name of the Company	Comment
		relating to the understatement of ₹38.89 lakh.
3	TANGEDCO (FS for the year 2019-20)	Property, Plant and Equipment (Note 1-a) - ₹59,065.70 crore – NCTPS I has transferred the land valuing ₹85.54 crore to NCTPS-II. The value of the land was deducted from NCTPS I account whereas the same was not accounted in the year 2019-20 by NCTPS II. This has resulted in understatement of land by ₹85.54 crore and overstatement of inter unit accounts to the same extent.
4	TANGEDCO (FS for the year 2019-20)	Financial Assets Trade Receivables (Note 6-a) - ₹10,169.49 crore This includes ₹70.52 crore being the Sundry Debtors balance of HT consumers as on 31 March 2020. However, as per the records of HT section, the balance receivable from HT consumers was only ₹32.51 crore. This has resulted in overstatement of above head and overstatement of Revenue from operation by ₹38.01 crore. Consequently, loss is also understated by this amount.
5	TANGEDCO (FS for the year 2019-20)	Other Equity (Note 9-b) - ₹(-) 78,214.10 crore The above head is understated by ₹302.31 crore due to short accountal of the Contributory Pension Scheme (CPS) liability payable to the employees of the TANGEDCO. As per the Uniform Resource Locator (URL) of the CPS, the actual liability of the CPS as on 31st March 2020 is ₹2,832.23 crore and the interest payable is ₹770.97 crore. However, as per the accounts of the TANGEDCO, the liability of CPS (with interest) as on 31.3.2020 was only ₹2,529.92 crore resulting in short accountal of CPS Fund by ₹302.31 crore. This has resulted in understatement of CPS Fund (GL code 57170) with consequent understatement of loss by ₹302.31 crore. The above head is overstated by ₹17.84 crore due to incorrect accounting of ₹65.61 crore in the accounts instead of ₹47.76 crore as per the balance in the GPF Broad Sheet. Consequently, GPF account is also overstated to that extent.
6	TANGEDCO (FS for the year 2019-20)	Other Current Liabilities (Note 15) – ₹23,538.47 crore (a) TANGEDCO received ₹7.95 crore from Tamil Nadu Adi Dravidar Housing and Development Corporation Limited, Chennai for providing Fast Track Power Supply Scheme (Agriculture service connections to Adi Dravidars) during 2018-19. This should have been accounted as income to TANGEDCO since this is one-

Sl. No.	Name of the Company	Comment
		<p>time fee for effecting service connections in priority. Hence, accounting of ₹7.95 crore as current liabilities has resulted in overstatement of liabilities (deposits) and understatement of income. Resultantly, the loss of the Company is also overstated by this amount.</p> <p>(b) Electricity Tax amount collected from the consumers has to be remitted to Government of Tamil Nadu. However, there was short provision of ₹13.45 crore payable to the Government which has resulted in understatement of the above head and overstatement of Other Income by this amount. Consequently, the loss is also understated to that extent.</p> <p>(c) TANGEDCO made a provision for ex-gratia for an amount of ₹106.98 crore at 11.67 per cent as against 1.67 per cent envisaged in Board proceedings dated 6.11.2020. This resulted in overstatement of current liabilities and employee benefits by ₹53.49 crore. The loss for the year is also overstated by the like amount.</p>
7	TANTRANSCO (FS for the year 2019-20)	<p>Employee Benefits Provisions</p> <p>TANTRANSCO made a provision for ₹18.02 crore towards bonus and ex-gratia at 8.33 per cent and 11.67 per cent (20 per cent) as against 8.33 per cent and 1.67 per cent respectively (10 per cent) as envisaged in Board proceedings dated 6.11.2020. This has resulted in overstatement of the above account head and current liabilities and employee benefits by ₹9.01 crore (50 per cent of ₹18.02 crore). Consequently, loss for the year is overstated by ₹9.01 crore.</p>
8	TANTRANSCO (FS for the year 2019-20)	<p>Trade Receivables (Note 17) - ₹10,850.67 crore Expenses Reimbursable from TANGEDCO - ₹10,005.69 crore</p> <p>This does not include ₹21.06 crore being the GST (@ 18 per cent) on the assets transferred to TANGEDCO and commissioned during 2019-20 (valuing ₹117.01 crore). As per section 7 of GST ACT, 2017 the transfer of asset categorized under supply of material attracts 18 per cent GST. Non-accounting of GST on transferred assets has resulted in understatement of the above head and provisions head by ₹21.06 crore. Due to non-creating provision, the loss for the year is also understated by the like amount.</p>

Source: Comments of CAG in respect of respective PSUs.

Comments on Profitability

Sl. No.	Name of the Company	Comment
1	TANGEDCO (FS for the year 2019-20)	<p>Other Income (Note 19): ₹8,881.71 crore</p> <p>It includes an amount ₹15.01 crore being the rebate availed by TANGEDCO on payment of Transmission charges to TANTRANSCO for the period from April 2019 to March 2020. As there is no agreement between TANGEDCO and TANTRANSCO and the rebate availed by TANGEDCO is not accepted by TANTRANSCO because of non-provision in the Open Access Regulations 2014, treating the same as income from 2017-18 onwards is not in order. Due to accountal of the disputed rebate as income, Other Income is overstated by ₹15.01 Crore and the current liabilities is understated to the same extent.</p> <p>Similarly, the previous year's income is also overstated by ₹33.06 crore (2017-18: ₹12.32 crore, 2018-19: ₹20.74 crore) due to accountal of such rebate as income. As a result, the loss of the Company is also understated by ₹48.07 crore.</p>
2	TANGEDCO (FS for the year 2019-20)	<p>Cost of Power Purchase (Note 20) – ₹47,145.89 crore</p> <p>(a) The above head is understated by ₹648.36 crore due to non/short accountal of cost of solar power (from the date of commissioning to March 2020) purchased by four EDCs (<i>viz.</i>, Palladam, Tirunelveli, Virudhunagar and Dindigul) under preferential tariff and tender schemes. Consequently, loss is also understated to that extent.</p> <p>(b) Under the Power Purchase Agreement with M/s. PPN, TANGEDCO has agreed (30 March 2020) to pay fixed charges due for the period from June 2017 to January 2020 vide monthly invoices as claimed by M/s. PPN amounting to ₹530 crore (after a discount of ₹120 crore) which will be paid in 30 instalments. Out of this amount, ₹50 crore was paid on 10.3.2020 and ₹25 crore was paid on 30.3.2020. For the balance amount of ₹455 crore, no provision has been made in the books of accounts.</p> <p>As a result, the above head of account and the Liability head are understated by ₹455 crore. Consequently, loss is also understated to the same extent.</p>
3	TANGEDCO (FS for the year 2019-20)	<p>Employee benefits (Note 22) – ₹8,887.33 crore</p> <p>The above head is understated by ₹326.15 crore due to charging of 25 <i>per cent</i> of the employee cost to the Capital Work in Progress of Udangudi Thermal Power Project. As the project is being executed through EPC contract, capitalization of 25 <i>per cent</i> of Employee</p>

Sl. No.	Name of the Company	Comment
		Cost in the above project is not in order. This has resulted in understatement of the above head and overstatement of Capital WIP to the extent of ₹326.15 crore. Resultantly, the loss of the Company is also understated by the same amount.

Source: Comments of CAG in respect of respective PSUs.

2.6 Non compliance with provisions of Accounting Standards/ Ind AS

In exercise of the powers conferred by Section 469 of the Companies Act, 2013, read with Section 129 (1), Section 132 and Section 133 of the said Act, the Central Government prescribed Accounting Standards 1 to 7 and 9 to 29. Besides these, the Central Government notified 41 Indian Accounting Standards (Ind AS) through Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The statutory auditors reported that 13 companies as detailed in **Appendix-XIV** did not comply with mandatory Accounting Standards/Ind AS.

2.7 Management Letters

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

The material observations on the financial statements of PSUs were reported as comments by the CAG under Section 143 (5) of the Companies Act, 2013. Besides these comments, irregularities or deficiencies observed by CAG in the Financial Statements or in the reporting process, were also communicated to the Management of the PSU / Administrative department of the Government through a 'Management Letter' for taking corrective action. During the year, CAG issued 'Management Letters' to 34 PSUs / Administrative departments of the PSUs (**Appendix-XV**).

The deficiencies generally related to:

- The failure of the management to take corrective action on the repeated qualifications of statutory auditors,
- non-compliance to Government instructions on accounting of income from investment of unspent Government grants,
- application and interpretation of accounting policies and practices,
- adjustments arising out of audit that could have a significant effect on the financial statements and
- inadequate or non-disclosure of certain information on which management of the concerned PSU gave assurances that corrective action would be taken in the subsequent year.

CHAPTER III

Corporate Governance

3.1 Introduction

3.1.1 Provisions as contained in the Companies Act, 2013

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

- Qualifications for Independent Directors along with the duties and guidelines for professional conduct (Sections 149 (6) & (8) and Schedule IV read with rule 5 of the Companies (Appointment and Qualification of Directors), Rules, 2014).
- Mandatory appointment of one woman director on the board of listed companies [Section 149(1)] and such other class of companies as per Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014.
- Mandatory establishment of certain committees like Corporate Social Responsibility Committee¹ [Section (135)], Audit Committee [Section 177(1)], Nomination and Remuneration Committee [Section 178(1)] and Stakeholders Relationship Committee [Section 178(5)].
- Holding of a minimum of four meetings of Board of Directors every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board [Section 173(1)].

3.1.2 SEBI guidelines on Corporate Governance

Subsequent to the enactment of Companies Act, 2013, Securities and Exchange Board of India (SEBI) amended (April and September 2014) clause 49 of the Listing Agreement to align it with the Corporate Governance provisions specified in the Companies Act, 2013. SEBI notified (2 September 2015) the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, which came into effect from 1 December 2015 repealing the earlier provisions.

¹ Separately dealt with in Chapter IV of this report.

3.1.3 Bureau of Public enterprise (BPE) guidelines on Corporate Governance for Tamil Nadu Public Sector Undertakings

As per Section 292 A of the erstwhile Companies Act, 1956, every Public Company whose paid up capital was not less than ₹five crore should constitute an Audit Committee which shall consist of not less than three directors other than Managing or whole time directors. BPE, Government of Tamil Nadu, issued (9 May 2012) instructions that the Companies whose paid up capital was lesser than the then prescribed limit of ₹five crore also to constitute Audit Committee under section 292 A of Companies Act, 1956 even though there were no mandatory provisions in the Companies Act. Thus, the intention of the State Government was that all PSUs irrespective of their Paid up Capital should constitute an Audit Committee. However, Companies Act, 2013 which replaced Companies Act, 1956 vide section 177 stipulated that all listed companies and such other class or classes of companies as may be prescribed shall constitute an Audit Committee with a minimum of three directors as members with Independent Directors forming a majority. Further, as per Rule 6 of the Companies (Meetings of Board and its powers) Rules, 2014, prescribed the following class of companies shall also constitute an Audit Committee: (i) Public Companies having paid up share capital of ₹ten crore or more, or (ii) Public Companies having turnover of ₹one hundred crore or more, or (iii) Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding ₹fifty crore.

BPE also issued (August and December 2014) instructions to PSUs to comply with the provisions relating to appointment of Independent Directors and Woman Director.

Compliance to the above provisions of Companies Act, 2013, BPE guidelines, Companies (Appointment and Qualification of Directors), Rules, 2014, Companies (Meetings of Board and its powers) Rules, 2014 by the selected PSUs was reviewed. In addition to the above, compliance to SEBI guidelines by the lone listed State PSU was also reviewed.

3.1.4 Review of compliance by selected² PSUs of the Corporate Governance provisions

As on 31 March 2020, there were 71 working PSUs (including one listed PSU) and one Statutory Corporation in Tamil Nadu under the audit jurisdiction of the CAG of India. In the context of the policy of the Government to grant more autonomy to the PSUs, corporate governance has assumed importance.

3.2 Board of Directors – Meetings and its composition

3.2.1 Meetings of Board of Directors

As per Section 173(1), the companies should hold a minimum of four meetings

² Excludes five non-working PSUs viz., Tamil Nadu State Construction Corporation Limited, Tamil Nadu Police Transport Corporation Limited, Tamil Nadu Poultry Development Corporation Limited, Southern Structural Limited and Tamil Nadu Goods Transport Corporation Limited.

of Board of Directors every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board. Ministry of Corporate Affairs, Government of India issued circular dated 24 March 2020 extending the gap between two consecutive meetings of the Board from 120 days to 180 days *i.e.*, for two quarters from April 2020 to September 2020 as a special measure in view of COVID-19 outbreak. As this relaxation is not applicable for 2019-20, Audit observed that ten³ PSUs did not conduct the required number of four meetings during the year 2019-20.

3.2.2 Independent Directors

The Board is the most significant instrument of corporate governance. The presence of independent representatives on the Board, capable of taking an independent view on the decisions of the management is widely considered as a means of protecting the interests of shareholders and other stakeholders. In terms of section 149 (4) of the Companies Act, 2013, where the Chairman of the Board is a non-executive director, at least one-third of the Board should comprise independent directors and, in case he is an executive director, at least half of the Board should comprise independent directors. As per Clause 49 (II) (B) (1), 'independent director' shall mean a non-executive director, other than a nominee director of the company. Further, as per Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014, the following class or classes of companies shall have at least two directors as independent directors:

- (i) The Public Companies having paid up share capital of ₹ ten crore or more, or
- (ii) The Public Companies having turnover of ₹one hundred crore or more, or
- (iii) The Public Companies which have, in aggregate, outstanding loans, debentures and deposits, exceeding ₹fifty crore.

The representation of independent directors in the Board of the unlisted PSUs has been examined with reference to Rule 4 of the Companies (Appointment and Qualification of Directors) Rules, 2014 and BPE guidelines of August/December 2014 and it was observed that the Board of Directors in seven PSUs listed in **Table 3.1** did not comprise the required number of two independent directors.

³ Guindy Industrial Estate Infrastructure Upgradation Company, Tamil Nadu Industrial Explosives Limited, Pallavan Transport Consultancy Services Limited, Arasu Cable TV Corporation Limited, TN Fibrenet Corporation Limited, Tamil Nadu Industrial Development Corporation Limited, Tamil Nadu Backward Classes Economic Development Corporation Limited, Tamil Nadu Skill Development Corporation Limited, Arasu Rubber Corporation Limited and Tamil Nadu Corporation for Development of Women Limited.

Table 3.1

PSUs which did not have prescribed number of Independent Directors

Sl. No.	Name of the PSU	Total No. of Directors	Required No. of Independent Directors	Actual No. of Independent Directors	Shortfall in No. of Independent directors
1	Tamil Nadu Generation and Distribution Corporation Limited (TANGEDCO)	10	2	--	2
2	Tamil Nadu Transmission Corporation Limited (TANTRANSCO)	11	2	--	2
3	TNEB Limited	9	2	--	2
4	Tamil Nadu Medical Services Corporation Limited	9	2	--	2
5	Tamil Nadu Backward Classes Economic Development Corporation Limited	8	2	1	1
6	Tamil Nadu Fisheries Development Corporation Limited	5	2	--	2
7	Tamil Nadu Forest Plantation Corporation Limited	7	2	--	2

Source: Details received from the PSUs

It may be seen from the above table that there was not even a single independent director in the Board in respect of six PSUs. Consequently, the provisions of the Companies Act, 2013 and Companies (Appointment and Qualification of Directors) Rules, 2014 with respect to appointment of independent Directors have not been complied with by these seven PSUs. Government replied (September 2021) that the requirement of appointment of Independent Directors is not applicable to TANGEDCO and TANTRANSCO as these are subsidiaries of TNEB Limited. However, it is pertinent to mention that the Statutory Auditors of TANGEDCO have repeatedly commented about non-appointment of Independent Director in TANGEDCO's Board for which its replied that the proposal to appoint Independent Director is under consideration of the Government. Audit further observed that the holding Company of TANGEDCO and TANTRANSCO viz., TNEB Limited had also not appointed any Independent Directors in its Board. Thus, non-appointment of Independent Director is in contravention of the provisions of Sec.149 of the Companies Act, 2013.

3.2.3 Woman Director in the Board

Section 149 (1) of the Companies Act, 2013, stipulate that the Board of Directors of the company shall have at least one woman Director in its Board. Further, as per Rule 3 of the Companies (Appointment and Qualification of Directors) Rules, 2014 the following class of companies shall appoint at least one woman director:

- (i) Every listed company
- (ii) Every other public company having
 - (a) Paid up share capital of ₹ one hundred crore or more, or
 - (b) Turnover of ₹ three hundred crore or more,

Audit observed that three PSUs⁴ did not appoint woman director in their Board though they were required to comply with the above stipulation as per the guidelines issued by BPE during August/ December 2014.

3.3 Appointment and functioning of Independent Directors

3.3.1 Declaration of status

Section 149 (7) of the Companies Act, 2013, stipulate that the Independent Director shall make a declaration that he meets the status of Independent Director. However, the Directors did not declare their independent status in five PSUs viz., Tamil Nadu Minerals Limited, Metropolitan Transport Corporation Limited, Tamil Nadu State Transport Corporation (Madurai) Limited, Poompuhar Shipping Corporation and Tamil Nadu Backward Classes Economic Development Corporation Limited.

3.3.2 Training of Independent Directors

Schedule IV of Companies Act, 2013 - Para (III) (1) – Duties of Independent Directors and Clause 49 (II) (B) (7) (a) & (b) and Regulations 25 (7) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 stipulate that the company shall provide suitable training to independent directors to familiarize them with the company, their roles, rights, responsibilities in the company, nature of the industry in which the company operates, business model of the company, etc. However, it was observed that 26 PSUs detailed in **Appendix-XVI** did not conduct any training to the Independent Directors who were on the Board during the year 2019-20.

3.3.3 Meetings of Board of Directors and Board committees

Schedule IV (III) (3) of the Companies Act, 2013 states that Independent Directors should strive to attend all the meetings of Board of Directors and Board Committees of which he/she was a member. Some of the Independent Directors, however, did not attend the Board meetings. The number of such Independent Directors who did not even attend seventy five *per cent* of meetings is indicated in **Appendix-XVII**.

3.3.4 Attending General Meetings of the Company

Schedule IV (III) (5) of the Companies Act, 2013 states that Independent Directors shall strive to attend the Annual General Meetings (AGM) of the Company. The 15 PSUs where Independent Directors did not attend the general meetings of the Company is given in **Appendix-XVIII**.

3.3.5 Meeting of Independent Directors

3.3.5.1 Schedule IV (VII) (1) of the Companies Act, 2013, Regulation 49 II B (6) (a) of Listing Agreement and Regulation 25 (3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 require that Independent Directors shall meet at least once in a financial year, without the attendance of non-independent Directors and members of management. It was

⁴ Tamil Nadu Generation and Distribution Corporation Limited, TNEB Limited and Arasu Cable TV Corporation Limited.

noticed that separate meeting of independent directors was not conducted in respect of 20 PSUs detailed in **Appendix-XIX**. However, Ministry of Corporate Affairs, Government of India issued circular dated 24 March 2020 stating that non-conduct of such meeting would not be treated as violation in view of Covid outbreak.

3.3.5.2 Schedule IV (VII) (2) of the Companies Act, 2013 provides that all the Independent Directors strive to attend such separate meeting of Independent Directors. However, in Tamil Nadu Small Industries Development Corporation Limited, none of the independent directors attended such separate meetings.

3.4 Filling up the post of Key Managerial Personnel

3.4.1 It was observed that in ten PSUs (Tamil Nadu Cements Corporation Limited, Tamil Nadu Minerals Limited, State Express Transport Corporation Limited, Metropolitan Transport Corporation Limited, Tamil Nadu State Transport Corporations, Villupuram, Salem, Coimbatore, Kumbakonam, Madurai and Tirunelveli), vacancies of whole time Key Managerial Personnel⁵ were not filled within the period of six months prescribed in Section 203 (4) of the Companies Act, 2013. It is pertinent to mention that BPE, Finance Department, GoTN has also directed PSUs for strict compliance to the provisions of Companies Act, 2013 and Companies Rules, 2014 with respect to appointment of whole time key managerial personnel.

3.5 Audit Committee

3.5.1 Composition of Audit Committee

Section 177 (1) and (2) of the Companies Act, 2013, stipulate that there shall be an Audit Committee with a minimum of three directors as members with Independent Directors forming a majority. However, no Audit Committee was constituted in respect of six PSUs viz., Tamil Nadu Backward Classes Economic Development Corporation Limited (TABCEDCO), Tamil Nadu Medical Services Corporation (TNMSC), Tamil Nadu Fisheries Development Corporation (TNFDC), Tamil Nadu Skill Development Corporation Limited, Tamil Nadu Minorities Economic Development Corporation Limited and Tamil Nadu Rural Housing and Infrastructure Development Corporation Limited (TNRHIDC). While TABCEDCO stated that the Audit Committee is yet to be constituted, TNMSC and TNRHIDC stated constitution of Audit Committee was not applicable to it. The statement of TNMSC and TNRHIDC are not acceptable since they have borrowings exceeding ₹ 50 crore and hence, they have to constitute an Audit Committee.

It was observed that Tamil Nadu Adi-draavidar Housing and Development Corporation Limited though constituted audit committee, did not meet even once during the year.

⁵ As per Section 2(51) of the Companies Act, 2013, Key Managerial Personnel, in relation to a company, means (i) the Chief Executive Officer or the managing director or the manager; (ii) the company secretary; (iii) the whole-time director; (iv) the Chief Financial Officer; and (v) such other officer as may be prescribed

Further, majority of the Audit Committee members were not Independent Directors as per the requirements of Section 177 of the Companies Act, 2013 in respect of seven PSUs detailed in **Appendix-XX**.

Government in its reply stated (September 2021) that the Chief Executive Officers of respective state PSUs are being addressed for taking appropriate action to comply with the audit observations with respect to formation of audit committee and related issues.

3.5.2 Evaluation of Internal Control Systems

Section 177 (4) (vii) of Companies Act, 2013, Clause 49 (III) (D) (11) Listing Agreement and Part C (A) (11) of schedule II to SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 stipulate that the Audit Committee should evaluate internal financial control systems and risk management systems. However, the Audit Committee did not evaluate the internal financial control systems in respect of eleven PSUs detailed in **Table 3.2**

Table 3.2
PSUs in which the Audit Committee did not evaluate the Internal Financial control systems during 2019-20.

Sl. No.	Name of the PSU	Date on which Audit Committee meetings were conducted
1	Tamil Nadu Minerals Limited	30 July 2019, 12 February 2020 and 18 March 2020.
2	Tamil Nadu Industrial Investment Corporation Limited	27 June 2019, 26 August 2019, 22 January 2020 and 12 March 2020
3	Electronics Corporation of Tamil Nadu Limited	19 June 2019, 19 September 2019 and 27 February 2020.
4	Tamil Nadu Cements Corporation Limited	30 May 2019, 21 September 2019 and 20 December 2019
5	Tamil Nadu Industrial Explosives Limited	04 December 2019
6	State Express Transport Corporation Limited	10 September 2019, 07 November 2019 and 28 February 2020
7	Tamil Nadu State Transport Corporation (Coimbatore) Limited	03 July 2019, 27 September 2019, 05 November 2019 and 03 March 2020
8	Tamil Nadu State Transport Corporation (Kumbakonam) Limited	27 June 2019, 05 September 2019, 12 November 2019 and 22 February 2020
9	Tamil Nadu State Transport Corporation (Salem) Limited	26 June 2019, 25 September 2019, 05 November 2019 and 03 March 2020
10	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	25 March 2019, 24 July 2019, 21 February 2020 and 21 October 2020
11	Tamil Nadu Civil Supplies Corporation	18 September 2019, 29 November 2019 and 09 March 2020

Source: Details received from the PSUs

3.5.3 Monitoring of the Auditor's Performance

Section 177 (4) (ii) of Companies Act, 2013, stipulate that the Audit Committee shall review and monitor the auditor's independence and performance, and effectiveness of audit process. In 15 PSUs (**Appendix-XXI**), the auditor's performance was not reviewed by the Audit Committee.

3.5.4 Review of Information/Documents by Audit Committee

3.5.4.1 All the PSUs are subject to the audit of CAG of India as per the statutory mandate. Section 143 (6) of the Companies Act, 2013, authorises CAG to carry out supplementary audit of accounts of Government Companies. Further, Section 177 (4) (iii) of the Companies Act, 2013 provides that Audit Committee shall examine the financial statements and Auditors' Report thereon. Thus, in case of PSUs, it is the responsibility of the Audit Committee to review the findings of CAG including management letters issued by CAG. However, the Audit Committee did not review CAG's findings and management letters of CAG in respect of six PSUs viz., Tamil Nadu Minerals Limited, Tamil Nadu Industrial Investment Corporation Limited, Electronics Corporation of Tamil Nadu Limited, Tamil Nadu Transport Development Finance Corporation Limited, State Express Transport Corporation Limited and Tamil Nadu Ex-servicemen's Corporation Limited.

Section 177 (4) of Companies Act 2013, stipulate that the Audit Committee shall mandatorily review the information relating to (i) management discussion and analysis of financial condition and results of operations, (ii) statement of significant related party transactions (as defined by the Audit Committee) submitted by management, (iii) management letters/letters of internal control weaknesses issued by the statutory auditors and (iv) internal audit reports relating to internal control weaknesses. However, it was observed that Audit Committee did not review the above items in respect of 14 PSUs indicated in **Appendix-XXII**.

3.5.4.2 Discussion with Statutory Auditors

Section 177 (5) of the Companies Act, 2013, Clause 49 (III) (D) (16) of Listing Agreement and Part C (A) (16) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 provide that the Audit Committee should hold discussions with the statutory auditors before the audit commences on the nature and scope of audit to ascertain the areas of concern. The Audit committee of 16 PSUs indicated in **Appendix-XXIII** did not hold any such discussion.

3.6 Other Committees

3.6.1 Nomination and Remuneration Committee

Section 178 (1) of the Companies Act, 2013 and Rule 6 of the Companies (Meetings of Board and its Powers) Rules, 2014 stipulate that each PSU shall constitute a Nomination and Remuneration Committee comprising of at least three Directors, all of whom should be non-executive Directors and at least half of them shall be Independent Directors. Chairman of the Committee shall be an Independent Director. However, no Nomination and Remuneration Committee was constituted in respect of 28 PSUs listed in **Appendix-XXIV**.

3.6.2 Whistle Blower Mechanism

Section 177 (9) of the Companies Act, 2013 and Rule 7 of the Companies (Meeting of Board and its Powers) Rules, 2014 stipulate that the listed

companies and such other class of companies *i.e.*, companies which receives deposits from public and which have borrowed from Banks and Public Financial Institutions in excess of ₹50 crore shall constitute a vigil mechanism and that the Audit Committee shall review the functioning of the Whistle Blower Mechanism. In respect of 20 PSUs which were required to comply with the provisions, five⁶ PSUs had established vigil mechanism and 14 PSUs had not established the vigil mechanism and one⁷ PSU had given assurance to establish the same after getting approval of the Board. (*vide* **Appendix-XXV**)

3.6.3 Compliance Reports

Regulation 27 (2) (a) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 stipulate that every company has to submit a quarterly compliance report to the stock exchanges within 15 days from the end of every quarter. Tamil Nadu Newsprint and Papers Limited, the lone listed company, had submitted quarterly compliance report to the stock exchanges.

3.7 Conclusion

During 2019-20, out of the 71 working PSUs (including one PSU listed in the stock exchange), ten PSUs did not conduct the mandatory requirement of four meetings of the Board of Directors. The Board of Directors in seven PSUs did not comprise the required number of independent directors. The stipulation to appoint at least one woman director in the Board of Directors was not met in three PSUs. The Directors of five PSUs did not declare their independent status. During 2019-20, no trainings were conducted to the Independent Directors in 26 PSUs. The Independent Directors did not attend even seventy five *per cent* of the Board meetings in 19 PSUs and Board committee meetings in 11 PSUs. In 15 PSUs, the Independent Directors did not attend the general meetings of the Company. No separate meeting of Independent Directors was conducted in respect of 20 PSUs. In one PSU, the Independent Directors did not attend the separate meeting of the Independent Directors. The post of Key Managerial Personnel was not filled up within the time prescribed in ten PSUs. No Audit Committee was constituted in six PSUs. Further, in respect of seven PSUs majority of the members of the Audit Committee were not independent directors. The Audit Committee did not evaluate the internal financial control systems in respect of 11 PSUs. In 15 PSUs, the Audit Committee did not review and monitor the auditor's performance and effectiveness of audit process. Audit Committee did not review the findings of CAG and examine the management letters issued by CAG in respect of six PSUs. Audit Committee did not discuss the nature and scope of audit with the statutory auditors before commencement and after completion of audit to focus on the areas of concern in respect of 16 PSUs. Nomination and Remuneration Committee was not constituted by 28 PSUs.

⁶ Tamil Nadu Newsprint and Papers Limited, Tamil Nadu Industrial Investment Corporation Limited, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited, TIDEL Park Coimbatore Limited and Tamil Nadu Power Finance and Infrastructure Development Corporation Limited.

⁷ Tamil Nadu Road Development Company Limited.

Government replied (September 2021) that the Chief Executive Officers of all State Public Sector Undertakings have been requested to comply with the observations pointed out by audit with respect to the Corporate Governance.

3.8 Recommendations

Government of Tamil Nadu may impress upon the respective administrative Departments to ensure strict compliance of its Finance (BPE) Circulars / SEBI guidelines and relevant provisions of Companies Act, 2013 for achieving the objectives of Corporate Governance. Board of Directors of PSUs should also ensure compliance with Finance (BPE) Circulars / SEBI guidelines and relevant provisions of Companies Act, 2013. Audit further recommends that even the PSUs which are not required to comply with the various provisions of Companies Act, 2013 on Corporate Governance may also voluntarily comply with the same for good and transparent governance of the PSUs.

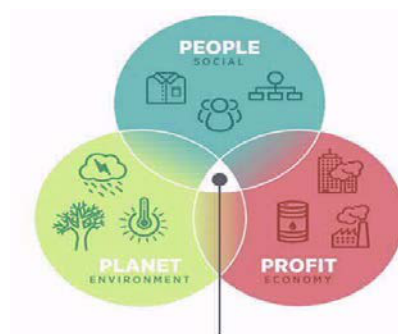
CHAPTER IV

Corporate Social Responsibility

4.1 Introduction

Corporate Social Responsibility (CSR) is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the local community at large. The primary objective of CSR is to promote responsible and sustainable business philosophy at a broad level and to encourage companies to come up with innovative ideas and robust management systems to address social and environment concerns of the country. Broadly, the CSR mandate is aligned with the national priorities such as public health, education, livelihood, water conservation, natural resource management etc. CSR awareness and CSR consciousness has grown vividly among large and medium sized companies, which now look at CSR to build a strategic fit with the community and environment in which they operate.

Chart: 4.1



monitoring is based on disclosures made by the company in its annual report as per prescribed format.

The concept of CSR provides a robust framework for companies to collaborate in contributing to the country's development challenges through its managerial skills, technology and innovation. Besides providing an overall guidance framework for the Corporate to carry out their CSR initiatives, it also provides them with ample autonomy and flexibility to design and implement programmes. The

Legal Framework: Section 135 of Companies Act, 2013 (hereafter referred to as the Act), deals with the subject of Corporate Social Responsibility and lays down the qualifying criteria based on net worth, turnover and net profit during immediately preceding financial year¹ for companies which are required to undertake CSR activities. This section *inter alia*, specifies the broad modalities of selection, implementation and monitoring of CSR activities by the Board of Directors of the Company. The activities, which may be included

¹ As per Amendment 37 of Companies Act, 2017, to resolve the ambiguity on any financial year, the words 'any financial year' has been replaced with the words immediately preceding financial year. This notification is effective from 19 September 2018.

by the companies in their CSR policies, are listed in Schedule VII of the Act. The provisions of Section 135 and Schedule VII of the Act are applicable to all companies including state Public Sector Undertakings (PSUs). The provisions of Companies Act, 2013 and Companies Rules, 2014 is not applicable to the Statutory Corporation, viz., Tamil Nadu warehousing Corporation (TANWARE) and hence, Government of Tamil Nadu (GoTN) had directed (March 2016) TANWARE to carry out its own CSR policy as approved by its Board. TANWARE in its 266th Board meeting held on 19 October 2019 had resolved, *inter alia*, to comply with the provisions of Companies Act, 2013 on CSR. The Act makes it mandatory for a company to spend, annually atleast two *per cent* of average net profit of three immediately preceding financial years towards CSR activities.

The compliance to the provisions of CSR under the Act *i.e.*, constitution of CSR Committee, formulation of CSR Policy and spending of prescribed amount on CSR activities came into force from April 2014. In February 2014, Ministry of Corporate Affairs (MCA) issued Companies (Corporate Social Responsibility Policy) Rules, 2014. The CSR Rules were made applicable to all companies including State PSUs *w.e.f.* 01 April 2014.

4.2 Audit objectives

Audit objectives were to ascertain whether the provisions of the Companies Act 2013 and Companies (CSR Policy) Rules 2014 were complied with by State PSUs. In order to assess the efforts of the PSUs, Audit examined the following issues:

- Whether the provisions relating to Constitution of CSR Committee, formulation and compliance to the policy have been complied with;
- Whether the CSR activities selected for implementation are within the list of activities given under schedule VII of the Companies Act, 2013; and compliance to orders of Government of India (GoI) issued vide Ministry of Corporate Affairs circular dated 23 March 2020 for spending CSR funds for various activities related to COVID-19 under items (i) and (xii) of schedule VII of Companies Act.
- Whether the provisions relating to prescribed amount to be spent on CSR activities have been complied with;
- Whether the needs of the local people have been taken into consideration while prioritising the selection of the activities/projects under CSR activities;
- whether there is transparency and due diligence in the selection and implementation of activities; and
- whether the provisions relating to monitoring, reporting and evaluation have been complied with.

4.3 Audit Scope and coverage

Audit reviewed the CSR activities carried out during the year 2019-20 by (Appendix-XXVI) all the 17 profit making PSUs (including one Statutory Corporation) which reported profit of ₹five crore or more in 2018-19 as detailed in Table 4.1.

Table 4.1: Selection of PSUs for review of CSR activities

Net profit of PSUs*	No. of PSUs	No. of PSUs selected	Percentage
Above ₹100 crore	2	2	100.00
₹50 to ₹100 crore	3	3	100.00
₹10 to ₹50 crore	8	8	100.00
₹5 to 10 crore	4	4	100.00
Total	17	17	100.00

Source: Annual Accounts of PSUs for 2018-19

4.4 Audit Criteria

Audit analysis was carried out against following criteria:

- Provisions contained in Section 135 and Schedule VII of the Companies Act, 2013 (as amended upto 31 March 2020)
- Provisions of Companies (Corporate Social Responsibility Policy) Rules, 2014 (as amended upto 31 March 2020).

4.5 Audit findings

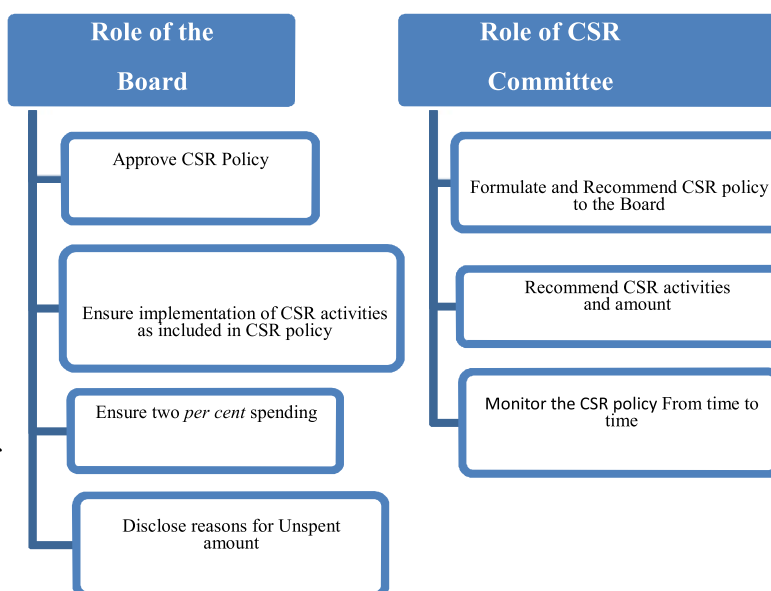
Audit findings on extent of compliance with the provisions of the Act with regard to constitution of CSR Committee, formulation and compliance of policy, planning and execution of CSR activities, and monitoring and reporting thereof by the PSUs are given in the following paragraphs.

4.5.1 Planning

4.5.1.1 Constitution of CSR Committee

Chart 4.2: Role of the Board and CSR Committee

As per section 135(1) of the Act, every company having a net worth of ₹500 crore or more or turnover of ₹1,000 crore or more or a net profit of ₹5 crore or more during immediately preceding financial year shall constitute a CSR committee of the Board



consisting of three or more Directors. Role of the Board and CSR Committee as per section 135(3), (4) & (5) of the Act is depicted in the Chart 4.2. Audit observed that all 17 PSUs selected for audit were meeting the above criteria to undertake CSR activities as per the Act. All the 17 PSUs had constituted CSR Committee and were having minimum of three Directors in the Committee in accordance with section 135(1) of the Act.

4.5.1.2 Independent Directors in Committee

As per section 135(1) of the Act, CSR committee shall have at least one Independent Director. Further, according to Rule 5 (1) (i) of CSR Rules, 2014, an unlisted Public company covered under Section 135(1) is not required to appoint an Independent Director pursuant to Section 149(4) of the Act and it shall have its CSR Committee without such director. Audit observed that out of 17 PSUs, which had formed a CSR Committee, the lone listed PSU in the State viz., Tamil Nadu Newsprint and Papers Limited had appointed three independent directors in the committee, four unlisted PSUs² did not have an Independent Director, which is permitted under Rule 5 (1) (i) of CSR Rules 2014.

4.5.1.3 Framing of CSR policy

Section 135 (3) of the Act requires that the CSR Committee shall formulate and recommend a CSR Policy to the Board. All the 17 PSUs had framed the CSR policy and the respective Board had approved the same. The requirements of Rule 6 with regard to policy and compliance thereof by PSUs are given in **Table 4.2**.

Table 4.2: Requirement of CSR Rule and its compliance

Requirement of CSR Rule No.6	Compliance by PSUs
<i>Policy inter alia to include</i>	
List of projects which a company plans to undertake along with implementation schedule	Eight ³ PSUs have adopted the common activities as per Schedule VII in their CSR Policy while nine PSUs have framed their own policy.
The surplus arising out of the CSR projects or programs or activities shall not form part of the business profit of a company	10 PSUs have adopted this provision in their CSR Policy while other seven ⁴ PSUs did not specify this in their CSR Policy.

Source: Details received from the PSUs

² Tamil Nadu Fisheries Development Corporation Limited, Tamil Nadu Forest Plantation Corporation Limited, Electronics Corporation of Tamil Nadu Limited and Tamil Nadu Warehousing Corporation.

³ Electronics Corporation of Tamil Nadu Limited, IT Expressway, Poompuhar Shipping Corporation Limited, Tamil Nadu Forest Plantation Corporation Limited, Tamil Nadu Small Industries Corporation Limited, Tamil Nadu Industrial Investment Corporation Limited, Tamil Nadu Police Housing Corporation Limited and Tamil Nadu Fisheries Development Corporation Limited.

⁴ Tamil Nadu Industrial Investment Corporation Limited, State Industries Promotion Corporation of Tamil Nadu Limited, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited, Tamil Nadu Small Industries Corporation Limited, Poompuhar Shipping Corporation Limited, Electronics Corporation of Tamil Nadu Limited and Tamil Nadu Police Housing Corporation Limited.

4.5.1.4 Monitoring of CSR Policy

As per Rule 6 (1) (a) of the CSR Rules 2014, the CSR Policy of the company shall, *inter alia*, include a list of CSR projects or programs, which a company plans to undertake falling within the purview of the Schedule VII of the Act specifying modalities of execution of such project or programs and implementation schedules for the same. In the notification dated 31 March 2014, one of the activities under Schedule VII (i) *i.e.*, ‘promoting preventive health care’ was replaced with ‘promoting health care including preventive healthcare’. Further, Ministry of Corporate Affairs, Government of India issued circular dated 23 March 2020 for spending CSR funds for various activities related to COVID-19 under items (i) and (xii) of schedule VII of Companies Act, 2013 relating to promoting health care including preventive healthcare and sanitation and disaster management.

Audit observed that the CSR Committee of 13 PSUs monitored the implementation of CSR Policy monthly/quarterly/annually or as and when required. In case of four⁵ PSUs no such mechanism existed.

4.5.1.5 Annual CSR Plan and Budget

Role of the CSR Committee is to recommend to the Board the CSR activities and the amount to be spent in the financial year; the Board has to ensure implementation of the CSR activities. This entails planning and approval of CSR activity and budget. However, six⁶ PSUs did not have Annual CSR Plan for the year 2019-20 and one⁷ PSU had taken approval of CSR plan in its business plan from its Board. As a best practice, the proposed CSR projects and the budget for the ensuing financial year should be presented to the Board for approval through CSR Committee latest by 31 March of the preceding financial year so that there is no rush to exhaust the funds in the last quarter. Besides, it will also ensure full utilisation of the funds in the financial year. It was observed that as per the data available for five PSUs, one⁸ PSU got the budget approved in Quarter (Q) 1, one⁹ PSUs in Q3 and three¹⁰ PSUs in Q4 of 2019-20.

⁵ Tamil Nadu Forest Plantation Corporation Limited, Tamil Nadu Industrial Investment Corporation Limited, State Industries Promotion Corporation of Tamil Nadu Limited and Tamil Nadu Small Industries Corporation Limited.

⁶ Tamil Nadu Ex-Servicemen Corporation Limited, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited, State Industries Promotion Corporation of Tamil Nadu Limited, Tamil Nadu Small Industries Corporation Limited, Poompuhar Shipping Corporation Limited and Electronics Corporation of Tamil Nadu Limited.

⁷ Tamil Nadu Industrial Investment Corporation Limited.

⁸ Tamil Nadu Newsprint and Papers Limited.

⁹ Tamil Nadu Power Finance and Infrastructure Development Corporation Limited.

¹⁰ Tamil Nadu Transport Development Finance Corporation Limited, Tamil Nadu Industrial Development Corporation Limited and TIDEL Park Limited

4.5.2 Financial component

4.5.2.1 Allocation of funds

As per Section 135 (5) of the Act, it is mandatory for any company to spend annually atleast two *per cent* of average net profit of three immediately preceding financial years in pursuance of its CSR Policy. Accordingly, two *per cent* of average net profit calculated as per Section 198 of the Act for 17 PSUs was ₹16.23 crore. However, the PSUs allocated ₹17.34 crore i.e., net excess of ₹1.11 crore. Audit noticed that two PSUs *viz.*, (i) Tamil Nadu Newsprint and Papers Limited (₹1.09 crore) and (ii) Tamil Nadu Industrial Investment Corporation Limited (₹0.17 crore) has allocated excess allocation whereas under allocation of CSR funds was noticed in respect of one PSU, *viz.*, Tamil Nadu Warehousing Corporation (₹0.15 crore).

4.5.2.2 Utilisation of Funds

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

Audit observed that against the prescribed two *per cent* amount of ₹16.23 crore and allocation of ₹17.34 crore, 17 PSUs had spent only ₹9.01 crore. Thus, the shortfall in spending CSR *vis-a-vis* the prescribed amount for 2019-20 was ₹7.22 crore.

Further, while five PSUs had fully utilised the CSR funds in the financial year 2019-20, there was a shortfall in utilization by 10 PSUs (**Appendix-XXVII**) and two PSUs (**Appendix-XXVIII**) had spent more than the stipulated amount. The shortfall in respect of ten PSUs was in the range of 54 to 100 *per cent*. It was seen that four PSUs *viz.*, IT Expressway, Tamil Nadu Small Industries Corporation Limited, Poompuhar Shipping Corporation Limited and Electronics Corporation of Tamil Nadu Limited had neither spent CSR funds allocated during the year nor from carry forward unspent amount.

4.5.2.3 Utilisation of carry forward amount

As per MCA clarification (12 January 2016), the Board is free to decide whether any unspent amount from the minimum CSR fund is to be carried forward to the next year.

Table 4.3: Utilisation of carry forward**(₹ in crore)**

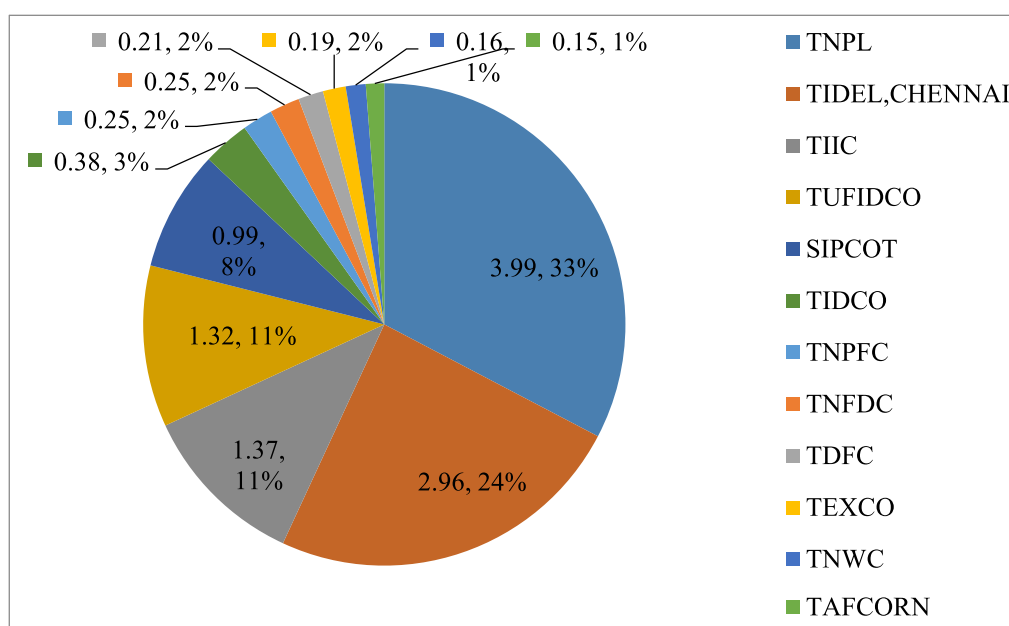
PSUs	Carry forward from previous years	Spent in 2019-20	Unspent amount
Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	0.83	0.83	NIL
State Industries Promotion Corporation of Tamil Nadu Limited	2.43	2.43	NIL
IT Expressway	0.70	0.00	0.70
Electronics Corporation of Tamil Nadu Limited	0.09	0.00	0.09
Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	5.47	0.00	5.47

Source: Details received from the PSUs

The above five PSUs had carried forward the unspent amount of ₹9.52 crore (from financial year 2018-19 and previous years), out of which an amount of ₹3.26 crore was spent in 2019-20 leaving a balance of ₹6.26 crore (three PSUs). It is pertinent to mention that the total unspent amount (carried forward as well as unspent from current year budget) was ₹13.48 crore in respect of ten PSUs.

4.5.2.4 Top spenders

Total spend on CSR activities by 13 PSUs in 2019-20 was ₹12.27 crore. The top spender was Tamil Nadu Newsprint and Papers Limited at ₹3.99 crore (32.52 *per cent* of total CSR spent) followed by State Industries Promotion Corporation of Tamil Nadu Limited, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited and TIDEL Park Limited. As against total CSR spend of ₹12.27 crore, four PSUs accounted for 78.57 *per cent* with total spend of ₹9.64 crore.

Chart 4.3: Top Spenders**₹ in crore****Source: Details received from the PSUs**

4.5.2.5 Range of CSR spend

Out of 13 PSUs which spent CSR funds during 2019-20, four PSUs had spent more than ₹1 crore and nine PSUs spent less than ₹1 crore as per details below:

- (a) Four PSUs which spent more than one crore viz., Tamil Nadu Newsprint and Papers Limited, State Industries Promotion Corporation of Tamil Nadu Limited, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited and TIDEL Park Limited
- (b) Nine PSUs which spent less than one crore viz., Tamil Nadu Industrial Investment Corporation Limited, Tamil Nadu Industrial Development Corporation Limited, Tamil Nadu Power Finance and Infrastructure Development Corporation Limited, Tamil Nadu Fisheries Development Corporation Limited, Tamil Nadu Transport Development Finance Corporation Limited, Tamil Nadu Ex-Servicemen Corporation Limited, Tamil Nadu Warehousing Corporation, Tamil Nadu Forest Plantation Corporation Limited and Tamil Nadu Police Housing Corporation Limited.

4.5.2.6 Sector wise CSR spend

Audit covered 17 PSUs in five sectors (including others). Highest spend was by Industries sector (4 PSUs, ₹8.66 crore) followed by Municipal Administration sector (one PSU ₹1.37 crore) and other sector (nine PSUs ₹1.99 crore). Least amount on CSR was spent by Power sector, from only one PSU(₹0.25 crore).

Table 4.4: Sector wise CSR spend

Sl. No.	Sector	No. of PSUs	2 per cent (including carry forward amount) (₹ in crore)	Actual spent (including carry forward) (₹ in crore)
1	Industries	4	11.31	8.66
2	Power	1	7.47	0.25
3	Municipal Administration	1	1.37	1.37
4	Highways and Minor ports	2	1.93	Nil
5	Others	9	3.68	1.99

Source: Information received from the PSUs.

As per the data mentioned in Table 4.4, there was a shortfall in CSR spend in all the sectors excepting Municipal Administration which had spent the entire allocation including carry forward amount. The maximum shortfall was by Power sector PSU of ₹7.22 crore, followed by Highways and Minor Ports sector of ₹ 1.93 crore.

4.5.2.7 Administrative overheads

As per CSR Rule 4 (6), administrative overhead expenditure (OH) shall not exceed five per cent of overall CSR funds. The OH expenditure required to be

disclosed separately should include baselines studies, capacity building and other overheads. However, none of PSUs had incurred any expenditure towards Administrative overheads.

4.5.2.8 Surplus from CSR project

As per CSR Rules 2014, any surplus arising from CSR projects shall not form part of business profit of a company. Audit noticed that one PSU viz., Tamil Nadu Small Industries Corporation Limited reversed the provision created for CSR activity upto 2019 amounting to ₹1.37 crore and credited the same to other income during 2019-20 indicating that the amount had been reckoned as business profit of the PSU.

4.5.2.9 Asset creation from CSR activities

Out of 17 PSUs, CSR assets were created, *inter alia*, through CSR activities in six PSUs during 2019-20. However, no CSR assets are in the name of PSUs and all the CSR assets have either been transferred to State Government, NGO, or to the beneficiary(s).

4.5.3 Project Implementation

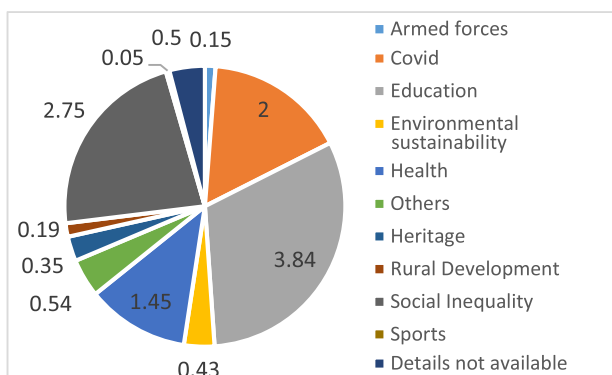
4.5.3.1 Manner of implementation of CSR activities

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

The PSUs spent the CSR funds through Government departments, NGOs/societies and handed over the funds to the concerned Directorate / identified agencies for implementation of the CSR activities.

4.5.3.2 Focus Areas

Chart 4.4 Focus Areas in CSR expenditure



As indicated in the chart, education received the maximum focus (31 per cent) for spend of CSR funds. Total spend by seven PSUs under this head was ₹3.85 crore. Next highest spend (₹3.47 crore by four PSUs) was health (including contributions of ₹2.00 crore

Source: Information received from the PSUs

to Chief Minister Public Relief Fund for COVID-19/State Disaster Management Authority by two PSUs during the year) accounting for 28 per cent. This contribution towards Chief Minister Public Relief Fund was in violation of the circular on CSR issued (25.08.2021) by the MCA which states that the Companies Act does not recognise any contributions to any other fund, which is not specifically mentioned in Schedule VII, as an admissible CSR expenditure. Other major focus areas where contributions made were for expenditure incurred for social development and removal of social inequality (₹2.75 crore by three PSUs). Least focus area was sports (contribution of ₹0.05 crore by one PSU). Two PSUs viz., Tamil Nadu Newsprint and Papers Limited and State Industries Promotion Corporation of Tamil Nadu Limited covered maximum (5 out of 11) Schedule VII activities.

4.5.3.3 Local areas

None of the PSUs had made available the sub-theme-wise break up in focus areas. However, it was seen that two PSUs had contributed CSR funds amounting to ₹2.00 crore to State Disaster Management Authority for combating COVID-19 under items (i) and (xii) of schedule VII of Companies Act in terms of Ministry of Corporate Affairs, GoI, circular dated 23 March 2020.

Section 135(5) of the Act provides that the company shall give preference to the local area and areas around it where it operates for spending the amount earmarked for CSR activities.

- As per the data available in respect of 13 PSUs, out of the total CSR spend of ₹12.27 crore, spend in non-operational area was ₹0.83 crore by four PSUs i.e. 6.76 per cent. (**Appendix-XXIX**)
- Tamil Nadu Forest Plantation Corporation Limited and Tamil Nadu Ex-servicemen's Corporation Limited spent entire CSR funds in non-operational area.

4.5.3.4 Notable Projects

13 PSUs took up CSR activities in 2019-20 in three major focus areas of Education, Health and social inequality. Total spend under Education, Health and social inequality was ₹3.85 crore, ₹3.47 crore and ₹2.75 crore, respectively. Few notable projects are listed in Table below:

Table 4.5: Notable Projects

(₹ in crore)		
PSU	Notable Project	Amount spent
Education		
Tamil Nadu Newsprint and Papers Limited.	Free education and infrastructure development in Government schools.	1.03
Health care and sanitation		
Tamil Nadu Industrial Investment Corporation Limited.	Purchase of equipments for institute of mental health.	0.99
Tamil Nadu Newsprint and Papers Limited.	Contributions to State Disaster Management Authority for combating COVID-19.	1.00
State Industries Promotion Corporation of Tamil Nadu Limited.	Contributions to State Disaster Management Authority for combating COVID-19.	1.00

PSU	Notable Project	Amount spent
Social inequality		
State Industries Promotion Corporation of Tamil Nadu Limited.	Hostel facility to economically backward groups.	0.94
Total		4.96

Source: Details provided by PSUs

4.5.4 Monitoring Framework

As per Rule 5(2) of CSR Rules, 2014 the CSR committee shall institute a transparent monitoring mechanism for implementation of CSR projects/programs/activities undertaken by the company. Audit observed that out of 17 PSUs, three PSUs viz., State Industries Promotion Corporation of Tamil Nadu Limited, Electronics Corporation of Tamil Nadu Limited and Tamil Nadu Small Industries Corporation Limited did not specify the monitoring mechanism in the CSR policy.

As per CSR Policy, PSUs have to hold review meetings based on the periodicity specified in the policy. However, it was observed that in case of seven PSU¹¹ periodicity of review meetings was not fixed. The PSUs which held meetings were generally in the range of 1 to 4 in the year except for one PSU i.e. Tamil Nadu Ex-servicemen's Corporation Limited, which held seven meetings during 2019-20 though as per its CSR Policy review meeting was to be held annually.

Evaluation/Impact Assessment: Out of 17 PSUs, audit assessed the methodology of carrying out impact assessment on the amount spent on CSR project/activity:

- Three PSUs (Tamil Nadu Fisheries Development Corporation Limited, Tamil Nadu Forest Plantation Corporation Limited and Tamil Nadu Warehousing Corporation) carried out the impact assessment through the external agencies,
- Two PSUs (Tamil Nadu Transport Development Finance Corporation Limited and Tamil Nadu Power Finance and Infrastructure Development Corporation Limited) conducted the impact assessment of CSR activities in-house
- Three PSUs (IT Expressway, Tamil Nadu Small Industries Corporation Limited and Electronics Corporation of Tamil Nadu Limited) did not specify the mode of carrying out impact assessment and one PSU (Poompuhar Shipping Corporation Limited) specified the mode as in house. However, all these four PSUs did not spend the CSR allocation during the year and

¹¹ Tamil Nadu Industrial Investment Corporation Limited, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited, State Industries Promotion Corporation of Tamil Nadu Limited, TIDEL PARK, Chennai, Tamil Nadu Newsprint and Papers Limited, IT Expressway and Tamil Nadu Small Industries Corporation Limited.

- The remaining eight PSUs did not conduct impact assessment.

4.5.5 Reporting and Disclosure

As per Section 135 (2) read with Section 134 (3) (o) of the Act, a Company is required to include an annual report on CSR in their Board Report and place it on the official website. According to Rule 9 of CSR Rules 2014, the companies have to disclose the following in the prescribed format:

- Contents of CSR policy, web link of CSR policy, average net profit, composition of CSR committee, admin overheads, prescribed amount, unspent amount, reasons for unspent amount.
- Include a responsibility statement signed by the CSR committee that the implementation and monitoring of CSR policy was in compliance with the CSR objective and Policy of the Company.

Audit observations on compliance of the above:

- Two PSUs (IT Expressway and Electronics Corporation of Tamil Nadu Limited) did not mention the contents of CSR Policy in the annual report. These two PSUs and one more PSU (Tamil Nadu Industrial Development Corporation Limited) did not indicate web link to the CSR Policy in the report.
- Three PSUs (IT Expressway, Poompuhar Shipping Corporation Limited and Electronics Corporation of Tamil Nadu Limited) did not provide the reasons for unspent amount.
- Eight PSUs¹² did not include responsibility statement of the CSR Committee in accordance with Rule 9 of CSR Rules 2014.

4.6 Conclusion

All the 17 PSUs have complied with the provisions of the Act and CSR Rules with regard to formation of CSR committee and framing of CSR policy. Two PSUs spent more than two *per cent*, five PSUs spent exactly two *per cent* of CSR funds, six PSUs spent less than two *per cent* and four PSUs did not spend the allocation made towards CSR activity. One PSU had reversed the allocation of CSR funds accumulated and pooled back the same as business profit. Education (31 *per cent*) and Health (28 *per cent*) were the main focus areas and secured maximum funding. Two PSUs contributed CSR funds to State Disaster Management Authority for combating COVID-19. Monitoring mechanism was in place in respect of 14 PSUs. Out of 17 PSUs, only five

¹² Tamil Nadu Ex-servicemen's Corporation Limited, Tamil Nadu Forest Plantation Corporation Limited, Tamil Nadu Industrial Investment Corporation Limited, Tamil Nadu Transport Development Finance Corporation Limited, Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited, IT Expressway, Tamil Nadu Small Industries Corporation Limited and Tamil Nadu Warehousing Corporation.

PSUs carried out impact assessment. There was non-compliance to the reporting and disclosure requirements by PSUs viz., two PSUs did not mention the contents of CSR Policy, three PSUs did not provide the reasons for unspent amount and eight PSUs did not include responsibility statement in their annual report on CSR.

Chennai
The 15 December 2021



(VISHWANATH SINGH JADON)
Accountant General (Audit-II)
Tamil Nadu and Puducherry

Countersigned

New Delhi
The 27 January 2022



(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India

APPENDICES

APPENDIX-I
(As referred to in Para No.1.1.3)

List of Government companies/Government controlled other companies which came under/went out from the purview of CAG Audit during 2019-20

Sl. No.	Name of the company
Government companies came under purview of CAG Audit	
1	Chennai Industrial Water Utility Company Limited
2	Tamil Nadu Water Resources Conservation and Rivers Restoration Corporation Limited
Government controlled Other companies came under purview of CAG Audit	
1	Chennai Smart City Limited.
Government companies went out from the purview of CAG Audit	
1	Tamil Nadu Agro Industries Development Corporation Limited

APPENDIX-II

(Referred to in paragraph 1.2.1.1)

Summarised statement showing difference between Finance Accounts of Government of Tamil Nadu and Accounts of the State Government Companies and Corporations in respect of balances of equity as on 31 March 2020

(₹ in crore)

Sl.No.	Name of PSU	Reconciliation		
		As per PSU Accounts Paid-up capital	As per Finance Accounts Paid-up capital	Difference
(1)	(2)	(3)	(4)	(5)
1.	Tamil Nadu Minorities Economic Development Corporation Limited	2.05	5.00	-2.95
2.	Tamil Nadu Skill Development Corporation Limited	0.05	0.00	0.05
3.	Tamil Nadu Water Resources conservation and river restoration Corporation Limited	5.00	0.00	5.00
4.	Tamil Nadu Transport Development Finance Corporation Limited	1057.63	1207.63	-150.00
5.	State Industries Promotion Corporation of Tamil Nadu Limited	114.17	123.91	-9.74
6.	Tamil Nadu Sugar Corporation Limited	217.24	79.97	137.27
7.	Pallavan Transport Consultancy Services	0.10	0.60	-0.50
8.	Metropolitan Transport Corporation	892.90	822.03	70.87
9.	State Express Transport Corporation	704.02	354.70	349.32
10.	Tamil Nadu State Transport Corporation (Coimbatore) Limited	921.05	984.07	-63.02
11.	Tamil Nadu State Transport Corporation (Salem) Limited (TNSTC, Salem)	550.00	531.70	18.30
12.	Tamil Nadu State Transport Corporation (Villupuram) Limited (TNSTC, Villupuram)	749.73	698.83	50.90
13.	Tamil Nadu State Transport Corporation (Tirunelveli) Limited (TNSTC, Tirunelveli)	656.37	611.86	44.51
14.	TN Fibrenet Corporation Limited	0.50	0.00	0.50
15.	Tamil Nadu Generation and Distribution Corporation Limited	0.05	0.00	0.05
16.	Tamil Nadu Transmission Corporation Limited	0.05	0.00	0.05
17.	TNEB Limited	25,375.94	25,379.74	-3.80
	TOTAL	31,246.85	30,800.04	446.81

APPENDIX-III
(As referred to in Para No.1.2.2.2)

List of Government companies where Debt Asset Ratio was greater than one (total assets were lower than the long term loans outstanding) during 2019-20

Sl. No.	Name of the company
1	Tamil Nadu Tea Plantation Corporation Limited.
2	Madurai Thoothukudi Industrial Corridor Development Corporation Limited.
3	Tamil Nadu Industrial Explosives Limited.
4	Metropolitan Transport Corporation Limited.
5	State Express Transport Corporation Limited.
6	Tamil Nadu State Transport Corporation (Coimbatore) Limited.
7	Tamil Nadu State Transport Corporation (Kumbakonam) Limited.
8	Tamil Nadu State Transport Corporation (Salem) Limited.
9	Tamil Nadu State Transport Corporation (Madurai) Limited.
10	Tamil Nadu State Transport Corporation (Tirunelveli) Limited.

APPENDIX-IV
(As referred to in Para No.1.2.2.4)

PSUs in which interest outstanding on State Government Loans

(₹ in crore)

Sl. No.	Name of the PSU	Outstanding interest on State Government loans	Interest on State Government loans outstanding for less than 1 year	Interest on State Government loans outstanding for 1 - 3 years	Interest on State Government loans outstanding for more than 3 years
1	Tamil Nadu Handloom Development Corporation Limited	0.52	0	0.52	0
2	Tamil Nadu State Transport Corporation (Coimbatore) Limited	29.94	29.94	0	0
3	Tamil Nadu State Transport Corporation (Tirunelveli) Limited	150.24	84.44	65.80	0
4	Tamil Nadu Industrial Explosives Limited	59.86	12.49	25.46	21.91
5	Tamil Nadu Industrial Development Corporation Limited	3.36	3.36	0	0
6	Tamil Nadu Sugar Corporation Limited	6.26	3.93	2.33	0
7	Metropolitan Transport Corporation Limited	189.94	129.71	60.23	0
8	Tamil Nadu Tea Plantation Corporation Limited	9.09	0	9.09	0
9	Tamil Nadu State Transport Corporation (Kumbakonam) Limited	32.48	16.24	16.24	0
10	Tamil Nadu State Transport Corporation (Salem) Limited	12.98	12.98	0	0
11	Tamil Nadu Cements Corporation Limited	1.41	1.41	0	0
12	Tamil Nadu Tourism Development Corporation Limited	1.05	0.09	0.27	0.69
13	Tamil Nadu State Transport Corporation (Madurai) Limited	131.13	13.81	117.32	0
14	Tamil Nadu State Transport Corporation (Villupuram) Limited	157.01	11.80	145.21	0
15	Tamil Nadu Textiles Corporation Limited	3.52	0	1.46	2.06
16	State Express Transport Corporation Limited	101.06	56.27	44.79	0
17	Tamil Nadu Generation and Distribution Corporation Limited	517.66	468.69	48.97	0
18	Tamil Nadu Transmission Corporation Limited	4.81	0	4.81	0
	Total	1,412.32	845.16	542.50	24.66

APPENDIX-V
(As referred to in Para No.1.3.1)

**List of Government Companies and Corporations which suffered loss during
2019-20 in comparison to profit in 2018-19**

Sl.No	Name of the PSUs
1	Overseas Manpower Corporation Limited
2	Tamil Nadu Small Industries Corporation Limited
3	Tamil Nadu Handicrafts Development Corporation Limited
4	Tamil Nadu Cements Corporation Limited
5	Tamil Nadu Magnesite Limited
6	Tamil Nadu State Marketing Corporation Limited

APPENDIX-VI

(As referred to in Para No.1.3.3)

List of Government Companies and Corporations having negative Net Worth as on
31 March 2020

(₹ in crore)

Sl. No	Company	Net Profit/ (-)Loss	Net Worth	Paid up Capital
1	Tamil Nadu Tea Plantation Corporation Limited #	-31.17	-210.05	14.96
2	Arasu Rubber Corporation Limited	-3.16	-13.33	13.07
3	Madurai Thoothukudi Industrial Corridor Development Corporation Limited	-0.04	-0.46	0.05
4	Perambalur Sugar Mills Limited #	-11.34	-104.85	209.10
5	Tamil Nadu Minerals Limited	-72.58	-95.02	15.74
6	Tamil Nadu Industrial Explosives Limited #	-14.12	-216.22	27.03
7	Pallavan Transport Consultancy Services Limited #	-0.3	-0.83	0.10
8	Metropolitan Transport Corporation Limited #	-816.98	-4,337.65	892.90
9	State Express Transport Corporation Limited #	-375.89	-2,011.59	704.02
10	Tamil Nadu State Transport Corporation (Coimbatore) Limited #	-727.68	-4,619.06	921.05
11	Tamil Nadu State Transport Corporation (Kumbakonam) Limited #	-898.82	-3,754.14	879.07
12	Tamil Nadu State Transport Corporation (Salem) Limited #	-502.31	-2,913.51	550.00
13	Tamil Nadu State Transport Corporation (Villupuram) Limited #	-561.47	-3,177.04	749.73
14	Tamil Nadu State Transport Corporation (Madurai) Limited #	-701.79	-3,668.65	854.52
15	Tamil Nadu State Transport Corporation (Tirunelveli) Limited #	-645.64	-3,645.29	656.37
16	Tamil Nadu State Marketing Corporation Limited #	-55.47	-120.25	15.00
17	Tamil Nadu Generation and Distribution Corporation Limited #	-11,964.93	-79,802.45	20,057.87
18	Tamil Nadu Transmission Corporation Limited	-1,074.48	-173.39	5,308.98
	Total	-18,458.17	-1,08,863.78	31,869.56

#- denotes that these PSUs had negative net worth during all the last five years ending 2019-20

APPENDIX-VII

(As referred to in Para No.1.3.4)

Shortfall in dividend declared by Government companies

Sl. No	Name of the Government Companies	Paid up capital	Profit After Tax	Dividend declared	30 % of Paid up capital	30% Profit after Tax	Minimum Dividend required to be declared	Shortfall
1	Tamil Nadu Handloom Development Corporation Limited	4.29	0.15	--	1.29	0.05	0.05	0.05
2	Tamil Nadu Adi-draavidar Housing and Development Corporation Limited	143.54	14.69	--	43.06	4.41	4.41	4.41
3	Tamil Nadu Backward Classes Economic Development Corporation Limited	12.27	5.69	--	3.68	1.71	3.68	3.68
4	Tamil Nadu Corporation for Development of Women Limited	0.78	3.88	--	0.23	1.16	1.16	1.16
5	Tamil Nadu Minorities Economic Development Corporation Limited	2.05	3.46	--	0.62	1.04	1.04	1.04
6	Tamil Nadu Rural Housing and Infrastructure Development Corporation Limited	3.00	0.34	--	0.90	0.10	0.10	0.10
7	Tamil Nadu Ex-servicemen's Corporation Limited	0.23	20.51	--	0.07	6.15	6.15	6.15
8	Tamil Nadu Industrial Investment Corporation Limited	421.00	30.19	4.21	126.30	9.06	9.06	4.85
9	Tamil Nadu Transport Development Finance Corporation Limited	1,076.34	12.21	0.39	322.90	3.66	3.66	3.27
10	State Industries Promotion Corporation of Tamil Nadu Limited	114.17	289.09	52.12	34.25	86.73	86.73	34.61
11	Tamil Nadu Road Infrastructure Development Corporation	5.00	0.43	--	1.50	0.13	0.13	0.13
12	Tamil Nadu Textiles Corporation Limited	1.54	0.73	0.22	0.46	0.22	0.46	0.24
13	Tamil Nadu Zari Limited	0.34	0.41	0.05	0.10	0.12	0.12	0.07
14	Tamil Nadu Medicinal Plant Farms and Herbal Medicine Corporation Limited	3.00	4.19	0.30	0.90	1.26	1.26	0.96
15	Electronics Corporation of Tamil Nadu Limited	25.93	17.43	--	7.78	5.23	7.78	7.78
16	Tamil Nadu Police Housing Corporation Limited	1.00	9.75	2.29	0.30	2.93	2.93	0.64
17	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	2,930.00	505.03	--	879.00	151.51	151.51	151.51
	Total							220.65

APPENDIX-VIII
(As referred to in Para No.1.4.1)

Value of Production, Total Assets and Capital Employed of PSUs

Sl.No.	Name of the PSU	2017-18			2018-19			2019-20		
		Value of Production	Total Assets	Capital employed	Value of Production	Total Assets	Capital employed	Value of Production	Total Assets	Capital employed
1	Tamil Nadu Fisheries Development Corporation Limited	441.57	62.69	31.71	556.16	65.82	35.59	513.55	68.99	45.02
2	Tamil Nadu Handloom Development Corporation Limited	16.87	26.66	8.24	27.73	21.48	8.51	19.09	30.19	8.45
3	Tamil Nadu Adi-Dravidar Housing and Development Corporation Limited	12.47	434.27	178.64	14.78	4.07	203.99	14.78	4.07	212.88
4	Tamil Nadu Backward Classes Economic Development Corporation Limited	7.45	278.77	160.99	7.39	283.08	199.12	7.39	283.08	199.12
5	Tamil Nadu Corporation for Development of Women Limited	251.83	593.89	34.45	675.07	558.22	42.58	755.24	878.27	43.08
6	Tamil Nadu Minorities Economic Development Corporation Limited	5.94	127.76	78.73	6.46	140.74	83.29	6.46	140.74	94.16
7	Tamil Nadu Rural Housing and Infrastructure Development Corporation Limited	-	1,301.11	570.59	-	1,689.83	468.37	-	1,458.04	468.37
8	Adyar Poonga	-	0.02	0.02	-	0.20	0.10	-	0.19	0.02
9	Tamil Nadu Civil Supplies Corporation	2,046.18	4,260.92	73.77	2,349.89	6,655.59	72.94	2,260.28	8,752.42	72.94
10	Overseas Manpower Corporation Limited.	1.42	3.29	0.77	1.37	3.47	1.33	0.64	2.67	0.92
11	Tamil Nadu Skill Development Corporation Limited	40.94	356.45	0.21	205.05	349.27	0.21	2.93	207.00	0.21
12	Tamil Nadu Medical Services Corporation Limited	50.12	1,028.85	19.21	58.82	1,761.03	95.58	62.49	1,761.03	81.23
13	Tamil Nadu Ex-servicemen's Corporation Limited	251.20	188.46	146.36	257.13	200.54	166.21	253.06	224.51	186.73
14	Tamil Nadu Police Housing Corporation Limited	55.44	1,112.38	47.77	59.67	1,045.97	45.61	46.77	454.50	61.99
15	Tamil Nadu State Marketing Corporation Limited	31,759.10	2,195.92	-79.46	36,755.56	2,520.35	-65.99	20,590.95	2,592.15	-120.25
16	Tamil Nadu Water Resources Conservation and River Restoration Corporation Limited	-	-	-	-	-	-	-	9.91	9.85
17	Tamil Nadu Transmission Corporation Limited	2,704.94	44,172.48	15,394.16	3,085.44	47,912.64	17,359.30	3,085.44	47,912.64	21,660.32
18	Tamil Nadu Forest Plantation Corporation Limited	76.36	256.75	200.64	98.60	306.97	197.27	110.87	309.78	236.71

Sl.No.	Name of the PSU	2017-18			2018-19			2019-20		
		Value of Production	Total Assets	Capital employed	Value of Production	Total Assets	Capital employed	Value of Production	Total Assets	Capital employed
19	Tamil Nadu Tea Plantation Corporation Limited.	51.76	51.05	-4.62	56.29	56.94	-84.02	52.14	67.79	-73.77
20	Arasu Rubber Corporation Limited	29.38	47.17	-4.84	30.46	46.87	-9.37	30.12	45.68	-13.33
21	Tamil Nadu Industrial Investment Corporation Limited	207.89	1,832.72	850.45	177.16	1,571.56	876.89	145.93	1,492.99	870.41
22	Tamil Nadu Small Industries Development Corporation Limited	49.69	2,798.70	110.35	63.37	328.51	113.20	43.27	340.69	118.26
23	Tamil Nadu Transport Development Finance Corporation Limited	383.92	5,888.43	2,807.13	419.80	6,402.05	3,450.95	478.74	9,329.38	4,188.37
24	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	53.69	575.22	331.09	55.26	482.19	227.06	51.55	388.84	338.00
25	Tamil Nadu Industrial Development Corporation Limited	6.41	805.23	743.45	131.82	1,439.32	545.94	179.13	1,213.37	635.61
26	State Industries Promotion Corporation of Tamil Nadu Limited	404.40	4,935.05	1,174.63	358.82	5,094.76	1,314.52	340.01	5,271.81	1,590.04
27	Guindy Industrial Estate Infrastructure Upgradation Company	-	0.50	-0.02	0.26	0.77	0.01	0.06	0.75	0.01
28	Tamil Nadu Road Infrastructure Development Corporation	3.24	249.42	7.21	3.42	233.86	6.25	3.28	247.83	6.68
29	Tamil Nadu Polymer Industries Park Limited	-	14.15	5.30	-	14.47	5.21	-	14.47	4.88
30	Madurai Thoothukudi Industrial Corridor Development Corporation Limited.	-	0.07	0.05	-	0.05	0.05	-	0.04	0.04
31	Tamil Nadu Small Industries Corporation Limited	22.37	367.91	112.72	43.98	342.77	117.80	30.81	142.27	108.98
32	Tamil Nadu Textiles Corporation Limited	16.84	39.09	6.63	25.50	39.69	7.11	34.56	39.34	7.47
33	Tamil Nadu Zari Limited	31.40	9.38	2.82	33.56	8.07	2.92	33.56	8.07	3.55
34	Tamil Nadu Handicrafts Development Corporation Limited	35.19	41.95	12.78	41.38	56.24	10.02	35.28	58.05	9.42
35	Tamil Nadu Salt Corporation	29.31	27.89	5.75	37.97	23.07	4.00	35.64	18.88	10.03
36	Tamil Nadu Sugar Corporation Limited	157.41	181.46	-107.68	34.39	111.08	18.86	56.67	159.56	15.59
37	Tamil Nadu Cements Corporation Limited	211.38	821.86	171.73	482.95	880.48	653.17	436.98	970.41	707.63
38	Perambalur Sugar Mills Limited	70.51	99.29	-106.33	46.06	111.63	-51.60	56.98	142.20	-100.40
39	Tamil Nadu Minerals Limited	112.79	162.70	120.95	56.25	129.43	-74.79	20.97	126.31	-95.02
40	Tamil Nadu Magnesite Limited	145.29	260.30	112.53	35.22	237.11	99.02	6.27	175.04	71.36
41	Tamil Nadu Industrial Explosives Limited	0.04	19.17	-141.57	0.01	16.38	-191.47	-	14.91	-207.46
42	Tamil Nadu Medicinal Plant Farms and Herbal Medicine Corporation Limited	33.56	69.27	20.56	42.25	92.65	24.04	47.20	81.87	33.10

General Purpose Financial Report (Public Sector Undertakings) for the year ended 31 March 2020

Sl.No.	Name of the PSU	2017-18			2018-19			2019-20		
		Value of Production	Total Assets	Capital employed	Value of Production	Total Assets	Capital employed	Value of Production	Total Assets	Capital employed
43	Tamil Nadu Paints and Allied Products Limited	1.29	2.68	0.16	1.70	3.07	2.67	2.56	3.56	3.11
44	Tamil Nadu Tourism Development Corporation Limited	105.08	138.28	55.86	114.56	133.35	61.98	116.70	131.94	64.21
45	Poompuhar Shipping Corporation Limited	506.62	191.70	34.89	828.98	286.57	74.97	652.20	266.16	84.32
46	Electronics Corporation of Tamil Nadu Limited	30.14	1,562.77	138.30	71.32	1,555.57	173.15	41.83	1,449.30	190.58
47	Pallavan Transport Consultancy Services Limited	0.50	2.95	-3.02	0.65	2.88	-2.10	0.53	2.55	-0.83
48	Metropolitan Transport Corporation Limited	1,366.45	693.30	-2,546.36	1,483.79	817.77	-2,739.02	1,411.67	1,036.65	-2,778.09
49	State Express Transport Corporation Limited	581.29	79.51	-1,033.81	638.72	120.97	-1,103.07	638.77	369.40	-1,116.95
50	Tamil Nadu State Transport Corporation (Coimbatore) Limited	1,165.52	47.93	-1,689.49	1,436.33	561.31	-2,689.29	1,404.52	714.34	-3,169.58
51	Tamil Nadu State Transport Corporation (Kumbakonam) Limited	1,571.00	560.47	-1,773.52	1,924.20	748.83	-2,000.92	1,848.54	858.46	-2,531.11
52	Tamil Nadu State Transport Corporation (Salem) Limited	880.15	278.79	-1,643.33	1,030.39	414.34	-1,883.14	1,014.41	493.85	-2,140.14
53	Tamil Nadu State Transport Corporation (Villupuram) Limited	1,599.40	443.11	-1,883.26	1,947.21	681.11	-2,198.73	1,884.79	780.41	-2,478.07
54	Tamil Nadu State Transport Corporation (Madurai) Limited	1,015.31	571.05	-1,902.90	1,253.42	641.77	-2,314.38	1,177.46	725.49	-2,752.58
55	Tamil Nadu State Transport Corporation (Tirunelveli) Limited	714.33	263.85	-1,593.24	867.86	312.07	-2,061.28	851.18	440.41	-2,474.32
56	Arasu Cable TV Corporation Limited	218.28	741.77	71.18	352.08	871.27	55.73	330.98	568.51	38.44
57	TN Fibrenet Corporation Limited	-	-	-	-	1.54	0.50	-	157.47	1.25
58	Chennai Industrial Water Utility Company Limited	-	-	-	-	0.16	-	-	0.16	0.11
59	Tamil Nadu Warehousing Corporation	64.52	256.41	204.52	63.43	268.91	110.86	73.33	286.83	264.24
60	Tamil Nadu Generation and Distribution Corporation Limited	51,333.87	1,20,217.37	44,327.59	54,945.03	1,31,634.48	37,983.86	54,945.03	1,31,634.48	28,017.97
61	TNEB Limited	-	24,821.76	22,440.88	-	25,008.27	22,440.88	-	25,008.27	24,605.07
62	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	2,617.07	30,147.85	15,788.14	3,018.73	34,437.91	3,588.09	3,402.86	39,477.36	4,417.01
63	Udangudi Power Corporation Limited	-	-	65.56	-	72.03	65.56	-	72.04	65.56
	Total	1,03,549.13	2,56,720.17	92,156.02	1,16,313.70	2,79,813.42	73,546.10	99,646.45	2,89,918.38	69,801.40

APPENDIX-IX
(As referred to in Para No.1.4.2)
Return on Capital Employed of PSUs

Sl. No.	Name of the PSU	2017-18			2018-19			2019-20		
		EBIT	Capital employed	ROCE	EBIT	Capital employed	ROCE	EBIT	Capital employed	ROCE
1	Tamil Nadu Fisheries Development Corporation Limited	11.00	31.71	34.69	13.43	35.59	37.74	10.85	45.02	24.10
2	Tamil Nadu Handloom Development Corporation Limited	0.68	8.24	8.25	1.19	8.51	13.98	0.40	8.45	4.73
3	Tamil Nadu Adi-Dravidar Housing and Development Corporation Limited	0.85	178.64	0.48	2.59	203.99	1.27	14.90	212.88	7.00
4	Tamil Nadu Backward Classes Economic Development Corporation Limited	4.80	160.99	2.98	10.14	199.12	5.09	8.98	199.12	4.51
5	Tamil Nadu Corporation for Development of Women Limited	5.28	34.45	15.33	3.88	42.58	9.11	3.88	43.08	9.01
6	Tamil Nadu Minorities Economic Development Corporation Limited	3.37	78.73	4.28	3.79	83.29	4.55	-1.41	94.16	-1.50
7	Tamil Nadu Rural Housing and Infrastructure Development Corporation Limited	57.52	570.59	10.08	46.77	468.37	9.99	46.77	468.37	9.99
8	Adyar Poonga	-0.08	0.02	-400.00	-	0.10	-	-	0.02	-
9	Tamil Nadu Civil Supplies Corporation	197.97	73.77	268.36	193.69	72.94	265.55	298.97	72.94	409.88
10	Overseas Manpower Corporation Limited.	0.47	0.77	61.04	0.53	1.33	39.85	-0.51	0.92	-55.43
11	Tamil Nadu Skill Development Corporation Limited	-0.06	0.21	-28.57	-	0.21	-	-	0.21	-
12	Tamil Nadu Medical Services Corporation Limited	0.80	19.21	4.16	-5.76	95.58	-6.03	-4.03	81.23	-4.96
13	Tamil Nadu Ex-servicemen's Corporation Limited	24.83	146.36	16.97	19.85	166.21	11.94	20.51	186.73	10.98
14	Tamil Nadu Police Housing Corporation Limited	6.50	47.77	13.61	10.90	45.61	23.90	13.97	61.99	22.54
15	Tamil Nadu State Marketing Corporation Limited	31.82	-79.46	-40.05	40.63	-65.99	-61.57	-47.95	-120.25	-39.88
16	Tamil Nadu Water Resources Conservation and River Restoration Corporation Limited	-	-	-	-	-	-	-0.18	9.85	-1.83
17	Tamil Nadu Transmission Corporation Limited	-3,449.03	15,394.16	-22.40	626.65	17,359.30	3.61	740.46	21,660.32	3.42
18	Tamil Nadu Forest Plantation Corporation Limited	13.43	200.64	6.69	29.23	197.27	14.82	30.39	236.71	12.84
19	Tamil Nadu Tea Plantation Corporation Limited.	-6.35	-4.62	-137.45	-92.36	-84.02	-109.93	-20.35	-73.77	-27.59
20	Arasu Rubber Corporation Limited	0.14	-4.84	-2.89	-9.11	-9.37	-97.23	-3.17	-13.33	-23.78

General Purpose Financial Report (Public Sector Undertakings) for the year ended 31 March 2020

Sl. No.	Name of the PSU	2017-18			2018-19			2019-20		
		EBIT	Capital employed	ROCE	EBIT	Capital employed	ROCE	EBIT	Capital employed	ROCE
21	Tamil Nadu Industrial Investment Corporation Limited	26.31	850.45	3.09	122.00	876.89	13.91	96.00	870.41	11.03
22	Tamil Nadu Small Industries Development Corporation Limited	3.73	110.35	3.38	5.27	113.20	4.66	8.04	118.26	6.80
23	Tamil Nadu Transport Development Finance Corporation Limited	731.06	2,807.13	26.04	466.92	3,450.95	13.53	497.12	4,188.37	11.87
24	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	50.25	331.09	15.18	52.07	227.06	22.93	48.31	338.00	14.29
25	Tamil Nadu Industrial Development Corporation Limited	47.92	743.45	6.45	174.50	545.94	31.96	213.15	635.61	33.53
26	State Industries Promotion Corporation of Tamil Nadu Limited	262.78	1,174.63	22.37	238.93	1,314.52	18.18	391.61	1,590.04	24.63
27	Guindy Industrial Estate Infrastructure Upgradation Company	-	-0.02	-	0.03	0.01	300.00	-	0.01	-
28	Tamil Nadu Road Infrastructure Development Corporation	15.12	7.21	209.71	-0.95	6.25	-15.20	0.43	6.68	6.44
29	Tamil Nadu Polymer Industries Park Limited	0.37	5.30	6.98	0.06	5.21	1.15	-0.32	4.88	-6.54
30	Madurai Thoothukudi Industrial Corridor Development Corporation Limited.	-	0.05	-	-0.12	0.05	-240.00	-0.04	0.04	-100.00
31	Tamil Nadu Small Industries Corporation Limited	1.64	112.72	1.45	9.04	117.80	7.67	4.14	108.98	3.80
32	Tamil Nadu Textiles Corporation Limited	0.34	6.63	5.13	0.85	7.11	11.95	1.91	7.47	25.57
33	Tamil Nadu Zari Limited	0.81	2.82	28.72	0.65	2.92	22.26	0.65	3.55	18.31
34	Tamil Nadu Handicrafts Development Corporation Limited	5.99	12.78	46.87	0.89	10.02	8.88	-0.39	9.42	-4.14
35	Tamil Nadu Salt Corporation	-1.77	5.75	-30.78	-1.53	4.00	-38.25	-1.75	10.03	-17.45
36	Tamil Nadu Sugar Corporation Limited	-7.12	-107.68	-6.61	-8.33	18.86	-44.17	0.44	15.59	2.82
37	Tamil Nadu Cements Corporation Limited	7.47	171.73	4.35	4.02	653.17	0.62	-24.74	707.63	-3.50
38	Perambalur Sugar Mills Limited	-8.49	-106.33	-7.98	-5.76	-51.60	-11.16	2.43	-100.40	-2.42
39	Tamil Nadu Minerals Limited	-9.03	120.95	-7.47	-117.49	-74.79	-157.09	-68.82	-95.02	-72.43
40	Tamil Nadu Magnesite Limited	0.40	112.53	0.36	8.57	99.02	8.65	-81.66	71.36	-114.43
41	Tamil Nadu Industrial Explosives Limited	-21.94	-141.57	-15.50	-1.40	-191.47	-0.73	-1.63	-207.46	-0.79
42	Tamil Nadu Medicinal Plant Farms and Herbal Medicine Corporation Limited	5.57	20.56	27.09	6.78	24.04	28.20	6.13	33.10	18.52
43	Tamil Nadu Paints and Allied Products Limited	0.19	0.16	118.75	0.31	2.67	11.61	0.61	3.11	19.61
44	Tamil Nadu Tourism Development Corporation Limited	1.39	55.86	2.49	5.04	61.98	8.13	8.81	64.21	13.72
45	Poompuhar Shipping Corporation Limited	8.22	34.89	23.56	55.23	74.97	73.67	5.35	84.32	6.34

Sl. No.	Name of the PSU	2017-18			2018-19			2019-20		
		EBIT	Capital employed	ROCE	EBIT	Capital employed	ROCE	EBIT	Capital employed	ROCE
46	Electronics Corporation of Tamil Nadu Limited	42.40	138.30	30.66	80.37	173.15	46.42	55.57	190.58	29.16
47	Pallavan Transport Consultancy Services Limited	-0.03	-3.02	-0.99	-0.22	-2.10	-10.48	-0.30	-0.83	-36.14
48	Metropolitan Transport Corporation Limited	-580.09	-2,546.36	-22.78	-486.50	-2,739.02	-17.76	-615.66	-2,778.09	-22.16
49	State Express Transport Corporation Limited	-157.06	-1,033.81	-15.19	-190.02	-1,103.07	-17.23	-264.65	-1,116.95	-23.69
50	Tamil Nadu State Transport Corporation (Coimbatore) Limited	-907.63	-1,689.49	-53.72	-573.19	-2,689.29	-21.31	-504.53	-3,169.58	-15.92
51	Tamil Nadu State Transport Corporation (Kumbakonam) Limited	-548.17	-1,773.52	-30.91	-384.41	-2,000.92	-19.21	-729.51	-2,531.11	-28.82
52	Tamil Nadu State Transport Corporation (Salem) Limited	-639.04	-1,643.33	-38.89	-385.39	-1,883.14	-20.47	-365.93	-2,140.14	-17.10
53	Tamil Nadu State Transport Corporation (Villupuram) Limited	-961.31	-1,883.26	-51.04	-276.87	-2,198.73	-12.59	-430.05	-2,478.07	-17.35
54	Tamil Nadu State Transport Corporation (Madurai) Limited	-389.09	-1,902.90	-20.45	-452.92	-2,314.38	-19.57	-561.73	-2,752.58	-20.41
55	Tamil Nadu State Transport Corporation (Tirunelveli) Limited	-385.99	-1,593.24	-24.23	-455.03	-2,061.28	-22.08	-470.35	-2,474.32	-19.01
56	Arasu Cable TV Corporation Limited	26.46	71.18	37.17	-16.67	55.73	-29.91	-22.79	38.44	-59.29
57	TN Fibrenet Corporation Limited	-	-	-	-	0.50	-	-	1.25	-
58	Chennai Industrial Water Utility Company Limited	-	-	-	-	-	-	-0.01	0.11	-9.09
59	Tamil Nadu Warehousing Corporation	33.25	204.52	16.26	28.92	110.86	26.09	37.50	264.24	14.19
60	Tamil Nadu Generation and Distribution Corporation Limited	-496.94	44,327.59	-1.12	-4,375.22	37,983.86	-11.52	-2,608.45	28,017.97	-9.31
61	TNEB Limited	-3.34	22,440.88	-0.01	-1.08	22,440.88	0.00	-0.99	24,605.07	0.00
62	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	2,395.78	15,788.14	15.17	2,816.97	3,588.09	78.51	3,385.47	4,417.01	76.65
63	Udangudi Power Corporation Limited	-	65.56	-	-	65.56	-	-	65.56	-
	Total	-4,545.65	92,156.02	-4.93	-2,759.64	73,546.10	-3.75	-878.15	69,801.40	-1.26

APPENDIX-X
(As referred to in Para No.1.4.3)

Return on Equity of PSUs

(₹ in crore)

Sl.No.	Name of the PSU	2017-18			2018-19			2019-20		
		Equity	Net Profit after tax and preference dividend	ROE	Equity	Net Profit after tax and preference dividend	ROE	Equity	Net Profit after tax and preference dividend	ROE
1	Tamil Nadu Fisheries Development Corporation Limited	27.88	7.04	396.02	35.59	8.56	415.77	45.02	8.02	561.35
2	Tamil Nadu Handloom Development Corporation Limited	2.77	0.18	1,538.89	3.14	0.43	730.23	3.32	0.15	2,213.33
3	Tamil Nadu Adi-Dravidar Housing and Development Corporation Limited	178.47	0.77	23,177.92	192.88	2.17	8,888.48	207.57	14.69	1,413.00
4	Tamil Nadu Backward Classes Economic Development Corporation Limited	31.66	2.44	1,297.54	42.50	5.69	746.92	42.50	5.69	746.92
5	Tamil Nadu Corporation for Development of Women Limited	34.45	5.28	652.46	42.58	3.88	1,097.42	43.08	3.88	1,110.31
6	Tamil Nadu Minorities Economic Development Corporation Limited	22.94	1.61	1,424.84	25.12	2.18	1,152.29	21.67	3.46	626.30
7	Tamil Nadu Rural Housing and Infrastructure Development Corporation Limited	4.58	0.57	803.51	5.27	0.34	1,550.00	5.27	0.34	1,550.00
8	Adyar Poonga	0.02	-0.08	-25.00	0.10	-	-	0.02	-	-
9	Tamil Nadu Civil Supplies Corporation	71.74	-	-	71.74	-	-	71.74	-	-
10	Overseas Manpower Corporation Limited.	0.77	0.21	366.67	1.33	0.39	341.03	0.92	-0.51	-180.39
11	Tamil Nadu Skill Development Corporation Limited	0.21	-0.06	-350.00	0.21	-	-	0.21	-	-
12	Tamil Nadu Medical Services Corporation Limited	19.21	0.30	6,403.33	11.67	-7.54	-154.77	7.59	-4.08	-186.03

Sl.No.	Name of the PSU	2017-18			2018-19			2019-20		
		Equity	Net Profit after tax and preference dividend	ROE	Equity	Net Profit after tax and preference dividend	ROE	Equity	Net Profit after tax and preference dividend	ROE
13	Tamil Nadu Ex-servicemen's Corporation Limited	146.36	24.82	589.69	166.21	19.85	837.33	186.73	20.51	910.43
14	Tamil Nadu Police Housing Corporation Limited	47.77	0.72	6,634.72	45.61	7.64	596.99	61.99	9.75	635.79
15	Tamil Nadu State Marketing Corporation Limited	-79.46	18.20	-436.59	-65.99	13.47	-489.90	-120.25	-55.47	216.78
16	Tamil Nadu Water Resources Conservation and River Restoration Corporation Limited	-	-	-	-	-	-	9.85	-0.15	-6,566.67
17	Tamil Nadu Transmission Corporation Limited	968.46	-4,666.14	-20.76	416.49	-634.91	-65.60	-173.39	-1,074.48	16.14
18	Tamil Nadu Forest Plantation Corporation Limited	200.64	11.24	1,785.05	197.27	27.83	708.84	236.71	28.67	825.64
19	Tamil Nadu Tea Plantation Corporation Limited.	-55.80	-9.17	608.51	-184.56	-97.29	-	-210.05	-31.17	673.89
20	Arasu Rubber Corporation Limited	-5.64	0.14	-4,028.57	-10.17	-9.14	-	-13.33	-3.16	421.84
21	Tamil Nadu Industrial Investment Corporation Limited	387.43	25.24	1,534.98	474.43	36.53	1,298.74	545.41	30.19	1,806.59
22	Tamil Nadu Small Industries Development Corporation Limited	110.35	6.91	1,596.96	113.20	2.85	3,971.93	118.26	5.06	2,337.15
23	Tamil Nadu Transport Development Finance Corporation Limited	188.04	6.75	2,785.78	867.57	7.82	11,094.25	1,221.79	12.21	10,006.47
24	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	36.30	20.90	173.68	48.90	24.42	200.25	257.40	29.73	865.79
25	Tamil Nadu Industrial Development Corporation Limited	735.13	30.97	2,373.68	537.62	154.29	348.45	635.61	182.58	348.13
26	State Industries Promotion Corporation of Tamil Nadu Limited	1,174.63	210.70	557.49	1,314.52	153.88	854.25	1,590.04	289.09	550.02

General Purpose Financial Report (Public Sector Undertakings) for the year ended 31 March 2020

Sl.No.	Name of the PSU	2017-18			2018-19			2019-20		
		Equity	Net Profit after tax and preference dividend	ROE	Equity	Net Profit after tax and preference dividend	ROE	Equity	Net Profit after tax and preference dividend	ROE
27	Guindy Industrial Estate Infrastructure Upgradation Company	-0.02	-	-	0.01	0.03	-	0.01	-	-
28	Tamil Nadu Road Infrastructure Development Corporation	7.21	0.02	36,050.00	6.25	-0.95	-657.89	6.68	0.43	1,553.49
29	Tamil Nadu Polymer Industries Park Limited	5.30	0.29	1,827.59	5.21	-0.10	-5,210.00	4.88	-0.32	-1,525.00
30	Madurai Thoothukudi Industrial Corridor Development Corporation Limited.	0.05	-	-	-0.42	-0.12	-	-0.46	-0.04	1,150.00
31	Tamil Nadu Small Industries Corporation Limited	112.72	0.95	11,865.26	117.80	7.27	1,620.36	108.98	-15.58	-699.49
32	Tamil Nadu Textiles Corporation Limited	1.23	0.29	424.14	1.60	0.38	421.05	2.04	0.73	279.45
33	Tamil Nadu Zari Limited	2.60	0.17	1,529.41	2.92	0.41	712.20	3.55	0.41	865.85
34	Tamil Nadu Handicrafts Development Corporation Limited	9.62	5.79	166.15	10.02	0.40	2,505.00	9.42	-0.60	-1,570.00
35	Tamil Nadu Salt Corporation	5.75	-2.03	-283.25	3.66	-2.09	-175.12	10.03	-1.31	-765.65
36	Tamil Nadu Sugar Corporation Limited	-109.40	-14.83	737.69	16.79	-11.08	-151.53	10.28	-6.51	-157.91
37	Tamil Nadu Cements Corporation Limited	97.83	2.05	4,772.20	49.25	3.31	1,487.92	17.99	-31.26	-57.55
38	Perambalur Sugar Mills Limited	-222.24	-22.69	979.46	-93.52	-15.02	-	-104.85	-11.34	924.60
39	Tamil Nadu Minerals Limited	120.95	-5.03	-2,404.57	-108.88	-124.14	-	-95.02	-72.58	130.92
40	Tamil Nadu Magnesite Limited	80.57	21.74	370.61	99.02	3.82	2,592.15	33.55	-81.46	-41.19
41	Tamil Nadu Industrial Explosives Limited	-155.89	-28.14	553.98	-202.09	-15.72	-	-216.22	-14.12	1,531.30
42	Tamil Nadu Medicinal Plant Farms and Herbal Medicine Corporation Limited	20.56	3.79	542.48	24.04	4.85	495.67	33.10	4.19	789.98
43	Tamil Nadu Paints and Allied Products Limited	0.16	0.14	114.29	2.67	0.23	1,160.87	3.11	0.45	691.11
44	Tamil Nadu Tourism Development Corporation Limited	47.86	-0.21	-22,790.48	57.51	4.58	1,255.68	59.74	4.32	1,382.87
45	Poompuhar Shipping Corporation Limited	34.89	4.20	830.71	74.97	37.15	201.80	84.32	4.44	1,899.10

Sl.No.	Name of the PSU	2017-18			2018-19			2019-20		
		Equity	Net Profit after tax and preference dividend	ROE	Equity	Net Profit after tax and preference dividend	ROE	Equity	Net Profit after tax and preference dividend	ROE
46	Electronics Corporation of Tamil Nadu Limited	138.18	24.01	575.51	173.03	54.59	316.96	190.46	17.43	1,092.71
47	Pallavan Transport Consultancy Services Limited	-3.02	-0.03	10,066.67	-2.10	-0.22	954.55	-0.83	-0.30	276.67
48	Metropolitan Transport Corporation Limited	-2,930.46	-730.46	401.18	-3,591.55	-661.09	-	-4,337.65	-816.98	530.94
49	State Express Transport Corporation Limited	-1,409.82	-255.08	552.70	-1,700.90	-291.08	-	-2,011.59	-375.89	535.15
50	Tamil Nadu State Transport Corporation (Coimbatore) Limited	-2,089.58	-1,003.86	208.15	-3,851.37	-723.80	-	-4,619.06	-727.68	634.77
51	Tamil Nadu State Transport Corporation (Kumbakonam) Limited	-2,372.22	-704.52	336.71	-2,915.15	-542.93	-	-3,754.14	-898.82	417.67
52	Tamil Nadu State Transport Corporation (Salem) Limited	-1,947.74	-732.66	265.85	-2,421.67	-491.31	-	-2,913.51	-502.31	580.02
53	Tamil Nadu State Transport Corporation (Villupuram) Limited	-2,283.35	-1,057.54	215.91	-2,666.48	-383.13	-	-3,177.04	-561.47	565.84
54	Tamil Nadu State Transport Corporation (Madurai) Limited	-	-489.01	493.78	-2,978.24	-563.60	-	-3,668.65	-701.79	522.76
55	Tamil Nadu State Transport Corporation (Tirunelveli) Limited	2,466.60	-534.55	461.43	-3,044.17	-577.58	-	-3,645.29	-645.64	564.60
56	Arasu Cable TV Corporation Limited	59.49	34.95	170.21	8.89	-21.90	-40.59	8.89	-28.88	-30.78
57	TN Fibrenet Corporation Limited	-	-	-	0.50	-	-	0.50	-	-
58	Chennai Industrial Water Utility Company Limited	-	-	-	-	-	-	0.11	-0.01	-1,100.00
59	Tamil Nadu Warehousing Corporation	123.52	19.69	627.32	7.61	17.53	43.41	160.99	24.11	667.73
60	Tamil Nadu Generation and Distribution Corporation Limited	-51,392.26	-7,760.78	662.20	-68,160.02	-12,623.41	539.95	-79,802.45	-11,964.93	666.97

General Purpose Financial Report (Public Sector Undertakings) for the year ended 31 March 2020

Sl.No.	Name of the PSU	2017-18			2018-19			2019-20		
		Equity	Net Profit after tax and preference dividend	ROE	Equity	Net Profit after tax and preference dividend	ROE	Equity	Net Profit after tax and preference dividend	ROE
61	TNEB Limited	22,440.88	-3.34	-6,71,882.63	24,411.48	-1.08	-22,60,322.22	24,605.07	-0.99	-24,85,360.61
62	Tamil Nadu Power Finance Corporation Limited	952.24	96.68	984.94	1,570.99	83.20	1,888.21	4,417.01	505.03	874.60
63	Udangudi Power Corporation Limited	65.56	-	-	65.56	-	-	65.56	-	-
	Total	-41,221.15	-17,430.46	--	-60,673.55	-17,109.26	--	-73,714.81	-17,424.27	--

APPENDIX-XI
(As referred to in Para No.2.3.2)

**Details of accounts in arrears or company under liquidation Government Companies
and Corporations**

Sl. No.	Name of the PSU	Year for which Accounts are in arrears
UNLISTED GOVERNMENT COMPANIES		
Working Government Companies		
1	Tamil Nadu Adi-draavidar Housing and Development Corporation Limited	2019-20
2	Tamil Nadu Backward Classes Economic Development Corporation Limited	2019-20
3	Tamil Nadu Minorities Economic Development Corporation Limited	2019-20
4	Tamil Nadu Corporation for Development of Women Limited	2019-20
5	Tamil Nadu Rural Housing and Infrastructure Development Corporation Limited	2019-20
6	Tamil Nadu Skill Development Corporation Limited	2019-20
7	TNEB Limited	2019-20
8	Tamil Nadu Zari Limited	2019-20
9	Arasu Cable TV Corporation Limited	2019-20
Non working Government Companies		
10	Tamil Nadu Poultry Development Corporation Limited	Defunct
11	Tamil Nadu Goods Transport Corporation Limited	Under Liquidation
12	Tamil Nadu Police Transport Corporation Limited	Defunct
13	Tamil Nadu State Construction Corporation Limited	Defunct

APPENDIX-XII
(As referred to in Para 2.5.1.1)

List of Government Companies where Statutory Auditors' Report revised

Sl.No.	Name of the Government Company
1.	Tamil Nadu Fisheries Development Corporation Limited
2.	Tamil Nadu Adi-dravidar Housing and Development Corporation Limited
3.	Tamil Nadu Medicinal Plant Farms and Herbal Medicine Corporation Limited
4.	Tamil Nadu Water Resources Conservation and Rivers Restoration Corporation Limited
5.	State Industries Promotion Corporation of Tamil Nadu Limited
6.	Tamil Nadu Textiles Corporation Limited
7.	Tamil Nadu State Transport Corporation (Villupuram) Limited

Appendix-XIII

(As referred to in Para No. 2.5.1.2)

List of PSUs where comments by CAG issued

S.No.	Name of the Company
1.	Tamil Nadu Cements Corporation Limited
2.	Tamil Nadu Zari Limited
3.	Tamil Nadu Generation and Distribution Corporation Limited
4.	Tamil Nadu Transmission Corporation Limited

Appendix XIV
(As referred to in Para No. 2.6)

**Details of Companies where there were non-compliance with Accounting Standards/
IND Accounting Standards (IND AS) as reported by the Statutory Auditors**

Sl. No.	Name of the Company	Category (Listed/ Unlisted)	Government Company (GC)/ Government Controlled Other Company (GCC)	Number of Accounting Standard (AS)/Ind AS
1.	Tamil Nadu Handloom Development Corporation Limited	Unlisted	GC	AS-4,9,15 28 and 29
2.	Tamil Nadu Adi-dravidar Housing and Development Corporation Limited	Unlisted	GC	AS-3, 10, 12 , 15, 28 and 29
3.	State Industries Promotion Corporation of Tamil Nadu Limited	Unlisted	GC	IND AS 116
4.	Tamil Nadu Minerals Limited	Unlisted	GC	AS-15
5.	Tamil Nadu Tourism Development Corporation Limited	Unlisted	GC	AS-15
6.	Metropolitan Transport Corporation Limited	Unlisted	GC	AS-9, 15 and 22
7.	State Express Transport Corporation Limited	Unlisted	GC	AS 15
8.	Tamil Nadu State Transport Corporation (Madurai) Limited	Unlisted	GC	AS 15
9.	Tamil Nadu State Transport Corporation (Tirunelveli) Limited	Unlisted	GC	AS 15
10	Tamil Nadu Police Housing Corporation Limited	Unlisted	GC	AS 10
11	Tamil Nadu Generation and Distribution Corporation Limited #	Unlisted	GC	AS-2, 10, 13, 15, 16, 23 and 27
12	Tamil Nadu Transmission Corporation Limited #	Unlisted	GC	Ind AS 16 and 19.
13	TNEB Limited #	Unlisted	GC	Ind AS-1, 8, 12, 16, 27, 36, 37 and 109.

#- These Companies have not prepared their financial statements in accordance with Ind AS prescribed under Section 133 of the Companies Act, 2013 and consequently, they have not complied with the Ind AS/ AS mentioned.

Appendix-XV
(As referred to in Para No. 2.7)

List of PSUs where Management Letters issued by CAG

Sl. No.	Name of the PSUs
1.	Tamil Nadu Newsprint and Papers Limited
2.	Tamil Nadu Sugar Corporation Limited
3.	Perambalur Sugar Mills Limited
4.	Tamil Nadu Industrial Investment Corporation Limited
5.	Tamil Nadu Small Industries Development Corporation Limited
6.	Electronics Corporation of Tamil Nadu Limited
7.	TICEL Bio Park Limited
8.	Tamil Nadu Minerals Limited
9.	Tamil Nadu Cements Corporation Limited
10.	Tamil Nadu Industrial Development Corporation Limited
11.	State Industries Promotion Corporation of Tamil Nadu Limited
12.	Tamil Nadu Industrial Explosives Limited
13.	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited
14.	Tamil Nadu Handicrafts Development Corporation Limited
15.	Tamil Nadu Textiles Corporation Limited
16.	Metropolitan Transport Corporation Limited
17.	State Express Transport Corporation Limited
18.	Tamil Nadu State Transport Corporation (Coimbatore) Limited
19.	Tamil Nadu State Transport Corporation (Kumbakonam) Limited
20.	Tamil Nadu State Transport Corporation (Salem) Limited
21.	Tamil Nadu State Transport Corporation (Villupuram) Limited
22.	Tamil Nadu State Transport Corporation (Madurai) Limited
23.	Tamil Nadu State Transport Corporation (Tirunelveli) Limited
24.	Tamil Nadu Transport Development Finance Corporation Limited
25.	Chennai Smart City Limited
26.	Tamil Nadu Road Development Company Limited
27.	IT Expressway
28.	Poompuhar Shipping Corporation Limited
29.	Tamil Nadu Tourism Development Corporation Limited
30.	Tamil Nadu Adi-draavidar Housing and Development Corporation Limited
31.	Tamil Nadu Water Resources Conservation and Rivers Restoration Corporation Limited
32.	Tamil Nadu Salt Corporation Limited
33.	Tamil Nadu Generation and Distribution Corporation Limited
34.	Tamil Nadu Transmission Corporation Limited

**Appendix XVI
(Referred to in para 3.3.2)**

PSUs which did not conduct training to its independent Directors

Sl. No.	Name of the PSU	No. of Independent Directors	No. of independent directors to whom training was not given
1	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	2	2
2	Tamil Nadu Minerals Limited	2	2
3	Tamil Nadu Magnesite Limited	2	2
4	Tamil Nadu Industrial Investment Corporation Limited	4	4
5	Tamil Nadu Industrial Development Corporation Limited	2	2
6	State Industries Promotion Corporation of Tamil Nadu Limited	4	4
7	Tamil Nadu Corporation for Development of Women Limited	2	2
8	Tamil Nadu Sugar Corporation Limited	2	2
9	Tamil Nadu Cements Corporation Limited	2	2
10	Tamil Nadu Industrial Explosives Limited	2	2
11	Tamil Nadu Small Industries Development Corporation Limited	3	3
12	Tamil Nadu Small Industries Corporation Limited	2	2
13	Tamil Nadu Transport Development Finance Corporation Limited	2	2
14	Metropolitan Transport Corporation Limited	2	2
15	State Express Transport Corporation Limited	2	2
16	Tamil Nadu State Transport Corporation (Coimbatore) Limited	2	2
17	Tamil Nadu State Transport Corporation (Kumbakonam) Limited	2	2
18	Tamil Nadu State Transport Corporation (Salem) Limited	2	2
19	Tamil Nadu State Transport Corporation (Villupuram) Limited	2	2
20	Tamil Nadu State Transport Corporation (Madurai) Limited	2	2
21	Tamil Nadu State Transport Corporation (Tirunelveli) Limited	2	2
22	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	2	2
23	Tamil Nadu Ex-servicemen's Corporation Limited	3	3
24	Poompuhar Shipping Corporation Limited	2	2
25	Tamil Nadu Backward Classes Economic Development Corporation Limited	1	1
26	Tamil Nadu Infrastructure Fund Management Corporation Limited	2	2

Appendix XVII
(Referred to in para 3.3.3)

PSUs in which Independent Directors did not attend 75 per cent of the Board/Committee meetings

Sl. No.	Name of the PSU	No. of independent directors who did not attend Board meetings	No. of independent directors who did not attend Board committee meetings
1	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	1	1
2	Tamil Nadu Industrial Investment Corporation Limited	1	-
3	Tamil Nadu Industrial Development Corporation Limited	1	-
4	State Industries Promotion Corporation of Tamil Nadu Limited	1	-
5	Tamil Nadu Ex-servicemen's Corporation Limited	1	-
6	Tamil Nadu Sugar Corporation Limited	1	1
7	Tamil Nadu Cements Corporation Limited	1	1
8	Tamil Nadu Industrial Explosives Limited	2	-
9	Tamil Nadu Small Industries Development Corporation Limited	2	2
10	Tamil Nadu Transport Development Finance Corporation Limited	1	1
11	State Express Transport Corporation Limited	1	2
12	Tamil Nadu State Transport Corporation (Coimbatore) Limited	1	-
13	Tamil Nadu State Transport Corporation (Salem) Limited	2	1
14	Tamil Nadu State Transport Corporation (Madurai) Limited	-	1
15	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	1	1
16	Tamil Nadu Tourism Development Corporation Limited	1	1
17	Arasu Cable TV Corporation Limited	2	-
18	Tamil Nadu Backward Classes Economic Development Corporation Limited	1	-
19	Tamil Nadu Adi-dravidar Housing and Development Corporation Limited	2	-
20	Tamil Nadu Minorities Economic Development Corporation Limited	1	-
21	Tamil Nadu Corporation for Development of Women Limited	-	1

Appendix XVIII
(Referred to in para 3.3.4)

PSUs in which Independent Directors did not attend General meetings

Sl. No.	Name of the PSU	No. of independent directors who did not attend AGM
1	Tamil Nadu Industrial Development Corporation Limited	1
2	Tamil Nadu Corporation for Development of Women Limited	2
3	Tamil Nadu Adi-draavidar Housing and Development Corporation Limited	2
4	Tamil Nadu Small Industries Corporation Limited	2
5	Tamil Nadu Transport Development Finance Corporation Limited	2
6	Metropolitan Transport Corporation Limited	2
7	Tamil Nadu State Transport Corporation (Coimbatore) Limited	2
8	Tamil Nadu State Transport Corporation (Kumbakonam) Limited	2
9	Tamil Nadu State Transport Corporation (Salem) Limited	2
10	Tamil Nadu State Transport Corporation (Villupuram) Limited	2
11	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	1
12	Poompuhar Shipping Corporation Limited	1
13	Tamil Nadu Industrial Explosives Limited	2
14	State Express Transport Corporation Limited	2
15	Arasu Cable TV Corporation Limited	1

Appendix XIX
(Referred to in Para 3.3.5.1)

PSUs where separate meetings of Independent Directors was not conducted

Sl. No.	Name of the PSU
1	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited
2	Tamil Nadu Magnesite Limited
3	Tamil Nadu Industrial Investment Corporation Limited
4	Tamil Nadu Adi-dravidar Housing and Development Corporation Limited
5	Tamil Nadu Industrial Explosives Limited
6	Tamil Nadu Small Industries Corporation Limited
7	Tamil Nadu Transport Development Finance Corporation Limited
8	Metropolitan Transport Corporation Limited
9	State Express Transport Corporation Limited
10	Tamil Nadu State Transport Corporation (Coimbatore) Limited
11	Tamil Nadu State Transport Corporation (Kumbakonam) Limited
12	Tamil Nadu State Transport Corporation (Salem) Limited
13	Tamil Nadu State Transport Corporation (Villupuram) Limited.
14	Tamil Nadu State Transport Corporation (Madurai) Limited
15	Tamil Nadu Tourism Development Corporation Limited
16	Poompuhar Shipping Corporation Limited
17	Tamil Nadu Corporation for Development of Women Limited
18	Tamil Nadu Minorities Economic Development Corporation Limited
19	Tamil Nadu Rural Housing and Infrastructure Development Corporation Limited
20	Arasu Cable TV Corporation Limited

Appendix-XX

(Referred to in Para 3.5.1)

PSUs where majority of Audit Committee members were not independent directors.

Sl. No.	Name of the PSU	Total number of directors in the Audit Committee	Number of independent directors in the Audit Committee
1	Tamil Nadu Generation and Distribution Corporation Limited	4	0
2	Tamil Nadu Transmission Corporation Limited	4	0
3	TNEB Limited	4	0
4	Tamil Nadu Salt Corporation Limited	3	0
5	Arasu Cable TV Corporation Limited	3	1
6	Tamil Nadu Water Resources Conservation and Rivers Restoration Corporation Limited	3	0
7	Tamil Nadu Corporation for Development of Women Limited	3	1

Appendix-XXI**(Referred to in Para 3.5.3)****PSUs where Auditors performance was not monitored by the Audit Committee**

Sl. No.	Name of the PSU
1	Tamil Nadu Minerals Limited
2	Tamil Nadu Adi-dravidar Housing and Development Corporation Limited
3	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited
4	Tamil Nadu Industrial Investment Corporation Limited
5	Electronics Corporation of Tamil Nadu Limited
6	Tamil Nadu Cements Corporation Limited
7	Tamil Nadu Industrial Explosives Limited
8	Tamil Nadu Civil Supplies Corporation
9	Tamil Nadu State Marketing Corporation Limited
10	State Express Transport Corporation Limited
11	Metropolitan Transport Corporation Limited
12	Tamil Nadu Transport Development Finance Corporation Limited
13	Tamil Nadu Tea Plantation Corporation Limited
14	Tamil Nadu Forest Plantation Corporation Limited
15	TIDEL Park Limited

Appendix-XXII
(Referred to in Para 3.5.4.1)

Review of Information/Documents by Audit Committee

Sl. No.	Name of the PSU	whether review of management discussion and analysis of financial and operation results done by Audit committee	whether review of statement of related party transactions submitted by management done by Audit Committee	Whether review of management letters / letters of internal financial control weaknesses by statutory auditors done by Audit Committee	Whether review of internal Audit reports done by Audit committee	Whether review of appointment, removal and terms of remuneration of chief internal auditor done by Audit Committee	whether review of statements of deviations done by audit committee
1	Tamil Nadu Minerals Limited	No	No	No	No	No	No
2	State Industries Promotion Corporation of Tamil Nadu Limited	Yes	No	N/A	No	No	No
3	Electronics Corporation of Tamil Nadu Limited	No	N/A	Yes	Yes	Yes	Yes
4	Tamil Nadu Cements Corporation Limited	No	N/A	No	Yes	Yes	No
5	Tamil Nadu Industrial Explosives Limited	Yes	Yes	No	No	No	Yes
6	Tamil Nadu Forest Plantation Corporation Limited	N/A	N/A	N/A	N/A	N/A	N/A
7	Tamil Nadu Tea Plantation Corporation Limited	Yes	No	No	Yes	No	No

Appendices

Sl. No.	Name of the PSU	whether review of management discussion and analysis of financial and operation results done by Audit committee	whether review of statement of related party transactions submitted by management done by Audit Committee	Whether review of management letters / letters of internal financial control weaknesses by statutory auditors done by Audit Committee	Whether review of internal Audit reports done by Audit committee	Whether review of appointment, removal and terms of remuneration of chief internal auditor done by Audit Committee	whether review of statements of deviations done by audit committee
8	Tamil Nadu Transport Development Finance Corporation Limited	Yes	No	No	Yes	Yes	Yes
9	State Express Transport Corporation Limited	Yes	No	No	Yes	Yes	No
10	Tamil Nadu State Transport Corporation (Coimbatore) Limited	No	No	No	No	No	No
11	Tamil Nadu State Transport Corporation (Kumbakonam) Limited	No	No	No	No	No	No
12	Tamil Nadu State Transport Corporation (Salem) Limited	No	No	No	No	No	No
13	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	Yes	N/A	Yes	Yes	Yes	No
14	Tamil Nadu Civil Supplies Corporation	Yes	Yes	No	No	N/A	No

Note: N/A indicates: Not available.

Annexure-XXIII
(Referred to in Para 3.5.4.2)

PSUs where Audit Committee did not hold discussions with statutory auditors before commencement of audit and did not hold post audit discussions

Sl. No.	Name of PSU
1	Tamil Nadu Generation and Distribution Corporation Limited
2	Tamil Nadu Transmission Corporation Limited
3	TNEB Limited
4	Tamil Nadu Minerals Limited
5	Electronics Corporation of Tamil Nadu Limited
6	Tamil Nadu Cements Corporation Limited
7	Tamil Nadu Industrial Explosives Limited
8	Tamil Nadu Forest Plantation Corporation Limited
9	Tamil Nadu Transport Development Finance Corporation Limited
10	State Express Transport Corporation Limited
11	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited.
12	Tamil Nadu Industrial Investment Corporation Limited
13	TIDEL Park Coimbatore Limited.
14	Tamil Nadu Civil Supplies Corporation
15	Tamil Nadu Tourism Development Corporation Limited
16	Tamil Nadu State Marketing Corporation Limited

Appendix-XXIV

(Referred to in Para 3.6.1)

PSUs which did not constitute Nomination and Remuneration Committee

Sl. No.	Name of PSU
1	Tamil Nadu Generation and Distribution Corporation Limited
2	Tamil Nadu Transmission Corporation Limited
3	TNEB Limited
4	Tamil Nadu Minerals Limited
5	Electronics Corporation of Tamil Nadu Limited
6	Arasu Cable TV Corporation Limited
7	Tamil Nadu Small Industries Corporation Limited
8	Tamil Nadu Forest Plantation Corporation Limited
9	Tamil Nadu Tea Plantation Corporation Limited
10	Arasu Rubber Corporation Limited
11	Tamil Nadu Transport Development Finance Corporation Limited
12	Metropolitan Transport Corporation Limited
13	Tamil Nadu State Transport Corporation (Coimbatore) Limited
14	Tamil Nadu State Transport Corporation (Kumbakonam) Limited
15	Tamil Nadu State Transport Corporation (Salem) Limited
16	Tamil Nadu State Transport Corporation (Villupuram) Limited
17	Tamil Nadu State Transport Corporation (Madurai) Limited
18	Tamil Nadu State Transport Corporation (Tirunelveli) Limited
19	Tamil Nadu Tourism Development Corporation Limited
20	Tamil Nadu Backward Classes Economic Development Corporation Limited
21	Tamil Nadu Medical Services Corporation Limited
22	Tamil Nadu Civil Supplies Corporation
23	Tamil Nadu Industrial Explosives Limited
24	Tamil Nadu Adi-draavidar Housing and Development Corporation Limited
25	Tamil Nadu Rural Housing and Infrastructure Development Corporation Limited
26	Tamil Nadu Ex-servicemen's Corporation Limited
27	Tamil Nadu Skill Development Corporation Limited
28	Tamil Nadu Fisheries Development Corporation Limited

Appendix-XXV

(Referred to in Para 3.6.2)

PSUs which did not have whistle blower mechanism

Sl. No.	Name of PSU	Whistle Blower mechanism
1	Tamil Nadu Backward Classes Economic Development Corporation Limited	No
2	Tamil Nadu Rural Housing and Infrastructure Development Corporation Limited	No
3	Tamil Nadu Medical Services Corporation Limited	No
4	Tamil Nadu Transport Development Finance Corporation Limited	No
5	Tamil Nadu Cements Corporation Limited	No
6	Metropolitan Transport Corporation Limited	No
7	State Express Transport Corporation Limited	No
8	Tamil Nadu State Transport Corporation (Coimbatore) Limited.	No
9	Tamil Nadu State Transport Corporation (Kumbakonam) Limited	No
10	Tamil Nadu State Transport Corporation (Salem) Limited	No
11	Tamil Nadu State Transport Corporation (Villupuram) Limited	No
12	Tamil Nadu State Transport Corporation (Madurai) Limited	No
13	Tamil Nadu State Transport Corporation (Tirunelveli) Limited	No
14	Tamil Nadu Generation and Distribution Corporation Limited	No
15	Tamil Nadu Road Development Company Limited	Has given assurance
16	Tamil Nadu Newsprint and Papers Limited	Yes
17	Tamil Nadu Industrial Investment Corporation Limited	Yes
18	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	Yes
19	TIDEL Park Coimbatore Limited.	Yes
20	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	Yes

APPENDIX-XXVI
(As referred to in Para No.4.3)

List of PSUs reviewed for CSR activities

Sl. No.	Name of the PSUs
1	Tamil Nadu Fisheries Development Corporation Limited (TNFDC)
2	Tamil Nadu Police Housing Corporation Limited (TNPHC)
3	Tamil Nadu Ex-Servicemen Corporation Limited (TEXCO)
4	Tamil Nadu Forest Plantation Corporation Limited (TAFORN)
5	Tamil Nadu Industrial Investment Corporation Limited (TIIC)
6	Tamil Nadu Transport Development Finance Corporation Limited (TDFC)
7	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited (TUFIDCO)
8	Tamil Nadu Industrial Development Corporation Limited (TIDCO)
9	State Industries Promotion Corporation of Tamil Nadu Limited (SIPCOT)
10	TIDEL Park Limited (TIDEL, Chennai)
11	IT Expressway (ITEL)
12	Tamil Nadu Small Industries Corporation Limited (TANSI)
13	Tamil Nadu Newsprint and Papers Limited (TNPL)
14	Poompuhar Shipping Corporation Limited (PSC)
15	Electronics Corporation of Tamil Nadu Limited (ELCOT)
16	Tamil Nadu Warehousing Corporation (TANWARE)
17	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited (TNPFC)

APPENDIX-XXVII

(As referred to in Para No. 4.5.2.2)

List of PSUs which had shortfall of CSR spent

(₹ in lakh)

Sl. No	Name of the PSU	2 per cent to be spent	Actual spent from current year budget	Shortfall in amount	Shortfall (in percentage)
1	Tamil Nadu Ex-Servicemen Corporation Limited	40.78	18.75	22.03	54
2	Tamil Nadu Forest Plantation Corporation Limited	41.87	15	26.87	64
3	State Industries Promotion Corporation of Tamil Nadu Limited	427	53	374	88
4	IT Expressway	61.56	Nil	61.56	100
5	Tamil Nadu Small Industries Corporation Limited	9.87	Nil	9.87	100
6	Poompuhar Shipping Corporation Limited	52.22	Nil	52.22	100
7	Electronics Corporation of Tamil Nadu Limited	89.79	Nil	89.79	100
8	Tami Nadu Warehousing Corporation	39.7	16.32	23.38	59
9	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	200	25	175	88
10	Tamil Nadu Police Housing Corporation Limited	18.86	5	13.86	73
	Total	981.65	113.07	848.58	

APPENDIX-XXVIII

(As referred to in Para No. 4.5.2.2)

List of PSUs which had excess of CSR spent over 2 per cent

(₹ in lakh)

Sl. No	Name of the PSU	2 per cent to be spent	Actual spent from current year budget	Excess spent (in lakh) over prescribed 2%	Percent of excess spent over 2%
1	Tamil Nadu Industrial Investment Corporation Limited	82.11	98.65	16.54	20
2	Tamil Nadu Newsprint and Papers Limited	290.00	399.25	109.25	38

APPENDIX-XXIX

**(As referred to in Para No. 4.5.3.3)
List of PSUs which had CSR spent in Local Areas**

(₹ in crore)

Sl.No	Name of the Company	Actual CSR Spent	Spent for		
			Local Area	Others	Covid
1	Tamil Nadu Fisheries Development Corporation Limited	0.25	0.25	0.00	0.00
2	Tamil Nadu Ex-Servicemen Corporation Limited	0.19	0.00	0.19	0.00
3	Tamil Nadu Forest Plantation Corporation Limited	0.15	0.00	0.15	0.00
4	Tamil Nadu Industrial Investment Corporation Limited	0.99	0.99	0.00	0.00
5	Tamil Nadu Transport Development Finance Corporation Limited	0.21	0.21	0.00	0.00
6	Tamil Nadu Urban Finance and Infrastructure Development Corporation Limited	1.37	0.97	0.40	0.00
7	Tamil Nadu Industrial Development Corporation Limited	0.38	0.38	0.00	0.00
8	State Industries Promotion Corporation of Tamil Nadu Limited	2.96	1.96	0.00	1.00
9	TIDEL Park Limited	1.32	1.32	0.00	0.00
10	Tamil Nadu Newsprint and Papers Limited	3.99	2.99	0.00	1.00
11	Tamil Nadu Power Finance and Infrastructure Development Corporation Limited	0.25	0.25	0.00	0.00
12	Tamil Nadu Warehousing Corporation	0.16	0.07	0.09	0.00
13	Tamil Nadu Police Housing Corporation Limited	0.05	0.05	0.00	0.00
	Total	12.27	9.44	0.83	2.00

**© COMPTROLLER AND
AUDITOR GENERAL OF INDIA
www.cag.gov.in**

<http://www.agtn.cag.gov.in>