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REPORT OF THE COMPTROLLER AND AUDITOR GENERAL OF INDIA

on

PUBLIC SECTOR UNDERTAKINGS

for the year ended 31 March 2014

GOVERNMENT OF KERALA

Report No.1 of the year 2015

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Preface

This Report deals with the results of audit of Government companies and Statutory corporations and has been prepared for submission to the Government of Kerala under the Comptroller and Auditor General's (Duties, Powers and Conditions of Service) Act, 1971, as amended from time to time.

2. Audit of the accounts of Government companies is conducted by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act, 1956.

3. The cases mentioned in this Report are those which came to notice in the course of audit during the year 2013-14 as well as those which came to notice in earlier years but were not dealt with in the previous Reports. Matters relating to the period subsequent to 2013-14 have also been included, wherever necessary.

4. Audit has been conducted in conformity with the Auditing Standards issued by the CAG.

Overview

1. Overview of State Public Sector Undertakings

The State Public Sector Undertakings (PSUs), consisting of State Government Companies and Statutory Corporations, are established to carry out activities of a commercial nature, while keeping in view the welfare of the people. Audit of Government Companies is governed by Section 619 of the Companies Act, 1956. The accounts of the State Government Companies are audited by Statutory Auditors, who are appointed by CAG as per the provisions of Section 619(2) of the Companies Act, 1956. These accounts are also subject to supplementary audit conducted by CAG, as per the provisions of Section 619 of the Companies Act, 1956. Audit of Statutory Corporations is governed by their respective legislations. As on 31 March 2014, the State of Kerala had 109 working PSUs (104 companies and 5 Statutory corporations) and 16 non-working PSUs (including five under liquidation), which employed 1.25 lakh employees. The working PSUs registered a turnover of ₹17586.85 crore as per their latest finalised accounts. This turnover was equal to 4.36 per cent of State GDP indicating the important role played by State PSUs in the economy. The working PSUs had accumulated loss of ₹284.62 crore as per their latest finalised accounts.

Investment in PSUs

As on 31 March 2014, the total investment (capital and long term loans) in 125 PSUs was ₹13897.60 crore.

Performance of PSUs

Of the 78 PSUs which had finalised their accounts during 2013-14, 43 PSUs earned profit of ₹545.32 crore and 34 PSUs incurred loss of ₹740.92 crore. The major profit making PSUs were; Kerala State Beverages (Manufacturing and Marketing) Corporation Limited (₹144.28 crore), Kerala State Financial Enterprise Limited (₹72.75 crore) Kerala Financial Corporation (₹50.16 crore), Malabar Cements Limited (₹21.37crore), The Kerala Minerals and Metals Limited (₹14.11 crore) and Kerala State Industrial Development Corporation Limited (₹18.97 crore).

Though Kerala State Electricity Board showed a profit of ₹140.42 crore in compliance with the requirements of Central Electricity Regulatory Commission, its operations actually resulted in a loss of ₹707.87 crore.

Quality of accounts

During the year, out of 97 accounts of companies finalised, the Statutory Auditors had given unqualified certificates for 21 accounts, qualified certificates for 65 accounts, adverse certificate (which means that accounts do not reflect a true and fair position) for five accounts and disclaimer (meaning the Auditors are unable to form an opinion on accounts) for 6 accounts. Additionally, CAG gave comments on 32 accounts during the supplementary audit. The compliance of companies with the Accounting Standards remained poor as there were 108 instances of non-compliance in 41 companies during the year.

Arrears in accounts

83 working PSUs had arrears of 198 accounts as of 30 September 2014. The extent of arrears was one to 11 years.

2 Performance Audits relating to Government Companies

The Report includes observations emanating from the Performance Audits on:

2.1 Operational Performance of Travancore Titanium Products Limited

Introduction

Travancore Titanium Products Limited is a PSU under the administrative control of Industries Department, Government of Kerala, engaged in the business of manufacturing Titanium Dioxide through sulphate process.

A Performance Audit covering the period 2009-14 was conducted to assess the efficiency, economy and effectiveness in marketing, production, procurement and financing activities of the Company.

Operational Performance

The profit of the Company increased from ₹5.95 crore in 2009-10 to ₹14.74 crore in 2010-11, to ₹30.75 crore in 2011-12 and decreased to ₹1.24 crore in 2012-13. In 2013-14, the Company incurred a loss of ₹0.34 crore.

Cost of production

The cost of production per MT increased from ₹81,063 to ₹1,48,513 over the period due to deficiencies in production, procurement, marketing and utilisation of man power.

Production performance

Production below breakeven point, lower recovery-efficiency, non-achievement of specified quality and excessive consumption of raw materials led to increase in cost of production.

Procurement of raw materials

Failure to ensure maximum procurement of ilmenite from IRE, excess procurement of low quality ilmenite from private sources and system lapses in procurement led to higher cost of raw materials.

Marketing

Absence of market research, defective pricing and discount policy, ineffective stockist network led to decline in sales and accumulation of finished stock.

Human Resource management

The average annual production during the years 2011-2014 decreased by 25 per cent, as compared to that of 2009-2011. Correspondingly, the average man hours utilised per MT of TiO2 produced increased from 81.94 hours during 2010-11 to 109.94 hours during 2013-14 resulting in payment of unproductive wages of ₹4.66 crore.

Financial Management

Inefficient management of accounts receivable, accounts payable and inventory led to increase in working capital cycle from 40 days to 112 days during the five-year period. Improper system of monitoring receivables /payables and deficient conceptualisation and implementation of Effluent Treatment Project adversely affected the working capital.

2.2 Computerised Low Tension Billing System of Kerala State Electricity Board Limited

Introduction

Kerala State Electricity Board Limited (Company) distributes electricity to 1.08 crore Low Tension (LT) consumers in the State of Kerala. The Company uses application software called Open Resource Utility Management Application (ORUMA) for the billing of sale of electricity to LT consumers which was developed by the IT wing of the Company.

Registration of Consumers

Audit pointed out deficiencies in registration of consumers like Ineligible consumers were classified as Non Paying Group and supplied electricity at free of cost. Audit also noticed absence of inbuilt control to map each consumer with correct transformers.

Billing of Consumers

Audit noticed deficiencies in the System due to non mapping of business rules. Initial security deposits from new consumers were not collected in prescribed rate resulting in short collection of ₹1.76 crore. The first bill in respect of 68341 consumers was issued with delay upto 54 months. Audit also noticed that bills were not issued to 1.61 lakh consumers since the installation of ORUMA. Audit pointed out wrong mapping of purposes with lower tariffs resulting in short collection of ₹1.69 crore.

The Company did not collect interest at twice the bank rate for instalments allowed to the consumers resulting in loss of ₹ 0.50 crore. The System also did not produce MIS reports to inform the management about unauthorised additional load of consumers.

The Company collected Electricity Duty from exempted category of consumers amounting to ₹2.39 crore. Interest payable on security deposit was worked out at rate lesser than Bank rate resulting in short payment of ₹12.54 crore in respect of 52.88 lakh consumers for the year 2012-13. Similarly, higher rate of interest was not applied for delayed credit of interest on security deposit resulting in short payment of ₹1.77 crore to 5.75 lakh consumers.

Recommendations

Audit recommended that the Company may streamline the process of mapping the business rules in the LT billing system effectively so as to plug the leakage of revenue and shall initiate steps to utilise the data in ORUMA, optimally, to help effective planning and decision making.

3. Compliance Audit observations

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

Loss of ₹279.30 crore due to non-complaince with rules, directives, procedures, terms and conditions of Acts/contracts.

(Paragraphs 3.1, 3.3, 3.7 and 3.8)

Loss/extra expenditure ₹7.57 crore due to non-safeguarding the financial interests of the organization.

(Paragraphs 3.2, 3.4, 3.5, 3.6 and 3.9)

Gist of some of the important audit observations is given below:

- The cost of production of transformers manufactured by **Transformers and Electricals Kerala Limited** has increased from ₹3.21 lakh in 2009-10 to ₹3.89 lakh in 2013-14 due to defective procurement policy and payment of unproductive wages of ₹40.87 crore.

  (Paragraph 3.1)

- Failure of **Malabar Cements Limited** to remit the deferred tax on due date despite having surplus funds resulted in avoidable payment of interest amounting to ₹ 2.84 crore

  (Paragraph 3.2)

- Engagement of the head load workers by **Kerala Mineral Development Corporation Limited** and payment of *nokkukooli* to them in violation of Kerala Financial code and Kerala Loading and Unloading (Regulation of Wages and Restriction of Unlawful Practices) Act, 2002, resulted in illegal and irregular payment of ₹1.09 crore.

  (Paragraph 3.3)

- Non-execution of agreement by **Kerala State Electricity Board Limited** absolved the supplier from the liabilities and resulted in non-recovery of extra expenditure of ₹3.36 crore from the said firm by invoking risk and cost Clause.

  (Paragraph 3.6)

- **Kerala State Road Transport Corporation** entrusted the BOT Operator 16.09 acres of land to construct Shopping complexes at 4 bus stations to augment its non-operational revenue. The projects were to be completed during the period June 2010 to February 2012 at an estimated cost of ₹112.18 crore. The BOT Operator could complete only one project (Ankamaly) and has incurred ₹179.33 crore on the four BOT projects so far (July 2014). The implementation of the projects was beset with many deficiencies due to non-compliance with orders of GoK.

  (Paragraph 3.8)

- Failure of **Kerala State Road Transport Corporation** to implement the provisions in the lease agreement and the BoD's decision in totality resulted in loss of revenue to the extent of ₹78.28 lakh.

  (Paragraph 3.9)

CHAPTER I

OVERVIEW OF PSUs

Chapter I

1.1 Overview of State Public Sector Undertakings

Introduction

1.1.1 Government of Kerala (GoK) undertakes commercial activities through its business undertakings referred to as State Public Sector Undertakings (PSUs) which are owned, managed and controlled by the State. They are basically categorised into Statutory corporations and Government companies. Statutory corporations are public enterprises that came into existence by special Acts of the Legislature. Government companies refer to companies in which not less than 51 *per cent* of the paid up capital is held by Government(s). Further, a company in which 51 *per cent* of the paid up capital is held in any combination by Government(s), Government companies and corporations controlled by Government is treated as if it were a Government company (deemed Government company) as per Section 619 B of the Companies Act, 1956.

1.1.2 The PSUs operate in six major sectors of the economy viz., Power, Finance, Manufacturing, Infrastructure, Agriculture & allied and Services. In Kerala, the PSUs occupy an important place in the State economy and provide employment to about 1.25[1] lakh persons as of 31 March 2014. There were 125 PSUs of which 109 were working and 16 non-working[2] as on 31 March 2014. Of these, three companies[3] were listed on the stock exchange(s). During the year 2013-14, eight PSUs[4] were established. A sector-wise summary of the PSUs is given below:

Table 1.1: Sector-wise summary of the investment in the PSUs

Name of sector	Government companies[5]		Statutory corporations		Total	Investment (₹ in crore)
	Working	Non working	Working	Non working		
Power	03	...	01	...	04	4237.90
Finance	18	...	01	...	19	2378.35
Manufacturing	34	15	...	...	49	1750.67
Infrastructure	16	...	01	...	17	1497.17
Agriculture & allied	15	01	01	...	17	531.03
Services	18	...	01	...	19	3502.48
Total	104	**16**	**05[6]**	**...**	125	**13897.60**

[1] **103 PSUs have furnished information on manpower during 2013-14. In respect of 3 working PSUs and 9 non-working PSUs previous year's figures have been adopted.**

[2] **Non-working PSUs are those which have ceased to carry on their operations.**

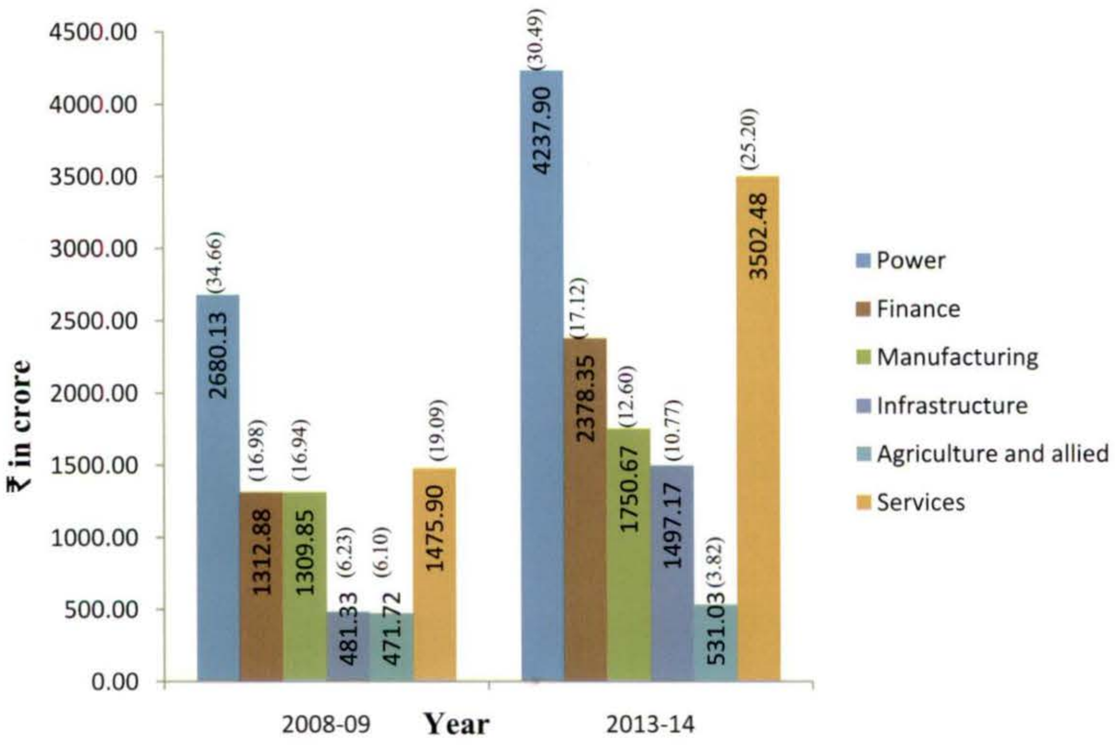
[3] **Keltron Component Complex Limited, The Travancore Cements Limited and The Travancore Sugars and Chemicals Limited.**

[4] **Pratheeksha Bus Shelters Kerala Limited, Vazhakulam Agro and Fruit Processing Company Limited, Ashwas Public Amenities Kerala Limited, Clean Kerala Company Limited, Kerala Academy for Skills Excellence, Kerala State Minorities Development Finance Corporation, Kerala State Housing Development Finance Corporation Limited and Kerala State Welfare Corporation for Forward Communities.**

[5] **Includes 619 B companies.**

1.1.3 The investment in PSUs in various important sectors and percentage thereof at the end of 31 March 2009 and 31 March 2014 are indicated below in the bar chart.

Chart 1.1: Sector-wise investment in PSUs



(Figures in brackets show the sector percentage to total investment)

Investment in Service sector had increased substantially from ₹1475.90 crore in 2008-09 to ₹3502.48 crore in 2013-14, thus, registering an increase of 137.31 *per cent*.

Accountability framework

1.1.4 The accounts of the Government companies/Statutory corporations for every financial year are required to be finalised within six months from the end of the relevant financial year i.e. by 30 September.

[6] **Kerala State Electricity Board has been shown as Statutory corporation as the newly formed (31 October 2013) Company, Kerala State Electricity Board Limited had not finalised accounts for 2013-14.**

Statutory audit

1.1.5 The accounts of the State Government companies (as defined in Section 617 of the Companies Act, 1956) are audited by Statutory Auditors, who are appointed by Comptroller and Auditor General of India (CAG) as per the provisions of Section 619 (2) of the Companies Act, 1956. The Statutory Auditors submit their Audit Report to the various stakeholders.

1.1.6 The audit of Statutory corporations follow different pattern as provided by their respective legislations. Thus,

- CAG is the sole auditor for Kerala State Electricity Board, Kerala State Road Transport Corporation and Kerala Industrial Infrastructure Development Corporation.
- Chartered Accountant appointed by the Government in consultation with CAG is the auditor for Kerala State Warehousing Corporation, and
- Chartered Accountant appointed by the Corporation out of the panel approved by the Reserve Bank of India is the auditor in the case of Kerala Financial Corporation.

Supplementary audit of CAG

1.1.7 The accounts of State Government companies are also subject to supplementary audit conducted by CAG as per provisions of Section 619 of the Companies Act, 1956. In respect of the two Statutory corporations *viz.*, Kerala State Warehousing Corporation and Kerala Financial Corporation, CAG also conducts supplementary audit.

Role of Legislature and Government

1.1.8 State Government exercises control over the affairs of these PSUs through its administrative departments. The Chief Executive and Directors to the Board are appointed by the Government. The accounts of these PSUs are also subjected to scrutiny by the Finance department of the State Government.

1.1.9 The State Legislature also monitors the accounting and utilisation of Government investment in the PSUs. For this, the Annual Report together with the Statutory Auditors' Report and Comments of CAG, in respect of State Government companies and Separate Audit Report in case of Statutory corporations are to be placed before the Legislature within three months of its finalisation/as stipulated in the respective Acts. The audit reports of the CAG are submitted to the Government under Section 19 A of the CAG's (DPC) Act, 1971.

Investment in PSUs

1.1.10 GoK has huge financial stake in the PSUs. This stake is of mainly three types:

- Share capital and loans – In addition to the share capital contribution, GoK also provide financial assistance by way of loans to the PSUs from time to time.
- Special financial support – GoK provide budgetary support by way of grants and subsidies to the PSUs as and when required.
- Guarantees – GoK also guarantees the repayment of loans with interest availed by the PSUs from financial institutions.

1.1.11 As on 31 March 2014, the total investment (capital and long term loans) in 125 PSUs (including 619-B companies) was ₹13897.60 crore as shown below:

Table 1.2: Investment (capital and long-term loans) in PSUs

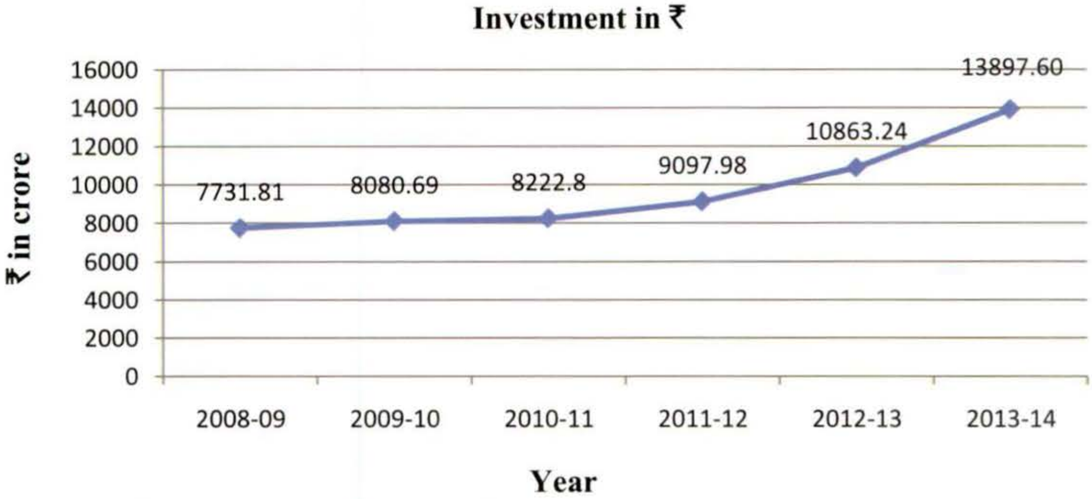
(₹ in crore)

Type of PSUs	Government companies			Statutory corporations			Grand Total
	Capital	Long Term Loans	Total	Capital	Long Term Loans	Total	
Working	2964.77	1815.09	4779.86	2435.17	6576.54	9011.71	13791.57
Non-working	47.72	58.31	106.03	...	...	...	106.03
Total	**3012.49**	**1873.40**	**4885.89**	**2435.17**	**6576.54**	**9011.71**	**13897.60**

The details of Government investment in State PSUs is given in ***Annexure 1.***

1.1.12 The total investment in working PSUs consisted of 39.15 *per cent* towards capital and 60.85 *per cent* in long term loans. The total investment in PSUs had increased by 79.75 *per cent* from ₹7731.81 crore in 2008-09 to ₹13897.60 crore in 2013-14 as shown in the graph below:

Chart 1.2: Total investment in PSUs



1.1.13 The capital investment and long term loans increased by ₹1640.98 crore and ₹4524.81 crore respectively during 2009-2014. There was overall increase in investment and long term loans by ₹6165.79 crore during the period.

Special support to PSUs and returns during the year

1.1.14 Each year, GoK provides additional investment and support to PSUs in various forms through annual budget. During the year 2013-14, the GoK extended budgetary support of ₹1685.98 crore to 55 PSUs. The details of budgetary outgo towards equity, loans and grants/subsidies as well as support by way of loans written off, loans converted into equity and interest waived in respect of PSUs are given in ***Annexure 2***. The summarised details for the three years ended 2013-14 are given below:

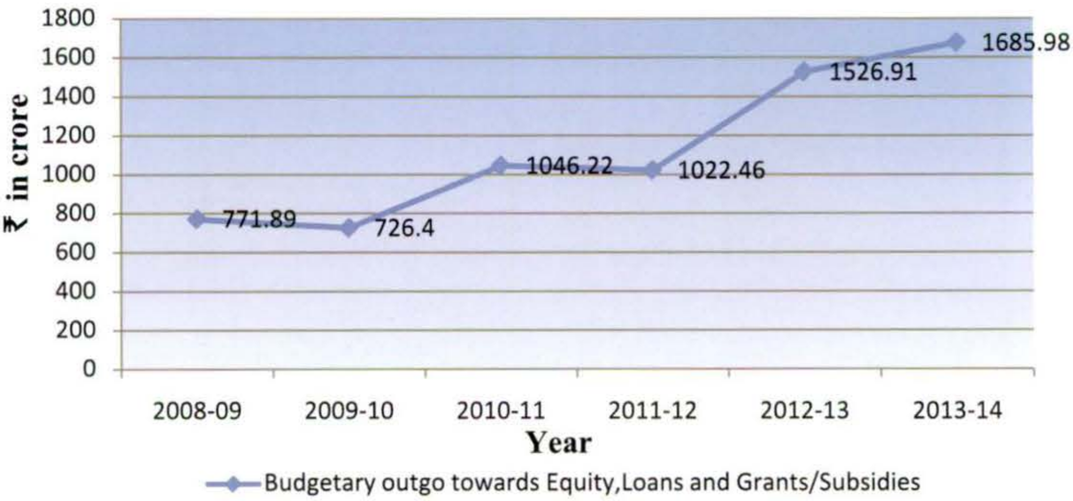
Table 1.3: Details regarding budgetary support to PSUs

(Amount ₹in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of PSUs	Amount	No. of PSUs	Amount	No. of PSUs	Amount
1.	Equity Capital outgo from budget	19	68.66	22	388.24	24	456.36
2.	Loans given from budget	18	258.81	17	333.00	18	658.86
3.	Grants/Subsidy given	28	694.99	29	805.47	28	570.76
4.	Total outgo (1+2+3)		1022.46		1526.71		1685.98
5.	Loans converted into equity	2	2.25	...	...	2	19.64
6.	Loans written off	1	0.08	2	2.92		...
7.	Interest/Penal interest written off	3	2.06	2	1.62	2	2.24
8.	**Total waiver (6+7)**		2.14		4.54		2.24

1.1.15 The details regarding budgetary outgo towards equity, loans and grants/ subsidies for the six years ending 2013-14 are given in the graph below:

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



1.1.16 The above chart indicates that the budgetary assistance in the form of equity, loan and grant/subsidy by the GoK to PSUs had increased from ₹771.89 crore in 2008-09 to ₹1685.98 crore in 2013-14. During 2013-14, the GoK had waived loans and interest/penal interest of ₹2.24 crore due from two PSUs[7] as against ₹4.54 crore waived during the previous year.

Guarantees for loans and outstanding guarantee commission

1.1.17 Guarantee for loans availed by PSUs is the third form of support to PSUs. As per the provisions of the Kerala Ceiling on Government Guarantee Act, 2003 the Government shall guarantee only loans taken by PSUs. During the year, GoK had guaranteed ₹3466.64 crore and commitment stood at ₹4669.98 crore at the end of the year (***Annexure 2***).

[7] **Kerala State Power and Infrastructure Finance Corporation Limited and The Kerala State Backward Classes Development Corporation Limited.**

Table 1.4: Guarantees issued and committed by GoK

(₹ in crore)

Particulars	Government companies		Statutory corporations		Total
	Number	Amount	Number	Amount	
Guarantees issued	9	3156.64	1	310.00	3466.64
Commitment as on 31 March 2014	11	4472.69	2	197.29	4669.98

1.1.18 In return for the guarantees provided by GoK, PSUs shall pay guarantee commission not less than 0.75 *per cent* and payable on the actual balance, outstanding interest/penal interest, etc., as on 31 March of previous year. The amount due shall be paid in two equal instalments on 1 April and October of every financial year. The guarantee commission payable to GoK by Government companies and Statutory corporations during 2013-14 was ₹135.02 crore, out of which ₹40.06 crore was paid and balance ₹94.96 crore was outstanding as on 31 March 2014. The PSUs which had major arrears were Kerala State Electricity Board (₹76.07 crore), Kerala State Electronics Development Corporation Limited (₹5.36 crore), The Kerala State Cashew Development Corporation Limited (₹3.92 crore), United Electrical Industries Limited (₹1.56cr) and Kerala State Road Transport Corporation (₹6.88 crore).

Failure to ensure proper accountability of the Government stake in PSUs

1.1.19 As stated above, GoK has huge financial stake in PSUs. Audit, however, found that the PSUs/Government did not ensure proper accountability of this investment. The lapses were mainly in three areas:

- To provide an accurate figure of investment;
- To prepare annual accounts and get them audited;
- To submit the separate audit reports to the legislature in respect of Statutory corporations.

These lapses have wide ranging implications including adverse impact on legislative financial control.

Absence of accurate figure of investment in PSUs

1.1.20 The Finance Accounts of GoK prepared by the Principal Accountant General (Accounts & Entitlement) and certified by CAG depicts the Government stake in PSUs in respect of equity, loans and guarantees. These figures as per

records of PSUs should agree with that appearing in the Finance Accounts. In case of difference, it should be reconciled immediately by the PSU concerned and the Finance department. This, however, was not done. As a result, there was wide variation in the figures. The position in this regard as at 31 March 2014 is stated below.

Table 1.5: Equity loans and guarantee outstanding as per Finance Accounts and records of PSUs

(₹ in crore)

Outstanding in respect of	Amount as per Finance Accounts	Amount as per records of PSUs	Difference
Equity	3893.26	5047.79	1154.53
Loans	5557.48	2446.79	3110.69
Guarantees	5891.16	4669.98	1221.18

1.1.21 These differences were in respect of 99 PSUs. The Accountant General, Economic & Revenue Sector Audit (AG) had taken up this matter from time to time with the Chief Secretary, Principal Secretary (Finance), Secretaries of departments of GoK concerned and individual PSUs so as to reconcile the differences in a time-bound manner.

Arrears in finalisation of accounts

1.1.22 The accounts of the Companies/Statutory corporations for every financial year are required[8] to be finalised within six months from the end of the relevant financial year. Thus, accounts for 2013-14 were to be finalised by 30 September 2014. However, only 21 PSUs had finalised their accounts by this date. The table below indicates the details of progress made by working PSUs in finalisation of accounts as of 30 September 2014.

[8] Sections 166, 210, 230, 619 and 619-B of the Companies Act, 1956 in case of companies and provisions of respective Act in case of Statutory corporations.

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

Sl. No.	Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1.	Number of Working PSUs	96	96	99	101	109
2.	Number of PSUs which finalised accounts for the current year	23	20	21	24	21
3.	Number of PSUs having arrears	73	76	77	75[9]	83[10]
4.	Number of arrear accounts finalised during the current year	70	66	76	94	80
5.	Number of accounts in arrears	197	209	207[11]	194	198[12]
6.	Average arrears per PSU **(5/3)**	2.70	2.75	2.69	2.59	2.39
7.	Extent of arrears (in years)	1 to 12	1 to 13	1 to 14	1 to 12	1 to 11

1.1.23 In respect of PSUs where accounts were in arrears starting from 2003-04 onwards, the progress in finalisation of the accounts was poor. For example, 26[13] working PSUs did not finalise even a single account during 2013-14.

1.1.24 Of the 83 PSUs with arrears of accounts, GoK had extended financial support to 50 PSUs having arrears ranging from 1 to 10 years. The support extended was ₹3146.19 crore (equity: ₹573.48 crore, loans: ₹865.68 crore, and grants: ₹1707.03 crore) during the years for which accounts have not been finalised as detailed in ***Annexure 3***.

Arrears in respect of Statutory corporations

1.1.25 Of the five Statutory corporations, Kerala Financial Corporation and Kerala State Electricity Board had finalised their accounts for the year 2013-14. The accounts of the remaining three Statutory corporations *viz.,* Kerala State Warehousing Corporation, Kerala Industrial Infrastructure Development

[9] **Excluding Kerala Monorail Corporation Limited, Vision Varkala Infrastructure Development Corporation Limited for which the first accounts are not due.**

[10] **Excluding Pratheeksha Bus Shelters Kerala Limited, Vazhakulam Agro and Fruit Processing Company Limited, Clean Kerala Company Limited, Kerala State Minorities Development Finance Corporation, Kerala State Housing Development Finance Corporation Limited for which the first accounts are not due.**

[11] **Including one arrear account of Norka Roots and excluding two arrear accounts each of Kerala Venture Capital Fund Private Limited and Kerala Venture Capital Trustee Private Limited which were closed.**

[12] **In respect of Kerala State Welfare Corporation for Forward Communities, incorporated in November 2012 and included in this year's Audit Report, two accounts have become due as of March 2014.**

[13] **Kerala State Horticultural Products Development Corporation Limited, The Plantation Corporation of Kerala Limited , Kerala School Teachers and Non-teaching Staff Welfare Corporation Limited, Kerala State Development Corporation for Christian Converts from Scheduled Castes & the Recommended Communities Limited, Kerala State Industrial Development Corporation Limited , The Kerala Land Development Corporation Limited, Kinfra International Apparel Parks Limited,Road Infrastructure Company Kerala Limited, Vision Varkala Infrastrucuture Development Corporation Limited, Kerala Irrigation Infrastructure Development Corporation Limited, Autokast Limited, Foam Mattings (India) Limited, Forest Industries (Travancore) Limited, Kanjikode Electronics and Electricals Limited, Kerala Automobiles Limited, Kerala Feeds Limited, Kerala State Bamboo Corporation Limited, The Pharmaceutical Corporation (Indian Medicines) Kerala Limited, Trivandrum Spinning Mills Limited, Bekal Resorts Development Corporation Limited, Kerala State Industrial Enterprises Limited, KTDC Hotels & Resorts Limited, Norka Roots, Kerala Monorail Corporation Limited, Kerala Industrial Infrastructure Development Corporation, Kerala State Welfare Corporation for Forward Communities.**

Corporation and Kerala State Road Transport Corporation were in arrears from 2012-13, 2013-14 and 2013-14 respectively.

1.1.26 Separate Audit Reports (SARs) are audit reports of CAG on the accounts of Statutory corporations. These reports are to be laid before the Legislature as per the provisions of the respective Acts. The Statutory corporations, however, did not submit the SARs on time to the Legislature as shown below:

Table 1.7: Position relating to submission of SARs to the Legislature

Sl. No.	Name of Statutory corporation	Year up to which SARs placed in Legislature	SAR issued by CAG but not placed in the Legislature	Remarks
1.	Kerala State Electricity Board	2011-12	2012-13	SAR issued in November 2014. Not yet placed.
2.	Kerala State Road Transport Corporation	2010-11	2011-12	SAR issued in June 2014. Not yet placed.
3.	Kerala Financial Corporation	2012-13	...	...
4.	Kerala State Warehousing Corporation	2010-11	...	...
5.	Kerala Industrial Infrastructure Development Corporation	2012-13	...	...

Delay in placing the SARs weakens the legislative control over Statutory corporations and dilutes the latter's financial accountability. The Government should ensure prompt laying of SARs in the Legislature.

Failure of administrative departments

1.1.27 The administrative departments have the responsibility to oversee the activities of these entities and to ensure that the accounts are finalised and adopted by these PSUs within the prescribed period.

1.1.28 As the position of arrears in finalisation of accounts was alarming, CAG took up the matter (September 2011) with the Ministry of Corporate Affairs (MCA) and suggested to devise special arrangements along with actionable issues to ensure enforcement of accountability. The MCA in turn devised (November 2011) a scheme which allowed the PSUs with arrears in accounts to finalise the latest two years' accounts and clear the backlog within five years. The persisting huge arrears of accounts revealed that the PSUs did not avail of this concession to make their accounts up to date.

1.1.29 The AG also addressed (June 2014, October 2014) the Chief Secretary to Government and Administrative departments of the PSUs whose accounts were in arrears for more than three years.

Impact of non-finalisation of accounts

1.1.30 Non-finalisation of accounts by 30 September is a violation of the provisions of the Companies Act, 1956.

1.1.31 In the absence of timely finalisation of accounts and their subsequent audit, there is no assurance that the investments and expenditure incurred have been properly accounted for and the purpose for which the amount was invested has been achieved. Thus, Government's investment in such PSUs remains outside the scrutiny of the State Legislature.

1.1.32 Further, delay in finalisation of accounts may also result in risk of fraud and leakage of public money apart from violation of the provisions of the Companies Act, 1956. In view of the above state of arrears, the actual contribution of PSUs to the State Gross Domestic Product (GDP) for the year 2013-14 could not be ascertained. Further, the result of operation of these PSUs for the year 2013-14 and their contribution to State exchequer was also not reported to the State Legislature.

1.1.33 Hence, it is recommended that the Government should monitor and ensure timely finalisation of accounts with special focus on liquidation of arrears and comply with the provisions of the Companies Act, 1956.

Performance of PSUs

Problems in assessing performance

1.1.34 In view of the heavy backlog in finalisation of accounts, the actual performance of the PSUs could not be ascertained. Hence, the performance of PSUs was assessed on the basis of their latest finalised accounts.

Performance based on finalised accounts

1.1.35 The financial results of PSUs, financial position and working results of Statutory corporations are detailed in ***Annexures 4, 5*** and ***6*** respectively. The ratio of PSUs' turnover to State GDP shows the extent of PSU activities in the State economy. The table below provides the details of working PSUs' turnover and State GDP for the period 2008-09 to 2013-14.

Table 1.8: Details of working PSUs' turnover vis-à-vis State GDP

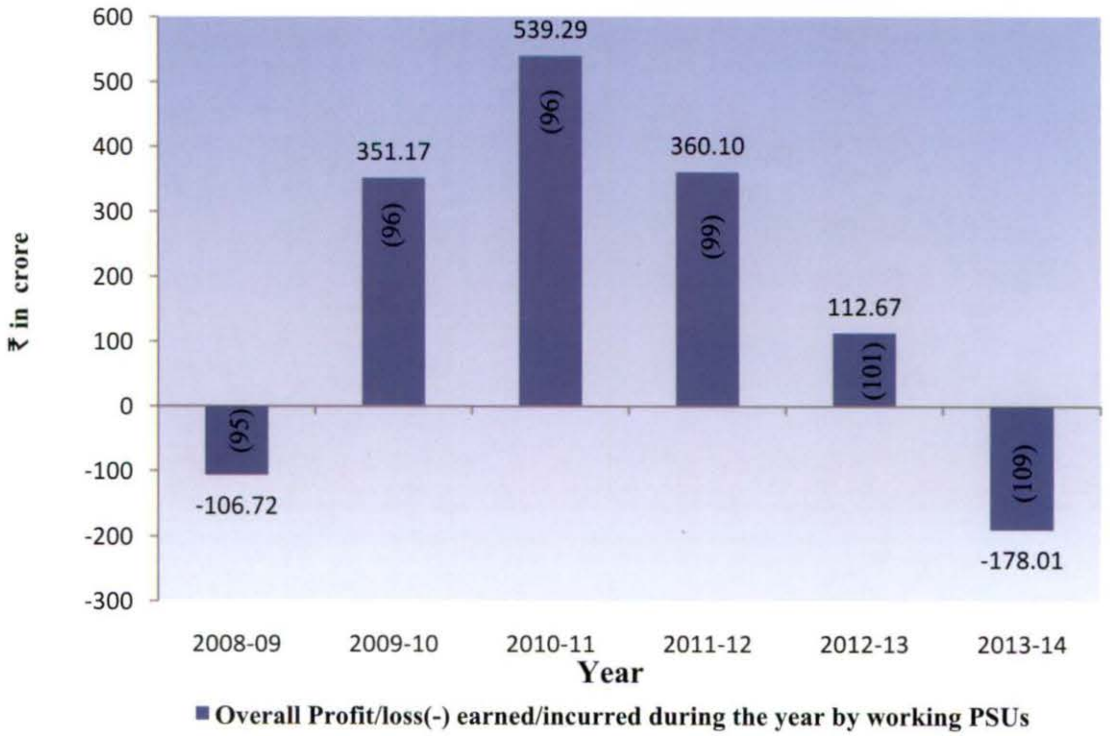
(₹ in crore)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Turnover[14]	10877.80	12349.97	14579.38	16171.31	18486.21	17586.85
State GDP[15]	202783	231999	263773	307906	349338	402972
Percentage of Turnover to State GDP	5.36	5.32	5.53	5.25	5.29	4.36

The percentage of turnover of PSUs to the State GDP had marked a sharp decline in 2013-14 compared to 2012-13.

1.1.36 Profits earned/losses incurred by working PSUs during 2008-09 to 2013-14 are given below in a bar chart.

Chart 1.4: Profit/loss of working PSUs



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

[14] Turnover as per the latest finalised accounts as of 30 September of every year.

[15] Figures furnished by Directorate of Economics & Statistics, Kerala.

As evident from the above chart, profit earned by working PSUs is showing a decreasing trend from the year 2011-12 and in 2013-14 working PSUs recorded an aggregate loss of ₹178.01 crore.

1.1.37 Out of 78 PSUs which finalised their accounts during 2013-14 for periods ranging from one to seven years, 43 PSUs earned profit of ₹545.32 crore and 34 PSUs incurred loss of ₹740.92 crore as per their latest finalised accounts. Remaining one[16] PSU had not commenced commercial activities.

The major profit making PSUs were:

- Kerala State Beverages (Manufacturing and Marketing) Corporation Limited (₹ 144.28 crore – 2011-12),
- The Kerala State Financial Enterprises Limited (₹72.75 crore – 2011-12),
- Kerala Financial Corporation (₹50.16 crore – 2013-14),
- Malabar Cements Limited (₹21.37 crore – 2012-13),
- Kerala State Industrial Development Corporation Limited (₹18.97 crore – 2012-13) and
- The Kerala Minerals and Metals Limited (₹14.11 crore – 2013-14).

Heavy loss incurring PSUs were:

- Kerala State Road Transport Corporation (₹518.67 crore – 2012-13),
- The Kerala State Cashew Development Corporation Limited (₹89.79 crore – 2010-11).

KSEB- Concealing the losses

1.1.38 As per the notification issued by Central Electricity Regulatory Commission, electricity utility of every state has to show a return of 15.50 *per cent* on equity. In compliance with this, the accounts of KSEB for the year 2013-14 (up to 31 October 2013) showed a profit of ₹140.42 crore whereas the operations resulted actually in a loss of ₹707.87 crore. The differential amount (₹848.29 crore) was shown as revenue gap/regulatory asset. As on 31 March 2014, the regulatory asset thus created over the years amounted to ₹10175.17 crore. This is not an asset, but only an accounting adjustment. Due to this adjustment, the real losses made by KSEB are concealed.

Reasons for the losses

1.1.39 A test check of records of PSUs revealed that their losses are mainly attributable to deficiencies in financial management, planning, implementation of

[16] **Kannur International Airport Limited.**

project, running their operations and monitoring. A review of latest Audit Reports of CAG for the period 2011 to 2014 had indicated that the State PSUs incurred losses to the tune of ₹2315.02 crore and infructuous investment of ₹413.22 crore which were controllable with better management. The actual controllable losses would be much more. Year-wise details of such losses pointed out in the Audit Reports are stated below:

Table 1.9: Controllable losses and infructuous investment commented in Audit Reports

(₹ in crore)

Particulars	2011-12	2012-13	2013-14	Total
Net Profit	348.33	100.74	-189.03	260.04
Controllable Losses as per CAG's Audit Report	551.62	1615.70	147.70	2315.02
Infructuous Investment	8.59	116.54	288.09	413.22

1.1.40 The above table shows that with better management, the losses can be minimised or the profits can be enhanced. The PSUs can discharge their role efficiently only if they are financially self-reliant. The above situation points towards a need for professionalism and accountability in the functioning of PSUs.

1.1.41 Some other key parameters pertaining to the 21 working PSUs which finalised their accounts for the year 2013-14 are given below:

Table 1.10: Key parameters of working PSUs which finalised accounts for the year 2013-14

Particulars	2013-14
Return on Capital Employed *(per cent)*	5.00
Debt (₹ in crore)	4027.06
Turnover (₹ in crore)	6730.85
Debt/Turnover Ratio	0.60:1
Interest Payments (₹ in crore)	573.91
Accumulated profit/loss(-) (₹ in crore)	3213.14

1.1.42 GoK had formulated (December 1998) a Dividend Policy under which all PSUs are required to pay minimum return of twenty *per cent* on the paid up share capital contributed by it. As per the latest accounts finalised during 2013-14, 43 working PSUs earned an aggregate profit of ₹545.32 crore and 18 PSUs declared a dividend of ₹34.74 crore. The State Government Policy on dividend payment was, however, complied with only by seven[17] companies.

[17] **Kerala Agro Machinery Corporation Limited, Oil Palm India Limited, The Kerala State Financial Enterprises Limited, The Kerala Minerals and Metals Limited, Kerala State Beverages (Manufacturing and Marketing) Corporation Limited, Rehabilitation Plantations Limited and Malabar Cements Limited.**

Non-working PSUs

1.1.43 The number of non-working companies at the end of each year during past five years is given below :

Table 1.11: Number of non-working companies

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Number of non-working companies	27	24	17	16	16

1.1.44 There were 16 non-working companies as on 31 March 2014 having a total investment of ₹106.03 crore towards capital (₹47.72 crore) and long term loans (₹58.31 crore). One[18] non-working PSU has finalised its accounts for the year 2013-14 while remaining 15 non-working PSUs had arrears of accounts for one to 29 years. During 2013-14, two non-working PSUs[19] had finalised eleven arrear accounts.

1.1.45 Liquidation process had commenced in five PSUs. The stages of closure, total investment and accumulated loss in respect of the 16 non-working PSUs are given below:

Table 1.12: Stages of closure of non-working PSUs

(Amount ₹ in crore)

Sl. No.	Particulars	Number of Companies	Investment	Accumulated loss
1.	Liquidation by Court/Voluntary winding up (Liquidator appointed)	5[20]	53.05	76.76
2.	Closure, i.e. closing orders/ instructions issued but liquidation process not yet started.	9	44.41	94.00
3.	Others	2	8.57	12.76

1.1.46 The process of voluntary winding up under the Companies Act is much faster and needs to be adopted/pursued vigorously. The Government may make an early decision regarding winding up of nine non-working PSUs where closing orders/instructions have been issued but liquidation process has not yet started. The Government may consider expediting closing down of its non-working companies.

[18] Kerala State Detergents and Chemicals Limited.
[19] Kerala Special Refractories Limited (2012-13) and Kerala State Wood Industries Limited (1992-93 to 2001-02).
[20] Keltron Power Devices Limited, Keltron Counters Limited, Keltron Rectifiers Limited, Kunnathara Textiles Limited and Vanchinad Leathers Limited.

Comments on the Accounts and Internal Audit of PSUs

1.1.47 Seventy four working companies forwarded their 97 audited accounts to AG up to September 2014. Of these, 62 accounts of 48 companies were selected for supplementary audit. The audit reports of Statutory Auditors appointed by CAG and the supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of comments of Statutory Auditors and CAG are given below:

Table 1.13: Details of aggregate money value of comments

(Amount ₹ in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in profit	26	152.30	17	141.98	15	143.40
2.	Increase in loss	18	47.00	10	39.79	16	61.62
3.	Non-disclosure of material facts	1	0.06	8	26.38	7	7.67
4.	Errors of classification	1	...	9	27.60	8	28.82

1.1.48 During the year 2013-14, the Statutory Auditors had given unqualified certificates for 21 accounts, qualified certificates for 65 accounts, adverse certificate (which means that accounts do not reflect a true and fair position) for five accounts and disclaimer (where the Auditors are unable to form an opinion on accounts) for 6 accounts. Additionally, CAG gave comments on 32 accounts during the supplementary audit and two accounts were revised based on supplementary audit observations. The compliance of companies with the Accounting Standards (AS) remained poor. There were 108 instances of non-compliance of AS in accounts of 41 companies during the year.

1.1.49 Some of the important comments in respect of accounts of companies are stated below:

The Kerala State Financial Enterprises Limited (2011-12)

- Profit for the year, ₹72.75 crore was overstated by ₹26.13 crore due to reversal of guarantee commission and failure to adopt liability on leave encashment assessed by LIC.

Travancore Titanium Products Limited (2009-10)

- Profit for the year was overstated by ₹1.05 crore due to omission to account interest on loan and employer's contribution towards EPF.

The Kerala State Cashew Development Corporation Limited (2010-11)

- Net loss for the year, ₹89.79 crore was understated by ₹12.39 crore due to non creation of provision for long pending doubtful debt/advance and non recognition of amount payable in foreign exchange.

Transformers and Electricals Kerala Limited (2013-14)

- Profit for the year, ₹0.82 crore was overstated by ₹1.93 crore due to incorrect recognition of income and non creation of provision for doubtful debt.

1.1.50 Similarly, the four working Statutory corporations had forwarded their four accounts to AG up to 30 September 2014. Of these, two accounts[21] pertained to corporations where CAG was the sole auditor, audit of these two accounts was in progress. Remaining two accounts[22] were selected for supplementary audit and audit of these accounts, was completed; Separate Audit Reports (SAR) are yet to be issued. The audit reports of Statutory Auditors and the sole/ supplementary audit of CAG indicate that the quality of maintenance of accounts needs to be improved substantially. The details of aggregate money value of Comments of Statutory Auditors and CAG are given below:

Table 1.14: Details of aggregate money value of Comments

(Amount ₹in crore)

Sl. No.	Particulars	2011-12		2012-13		2013-14	
		No. of Accounts	Amount	No. of Accounts	Amount	No. of Accounts	Amount
1.	Decrease in profit	2	1355.18	....	....	1	0.09
2.	Increase in loss	1	1.07	....	....	1	0.05
3.	Non-disclosure of material facts	2	51.28	3	111.97	...	...
4.	Errors of classification	2	133.13	1	32.04	1	4.00

1.1.51 The Statutory Auditors (Chartered Accountants) are required to furnish a detailed report on various aspects including internal control/internal audit systems in the companies audited in accordance with the directions issued by the CAG to them under Section 619(3) (a) of the Companies Act, 1956 and to identify areas which needed improvement. An illustrative resume of major comments made by the Statutory Auditors on possible improvement in the internal audit/internal control system in respect of 42 companies for the year 2012-13 and 33 companies for the year 2013-14 are given below:

[21] Kerala State Electricity Board (2013-14) and Kerala State Road Transport Corporation (2012-13).

[22] Kerala Financial Corporation (2013-14) and Kerala State Warehousing Corporation (2011-12).

Table 1.15: Major comments of Statutory Auditors on the internal audit/internal control systems of companies

Sl. No.	Nature of comments made by Statutory Auditors	Number of companies	
		2012-13	2013-14
1.	Non-fixation of minimum/ maximum limits of stores and spares	19	17
2.	Absence of internal audit system commensurate with the nature and size of business of the company	23	21
3.	Non-maintenance of cost records	4	7
4.	Non-maintenance of proper records showing full particulars including quantitative details, identity number, date of acquisition, depreciated value of fixed assets and their locations	33	28

Recoveries at the instance of audit

1.1.52 During the course of propriety audit in 2013-14, recoveries to be made amounting to ₹19.10 crore were pointed out to the Managements of various PSUs, out of which recoveries to the extent of ₹7.20 crore were accepted by the Management. Recoveries to the extent of ₹4.06 crore were effected.

Disinvestment, Privatisation and Restructuring of PSUs

1.1.53 With a view to restructuring Kerala State Electricity Board, all interests, rights in properties, all rights and liabilities were vested with the GoK. These properties and liabilities are administered by GoK through a Special Officer and a managing committee. A new company *viz.*, Kerala State Electricity Board Limited was incorporated on 14 January 2011. Government of Kerala has revested (31 October 2013) all assets, rights and liabilities of KSEB in the newly formed Company. The new company has not yet prepared the accounts for 2013-14.

CHAPTER II

PERFORMANCE AUDIT REPORTS RELATING TO GOVERNMENT COMPANIES

OPERATIONAL PERFORMANCE OF TRAVANCORE TITANIUM PRODUCTS LIMITED

COMPUTERISED LOW TENSION BILLING SYSTEM OF KERALA STATE ELECTRICITY BOARD LIMITED

Chapter II

2.1 PERFORMANCE AUDIT ON OPERATIONAL PERFORMANCE OF TRAVANCORE TITANIUM PRODUCTS LIMITED

Executive Summary

Introduction

Travancore Titanium Products Limited is a PSU under the administrative control of Industries Department, Government of Kerala, engaged in the business of manufacturing Titanium Dioxide through sulphate process.

A Performance Audit covering the period 2009-14 was conducted to assess the efficiency, economy and effectiveness in marketing, production, procurement and financing activities of the Company.

Operational Performance

The profit of the Company increased from ₹5.95 crore in 2009-10 to ₹14.74 crore in 2010-11, to ₹30.75 crore in 2011-12 and decreased to ₹1.24 crore in 2012-13. In 2013-14, the Company incurred a loss of ₹0.34 crore.

Cost of production

The cost of production per MT increased from ₹81,063 to ₹1,48,513 over the period due to deficiencies in production, procurement, marketing and utilisation of man power.

Production performance

Production below breakeven point, lower recovery-efficiency, non-achievement of specified quality and excessive consumption of raw materials led to increase in cost of production.

Procurement of raw materials

Failure to ensure maximum procurement of ilmenite from IRE, excess procurement of low quality ilmenite from private sources and system lapses in procurement led to higher cost of raw materials.

Marketing

Absence of market research, defective pricing and discount policy, ineffective stockist network led to decline in sales and accumulation of finished stock.

Human Resource management

The average annual production during the years 2011-2014 decreased by 25 per cent, as compared to that of 2009-2011. Correspondingly, the average man hours utilised per MT of TiO_2 produced increased from 81.94 hours during 2010-11 to 109.94 hours during 2013-14 resulting in payment of unproductive wages of ₹4.66 crore.

Financial Management

Inefficient management of accounts receivable, accounts payable and inventory led to increase in working capital cycle from 40 days to 112 days during the five-year period. Improper system of monitoring receivables /payables and deficient conceptualisation and implementation of Effluent Treatment Project adversely affected the working capital.

Introduction

2.1.1 Travancore Titanium Products Limited (Company), established in December 1946, is engaged in the manufacture of Titanium Dioxide (TiO_2) through sulphate process. The Company is the sole manufacturer of Anatase grade TiO_2 in Kerala. TiO_2 is mainly used in the manufacture of paints, rubber, textile, paper, cosmetics, ceramic, etc. The major raw materials used in the production process are ilmenite, sulphuric acid and scrap iron. Ilmenite and scrap iron are procured from outside while sulphuric acid is manufactured in-house using sulphur purchased from other sources.

Organisational Set up

2.1.2 The Management of the Company is vested in a Board consisting of twelve directors including the Managing Director (MD). The day to day affairs of the Company are managed by the MD who is assisted by Executive Director, General Manager, Finance Controller and Chief Managers.

Financial Position and Working Results

2.1.3 The financial position and working results of the Company for the five years from 2009-10 to 2013-14 are shown in ***Annexure 7.*** The Company has finalised its accounts up to the year 2009-10 only and for remaining period up to 2013-14, provisional accounts have been furnished. The Paid up Capital of the Company as on 31 March 2014 was ₹13.77 crore held by Government of Kerala (₹13.43 crore), Kerala State Industrial Development Corporation Limited (₹0.14 crore) and others (₹0.20 crore). The net profit earned by the Company increased from ₹5.96 crore in 2009-10 to ₹14.74 crore in 2010-11, to ₹30.75 crore in 2011-12 and then decreased to ₹1.24 crore in 2012-13. In 2013-14, the Company incurred a net loss of ₹0.34 crore.

Scope of Audit

2.1.4 The working of the Company was last reviewed and the audit findings were included in the Report of the Comptroller and Auditor General of India (Commercial) for the year ended 31 March 2007, Government of Kerala. The Report has not yet been discussed by the Committee on Public Sector Undertakings (CoPU). The present Performance Audit was conducted to assess whether the Company was carrying out its marketing, production, procurement and financial activities in an efficient, economic and effective manner during the five years period from 2009-10 to 2013-14.

Audit Objectives

2.1.5 The main objectives of the Performance Audit were to ascertain:

- reasons for the increased cost of production by analysing the management of procurement, production and manpower; and
- the effectiveness of marketing management by analysing the pricing policy and constraints in marketing.

Audit Criteria

2.1.6 The following audit criteria were adopted:

- Financial and Capital Budgets and Detailed Project Reports in respect of major capital works of the Company;
- Monthly targets fixed in respect of capacity utilisation, turnover, etc.;
- Procurement policy, procedures and consumption norms fixed in respect of raw materials and utilities;
- Decisions of Sales Promotion Committee; and
- Market scenario and best practices relating to procurement in the industry.

Audit Methodology

2.1.7 The methodology adopted for attaining the audit objectives with reference to audit criteria consisted of explaining the audit objectives to top management of the Company, scrutiny of records of the audited entity, interaction with personnel in audited entity, analysis of data with reference to criteria, issue of audit queries, discussion of audit findings with management and issue of Draft Performance Audit Report.

An Entry Conference was held with the Company/Government in August 2014, wherein the scope and objectives of the Performance Audit were discussed. Field audit involving scrutiny of Company's records was conducted during June to September 2014. The findings were reported to the Management and Government of Kerala besides discussing in the exit conference held in November 2014.

Acknowledgement

2.1.8 Audit acknowledges the co-operation and assistance extended by the management and staff of the Company in the conduct of this Performance Audit.

Audit Findings

2.1.9 Audit observations on the production, procurement, marketing and financial management activities of the Company are discussed in succeeding paragraphs:

Operational Performance

2.1.10 The production, sales and stock of TiO_2 during the five years from 2009-10 were as detailed below:

Table 2.1: Statement showing production, sales and stock

Year	Production (in MT)	Sales# (in MT)	Sales value# (₹ crore)	Average stock (in MT)	Stock as percentage of sales	Net operating Profit (₹ crore)
2009-10	15273	15470	132.34	666.94	4.31	5.95
2010-11	15749	16175	160.92	702.27	4.34	14.74
2011-12	12701	11801	181.55	658.30	5.58	30.75
2012-13	11550	10682	163.92	1106.98	10.36	1.24
2013-14	10817	10419	152.92	1732.11	16.62	(-) 0.34

#Excluding Special Grade, Potassium Titanate, Sodium Titanate and Hydrated Titania. Figures from 2010-11 are provisional

As may be seen, there was a sharp decline in the profit earned by the Company during 2012-13 and 2013-14. The huge increase in profit during 2009-12 was due to increase in the sale price of TiO_2 per MT from ₹85,000 (April 2009) to ₹1,60,000 (August 2011 to August 2012). The sales volume as well as production of TiO_2 showed a steady decline from 2011-12 and the accumulation of stock showed an upward trend from 2012-13. The sales revenue also registered a continuous decrease from 2012-13 onwards.

The sales of the Company in domestic market also declined from 13583.42 MT in 2009-10 to 10018.61 MT in 2013-14 despite increase from 79561[1] MT to 241136[2] MT in the overall demand of the product in the country during the same period. The poor performance of the Company even in the domestic market indicated failure to thrive in the competitive market.

The Company in their reply (November 2014) admitted their inability to face stiff competition from domestic competitors as well as importers and offer its product at competitive prices due to higher cost of production.

[1] **Source: Indian Mineral Yearbook issued by Indian Bureau of Mines, Ministry of Mines.**

[2] **Source : Import data furnished by Kerala Minerals and Metals Limited, a State PSU engaged in the same industry as enhanced by production of domestic manufactures.**

Analysis of cost of production

2.1.11 An analysis of the cost data furnished by the Company revealed that the cost of production per MT increased from ₹81,063 (2009-10) to ₹1,48,513 in 2013-14 (***Annexure 8***). The percentage of total cost to sales rose to more than 100 *per cent* during 2012-13 and 2013-14.

The cost incurred to generate one rupee of sale fluctuated over the five year period and ranged from ₹0.87 (2011-12) to ₹1.02 (2012-13) as shown below:

Table 2.2: Details of cost incurred to earn one rupee sale

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Raw materials	0.31	0.40	0.35	0.46	0.38
Power and fuel	0.20	0.16	0.17	0.18	0.17
Other variable cost including discount	0.08	0.08	0.07	0.07	0.10
Employee cost	0.27	0.22	0.20	0.25	0.29
Finance cost	0.05	0.03	0.02	0.03	0.03
Other fixed cost	0.03	0.02	0.06	0.03	0.04
Total cost	**0.94**	**0.91**	**0.87**	**1.02**	**1.01**

During 2012-13 and 2013-14, the Company had to incur ₹1.02 and ₹1.01 respectively to earn sales revenue of one rupee resulting in operational loss. Audit analysed the various elements of cost, taking the average for the period of three years from April 2009 to March 2012 as the base and noticed increase in raw material cost (2012-13), employee cost (2013-14) and other variable cost including discount (2013-14).

The Company stated (November 2014) that it had done a very serious analysis of higher cost of production and had made clear plans for turnaround of its operations. The plan, however, could not be proceeded with due to resource constraints and the matter was being pursued with Government.

The deficiencies in production, procurement, consumption of raw materials, marketing and utilisation of man power that contributed to increased cost of production are discussed below:

Production Management

2.1.12 The Company has a Titanium Dioxide Pigment Plant (TDP plant) and Sulphuric Acid Plant (SAP) with installed capacities of 24500 MT and 99000 MT respectively. The achievable capacity of TDP plant was assessed as 15000 MT as against the installed capacity of 24500 MT. The manufacturing process of TiO_2 is given below:

Table 2.3: Manufacturing process of TiO_2

Sl. No.	Stage	Process	Product
1	Digestion	Ilmenite is fed into Ball mills to make it fine powder, digested using sulphuric acid and reduced using scrap iron	Crude liquor
2	Clarification	Reduced crude liquor is dosed with settling agents and sent through settling tanks to remove sludge	Settled liquor
3	Concentration and Precipitation	Clear overflow from settler is concentrated to a specified extent and then charged into precipitation tanks	Pulp
4	Filtration, Leaching and Treatment	The pulp is then filtered over drum type rotary vacuum filters, any ferric iron still present is reduced by leaching the pulp with sulphuric acid	Pulp
5	Calcination and Milling	Pulp is calcined in a rotary kiln and de-agglomerated in pendulum mills to very fine particles.	TiO_2

Production planning

2.1.13 Production planning helps a manufacturing unit to minimise cost, utilise the available resources optimally and maximise efficiency. Proper planning also helps to co-ordinate the activities of different departments and to maintain proper stock levels of raw materials as also finished products.

Non-achievement of target fixed

2.1.14 The monthly production and sales targets are fixed by Titanium Management Council (TMC) comprising heads of all functional wings and headed by MD. The TMC target was fixed after taking into account stock position, market constraints, production constraints, etc. The targeted and actual production of TiO_2 for the period from 2009-10 to 2013-14 was as under:

Table 2.4: Details of targeted and actual production

Year	Production (MT)		Percentage of actual to targeted production
	As per TMC Target	Actual	
2009-10	-	15273	-
2010-11	16250	15749	96.92
2011-12	14225	12701	89.29
2012-13	13775	11550	83.85
2013-14	11625	10817	93.05

The actual production was only 83.85 *per cent* to 96.92 *per cent* of TMC target.

The Company replied that the reason for non achievement of TMC target was constraints like feed break caused by power outage.

The reply of the Company is not acceptable since TMC target was fixed after making due allowances for such disruptions in production.

Production below breakeven point

2.1.15 Break Even Point (BEP) indicates the minimum production required to match the total cost with revenue. Production and sales above breakeven level would entail profit. By fixing the BEP, the production activities could be adjusted so as to ensure maximum economy of operation. The TMC did not take BEP into consideration while fixing the targets of production. Based on the cost data provided by the Company, Audit worked out the BEP of the Company for the five years up to 2013-14 as shown below and observed that the actual production during 2012-13 and 2013-14 was below breakeven level resulting in short recovery of fixed cost to the tune of ₹10.95 crore:

Table 2.5: Details of BEP and unrecovered fixed cost

Year	Production	Break Even Quantity	Shortage in production	Fixed Cost unrecovered (₹in crore)
	(MT)			
2009-10	15273	14060.23	---	---
2010-11	15749	12544.41	---	---
2011-12	12701	8387.62	---	---
2012-13	11550	11679.46	129.46	4.60
2013-14	10817	11729.18	912.18	6.35
Total				**10.95**

The Company replied that it had recorded profit in 2012-13 and only a marginal loss in 2013-14 and therefore, the question of non-recovery of fixed cost did not arise. It was also stated that stock differential was not considered for BEP calculation by Audit.

The reply is not acceptable since the recorded profit includes non-operating incomes like interest earned, sale of scrap, etc. The Audit observation on BEP is with regard to the production of TiO_2 alone, in which there was operating loss. The contention of the Company that stock differential was not considered for BEP calculation is incorrect as the same was considered.

Deficiencies in Production

Short recovery of TiO_2 due to lower efficiency

2.1.16 Scrutiny of monthly production statements during 2009-14 revealed that as against the TiO_2 content of 78142.40 MT fed into Stage I, the output at stage IV was only 66090 MT indicating loss of 12052.40 MT in the production process. Further, the monthly actual overall recovery of TiO_2 varied widely and ranged from 78.14 *per cent* (November 2011) to 85.32 *per cent* (July 2012). Considering the highest efficiency of 85.32 *per cent,* the short recovery during the five years worked out to 1950.77 MT of TiO_2 valuing ₹23.73 crore. In view of high value of TiO_2, the Company should have analysed and monitored the production efficiency to ensure maximum recovery.

The Company replied that the recovery rate of TiO_2 (85.32 *per cent)* considered by Audit could not be taken as standard since the practically achievable efficiency was only 84 *per cent.*

The reply of the Company is not acceptable as the efficiency was mostly around the lower side of range of 78.14 *per cent* to 85.32 *per cent.*

Loss due to non-achievement of specified quality

2.1.17 The Company produces Anatase/Rutile Grade TiO_2 that conforms to the standard specifications prescribed by the Indian Standards Institute (ISI). Quality below ISI grade is marketed as Off Grade/General Purpose (OG/GP) which is sold at a lower price. As per the target fixed (April 2010), 95 *per cent* of the total production should be of ISI grade. However, production of ISI grade Anatase varied from 58.06 to 100 *per cent* while that of Rutile grade varied from 26.09 to 100 *per cent.* Due to non-achievement of targeted ISI grade, TiO_2 had to be sold as OG/GP grade at a lower price. This had resulted in revenue loss of ₹2.05 crore on 905.15 MT of Anatase grade and 696.67 MT of Rutile grade produced during April 2010 to March 2014.

The Company replied that off-grade products get generated mainly due to reasons such as unplanned plant stoppage, process equipment failure, under/over feeding to calciner, variations in raw material quality, etc.

Reply of the Company was not acceptable as the major reasons pointed out were controllable through operational efficiency.

Excessive production of sulphuric acid leading to distress sale

2.1.18 The Company produces sulphuric acid, intended for captive consumption in its own acid plant. The production process required a continuous run of the plant and the minimum level of operation was 180 MT per day i.e. 5400 MT per month. Annual maintenance of the plant required shut down for over one month which was scheduled during April/May every year. The requirement of sulphuric acid per MT of TiO_2 produced was four MT. Excess acid available after captive consumption was being sold in open market based on quotations received/direct enquiries. The details of production, consumption, sales and stock of sulphuric acid during the five years are given below:

Table 2.6: Details of production, consumption, sales and stock of sulphuric acid

(Quantity in MT)

Year	Opening stock	Production	Purchase	Acid sales	Consumption	Closing stock
2009-10	5368.24	64054.86	1410.45	1684.70	64839.36	4309.49
2010-11	4309.49	69764.52	0.00	1683.51	67053.70	5336.80
2011-12	5336.80	60628.69	4967.93	6404.57	55404.72	9124.13
2012-13	9124.13	58947.22	0.00	6811.23	53564.23	7695.89
2013-14	7695.89	61391.71	0.00	12993.70	48056.97	8036.93

Audit found that the captive consumption of acid showed a declining trend from 67053.70 MT in 2010-11 to 48056.97 MT in 2013-14 whereas the actual production decreased from 69764.52 MT (2010-11) to 58947.22 MT (2012-13) and then increased to 61391.71 MT (2013-14). Thus, the monthly production of sulphuric acid was not regulated in line with the requirement for captive consumption. This led to accumulation of stock and on reaching alarming levels, the Company resorted to distress sale in bulk quantities from 2011-12. The sale of sulphuric acid increased steeply from 1684.70 MT in 2009-10 to 12993.70 MT in 2013-14. Due to such distress sale in bulk quantities, the Company could not get competitive offers and during 2013-14, the Company sold 3356 MT of acid below variable cost incurring a loss of ₹16.41 lakh.

It was also observed that the uncontrolled production and bulk sale of sulphuric acid resulted in shortage of sulphur in the month of December 2012. This led to forced shutdown of SAP for the period from 04/12/2012 to 04/01/2013 and consequent excess consumption of 189.50 MT furnace oil costing ₹70.66 lakh for generation of steam and 8.50 Kilo Litre of Superior Kerosene Oil worth ₹4.18 lakh for cold start of SAP. Besides this, the production of TiO_2 during December 2012 was only 426 MT against the targeted production of 850 MT.

The Company replied that due to global glut in the TiO_2 market, in 2012-13 and 2013-14, it was forced to operate TiO_2 plant with small calciner for one month and two months respectively which led to decrease in the captive consumption and resultant accumulation of stock of sulphuric acid.

The reply of the Company is not tenable as the reason for accumulation of sulphuric acid was not the operation of small calciner but the failure of the Company to regulate the production of sulphuric acid to minimum level of production at 5400 MT per month, which was sufficient to cater to reduced production targets of TiO_2.

Procurement of Raw materials

2.1.19 In order to ensure optimum level of stock of raw materials and to effect economies, Company should have fixed different stock levels (Maximum, Minimum, Re-order level and Danger level) and adhered to it. In the Company, the procurement of raw materials is managed by Commercial Advisory Committee (CAC). The Purchase Manual of the Company prescribes detailed procedures for the procurement of quality materials from reliable sources in required quantities at appropriate time and at minimum prices. As per the Purchase Manual, the Commercial department has to do the following due diligence:

- monitor the daily/weekly stock position of raw materials and take necessary action for procurement based on re-ordering level fixed from time to time; and
- review the re-ordering levels and quantity based on annual consumption and purchase lead time in the previous two years for updating the data.

The instructions contained in the purchase manual were, however, not followed by the Company. Cost of raw materials accounted for 37.47 *per cent* (2013-14) of the total cost incurred by the Company. The major raw materials used in the production process are ilmenite, sulphur and scrap iron of which ilmenite and sulphur constituted 54 *per cent* and 30 *per cent* respectively of the total annual raw material cost (2013-14). Audit reviewed the procurement of ilmenite and sulphur and deficiencies noticed are discussed below:

Ilmenite

2.1.20 Ilmenite, the major raw material, was being procured from Indian Rare Earths Limited (IRE), a central public sector undertaking and from private suppliers. As the Company does not have its own mining facility, it was entitled to supply of ilmenite at concessional rate from IRE. As the allotment of ilmenite from IRE was not sufficient to cater to the full requirements of the Company, procurement from private suppliers was also warranted. The TiO_2 content in the ilmenite supplied by IRE Chavara (Q) and Manavalakurichi (MK) ranged between 55 to 60 *per cent* whereas it ranged between 46.60 to 51.80 *per cent* only in respect of ilmenite supplied by IRE Odisha (O) and private source. The procurement of ilmenite from Private Parties and IRE during 2009-2014 was as shown below:

Table 2.7: Supplier-wise procurement of ilmenite

Year	Total Purchase	IRE				Private suppliers	
		MK and Q (55-60 *per cent* TiO_2 content)	O (46.60 - 51.80 *per cent* TiO_2 content)	Total	Percentage to total purchase	Quantity in MT (46.60 - 51.80 *per cent* TiO_2 content)	Percentage to total purchase
		Quantity in MT					
2009-10	32776	22338	0	22338	68.15	10438	31.85
2010-11	33822	21147	963	22110	65.37	11712	34.63
2011-12	26783	13204	4440	17644	65.88	9139	34.12
2012-13	29047	9425	4430	13855	47.70	15192	52.30
2013-14	22369	10505	20	10525	47.05	11844	52.95

Thus, the procurement of ilmenite from private suppliers increased from 31.85 *per cent* (2009-10) to 52.95 *per cent* (2013-14) of the total procurement. This was mainly due to allotment of lesser quantity by IRE Q and MK coupled with short-lifting of allotted quantity by the Company. Considering the high quality and price advantage, the Company should have procured maximum quantity from IRE Q and MK. Despite drastic decline in the supply of ilmenite from IRE Q and MK, the Company did not make any concerted effort to get more allotment from IRE. The possibility of entering into long term agreement with IRE as laid down in the Purchase Manual, getting preference in allotment being in public sector, etc., were not explored. Audit further noticed that 76.49 *per cent (*April 2011 to October 2013) of total ilmenite sale by IRE Q was to a company in private sector.

The Company replied that shortage of funds forced the Company to go for procurement from private suppliers who offer credit facility.

The reply of the Company was not tenable, as funds could have been arranged through working capital loans from banks which could not be availed due to non finalisation of accounts in time.

Short-lifting of allotted quantity from IRE

2.1.21 On a test check of allotment and procurement of ilmenite from IRE, it was observed that during July 2012- February 2014, the Company did not lift the entire allotted quantity of ilmenite from IRE Q and MK. The short-lifted quantity was subsequently procured from private sources at extra cost of ₹ 1.56 crore as shown in the table below:

Table 2.8: Financial impact of short-lifting of ilmenite from IRE

Period of Allotment	Quantity Allotted	Quantity Lifted	Quantity Short lifted	Direct Impact of short lifting	Financial Impact of short lifting
	(MT)				
July 2012-May 2013	7645.27 (MK)	7142.90	502.37	575.63 MT procured from Private Parties.	Extra expenditure - ₹30.13 lakh.
October 2013	Unlimited (MK)	364.73	Unlimited	Lost allotment due during the period November 2013 to February 2014.	Procurement of 4013 MT from Private suppliers resulting in extra expenditure of ₹1.26 crore.
October 2013-February 2014	2437 (Q)	2124.24	312.76	Lost allotment due in December 2013 and March 2014.	

The reason for the non-lifting/delayed lifting of ilmenite from IRE was inability of the Company to make advance payment. The IRE, thereafter, offered 45 days' credit facility to the Company subject to the opening of irrevocable Letter of Credit, which also could not be availed due to non-finalisation of accounts after 2009-10.

While accepting the audit observation, the Company stated that it was not able to lift the entire quantity allotted due to financial constraints.

Failure to tap alternate sources

2.1.22 The Company has to resort to procuring ilmenite from private suppliers even if their quality is inferior as IRE is not able to supply the required quantity. As per the Purchase Manual of the Company, the Purchase Department has to develop vendors and update the vendor list. Despite this, the Company did not follow a system of vendor development for ilmenite, the major raw material and resorted to procurement from two firms based on open tenders. Audit observed that there were several suppliers of ilmenite in the market and some of the firms had participated in tenders floated by the Company. The Company, however, did not place orders with them for reasons like non-furnishing of samples, etc.

The procurement from sources other than IRE was mainly from VV Minerals up to August 2011 and thereafter from Miracle Sands and Chemicals (MSC) and Textile Dye Chem (TDC). Thus, MSC and TDC continued to be the only suppliers of ilmenite from September 2011/June 2012. Thus, the Company had to depend/compromise on the terms and conditions of supply of these firms to a great extent due to limited sources.

The Company replied that sample analysis played a vital part and since source of material was limited, it was not in a position to widen the supply base.
The reply was not acceptable as the procurement was made from agents only and there were other players also in the field. It was also noticed that selected bidders had also not furnished samples. Since acceptance of ilmenite was subject to testing at the lab of the Company, furnishing of sample along with tender was not important.

Non-execution of agreement with suppliers

2.1.23 Execution of formal agreement incorporating the terms and conditions for regulating the deal is essential to conclude a valid contract. The Stores Purchase Manual[3] issued by Government of Kerala stipulates execution of agreement with the suppliers. Audit noticed that the Company invited seven tenders during 2011-12 to 2013-14 and placed 17 purchase orders for 38771 MT of ilmenite. However, no penalty clause or risk purchase clause in case of delay/non-supply was included in the tender. Further, no formal agreement was executed with the suppliers (except four[4] purchase orders) as a result of which the Company failed to ensure compliance of the terms and conditions of the tender/order and legal validity of the contract in the event of default by the supplier.

In respect of the tender dated 7/12/2011, though Ind Chem, Cochin, the L1 bidder, supplied only 203.35 MT of ilmenite out of ordered quantity of 5000 MT and the Company had to procure the remaining quantity of 4800 MT from MSC and TDC at higher rate incurring an extra expenditure of ₹2.21 crore, no risk purchase clause could be invoked. The Company, however, did not initiate any legal action against the defaulted supplier. On being pointed out by Audit (March 2013), legal notice was issued to the defaulted supplier on 8 May 2013 (after 11 months from delivery schedule). In the absence of formal agreement, chances of recovering risk and cost were remote.

The Company stated that at present agreements were being executed for high value items and that legal action against Ind Chem is being pursued.

The reply confirms that there was no enabling clause either in the Purchase Order or Tender. In the event of non-execution of the agreement, chance of recovery was remote. As such, the Company should enter into agreements with the suppliers to avoid any loss.

Post tender dilution of terms and conditions

2.1.24 The Company invited tenders for procurement of 10000 MT and 5000 MT of ilmenite in June 2011 and May 2012 respectively. The tender invited in June

[3] Paragraph 55.
[4] PO Nos. 5150 dated 30/5/2013, 7156 dated 15/6/2013, 7204 dated 28/11/2013 and 7205 dated 6/12/2013 .

2011 stipulated for rejection of material if TiO_2 was below 50 *per cent*. The next tender invited in May 2012 stipulated a minimum 50 *per cent* TiO_2 content in the ilmenite with acceptance up to 48 *per cent* content on *pro rata* reduction of prices and rejection if below 48 *per cent*. The Company, however, while placing six[5] purchase orders modified the condition in favour of the suppliers that ilmenite with 48-46 *per cent* TiO_2 content would be accepted on *pro rata* reduction of price, with rejection of below 46 *per cent* content. The Company accepted 9392 MT of ilmenite with TiO_2 content ranging between 46.40 - 49.99 *per cent* without effecting *pro rata* recovery in prices resulting in extension of unintended benefit of ₹15.78 lakh to two suppliers[6].

The Company stated that the source of origin of the only one bidder was Srilanka and that the deviation of two *per cent* in TiO_2 content was recommended by CAC since the TiO_2 percentage was generally lower for Srilankan ilmenite.

The reply was incorrect as the guaranteed TiO_2 content as per Lanka Mineral Sands, the sole mining agency in Srilanka, was 53 *per cent*.

Modification of tender conditions

2.1.25 Audit found dilution of other terms and conditions from time to time in favour of the suppliers as detailed below:

Table No. 2.9: Details of changes in terms and conditions of tenders and impact

Sl No.	Terms and Conditions		Impact/Implication
	Earlier tender	Subsequent tender	
1	Minimum daily/monthly supply quantity	No minimum fixed	There would be non-synchronisation of supplies with production requirement.
2	Security deposit of five *per cent* of the cost of material	Security deposit of ₹2 lakh	Being very nominal amount, it did not serve the purpose of security for due performance of contract.
3	Rejection level - TiO_2 content below 48 *per cent*	Rejection level – TiO_2 content below 46 *per cent*	Compromise in quality of ilmenite.
4	Maximum limit of moisture content to be 0.5 *per cent*	No such condition included	Compromise in quantity of ilmenite since there were many instances of higher moisture content ranging upto 0.86 *per cent*.

The Company replied that Serial numbers 1, 3 and 4 were altered in favour of the Company. Regarding security deposit, the supplier had supplied as per the tender conditions.

[5] PO no.2919 dated 13/10/11, 2935 dated 10/12/11, 2940 dated 02/01/2012, 2949 dated 17/02/12, 3890/ dated 02/06/12 and 3891 dated 06/06/12.

[6] Miracle Sands &Chemicals Limited and Textile Dye Chem.

The reply was not tenable as the alterations were detrimental to the interest of the Company which calls for fixing of responsibility. Completion of supply which falls at a later date was not valid ground for reduction in security deposit.

Non-inclusion of price reduction clause

2.1.26 As the price of ilmenite is subject to high variation, the Company while placing repeat orders/giving extension for delivery period should have incorporated a condition that 'price applicable would be existing price or price as per next tender whichever was lower'. The Company, however, failed to include price reduction clause leading to extra expenditure of ₹1.05 crore as detailed in ***Annexure 9.***

The Company stated that the price reduction was not made as the supplies of the amended/extended orders were completed before finalising the next tender.

The reply was not acceptable as the tendering process was started much before placing amendment/extension orders.

Lapses in procurement of sulphur

Failure to ensure timely supply

2.1.27 As the price of sulphur was subject to wide fluctuations, the Company should have regulated the procurement in accordance with production requirement so as to avoid excess procurement at higher rate and consequent accumulation of stock. Audit found that the Company placed purchase orders with Mincore Resources Private Limited (Mincore) without assessing the requirement and accepted the supply beyond delivery schedule which led to unwarranted procurement as detailed below:

Table 2.10: Statement showing delayed supply of sulphur

(in MTs)

PO No.& date	Quantity Ordered & (delivery schedule)	Quantity supplied		
		within delivery schedule	after delivery schedule	Total
1672 dated 8/12/2010	6000 (within 14/02/2011)	2958	2372	5330
5101 dated 1/12/2012	6000 (3000 MT within 20/01/2013 and balance within 19/02/2013)	*No supply within 20/01/2013 and* 4492 MT within 19/02/2013	1485	5977

It was noticed that the failure of Mincore, to deliver sulphur in time against PO No.5101 dated 01/12/2012 led to shutting down of SAP for 14 days. There was no penalty clause in purchase order for delayed supplies to ensure prompt supply.

Though Mincore did not adhere to the schedule, the Company accepted the entire quantity supplied though there was no requirement at that time considering the supply from BPCL. Had the Company regulated the purchase of sulphur to the required minimum of 1782 MT per month, procurement of 5349 MT[7] of sulphur worth ₹6.88 crore and consequent blocking up of funds on accumulated stock could have been avoided.

The Company stated that the belated supply (PO 1672) from Mincore was due to delay in getting NOC and documentation. The fact, however, remains that the Company failed to ensure timely supply by executing agreement with penal provisions for delayed supply.

The above serious lapses call for investigation and fixing of responsibility.

Lack of penalty clause for non supply/short supply of ordered quantity

2.1.28 As per Stores Purchase Manual of Government of Kerala, an agreement should be entered into with successful tenderer for the satisfactory fulfilment of contract embodying the conditions of the order and providing the necessary penal clauses for any breach of the conditions of the contract. The Company had not incorporated risk and cost/penalty clause in the purchase order that could be invoked to safeguard its interest in case of failure to perform the contract. Moreover, security deposit and performance guarantee was also not insisted for ensuring supply of materials as per delivery schedule. Non incorporation of penalty clause led to short supply and consequent financial loss to the company as detailed below:

Table 2.11: Statement showing quantity ordered and supplied by two firms

PO No.& date	Name of supplier	Quantity ordered (MT)	Rate/ MT (₹)	Quantity Supplied (MT)	Quantity short supplied (MT)	Remarks
9822 dated 18/09/2009	SPIC	6000	5344	1864.38	4135.62	Supplied during October to December 2009. Stopped supply citing steep rise in international price of sulphur.
228 dated 25/01/2010	Mincore	2000	11825	846.92	1153.08	Purchase Order was placed due to short supply by SPIC. However, the firm supplied during February to April 2010 only and balance quantity not supplied.

[7] **2372 MT at the rate of ₹11300/MT in PO No.1672 and 2977 MT(1492+1485) at the rate of ₹14100/MT in PO No.5101.**

Consequent upon the above short supplies, the Company procured[8] a further quantity of 1988 MT from SPIC and Mincore at a higher rate of ₹14625 per MT. Thus, failure of the Company to ensure supply of entire ordered quantity of sulphur, led to procurement of 846.92 MT (Mincore) at the rate of ₹11825 per MT and 1988 MT (SPIC and Mincore) at the rate of ₹14625 per MT incurring extra expenditure of ₹2.40[9] crore. Since the act of non-incorporation of penalty clause in purchase order is very serious, the Government needs to take action against the Company officials for such lapses which resulted in loss of ₹2.40 crore to the Company.

Consumption of raw materials

2.1.29 Control over consumption of raw materials merits special attention of the management in view of the high cost involved. The Company had fixed the standards for consumption years back which were not reviewed rendering the same unrealistic.

Excess consumption of raw materials

2.1.30 The TiO_2 content in the ilmenite procured from various sources varied widely and consequently the consumption per MT of TiO_2 produced also differed. Further, the quantity as well as the quality of ilmenite was the deciding factor for consumption of other raw materials. An analysis of the consumption of major raw materials viz., ilmenite, sulphuric acid and scrap iron revealed that the actual consumption during the review period varied from year to year. Considering the maximum efficiency of 2.133 MT, 4.245 MT and 0.218 MT achieved in consumption of ilmenite (2009-10), sulphuric acid (2009-10) and scrap iron (2013-14) respectively for production of one MT of TiO_2 as basis, the excess consumption during the review period worked out to ₹6.85 crore, ₹4.05 crore and ₹2.88 crore respectively as shown in ***Annexure 10.*** The specific consumption of ilmenite and sulphuric acid is related to the TiO_2 content in ilmenite and in case of scrap iron, it depends on both ferric iron content and TiO_2 content in the ilmenite. Hence, the excess consumption of the raw material was due to poor quality of ilmenite procured from private parties.

The Company accepted Audit observations stating that the raw material consumption varies widely with the type of ilmenite used.

The Company should minimise the procurement of low quality ilmenite so as to optimise the consumption of raw material.

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[8] **PO No.248 dated 20/03/2010 (SPIC) and 249 dated 23/03/2010 (Mincore).**

[9] **(₹11825-₹5344) x 846.92 MT= ₹ 0.55 crore + (₹14625-₹5344) x1988MT = ₹1.85 crore.**

Concealment of shortage of material

2.1.31 As per the norms, 0.33 MT of sulphur was required for producing one MT of sulphuric acid. An analysis of consumption of sulphur revealed that the Company has been accounting the consumption not on actual weighment basis but based on the norm only. During the period from October 2012 to December 2012, the consumption of sulphur per MT of sulphuric acid produced was, however, reckoned as 0.34 MT, 0.35 MT and 0.35 MT respectively. Thus, there was excess consumption of 197.32 MT of sulphur than the norm. Considering the net cost of ₹13150 per MT of sulphur from BPCL during the above period, the extra expenditure incurred on account of this worked out to ₹25.95 lakh.

The Company while accepting the audit observations stated that the variation in consumption norm was necessary to adjust the physical stock.

The reply of the Company is not acceptable as Company can not adjust such shortage of material by showing the same as issued from physical stock.

Marketing

2.1.32 The Company produces mainly (84 *per cent*) Anatase grade TiO_2 and a meager quantity of Rutile grade TiO_2 and sells it in domestic (*91.87 per cent*) as well as international market. The Company sells its products through stockists and directly to customers.

Sales performance

2.1.33 The sales performance of the Company for the five year period was as given below:

Table 2.12: Statement showing sales performance

Year	Sales *(in MT)*			Sales Value (₹ crore)	Average stock *(in MT)*
	TMC Target	Actual	Percentage of Actual to Target		
2009-10	15750	15470	98.22	132.34	666.94
2010-11	16350	16175	98.93	160.92	702.27
2011-12	13800	11801	85.51	181.55	658.30
2012-13	13400	10682	79.72	163.92	1106.98
2013-14	13125	10419	79.38	152.92	1732.11

As seen from the table above, the actual sales was only 79.72 and 79.38 *per cent* of the targeted sales during 2012-13 and 2013-14 respectively. The Company was not able to achieve even the monthly target fixed by TMC at very lower levels, after considering the various constraints.

Audit analysed the market-wise and customer-wise sales of the Company taking 2009-10 as the base year as detailed in the following table:

Table 2.13: Statement showing Performance of the Marketing Department

Year	Sales (MT)									*Per cent*
	Domestic					Export		Total Sales (MT)		
	Stockist		Direct		Total Domestic Sales (MT)	MT	*Per cent*			
	MT	*Per cent**	MT	*Per cent*						
2009-10	12424.70	100.00	1158.72	100.00	13583.42	1897.80	100.00	15481.22		100.00
2010-11	12670.00	101.97	1665.68	143.80	14335.68	1848.00	97.38	16183.68		104.54
2011-12	9882.53	79.54	1383.92	119.44	11266.45	542.95	28.61	11809.40		76.28
2012-13	9443.53	76.01	772.75	66.69	10216.28	508.00	26.77	10724.28		69.27
2013-14	9044.55	72.79	974.06	84.06	10018.61	458.15	24.14	10476.76		67.67
Total	**53465.31**		**5955.13**		**59420.44**	**5254.90**		**64675.34**		

** 2009-10 taken as the base year.*

It has been noticed that over the review period, the total sales decreased to 67.67 *per cent* of the sales of 2009-10. The export sales decreased to 24.14 *per cent* as compared to 2009-10. The domestic sales through stockists and direct customers decreased to 72.79 *per cent* and 84.06 *per cent* respectively over the review period.

It was replied that import of TiO_2 from Chinese market affected the overall demand for the product which resulted in poor sales performance of the Company.

The reply was not tenable since the overall demand for TiO_2 in India had increased from 79561 MT (2009-10) to 241136 MT (2013-14) and also the anti-dumping duty imposed on the imported TiO_2 enables the domestic manufacturers to compete with importers. By reducing the cost of production and through effective marketing targeted sales could have been achieved.

Lack of professionalism in marketing

2.1.34 An effective and regular market research is essential for identifying the market demand and supply conditions, price trend, competitors' pricing strategy, etc. so as to adopt short term pricing strategy to avoid accumulation of stock. The marketing department, however, did not have an established mechanism to this effect. Though, the Company entered into agreement with stockists and they were required to submit above details, it failed to collect the data from the stockists or other sources for creating a data base. The absence of a reliable and accurate market database resulted in wrong pricing decisions affecting the profitability of the Company as discussed below.

Defective pricing mechanism

2.1.35 The Company had not adopted a long term marketing/pricing policy. The Sales Promotion Committee (SPC) (till November 2011)/ Marketing department/Commercial Advisory Committee (CAC) periodically fixes base price for TiO_2 and formulates discount schemes, separately for stockists and direct customers. The price revision, however, was not on any scientific and systematic basis but was resorted to on grounds of 'favourable/unfavourable market condition or increased competition or accumulation of stock or increased cost of production'. Though the Company was mandatorily required to maintain cost records, this was not being complied with. The Marketing department did not consider the marginal cost of production as well as breakeven level for taking pricing decisions. This coupled with absence of accurate market data base resulted in fixing higher prices.

A comparison of the periodical price revision effected by the Company with the Wholesale Price Index (WPI) of TiO_2 published by Economic Advisor to Government of India revealed that the price revision was unscientific and arbitrary leading to decrease in sales turnover as shown below:

Table 2.14: Statement showing price deviation

Year	Monthly Average of Wholesale Price Index	Monthly Average of Actual Price[10] Index	Average Price Deviation	Sales (MT)
2009-10	120.73	133.33	12.60	15470
2010-11	130.99	154.19	23.20	16175
2011-12	181.86	240.74	58.88	11801
2012-13	184.47	236.27	51.80	10682
2013-14	175.64	227.20	51.56	10419

It was seen that the price revision during 2011 to 2014, was abnormally high compared to the market price of TiO_2 which led to the Company's inability to push the product in to the market and consequent poor financial performance during the years 2012-14.

The Company stated that it was unable to offer competitive price for the products due to higher cost of production and constraints of a PSU in fixing market responsive pricing.

The reply of the Company is not acceptable since the Company is free to fix the selling price for its products.

[10] **Base year for the WPI as well as actual price index of the Company is 2004-05.**

Ineffective stockist network

2.1.36 During the years 2009-2014, 82.67 *per cent* of the sales of the Company were through stockists. As per the terms of agreement, stockists were to lift minimum quantity of 18 MT of TiO_2 per month and 250 MT annually, failing which the dealership of the stockists were to be cancelled. Though the Company had 24 stockists, the number of active stockists who adhered to the minimum qualifying off take of 250 MT *per annum* was only 11 in 2009-10 which was reduced to 9 in 2013-14. Further, off take by these active stockists also declined from 10650 MT in 2010-11 to 7410 MT in 2013-14. Since the Company mainly depends on the stockists, the failure in developing and growing an effective dealership network had adversely affected the overall performance of the Company.

The Company in its reply accepted the need for establishing wide network of stockists/dealers in domestic market.

Ineffective and irrational discount scheme

2.1.37 The Company offers trade discount to its customers to augment the sales. The periodical discount scheme was designed by the SPC/CAC. Different rates of discounts were applicable for stockists and direct customers. The stockists were eligible for special quantity discount and additional special discount based on their off take, in addition to flat trade discount. The sales performance *vis-a-vis* the trade discount offered to the stockists and direct customers were as shown below:

Table 2.15: Statement showing discount allowed

Year	Sales (MT)	Increase in sales (*Per cent*)	Discount (₹ in crore)	Discount /MT (₹)	Increase in discount/ MT (*Per cent*)	Ineffective discount/ MT (₹)[11]	Total ineffective discount (₹ crore)
2009-10	15470	---	5.48	3540	---	---	---
2010-11	16175	4.56	5.81	3590	1.41	---	---
2011-12	11801	-23.72	4.48	3794	7.18	254	0.30
2012-13	10682	-30.95	6.47	6054	71.02	2514	2.69
2013-14	10419	-32.65	9.64	9249	161.27	5709	5.95
Total			**31.88**				**8.94**

Note: Discount per MT for the year 2009-10 of ₹3540 being the lowest, was taken as the base.

During the year 2013-14, the effective discount per MT sold increased by 161.27 *per cent* and the sales volume decreased by 32.65 *per cent,* as compared to 2009-10. This indicated that the increase in discount offered to the customers/stockists

[11] **Discount per MT for the respective year as reduced by discount per MT for 2009-10.**

had not benefited the Company by way of increased sales. Out of the total discount of ₹31.88 crore offered to the stockists/customers, an amount of ₹8.94 crore (28.04 *per cent*) became ineffective due to defective discount schemes as discussed below:

1. The flat discount per MT was not linked with the sale price per MT. Up to January 2013, the flat discount was ₹2500 per MT (1.69 *per cent* of sale price). This was increased to ₹4000 per MT (2.71 *per cent*) in February 2013 and to ₹5000 per MT (3.36 *per cent*) in July 2013. Despite the increase in flat discount, the sales quantity decreased from 15470 MT (2009-10) to 10419 MT (2013-14).
2. Additional Special discounts were also offered to stockists for encouraging higher sales volume. With effect from October 2013, the monthly sales quantity required for the additional special discount was fixed at 70 *per cent* of the maximum monthly off take during the last one year. The fixation of qualifying quantity for the additional special discount, much below the normal monthly off take did not serve the purpose of encouraging the stockists to procure higher quantity.
3. Special Quantity Discounts of ₹500 to ₹6500 per MT were allowed to stockists for off take above eight MT based on different slabs. The quantity discount offered was applied based on non-telescopic method. When the quantity off take exceeded specific slabs, higher discount was given for the entire quantity, instead of on the incremental quantity, as done by another PSU[12] in the same industry. The special discount scheme applicable to stockists for March 2014 and impact of the irregular discount scheme was as given below:

Table 2.16: Statement showing impact of non-telescopic discount scheme for March 2014

Slabs of Monthly off-take (MT)	Discount (₹/MT)	Maximum discount in the slab (₹)	Discount when one MT is lifted above maximum quantity in the slab (₹)	Effective discount for the extra one unit (₹)
1	2	3	4*	5 (4-3)
0 – 17	Nil	Nil	36000	36000
18 – 35	2000	70000	108000	38000
36 – 53	3000	159000	216000	57000
54 – 99	4000	396000	500000	104000
100 – 149	5000	745000	862500	117500
150 – 199	5750	1144250	1300000	155750
200 and above	6500	-	-	-

**When one MT is lifted above the maximum quantity in one slab, the entire quantity becomes eligible for higher discount as per the next slab.*

[12] **Kerala Minerals and Metals Limited, Kollam.**

The non-telescopic discount scheme resulted in higher sales promotion expenditure for the Company without any significant increase in the sales volume. Majority of the stockists took advantage of this defective scheme by marginally increasing their off take to barely reach the next slab. A test check of the sales activity of 17 stockists during the month of March 2013 revealed that due to the irregular discount scheme, ₹6.35 lakh was allowed as discount to 13 stockists for achieving 22 MT of additional sales (***Annexure 11***).

In the reply, Management justified the discount scheme stating that the present system might motivate the stockists/customers to reach the next slab as they get more benefit.

The reply of the Company is not acceptable as the discount scheme was skewed in favour of stockists as it offered more benefit to the stockists whereas benefit for the Company by way of increased sale was negligible.

Accumulation of stock of TiO_2 pigment

2.1.38 The steady decline in the sales volume and defective production planning resulted in accumulation of stock. The average stock held over the five year period increased from 667 MT to 1732 MT; the maximum accumulation being during 2012-13 and 2013-14 representing 10.36 *per cent* and 16.62 *per cent* of sales respectively. Had the production been optimised subject to the BEP level as well as marketing plan or orders in hand, the accumulation of finished goods could have been minimised. Considering the minimum BEP production levels and actual sales, Audit worked out the loss of interest as ₹1.64 crore on account of accumulation of stock and working capital blocked as shown below:

Table 2.17: Statement showing interest loss due to stock accumulation

Year	Average Monthly Accumulation (MT)	Monthly average of Working Capital Blocked (₹ in crore)	Interest loss (₹ in crore)
2009-10	445.42	2.36	0.20
2010-11	653.51	4.32	0.37
2011-12	609.16	5.49	0.46
2012-13	481.48	5.17	0.44
2013-14	205.82	2.00	0.17
		TOTAL	**1.64**

It was accepted by the Management that production level was planned based on the availability of raw material in view that sales could be developed further.

Human Resource management

2.1.39 Employee cost forms the second major element of the total cost incurred by the Company. The average annual production during the years 2011-2014 was reduced by 24.64 *per cent*, as compared to that of 2009-2011, resulting in steady increase in the employee cost per MT of TiO_2 produced from ₹23227 in 2009-10 to ₹42850 in 2013-14. The major factors that contributed to the increase were as below:

Payment of unproductive wages due to poor labour productivity

2.1.40 The Company had deployed 567 workmen for its operations as on 31 March 2014. Audit reviewed the utilisation of man power in Production department and found that the average man hours utilised for production of one MT of TiO_2 increased from 81.94 hours during 2010-11 to 109.94 hours during 2013-14. Reckoning the man hours utilised in 2010-11 (81.94) as optimum, the unproductive wages paid during 2009-2014 due to lower labour productivity worked out to ₹4.66 crore as detailed below:

Table 2.18: Statement showing unproductive wages

Year	Production (MT)	Capacity utilisation (*Per cent*)	Man hours utilised	Man hours /MT	Excess man hour /MT	Excess man hours used	Total wages paid (₹ crore)	Labour Hour Rate (₹)	Unproductive wages (₹ crore)
(1)	(2)	(3)	(4)	(5)=(4/2)	(6)	(7)=(6x2)	(8)	(9)=(8/4)	(10)=(7x9)
2009-10	15273	101.82	1257350	82.33	0.39	5956.47	6.43	51.14	0.03
2010-11	15749	104.99	1290427	81.94	...	...	7.25	56.18	--
2011-12	12701	84.67	1270859	100.06	18.12	230142.12	7.42	58.39	1.34
2012-13	11550	77.00	1136523	98.40	16.46	190113.00	8.26	72.68	1.38
2013-14	10817	72.11	1189180	109.94	28.00	302876.00	7.49	62.98	1.91
TOTAL									**4.66**

Thus, the failure of management in operating the plant at optimum level resulted in payment of unproductive wages. Further, a comparison with another PSU (Kerala Metals and Minerals Limited) engaged in the same industry revealed that the man hours utilised per MT of TiO_2 produced by the Company was exorbitant ranging from 82 to 109 as against 27 to 33 for the other PSU. The monetary impact of this worked out to ₹24.98 crore.

The Company did not submit any specific reply to the observation.

Financial Management

2.1.41 The Finance Department is headed by Finance Controller who is assisted by Finance Manager. Audit found that the deficient financial management adversely affected the overall performance of the Company during the years 2012-2014 as detailed below:

Working Capital Management

2.1.42 An efficient management of Accounts Receivable, Accounts Payable and Inventory constituting working capital would ensure reduced cost of capital and better operational performance. A detailed analysis of the working capital position for the five years up to 2013-14 is given below:

Table 2.19: Statement showing working capital cycle

(in days)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
1. Average Debtors Collection Period	28	30	37	65	76
2. Average Stock Holding Period	56	48	54	76	89
3. Average Creditors Payment Period	44	28	23	24	53
Working Capital Cycle (1+2-3)	**40**	**50**	**68**	**117**	**112**

Audit observed that:

- Due to inefficient management of working capital constituents, the working capital cycle[13] increased from 40 days (2009-10) to 112 days (2013-14) resulting in reduction in cash and cash equivalent[14] by 71.45 *per cent*[15] leading to working capital crisis.
- The actual average collection period which was 28/30 days during 2009-10 and 2010-11 had increased up to 76 days (2013-14). Consequently, funds locked up in debtors resulted in interest loss of ₹62.81 lakh ***(Annexure 12)*** during the period from 2011-12 to 2013-14.
- The high inventory holding period of 89 days (2013-14) indicated excessive accumulation of inventory.
- The creditors' management was also very poor during 2010-2013. Though the position had improved in 2013-14, the credit period available to the Company was much lesser than that allowed by the Company.

[13] The time required to convert investment in working capital into cash.
[14] Cash in hand and at Bank.
[15] Cash and cash equivalent of ₹14.08 crore during 2009-10 reduced to ₹4.02 crore during 2013-14.

Arrears in finalisation of accounts

2.1.43 Preparation and analysis of periodical financial statements are essential for effective Financial Management. Section 210 of the Companies Act, 1956 read with Section 166 of the Act provides for finalisation of annual accounts by 30 September. The Company, however, had finalised its accounts only up to 2009-10. The non-preparation of financial statements for the years 2010-2014 was in violation of provisions of the Act which resulted in defective Management Information System and consequent defective decision making.

The Management stated that earnest efforts were taken to make the accounts up to date.

Non-maintenance of cost records

2.1.44 Being a process oriented manufacturing company, maintenance of cost records is mandatory as per Section 209 of the Companies Act, 1956 and existence of a robust and reliable costing system is essential to make available information essential for cost control and managerial decisions. The main objectives of cost accounting are ascertainment of cost, cost control, cost reduction and assistance in decision making on pricing, production plan, budgeting, etc. The Company, however, had not maintained cost records which resulted in wrong managerial decisions in respect of fixation of optimum activity level, price revision, regulating labour efficiency and accumulation of raw material stock, etc.

It was replied that the cost records would be maintained after the completion of statutory audit for the respective years.

Monitoring of receivables

2.1.45 Accurate recording of the debtor's transaction and periodical reconciliation of the balance with the debtors' books of accounts is one of the major functions in debtors' management. It was, however, noticed that the debtors' transactions were not being recorded regularly by the Finance wing resulting in poor monitoring of the debtors collection as evident from the following:

- In respect of Asian Paints Limited (APL), a major direct customer, books of accounts were not maintained. In order to reconcile the differences in balance, regular transactions had to be temporarily cancelled during the period April to October 2011. This has resulted in loss of business to the tune of 210 MT amounting to ₹3.41 crore during the period.
  Admitting the observation the Company stated that the fall in general demand also contributed for the drop in sales.

- The Company had made arrangement with MSC, an ilmenite supplier to settle the dues by supplying TiO_2 to them. The non-maintenance of books of accounts of MSC led to excess lifting (30 September 2013) of TiO_2 worth ₹1.91 crore by MSC and this was set off by subsequent purchases (October/December 2013) of ilmenite. This situation forced the Company to purchase high priced low quality ilmenite from private parties, forgoing the offered quantity of 1508 MT of high quality ilmenite from IRE resulting in loss of revenue amounting to ₹1.55 crore.

The Company replied that the dues were cleared and the accounts were reconciled.

Though the dues were cleared later the fact remains that there was a lapse in regular monitoring of the receivables, which led to loss of ₹1.55 crore for which accountability may be fixed.

Monitoring of payables

2.1.46 There was no system for effective monitoring of the advance payments made to the suppliers. In respect of IRE, there had been many instances of excess advance payments resulting in blocking up of funds with the supplier. The excess advance of ₹63.62 lakh remained with IRE for a period ranging from three months to one year.

Environment and pollution control measures

2.1.47 The major effluents generated in the production process of TiO_2 viz., waste ferrous sulphate and waste sulphuric acid were discharged into the sea. With the enactment of the Water (Prevention and Control of Pollution) Act, 1974, treatment of effluent was made mandatory. Accordingly, the Company decided to implement Effluent Treatment Project (ETP) comprising of Acid Recovery Plant (ARP), Copperas Recovery Plant (CRP) and Neutralisation Plant (NP) cum modernisation activities in 2004. The Company engaged (June 2004) MECON Limited as Project Management Consultant (PMC). As per the proposal (January 2005) of the Consultant, total estimated cost of implementation of the package for pollution control and expansion in two phases was ₹256.10 crore. The Company awarded (February/March 2006) the work relating to ARP/CRP (package 1) and NP to Chematur Ecoplanning Oy, Finland and VA Tech Wabag Limited respectively and proceeded with import of critical equipments for CRP/ARP. In June 2007, MECON intimated escalation in the project cost to ₹414.40 crore (161.81 *per cent* of original estimate). The Board of Directors decided (October 2007) to abandon the ARP as it was not financially viable, rendering the investment of ₹58.45 crore infructuous. It was also decided to defer phase II of the project in view of the huge financial commitment involved and unviability of the project.

The details of investment up to March 2014 are given below:

Table 2.20: Details of expenditure incurred for ETP

Particulars	Payment made (₹ crore)	Remarks
Acid Recovery Plant	58.45	Abandoned; provision created in accounts.
Copperas Recovery Plant	16.48	Kept in abeyance.
Neutralisation plant	36.76	To be commissioned. Trial run in progress.
MECON (consultant)	5.56	...
Interest on Loan	21.36	Bank loan of ₹49.40 crore.[16]
Total	**138.61**	

Due to delay in completing the ETP project, the Company also incurred committed liability as detailed below:

- Due to the failure to implement the ETP, the major effluents generated in the production process are being discharged in to the sea which is detrimental to the environment. It had also resulted in non compliance of the Water (Prevention and Control of Pollution) Act, 1974 as well as High Court order for setting up of the ETP before 01/07/2010.
- Demand for the repayment of availed import subsidy of ₹17.33 crore, under EPCG[17] scheme together with interest at the rate of 15 *per cent* consequent upon the failure to achieve the prescribed export obligation within 8 years, against which appeal is pending with CESTAT[18], Bangalore.
- The demand for Service Tax for technical component of the project amounting to ₹2.55 crore, against which an appeal is pending with CESTAT, Bangalore.
- The compensation claim of ₹1.01 crore by the contractor, VA Tech Wabag Limited towards loss incurred by them due to delay on the part of the Company in completing the project.
- Loss of envisaged benefit of ₹4.82 crore and ₹2.34 crore per year on account of water and copperas respectively to be recovered in the treatment process.

The ARP proposed by MECON envisaged regenerated/recovered acid having a lower concentration than being used in the existing TiO_2 plant. The Company did not have the technical know-how to process the regenerated acid to the required concentration level and the contractor was also exempted from providing the required technical know-how. The deficiencies in the conceptualisation and

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[16] Federal Bank- ₹4.40 crore, Union Bank of India- ₹45 crore.

[17] Export Promotion Capital Goods scheme.

[18] Central Excise & Service Tax Appellate Tribunal.

implementation of the project have contributed to the failure of ETP project and consequent loss of ₹58.45 crore invested in the abandoned project. The infructuous investment has adversely affected the liquidity position of the Company in addition to the non compliance to the statutory requirement.

Company while admitting the observation added that it was unable to continue with the Acid Recovery Plant due to high cost; that Copperas Recovery Plant would be commenced when the financial position improves and that Neutralisation plant has been completed.

Conclusion

- The Company failed to maintain cost records and fix breakeven level of production. Production below breakeven level resulted in short recovery of fixed cost during 2012-2014.
- Lower efficiency in production led to under-recovery of TiO_2.
- Company violated its own purchase procedure leading to excess procurement of ilmenite and dilution of terms and conditions of tenders.
- Company had not adopted a dynamic marketing/pricing policy.
- Failure of the Management in operating the plant at optimum level resulted in payment of unproductive wages.
- Finalisation of annual accounts of the Company is in arrears from 2010-11.

Recommendations

The Company may:

- maintain cost records to fix breakeven level of production;
- take measure to improve efficiency;
- follow the approved purchase procedure strictly and take measures to obtain maximum allotment of ilmenite from IRE;
- have dynamic pricing mechanism and effective discount schemes;
- initiate action to operate the plant at optimum level to avoid payment of unproductive wages; and
- finalise the accounts in a time bound manner to clear arrears.

2.2 PERFORMANCE AUDIT ON COMPUTERISED LOW TENSION BILLING SYSTEM OF KERALA STATE ELECTRICITY BOARD LIMITED

Executive Summary

Introduction

Kerala State Electricity Board Limited (Company) distributes electricity to 1.08 crore Low Tension (LT) consumers in the State of Kerala. The Company uses application software called Open Resource Utility Management Application (ORUMA) for the billing of sale of electricity to LT consumers which was developed by the IT wing of the Company.

Registration of Consumers

Audit pointed out deficiencies in registration of consumers like ineligible consumers were classified as Non Paying Group and supplied electricity free of cost. Audit also noticed absence of inbuilt control to map each consumer with correct transformers.

Billing of Consumers

Audit noticed deficiencies in the System due to non mapping of business rules. Initial security deposits from new consumers were not collected at prescribed rate resulting in short collection of ₹1.76 crore. The first bill in respect of 68341 consumers was issued with delay upto 54 months. Audit also noticed that bills were not issued to 1.61 lakh consumers since the installation of ORUMA. Audit pointed out wrong mapping of purposes with lower tariffs resulting in short collection of ₹1.69 crore. The Company did not collect interest at twice the bank rate for instalments allowed to the consumers resulting in loss of ₹ 0.50 crore. The System also did not produce MIS reports to inform the management about unauthorised additional load of consumers.

The Company collected Electricity Duty from exempted category of consumers amounting to ₹2.39 crore. Interest payable on security deposit was worked out at rate lesser than Bank rate resulting in short payment of ₹12.54 crore in respect of 52.88 lakh consumers for the year 2012-13. Similarly, higher rate of interest was not applied for delayed credit of interest on security deposit resulting in short payment of ₹1.77 crore to 5.75 lakh consumers.

Recommendations

Audit recommended that the Company may streamline the process of mapping the business rules in the LT billing system effectively so as to plug the leakage of revenue and shall initiate steps to utilise the data in ORUMA, optimally, to help effective planning and decision making.

Introduction

2.2.1 The Kerala State Electricity Board Limited (Company) was incorporated under the Companies Act, 1956 on 14 January 2011. The Company started independent operations with effect from 31 October 2013 when the Government of Kerala (GoK) transferred the assets and liabilities of erstwhile Kerala State Electricity Board (KSEB), a statutory corporation, to it. The Company is engaged in generation, transmission and distribution of electricity in the State. Sale of energy and its billing is regulated by Electricity Act 2003, rules and regulations[19] and orders/ circulars issued by Government/ Kerala State Electricity Regulatory Commission (KSERC)/ KSEB or the Company. The consumers are classified into three viz., Low Tension (LT), High Tension (HT) and Extra High Tension (EHT) consumers based on their connected load and energy requirement. A consumer is classified as LT, HT or EHT consumer if he avails supply at a voltage of less than or equal to 650 volts[20], between 650 volts to 33000 volts and exceeding 33000 volts respectively under normal conditions. The details of the consumers' energy consumption, revenue from sale of power, etc. for the year 2012-13[21] were as given in the *Tables* below.

Table 2.21: Details of consumers and revenue from sale of energy

Category	No. of consumers		Connected load		Consumption		Revenue	
	(lakh)	Percentage	In MW	Percentage	In MU	Percentage	₹ crore	Percentage
LT consumers	108.03	99.96	17182.99	93.44	12258.66	72.80	4738.26	65.60
HT & EHT	0.04	0.04	1206.47	6.56	4579.58	27.20	2484.20	34.39
Sale through power exchange							0.93	0.01
Total	**108.07**	**100.00**	**18389.46**	**100.00**	**16838.24**	**100.00**	**7223.39**	**100.00**

[19] Kerala Electricity Supply Code 2005 issued by Kerala State Electricity Regulatory Commission and Terms and Conditions of Supply 2005 issued by KSEB.

[20] Kerala Electricity Supply Code (Clause 4(2)) specified the voltage of LT supply as 240 volts and 415 volts for single phase and three phase respectively.

[21] The Company has not prepared the Annual Accounts for the period ending 31 March 2014, so far (as of December 2014).

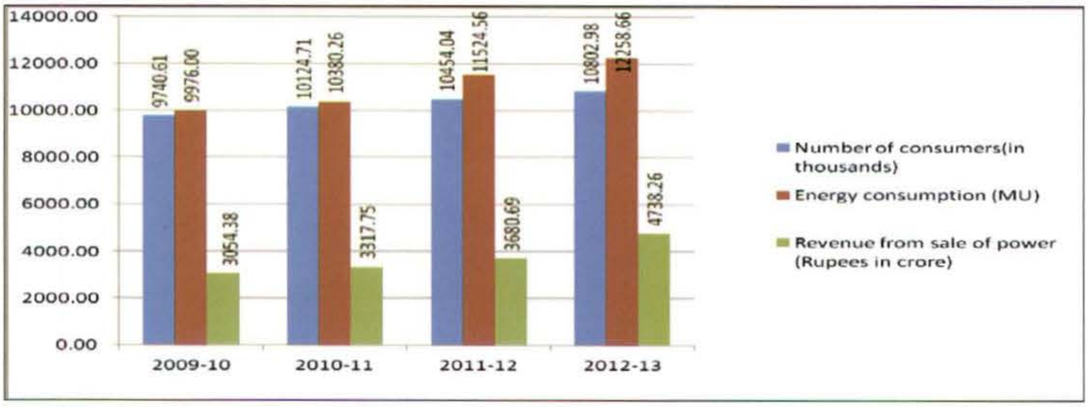
Table 2.22: Details of LT consumers and revenue from sale of energy

Category	No. of consumers		Connected load		Consumption		Revenue	
	(lakh)	Percentage	In MW	Percentage	In MU	Percentage	₹ in crore	Percentage
Domestic	85.74	79.36	11842.34	68.92	8313.36	67.82	2154.16	45.46
Commercial	16.34	15.13	2738.94	15.94	2224.06	18.14	1855.38	39.16
Industrial	1.32	1.22	1539.24	8.96	1101.96	8.99	587.12	12.39
Agricultural	4.60	4.26	956.77	5.57	306.08	2.50	47.28	1.00
Street Lights	0.03	0.03	105.70	0.61	313.20	2.55	94.32	1.99
Total	**108.03**	**100.00**	**17182.99**	**100.00**	**12258.66**	**100.00**	**4738.26**	**100.00**

The billing, collection and accounting for HT & EHT consumers are done centrally by Special Officer (Revenue). Billing in respect of LT consumers is done at 748 Electrical Sections attached to 70 Electrical Divisions (August 2014).

Trend of sale of power to LT consumers

2.2.2 The details of sale of power to LT consumers during the period from 2009 to 2013 are depicted in the graph below:



The Electrical Sections are the basic units for distribution of electricity to the consumers which function under the Assistant Engineers. Business process in Electrical Section involves Registration, Billing, Collection and Accounting and Disconnection functions.

Open Resource Utility Management Application (ORUMA)

2.2.3 With a view to automate key revenue billing and collection activities in the Electrical Sections erstwhile KSEB introduced (August 2007) an application software called Open Resource Utility Management Application (ORUMA). ORUMA is an in-house software application developed in free and open source software platform. Complete life cycle of the project, viz., requirement analysis, design, development, testing, implementation, maintenance, etc. is being carried out by the IT wing of the Company. The business rule changes from time to time as per Supply Code/KSERC orders/ Board Orders, etc. are also incorporated in the software. It was installed in all the Electrical Sections in Kerala by 2009.

PostgreSQL was selected as Relational Data Base Management System (RDBMS) for ORUMA. Debian Linux and Ubuntu Linux are used as server operating system and client operating system respectively. As a platform independent tool for development, PHP was selected as the programming language. Both the server operating system and client operating system are located in Electrical Section.

Audit Objectives

2.2.4 Audit was taken up to assess whether:

- The IT system has achieved the intended objective of supporting the business process and ensures compliance with the applicable rules and regulations in registration, billing, collection, accounting and disconnection of LT consumers.
- The database provides sufficient, complete, reliable and authorised information for management to identify areas of potential revenue loss and to maximise the revenue.

Audit Criteria

2.2.5 The Audit of computerised LT billing system was conducted with reference to:

- The provisions of the Electricity Act, 2003;
- Kerala Electricity Supply Code, 2005;
- Kerala State Electricity Board Terms and Conditions of Supply, 2005;
- Board Orders/Circulars/Instructions issued by KSEB, the Company and KSERC; and
- Schedule of Tariff and Terms and Conditions for Retail Supply of Electricity.

Scope and Methodology of Audit

2.2.6 The Audit was conducted by collecting the computerised data for the period from August 2007 to September 2014 from 710 Electrical Sections in 68 Electrical Divisions. The data was analysed using IDEA[22] Software and PostgreSQL queries. The results of the analysis were examined to identify loss/ omission of revenue and to ensure comprehensiveness of the software.

Interaction with Government/ Management

The scope, methodology and objectives of Audit were discussed in the Entry Conference conducted on 7 August 2014. Subsequently, audit findings were reported to the Company and the State Government (October 2014) and discussed in an Exit Conference conducted on 12 November 2014. The Entry and Exit Conferences were attended by the representatives of the Company/ State Government. Reply from the Company was received (December 2014) and has been considered while finalising the Report. Reply from State Government is awaited (December 2014).

Acknowledgement

2.2.7 Audit acknowledges cooperation and assistance extended by the staff and management of the Company in conducting this performance audit.

Audit Findings

Audit findings are discussed in the following paragraphs:

Registration of Consumers

2.2.8 As per the Kerala State Electricity Board Terms and Conditions of Supply, 2005, the owner of any premise may apply to the Assistant Engineer of Electrical Section concerned by remitting the prescribed fee[23] for electricity connection. The Company, after examining the relevant documents[24] and inspecting the premises, works out the amount to be remitted towards Own Your Electric Connection (OYEC) Charges and security deposit. The Company is expected to release the connection within one month[25] from the date of remittance of required amount.

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[22] Interactive Data Extraction and Analysis.

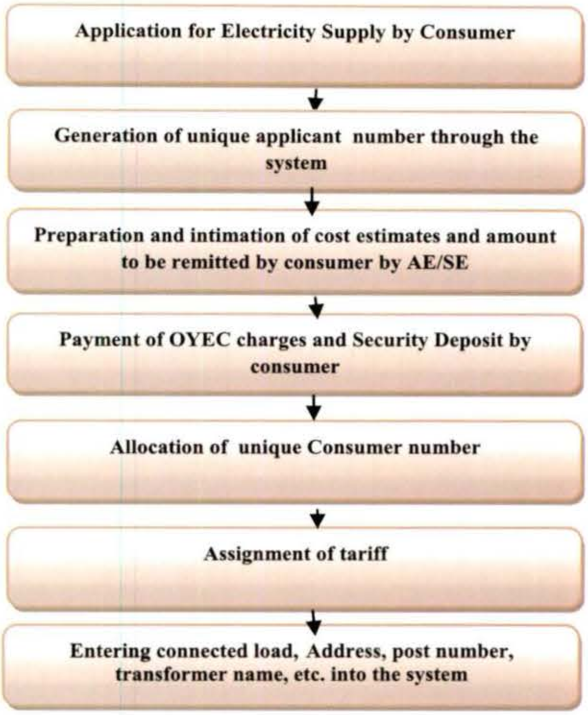
[23] Application fee for electricity connection for LT, HT and EHT consumers is ₹25, ₹1000 and ₹5000 respectively.

[24] Completion Report of the Consumer's installation, Test Report of the consumer's installation of the licensed electrical contractor, a neat sketch of the premises showing the position of all lamps and other fittings, if the intending consumer is not the owner of the premises to be electrified, he shall furnish a consent agreement.

[25] Where extension of LT line or 11 kV line is required, connection shall be provided within 30 days or 4 months per KM or part thereof of additional line respectively.

Registration Process

The registration process is depicted below:



Following deficiencies were noticed in consumer registration:

Absence of essential details of consumers

2.2.9 As per clause 21 of Kerala Electricity Supply Code, 2005 (read with clause 35 of Terms and Conditions of Supply, 2005), every bill issued to consumers for recovery of charges for supply of electricity shall contain name and address of the consumers. It is, therefore, important to maintain the database of basic details such as name and address of consumers. On scrutiny of database, it was observed that in the case of 2.59 lakh consumer records in 629 Electrical Sections (2.19 *per cent* of the total live consumers), names as well as complete address of consumers were not available in the database. Audit noticed that the absence of necessary controls in the system allows the relevant fields to be left blank. This has resulted in preparation of incomplete bills violating the provisions of Kerala Electricity Supply Code and Terms and Conditions of Supply, 2005. In addition, this leaves the Company without the essential details of consumers which would make the revenue recovery proceedings, if any, against defaulted consumers difficult.

The Company replied (December 2014) that at the time of introduction of ORUMA some old consumer details were not traceable from the records available at the section offices. The reply is not acceptable since the meter readers are regularly visiting the premises of the consumers for issue of spot bill, the required details should have been collected and entered in the system.

Assigning of excess connected load to transformers

2.2.10 At the time of registration, details of transformers from which electric connection has been provided to the consumer have to be entered in the database. This helps to identify the location of consumers and generating MIS on capacity utilisation/ overloading of transformers, etc. Analysis of data indicated that, 35820 transformers out of 69301 transformers in 681 Electrical Sections, were overloaded as the total load connected to those transformers was in excess of the maximum capacity. Audit observed that the system does not have inbuilt control to map each consumer with correct transformers and to generate MIS report to alert the management on overloading of transformers beyond their capacity.

While accepting Audit observations, the Company replied (December 2014) that feeder-transformer-consumer mappings were not envisaged in ORUMA software. It was also stated that ORUMA software was being modified and renamed as ORUMANET software, the rolling out of which was in progress and was scheduled to be completed by May 2015.

Categorisation of ineligible consumers under Non Paying Group

2.2.11 As per Government order[26], the economically backward domestic consumers having connected load not exceeding 500 watts and monthly consumption not exceeding 20 units are exempted from payment of electricity charges. These consumers are classified as Non Paying Group (NPG). Audit noticed that consumers with connected load exceeding 500 watts and consumers other than domestic consumers were classified as NPG and electricity was supplied free of cost. The ineligible concession thus extended to them worked out to ₹0.42 lakh in respect of 57 consumers in 41 Electrical Sections during the period June 2008 to June 2014. It has been observed that business rule pertaining to classification of NPG consumers was not mapped properly in the System. As a result classification of consumers as NPG was done manually and the ineligible consumers availed supply free of cost.

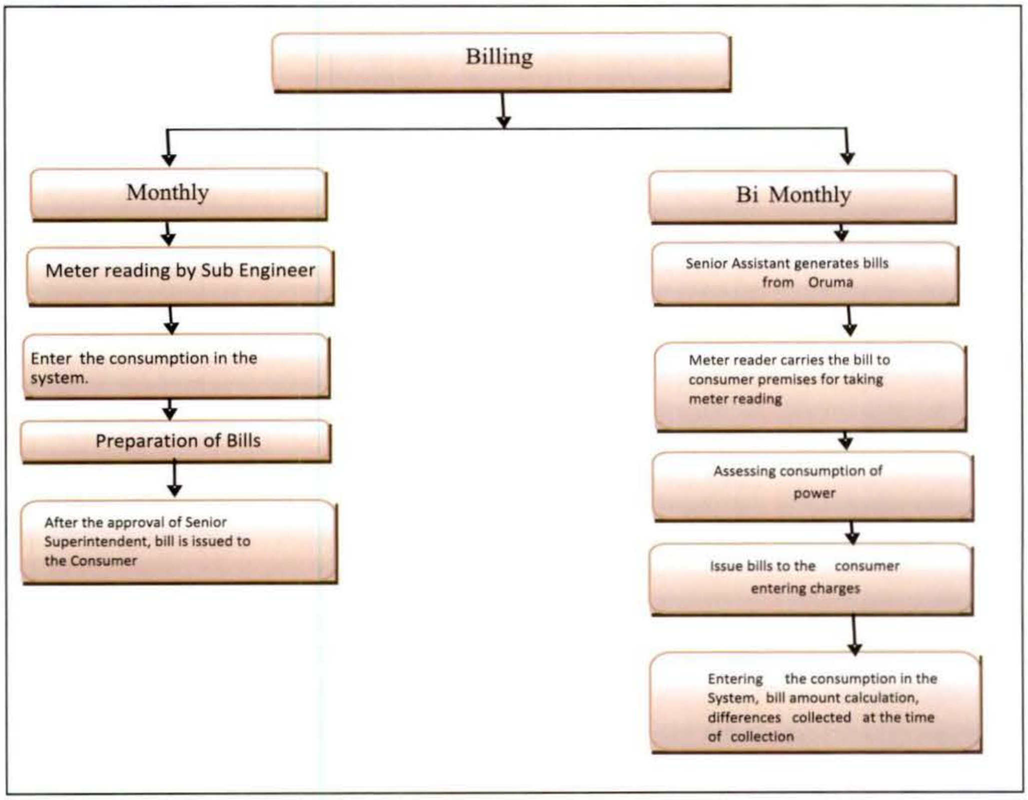
While concurring with the Audit observation, the Company replied (December 2014) that steps are being taken to implement the validation in the new software in respect of classification of NPG consumers. However, actions need to be taken to correct the data in the existing database.

[26] **GO (MS) No 27/2013/PD dated 20 June 2013.**

Billing of Consumers

2.2.12 The Company issues bills to the consumers on the basis of consumption recorded by meters installed at the premises of the consumers. The Company issues monthly and bi-monthly bills to consumers. Monthly bills are issued to LT Industrial and Commercial consumers having connected load above 10 KW. Domestic consumers having connected load more than 20 KW are also coming under monthly[27] billing. In the case of all other LT categories of consumers, bi-monthly billing is applicable.

The LT billing process is depicted below:



IT wing is responsible for making necessary changes in the software regarding the tariff revisions, introducing power restrictions, fuel surcharge, etc. rolled out by the Company from time to time. Changes made in the system are implemented in the field offices by respective System Supervisors.

Analysis of data received from the Electrical Sections revealed the following deficiencies in the software and billing:

[27] vide order dated 11th May 2010 authorised Chief Engineer (Commercial & Tariff).

Non-mapping of business rules

2.2.13 To make the system fool-proof and efficient, all the business rules need to be mapped properly in the system. Audit, however, noticed non-mapping of important business rules as discussed below.

a) Short collection of initial Security Deposit

Audit observed that business rules pertaining to the calculation of Initial Security Deposit was not mapped in the system which led to manual calculation of the same. This has resulted in short collection of ₹1.76 crore during the period from April 2009 to March 2014 in respect of 6916 consumers in 651 Electrical Sections. The Company replied (December 2014) that steps are being initiated to provide auto-generation facility in the software for the calculation of initial security deposit amount, instead of user input method.

b) Non-mapping of rule regarding issue of first bill

As per clause 18 of Supply Code, the licensee shall issue the first bill in case of new installations within two months of providing connection. Audit analysed the data on new connections and found that first bill to 68341 consumers was issued after periods ranging from four months to 54 months from the date of providing electric connection as given in the *Table* below:

Table 2.23: Statement showing details of delayed issue of first bill

Sl. No.	Delay in issue of first bill	No. of consumers
1	4 months to 1 year	65764
2	1 year to 2 years	1960
3	2 years to 3 years	577
4	3 years and above	40
	Total	**68341**

As per the service connection procedure, area code, day code, next billing month, etc. have to be entered in the system for effecting new service connection. Entering of incorrect details/ non entering of details are the reasons for delay in issue of first bill. Due to delay in issue of first bill, the realisation of revenue to the Company was also delayed. It was replied (December 2014) that a new report would be provided in the software to identify newly connected but un-billed consumers, if any, in the system.

c) Non issue of bills:

It was also noticed that 474 Electrical Sections had not issued bills in respect of 1.61 lakh consumers since the installation of ORUMA, though their status were shown as "*Connected and Using*" in the system. Audit noticed that the Company did not try to trace out the whereabouts of these consumers to ensure the actual status and either bill or exclude the consumers from database.

The Company replied (December 2014) that during data entry for implementation of ORUMA and migration from legacy system to ORUMA, consumers which are actually in the status of Dismantled/ Not Using/ Account Closed, etc. may be entered as "*Connected and Using*". The Company also stated that action was initiated to verify present status of these consumers and to correct the same in the system. Action was also initiated to provide a report in the software to identify unbilled consumers in the system with status as "*Connected and Using*".

d) Non-mapping of business rules with regard to compounding of an offence for theft of energy

Clause 4 (4) (e) & (f) of Kerala Electricity Supply Code (first amendment) Regulations, 2005, permits compounding of an offence of theft of electricity by accepting compounding charges at prescribed rates which discharge the person from all criminal proceedings[28] in connection with that offence. The compounding of an offence shall be allowed only in respect of the first offence committed by any person or consumer. Any person who is convicted of an offence punishable under the Electricity Act, 2003 shall be debarred from getting any supply of energy for a period which may extend to two years but which shall not be less than 3 months. This rule should have been mapped properly in the ORUMA system so that the system automatically gives an alert to the authorities when a debarred consumer applies for fresh electricity connection or a discharged consumer applies for compounding the offence of theft of energy on a second occasion. Audit noticed absence of such an input control in the system.

The Company replied (December 2014) that action is being initiated to introduce a control mechanism in the ORUMA system so as to get an alert to the authorities to rectify the above deficiency.

e) Non mapping of provisions regarding higher rate of interest on security deposit for delayed credit

As per the Supply Code[29], the accrued interest on security deposit for each financial year shall be credited to consumer's account during the first quarter of the subsequent financial year and adjusted against electricity bills. The Licensee shall pay interest at twice the bank rate for the delay in making the adjustments for interest on security deposit. Analysis of data revealed that there were delays in crediting interest ranging from one day to 1870 days. Non-mapping of the above provisions in the system resulted in non- payment of penal interest of ₹1.77 crore to 5.75 lakh consumers during July 2009 to August 2014.

[28] **Punishable with imprisonment for a term which may extend to three years or with fine or with both.**

[29] **Clause 16(9)(2) and (3).**

The Company replied (December 2014) that the provision regarding twice the bank rate for delayed credit of interest on Security Deposit to consumers is now implemented in the LT billing software. The fact, however, remains that the Company has not taken any steps to pay penal interest to the consumers for the delayed credit of interest on security deposit.

f) Short collection due to application of wrong tariff to advertisement boards

The tariff applicable for display lighting, hoarding, external illumination of building for publicity and sales promotion was changed from LT-7A to a higher tariff of LT-10 with effect from 01 May 2013. The IT wing of the Company, however, did not make suitable changes in the software in this regard. As a result, the system continued to bill the consumers whose purpose of usage was "advertisement boards" under lower tariff of LT-7A and sold 7.43 lakh units of electricity resulting in revenue loss of ₹ 0.70 crore in respect of 1788 consumers in 238 Electrical Sections during the period from May 2013 to August 2014. Audit observed that out of 1788 consumers, the Electrical Sections subsequently changed the purpose of 1313 consumers as hoardings, display boards, etc. to make the system to apply LT-10 tariff while the remaining 475 consumers continued to be billed under LT-7A tariff .

The Company replied (December 2014) that whenever Regulatory Commission/Board issues orders to change the purpose from one tariff category to another the same change would also be effected in the system. In the case of existing consumers tariff should be changed individually through the system by identifying the consumer. It was also stated that a control mechanism is being introduced in the software to overcome the situation. The reply cannot be accepted as the purpose "advertisement boards" has been wrongly mapped to LT-7A tariff instead of LT-10 which resulted in wrong application of tariff and the fact remains that the Company is yet to recover the short assessment due to the application of lower tariff. Being in a computerised environment, the company should have developed automated solution to change the tariff according to their purposes instead of individually changing the tariff.

g) Short collection due to application of wrong tariff to workshops with automobile service stations

As per the tariff approved (December 2007) by KSERC, Workshops with Automobile service stations were to be billed under LT-7A. The CE (IT) did not make provisions in the system and the system continued to generate bills for Workshops with Automobile service stations under the lower tariff of LT-4A. This resulted in short collection of ₹0.81 crore during February 2008 to September 2014 in respect of 12.76 lakh units of electricity consumed by 123 consumers in 69 Electrical Sections. Audit observed that out of 123 consumers, 119 consumers are still being billed under lower tariff (LT-4A).

The Company replied (December 2014) that action was being taken to verify the above consumers with purpose as "workshop with automobile service station", so as to find out whether they have actually segregated their workshop load to avail the benefit of industrial tariff.

h) Short collection due to application of wrong tariff to paying guest facility for students along with owner

Tariff notification which came into effect from 1 July 2012 excluded the 'paying guest facility for students along with owner' from LT-6B tariff. As per the notification, LT-6B tariff is applicable to "........hostels of educational institutions affiliated to Universities or under the control of the Director of Technical/Medical Education/Public Instruction or such other offices of Government or run by the Government or State Social Welfare Board, hostels run by institutions that are registered under Cultural, Scientific and Charitable Societies Act and exempted from payment of income tax.....". Therefore, 'paying guest facility for students along with owner' was to be billed under higher tariff of LT-7A applicable for private hostels. The CE (IT), however, did not make necessary changes in the system and the system continued to bill these consumers in LT-6B resulting in a short collection of ₹0.18 crore during July 2012 to July 2014 from 413 consumers in 77 Electrical Sections. Total sale of electricity to above mentioned consumers in lower tariff is worked out to 10.75 lakh units. Audit observed that out of these consumers, the Company had not changed the purposes of 303 consumers and continued to bill them under LT-6B.

The Company replied (December 2014) that action was being taken to verify the purpose of above mentioned consumers, so as to find out their actual purpose of usage of electricity to include them in appropriate tariff.

Short assessment due to application of reduced rate of interest on instalments allowed

2.2.14 As per clause 8 of Supply Code, 2005, the Company may allow the consumer to remit the cost of electric line extension/ substation construction for new connections on instalment basis and interest at twice the bank rate shall be applied for instalments. The maximum period for instalments shall be 60 months. Audit noticed that RBI changed the bank rate during February 2012 to January 2014 as shown below:

Table 2.24: Bank rates declared by Reserve Bank of India

Period		Bank Rate	Rate to be applied
17/02/2012	19/04/2012	9.50	19.00
20/04/2012	31/01/2013	9.00	18.00
01/02/2013	21/03/2013	8.75	17.50
22/03/2013	02/05/2013	8.50	17.00
03/05/2013	18/07/2013	8.25	16.50
19/07/2013	19/09/2013	10.25	20.50
20/09/2013	10/10/2013	9.50	19.00
11/10/2013	31/10/2013	9.00	18.00
01/11/2013	30/01/2014	8.75	17.50
31.01.2014 onwards		9.00	18.00

The CE (IT), however, did not make necessary changes in the system and the system continued to generate bills charging interest at 12 *per cent*[30] *per annum*. This resulted in short collection of ₹0.50 crore during February 2012 to June 2014 in respect of 9656 consumers in 505 Electrical Sections.

The Company replied (December 2014) that a mechanism was initiated to get the bank rate as and when there is a change in rate, and implement the same in software. The fact, however, remains that the Company has not taken any action to recover the short assessment due to application of lower interest rate on instalments allowed by the Company.

Absence of inbuilt system to identify and bill unauthorised additional load

2.2.15 As per Clause 51(1), (3) and (4) of Terms and Conditions of Supply, 2005, if the actual load of a LT Consumer exceeds the authorised connected load[31], the unauthorised additional load shall be got regularised by the consumer within a period of three months from the date of detection. The unauthorised load would derail the distribution plan of the Company and adversely affect the quality of power supplied. As such, the system should have an inbuilt control mechanism to calculate maximum consumption as per the connected load and generate an alert to the authorities for physical verification of the premises of the consumer to detect unauthorised additional load, if any. Audit, however, noticed absence of such an inbuilt control in the system to automatically identify and raise an alert to the authorities and the system continued to bill the consumer at normal rate. Analysis of data revealed that there was unauthorised additional load in respect of 9.45 lakh consumers in 704 Electrical Sections and 85.44 crore units were consumed through unauthorised additional load. Further, loss to the Company on

[30] **Twice the Bank rate of 6 *per cent* = 12 *per cent*.**

[31] **'Connected Load' means the sum of rated capacities in terms of KW or KVA of all connected energy consuming devices in the consumer's installation.**

account of non-collection of fixed charges during January 2008 to August 2014 worked out to ₹ 0.24 crore[32] pertaining to consumers whose fixed charges were based on connected load.

The Company replied (December 2014) that an inbuilt control mechanism to calculate maximum consumption as per the connected load and to generate alerts to the authorities for physical verification of the premises of the consumer to detect unauthorised additional load will be provided in the system. It was also stated that the audit observation regarding the loss to the Company on account of non-collection of fixed charges is unrealistic in respect of domestic and agricultural consumers as fixed charge is not based on their connected load , and in the case of other category of consumers steps are initiated to verify the connected load. Audit has worked out the short collection of fixed charges only in respect of consumers whose fixed charge is based on connected load and hence realistic.

Loss of revenue due to supply at single phase where connected load exceeded five kilo watts

2.2.16 As per Clauses 4 (a) and 5 of Supply Code, 2005, read along with Clause 46 of Terms and Conditions of Supply, 2005, single phase supply at 240 V shall be effected to installation having connected load up to five kilo watts (KW) and supply shall be effected only at 415 V three phase for installations having connected load in excess of five KW. Analysis of data revealed that the Company had effected connection in single phase to consumers having connected load exceeding five KW. There were differences in fixed charges for single phase and three phase in following tariff categories.

Table 2.25: List showing fixed charges for single and three phase consumers

Tariff	Monthly fixed charge (₹)	
	Single phase	Three phase
LT 1 A (Domestic)	20 per month	60 per month
LT VI (E)	20 per month	60 per month
LT VII A & LT VIII	60 per KW	120 per KW

This deprived the Company revenue of ₹3.83 crore from 26076 consumers on account of fixed charges during December 2007 to September 2014 in respect of 606 Electrical Sections.

The Company replied (December 2014) that as per general guidelines to officials issued by the Company, service connection to domestic consumers in single phase for connected load above 5000 watts can be effected if three phase four wire distribution main is not available in the area. In the case of other category of

[32] Short collection of fixed charges is worked out for consumers whose fixed charges is based on connected load.

consumers, steps are being initiated to identify and convert the service connection to three phase. The fact, however, remains that the system does not prevent a single phase connection for consumers with connected load in excess of 5000 watts in areas where three phase distribution lines are available.

Levy of Electricity Duty on exempted category of consumers

2.2.17 Section 12 of the Kerala Electricity Duty Act, 1963, exempts power sold to or consumed by Government of India (GoI) or consumed in the construction, maintenance or operation of any railway by GoI from levy of Electricity Duty (ED). Further, Section 4 of the said Act exempts public lightings from levy of ED. These provisions were not mapped into the system and the system wrongly levied ₹2.39 crore towards ED during January 2008 to September 2014 in respect of 5468 exempted consumers in 652 Electrical Sections as shown below:

Table 2.26 Statement showing collection of ED from exempted consumers

Sl. No.	Purpose	No. of Consumers	Electricity Duty (₹ in lakh)
1	All India Radio Offices/Institutions	34	4.60
2	Central Government Department	486	40.93
3	Central Government Excise Office	104	11.12
4	Central Government Offices and Institutions	479	29.57
5	Central Government Tax/Revenue Collection Department	1	0.20
6	Customs Office	43	2.30
7	Doordarshan Offices/Institutions	35	18.93
8	Income Tax Office	121	12.05
9	Postal Services	1072	19.10
10	Public Lighting (Metered)	2401	56.59
11	Public Lighting (Unmetered)	258	18.52
12	Railway Level Cross Gates	177	1.80
13	Railway Station	65	9.77
14	Railways/Railway offices	108	6.19
15	Tax/Revenue Collecting Offices Central Government (Excluding Local Bodies)	84	7.77
	Total	**5468**	**239.44**

The Company replied (December 2014) that steps are being taken to provide an inbuilt mechanism in the software so as to exempt the specified category of consumers from payment of ED automatically. The fact, however, remains that the Company has not taken any steps to refund the ED collected from the exempted consumers in violation of the Kerala Electricity Duty Act, 1963.

Short payment of interest on consumers' security deposit

2.2.18 Clause 16 of the Supply Code stipulates that the Licensee shall pay interest on security deposit to the consumer at bank rate[33] prevailing as on 1st April of the financial year for which interest is due. Analysis of data revealed that the Corporate Office (Finance Wing) of the Company and CE (IT) failed to make necessary changes in the system in line with increase in bank rate and wrongly fixed interest rate as 8 *per cent* instead of 9.50 *per cent* in 2012-13. As a result, the system worked out the interest payable to the consumers at the rate of 8 *per cent* only. This resulted in short payment of interest amounting to ₹12.54 crore in respect of 52.88 lakh consumers for the year 2012-13.

The Company replied (December 2014) that due to fluctuations in the bank rate, interest for fixed deposit of State Bank of India was taken for calculating interest payable to consumers. The reply is not acceptable as the Supply Code clearly stipulates that the licensee shall pay interest on security deposit to the consumers at the bank rate.

Absence of MIS on Faulty meters

2.2.19 As per Clause 33 of Terms and Conditions of Supply, 2005, "If the Board is unable to raise a bill on meter reading due to its non-recording or malfunctioning, the Board shall issue a bill based on the previous six months' average consumption. In such cases, the meter shall be replaced within one month". Analysis of data revealed that there were delays ranging from one month to 79 months in replacing 30.21 lakh faulty meters indicating failure of the Company to utilise the data available in the system to replace the faulty meters within the stipulated period of one month. Further, it was also noticed that there are still 6.87 lakh faulty meters as given in the *Table* below.

Table 2.27 : Number of faulty meters not rectified

Period of delay	Number of Meters
1 month to 1 year	249016
1 year to 2 years	161823
2 years to 3 years	90260
3 years to 4 years	57916
4 years to 5 years	56470
More than 5 years	71597
Total	**687082**

While accepting the audit observations, the Company replied (December 2014) that the faulty meters belonging to high value consumers would be given priority for replacements so as to minimise the loss of revenue. The fact, however, remains that the system does not generate any report of faulty meters.

[33] **'Bank rate' means the rate at which the Reserve Bank of India discounts bills.**

System allows the disconnected consumers to continue the status for more than 12 months

2.2.20 As per Clause 41(4) of Terms and Conditions of Supply, 2005, no service shall remain disconnected continuously for a period exceeding six months for non-payment of amount due to the Licensee. If the dues are not paid within six months from the date of disconnection, the service shall be dismantled and agreement terminated immediately after giving fifteen days' notice to the consumer. It is also stipulated that if a request is received from the consumer within six months of disconnection on *bona fide* grounds to keep the service disconnected beyond six months, the Assistant Executive Engineer concerned may consider each case on its own merits and extend the period of disconnection up to a maximum of 12 months, provided the consumer undertakes the responsibility for the safe custody of service mains, equipments and pay the prescribed charges. Audit observed that the system did not produce any report to alert the management on existence of consumers with '*disconnected*' status for a period in excess of permissible limit. Analysis of data revealed that in respect of 4516 consumers in 446 Electrical Sections, the status was shown as '*disconnected*' for periods exceeding 12 months, violating the provisions contained in KSEB Terms and Conditions of Supply, 2005.

The Company replied (December 2014) that steps are being initiated to dismantle the disconnected consumers as per the relevant provision in the Supply Code/ Regulations/ Board Orders, etc.

Data Integrity

2.2.21 Complete, accurate and relevant data in the system is necessary to ensure the data integrity. Audit, however, noticed abnormally high consumptions in some of the bills entered into the system. Some of the examples are given in the Table below:

Table 2.28: Statement showing some of the abnormal consumptions entered into the system

Sl. No	Section code	Section name	Consumer number	Connected load (watts)	Bill number	Bill Date	Billing month	Abnormal Consumption (Units in lakh)
1	5649	Koratty	6623	54000	291542	01/10/2010	October 2010	194.87
2	6604	Westhill	8967	38000	32532	14/07/2009	July 2009	186.35
3	6754	Kizhakkanchery	4196	5025	45777	12/08/2009	August 2009	10.00
4	5733	Eroor	12344	5990	36113	18/07/2013	July 2013	10.00

As the meter readings are vital for accurate computation of the energy bills, adequate control should be exercised to ensure its accuracy. The Company should have compared abnormally lower or higher readings with connected load of the consumers as well as consumption pattern while processing the bills.

The Company replied (December 2014) that the abnormal consumption may be due to incorrect data entry. It was also replied that steps are being initiated to provide an inbuilt control mechanism to calculate maximum consumption based on registered connected load and generate alerts to the authorities to eliminate these kind of issues.

Conclusion

- The system is not properly mapped to the business rules. The omission to effect the changes in tariff in line with the tariff revisions has resulted in short collection.
- The data generated during the preparation of energy bills was not utilised for analysis of the consumption pattern to detect unauthorised additional load, delay in issue of bills and non issue of bills, etc. for attainment of optimum revenue realisation.
- Faulty meters were not changed in time to avoid leakage of revenue and delay ranged upto 79 months.

Recommendations

The Company should

- Streamline the process of mapping the business rules in the LT billing system effectively so as to plug the leakage of revenue.
- Initiate steps to utilise the data in ORUMA, optimally, to help effective planning, decision making and plugging of leakage of revenue.

CHAPTER III

COMPLIANCE AUDIT OBSERVATIONS

Chapter III

3. COMPLIANCE AUDIT OBSERVATIONS

Important audit findings emerging from test check of transactions made by the State Government companies/ corporations have been included in this chapter.

Government companies

Transformers and Electricals Kerala Limited

3.1 Management of cost of production

Introduction

3.1.1 Transformers and Electricals Kerala Limited (Company) was incorporated (December 1963) with the main objective to establish manufacturing units for the manufacture of heavy electrical equipments such as transformers, turbines and other electrical and allied machinery required by power sector institutions. The Company commenced its commercial activities in 1966. The Company is presently manufacturing power transformers, current and potential transformers in the range of 33kV[1] to 400 kV. The major raw materials used in production process are copper, steel, press boards and transformer oil.

3.1.2 The cost of production per MVA[2] of transformer manufactured by the Company increased from ₹3.21 lakh in 2009-10 to ₹3.89 lakh in 2013-14, registering an increase of 21.18 *per cent.* As a result, the Company had incurred operating loss of ₹0.73 lakh per MVA during 2013-14 as against profit of ₹0.70 lakh per MVA during 2009-10. The hike in cost of production was due to increase in cost per MVA of raw materials from ₹2.13 lakh in 2009-10 to ₹2.51 lakh in 2013-14 and the employee cost from ₹0.74 lakh in 2009-10 to ₹1.07 lakh in 2013-14 as shown below:

Table 3.1: Cost of production per MVA

Period	Production (MVA)	Cost of Materials consumed		Employee Cost		Others[3]		Grand Total	
		Total (₹crore)	Per MVA (₹ lakh)	Total (₹ crore)	Per MVA (₹ lakh)	Total (₹ crore)	Per MVA (₹ lakh)	Total (₹ crore)	Per MVA (₹ lakh)
2009-10	5080.73	108.03	2.13	37.55	0.74	17.72	0.34	163.30	3.21
2010-11	5168.92	124.06	2.40	39.06	0.76	17.38	0.34	180.50	3.50
2011-12	5789.31	120.24	2.08	45.26	0.78	16.89	0.29	182.39	3.15
2012-13	5175.69	95.35	1.84	49.14	0.95	13.61	0.26	158.10	3.05
2013-14	4260.68	107.14	2.51	45.61	1.07	13.39	0.31	166.14	3.89

[1] Kilo Volts, 1000 volts; one volt is defined as the difference in electric potential between two points of a conducting wire when an electric current of one ampere dissipates one watt of power between those points.
[2] Mega Volt Ampere.
[3] Manufacturing, administration, selling expenses, finance cost, depreciation, etc.

The major reasons for increase in cost of production are deficiencies in procurement of raw materials and payment of unproductive wages as discussed in the succeeding paragraphs:

Absence of procurement through open tender

3.1.3 The basic principle of any public buying is to procure the materials of the specified quality at the most competitive prices and in a fair and transparent manner. As per clause 7.11 of Kerala Stores Purchase Manual, all purchases exceeding ₹10 lakh must be made through open tender.

Open tender was, however, defined in the Purchase Manual framed by the Company as "where enquiries were made with all the known sources, not less than six, and responses were received from not less than four sources". This was contrary to the provisions in the Kerala Stores Purchase Manual according to which tenders are required to be invited by public advertisements by giving wide publicity.

On a review of the procurements made by the Company during 2009-10 to 2013-14, following deficiencies were noticed in the system of procurement:

3.1.4 The Company made purchases from few sources without resorting to open tender as prescribed in the Kerala Stores Purchase Manual and thus violated the purchase rules. Out of the total 289 product groups procured during 2011-12, the Company had only single vendor each for 121 product groups and two vendors each for 69 product groups when 9 to 15 suppliers were available for these items in India and abroad. Out of 5141 purchase orders for ₹240.69 crore placed by the Company during the period from January 2011 to December 2013, 45 major purchase orders[4] for ₹106.65 crore[5] were checked by Audit and the position was as follows:

Table 3.2: Comparison of purchase orders issued

Year	Enquiries made with more than three sources		Enquiries made with two to three sources		Enquiries made with single source		Total (₹ crore)
	Number	Value of PO (₹ crore)	Number	Value of PO (₹ crore)	Number	Value of PO (₹ crore)	
2011	1	1.68	11	29.87	1	2.45	34.00
2012	0	0	15	30.62	1	2.01	32.63
2013	0	0	16	40.02	0	0	40.02
Total	**1**	**1.68**	**42**	**100.51**	**2**	**4.46**	**106.65**

In the absence of obtaining competitive quotes, the Company did not have price discovery mechanism and was deprived of the advantages of competitiveness in the prices.

[4] **Costing more than ₹1 crore per PO.**

[5] **Represented 44.30 *per cent* of total purchases.**

The Government replied (September 2014) that major customers specify their approved vendors for major raw materials and components along with tender specifications and that was the reason for procurement from limited sources. The reply was not acceptable because the conditions about tendering in Company's purchase manual were in contravention of Kerala Stores Purchase Manual. Further, despite the fact that the customers had specified a range of 6 to 15 vendors, the Company had failed to send tender enquiries even to those vendors preferred by customers **(*Annexure 13*).** Thus, purchases were made by ignoring not only the provisions of the Kerala Stores Purchase Manual but were limited only to few vendors even ignoring wide range of the vendors preferred by customers which calls for review of procedure.

Extra expenditure due to dependence on few vendors

3.1.5 Audit analysed the trend of prices at which the Company purchased raw materials *vis-a-vis* the market prices of these items over five years from 2009-10 to 2013-14. It was noticed that the increase in market price[6] of copper[7], when compared to that in 2009-10 ranged from 28.03 *per cent* in 2010-11 to 48.44 *per cent* in 2013-14, whereas the increase in actual procurement rate of the Company ranged from 32.18 *per cent* in 2010-11 to 60.88 *per cent* in 2013-14. The reason for such increase in rate was Company's dependence on two sources[8] for the purchase of Paper Covered Copper Conductor (PCC)[9] and on three to four sources[10] for Continuously Transposed Copper Conductor (CTC) despite presence of many suppliers in India and abroad for these items. Due to its dependence on few vendors, the Company was deprived of the benefit of fair competition and had to procure materials at higher rates incurring extra expenditure of ₹7.29 crore ***(Annexure 14)***.

The Government replied (September 2014) that Sterlite Industries Limited and Hindalco Industries Limited were the only major approved suppliers for copper rods in India. The reply is not acceptable since the customer-preferred vendor list furnished by the Government itself contained names of six suppliers, which is a matter of investigation.

Failure to utilise export incentive

3.1.6 The Company has been exporting transformers to the Sultanate of Oman for the last five years. As per the foreign trade policy in vogue from time to time, the Company was issued[11] Advance Authorisations (AAs) which allow duty free import of inputs, which are physically incorporated in the exported product. The main inputs used for manufacture of transformers are CRGO[12] steel sheets, copper wire rods, transformer oil and press boards. The Company also has the option to procure materials indigenously from domestic suppliers by invalidating the AAs in favour of the suppliers who, in turn, can obtain and utilise the same for duty free import. The suppliers pass on the benefit of duty exemption to the Company.

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[6] Based on London Metal Exchange rates.
[7] Both PCC and CTC which accounted for nearly 35 *per cent* of total purchase expenditure of raw materials.
[8] Sterlite Industries Limited and Hindalco Industries Limited.
[9] Except one more source, namely HCL in 2012-13 with whom the Company had placed orders for smaller quantity.
[10] Chandra Proteco, KSH International, Asta India and Sree Cables.
[11] By Joint Director General of Foreign Trade, Ministry of Commerce and Industry.
[12] Cold Rolled Grain Oriented.

The validity of an AA is initially for two years which can be extended for a further period of six months on request.

In the production process, the copper wire rod is used in two forms viz., CTC and PCC. The former is directly procured in finished state and the latter is got fabricated through job contractors by supplying copper rod. The rate of copper quoted by the suppliers was *'(LME[13] CSP[14] rate + premium)* x *multiplication factor* x *exchange rate'* for supply through domestic route and for supply through deemed export route, the multiplication factor was not considered. Thus, for procurement through deemed export route the rate was lower.

On audit scrutiny, it was noticed that the Company had invalidated nine AAs for 185.29 MT of copper wire rod during the period from December 2010 to July 2011 in favour of two suppliers[15] after getting specific consent from them to supply through deemed export route against each AA. The Company, however, procured 185.29 MT copper wire rod through domestic route at higher rates incurring extra expenditure of ₹41.36 lakh[16]. Audit observed that the suppliers had utilised these AAs for duty free import but the benefit of duty exemption was not passed on to the Company. Failure of the Company to procure copper through deemed import route even after invalidating the AAs in favour of the suppliers resulted in extending undue benefit to private firms.

The Government admitted in the reply (September 2014) that there was avoidable expense but stated that the suppliers had returned the original unutilised invalidation letters to the Company. It was, however, evident from the records of Joint Director of Foreign Trade, Cochin that the suppliers had utilised the nine AAs for import of copper to the fullest extent. The Company may, therefore, take up the matter with private firms for recovery of the amount in question.

Other deficiencies in procurement

3.1.7 The Company failed to comply with the procedures and practices prescribed in the purchase manual as mentioned below:

- The manual stipulated that a purchase committee consisting of heads of departments of materials, planning, design, finance and production has to be constituted for deliberating and taking decisions on purchases exceeding ₹15 lakh. Though the purchase committee was constituted, the committee never met. Instead, purchase decisions were taken by circulating the purchase files among the members. Thus, the objective of doing deliberations behind formation of purchase committee was defeated.
- As per the manual, the purchase department shall prepare an annual purchase budget based on the price data/trends, market information, etc. However, the Company did not prepare purchase budget thereby losing the benefits of getting best materials at competitive prices.

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[13] London Metal Exchange.
[14] Cash Settlement Price.
[15] Sterlite Industries Limited and Precision Wires Limited.
[16] ₹41.36 lakh = 5 *per cent* of (185.29 MT x ₹446441).

- The manual further stipulated that the purchase department shall have a price discovery mechanism for the major high value items like CRGO steel, copper conductors, transformer oil, mild steel and press board and that it shall make price trend analysis of the major materials based on past records, prices prevailing in the market from time to time and also possible changes due to Government regulations. However, such procedures were not complied with, due to which the Company lost the opportunities of discovery of actual market price of various materials.
- As per General Financial Rules, for the best public procurement practices, a financial limit shall be prescribed for adopting various modes of procurement viz., open, limited and single tendering procedure. However, such transparent procedure was not put in place by the Company. It was noticed that out of 45 purchase orders test checked by Audit, only 1.57 *per cent*[17] were made through open tender[18] during 2011 to 2013. The Government replied (September 2014) that open tender could be resorted only for general items but not for specific raw materials for manufacturing customised product. The reply is not acceptable due to the fact that the customer specifications were not restricted to any single supplier but to a group of suppliers. Thus, the action of the Company was arbitrary in nature which needs investigation.

In the circumstances, the Company may broaden its vendor base for raw materials to promote competition and obtain best rates and may also resort to import of raw materials wherever found economical. The Company may also go in for LME based long term contracts with suppliers.

Incidence of high employee cost

3.1.8 The employee cost per MVA of transformer manufactured had increased from ₹0.74 lakh in 2009-10 to ₹1.07 lakh in 2013-14 registering an increase of 45 *per cent.* The major reasons for the increase in employee cost per MVA of transformers manufactured were low labour productivity, abnormal idle time and abnormal absenteeism as discussed below:

Unproductive wages

3.1.9 Scrutiny of monthly production reports by audit revealed that though the Company had fixed norms for production per man day in each shop, the actual production was much lower resulting in payment of unproductive wages of ₹31.02 crore as detailed in the table below:

[17] ₹1.68 crore / ₹106.65 crore x 100.

[18] As defined in the Company's purchase manual, Open tender means – where enquiries were made with all the known sources, not less than six, and responses were received from not less than four sources.

Table 3.3: Details of unproductive wages paid in different shops

SL No.	Particulars	Coil & Insulation Shop	Core Shop	Plate Shop	Assembly Shop	OLTC Shop	CTPT Shop
1	Nature of job in the Shop	Coil winding	Assembly of core	Fabrication of tank	Final assembly of transformer	Manufacture of OLTC	Manufacture of CTPT
2	Norm/Man day	31.36 kg	170 kg	66.80 kg	0.303 MVA	0.36 SU[19]	0.80 SU
3	Executed quantity during 2010-11 to 2013-14	23.31 lakh kg	28.63 lakh kg	25.99 lakh kg	14,668 MVA	201.82 SU	728.47 SU
4	Man days' requirement as per the norm	74,331	16,840	38,907	48,410	561	911
5	Actual utilisation of man days	1,12,113	20,956	72,446	54,557	8,409	15,695
6	Excess utilisation of man days than norms	37,782	4,116	33,539	6,147	7,849	14,784
7	Unproductive wages (₹ in crore)[20]	11.37	1.21	9.91	1.83	2.25	4.45
8	Total unproductive wages for six shops: ₹31.02 crore						

The Government replied (November 2014) that the higher productivity was envisaged under the assumption that modern jigs and production techniques would be introduced and that due to bad market situation and paucity of funds, most of the plans were deferred.

The reply is not tenable in view of the fact that it was agreed (June 2012) between the workers and the Company during long term wage settlement to increase labour productivity by a minimum of 25 *per cent* from the existing level. This proves that there was scope for improvement in productivity.

Abnormal idle time

3.1.10 The main reason for poor labour productivity was abnormal idle time. The management assessed that out of 14.12 lakh man hours booked during the period 2011-14, 2.35 lakh (16.63 *per cent*) man hours were unproductive due to abnormal idle time resulting in payment of unproductive wages amounting to ₹9.85 crore as mentioned in the following table:

Table 3.4: Year-wise details of unproductive wages paid

Year	Total wages paid (₹ lakh)	Total man hours booked	Idle man hours	Unproductive wages (₹ lakh)
1	2	3	4	5 (2x4/3)
2011-12	2103.53	604601	106635	371.00
2012-13	2155.43	457085	82236	387.79
2013-14	1726.21	350745	45969	226.23
Total	**5985.17**	**1412431**	**234840**	**985.02**

The idling was on account of prolonged lunch break, tea break, waiting for want of instructions, crane and materials, etc.

[19] Standard Unit.

[20] At the average man hour rate.

The Government replied (November 2014) that the number of hours spent would vary from unit to unit depending on factors like availability of crane, condition of raw material, etc. The reply is not acceptable since the assessment of idle time was made by the management itself and the reasons cited were prolonged lunch break, waiting for want of instructions, crane, material, etc. which were documented in the monthly production statements. The Government also confirmed (November 2014) the audit observation by stating that constant efforts were being made through regular communication with trade unions for improving engagement time by reducing the tea break and lunch break time.

Abnormal absenteeism

3.1.11 The Company fixed the norm of 10 *per cent* for absenteeism among permanent workers. Audit, however, noticed that the actual absenteeism among permanent workers during the three years from 2011-12 to 2013-14 ranged from 20.35 *per cent* (Plate shop in 2012-13) to 12.34 *per cent* (Assembly shop in 2011-12) and as such 3.19 lakh man hours (17.30 *per cent*) were lost out of the total available man hours of 18.45 lakh. The man hours loss due to abnormal absenteeism was compensated by engaging workers on overtime and by engaging contractual workers. During the period from 2010-11 to 2013-14, the Company engaged workers for 47,302 man hours on overtime incurring ₹3.94 crore towards overtime wages. Similarly, the Company employed workers on contract basis incurring ₹1.02 crore.

The Government replied (November 2014) that the absenteeism was due to eligible leave availed by the permanent workers. The reply was not tenable as the cost of production had increased due to payment of overtime wages and payment of wages to contract workers in addition to leave salary to the workers on leave.

Non-compliance of long term labour agreement assurances

3.1.12 As per the long term wage settlement entered into (June 2012) between the workers and the Company, it was agreed to increase labour productivity by a minimum of 25 *per cent* from the existing level. The productivity, however, had either declined or remained the same in the subsequent years. The Company, however, did not take measures to improve productivity but paid increased wages as per the revised pay structure. Further, it was agreed to introduce third shift from 1 April 2012 which was also not implemented and thereby the Company lost the benefit of better contribution by the optimum utilisation of the available infrastructure and workforce.

The Government replied (September 2014) that the third shift was not introduced since the Company did not have either orders or other factors of production to run third shift. The reply is not acceptable since outsourcing part of Plate Work Shop operations indicated that working of first and second shift was not sufficient to meet the requirements.

Thus, the Company should take steps to increase productivity by optimal utilisation of labour force by reducing idling time and absenteeism.

Malabar Cements Limited

3.2 Avoidable loss

Loss due to delay in payment of deferred KVAT- ₹2.84 crore

Malabar Cements Limited (Company) is a manufacturer of Cement (Portland Pozzolana Cement) using Fly ash as raw material. It has two units at Walayar and Cherthala. Government of Kerala exempted (August 2004)[21] industrial units owned by PSUs manufacturing cement using fly ash as raw material from payment of Kerala General Sales Tax (KGST) for a period of nine years from the date of commencement of commercial production or until full utilisation of exemption of 500 *per cent* of the fixed capital investment in the unit whichever was earlier. Accordingly, the Company being a Public Sector Undertaking (PSU), got exemption from payment of sales tax with effect from August 2004.

The exemption notification issued under KGST Act became inoperative w.e.f 01/04/2005 consequent to the introduction of the Kerala Value Added Tax (KVAT) Act, 2003. However, section 32(1) of the KVAT Act empowered the Government to issue notification permitting industrial units which were enjoying tax exemption under KGST Act to defer payment of the unavailed portion of the exemption granted under KGST Act. Accordingly, Government issued (October 2007) notification permitting the Company to defer the unavailed portion of sales tax exemption sanctioned under KGST Act for a period up to 06 August 2010. The amount of tax deferred was ₹20.08 crore. The KVAT Act stipulated for remittance of the tax so deferred on the date of the expiry of the period of such deferment. The Company, however, instead of remitting the amount on due date of 06 August 2010, requested (03 August 2010) the Government to grant further deferment for a period of two years stating that the Board of Directors (BoD) had approved a capital expenditure budget of ₹80 crore for Plant modernisation/ Upgradation which was to be implemented in a time-bound manner. Government rejected (February 2011) the request stating that on 6 August 2010, the Company was liable to pay tax. The Company remitted the amount only on 2 August 2011 after a delay of almost one year. As a result, the Assistant Commissioner (Assessment) Special Circle, Palakkad levied (February 2013) interest from 7 August 2010 as per KVAT Act 2003. The Company remitted the interest amount of ₹2.84 crore on 9 March 2013.

Audit scrutiny revealed that as on 6 August 2010, i.e. the due date for remitting the amount of tax deferred, the Company had funds aggregating to ₹75.94 crore in short/long term deposits with different banks/Government treasury. Thus, non remittance of statutory dues by the Company despite having surplus funds, resulted in avoidable payment of interest of ₹2.84 crore.

The Government replied (August 2014) that after providing financial assistance of ₹38 crore to six PSUs as per its direction (June 2010 to July 2010), the balance fund available with the Company was only sufficient for its modernisation projects. The reply was not acceptable as the Company was bound to remit

[21] S. R. O.No.859/2004 dated 9/08/2004 under Kerala General Sales Tax Act.

statutory dues on due date and plan its modernisation projects with the funds available after payment of statutory taxes.

Thus, failure of the Company to remit the deferred tax on due date despite having surplus funds resulted in avoidable payment of interest amounting to ₹2.84 crore.

The Kerala State Mineral Development Corporation Limited

3.3 Illegal payment of ₹1.09 crore as *Nokkukooli*[22]

As per Rule 51 of Kerala Financial Code, expenditure on behalf of the Government shall be incurred after entering into contract for supply of stores or for the execution of work. Contracts so executed should be in the form of a written agreement. Further, as per Rule 173 of the Code, work should be started only after proper estimate of the work had been prepared and sanctioned by the Competent Authority.

Section 6 of the Kerala Loading and Unloading (Regulation of Wages and Restriction of Unlawful Practices) Act, 2002, stipulates that no worker shall individually or jointly commit any unlawful practices in connection with or relating to or ancillary to the purposes included in the Act. The unlawful practice has been defined in the Schedule to the Act which includes intentionally putting an employer in fear of any injury or damage to goods, intimidation demanding or claiming or receiving any amount without executing any work or for the work done by others, etc.

The Kerala State Mineral Development Corporation Limited (Company) is engaged in the work of exploring, mining, processing, selling, etc. of minerals and mineral substances in the State. In view of the scarcity of construction grade sand in Kerala, Government of Kerala (GoK) directed (December 2009) the Company to propose the technology and *modus operandi* to desilt the Malampuzha Dam. Based on the proposal, GoK accorded[23] (January 2010) sanction to the Company for sand mining at Malampuzha Dam under the monitoring and supervision by a Core Committee chaired by the District Collector, Palakkad. The operations including loading of sand were to be carried out in a mechanised way. Subsequently, the work relating to the desilting of sand in Chulliar and Walayar dams was also entrusted (February/March 2010) to the Company.

The work, relating to disilting of sand and its transportation at dam sites which included its loading and unloading, was awarded by the Company to a contractor for ₹100 *per* cubic meter of sand excavated. The work was commenced in February 2010.

On scrutiny of records relating to work, i.e. disilting of sand, including loading and unloading, Audit noticed that during excavation of sand, the Company had engaged 316 head load workers at Malampuzha (192), Chulliayar (72) and Walayar (52) dam sites on daily wages at the rate of ₹300 per day for laying of

[22] ***Nokkukooli*** **is the amount demanded by head load workers of an area when a person or organisation loads material on to or unloads from a vehicle without their help.**

[23] **G.O.(Rt) No.124/2010/WRD dated 27/01/2010.**

sand bags on the outer side of the bund, construction of temporary bund, removal of light jungle and vegetation from the site and disposal at suitable places, etc. They were engaged, based on the directions of GoK, as the head load workers obstructed (29 March 2010) the mechanised lifting of sand from the site demanding manual loading of sand in trucks instead. The Company had reported[24] to GoK that though said workers were engaged for the work, they were not ready to work as per directions of the Company and were demanding *Nokkukooli*.

The Company did not change the terms of contract to get the desilting work done manually instead of using mechanised method when GoK directed them to engage head load workers.

The Company paid ₹1.35 crore to head load workers during the years 2010-11 and 2011-12 which was booked under 'desilting dam expenses' in the Company's books of accounts. Out of this, ₹1.09 crore was paid as *nokkukooli* as reported by the Managing Director before Core Committee meeting held on 28 July 2011.

Audit observed that head load workers were engaged against financial rules i.e. Rule 51 and 173 of the Kerala Financial Code and Section 6 of the Kerala Loading and Unloading (Regulation of Wages and Restriction of Unlawful Practices) Act, 2002.

Thus, the engagement of the head load workers and payment of *nokkukooli* was illegal[25] and irregular and resulted in excess expenditure of ₹1.09 crore.

The Company stated (September 2014) that though there was a demand for *nokkukooli* no *nokkukooli* was really paid to the workers and acquittance roll and vouchers did not specify to any payment of *nokkukooli*. The reply of the Company is not tenable due to following reasons:

- The then MD who authorised the cash vouchers himself admitted before the Core Committee headed by District Collector that an amount of ₹1.09 crore was paid as *nokkukooli*.
- The Vigilance and Anti-Corruption Bureau report[26] that an amount of ₹20.51 lakh was spent by the Company for paying *nokkukooli* at Chulliar dam buttressed the audit findings.
- The Company while forwarding the remarks on vigilance enquiry to the Government agreed (August 2013) with Vigilance report and assured to take required corrective action on payment of *nokkukooli*.

Thus, the engagement of the head load workers and payment of *nokkukooli* to them in violation of Kerala Financial Code and Kerala Loading and Unloading (Regulation of Wages and Restriction of Unlawful Practices) Act, 2002, resulted in illegal and irregular payment of ₹1.09 crore.

The matter was reported (August 2014) to Government; their reply is awaited (November2014).

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[24] **Letter containing detailed report regarding activities related to desilting work dated Nil.**

[25] **The State Police Chief issued a circular (March 2012) observing collecting *nokkukooli* as offence similar to robbery which attracts provisions of criminal law.**

[26] **No. VE/09/11/PKD dated 29/10/2012.**

The Travancore Cochin Chemicals Limited

3.4 Avoidable payment of interest

Non-collection of lease rent resulted in avoidable payment of interest of ₹43.18 lakh on working capital loan.

Kerala State Electricity Board (KSEB) executed (May 1999) a long term Power Purchase Agreement (PPA) with BSES Kerala Power Limited (BKPL), which expires in October 2015. Consequently, as directed (November 1998) by Government of Kerala (GoK), The Travancore Cochin Chemicals Limited (Company), a company engaged in the manufacture of caustic soda and other allied chemicals, leased out 20 acres of its land to BKPL for 15 years from 31 March 1997 for setting up a power plant. The annual lease rent was fixed at ₹1.57 crore[27] for the period April 2007 to March 2012 and was payable in two half-yearly instalments in advance on 15th January and 15th July. On expiry of 15 years, the lease period was extendable by mutual agreement between the lessor and lessee on the order of GoK.

BKPL set up the power plant in the leased land and remitted the lease rent at the rates[28] fixed from time to time upto 31 March 2012 (15 years). Before the expiry of the lease period, BKPL requested (November 2011) the Company for extension of the lease period for a further period of 15 years and also paid (January 2012) ₹78.75 lakh towards six months' rent for the period from 01 January 2012 to 30 June 2012 in advance. The Company, instead of initiating action to renew the lease agreement, refunded (January 2012) ₹39.38 lakh being the lease rent for a period of three months from April to June 2012 remitted by the lessee. The lessee, however, is continuing to occupy the leased land till date (December 2014) without renewing lease deed.

In the absence of a legally enforceable agreement after March 2012, pending GoK order and fixation of revised lease rent, the Company did not accept any advance/ provisional rent. Delay in revising the rent affected the financial health of the Company as it was borrowing for its working capital. The Company could have atleast collected ₹3.15 crore at existing rate during the period from 01 April 2012 to 31 March 2014 and reduced the interest burden on borrowing for working capital by ₹43.18 lakh as shown below:

[27] As per the lease agreement, the Company was entitled to annual lease rent of ₹ 70 lakh with effect from 01/04/1997. On expiry of every five years the lease rent was increased by 50 *per cent*. ₹1.57 crore is the enhanced lease rent on completion of 10 years of lease period.

[28] ₹70 lakh *per annum* from 31 March 1997, ₹105 lakh from 01 April 2002 and ₹157.50 lakh from 01 April 2007.

Table 3.5: Details of interest loss

Rent due	Period to which pertains	Amount (₹)	Interest savings at 11.75 *per cent*	Months	Amount (₹)
January 2012	April-June 2012	39,37,500	February 2012 - March 2014	26	10,02,422
July 2012	July-December 2012	78,75,000	August 2012 - March 2014	20	15,42,188
January 2013	January -June 2013	78,75,000	February 2013 - March 2014	14	10,79,531
July 2013	July –December 2013	78,75,000	August 2013 - March 2014	8	6,16,875
January 2014	January - March 2014*	39,37,500	February 2014 - March 2014	2	77,109
	Total	**3,15,00,000**			**43,18,125**

**Loss worked out till March 2014.*

Government replied (November 2014) that the lease agreement could not be renewed as the Company could not fix the market value of land. Subsequently, based on District Collector's valuation, annual lease rent was fixed at ₹4.72 crore and as a result, the Company had actually gained. It was also stated that had the Company accepted the lease rent based on old agreement, they would have been forced to accept lease rent at old rate and not at revised rate as per the District Collector's valuation.

The reply was not acceptable due to following reasons:

- Reply is contrary to facts as the Company had estimated (March 2012) higher annual lease rent based on the market value of land. But there was delay in renewal of lease deed.
- In view of the expected delay in revising the lease rent of land, the Company should have collected the lease rent provisionally at old rates and avoided the loss of interest.
- Company had availed loan of ₹21 crore during the period 2012-14 for meeting its working capital requirements and incurred ₹1.67 crore towards interest. Advance/provisional rent during the period could have reduced their interest burden on borrowing for working capital as brought out above.

Thus, non-acceptance of rent provisionally at the existing rate until revision of lease rent and renewal of lease deed had resulted in loss of interest of ₹43.18 lakh to the Company.

Roads and Bridges Development Corporation of Kerala Limited

3.5 Loss of interest

Loss of interest of ₹16.23 lakh due to dilution of tender conditions

Roads and Bridges Development Corporation of Kerala Limited (Company) is engaged in construction of Highways, Roads, Bypasses, Bridges, Over-bridges etc. The Company invited (January 2010) tenders for the work of construction of

Road Over Bridges (ROBs) at Parappanangadi, Palakkad Town, Kainatty, Payyannur and Mulankunnathukavu and the work was awarded (April 2010) to GPT Infra Projects Ltd at the agreed Probable Amount of Contract (PAC) of ₹53.36 crore. The terms and conditions of tender provided for payment of 10 *per cent* of contract price as mobilisation advance bearing simple interest at 14 *per cent per annum*. Accordingly, the Company released (August 2010) ₹5.34 crore as mobilisation advance to the contractor. The rate of interest is a cost factor which affects the quote of bidders. CVC guidelines require that contract specifications should not be modified to the benefit of the contractor after award of contract.

Audit noticed that subsequent to the award of contract, based on the request (June 2010) of the contractor, the Company reduced (July 2010) interest rate to 11 *per cent* on mobilisation advance which resulted in loss of interest to the tune of ₹13.25 lakh. Similarly, another contractor[29] also requested (March 2012) for reduction of interest rate against 14 *per cent* specified (September 2010) in tender to which Company agreed which resulted in loss of interest of ₹2.98 lakh.

Thus, dilution of tender conditions after awarding the contract in an arbitrary manner resulted in loss of interest of ₹16.23 lakh.

The Management stated (November 2014) that rate of interest on mobilisation advance was reduced to make it comparable with market rates as the interest on loans availed by the Company had come down.

The reply of the Company is not acceptable since the tender condition stipulated levy of interest on mobilisation advance at 14 *per cent per annum* which was not subject to any change depending on market rate of borrowings.

Thus, reduction of interest rate on mobilisation advance in violation of tender conditions after awarding the contracts resulted in loss of interest of ₹16.23 lakh.

The matter was reported (October 2014) to Government and reply is awaited (November 2014).

Kerala State Electricity Board Limited

3.6 Avoidable loss

Loss due to non-execution of agreement: ₹3.36 crore

Kerala State Electricity Board (KSEB) follows two bid system (Technical bid and financial bid) for procurement of electrical equipment/machinery for generation/ transmission/ distribution system. The successful bidder is required to furnish security deposit (SD) at the rate of five *per cent* of the value of contract and execute an agreement within 15 days of receipt of purchase order (PO) to ensure prompt execution of order. If the party does not supply ordered items after entering into contract, KSEB can arrange alternate purchase by inviting fresh tenders at the risk and cost of the original supplier.

[29] Cherian Varkey Construction Company (P) Ltd for construction of ROBs at Ponnurini, Anayara, Thirunavaya, Devdhar and Cheruvathur.

KSEB invited (July 2010) tenders for purchase of 32 11KV 10 panel sets, used for control of 11 KV feeders at Sub Station end, with spares on fixed price basis. The validity of bid was six months from the date of opening pre-qualification bid or four months from the date of opening of the price bid whichever was earlier. The pre-qualification bids were opened on 12 August 2010 and the Pre Qualification Committee (PQC) met on 17 February 2011. The rate of ₹21.83 lakh per unit offered by Electroteknica Switchgear Private Limited (ESPL) being L1 was accepted. KSEB placed two purchase orders - one dated 04 June 2011 for four sets and another dated 04 July 2011 for remaining 28 sets. In line with the terms of the purchase orders, agreements were to be executed within 15 days after receipt of purchase order by the supplier.

ESPL intimated[30] (August 2011) their inability to execute the order unless price variation as per IEEMA[31] price variation formula was accepted by KSEB as there was undue delay[32] in finalising tender and their drawings were approved only on 28 July 2011. After receipt of firm's letter demanding price escalation, the Chief Engineer (TC&M)[33] directed (September 2011) the firm to execute an agreement and furnish security deposit. As the firm was not willing to execute the order unless price variation was allowed, they did not execute the agreement.

The firm's request for price variation was rejected by KSEB as the tender was floated on fixed price basis and the Purchase Committee[34] in its meeting held on 18 October 2011 decided to cancel the order and to invite fresh tenders at the risk and cost of ESPL and to black list the firm for five years. Further, it was noticed that the extended validity of offers of other firms had expired as early as in April 2011. Accordingly, KSEB invited (November 2011) fresh tenders and purchase order on fixed price basis was placed (July 2012) for supply of 32 panel sets with spares with Megawin Switch Gear (P) Limited (MSGL) at an all inclusive rate of ₹32.49 lakh per unit which was higher by ₹10.66 lakh of L1's offer in the previous tender. The firm supplied 32 panel sets during October 2012 to November 2013 at a total cost of ₹10.40 crore. KSEB had to incur extra expenditure of ₹3.41 crore for purchase of panel sets as shown below:

Table 3.6: Details of extra expenditure

Sl. No	Particulars	₹ crore
1	Total cost of 32 panel sets at the rate of ₹21.83 lakh as per first tender	6.99
2	Total cost of 32 panel sets at the rate of ₹32.49 lakh as per retender	10.40
	Extra expenditure (2-1)	**3.41**

It was noticed during audit that a notice was sent by KSEB to the supplier (ESPL) to pay risk and cost amount but ESPL replied that in the absence of any agreement they did not violate any condition of the contract.

[30] Letter no. ESPL/2121/MKM dated 23/08/2011.
[31] Indian Electrical and Electronics Manufacturers Association.
[32] Purchase order was placed on 04/06/2011 for which tenders were invited on 12/07/2010.
[33] Chief Engineer (Technical, Contracts & Materials) was later redesignated as Chief Engineer (Supply Chain Management).
[34] Comprising of Chief Engineer (Supply Chain Management), Deputy Chief Accounts Officer in charge of Financial Adviser, Members (Generation Projects/Transmission & Generation Operation/ Distribution/ Finance) and Chairman.

KSEB stated (September 2014) that office concerned had directed the firm to execute the agreement and furnish security deposit which was not acceded to by the firm. It was also stated that firm's request for IEEMA price variation was main reason for blacklisting them and invitation of fresh tenders.

The reply was not tenable as KSEB directed (September 2011) the firm to execute agreement only after receiving demand for price escalation and not within 15 days of issue of purchase order.

Thus, non-execution of agreement absolved the supplier from the liabilities and KSEB could not recover the extra expenditure of ₹3.36 crore[35] from the said firm by invoking risk and cost Clause due to absence of a valid agreement.

The matter was reported (August 2014) to Government and reply is awaited (November 2014).

Statutory Corporations

Kerala Industrial Infrastructure Development Corporation

3.7 Implementation of Textile Centre at Kannur

Introduction

3.7.1 Government of India (GoI) launched (March 2002) 'Textile Centres Infrastructure Development Scheme' (TCIDS)[36] in line with National Textile Policy 2000. The scheme envisaged creation of infrastructure facilities like construction of roads, common effluent treatment plant, strengthening of power supply, improving water supply, etc., for which maximum central assistance of ₹20 crore for each centre was to be given on reimbursement basis. Government of Kerala (GoK) entrusted (August 2003) Kerala Industrial Infrastructure Development Corporation (KINFRA) the work to implement TCIDS project at Kannur[37] and the Empowered Committee[38] (EC) approved (February 2004) the project to be implemented in 168 acres within a period of 18 months at a total cost of ₹30.15 crore.

KINFRA authorised (July 2004) Kinfra International Apparel Parks Limited[39] (Company) to execute the project. The major decisions in the implementation of the project were taken by KINFRA[40] and execution and supervision were done by the Company.

The implementation of the project was commenced in November 2004. The Company incurred ₹50.31 crore on the project upto March 2014 and received

[35] ₹3.41 crore – ₹0.05 crore (EMD forfeited).

[36] A scheme for improving infrastructure facilities at potential textile growth centres and to remove bottlenecks in exports so as to achieve the target of textile and apparel export of US$ 50 billion by 2010 as envisaged in the National Textile Policy 2000.

[37] Earlier known as Canannore.

[38] Committee for sanctioning projects under TCIDS

[39] A fully owned subsidiary of KINFRA formed for creating infrastructure facilities in the State for apparel industries.

[40] Projey KINFRA for the implementation of the Projects.

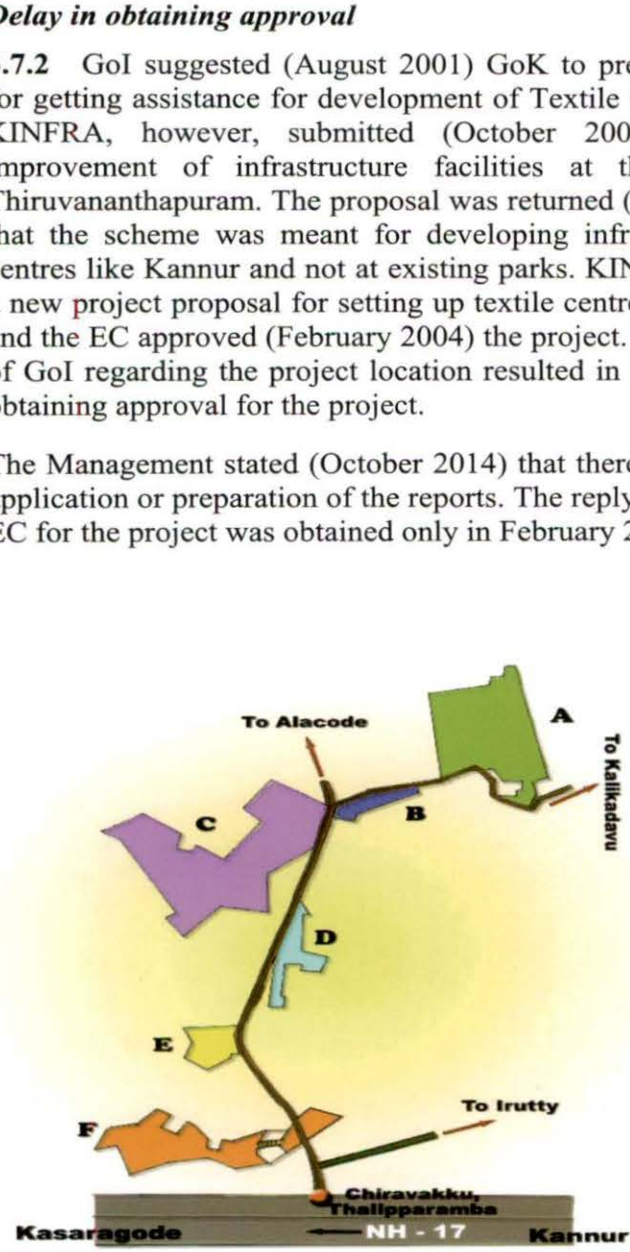
financial assistance of ₹28.85 crore under TCIDS (₹19.85 crore) and ASIDE[41] Scheme (₹9 crore). The Company, however, allotted only 13 *per cent* of allottable land upto March 2014 and there were no takers for the built-up space in the building constructed. Audit, therefore, decided to conduct a study to assess deficiencies in the implementation of the project with reference to the guidelines issued by GoI.

Audit findings

Delay in obtaining approval

3.7.2 GoI suggested (August 2001) GoK to prepare and furnish project report for getting assistance for development of Textile Centre at Kannur under TCIDS. KINFRA, however, submitted (October 2001) the project proposal for improvement of infrastructure facilities at the existing Apparel Park at Thiruvananthapuram. The proposal was returned (September 2002) by GoI stating that the scheme was meant for developing infrastructure at established textile centres like Kannur and not at existing parks. KINFRA submitted (October 2003) a new project proposal for setting up textile centre in 168 acres of land at Kannur and the EC approved (February 2004) the project. Non-adherence to the directions of GoI regarding the project location resulted in avoidable delay of two years in obtaining approval for the project.

The Management stated (October 2014) that there was no delay in submission of application or preparation of the reports. The reply is not acceptable as approval of EC for the project was obtained only in February 2004 after a delay of two years.



Site map of new location

Change of project site to an unsuitable location

3.7.3 As the transfer of 168 acres of land identified for implementing the project was delayed and the implementation of the project was to be started within three months after the date of sanction, the project was shifted to another location having a total area of 124 acres in Thaliparamba taluk of Kannur district without conducting any feasibility study. The land at new site was scattered in different locations spreading across 1.5 kilo meters away from each other. The strata in almost all places were medium rock (*narikkal)* excavation of which was extremely difficult and time consuming.

Since the availability and suitability of land for the proposed textile centre was not ensured well in advance, the project was hastily shifted to an unsuitable location. The project report was not revised considering the features of the new project site.

The Management stated (October 2014) that the land identified earlier was notified as Coastal Regulation Zone, water was found to be saline in nature and was partially water logged. The reply indicated that the selection of original site was wrong and the DPR based on that was not revised to suit the new site.

Award of contract to the consultants

3.7.4 As per guidelines issued (December 2004) by Central Vigilance Commission (CVC), a firm engaged by the PSU to provide goods or works for a project will be disqualified for providing consulting services for the same project and a firm hired to provide consulting services for a project will be disqualified from providing goods or for undertaking works related to the same project.

KINFRA appointed (November 2004) FACT Engineering and Design Organisation (FEDO) as Project Management Consultant (PMC) for technical evaluation of tenders, planning, scheduling and monitoring of projects and supervision of construction activities including certification of bills, etc. at a professional fee of five *per cent* of the value of the total work executed at site. The initial contract for a period of 24 months was extended up to 31 December 2008. Thereafter, FEDO discontinued the services and Kerala Industrial and Technical Consultancy Organisation Ltd., (KITCO) was engaged (December 2008) for the balance works at a fee of 4.50 *per cent* of the actual value of the work. The Company had incurred ₹1.82 crore towards PMC charges so far (March 2014).

With a view to availing TCIDS grant before the expiry of the 10th plan scheme i.e by March 2007, KINFRA awarded (January 2007) the work of installation of Raw Water Pumping Pipeline to FEDO on deposit scheme basis at a fee of three *per cent* of the actual cost in addition to the PMC fee of five *per cent*. The work of construction of water treatment plant, overhead storage tanks and distribution pipelines was awarded (January 2007) to KITCO at a fee of 5.50 *per cent* on the actual cost of work on deposit scheme basis. As the grant was released on reimbursement basis, KINFRA paid the estimated cost of the works amounting to ₹3.01 crore and ₹3.64 crore respectively to FEDO (March 2007) and KITCO (July 2007) immediately after award of the works so as to claim reimbursement from GoI. FEDO subsequently awarded (February 2008) the contracts to sub contractor and the work was actually completed in March 2011. Award of works contracts to firms providing consultancy service for the projects was irregular.

The Management stated (October 2014) that certain portion of the work was awarded as deposit work to Government agencies like FEDO and KITCO to speed up the project and consultancy work and awarded contracts were different. The reply is not acceptable since the deposit work was also part of the project and therefore awarding of this work to the consultant was in violation of CVC guidelines.

Award of contract without tendering

3.7.5 As per Rule 179 of the Kerala Financial Code, open tenders were to be called for execution of work on contract basis if the value of works exceeded ₹10000 or more. KINFRA originally approved (July 2005) an estimate of ₹6.13 crore for the work of construction of Standard Design Factory (SDF) building specifying cement flooring and awarded the work accordingly. The flooring was subsequently changed to ceramic tiles as per the request from Bombay Rayons Fashions Ltd. KINFRA entrusted (March 2010) this work to Silpi Construction Contractors at ₹725 per square metre without tendering for completing the entire work within three months by June 2010. But the flooring work was completed only in December 2010 with a delay of six months incurring ₹0.73 crore.

The Management stated (October 2014) that the competitiveness of the rate was reasonably ensured and the work was awarded for the sake of project. The reply was not acceptable as work was awarded without resorting to tendering. Moreover, the work was not completed in time and the competitiveness of the rates not ensured.

Delay in implementation

3.7.6 As per the Project Report, the project was to be implemented within 18 months at a total cost of ₹30.15 crore. Though the project was approved in February 2004, Audit noticed delays at every stage of implementation leading to cost overrun of ₹20.23 crore as shown below:

Table:3.7: Details of projected and actual cost

Sl. No.	Particulars	Projected Cost[42]	Expenditure incurred upto March 2014	Excess cost	Delay (in months)	Remarks
		(₹in crore)				
1.	Land and Land Development	5.75	13.31	7.56	13-35	Included deposit work by PWD
2.	Civil Works	8.00	11.98	3.98	43	Original contract terminated
3.	Electrical Installations	3.20	2.37	NA	20	Included deposit work by KSEB
4.	Water Supply	3.00	9.47	6.47	26	Included deposit works by FEDO and KITCO
5.	Effluent Treatment Plant	3.50	3.07	NA	7 - 62	Guaranteed test run & final bill pending.
6.	Others	3.20	5.42	2.22	3 - 14	Civil and electrical works of Pilot Plant
	Total	**26.65**	**45.62**	**20.23**		

The Management stated (October 2014) that there was no unjustifiable delay as the time frame was kept compressed to pressurise the contractors and the cost

[42] **Excluding Testing, R&D and Training (₹3.50 crore).**

overrun was due to execution of certain works not included in the initial project. The reply substantiates the audit observation regarding wrong estimation and DPR.

Irregular payment for excavation in medium rock

3.7.7 The work relating to the construction of roads and development works was awarded (October 2005) to a local PWD contractor (Shri OV Sreedharan) for an agreed PAC of ₹1.67 crore i.e. 4.5 *per cent* above estimate with eight months' time for completion. The agreement was executed on 20 October 2005 and the work was to be completed by 20 June 2006. As per para 1.17 of the terms and conditions of tender, the contractor had to inspect the site and assess the soil conditions before quoting the rates. After commencement of the work, the contractor, however, requested (November 2005) the Company to sanction higher rates for earth work excavation stating that soil strata was "*narikkal*" (medium rock). KINFRA agreed to the same and sanctioned the rate of ₹204.11 per cubic meter (m^3) as against ₹54.56 per m^3 as per the work order. Accordingly, KINFRA paid ₹0.75 crore for the earth work of 35039 m^3 including tender excess of 4.5 *per cent*. As the contractor had to inspect the site and assess the soil condition before quoting the rates, enhancement of rates after award of contract as requested by the contractor was irregular.

The Management stated (October 2014) that estimate was prepared for medium rock that did not require blasting and chiselling, but later the rock was found to be harder and hence rate applicable for "*narikkal*" (CPWD schedule) was paid. The reply was not acceptable since presence of "*narikkal*" in the site was already known to the Management and as per Paragraph 1.17 of the terms and conditions of tender, survey was required to be done. Thus, the action of KINFRA to sanction higher rates was irregular.

Procurement of machineries based on limited tender

3.7.8 As per Rule 179 of the Kerala Financial Code, open tenders were to be called for execution of work on contract basis if the value of works exceeded ₹10000 or more.

The Company issued 15 orders for supply and commissioning of machineries for a total amount of ₹3.10 crore and incurred an amount of ₹2.87 crore so far (March 2014). Out of this, only three orders for machineries[43] costing ₹0.50 crore were placed against open tenders. The remaining 12 orders were issued based on limited tenders considering the commencement of land allotment in the park in June 2009 and urgency in commissioning the machineries. The procurement of machineries by resorting to limited tender without ensuring competitiveness citing urgency lacked justification and violation of store purchase manual as none of the machineries was commissioned as scheduled and delay ranged from 4 to 24 months ***(Annexure-15),*** which calls for fixing of responsibility for violation of basic rules. Further, High Temperature High Pressure (HTHP) vertical dyeing machines and Hydro Extractor & Cheese Pressing Device costing ₹0.86[44] crore

[43] Cabinet dyeing machine, Soft winding &rewinding machines and Laboratory equipments.
[44] ₹0.60 crore paid so far.

scheduled to be commissioned by February 2010 have not been commissioned so far (October 2014).

The Management replied (October 2014) that the manufacturers of textile machineries were less and they were not willing to take up the work as they were pre-occupied with works since the industry was flourishing and enough orders were there. The reply was not acceptable since it contradicts the reply to *Paragraph 3.7.10* where it was stated that the global melt down which started by 2007 end, made the industry lose many orders and was facing acute cash crunch and still the industry has not recovered from the setbacks. Thus, the reply was not correct.

Idling of infrastructure created

3.7.9 The infrastructure facilities created at the textile centre, Kannur by incurring ₹50.31 crore[45] have been idling as detailed below:

Land

3.7.10 The developed land in the textile centre consisted of six plots with a total area of 124 acres having an allottable area of 94.80 acres as given in the following table:

Table:3.8: Details of plot-wise available, allotted and vacant area

(Area in acres)

Sl. No.	Plot	Total area	Common area	Allottable area	Allotted area	Vacant area
(1)	(2)	(3)	(4)	(5)=(3-4)	(6)	(7)=(5-6)
1	A	40.18	9.05	31.13	5.75	25.38
2	B	5.10	1.15	3.95	0.00	3.95
3	C	33.76	7.69	26.07	0.00	26.07
4	D	9.70	0.05	9.65	0.00	9.65
5	E	4.41	0.41	4.00	0.00	4.00
6	F	30.84	10.84	20.00	6.70	13.30
Total		**123.99**	**29.19**	**94.80**	**12.45**	**82.35**

KINFRA commenced action for allotment of developed land in June 2009 and issued (June 2009 to December 2011) letters of intimation (LoI) [46] for allotment to all the 42 applicants for 39.05 acres till March 2012. As major portion of the land was lying vacant, KINFRA decided (March 2012) to allot the land in Plots C, E and F to entrepreneurs from general industrial sector also. As a result, 20 applications including 19 for general industries were received during April 2012 to March 2014 and KINFRA issued LoI to all.

[45] Actual cost incurred upto March 2014 for implementation of project (₹45.62 crore); cost of machineries (₹2.87 crore) and consultancy charges (₹1.82 crore).

[46] Land Allotment Committee constituted by GoK for KINFRA considers the application of investors and on its approval, KINFRA issues *LoI* to the party informing the lease premium payable. On payment of the required lease premium by the party, KINFRA issues Allotment Letter to the party.

Despite this, only 15 applicants (eight for textile industry and seven for general industry) remitted EMD and executed licence agreement and only 12.45 acres (8.15 acres for textile and 4.30 acres for general) of land in Plots A and F was allotted so far (March 2014) for a total lease premium of ₹1.64 crore. Out of the land allotted to textile industry (8 allottees), two allottees commenced their commercial operation and the projects of other allottees were under various stages of implementation. However, even after allotting the land to general industries, deviating from the main objective behind setting up of the textile centre, major portion (87 *per cent*) of the allottable area is lying vacant.

The Management stated (October 2014) that at the time of starting the project, the textile industry was booming and the global melt down which started by 2007 end had adversely affected the industry. The reply was not acceptable as the scheme was introduced to boost the textile industry as envisaged in the National Textile Policy 2000 but KINFRA failed to achieve this objective since only 13 *per cent* of the land could be allotted even after five years of commencement of allotment.

Built-up space in Standard Design Factory lying vacant

3.7.11 The project envisaged construction of a Standard Design Factory (SDF) having a total built up area of 1,20,000 square feet (sq. ft.) which could be leased out to units in modules of 5,000 sq. ft. each or more. KINFRA approved (July 2005) an estimate of ₹6.13 crore for construction of SDF building at KINFRA Textile Centre (KTC), Kannur. The construction of SDF building in Plot D was completed in December 2010 incurring ₹11.98 crore. The total allottable space of 1,33,891 sq. ft. in three modules[47] in SDF building has been lying vacant except partial occupation of two modules for a short period during October 2010 to December 2012 by Bombay Rayons Fashions Ltd (BRFL).

The Management stated (October 2014) that the whole area of SDF was allotted to BRFL by October 2010. However, the entire allottable space remains vacant since January 2013. Audit noticed that allotment of whole area to a single party was against the envisaged scheme of leasing out to units in modules of 5,000 sq.ft. each.

Dyeing and Winding Plant

3.7.12 KINFRA decided (May 2006) to set up a comprehensive pilot plant consisting of dyeing plant, winding plant, its ancillary machines and bonded warehouse in order to make KTC a world class destination for Textile/garment manufacturers and exporters. The work of construction of pilot plant building in Plot A was awarded in December 2006 and completed in July 2008 by incurring ₹3.49 crore. Meanwhile, it was decided (July 2007) to procure the machineries for dyeing, winding and rewinding availing subsidy under ASIDE Scheme of GoI. The State Level Empowered Committee of GoK sanctioned (April 2009) ₹9 crore and released the entire amount during 2009-10 as grant for procuring these machineries under ASIDE Scheme for providing cost effective amenities to small textile exporting units in the textile centre. The additional export revenue and

[47] **Module 1-44419 sq.ft.; module 2–43867 sq.ft. and module 3-45605 sq.ft.**

generation of direct employment to 1000 persons and indirect employment to 2000 persons were the benefits expected from this plant.

The dyeing and winding plant was lying idle as the Company did not find any operating agency for taking over and running the plant. A newly formed (November 2011) 'Kannur Textile Processing Society' was engaged (January 2012) as operating agency for running the plant on a trial basis for a period of four months. During the trial run, the operating agency pointed out (June/August/November 2012) several technical complaints on the functioning of the machines and stopped the trial operations in November 2012. Further, they raised doubts (December 2012) about chances of operating HTHP dyeing machines as they were lying non-commissioned for long periods.

Management stated (October 2014) that no technical complaints were noted by the operating agency and the plant was allotted to Hindustan Textiles, Kannur. The Management further replied that the payment of HTHP machines was not made and the scope of the supplier to operate the machinery was still open.

The correspondence between the operating agency and the Company, however, indicated that there were several technical defects which were yet to be rectified. Though the plant was stated to be allotted, the letter issued (13 October 2014) to Hindustan Textiles was only an acceptance of their Expression of Interest and execution of agreement was yet to take place.

Audit analysed the major reasons for idling the infrastructure facilities and observed the following:

Non-obtaining of firm commitment

3.7.13 KINFRA intimated (September 2003) the Director (Exports Division), Ministry of Textiles, GoI that they had held series of meetings with exporters and textiles manufacturers of Kannur area to find out the deficit in infrastructure in that region and forwarded a project report for a total cost of ₹30.15 crore. Audit noticed that there were only a few takers for the project on its completion. On being pointed out this in Audit, KINFRA stated (October 2014) that slow down in the textile sector and non-availability of manpower were the reasons for the low demand for land and space in SDF. Failure of KINFRA to obtain firm commitment from potential allottees by way of advance identification of beneficiaries/booking/sale of plots as pointed out by the Additional Secretary & Financial Advisor (Textile & Commerce) in the EC meeting held in February 2004 and inordinate delay in implementing the project resulted in idling of 87 *per cent* of the developed plot and the entire built-up space.

The Company stated (October 2014) that major portion of the land would be allotted within a reasonable period as the market was improving.

The reply of Management was not acceptable as delayed allotment of land was mainly due to failure of KINFRA to obtain firm commitment from potential allottees by way of advance identification of beneficiaries/booking/sale of plots as pointed out by the Additional Secretary & Financial Advisor (Textile & Commerce) in the EC meeting held in February 2004.

Conclusion

The project approved (February 2004) with the delay of two years for a total cost of ₹30.15 crore to be implemented in 18 months in 168 acres of land was actually implemented at another location in 124 acres of land incurring ₹50.31 crore. KINFRA had also not revised the DPR while shifting the project to the new location and incurred an excess expenditure of ₹20.10 crore compared to the project cost. The entire space of 1,33,891 sq. ft., available for allotment in the SDF, 87 *per cent* of allottable area in the developed land (82.35 acres) and the dyeing and winding plant were idling.

Thus, the inordinate delay in implementation, shifting the project to an unsuitable location and non-obtaining of firm commitment from prospective entrepreneurs led to idling of the infrastructure facilities created without realising any of the benefits of the centrally funded scheme.

Kerala State Road Transport Corporation

3.8 Implementation of Build, Operate and Transfer (BOT) Projects

Introduction

3.8.1 The Kerala State Road Transport Corporation (Corporation) was established (March 1965) under the Road Transport Corporation Act, 1950 to provide road transport services and other ancillary services in the State. The Corporation with a market share of 30 *per cent* is the principal public entity providing transport services to more than 116.34 crore passengers *per annum*. The Corporation has acquired sites at prime locations in cities, district and taluk headquarters of the State and has 90 units[48] located all over the State. In order to augment non-operational revenue, the Corporation decided to implement projects for constructing commercial complexes at Depots by demolishing existing stalls/shops. Based on the request (February 2007) of the Chairman and Managing Director, Government of Kerala (GoK) accorded sanction[49] (May 2007) to entrust the construction of shopping complex at Ankamaly Bus Station on Build, Operate and Transfer (BOT) basis by Kerala Transport Development Finance Corporation Limited (BOT Operator). As per the Government Order (October 2007), funds required for implementation of the BOT projects would be raised by the BOT Operator. The Corporation was to receive operating fee at the rate of 50 *per cent* of the net monthly income[50] generated from the BOT Projects after their completion. The BOT mechanism would be operational till the total project cost together with interest is recouped by the BOT Operator from the Project. The projects would, thereafter, be taken over by the Corporation.

On the request of the Corporation, GoK accorded sanction to construct five[51] shopping complexes in November 2007 and one more at Thiruvalla Bus Station in January 2010 on the same terms and conditions applicable to Ankamaly project.

[48] 72 depots and 18 operating centres.
[49] GO (MS) No.22/07/Tran dated 10/05/2007.
[50] income after deducting all expenses related to operation and maintenance of the building, at the rate fixed on agreement between Corporation and BOT Operator.
[51] Thiruvananthapuram Central, Thiruvananthapuram Fort, Peroorkada, Kozhikode and Malappuram.

Total built-up area of seven projects was 15.40 lakh square feet (sq.ft.) to be constructed on Corporation's land measuring 21.98 acres at a project cost of ₹163.41 crore as given in the following table:

Table 3.9: Total built up area and project cost of seven projects

Sl No	Name of project	Land area (in acres)	Total built-up area (in sq .ft.)	Estimated cost (₹ crore)
1.	Thiruvananthapuram Central	7.33	268926	35.45
2.	Thiruvananthapuram Fort	0.85	143646	13.50
3.	Peroorkada	3.00	156281	18.00
4.	Kozhikode	3.00	325304	19.73
5.	Malappuram	2.04	194213	19.73
6.	Ankamaly	2.80	187647	22.00
7.	Thiruvalla	2.96	263662	35.00
Total		**21.98**	**1539679**	**163.41**

Out of the seven projects sanctioned, three projects at Thiruvananthapuram Fort, Peroorkada and Malappuram have not been taken up[52]. Out of the four projects taken up for implementation, Ankamaly project was completed in June 2012 and only 30 *per cent* of the rentable area could be allotted so far while the work in respect of remaining three projects was under progress (August 2014).

Audit Findings

3.8.2 Audit reviewed the records of the Corporation and BOT Operator during the period from March to August 2014 relating to implementation of the BOT projects and noticed several instances of non-compliance with the Government Order as discussed in the succeeding paragraphs.

Failure to safeguard the interests of the Corporation

3.8.3 The Corporation had given 16.09 acres of land valuing ₹143.11 crore to the BOT Operator for executing four projects. GoK directed[53] (October 2007) the Corporation to entrust the construction of proposed shopping complex at Ankamaly on BOT basis to the BOT Operator as a pilot project. The terms and conditions prescribing mode of execution of the projects, upon which the project to be implemented was also categorically specified in the Government order. The other BOT projects were also to be in line with Ankamaly project. Audit noticed the following deficiencies:

Non compliance of Government directives

3.8.4 The Corporation and BOT Operator had failed to comply with the directives of the Government based on which the whole projects were conceived. The non-compliance of important provisions and impact thereof are indicated

[52] Malappuram Project was not taken up due to non-viability after revision of project plan. Thiruvananthapuram Fort and Peroorkada projects were not taken up since the Corporation did not receive any income from the completed Ankamaly project.

[53] GO Ms) No.42/2007/Tran dated 25/10/2007.

below:

Table 3.10: Statement showing non-compliance with Government directives

Requirement as per Government Order dated 25/10/2007	Audit observations
a) Formation of Joint Venture As per clause 1 of the Sanction Order, the BOT projects were to be implemented on BOT basis as a joint venture of the Corporation and BOT Operator.	No joint venture was formed between the Corporation and BOT Operator for implementation of the projects by executing an agreement as discussed in *Paragraph 3.8.6.*
b) Completion of project As per clause 3 of the Sanction Order, the first-phase of the projects was to be completed within 12 to 18 months from the date of commencement and the second phase of work within 24-30 months.	BOT Operator did not comply with the directive and there was abnormal delay in execution of projects as discussed in *Paragraph 3.8.5.*
c) Approval of Design by the Corporation As per clause 4, implementation of the project by the BOT Operator was to be based on approved design and drawings by the Corporation and no changes were to be made in the designs without approval.	As per the tripartite agreement executed among the Corporation, Architect and the BOT Operator, the designs were to be approved by the BOT Operator only. As a result, Thiruvananthapuram BOT project was carried out without the approval of the Corporation. Bus parking requirements of the Corporation were also not given due consideration. Due to this, short distance buses which were earlier operated from inside the bus terminal are now being operated from outside the terminal due to lack of parking space. Further design of Ankamaly project was subsequently changed to earmark space for Cinema theatres/ multiplexes without the approval of the Corporation.

Project-wise physical and financial progress

3.8.5 BOT Operator had taken up following four projects for execution by awarding the works to the contractors. Details of award of work and the status of their implementation are given in the following table:

Table 3.11: Details of award of work and status of implementation

Sl No	Name of project	Month of Sanction	Date of award of work	Delay in award of work (in months)	Scheduled completion	Date of actual completion	Delay (in months)	Revised project cost (₹ crore)	Expenditure till July 2014 (₹ crore)
1	Ankamaly	October 2007	June 2008	8	June 2010	June 2012	24	22.00	36.51
2	Kozhikode	November 2007	January 2009	16	January 2011	In progress		43.21	53.28
3	Thiruvanantha-puram Central	November 2007	January 2010	26	February 2012	In progress		55.94	57.98
4	Thiruvalla	January 2010	June 2010	5	January 2012	In progress		35.00	31.56
				Total				**156.15**	**179.33**

It may be seen from the above table that, out of the four projects taken up for implementation, the BOT Operator could complete only Ankamaly project after a delay of two years. The other three projects have not yet been completed (August 2014).

It was also noticed that the BOT Operator had issued work orders to the contractors with delay ranging from five months to twenty six months. Delay in award of works was mainly due to delay in getting administrative sanction from GoK (Thiruvananthapuram Central-14 months and Kozhikode – 15 months) for revised project cost based on Schedule of Rates (SOR) 2008. Delay in award of work necessitated enhancement of project cost by ₹53.71 crore based on the revised schedule of rates as shown below:

Table 3.12: Details of cost enhancement of projects

Sl No	Name of project	Projected Cost	Revised project cost	Enhancement
			(₹ crore)	
1	Ankamaly	12.26	22.00	9.74
2	Kozhikode	19.73	43.21	23.48
3	Thiruvananthapuram Central	35.45	55.94	20.49
4	Thiruvalla	35.00	35.00	--
	Total	**102.44**	**156.15**	**53.71**

As per the GO, the Corporation was entitled to receive only 50 *per cent* of the net rental income until recovery of the project cost and interest thereon by the BOT Operator. Further, the BOT period would continue until the project cost together with interest is fully recouped by the BOT Operator. The annual interest burden on the cost incurred by the BOT Operator worked out to ₹26 crore[54], which would increase further till the repossession of the BOT projects by the Corporation, after BOT Operator recovers its total cost.

Absence of agreement with the BOT Operator

3.8.6 GoK accorded sanction, to implement the project on BOT basis as a joint venture between the Corporation and the BOT Operator. The Government order provides that the Corporation was eligible for 50 *per cent* of the net monthly income generated from the BOT project after the construction period. Despite this, no agreement was executed between the Corporation and the BOT Operator, outlining the terms and conditions of the contract, rate of interest to be charged on the invested funds, treatment of security deposits collected from tenants, etc. Absence of agreement resulted in the following implications:

- The Corporation could not claim its share out of aggregate rental income of ₹2.18 crore collected at Ankamaly BOT project during September 2012- June 2014.
- Net monthly income was to be calculated after deducting all expenses related to operation and maintenance of the building at mutually agreed rates. Methodology for calculation of net monthly income was not, however, framed so far (August 2014). Besides, there was no mechanism

[54] **Worked out at the prevailing lending rate of 14.50 *per cent* to Corporation by the BOT Operator on Ankamaly, Kozhikode, Thiruvalla and Thiruvananthapuram Central projects up to July 2014.**

to validate the expenses related to operation and maintenance of the building.

The BOT Operator replied that execution of the agreement was not stipulated in the Government Order dated October 2007. Reply of the BOT Pperator is not acceptable since rate of interest to be charged on the invested funds, methodology for calculation and sharing of net monthly income, etc. were to be on mutually agreeable terms for which an agreement was necessary.

Deficiencies in the pre-construction phase

Absence of commercial feasibility reports and DPRs

3.8.7 Preparation of a feasibility report followed by an accurate and realistic Detailed Project Report (DPR) is the foremost activity for any project. The commercial feasibility of the project including demand assessment and projections is vital to any investment decision as it critically assesses the payback period, return on investment, long term yield of investments, etc.

The BOT Operator, with the approval of GoK, appointed (November 2007) a retired Chief Engineer of Corporation as the Chief Engineer of BOT projects for supervision and execution of BOT projects. The work assigned to him included preparation of commercial feasibility reports, activity flow chart with time lines and milestones and list of potential customers for the commercial space to be built up. It was, however, observed during audit that there were no feasibility reports/DPRs for any of the projects.

Construction of building without required Permit and unwarranted surrender of land (Kozhikode)

3.8.8 As per Rule 4 (2) of Kerala Municipality Building Rules (KMBR), 1999, no person shall construct or reconstruct or make addition or extension or alteration to any building or cause the same to be done without first obtaining a separate Building Construction Permit for each such work from the Secretary of Municipality/Corporation. The BOT Operator submitted application for Building Construction Permit for Kozhikode BOT project to the Secretary, Kozhikode Corporation on 23 October 2008 in accordance with prevailing Building Rules.

In anticipation of permit, the BOT Operator proceeded with the construction of Bus terminal cum Shopping complex in March 2009 disregarding non-receipt of building permit. It was found in audit that Kozhikode Corporation suggested modifications on 31 March 2009 and again on 17 July 2009 which were acceded to by the BOT Operator. After clearing this, the application was forwarded to Regional Town Planner (RTP), Kozhikode for approval by BOT Operator. The Chief Town Planner (CTP), located at Thiruvananthapuram intimated (June 2012) the Chief Engineer (BOT Project) that structural constructions already completed were in violation of Rules 31(2), 34(2), 45(2), 49(6), 55(2), 117(1) of KMBR and as such approval of layout could not be granted. The CTP also intimated (November 2012) that application submitted in 2008 could not be considered in view of Government directives[55] of September 2010 on applicability of building rules to pending matters, wherein Government had clarified that building rules existing on the date of sanction would govern the matter and not those existing on the date of application.

The Corporation had surrendered (1993-94) 21 cents of land to the Kozhikkode Corporation for widening of Mavoor road (public purpose). As per Rule 79 of KMBR, relaxation in building permit was available for construction in plots part of which have been surrendered for road development. This was also confirmed in a joint meeting held (December 2012) under Chairmanship of Minister for Transport. Even though the CTP agreed to grant the Building Construction Permit on production of certificate/document of 21 cents surrendered by Corporation, the same could not be traced and submitted.

In the second meeting held in the chamber of Minister for Transport in January 2013, the RTP pointed out that, in order to avail relaxation in Building Construction permit, the Corporation had to give undertaking to surrender additional 25.30 cents of land. Accordingly, the Board of Directors of the Corporation decided (March 2013) to surrender 25.30 cents of land along the frontage of the Kozhikode Bus station for road development to Land Surrendering Committee as and when required. It was also decided by the Board that the value of land had to be fixed and recovered from BOT Operator without adjusting it to cost of project. The CMD of the Corporation while submitting the undertaking (April 2013) to surrender 25.30 cents of land, requested the Mayor, Kozhikode Corporation to grant Building Construction Permit with necessary relaxation. However, construction permit has not been received so far (August 2014). Audit scrutiny revealed the following:

- Due to carrying out the construction work without obtaining Building construction permit, it became difficult to obtain permit in view of GoK's clarification referred above.
- The Corporation was forced to submit an undertaking to surrender additional land measuring 25.30 cents valuing ₹4.61 crore[56] for road development due to the fault of the BOT Operator.
- The BOT Operator cannot submit Completion Report for obtaining Occupancy Certificate till regularisation of construction which will further delay in getting electricity/ water connections to buildings and renting out of premises, besides payment of huge penalty for regularisation and building tax.

Thus, the bus terminal-cum-shopping complex for which an amount of ₹53.28 crore was incurred till date (July 2014) failed to generate any revenue. Further, as the construction of shopping complex was proceeded without having Building Permit, Corporation was forced to execute an undertaking with Kozhikode Corporation authorities for surrender of 25.30 cents of land valuing ₹4.61 crore.

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[55] **Letter No.9877/RD1/2010/LSGD.**

[56] **Based on Fair value for 25.30 cents commercially important land published by Registration. Fair value of land is the valuation of land fixed by Government for each area. Registration charges and stamp duty are calculated based on fair value of particular land.**

Deficiencies in preparation of design

Insufficient parking space

3.8.9 BOT projects in Ankamaly and Thiruvalla had to be structurally altered during execution to accommodate facilities for cinema theatres, leading to violation of KMBR, constraints in parking space and marketing of space as discussed below:

- The BOT Operator modified the original design of the shopping complexes in Ankamaly and Thiruvalla to provide space for cinema theaters with 250-500 seating capacity as proposed (July 2011) by the GoK[57] which was not envisaged in the original design. It was further observed that in response to Government's proposal to accommodate theatres in the projects, BOT Operator stated (August 2011) that it was practically impossible to provide parking facility required for theatres in the projects under construction as this was not considered and provided during the planning and designing stage. However, ignoring this statutory requirement, the BOT Operator provided space for cinema theaters without any further directions from the Government.

- Audit noticed that, in Ankamaly project parking space (130 cars) available was insufficient even to meet the mandatory parking requirements of three cinema theaters constructed on the 5th and 6th floors (having a total seating capacity of 800). Thus, marketing of built up space for other shops was handicapped by insufficient parking slots.

- Similarly, Thiruvananthapuram Central BOT project consisting of 12 floors (Basement, Ground floor and 10 floors) have total rentable area of 1.34 lakh sq. ft. Basement, Ground floor and the first two floors were intended for shops and business centres. Fourth to Tenth Floors, with built-up area of 0.87 lakh sq. ft., were meant to be let out for offices, banks, educational institutions, software companies, media offices, etc. Audit scrutiny revealed that as per the approved plan, 330 cars and 500 motorcycles only could be parked inside and around the Bus Terminal cum Shopping Complex for functioning of all establishments which would be insufficient causing discouragement to the prospective tenants.

Avoidable factors that led to cost escalation

3.8.10 Preparation of a strategic plan to help in prioritising, scheduling and monitoring the implementation of the projects is an essential prerequisite for ensuring that objectives of huge investment are achieved in a timely and cost effective manner. Therefore, the Corporation should have closely monitored the implementation of the projects to ensure their timely completion with minimum cost for faster recovery of the project cost. The Corporation did not monitor the execution of BOT projects. As a result, there were delays in completion of the projects and instances of incurring of avoidable expenditure as discussed below.

[57] **Letter No.7185/A2/2011/Tran dated 21/07/2011 from the Secretary to Government, Transport (A) Department.**

Inadmissible payment of price escalation to contractors

3.8.11 As per General conditions of the contract executed, contractors were eligible for price escalation on steel and cement if their prices increased by 10 *per cent* or more from the date of tender. It was assumed that 10 *per cent* and 30 *per cent* of total cost consisted of cost of cement and steel respectively. For steel, price of Steel Authority of India and for cement, price of Malabar Cements Limited would be the basis for calculation. Scrutiny of records revealed that the BOT Operator had paid price escalation for the total percentage increase when the prices of steel and cement increased by 10 *per cent or more*. Audit observed excess payment of ₹3.07 crore to the contractors in three BOT projects during the period June 2010 to March 2014 as detailed below:

Table 3.13: Statement showing excess payment to contractors

Name of project	No of CC bills for which price escalation allowed	Escalation paid	Eligible payment	Excess paid
		(₹ crore)		
Kozhikode	7	2.24	1.19	1.05
Thiruvananthapuram Central	12	3.02	1.73	1.29
Thiruvalla	7	1.53	0.80	0.73
Total		**6.79**	**3.72**	**3.07**

It was stipulated in the tender notice itself that price escalation would be given only when cost of cement and steel increased by 10 *per cent* or more from the cost prevailing on the date of tender. Thus, the price increase upto 10 *per cent* was to be borne by the contractor.

The BOT Operator stated that agreement with the contractor did not stipulate that price escalation would be allowed only if price increases above 10 *per cent* or more. The reply of the BOT Operator is not acceptable since according to the contract, price increase upto 10 *per cent* was not to be considered for price escalation.

Cost escalation due to delay in commencement of work (Kozhikode)

3.8.12 GoK sanctioned (November 2007) the construction of commercial complex at Kozhikode at a project cost of ₹19.73 crore based on the SOR 2007. The project cost was thereafter revised (January 2009) to ₹43.21 crore based on SOR 2008 with enhancement of area and provision of additional facilities. There were delays in handing over of site upto 15 months. As a result, the work could not be started within the scheduled time and the contractor was granted enhanced rate based on SOR 2011 necessitating additional payment of ₹2.31 crore upto July 2014.

Avoidable expenditure on electrical equipments

3.8.13 Ankamaly Depot of the Corporation was having a three phase Low Tension (LT) electric connection to its garage building before execution of BOT project. As per the recommendation of the electrical consultant of Ankamaly BOT project, High Tension (HT) electricity connection with a contract demand of 50 KVA was taken (May 2012) for the garage under the BOT project. One 160 KVA transformer and 200 KVA diesel generator were also installed (May 2012) in the garage at a cost of ₹21.33 lakh to meet the requirements of garage building. Scrutiny of records revealed that as per provisions of Kerala Electricity Supply Code, LT connection was sufficient for connected load up to 100 KVA. Installation of transformer was also not warranted for connected load up to 100 KVA. Thus, decision to have HT connection at garage building necessitated installation of transformer at an additional expenditure of ₹5.63 lakh.

It was also noticed that the procurement of 200 KVA diesel generator at a cost of ₹15.70 lakh was not necessary in view of the three phase HT connection. The diesel generator commissioned in June 2012 had not been utilised so far (August 2014).

Wasteful expenditure on inauguration of Building which was not ready for letting out (Thiruvananthapuram Central)

3.8.14 Due to delay in completion of construction, the BOT Operator was not in a position to commence letting out of space in Thiruvananthapuram Central BOT project. Despite this, an inauguration ceremony was conducted (February 2014) at a cost of ₹34.47 lakh by the Corporation/BOT Operator to give a semblance of completion of the project. The BOT Operator, could not, however, complete construction of the project so far (August 2014) and as a result letting out of space is yet to take place.

Undue favour to contractor

Delay in submission of security deposit

3.8.15 As per general conditions of contract, the contractor was to furnish, within 15 days of award of work, security deposit to the tune of five *per cent* of the value of work for the satisfactory completion of work. The security deposit, thus, furnished was to be held back until the completion of the contract and defect liability period of one year thereafter.

Scrutiny of records revealed that there was delay of 222 days and 184 days in submission of initial security deposits by the contractor (KV Joseph & Sons) for Ankamaly project (₹1.45 crore) and Kozhikode project (₹2.20 crore) respectively. Bank Guarantees (BGs) were furnished against security deposits and there was delay of 313 days in subsequent renewal of BG in Ankamaly project. The delay in subsequent renewal of BG in Kozhikode project ranged from 29 days to 226 days. Thus, the BOT Operator extended undue favour to the contractors by not insisting for timely submission of security deposit which were essential for the satisfactory completion of the work and to guard against any eventuality.

Irregular release of retention money

3.8.16 As per terms of contract, retention money at the rate of 10 *per cent* was deductible from the bills of contractors. The retention money was to be released only after successful completion of the contract and completion of defect liability period. However, the BOT Operator released retention money to the contractor

(KV Joseph & Sons) before completion of work in Ankamaly and Kozhikode BOT projects violating the contractual provision as discussed below:

- In Ankamaly project, retention money of ₹1.45 crore was released (March 2011) to contractor against BG and payment of interest at the rate of 11.50 *per cent per annum* offered by the contractor. Similarly, the retention money of ₹2.20 crore was released (August 2013) to the contractor in Kozhikode project on the same terms and conditions.

- It was also noticed in audit that the BOT Operator had availed of Cash Credit (CC) from Banks for BOT projects. In the Board meeting held in December, 2013, the BOT Operator decided to release retention money (₹2.20 crore) in respect of Kozhikode project with levy of 11.50 *per cent* interest and in the same meeting, ratification was accorded to avail of CC at 13.25 *per cent*. Thus, the release of retention money amounting to ₹2.20 crore to the contractor for Kozhikode BOT project had resulted in avoidable interest burden of ₹1.24 lakh[58].

Thus, the BOT operator failed to safeguard its financial interest amidst financial stringency, by giving undue benefit to the contractors at the cost of the interest of the Corporation, which calls for fixing of responsibility.

Failure to levy liquidated damage due to non- maintenance of records

3.8.17 As per terms of the contract, the contractors were to complete the construction work within the scheduled time of two years. For delays beyond the scheduled time, liquidated damage to the maximum of the aggregate retention money and security deposit was leviable if reasons for delay were attributable to the contractors. As per the Kerala Public Works Department Manual, in order to determine the levy of liquidated damages a hindrance register detailing nature of hindrance, date of occurrence, date of clearance, net effective days of hindrance, etc. shall be maintained at site. The register shall be signed jointly by both the parties. Out of the four projects taken up for implementation by the BOT Operator, only Ankamaly project has been completed after delay of two years. The other three projects were not completed even after a delay of 30 to 43 months. Despite the delay in implementation of the projects, the BOT Operator could not impose liquidated damage on the contractors since the proper records were not maintained in any of the projects except Thiruvalla.

Conclusion

The Corporation entrusted the BOT Operator 16.09 acres of land to construct Shopping complexes at 4 bus stations to augment its non-operational revenue. The projects were to be completed during the period June 2010 to February 2012 at an estimated cost of ₹112.18 crore.

The implementation of the projects was beset with many deficiencies and non-compliance to GoK Order and as a result, the BOT Operator could complete only one project (Ankamaly).

[58] **₹2.20 crore x (118/365) x (13.25-11.50 *per cent*).**

3.9 Loss of revenue

Loss of revenue due to failure to implement the provisions of lease agreement ₹78.28 lakh

Kerala State Road Transport Corporation (Corporation) started an Engineering College in 1995. Later, in 1997 the ownership and management of the College was handed over to KSRTC Sree Chitra Thirunal College of Engineering (Thiruvananthapuram) Society (SCTCE), which was constituted and registered under the Tranvancore Cochin Literary, Scientific and Charitable Societies Act, 1955 as a self financing college. The Corporation proposed (June 1997) to transfer 12.50 acres out of 23.65 acres of land with built up area of 4755.23 sq.mtrs held at Central Works, Thiruvananthapuram to SCTCE. Government of Kerala (GoK) approved[59] (January 1998) transferring 12.50 acres of land in the premises of its Central Works to SCTCE on lease for a period of 99 years at a lease rent of ₹100 per acre *per annum*.

Accordingly, the Corporation executed (November 1998) a lease agreement with the SCTCE (Lessee). As per the lease agreement (Clause 1), the Lessee shall take on rent the land measuring 12.50 acres with the four buildings thereon, for a period of 99 years, for running the institution, for a consideration of annual lease rent at the rate of ₹100 per acre. It was also provided in the lease agreement that the Lessee shall pay rent for the four buildings on the demised land at the rate fixed by the Corporation from time to time. The Lessee paid (November 1998) ₹1,23,750[60] to the Corporation as lease rent of land for a period of 99 years. The Board of Directors (BoD) of the Corporation decided[61] (June 1999) to fix the rent of the buildings as per the norms prevailing in the State Public Works Department (PWD). However, the Corporation failed to implement the BoD's decision. On being pointed out this lapse by Audit, Corporation stated (July 2008) that the matter would be taken up with the Lessee so as to tide over the financial stringency. The Chairman & Managing Director stated (October 2013) that the Chief Engineer was directed to assess the rent of the buildings. However, no action was taken to assess and claim the rent of the buildings. The rent of the buildings to be collected for a period of five years upto March 2014 based on PWD rates worked out to ₹78.28 lakh as detailed in ***Annexure 16***.

Corporation replied (October 2014) that out of 12.50 acres, the Lessee was using only 5.60 acres and that if the Corporation took any steps for realisation of rent as per the agreement, there was a chance of the Lessee claiming the balance land. It was also stated that the Corporation would take up the matter with Government to settle the issue.

The reply was not acceptable as 12.50 acres of land along with the buildings thereon was already leased out and the buildings were in the possession of Lessee. Therefore, non-claiming of the rent of the buildings in violation of the lease agreement lacked justification and was indicative of lack of seriousness on the part of the Corporation.

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[59] **Letter No.23638/A1/97/Tran dated 12/01/1998 of the Principal Secretary, Transport (Á) Department, GoK.**

[60] **₹100 x 12.50 acres x 99 years = ₹1,23,750.**

[61] **269th Meeting of Board of Directors held on 18/06/1999.**

Thus, failure of the Corporation to implement the provisions in the lease agreement and the BoD's decision in totality resulted in loss of revenue to the extent of ₹78.28 lakh.

The matter was reported (October 2014) to Government and reply was awaited (December 2014).

General

Follow-up action on Audit Reports
Explanatory notes[62] outstanding

3.10 The Audit Reports of the CAG represent the culmination of the process of scrutiny starting with initial inspection of accounts and records maintained in the various Government companies and Statutory corporations. It is, therefore, necessary that they elicit appropriate and timely response from the executive. Finance Department, Government of Kerala issued (April 2005) instructions to all administrative departments to submit explanatory notes indicating a corrective/ remedial action taken or proposed to be taken on paragraphs and performance audits included in the Audit Reports within two months of their presentation to the Legislature, without waiting for any notice or call from the Committee on Public Undertakings (CoPU).

The Audit Reports for the years up to 2012-13 had been presented to the State Legislature but seven departments did not furnish explanatory notes on 17 out of 199 paragraphs / performance audits relating to the Audit Reports for the year 2004-05 to 2012-13 as of September 2014 of which five paragraphs were more than three years old.

Compliance to Reports of Committee on Public Undertakings

3.11 As per the Handbook of Instructions for Speedy Settlement of Audit Objections issued by the State Government, the replies to paragraphs of CoPU are required to be furnished within two months from the presentation of the Reports by CoPU to the State Legislature. Action Taken Notes (ATNs) to 369 paragraphs pertaining to 64 Reports of the CoPU presented to the State Legislature between July 2000 and July 2014 had not been received as of September 2014 as shown below:

Table 3.14:Details of ATNs

Year of the COPU Report	Total number of Reports involved	Number of paragraphs where ATNs not received
1998-2000	2	13
2001-2004	1	3
2004-2006	4	17
2006-2008	9	51
2008-2011	13	40
2011-2014	24	187
2014-2016	11	58
Total	**64**	**369**

[62] **Explanatory notes refer to the explanations furnished by Administrative Departments to the Legislature Secretariat, on performance audit / paragraphs contained in Audit Reports placed before the Legislature.**

Response to Inspection Reports, Draft Paragraphs and Performance Audit Reports

3.12 Audit observations made during audit and not settled on the spot are communicated to the heads of the PSUs and the departments concerned of the State Government through Inspection Reports (IRs). The heads of PSUs were required to furnish replies to the IRs through the respective heads of departments within a period of four weeks. IRs issued up to March 2014 pertaining to 85 PSUs disclosed that 3003 paragraphs relating to 532 IRs remained outstanding at the end of September 2014. Of these, 34 IRs containing 334 paragraphs had not been replied to for one to five years. Department-wise break up of IRs and paragraphs outstanding as on 30 September 2014 is given in ***Annexure 17.***

Similarly, Draft Paragraphs and Reports on Performance Audit on the working of PSUs are forwarded to the Principal Secretary/Secretary of the Administrative Department concerned demi-officially seeking confirmation of facts and figures and their comments thereon within a period of six weeks. It was, however, observed that seven Draft Paragraphs and two Draft Performance Audit Reports forwarded to various departments during August-October 2014 as detailed in ***Annexure 18*** had not been replied to so far (December 2014).

It is recommended that the Government should ensure that (a) procedure exists for action against the officials who fail to send replies to IRs/Draft Paragraphs/ Performance Audit Reports and ATNs on recommendations of CoPU as per the prescribed time schedule, (b) action is taken to recover loss/outstanding advances/ overpayment in a time bound schedule, and (c) the system of responding to audit observations is revamped.

Thiruvananthapuram
The 05 MARCH 2015

(Dr. BIJU JACOB)
Accountant General
(Economic & Revenue Sector Audit)
Kerala

Countersigned

New Delhi
The 09 MARCH 2015

(SHASHI KANT SHARMA)
Comptroller and Auditor General of India

ANNEXURES

Annexure 1

(Referred to in paragraph 1.1.11)

Statement showing particulars of up-to-date capital, loans outstanding and manpower as on 31 March 2014 in respect of Government Companies and Statutory corporations

(Figures in columns 5(a) to 6(d) are ₹in crore)

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
A. Working Government Companies													
AGRICULTURE & ALLIED SECTOR													
1	Kerala Agro Machinery Corporation Limited	Agriculture	March 1973	1.61	...	...	1.61	...	...	...	...	...	675
2	Kerala Forest Development Corporation Limited	Forest	January 1975	8.27	0.93	...	9.20	1.26	...	...	1.26	0.14:1 (0.14:1)	543
3	Kerala Livestock Development Board Limited	Animal Husbandry	November 1975	7.33	...	...	7.33	...	...	...	...	...	420
4	Kerala State Horticultural Products Development Corporation Limited	Agriculture	March 1989	6.48	...	...	6.48	...	...	...	...	... (0.54:1)	578

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
5	Kerala State Poultry Development Corporation Limited	Animal Husbandry	December 1989	1.97 (1.62)	...	...	1.97 (1.62)	...	...	...	...	...	25
6	Meat Products of India Limited	Animal Husbandry	March 1973	1.85	...	0.46	2.31	0.13	0.20	...	0.33	0.14:1 (0.14:1)	74
7	Oil Palm India Limited	Agriculture	November 1977	6.80	4.99	...	11.79	...	...	...	...	...	918
8	The Kerala Agro Industries Corporation Limited	Agriculture	March 1968	3.05	1.69	...	4.74	8.01	...	...	8.01	1.69:1 (1.70:1)	64
9	The Kerala State Cashew Development Corporation Limited	Industries	July 1969	200.64 (83.85)	...	...	200.64 (83.85)	231.62	...	...	231.62	1.15:1 (1.05:1)	13486
10	The Kerala State Coir Corporation Limited	Industries	July 1969	8.05	...	...	8.05	1.43	...	0.13	1.56	0.19:1 (0.19:1)	61
11	The Plantation Corporation of Kerala Limited	Agriculture	November 1962	5.57	...	...	5.57	...	...	...	...	...	2422
12	The Rehabilitation Plantations Limited	Labour and Rehabilitation	May 1976	2.06	1.33	...	3.39	...	...	...	...	...	1344
13	The State Farming Corporation of Kerala Limited	Agriculture	April 1972	8.43	...	0.61	9.04	0.22	...	...	0.22	0.02:1 (0.02:1)	715
14	Aralam Farming Corporation (Kerala) Limited	SC and ST Development	June 2010	0.01	...	...	0.01	...	...	...	...	...	314

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
15	Vazhakulam Agro and Fruit Processing Company L imited	Agriculture	October 2013	0.03	...	0.02	0.05	...	...	...	...	...	...
	Sector -wise total			**262.15 (85.47)**	**8.94**	**1.09**	**272.18 (85.47)**	**242.67**	**0.20**	**0.13**	**243**	**0.89:1 (0.83:1)**	**21639**
FINANCE SECTOR													
16	Handicrafts Development Corporation of Kerala Limited	Industries	November 1968	2.16	0.61	...	2.77	7.67	...	...	7.67	2.77:1 (0.96:1)	98
17	Kerala Artisans' Development Corporation Limited	Industries	October 1981	4.00 (2.05)	...	...	4.00 (2.05)	1.00	...	....	1.00	0.25:1 (0.30:1)	15
18	Kerala School Teachers and Non-teaching Staff Welfare Corporation Limited	General Education	August 1984	0.50	...	...	0.50	...	...	0.31	0.31	0.62:1 (0.62:1)	3
19	Kerala Small Industries Development Corporation Limited	Industries	November 1975	25.46 (2.78)	...	4.41	29.87 (2.78)	4.06	...	5.13	9.19	0.31:1 (0.11:1)	793
20	Kerala State Development Corporation for Christian Converts from Scheduled Castes & the Recommended Communities Limited	Backward Communities Development	December 1980	37.19	...	...	37.19	4.90	...	...	4.90	0.13:1 (0.04:1)	32

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
21	Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited	SC and ST Development	December 1972	72.06	52.05	...	124.11	...	...	16.74	16.74	0.13:1 (0.12:1)	188
22	Kerala State Film Development Corporation Limited	Cultural Affairs	July 1975	32.62 (11.34)	...	...	32.62 (11.34)	10.16	...	...	10.16	0.31:1 (0.20:1)	171
23	Kerala State Handicapped Persons' Welfare Corporation Limited	Social Justice	September 1979	3.60 (1.60)	...	...	3.60 (1.60)	2.63	...	...	2.63	0.73:1 (0.73:1)	52
24	Kerala State Handloom Development Corporation Limited	Industries	June 1968	32.95 (8.00)	...	0.05	33.00 (8.00)	15.39	...	...	15.39	0.47:1 (0.52:1)	280
25	Kerala State Palmyrah Products Development and Workers' Welfare Corporation Limited	Industries	November 1985	0.87	...	...	0.87	1.18	...	...	1.18	1.36:1 (0.84:1)	29
26	Kerala State Women's Development Corporation Limited	Social Justice	February 1988	5.52 (1.05)	0.49	...	6.01 (1.05)	0.05		55.62	55.67	7.89:1 (6.16:1)	33
27	Kerala Transport Development Finance Corporation Limited	Transport	February 1991	43.83	...	...	43.83	...	...	...	...	...	44

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
28	Kerala Urban & Rural Development Finance Corporation Limited	Local Self Government	January 1970	0.51	...	0.45	0.96	1.10	...	15.57	16.67	17.36:1 (4.40:1)	16
29	The Kerala State Backward Classes Development Corporation Limited	Backward Communities Development	February 1995	92.96	...	...	92.96	...	...	387.21	387.21	4.17:1 (4.08:1)	220
30	The Kerala State Financial Enterprises Limited	Taxes	November 1969	20.00	...	...	20.00	...	...	...	...	...	5112
31	Kerala State Minorities Development Finance Corporation	Minority Welfare	March 2013	9.20	...	...	9.20	...	...	...	...	...	9
32	Kerala State Housing Development Finance Corporation Limited	Housing	July 2013	1.05	...	...	1.05	...	...	...	...	...	...
33	Kerala State Welfare Corporation for Forward Communities	General Administration	November 2012	5.00	...	...	5.00	...	...	...	...	...	...
	Sector -wise total			**389.48 (26.82)**	**53.15**	**4.91**	**447.54 (26.82)**	**48.14**	**...**	**480.58**	**528.72**	**1.18:1 (1.05:1)**	**7095**
INFRASTRUCTURE SECTOR													
34	Kerala Police Housing and Construction Corporation Limited	Home	July 1990	0.27	...	...	0.27	112.51	...	...	112.51	416.70:1 (268.22:1)	120

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
35	Kerala State Construction Corporation Limited	Public Works	March 1975	0.88	...	...	0.88	2.05	...	...	2.05	2.33:1 (2.33:1)	168
36	Kerala State Industrial Development Corporation Limited	Industries	July 1961	400.00 (98.76)	...	...	400.00 (98.76)	...	...	...	...	...	75
37	Roads and Bridges Development Corporation of Kerala Limited	Public Works	September 1999	62.43	...	...	62.43	56.00	...	58.07	114.07	1.83:1 (1.91:1)	43
38	The Kerala Land Development Corporation Limited	Agriculture	December 1972	6.79	0.34	...	7.13	1.85	...	...	1.85	0.26:1 (0.26:1)	96
39	Kerala State Information Technology Infrastructure Limited	Information Technology	January 2008	172.90 (142.90)	...	...	172.90 (142.90)	...	...	...	...	...	9
40	Kinfra Export Promotion Industrial Parks Limited	Industries	October 1994	...	...	0.25	0.25	...	...	5.96	5.96	23.84:1 (19.12:1)	4
41	Kinfra Film and Video Park Limited	Industries	June 2000	...	...	1.50	1.50	...	...	20.40	20.40	13.60:1	2
42	Kinfra International Apparel Parks Limited	Industries	August 1995	...	...	0.27	0.27	...	...	34.71	34.71	128.56:1	4

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorporation	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Government	Central Government	Others	Total	State Government	Central Government	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
43	Marine Products Infrastructure Development Corporation Limited	Fisheries	March 1999	...	...	5.00	5.00	...	...	...	...	...	2
44	Kannur International Airport Limited	Transport	December 2009	130.01	...	134.76	264.77	...	...	...	...	...	23
45	Road Infrastructure Company Kerala Limited	Public Works	March 2012	0.03	...	0.02	0.05	...	...	...	...	...	11
46	Vision Varkala Infrastructure Development Corporation Limited	Planning & Economic Affairs	February 2013	0.10	...	...	0.10	...	...	...	...	...	5
47	Kerala Irrigation Infrastructure Development Corporation Limited	Irrigation	August 2000	10.00	...	...	10.00	...	...	...	...	...	32
48	Pratheeksha Bus Shelters Kerala Limited	Public Works	June 2013	0.05	...	...	0.05	...	...	...	...	...	1
49	Ashwas Public Amenities Kerala Limited	Public Works	June 2013	0.05	...	...	0.05	...	...	...	...	...	1
	Sector -wise total			**783.51 (241.66)**	**0.34**	**141.80**	**925.65 (241.66)**	**172.41**	**...**	**119.14**	**291.55**	**0.31:1 (0.23:1)**	**596**
MANUFACTURING SECTOR													
50	Autokast Limited	Industries	May 1984	19.97 (1.00)	...	...	19.97 (1.00)	74.80	...	0.15	74.95	3.75:1 (3.41:1)	384
51	Foam Mattings (India) Limited	Industries	December 1978	5.15	...	...	5.15	...	...	...	...	...	99

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
52	Forest Industries (Travancore) Limited	Industries	August 1946	0.29	...	0.09	0.38	5.75	...	0.19	5.94	15.63:1 (7.74:1)	91
53	Kanjikode Electronics and Electricals Limited	Industries	March 1996	0.25	...	...	0.25	...	...	...	...	...	21
54	Keltron Component Complex Limited	Industries	October 1974	7.30	...	26.93 (3.88)	34.23 (3.88)	11.00	...	...	11.00	0.32:1 (0.17:1)	603
55	Keltron Electro Ceramics Limited	Industries	April 1974	...	...	3.18	3.18	0.47	...	1.35	1.82	0.57:1 (0.42:1)	78
56	Kerala Automobiles Limited	Industries	March 1978	10.98 (0.75)	...	...	10.98 (0.75)	20.59	...	1.95	22.54	2.05:1 (1.48:1)	211
57	Kerala Clays and Ceramic Products Limited	Industries	June 1984	1.32 (1.32)	...	...	1.32 (1.32)	4.50	...	...	4.50	3.41:1	290
58	Kerala Electrical and Allied Engineering Company Limited	Industries	June 1964	87.15	...	...	87.15	38.16	...	0.91	39.07	0.45:1 (0.42:1)	590
59	Kerala Feeds Limited	Animal Husbandry	October 1995	32.34 (11.25)	...	6.32	38.66 (11.25)	...	...	...	...	...	212
60	Kerala State Bamboo Corporation Limited	Industries	March 1971	9.80 (3.11)	...	...	9.80 (3.11)	29.43	1.11	3.25	33.79	3.45:1 (2.81:1)	243
61	Kerala State Beverages (Manufacturing and Marketing) Corporation Limited	Taxes	February 1984	1.03	...	...	1.03	...	...	...	...	...	3392

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
62	Kerala State Drugs and Pharmaceuticals Limited	Industries	December 1971	9.08	...	...	9.08	59.74	...	1.50	61.24	6.74:1 (6.77:1)	211
63	Kerala State Electronics Development Corporation Limited	Industries	September 1972	199.55 (3.55)	...	4.00	203.55 (3.55)	98.66	...	...	98.66	0.48:1 (0.46:1)	1593
64	Kerala State Mineral Development Corporation Limited	Industries	June 1992	1.76	...	...	1.76	...	...	...	...	...	15
65	Kerala State Textile Corporation Limited	Industries	March 1972	64.27 (45.64)	...	32.25 (32.25)	96.52 (77.89)	100.32	...	36.99	137.31	1.42:1 (1.23:1)	729
66	Malabar Cements Limited	Industries	April 1978	26.01	...	...	26.01	...	...	...	...	...	850
67	Sitaram Textiles Limited	Industries	February 1975	42.46 (36.52)	...	...	42.46 (36.52)	13.34	...	1.44	14.78	0.35:1 (0.19:1)	233
68	Steel and Industrial Forgings Limited	Industries	June 1983	27.93	...	...	27.93	3.00	...	8.89	11.89	0.43:1 (0.35:1)	292
69	SAIL- SCL Kerala Limited	Industries	December 1969	13.19	12.78	0.46	26.43	7.07	8.00	17.62	32.69	1.24:1 (0.54:1)	86
70	Steel Industrials Kerala Limited	Industries	January 1975	36.56	...	...	36.56	5.65	...	0.95	6.60	0.18:1 (0.18:1)	131
71	The Kerala Ceramics Limited	Industries	November 1963	11.21 (8.66)	...	...	11.21 (8.66)	22.89	...	1.94	24.83	2.21:1 (1.68:1)	140
72	The Kerala Minerals and Metals Limited	Industries	February 1972	30.93	...	...	30.93	...	...	...	...	...	1406
73	The Metal Industries Limited	Industries	March 1928	1.87	...	0.07	1.94	7.90	...	0.01	7.91	4.08:1 (2.64:1)	61

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
74	The Pharmaceutical Corporation (Indian Medicines) Kerala Limited	Health & Family Welfare	September 1975	28.67	...	...	28.67	...	...	...	...	...	649
75	The Travancore Cements Limited	Industries	October 1946	2.47	...	0.24	2.71	12.93	...	...	12.93	4.77:1 (3.14:1)	393
76	The Travancore Sugars and Chemicals Limited	Taxes	June 1937	1.01	...	0.31	1.32	0.10	...	...	0.10	0.08:1 (0.08:1)	61
77	The Travancore-Cochin Chemicals Limited	Industries	November 1951	16.91	...	4.40	21.31	3.72	...	32.60	36.32	1.70:1 (1.71:1)	635
78	Traco Cable Company Limited	Industries	February 1960	53.02	...	4.20	57.22	13.87	...	4.00	17.87	0.31:1 (0.23:1)	536
79	Transformers and Electricals Kerala Limited	Industries	December 1963	23.44	19.17	0.36	42.97	...	...	...	...	...	672
80	Travancore Titanium Products Limited	Industries	December 1946	13.43	...	0.34	13.77	15.00	....	25.42	40.42	2.94:1 (2.13:1)	768
81	United Electrical Industries Limited	Industries	October 1950	4.85 (1.00)	...	0.14	4.99 (1.00)	20.76	...		20.76	4.16:1 (3.55:1)	99
82	Malabar Distilleries Limited	Taxes	June 2009	...	...	2.46 (2.45)	2.46 (2.45)	...	...	...	...	...	81
83	Trivandrum Spinning Mills Limited	Industries	November 1963	9.84 (5.20)	...	...	9.84 (5.20)	10.94	...	6.89	17.83	1.81:1 (1.81:1)	90
	Sector-wise total			**794.04 (118.00)**	**31.95**	**85.75 (38.58)**	**911.74 (156.58)**	**580.59**	**9.11**	**146.05**	**735.75**	**0.81:1 (0.70:1)**	**15945**

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
POWER SECTOR													
84	Kerala State Power and Infrastructure Finance Corporation Limited	Power	March 1998	26.65	...	...	26.65	...	...	...	...	...	7
85	KINESCO Power and Utilities Private Limited	Industries	September 2008	...	...	0.36 (0.26)	0.36 (0.26)	...	...	...	...	...	2
86	Kerala State Electricity Board Limited	Power	January 2011	0.05	...	...	0.05	...	...	3.27	3.27	65.40:1 (65.40:1)	...
	Sector-wise total			**26.70**	**...**	**0.36 (0.26)**	**27.06 (0.26)**	...	...	**3.27**	**3.27**	**0.12:1 (0.12:1)**	**9**
SERVICES SECTOR													
87	Bekal Resorts Development Corporation Limited	Tourism	July 1995	50.58 (3.35)	...	...	50.58 (3.35)	...	...	...	...	...	18
88	Indian Institute of Information Technology and Management - Kerala	Information Technology	September 2000	31.68 (31.68)	...	...	31.68 (31.68)	...	...	...	...	...	17
89	Kerala Medical Services Corporation Limited	Health and Family Welfare	December 2007	5.00 (4.99)	...	...	5.00 (4.99)	...	...	...	...	...	538
90	Kerala Shipping and Inland Navigation Corporation Limited	Coastal Shipping & Inland Navigation	December 1975	45.21 (18.00)	...	0.03	45.24 (18.00)	...	...	...	...	...	138

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
91	Kerala State Ex-Servicemen Development and Rehabilitation Corporation Limited	General Administration	December 2001	0.50	...	...	0.50	...	...	...	...	...	16
92	Kerala State Industrial Enterprises Limited	Industries	January 1973	1.20	...	...	1.20	1.10	...	1.90	3.00	2.50:1 (3.00:1)	120
93	Kerala State Maritime Development Corporation Limited	Port	December 1994	9.99	...	...	9.99	...	...	...	...	...	19
94	KTDC Hotels & Resorts Limited	Tourism	December 1965	90.20 (6.50)	...	...	90.20 (6.50)	1.92	...	7.88	9.80	0.11:1 (0.02:1)	460
95	Overseas Development and Employment Promotion Consultants Limited	Labour and Rehabilitation	October 1977	0.86 (0.20)	...	...	0.86 (0.20)	...	...	...	...	...	16
96	The Kerala State Civil Supplies Corporation Limited	Food and Civil Supplies	June 1974	8.56	...	...	8.56	...	...	...	...	...	3381
97	Kerala Tourism Infrastructure Limited	Tourism	August 1989	27.20	...	4.02	31.22	...	...	...	...	...	9
98	Vizhinjam International Seaport Limited	Ports	December 2004	11.99	...	0.01	12.00	...	...	...	...	...	17
99	Kerala State Coastal Area Development Corporation Limited	Fisheries	December 2008	5.81 (0.81)	...	...	5.81 (0.81)	...	...	...	...	...	104

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
100	Norka Roots	NORKA	December 2002	0.78	...	0.74	1.52	...	...	...	...	...	46
101	Kerala High Speed Rail Corporation Limited	Industries	September 2011	59.00 (54.00)	...	...	59.00 (54.00)	...	...	...	...	...	7
102	Kerala Monorail Corporation Limited	Public Works	December 2012	...	...	0.05	0.05	...	...	...	...	...	11
103	Clean Kerala Company Limited	Local Self Government	December 2013	0.05	...	0.20 (0.20)	0.25 (0.20)	...	...	...	...	...	3
104	Kerala Academy for Skills Excellence	Labour & Skills	March 2012	26.94	...	...	26.94	...	...	...	...	...	7
	Sector-wise total			**375.55 (119.53)**	**...**	**5.05 (0.20)**	**380.60 (119.73)**	**3.02**	**...**	**9.78**	**12.80**	**0.03:1 (0.02:1)**	**4927**
	Total A (All sector-wise working Government Companies)			**2631.43 (591.48)**	**94.38**	**238.96 (39.04)**	**2964.77 (630.52)**	**1046.83**	**9.31**	**758.95**	**1815.09**	**0.61:1 (0.54:1)**	**50211**
B. Working Statutory Corporations													
AGRICULTURE & ALLIED SECTOR													
1	Kerala State Warehousing Corporation	Agriculture	February 1959	6.75 (1.00)	...	5.75	12.50 (1.00)	0.50	....	....	0.50	0.04:1 (0.04:1)	332
	Sector-wise total			**6.75 (1.00)**	**...**	**5.75**	**12.50 (1.00)**	**0.50**	**...**	**...**	**0.50**	**0.04:1 (0.04:1)**	**332**
FINANCE SECTOR													
2	Kerala Financial Corporation	Finance	December 1953	217.77 (12.03)	...	6.23	224.00 (12.03)	...	...	1178.09	1178.09	5.26:1 (4.05:1)	234
	Sector-wise total			**217.77 (12.03)**	**...**	**6.23**	**224.00 (12.03)**	**...**	**...**	**1178.09**	**1178.09**	**5.26:1 (4.05:1)**	**234**

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
INFRASTRUCTURE SECTOR													
3	Kerala Industrial Infrastructure Development Corporation	Industries	February 1993	...	...	...	...	279.97	...	...	279.97	...	42
	Sector-wise total			**...**	**...**	**...**	**...**	**279.97**	**...**	**...**	**279.97**	**...**	**42**
POWER SECTOR													
4	Kerala State Electricity Board	Power	April 1957	1553.00	...	...	1553.00	...	...	2654.57	2654.57	1.71:1 (1.37:1)	31985
	Sector-wise total			**1553.00**	**...**	**...**	**1553.00**	**...**	**...**	**2654.57**	**2654.57**	**1.71:1 (1.37:1)**	**31985**
SERVICES SECTOR													
5	Kerala State Road Transport Corporation	Transport	March 1965	622.46	23.21	...	645.67	1090.50	...	1372.91	2463.41	3.82:1 (1.56:1)	42514
	Sector-wise total			**622.46**	**23.21**	**...**	**645.67**	**1090.50**	...	**1372.91**	**2463.41**	**3.82:1 (1.56:1)**	**42514**
	Total B (All sector-wise working Statutory Corporations)			**2399.98 (13.03)**	**23.21**	**11.98**	**2435.17 (13.03)**	**1370.97**	...	**5205.57**	**6576.54**	**2.70:1 (1.74:1)**	**75107**
	Grand Total (A+B)			**5031.41 (604.51)**	**117.59**	**250.94 (39.04)**	**5399.94 (643.55)**	**2417.80**	**9.31**	**5964.52**	**8391.62**	**1.55:1 (1.09:1)**	**125318**

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
C. Non-working Government Companies													
AGRICULTURE & ALLIED SECTOR													
1	Kerala State Coconut Development Corporation Limited	Agriculture	October 1975	2.85	...	...	2.85	...	...	...	...	...	1
	Sector-wise total			**2.85**	**...**	**...**	**2.85**	**...**	**...**	**...**	**...**	...	**1**
MANUFACTURING SECTOR													
2	The Kerala Premo Pipe Factory Limited	Local Administration	September 1961	1.31	...	...	1.31	...	...	...	...	... (0.19:1)	...
3	Kerala Garments Limited	Industries	July 1974	...	...	0.48	0.48	3.96	...	0.15	4.11	8.56:1 (3.92:1)	...
4	Kerala Special Refractories Limited	Industries	November 1985	2.91	...	...	2.91	1.07	...	...	1.07	0.37:1 (0.37:1)	3
5	The Kerala Asbestos Cement Pipe Factory Limited	Local Administration	March 1984	0.06	...	...	0.06	...	...	...	...	...	...
6	SIDECO Mohan Kerala Limited	Industries	August 1980	...	...	0.17	0.17	...	...	0.82	0.82	4.82:1 (4.82:1)	...
7	Keltron Counters Limited	Industries	July 1964	4.97	...	4.90	9.87	5.05	...	...	5.05	0.51:1 (0.51:1)	...
8	Keltron Power Devices Limited	Industries	January 1976	...	...	15.38	15.38	...	...	6.38	6.38	0.41:1 (0.41:1)	...
9	SIDKEL Televisions Limited	Industries	March 1984	...	...	0.44	0.44	...	...	...	...	... (2.98:1)	...
10	Astral Watches Limited	Industries	February 1978	...	...	0.95	0.95	1.08	...	1.81	2.89	3.04:1 (3.04:1)	...

Sl. No.	Sector & Name of the Company/ Corporation	Name of the Department	Month and Year of incorpora-tion	Paid-up capital*				Loans** outstanding at the close of 2013-14				Debt equity ratio for 2013-14 (Previous year)	Manpower (No. of employees) (as on 31.3.2014)
				State Govern-ment	Central Govern-ment	Others	Total	State Govern-ment	Central Govern-ment	Others	Total		
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	6(a)	6(b)	6(c)	6(d)	(7)	(8)
11	Keltron Rectifiers Limited	Industries	March 1976	...	...	6.63	6.63	1.65	...	7.02	8.67	1.31:1 (1.31:1)	...
12	Trivandrum Rubber Works Limited	Agriculture	November 1963	1.76	...	0.59	2.35	7.22	...	2.42	9.64	4.10:1 (4.10:1)	...
13	Kerala State Wood Industries Limited	Industries	September 1981	0.75	...	0.95	1.70	...	...	...	...	...	...
14	Kerala State Detergents and Chemicals Limited	Industries	June 1976	1.55	...	...	1.55	8.96	...	10.72	19.68	12.70:1 (12.70:1)	...
15	Kunnathara Textiles Limited		September 1975	0.22	...	0.48	0.70	...	...	...	...	...	...
16	Vanchinad Leathers Limited			...	0.19	0.18	0.37	...	...	...	...	...	...
	Sector-wise total			**13.53**	**0.19**	**31.15**	**44.87**	**28.99**	**...**	**29.32**	**58.31**	**1.30:1 (1.28:1)**	**3**
	Total C (All sector wise non working Government Companies)			**16.38**	**0.19**	**31.15**	**47.72**	**28.99**	**...**	**29.32**	**58.31**	**1.22:1 (1.21:1)**	**4**
D. Non-working Statutory Corporations													
	Grand Total (A+B+C+D)			**5047.79 (604.51)**	**117.78**	**282.09 (39.04)**	**5447.66 (643.55)**	**2446.79**	**9.31**	**5993.84**	**8449.94**	**1.55:1 (1.10:1)**	**125322**

Above includes Section 619 B companies at serial numbers A-40, 41, 42, 43, 44, 69 and 85 and C-15 and 16.

In respect of companies at serial numbers A-53, 86 and 100 figures for 2012-13 have been taken since current year figures not furnished.

***Paid up capital includes share application money which is shown in brackets in column 5 (a) to 5 (d).**

****Loans outstanding at the close of 2013-14 represent long term loans only.**

Annexure 2

(*Referred to in paragraph 1.1.14&1.1.17*)

Statement showing grants and subsidy received /receivable, guarantee received, waiver of dues, loans written off and loans converted into equity during the year and guarantee commitment at the end of March 2014

(Figures are ₹in crore)

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
A. Working Government Companies													
AGRICULTURE & ALLIED SECTOR													
1	Kerala Agro Machinery Corporation Limited	...	...	...	3.00	...	3.00	...	...	...	...	...	...
2	Kerala Forest Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...
3	Kerala Livestock Development Board Limited	...	...	...	...	...	...	...	...	...	...	...	...
4	Kerala State Horticultural Products Development Corporation Limited	...	...	15.00	...	...	15.00	...	...	...	...	...	...

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
5	Kerala State Poultry Development Corporation Limited	...	...	9.00	11.82	...	20.82	...	...	...	...	...	...
6	Meat Products of India Limited	...	...	2.70	1.44	0.25	4.39	...	0.62	...	...	...	...
7	Oil Palm India Limited	...	...	...	...	...	...	...	...	...	...	...	...
8	The Kerala Agro Industries Corporation Limited	...	...	15.79	...	...	15.79	...	0.13	...	...	...	...
9	The Kerala State Cashew Development Corporation Limited	40.70	20.00	1.00	...	...	1.00	...	...	...	...	...	...
10	The Kerala State Coir Corporation Limited	...	8.00	3.37	2.70	...	6.07	...	...	...	...	...	...
11	The Plantation Corporation of Kerala Limited	...	...	...	...	...	...	...	...	...	...	...	...
12	The Rehabilitation Plantations Limited	...	...	...	...	...	...	...	...	...	...	...	...
13	The State Farming Corporation of Kerala Limited	...	...	...	...	...	...	...	...	...	...	...	...
14	Aralam Farming Corporation (Kerala) Limited	...	...	...	...	...	...	...	...	...	...	...	...

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
15	Vazhakulam Agro and Fruit Processing Company Limited	...	...	...	...	...	...	...	...	...	...	...	...
	Sector -wise total	**40.70**	**28.00**	**46.86**	**18.96**	**0.25**	**66.07**	**...**	**0.75**	**...**	**...**	**...**	**...**
FINANCE SECTOR													
16	Handicrafts Development Corporation of Kerala Limited	...	...	0.96	0.09	...	1.05	...	1.11	...	...	...	...
17	Kerala Artisans' Development Corporation Limited	...	...	2.40	...	...	2.40	...	...	...	...	...	...
18	Kerala School Teachers and Non-teaching Staff Welfare Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...
19	Kerala Small Industries Development Corporation Limited	...	...	...	...	...	...	1.50	...	...	...	...	...
20	Kerala State Development Corporation for Christian Converts from Scheduled Castes & the Recommended Communities Limited	...	...	0.10	...	...	0.10	...	...	...	...	...	...

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
21	Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited	5.80	...	...	...	...	...	...	...	...	...	...	...
22	Kerala State Film Development Corporation Limited	5.00	...	1.41	...	...	1.41	...	...	...	...	...	...
23	Kerala State Handicapped Persons' Welfare Corporation Limited	...	...	5.85	...	...	5.85	...	...	...	...	...	...
24	Kerala State Handloom Development Corporation Limited	4.00	0.45	0.13	...	...	0.13	...	...	...	...	...	...
25	Kerala State Palmyrah Products Development and Workers' Welfare Corporation Limited	...	...	0.45	...	...	0.45	...	1.90	...	...	...	...
26	Kerala State Women's Development Corporation Limited	...	...	7.08	...	0.04	7.12	45.00	...	...	...	...	...
27	Kerala Transport Development Finance Corporation Limited	...	...	...	...	...	...	9.29	...	...	...	...	...

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
28	Kerala Urban & Rural Development Finance Corporation Limited	...	...	...	...	...	...	...	58.94	...	...	...	...
29	The Kerala State Backward Classes Development Corporation Limited	10.00	...	...	...	0.25	0.25	...	...	...	...	0.30	0.30
30	The Kerala State Financial Enterprises Limited	...	...	...	...	...	...	3000.00	4320.68	...	...	...	...
31	Kerala State Minorities Development Finance Corporation	8.40	...	...	...	...	...	...	...	...	...	...	...
32	Kerala Housing Development Finance Corporation Limited	1.00	...	...	...	...	...	...	...	...	...	...	...
33	Kerala State Welfare Corporation for Forward Communities	5.00	...	5.60	...	...	5.60	...	...	...	...	...	...
	Sector -wise total	**39.20**	**0.45**	**23.98**	**0.09**	**0.29**	**24.36**	**3055.79**	**4382.63**	**...**	**...**	**0.30**	**0.30**
INFRASTRUCTURE SECTOR													
34	Kerala Police Housing and Construction Corporation Limited	...	12.96	1.63	24.25	...	25.88	...	...	...	...	...	...
35	Kerala State Construction Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
36	Kerala State Industrial Development Corporation Limited	112.33	26.00	...	...	...	...	...	...	...	...	...	...
37	Roads and Bridges Development Corporation of Kerala Limited	...	...	...	...	...	...	...	4.38	...	...	...	...
38	The Kerala Land Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...
39	Kerala State Information Technology Infrastructure Limited	17.00	...	7.05	...	...	7.05	...	...	...	...	...	...
40	Kinfra Export Promotion Industrial Parks Limited	...	...	...	...	...	...	...	...	...	...	...	...
41	Kinfra Film and Video Park Limited	...	...	...	...	...	...	...	...	...	...	...	...
42	Kinfra International Apparel Parks Limited	...	...	...	...	...	...	...	...	...	...	...	...
43	Marine Products Infrastructure Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...
44	Kannur International Airport Limited	...	...	...	...	...	...	...	...	...	...	...	...
45	Road Infrastructure Company Kerala Limited	...	...	...	...	...	...	...	...	...	...	...	...

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
46	Vision Varkala Infrastructure Development Corporation Limited	0.10	...	2.00	...	...	2.00	...	...	...	...	...	...
47	Kerala Irrigation Infrastructure Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...
48	Pratheeksha Bus Shelters Kerala Limited	0.05	...	...	...	...	...	...	...	...	...	...	...
49	Ashwas Public Amenities Kerala Limited	...	...	...	...	...	...	...	...	...	...	...	...
	Sector -wise total	**129.48**	**38.96**	**10.68**	**24.25**	...	**34.93**	...	**4.38**	...	...	...	...
MANUFACTURING SECTOR													
50	Autokast Limited	...	6.89	...	...	...	...	...	...	...	...	...	...
51	Foam Mattings (India) Limited	...	...	...	...	...	...	...	...	...	...	...	...
52	Forest Industries (Travancore) Limited	...	...	...	...	...	...	...	...	...	...	...	...
53	Kanjikode Electronics and Electricals Limited	...	...	0.14	...	...	0.14	...	...	...	...	...	...
54	Keltron Component Complex Limited	...	...	...	...	...	...	...	...	...	...	...	...
55	Keltron Electro Ceramics Limited	...	...	...	...	...	...	...	...	...	...	...	...

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
56	Kerala Automobiles Limited	...	6.72	...	...	...	...	6.95	4.93	...	...	...	...
57	Kerala Clays and Ceramic Products Limited	...	...	...	...	...	...	...	...	...	...	...	...
58	Kerala Electrical and Allied Engineering Company Limited	...	...	...	...	...	...	35.00	22.87	...	...	...	...
59	Kerala Feeds Limited	8.00	...	...	11.10	...	11.10	...	...	...	...	...	...
60	Kerala State Bamboo Corporation Limited	0.45	7.51	0.20	...	...	0.20	...	...	...	...	...	...
61	Kerala State Beverages (Manufacturing and Marketing) Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...
62	Kerala State Drugs and Pharmaceuticals Limited	...	...	...	...	...	...	...	...	...	...	...	...
63	Kerala State Electronics Development Corporation Limited	...	6.00	...	...	...	...	...	...	...	...	...	...
64	Kerala State Mineral Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...
65	Kerala State Textile Corporation Limited	...	18.39	...	...	...	...	6.80	5.63	...	...	...	...

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
66	Malabar Cements Limited	...	...	...	...	...	...	...	...	...	...	...	...
67	Sitaram Textiles Limited	...	6.56	...	...	...	...	...	...	...	...	...	...
68	Steel and Industrial Forgings Limited	...	...	...	...	...	...	...	...	...	...	...	...
69	SAIL- SCL Kerala Limited	...	...	...	...	...	...	...	...	...	...	...	...
70	Steel Industrials Kerala Limited	...	...	...	...	...	...	...	...	...	...	...	...
71	The Kerala Ceramics Limited	...	7.39	...	...	...	...	...	...	...	...	...	...
72	The Kerala Minerals and Metals Limited	...	...	...	...	...	...	...	...	...	...	...	...
73	The Metal Industries Limited	...	...	...	...	...	...	0.60	...	...	...	...	...
74	The Pharmaceutical Corporation (Indian Medicines) Kerala Limited	4.00	...	...	0.06	...	0.06	...	...	...	...	...	...
75	The Travancore Cements Limited	...	...	...	...	...	...	...	...	...	...	...	...
76	The Travancore Sugars and Chemicals Limited	...	...	...	...	...	...	...	...	...	...	...	...
77	The Travancore-Cochin Chemicals Limited	...	...	...	...	...	...	...	...	...	...	...	...
78	Traco Cable Company Limited	...	8.27	...	...	...	...	51.50	51.50	...	17.14	...	17.14

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
79	Transformers and Electricals Kerala Limited	...	...	...	...	...	...	...	...	...	...	...	...
80	Travancore Titanium Products Limited	...	5.00	...	...	...	...	...	...	...	...	...	...
81	United Electrical Industries Limited	...	3.04	...	...	...	...	...	...	...	...	...	...
82	Malabar Distilleries Limited	...	...	...	...	...	...	...	...	...	...	...	...
83	Trivandrum Spinning Mills Limited	...	1.00	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	**12.45**	**76.77**	**0.34**	**11.16**	**...**	**11.50**	**100.85**	**84.93**	**...**	**17.14**	**...**	**17.14**
POWER SECTOR													
84	Kerala State Power and Infrastructure Finance Corporation Limited	...	...	...	...	...	...	...	...	...	...	1.94	1.94
85	KINESCO Power and Utilities Private Limited	...	...	...	...	...	...	...	...	...	...	...	...
86	Kerala State Electricity Board Limited	...	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**1.94**	**1.94**
87	Bekal Resorts Development Corporation Limited	1.35	...	...	...	...	...	...	...	...	...	...	...

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
88	Indian Institute of Information Technology and Management - Kerala	11.68	...	...	...	...	...	...	...	...	...	...	...
89	Kerala Medical Services Corporation Limited	...	...	220.00	...	...	220.00	...	...	...	...	...	...
90	Kerala Shipping and Inland Navigation Corporation Limited	120.00	...	...	...	...	...	...	...	...	...	...	...
91	Kerala State Ex-Servicemen Development and Rehabilitation Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...
92	Kerala State Industrial Enterprises Limited	...	...	...	2.28	...	2.28	...	...	...	...	...	...
93	Kerala State Maritime Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...
94	KTDC Hotels & Resorts Limited	6.50	...	...	...	...	...	...	...	...	...	...	...
95	Overseas Development and Employment Promotion Consultants Limited	...	...	0.10	...	...	0.10	...	...	...	...	...	...

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
96	The Kerala State Civil Supplies Corporation Limited	...	...	110.00	...	...	110.00	...	...	...	...	...	...
97	Kerala Tourism Infrastructure Limited	...	...	...	...	...	...	...	...	...	...	...	...
98	Vizhinjam International Seaport Limited	...	...	100.00	...	...	100.00	...	...	...	...	...	...
99	Kerala State Coastal Area Development Corporation Limited	5.81	...	...	...	...	...	...	...	...	...	...	...
100	Norka Roots	...	...	8.50	...	...	8.50	...	...	...	...	...	...
101	Kerala High Speed Rail Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...
102	Kerala Monorail Corporation Limited	28.00	...	...	...	...	...	...	...	...	...	...	...
103	Clean Kerala Company Limited	0.05	...	...	...	...	...	...	...	...	...	...	...
104	Kerala Academy for Skills Excellence	...	...	27.8	...	...	27.80	...	...	...	...	...	...
	Sector-wise total	**173.39**	**...**	**466.40**	**2.28**	**...**	**468.68**	**...**	**...**	**...**	**...**	**...**	**...**
	Total A (All sector-wise working Government Companies)	**395.22**	**144.18**	**548.26**	**56.74**	**0.54**	**605.54**	**3156.64**	**4472.69**	**...**	**17.14**	**2.24**	**19.38**

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
B. Working Statutory Corporations													
AGRICULTURE & ALLIED SECTOR													
1	Kerala State Warehousing Corporation	...	...	0.50	...	...	0.50	...	3.01	...	...	...	...
	Sector-wise total	**...**	**...**	**0.50**	**...**	**...**	**0.50**	**...**	**3.01**	**...**	**...**	**...**	**...**
FINANCE SECTOR													
2	Kerala Financial Corporation	2.14	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	**2.14**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**
INFRASTRUCTURE SECTOR													
3	Kerala Industrial Infrastructure Development Corporation	...	89.68	22.00	2.50	...	24.50	310.00	194.28	...	2.50	...	2.50
	Sector-wise total	**...**	**89.68**	**22.00**	**2.50**	**...**	**24.50**	**310.00**	**194.28**	**...**	**2.50**	**...**	**2.50**
POWER SECTOR													
4	Kerala State Electricity Board	...	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
SERVICES SECTOR													
5	Kerala State Road Transport Corporation	59.00	425.00	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	**59.00**	**425.00**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**
	Total B (All sector-wise working Statutory Corporations)	**61.14**	**514.68**	**22.50**	**2.50**	...	**25.00**	**310.00**	**197.29**	...	**2.50**	...	**2.50**
	Grand Total (A+B)	**456.36**	**658.86**	**570.76**	**59.24**	**0.54**	**630.54**	**3466.64**	**4669.98**	**...**	**19.64**	**2.24**	**21.88**
C. Non-working Government Companies													
AGRICULTURE & ALLIED SECTOR													
1	Kerala State Coconut Development Corporation Limited	...	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**	**...**
MANUFACTURING SECTOR													
2	The Kerala Premo Pipe Factory Limited	...	...	...	...	...	...	...	...	...	...	...	...
3	Kerala Garments Limited	...	...	...	...	...	...	...	...	...	...	...	...
4	Kerala Special Refractories Limited	...	...	...	...	...	...	...	...	...	...	...	...

Sl. No.	Sector & Name of the Company/ Corporation	Equity/loans received out of Budget during the year		Grants and subsidy received during the year				Guarantees received during the year and commitment at the end of the year@		Waiver of dues during the year			
		Equity	Loans	State Government	Central Government	Others	Total	Received	Commitment	Loans repayment written off	Loans converted into equity	Interest/ penal interest waived	Total
1	2	3(a)	3(b)	4(a)	4(b)	4(c)	4(d)	5(a)	5(b)	6(a)	6(b)	6(c)	6(d)
5	The Kerala Asbestos Cement Pipe Factory Limited	...	...	...	...	...	...	...	...	...	...	...	...
6	SIDECO Mohan Kerala Limited	...	...	...	...	...	...	...	...	...	...	...	...
7	Keltron Counters Limited	...	...	...	...	...	...	...	...	...	...	...	...
8	Keltron Power Devices Limited	...	...	...	...	...	...	...	...	...	...	...	...
9	SIDKEL Televisions Limited	...	...	...	...	...	...	...	...	...	...	...	...
10	Astral Watches Limited	...	...	...	...	...	...	...	...	...	...	...	...
11	Keltron Rectifiers Limited	...	...	...	...	...	...	...	...	...	...	...	...
12	Trivandrum Rubber Works Limited	...	...	...	...	...	...	...	...	...	...	...	...
13	Kerala State Wood Industries Limited	...	...	...	...	...	...	...	...	...	...	...	...
14	Kerala State Detergents and Chemicals Limited	...	...	...	...	...	...	...	...	...	...	...	...
15	Kunnathara Textiles Limited	...	...	...	...	...	...	...	...	...	...	...	...

16	Vanchinad Leathers Limited	...	...	...	...	...	...	...	...	...	...	...	...
	Sector-wise total	...	...	...	...	...	...	...	...	...	...	...	...
	Total C (All sector wise non working Government Companies)	...	...	...	...	...	...	...	...	...	...	...	...
D. Non-working Statutory Corporations													
	Grand Total (A+B+C+D)	**456.36**	**658.86**	**570.76**	**59.24**	**0.54**	**630.54**	**3466.64**	**4669.98**	...	**19.64**	**2.24**	**21.88**

@Figures indicate total guarantees outstanding at the end of the year

Annexure 3

(Referred to in paragraph 1.1.24)

Statement showing financial assistance by State Government to Companies whose accounts are in arrear

(Figures in column 4 and 6 to 8 are ₹in crore)

Sl. No.	Name of the Company/ Corporation	Year up to which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears			
				Year	Equity	Loans	Grants
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
A. Working Government companies							
1	Kerala State Horticultural Products Development Corporation Limited	2010-11	6.13	2011-12	0.10	...	...
				2012-13	0.25	...	...
				2013-14	...	...	15.00
2	Kerala State Poultry Development Corporation Limited	2008-09	1.97	2009-10	...	...	5.85
				2010-11	...	...	13.90
				2011-12	...	...	13.55
				2012-13	...	...	15.16
				2013-14	...	...	9.00
3	Meat Products of India Limited	2010-11	2.31	2011-12	...	0.75	1.13
				2012-13	...	0.50	1.80
				2013-14	...	...	2.70
4	The Kerala Agro Industries Corporation Limited	2008-09	4.74	2009-10	...	0.90	2.78
				2011-12	...	...	13.27
				2012-13	...	...	21.40
				2013-14	...	...	15.79
5	The Kerala State Cashew Development Corporation Limited	2010-11	200.64	2011-12	...	...	23.75
				2012-13	...	...	37.90
				2013-14	40.70	20.00	1.00
6	The Kerala State Coir Corporation Limited	2011-12	8.05	2012-13	...	...	8.51
				2013-14	...	8.00	3.37
7	Handicrafts Development Corporation of Kerala Limited	2010-11	2.77	2011-12	...	...	0.75
				2012-13	...	5.00	0.60
				2013-14	...	...	0.96
8	Kerala Artisans' Development Corporation Limited	2011-12	3.35	2013-14	...	...	2.40
9	Kerala Small Industries Development Corporation Limited	2011-12	29.67	2012-13	0.20	...	...

Sl. No.	Name of the Company/ Corporation	Year up to which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears			
				Year	Equity	Loans	Grants
10	Kerala State Development Corporation for Christian Converts from Scheduled Castes & the Recommended Communities Limited	2002-03	10.95	2006-07	3.50	...	...
				2007-08	3.40	...	...
				2008-09	3.50	...	...
				2009-10	3.00	...	...
				2010-11	0.50	...	...
				2011-12	3.50	...	...
				2012-13	...	...	4.50
				2013-14	...	...	0.10
11	Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited	2009-10	103.00	2010-11	5.74	...	3.22
				2011-12	6.63	...	1.88
				2012-13	5.33	...	1.00
				2013-14	5.80	...	...
12	Kerala State Film Development Corporation Limited	2007-08	19.52	2008-09	0.65	...	1.50
				2009-10	0.65	...	...
				2010-11	1.59	...	1.01
				2011-12	2.46	...	1.17
				2012-13	2.75	...	1.28
				2013-14	5.00	...	1.41
13	Kerala State Handicapped Persons' Welfare Corporation Limited	2003-04	2.06	2004-05	...	...	0.68
				2005-06	0.05	0.65	0.10
				2006-07	0.05	0.10	0.30
				2007-08	0.04	0.08	0.40
				2008-09	...	...	1.32
				2009-10	...	...	1.40
				2010-11	1.40	...	...
				2011-12	...	...	1.50
				2012-13	...	...	3.30
				2013-14	...	...	5.85
14	Kerala State Palmyrah Products Development and Workers' Welfare Corporation Limited	2011-12	0.87	2012-13	...	...	0.40
				2013-14	...	...	0.45
15	Kerala State Women's Development Corporation Limited	2011-12	7.06	2012-13	...	...	6.44
				2013-14	...	...	7.08

Sl. No.	Name of the Company/ Corporation	Year up to which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears			
				Year	Equity	Loans	Grants
16	The Kerala State Backward Classes Development Corporation Limited	2012-13[1]	82.96	2009-10	7.00	...	0.92
				2013-14	10.00	...	...
17	Kerala State Welfare Corporation for Forward Communities	First Accounts not finalised		2013-14	5.00	...	5.60
18	Kerala Police Housing and Construction Corporation Limited	2009-10	0.27	2010-11	...	...	7.94
				2011-12	...	9.63	...
				2012-13	...	11.35	...
				2013-14	...	12.96	1.63
19	Kerala State Industrial Development Corporation Limited	2012-13	400.00	2013-14	112.33	26.00	...
20	Roads and Bridges Development Corporation of Kerala Limited	2011-12	62.43	2012-13	...	...	12.37
21	Kerala State Information Technology Infrastructure Limited	2011-12	30.00	2012-13	17.00	...	...
				2013-14	17.00	...	7.05
22	Road Infrastructure Company Kerala Limited	First Accounts not finalised		2012-13	...	...	5.00
23	Vision Varkala Infrastructure Development Corporation Limited	First Accounts not finalised		2013-14	0.10	...	2.00
24	Autokast Limited	2012-13	19.97	2013-14	...	6.89	...
25	Kanjikode Electronics and Electricals Limited	2009-10	0.10	2010-11	...	...	0.15
				2012-13	...	...	0.14
				2013-14	...	....	0.14
26	Kerala Automobiles Limited	2010-11	10.98	2011-12	...	2.88	...
				2013-14	...	6.72	...
27	Kerala Feeds Ltd	2011-12	38.66	2012-13	...	...	0.50
				2013-14	8.00	...	...
28	Kerala State Bamboo Corporation Limited	2010-11	8.13	2011-12	0.60	4.00	...
				2012-13	0.27	4.82	0.10
				2013-14	0.45	7.51	0.20
29	Kerala State Electronics Development Corporation Limited	2012-13	203.55	2013-14	...	6.00	...
30	Kerala State Textiles Corporation Limited	2012-13	96.52	2013-14	...	18.39	...
31	Sitaram Textiles Limited	2012-13	42.46	2013-14	...	6.56	...

[1] **Accounts for the year 2009-10 not finalised.**

Sl. No.	Name of the Company/ Corporation	Year up to which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears			
				Year	Equity	Loans	Grants
32	The Pharmaceutical Corporation (Indian Medicines) Kerala Limited	2012-13	24.67	2013-14	4.00	...	...
33	Traco Cable Company Limited	2012-13	40.07	2013-14	...	8.27	...
34	Travancore Titanium Products Limited	2009-10	9.77	2010-11	4.00	...	...
				2013-14	...	5.00	...
35	United Electrical Industries Limited	2012-13	4.99	2013-14	...	3.04	...
36	Bekal Resorts Development Corporation Limited	2011-12	48.23	2012-13	1.00	...	...
				2013-14	1.35	...	...
37	Indian Institute of Information Technology and Management - Kerala	2012-13	20.00	2013-14	11.68	...	...
38	Kerala Medical Services Corporation Limited	2008-09	0.01	2010-11	...	...	145.00
				2011-12	...	...	174.00
				2012-13	...	...	200.00
				2013-14	...	...	220.00
39	Kerala Shipping and Inland Navigation Corporation Limited	2012-13	30.00	2013-14	120.00	...	...
40	KTDC Hotels & Resorts Limited	2011-12	77.70	2013-14	6.50	...	...
41	Overseas Development and Employment Promotion Consultants Limited	2012-13	0.86	2013-14	...	...	0.10
42	The Kerala State Civil Supplies Corporation Limited	2011-12	8.56	2012-13	...	...	135.00
				2013-14	...	...	110.00
43	Vizhinjam International Seaport Limited	2011-12	12.00	2012-13	...	...	226.53
				2013-14	...	...	100.00
44	Kerala State Coastal Area Development Corporation Limited	2011-12	1.81	2013-14	5.81	...	...
45	Norka Roots	2011-12	1.52	2012-13	...	...	8.50
				2013-14	...	...	8.50
46	Kerala Monorail Corporation Limited	First Accounts not finalised		2012-13	0.03	...	...
				2013-14	28.00	...	...
47	Kerala Academy for Skills Excellence	2012-13	26.94	2013-14	...	...	27.80
	Total A (Companies)				**456.91**	**176.00**	**1656.03**
B. Working Statutory Corporations							
1	Kerala State Warehousing Corporation	2011-12	11.5	2012-13	0.50	...	0.50
				2013-14	...	...	0.50

Sl. No.	Name of the Company/ Corporation	Year up to which Accounts finalised	Paid up capital as per latest finalised accounts	Investment made by State Government during the years for which accounts are in arrears			
				Year	Equity	Loans	Grants
2	Kerala Industrial Infrastructure Development Corporation	2012-13	-	2013-14	...	89.68	22.00
3	Kerala State Road Transport Corporation	2012-13	586.81	2012-13	57.07	175.00	28.00
				2013-14	59.00	425.00	...
	Total B (Statutory Corporations)				**116.57**	**689.68**	**51.00**
	Grand Total (A)+(B)				**573.48**	**865.68**	**1707.03**
C. Non-working Government Companies							
	Total C (Non-working Government Companies)				...	...	...
	Grand Total (A+B+C)				**573.48**	**865.68**	**1707.03**
	Aggregate						**3146.19**

Annexure 4

(Referred to in Paragraph 1.1.35)

Summarised financial results of Government companies and statutory corporations for the latest year for which accounts were finalised

(Figures in columns 5(a) to (10) are ₹in crore)

Sl. No.	Sector and name of the Company/ Corporation	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprec-iation	Net proft/ Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
A. Working Government Companies														
AGRICULTURE & ALLIED SECTOR														
1	Kerala Agro Machinery Corporation Limited	2013-14	2014-15	7.56	0.02	2.08	5.46	192.50	...	1.61	107.30	111.96	5.48	4.89
2	Kerala Forest Development Corporation Limited	2013-14	2014-15	1.61	0.14	0.77	0.70	16.65	-0.14	9.20	8.56	56.94	0.84	1.49
3	Kerala Livestock Development Board Limited	2011-12	2014-15	3.66	...	2.62	1.04	10.68	...	7.33	9.74	60.02	1.04	1.73
4	Kerala State Horticultural Products Development Corporation Limited	2010-11	2012-13	0.26	...	0.17	0.09	18.00	-0.02	6.13	-5.17	5.00	0.09	1.80
5	Kerala State Poultry Development Corporation Limited	2008-09	2014-15	0.84	0.02	0.32	0.50	7.24	-0.16	1.97	-4.64	0.24	0.52	216.67
6	Meat Products of India Limited	2010-11	2014-15	-1.02	0.07	0.20	-1.29	4.64	...	2.31	-12.40	0.94	-1.22	...
7	Oil Palm India Limited	2012-13	2013-14	9.82	...	2.85	6.97	45.00	...	11.79	34.43	75.16	6.97	9.27
8	The Kerala Agro Industries Corporation Limited	2008-09	2013-14	1.11	1.01	0.09	0.01	48.77	-0.19	4.74	-16.47	14.66	1.02	6.96
9	The Kerala State Cashew Development Corporation Limited	2010-11	2014-15	-49.16	39.35	1.28	-89.79	206.55	-12.39	200.64	-965.26	-98.63	-50.44	...

Sl. No.	Sector and name of the Company/ Corporation	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed[@]	Return on capital employed[$]	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprec-iation	Net proft/ Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
10	The Kerala State Coir Corporation Limited	2011-12	2013-14	2.57	0.18	0.07	2.32	62.83	-0.34	8.05	-8.24	9.17	2.50	27.26
11	The Plantation Corporation of Kerala Limited	2012-13	2013-14	-15.43	...	2.19	-17.62	124.26	...	5.57	132.40	166.60	-17.62	...
12	The Rehabilitation Plantations Limited	2013-14	2014-15	13.79	...	1.00	12.79	25.41	...	3.39	150.19	159.32	12.79	8.03
13	The State Farming Corporation of Kerala Limited	2013-14	2014-15	3.36	0.03	0.79	2.54	30.16	...	9.04	62.08	80.91	2.57	3.18
14	Aralam Farming Corporation (Kerala) Limited	2012-13	2014-15	-0.01	...	...	-0.01	...	...	0.01	-0.15	-0.14	-0.01	...
15	Vazhakulam Agro and Fruit Processing Company Limited	First Accounts not due												
	Sector-wise total			**-21.04**	**40.82**	**14.43**	**-76.29**	**792.69**	**-13.24**	**271.78**	**-507.63**	**642.15**	**-35.47**	**...**
FINANCE SECTOR														
16	Handicrafts Development Corporation of Kerala Limited	2010-11	2014-15	-0.31	0.55	0.09	-0.95	4.34	-0.95	2.77	-15.31	1.49	-0.40	...
17	Kerala Artisans' Development Corporation Limited	2011-12	2014-15	0.24	0.15	0.03	0.06	13.50	...	3.35	-1.81	5.39	0.21	3.90
18	Kerala School Teachers and Non-teaching Staff Welfare Corporation Limited	2007-08	2011-12	0.06	...	...	0.06	0.13	-0.16	0.50	-0.61	...	0.06	...
19	Kerala Small Industries Development Corporation Limited	2011-12	2013-14	3.73	1.24	0.54	1.95	199.08	-0.35	29.67	-38.98	46.23	3.19	6.92

Sl. No.	Sector and name of the Company/ Corporation	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprec-iation	Net proft/ Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
20	Kerala State Development Corporation for Christian Converts from Scheduled Castes & the Recommended Communities Limited	2002-03	2011-12	-1.73	0.28	0.01	-2.02	0.45	...	10.95	-4.73	10.82	-1.74	...
21	Kerala State Development Corporation for Scheduled Castes and Scheduled Tribes Limited	2009-10	2013-14	6.89	0.27	0.11	6.51	5.60	...	103.00	-16.68	106.37	6.78	6.37
22	Kerala State Film Development Corporation Limited	2007-08	2013-14	1.48	0.34	0.64	0.50	4.15	-0.16	19.52	-25.55	17.59	0.84	4.78
23	Kerala State Handicapped Persons' Welfare Corporation Limited	2003-04	2014-15	0.68	0.15	0.05	0.48	1.74	...	2.06	0.33	8.53	0.63	7.39
24	Kerala State Handloom Development Corporation Limited	2013-14	2014-15	-1.97	1.77	0.14	-3.88	21.55	-7.51	33.00	-62.77	-22.11	-2.11	...
25	Kerala State Palmyrah Products Development and Workers' Welfare Corporation Limited	2011-12	2013-14	-0.02	0.02	0.08	-0.12	0.68	...	0.87	-0.54	1.94	-0.10	...
26	Kerala State Women's Development Corporation Limited	2011-12[2]	2013-14	1.31	1.00	0.18	0.13	3.17	...	7.06	0.30	6.31	1.13	17.91
27	Kerala Transport Development Finance Corporation Limited	2010-11	2013-14	84.57	76.47	1.27	6.83	102.96	...	43.83	17.74	923.92	83.30	9.02
28	Kerala Urban & Rural Development Finance Corporation Limited	2012-13	2014-15	3.87	0.95	0.08	2.84	6.26	...	0.96	8.06	62.30	3.79	6.08

[2] **The Company has finalised accounts for the year 2011-12 based on an enabling G.O. by keeping the accounts for the year 2005-06 to 2008-09 and 2010-11 in arrears.**

Sl. No.	Sector and name of the Company/ Corporation	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprec-iation	Net proft/ Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
29	The Kerala State Backward Classes Development Corporation Limited	2012-13[3]	2014-15	25.47	11.50	0.36	13.61	35.70	...	82.96	107.32	529.88	25.11	4.74
30	The Kerala State Financial Enterprises Limited	2011-12	2013-14	80.35	...	7.60	72.75	787.69	-33.30	20.00	239.20	259.20	72.75	28.07
31	Kerala State Minorities Development Finance Corporation	First Accounts not due												
32	Kerala State Housing Development Finance Corporation Limited	First Accounts not due												
33	Kerala State Welfare Corporation for Forward Communities	First Accounts not finalised												
	Sector-wise total			**204.62**	**94.69**	**11.18**	**98.75**	**1187.00**	**-42.43**	**360.50**	**205.97**	**1957.86**	**193.44**	**9.88**
INFRASTRUCTURE SECTOR														
34	Kerala Police Housing and Construction Corporation Limited	2009-10	2013-14	-0.41	0.10	0.08	-0.59	33.63	-4.26	0.27	-1.86	36.24	-0.49	...
35	Kerala State Construction Corporation Limited	2012-13	2014-15	10.99	0.17	0.12	10.70	242.29	-2.15	0.88	-2.80	-1.92	10.87	...
36	Kerala State Industrial Development Corporation Limited	2012-13	2013-14	19.33	...	0.36	18.97	59.66	...	400.00	126.91	527.91	18.97	3.59
37	Roads and Bridges Development Corporation of Kerala Limited	2011-12	2013-14	-0.38	4.75	0.08	-5.21	8.87	0.21	62.43	-39.19	83.80	-0.46	...
38	The Kerala Land Development Corporation Limited	2007-08	2012-13	-0.97	...	0.07	-1.04	1.10	0.65	7.05	-17.77	8.83	-1.04	...

[3] **The Company has finalised accounts for the year 2012-13 based on an enabling G.O. by keeping the accounts for the year 2009-10 in arrear.**

Sl. No.	Sector and name of the Company/ Corporation	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprec-iation	Net proft/ Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
39	Kerala State Information Technology Infrastructure Limited	2011-12	2014-15	-0.64	...	0.08	-0.72	0.01	...	30.00	-0.29	29.71	-0.72	...
40	Kinfra Export Promotion Industrial Parks Limited	2013-14	2014-15	3.45	...	0.19	3.26	1.34	...	0.25	17.61	38.44	3.26	8.48
41	Kinfra Film and Video Park	2012-13	2013-14	0.72	...	0.37	0.35	1.52	0.08	1.50	-0.95	21.10	0.35	1.66
42	Kinfra International Apparel Parks Limited	2012-13	2013-14	2.28	...	1.88	0.40	1.95	...	0.25	-1.08	56.96	0.40	0.70
43	Marine Products Infrastructure Development Corporation Limited	2012-13	2013-14	0.33	...	...	0.33	0.26	...	5.00	3.48	8.48	0.33	3.89
44	Kannur International Airport Limited	2013-14	2014-15	Commercial activities not commenced						264.77	...	264.79	...	...
45	Road Infrastructure Company Kerala Limited	First Accounts not finalized												
46	Vision Varkala Infrastructure Development Corporation Limited	First Accounts not finalized												
47	Kerala Irrigation Infrastructure Development Corporation Limited	2011-12	2012-13	...	...	...	...	...	...	0.21	...	0.21	...	...
48	Pratheeksha Bus Shelters Kerala Limited	First Accounts not due												
49	Ashwas Public Amenities Kerala Limited	2013-14	2014-15	-0.02	...	...	-0.02	...	...	0.05	-0.02	0.03	-0.02	...
	Sector-wise total			**34.68**	**5.02**	**3.23**	**26.43**	**350.63**	**-5.47**	**772.66**	**84.04**	**1074.58**	**31.45**	**2.93**
MANUFACTURING SECTOR														
50	Autokast Limited	2012-13	2013-14	-5.37	0.63	0.38	-6.38	19.98	...	19.97	-111.08	-23.90	-5.75	...
51	Foam Mattings (India) Limited	2008-09	2012-13	-0.26	...	0.26	-0.52	5.76	...	5.15	3.32	9.19	-0.52	...

Sl. No.	Sector and name of the Company/ Corporation	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprec-iation	Net proft/ Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
52	Forest Industries (Travancore) Limited	2011-12	2013-14	0.61	0.49	0.03	0.09	12.32	...	0.38	1.11	4.44	0.58	13.06
53	Kanjikode Electronics and Electricals Limited	2009-10	2010-11	-0.02	...	0.02	-0.04	0.31	...	0.10	0.03	0.57	-0.04	...
54	Keltron Component Complex Limited	2012-13	2013-14	1.49	2.26	0.16	-0.93	61.11	-1.08	30.35	-36.82	83.35	1.33	1.60
55	Keltron Electro Ceramics Limited	2012-13	2013-14	0.63	0.27	0.21	0.15	11.91	...	3.18	-2.96	2.94	0.42	14.29
56	Kerala Automobiles Limited	2010-11	2013-14	-4.37	0.71	0.19	-5.27	17.08	-1.54	10.98	-19.12	4.82	-4.56	...
57	Kerala Clays and Ceramic Products Limited	2013-14	2014-15	1.79	0.52	0.44	0.83	9.49	0.07	1.32	9.96	14.67	1.35	9.20
58	Kerala Electrical and Allied Engineering Company Limited	2012-13	2013-14	-2.84	3.14	0.51	-6.49	64.21	-15.72	87.42	-109.70	5.91	-3.35	...
59	Kerala Feeds Limited	2011-12	2013-14	10.45	...	2.10	8.35	267.23	...	38.66	12.87	57.67	8.35	14.48
60	Kerala State Bamboo Corporation Limited	2010-11	2013-14	-3.63	0.74	0.38	-4.75	13.61	...	8.13	-21.44	4.74	-4.01	...
61	Kerala State Beverages (Manufacturing and Marketing) Corporation Limited	2011-12	2014-15	144.85	...	0.57	144.28	2861.70	1.47	1.03	549.85	687.30	144.28	20.99
62	Kerala State Drugs and Pharmaceuticals Limited	2013-14	2014-15	-3.48	5.25	1.39	-10.12	20.01	...	9.08	-104.40	-57.94	-4.87	...
63	Kerala State Electronics Development Corporation Limited	2012-13	2013-14	9.80	1.70	2.72	5.38	306.44	-94.41	203.55	-201.08	4.57	7.08	154.92
64	Kerala State Mineral Development Corporation Limited	2012-13	2013-14	0.01	...	0.04	-0.03	...	-3.26	1.76	-0.10	6.03	-0.03	...
65	Kerala State Textile Corporation Limited	2012-13	2014-15	1.60	5.70	4.54	-8.64	67.62	-3.49	96.52	-88.49	17.93	-2.94	...

Sl. No.	Sector and name of the Company/ Corporation	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprec-iation	Net proft/ Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
66	Malabar Cements Limited	2012-13	2013-14	28.94	0.35	7.22	21.37	222.08	-6.64	26.01	202.78	236.90	21.72	9.17
67	Sitaram Textiles Limited	2012-13	2013-14	0.70	1.02	0.19	-0.51	13.03	...	42.46	-46.88	-30.99	0.51	...
68	Steel and Industrial Forgings Limited	2013-14	2014-15	1.71	1.33	1.92	-1.54	51.11	-3.25	27.93	24.32	63.04	-0.21	...
69	SAIL-SCL Kerala Limited	2013-14	2014-15	-5.36	0.97	0.14	-6.47	20.42	...	26.43	-27.80	29.82	-5.5	...
70	Steel Industrials Kerala Limited	2012-13	2013-14	1.39	0.03	0.15	1.21	24.35	-0.75	36.56	-28.18	15.55	1.24	7.97
71	The Kerala Ceramics Limited	2013-14	2014-15	-4.16	2.02	0.07	-6.25	1.92	0.02	11.21	-60.66	-15.81	-4.23	...
72	The Kerala Minerals and Metals Limited	2013-14	2014-15	34.38	1.01	19.26	14.11	652.20	-1.66	30.93	582.31	613.27	15.12	2.47
73	The Metal Industries Limited	2011-12	2014-15	-2.58	0.06	0.19	-2.83	2.65	1.85	1.94	-5.12	5.81	-2.77	...
74	The Pharmaceutical Corporation (Indian Medicines) Kerala Limited	2012-13	2013-14	10.18	....	1.29	8.89	66.18	0.56	24.67	32.34	59.01	8.89	15.07
75	The Travancore Cements Limited	2011-12	2012-13	-7.80	0.65	0.27	-8.72	23.91	-0.41	2.71	-14.43	-5.49	-8.07	...
76	The Travancore Sugars and Chemicals Limited	2013-14	2014-15	-0.18	....	0.12	-0.30	35.60	-4.54	1.32	2.82	5.72	-0.30	...
77	The Travancore Cochin Chemicals Limited	2013-14	2014-15	10.63	5.02	9.19	-3.58	163.75	1.65	21.31	-18.76	34.35	1.44	4.19
78	Traco Cable Company Limited	2012-13	2013-14	-2.15	4.49	1.10	-7.74	47.48	...	40.07	-44.67	-21.95	-3.25	...
79	Transformers and Electricals Kerala Limited	2013-14	2014-15	3.82	...	3.00	0.82	166.07	-0.02	42.97	59.24	118.40	0.82	0.69
80	Travancore Titanium Products Limited	2009-10	2013-14	9.14	6.23	1.04	1.87	132.89	-1.05	9.77	-31.02	43.66	8.10	18.55
81	United Electrical Industries Limited	2012-13	2014-15	-3.61	1.45	0.16	-5.22	2.46	-0.14	4.99	-20.56	-6.46	-3.77	...
82	Malabar Distilleries Limited	2012-13	2014-15	-0.27	...	...	-0.27	0.01	...	2.46	0.67	1.79	-0.27	...

Sl. No.	Sector and name of the Company/ Corporation	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprec-iation	Net proft/ Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
83	Trivandrum Spinning Mills Limited	2002-03	2003-04	-0.44	...	...	-0.44	....	...	7.73	-17.28	0.06	-0.44	...
	Sector-wise total			**225.60**	**46.04**	**59.25**	**120.31**	**5364.89**	**-132.34**	**879.05**	**471.07**	**1968.97**	**166.35**	**8.45**
POWER SECTOR														
84	Kerala State Power and Infrastructure Finance Corporation Limited	2013-14	2014-15	5.09	...	0.12	4.97	6.65	...	26.65	22.02	61.00	4.97	8.15
85	KINESCO Power and Utilities Private Limited	2013-14	2014-15	2.98	0.18	0.60	2.20	40.15	...	0.36	0.43	0.53	2.38	449.06
86	Kerala State Electricity Board Limited	2012-13	2013-14	-0.02	...	...	-0.02	...	-0.28	0.05	-3.27	-3.22	-0.02	...
	Sector-wise total			**8.05**	**0.18**	**0.72**	**7.15**	**46.80**	**-0.28**	**27.06**	**19.18**	**58.31**	**7.33**	**12.57**
SERVICE SECTOR														
87	Bekal Resorts Development Corporation Limited	2011-12	2012-13	1.49	...	1.05	0.44	2.53	...	48.23	-0.52	46.73	0.44	0.94
88	Indian Institute of Information Technology and Management – Kerala	2012-13	2013-14	0.35	...	0.44	-0.09	2.58	...	20.00	-6.13	22.60	-0.09	...
89	Kerala Medical Services Corporation Limited	2008-09	2014-15	0.69	...	0.48	0.21	99.46	0.82	0.01	0.24	10.31	0.21	2.04
90	Kerala Shipping and Inland Navigation Corporation Limited	2012-13	2014-15	-0.37	...	0.87	-1.24	13.92	-0.81	30.00	-5.20	22.04	-1.24	...
91	Kerala State Ex-Servicemen Development and Rehabilitation Corporation Limited	2012-13	2013-14	0.79	...	0.03	0.76	1.17	...	0.50	3.63	4.13	0.76	18.40
92	Kerala State Industrial Enterprises Limited	2012-13	2013-14	7.79	0.97	2.15	4.67	36.63	-0.01	1.20	33.18	39.04	5.64	14.45

Sl. No.	Sector and name of the Company/ Corporation	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprec-iation	Net proft/ Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
93	Kerala State Maritime Development Corporation Limited	2012-13	2014-15	0.24	...	0.14	0.10	3.28	...	10.00	-7.16	2.84	0.10	3.52
94	KTDC Hotels & Resorts Limited	2011-12	2012-13	4.00	0.17	4.53	-0.70	86.62	-0.25	77.70	-22.24	70.78	-0.53	...
95	Overseas Development and Employment Promotion Consultants Limited	2012-13	2013-14	0.10	0.01	0.01	0.08	6.44	...	0.86	1.36	2.43	0.09	3.70
96	The Kerala State Civil Supplies Corporation Limited	2011-12	2013-14	1.54	36.14	4.63	-39.23	2643.61	-2.03	8.56	-52.89	-44.33	-3.09	...
97	Kerala Tourism Infrastructure Limited	2012-13	2013-14	1.54	...	0.11	1.43	0.80	-0.14	31.22	5.43	36.05	1.43	3.97
98	Vizhinjam International Seaport Limited	2011-12	2014-15	-1.52	...	0.08	-1.60	...	...	12.00	-6.83	406.95	-1.60	...
99	Kerala State Coastal Area Development Corporation Limited	2011-12	2013-14	0.78	...	0.04	0.74	0.79	...	1.81	1.26	3.07	0.74	24.10
100	Norka Roots	2011-12	2013-14	0.58	...	0.10	0.48	2.10	...	1.52	3.91	7.93	0.48	6.05
101	Kerala High Speed Rail Corporation Limited	2012-13	2013-14	-0.79	...	0.10	-0.89	...	....	59.00	-11.00	9.94	-0.89	...
102	Kerala Monorail Corporation Limited	First Accounts not finalised												
103	Clean Kerala Company Limited	First Accounts not due												
104	Kerala Academy for Skills Excellence.	2012-13	2013-14	1.60	...	...	1.60	...	...	26.94	1.60	42.34	1.60	3.78
	Sector-wise total			**18.81**	**37.29**	**14.76**	**-33.24**	**2899.93**	**-2.42**	**329.55**	**-61.36**	**682.85**	**4.05**	**0.59**
	Total A (All sector wise working Government Companies)			**470.72**	**224.04**	**103.57**	**143.11**	**10641.94**	**-196.18**	**2640.60**	**211.27**	**6384.72**	**367.15**	**5.75**

Sl. No.	Sector and name of the Company/ Corporation	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprec-iation	Net proft/ Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
B. Working Statutory Corporations														
AGRICULTURE & ALLIED SECTOR														
1	Kerala State Warehousing Corporation	2011-12	2014-15	-6.68	...	0.28	-6.96	9.06	...	11.50	-23.75	-9.90	-6.96	...
	Sector-wise total			**-6.68**	**...**	**0.28**	**-6.96**	**9.06**	**...**	**11.50**	**-23.75**	**-9.90**	**-6.96**	**...**
FINANCE SECTOR														
2	Kerala Financial Corporation	2013-14	2014-15	155.76	104.96	0.64	50.16	263.12	...	224.00	91.97	1592.93	155.12	9.74
	Sector-wise total			**155.76**	**104.96**	**0.64**	**50.16**	**263.12**	**...**	**224.00**	**91.97**	**1592.93**	**155.12**	**9.74**
INFRASTRUCTURE SECTOR														
3	Kerala Industrial Infrastructure Development Corporation	2012-13	2013-14	28.16	7.96	6.27	13.93	9.08	...	...	124.87	972.83	21.89	2.25
	Sector-wise total			**28.16**	**7.96**	**6.27**	**13.93**	**9.08**	**...**	**...**	**124.87**	**972.83**	**21.89**	**2.25**
POWER SECTOR														
4	Kerala State Electricity Board	2013-14*	2014-15	920.85	450.69	329.74	140.42	5012.75	...	1553.00	2348.74	12464.25	591.11	4.74
	Sector-wise total			**920.85**	**450.69**	**329.74**	**140.42**	**5012.75**	**...**	**1553.00**	**2348.74**	**12464.25**	**591.11**	**4.74**
SERVICE SECTOR														
5	Kerala State Road Transport Corporation (including JNNRUM)	2012-13	2014-15	-184.79	252.22	81.66	-518.67	1650.90	...	586.81	-3037.72	-395.75	-266.46	...
	Sector-wise total			**-184.79**	**252.22**	**81.66**	**-518.67**	**1650.90**	**...**	**586.81**	**-3037.72**	**-395.75**	**-266.46**	**...**
	Total B (All Sector wise working Statutory Corporations)			**913.30**	**815.83**	**418.59**	**-321.12**	**6944.91**	**...**	**2375.31**	**-495.89**	**14624.36**	**494.71**	**3.38**
	Grand Total (A+B)			**1384.02**	**1039.87**	**522.16**	**-178.01**	**17586.85**	**-196.18**	**5015.91**	**-284.62**	**21009.08**	**861.86**	**4.10**

Sl. No.	Sector and name of the Company/ Corporation	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprec-iation	Net proft/ Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
C. Non-working Government Companies														
AGRICULTURE & ALLIED SECTOR														
1	Kerala State Coconut Development Corporation Limited	1995-96	2009-10	-0.56	...	0.05	-0.61	...	...	2.85	-12.36	-2.27	-0.61	...
	Sector-wise total			**-0.56**	**...**	**0.05**	**-0.61**	**...**	**...**	**2.85**	**-12.36**	**-2.27**	**-0.61**	
MANUFACTURING SECTOR														
2	The Kerala Premo Pipe Factory Limited	1985-86	1999-2000	-0.35	...	...	-0.35	...	...	0.35	-0.19	1.00	-0.35	...
3	Kerala Garments Limited	2008-09	2009-10	0.36	0.60	0.01	-0.25	0.03	-0.30	0.48	-10.23	-7.87	0.35	...
4	Kerala Special Refractories Limited	2012-13	2013-14	-0.09	...	...	-0.09	...	...	2.91	-2.53	0.38	-0.09	...
5	The Kerala Asbestos Cement Pipe Factory Limited	1984-85	1986-87	...	...	...	...	...	...	0.06	...	...	...	...
6	SIDECO Mohan Kerala Limited	2007-08	2012-13	...	1.16	...	-1.16	...	...	0.17	-6.13	-5.52	...	...
7	Keltron Counters Limited	2003-04	2006-07	-3.67	...	...	-3.67	1.52	...	4.97	-31.74	-10.62	-3.67	...
8	Keltron Power Devices Limited	2002-03	2005-06	-0.01	0.55	0.01	-0.57	...	-0.05	15.38	-27.69	-5.58	-0.02	...
9	SIDKEL Televisions Limited	1999-2000	2004-05	-0.48	...	...	-0.48	...	...	0.44	-4.14	-2.03	-0.48	...
10	Astral Watches Limited	2010-11	2011-12	-0.03	0.29	...	-0.32	...	...	0.95	-5.92	-0.62	-0.03	...
11	Keltron Rectifiers Limited	1999-2000	2005-06	-1.10	...	...	-1.10	1.11	...	6.63	-17.33	-0.48	-1.10	...
12	Trivandrum Rubber Works Limited	2001-02	2010-11	-0.98	0.01	0.03	-1.02	1.52	...	2.35	-25.99	14.00	-1.01	...
13	Kerala State Wood Industries Limited	2001-02	2012-13	-0.11	...	0.17	-0.28	...	...	1.70	-6.48	1.82	-0.28	...

Sl. No.	Sector and name of the Company/ Corporation	Period of Accounts	Year in which finalised	Net Profit (+)/ Loss (-)				Turnover	Impact of Accounts Comments#	Paid up Capital	Accumulated Profit (+)/ Loss (-)	Capital employed@	Return on capital employed$	Percentage return on capital employed
				Net Profit/ Loss before Interest & Depreciation	Interest	Deprec-iation	Net proft/ Loss							
(1)	(2)	(3)	(4)	5(a)	5(b)	5(c)	5(d)	(6)	(7)	(8)	(9)	(10)	(11)	(12)
14	Kerala State Detergents and Chemicals Limited	2013-14	2014-15	-0.02	1.08	0.02	-1.12	...	...	1.55	-32.79	-4.01	-0.04	...
15	Kunnathara Textiles Limited	Not available												
16	Vanchinad Leathers Limited	Not available												
	Sector-wise total			**-6.48**	**3.69**	**0.24**	**-10.41**	**4.18**	**-0.35**	**37.94**	**-171.16**	**-19.53**	**-6.72**	**...**
	Total C (All sector wise non working Government companies)			**-7.04**	**3.69**	**0.29**	**-11.02**	**4.18**	**-0.35**	**40.79**	**-183.52**	**-21.8**	**-7.33**	**...**
D. Non-working Statutory Corporations														
	Grand Total (A+B+C+D)			**1376.98**	**1043.56**	**522.45**	**-189.03**	**17591.03**	**-196.53**	**5056.70**	**-468.14**	**20987.28**	**854.53**	**4.07**

#Impact of accounts comments include the net impact of comments of Statutory Auditors and CAG and indicates(+) increase in profit/decrease in loss or (-) in case of decrease in profit/increase in loss.

@Capital employed represent net fixed assets (including capital work-in-progress) plus working capital except in case of finance companies/corporations where the capital employed is worked out as a mean of aggregate of the opening and closing balances of paid up capital, free reserves, bonds, deposits and borrowings (including refinance).

$Return on capital employed has been worked out by adding profit and interest charged to profit and loss account.

***The Statutory Corporation has finalised the accounts for the year 2013-14 (upto 31.10.2013).**

Annexure 5

(Referred to in paragraph 1.1.35)

Statement showing financial position of Statutory corporations

(₹in crore)

1. Kerala State Electricity Board			
Particulars	**2011-12**	**2012-13**	**2013-14***
A. Liabilities			
Equity Capital	1553.00	1553.00	1553.00
Loans from Government	...	...	...
Other long-term loans (including bonds)	1356.34	2134.20	2654.57
Reserves and Surplus (Funds)	7050.92	7918.17	8345.90
Current liabilities and provisions	7396.38	10035.86	10569.87
Total – A	**17356.64**	**21641.23**	**23123.34**
B. Assets			
Gross fixed assets	12073.79	12692.87	12972.06
Less : Depreciation	5314.75	5824.06	6153.81
Net fixed assets	6759.04	6868.81	6818.25
Capital works-in-progress	1088.64	1318.85	1648.29
Current assets	8287.16	12231.77	13435.00
Investments	19.50	19.50	19.50
Miscellaneous expenditure	1202.30	1202.30	1202.30
Deficits	...	...	...
Total – B	**17356.64**	**21641.23**	**23123.34**
C. Capital employed[1]	9886.80	11522.39	12464.25

**Provisional, subject to audit.*

[1] **Capital employed represents net fixed assets (including capital works-in-progress) plus working capital (excluding deferred costs and assets not in use)**

(₹ in crore)

2. Kerala State Road Transport Corporation			
Particulars	**2010-11**	**2011-12**	**2012-13***
	(including JnNURM)		
A. Liabilities			
Capital (Including capital loan & equity capital)	576.00	634.77	586.80
JNNRUM Grant			106.68
Borrowings (Government)	350.50	490.76	691.00
(Others)	895.42	1064.76	1220.45
Funds[2]	19.04	17.76	37.06
Trade dues and other current liabilities (including provisions)	772.74	857.12	1048.03
Total – A	**2613.70**	**3065.17**	**3690.02**
B. Assets			
Gross block	881.71	921.85	992.22
Less: Depreciation	501.09	544.05	591.88
Net fixed assets	380.62	377.80	400.34
Capital works-in-progress (including cost of chassis)	5.25	33.09	15.74
Investments	0.03	0.03	0.03
Current assets, loans and advances	127.53	143.05	236.19
Accumulated loss	2100.27	2511.20	3037.72
Total – B	**2613.70**	**3065.17**	**3690.02**
C. Capital employed [3]	**(-)259.34**	**(-)303.18**	**(-)395.75**

**Provisional, subject to audit.*

[2] **Excluding depreciation funds.**

[3] **Capital employed represents net fixed assets (including capital works-in-progress) plus working capital.**

(₹ in crore)

3. Kerala Financial Corporation			
Particulars[4]	**2011-12**	**2012-13**	**2013-14**
A. Liabilities			
Paid-up capital	211.97	211.97	211.97
Share application money	...	9.89	12.03
Reserve fund and other reserves and surplus	113.88	161.90	190.83
Borrowings:			
(i) Bonds and debentures	224.53	200.00	400.00
(ii) Fixed Deposits	...	...	...
(iii) Industrial Development Bank of India & Small Industries Development Bank of India	438.71	337.71	238.79
(iv) Reserve Bank of India	...	...	...
(v) Loan towards share capital:			
(a) State Government	...	...	...
(b) Industrial Development Bank of India	...	...	
(vi) Others (including State Government)			
(a) Loans	283.13	457.90	733.98
(b) Subventions	...	...	
Other liabilities and provisions	101.84	133.15	156.08
Total – A	**1374.06**	**1512.54**	**1943.68**
B. Assets			
Cash and Bank balances	33.67	17.29	15.78
Investments	46.35	21.01	11.01
Loans and Advances	1239.84	1401.43	1800.37
Net fixed assets	2.75	3.36	3.21
Other assets	51.45	69.45	113.31
Miscellaneous expenditure	...	...	...
Total – B	**1374.06**	**1512.54**	**1943.68**
C. Capital employed[5]	1169.64	1325.81	1592.93

[4] Previous years' figures regrouped wherever necessary to be in consonance with the accounts of the Corporation.

[5] Capital employed represents the mean of the aggregate of opening and closing balances of paid-up capital, loans in lieu of capital, seed money, debentures, reserves (other than those which have been funded specifically and backed by investments outside), bonds, deposits and borrowings (including refinance).

(₹ in crore)

4. Kerala State Warehousing Corporation			
Particulars	**2009-10**	**2010-11**	**2011-12**
A. Liabilities			
Paid-up capital	10.00	10.75	11.50
Reserves and surplus	1.82	1.63	1.71
Borrowings : (Government) (Others)	0.50 0.24	0.50 ...	0.50 0.14
Trade dues and current liabilities (including provisions)	29.84	31.75	37.74
Total – A	**42.40**	**44.63**	**51.59**
B. Assets			
Gross block	20.08	20.21	21.63
Less: Depreciation	6.86	7.21	7.52
Net fixed assets	13.22	13.00	14.11
Capital works-in-progress	0.07	0.39	0.07
Current assets, loans and advances	14.30	14.45	13.66
Profit and loss account	14.81	16.79	23.75
Total – B	**42.40**	**44.63**	**51.59**
C. Capital employed [6]	1.47	0.77	-9.90

[6] **Capital employed represents net fixed assets (including capital works-in-progress) plus working capital.**

(₹ *in crore)*

5. Kerala Industrial Infrastructure Development Corporation (KINFRA)			
Particulars	**2010-11**	**2011-12**	**2012-13**
A. Liabilities			
Grants	138.56	248.91	255.78
Loans	462.52	483.04	564.85
Trade dues and current liabilities(including provisions)	86.10	85.88	154.22
Reserves and surplus	131.70	160.43	179.39
Total – A	**818.88**	**978.26**	**1154.24**
B. Assets			
Gross block	89.66	141.90	175.57
Less: Depreciation	19.11	23.88	30.14
Net fixed assets	70.55	118.02	145.43
Investment	24.18	27.19	27.19
Current assets, loans and advances	724.15	833.05	981.62
Accumulated loss	...	...	...
Total – B	**818.88**	**978.26**	**1154.24**
C. Capital employed [7]	708.60	865.19	972.83

[7] Capital employed represents net fixed assets (including capital works-in-progress) plus working capital.

Annexure 6

(Referred to in paragraph 1.1.35)

Statement showing working results of Statutory corporations

(₹ in crore)

1.	**Kerala State Electricity Board**			
Sl. No.	**Particulars**	**2011-12**	**2012-13**	**2013-14***
1.	(a) Revenue receipts	6043.88	7659.21	5164.42
	(b) Subsidy/subvention from Government	0.04	…	…
	(c) Revenue gap/ regulatory asset	1934.13	3998.89	848.29
	Total	7978.05	11658.10	6012.71
2.	Revenue expenditure (net of expenses capitalised) including write off of intangible assets but excluding depreciation and interest	6899.37	10402.41	5101.19
3.	Gross surplus(+)/deficit(-) for the year (1-2)	(+)1078.68	(+)1255.69	(+)911.52
4.	Adjustments relating to previous years	(-)61.95	(-)41.19	(+)9.33
5.	Final gross surplus(+)/deficit(-) for the year (3+4)	(+)1016.73	(+)1214.50	920.85
6.	Appropriations:			
	(a) Depreciation (less capitalised)	466.00	509.31	329.74
	(b) Interest on Government loans	….	…	…
	(c) Interest on others, bonds, advance, etc., and finance charges	340.52	580.53	541.25
	(d) Total interest on loans and finance charges (b+c)	340.52	580.53	541.25
	(e) Less: Interest capitalised	30.51	116.06	90.56
	(f) Net interest charged to revenue (d-e)	310.01	464.47	450.69
	(g) Total appropriations (a+f)	776.01	973.78	780.43
7.	Surplus(+)/deficit(-) before accounting for subsidy from state Government [5-6(g)-1(b)]	(+)240.68	(+)240.72	(+)140.42
8.	Net surplus (+)/deficit(-) {5-6(g)}	(+)240.72	(+)240.72	140.42
9.	Total return on capital employed[8]	550.73	705.19	591.11
10.	Percentage of return on capital employed	5.57	6.12	4.74

***Provisional, subject to audit.**

[8] **Total return on capital employed represents net surplus/ deficit plus total interest charged to profit and loss account (less interest capitalised).**

(₹ in crore)

2. Kerala State Road Transport Corporation			
Particulars	**2010-11**	**2011-12**	**2012-13***
Operating :			
(a) Revenue	1276.12	1436.36	1572.01
(b) JnNURM	16.49	60.04	78.89
(c) Expenditure	1216.94	1377.05	1551.19
(d) JnNURM	21.36	70.49	93.90
(e) Surplus(+)/Deficit(-)	59.19	59.31	(+)20.82
(f) JnNURM	(-) 4.88	(-)10.45	(-)15.01
Non-operating :			
(a) Revenue	17.97	52.78	45.00
(b) JnNURM	7.89	14.31	15.60
(c) Expenditure	456.48	528.73	585.08
(d) JnNURM	0.58	...	...
(e) Surplus(+)/Deficit(-)	(-) 438.51	(-) 475.95	(-)540.08
(f) JnNURM	7.31	14.31	15.60
Total :			
(a) Revenue	1294.09	1489.14	1617.01
(b) JnNURM	24.38	74.35	94.49
(c) Expenditure	1673.42	1905.78	2136.27
(d) JnNURM	21.94	70.49	93.90
(e) Surplus(+)/Deficit(-)	(-) 379.33	(-) 416.64	(-)519.26
(f) JnNURM	2.44	3.86	0.59
Interest on capital and loans	145.93	202.36	252.22
Total return on capital employed [9]	(-) 230.96	(-) 210.42	(-)266.45

**Provisional, subject to audit.*

[9] Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).

(₹ in crore)

3. Kerala Financial Corporation			
Particulars[10]	**2011-12**	**2012-13**	**2013-14**
1. Income :			
(a) Interest on loans	143.52	174.16	196.80
(b) Other income	70.73	83.54	69.39
Total – 1	**214.25**	**257.70**	**266.19**
2. Expenses :			
(a) Interest on long-term loans	82.09	87.01	104.96
(b) Bad debts written-off	30.78	25.66	41.39
(c) Other expenses	38.75	41.33	52.12
Total – 2	**151.62**	**154.00**	**198.47**
Profit before tax(1-2)	62.63	103.70	67.72
Provision for tax	14.75	22.68	17.56
Other appropriations	16.03	37.00	26.65
Amount available for dividend [11]	31.85	44.02	23.51
Dividend	15.90	16.96	10.60
Total return on capital employed [12]	129.97	168.03	155.12
Percentage of return on capital employed	11.11	12.67	9.74

[10] **Previous years' figures regrouped wherever necessary to be in consonance with the accounts of the Corporation.**

[11] **Represents profit of current year available for dividend after considering the specific reserves and provision for taxation.**

[12] **Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).**

(₹ in crore)

4. Kerala State Warehousing Corporation			
Particulars	**2009-10**	**2010-11**	**2011-12**
1. Income :			
(a) Warehousing charges (b) Other income	10.02 4.66	9.94 4.78	9.06 4.22
Total – 1	**14.68**	**14.72**	**13.28**
2. Expenses :			
(a) Establishment charges (b) Other expenses	10.57 5.09	11.82 4.88	12.26 7.98
Total – 2	**15.66**	**16.70**	**20.24**
3. Profit(+)/Loss(-) before tax	(-)0.98	(-)1.98	(-)6.96
4. Other appropriations[13]	...	...	...
5. Amount available for dividend	...	...	...
6. Dividend for the year	...	...	...
7. Total return on capital employed[14]	(-)0.98	(-)1.98	(-)6.96
8. Percentage of return on capital employed	(-)66.67	(-)257.14	...

[13] **This does not include prior period adjustments.**

[14] **Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).**

(₹ in crore)

5. Kerala Industrial Infrastructure Development Corporation (KINFRA)			
Particulars	**2010-11**	**2011-12**	**2012-13**
1.Income (a) Sale of land on long lease (b) Miscellaneous income	 2.28 23.42	 20.02 9.41	 8.01 15.34
Total -1	**25.70**	**29.43**	**23.35**
2. Expenses (a) Establishment charges (b) Other expenses	2.84 13.60	2.54 17.10	4.52 16.72
Total-2	**16.44**	**19.64**	**21.24**
Net profit (+)/Loss (-)	(+) 9.33	(+) 10.09	(+) 13.93
Total return on capital employed[15]	(+) 16.61	(+) 19.94	(+) 21.89
Percentage of return on capital employed	2.34	2.30	2.25

[15] **Total return on capital employed represents net surplus/deficit plus total interest charged to profit and loss account (less interest capitalised).**

Annexure 7

(Referred to in Paragraph 2.1.3)

Statement showing Financial Position of Travancore Titanium Products Limited

(₹in lakh)

Particulars	2009-10	2010-11*	2011-12*	2012-13*	2013-14*
Source of funds					
Share Capital	976.75	1376.75	1376.75	1376.75	1376.75
Reserve and surplus	0.73	0.73	851.80	16.11	-18.31
Long term	6490.78	5956.85	5737.13	5459.70	5245.54
Total	**7468.26**	**7334.33**	**7965.68**	**6852.56**	**6603.98**
Application of funds					
Fixed Assets (Net Block)	***962.53***	***896.74***	854.00	703.37	987.42
Other Assets	4.51	4.15	8.86	112.44	112.26
Capital work in progress	4172.85	5074.15	6341.97	6108.32	6108.32
Investments	12.29	12.29	12.29	0.00	0.00
Deferred Tax	231.50	231.50	231.50	231.50	231.50
Current Assets, loans and advances	**6762.62**	**8634.50**	9952.26	10532.03	10237.93
Less Current Liabilities and Provisions	**7799.09**	**9366.09**	9435.20	10835.11	11073.45
Net Current Assets	-1036.47	-731.59	517.06	-303.08	-835.54
Deffered Revenue	19.32	0.00	0.00	0.00	0.00
Profit and loss account	3101.73	1847.09	0.00	0.00	0.00
Total	**7468.26**	**7334.33**	**7965.68**	**6852.56**	**6603.98**

Working Results

(₹ in lakh)

Particulars	2009-10	2010-11*	2011-12*	2012-13*	2013-14*
Income:					
Net Sales	13288.55	16182.62	18459.41	16845.32	15908.27
Interest	59.92	95.95	84.35	0	0
Other Income	72.28	55.73	317.16	114.60	51.73
Stock Differential	-436.75	-181.18	1346.09	1444.36	289.14
TOTAL	**12984.00**	**16153.12**	**20207.01**	**18404.28**	**16249.14**
Expenditure:					
Consumption of Raw Materials	4077.23	5748.20	7322.88	11453.18	9333.87
Manufacturing and Other Expenses	7572.71	8592.12	9256.27	6308.62	6371.68
Interest	634.30	248.01	472.14	440	571
Depreciation	103.81	90.81	80.63	78.43	107.01
TOTAL	**12388.05**	**14679.14**	**17131.92**	**18280.23**	**16283.56**
Net Operating Profit/ (Loss)	**595.95**	**1473.98**	**3075.09**	124.05	-34.42

**provisional figures*

Annexure 8

(Referred to in Paragraph 2.1.11)

Statement showing analysis of elements of cost per MT in Travancore Titanium Products Limited

(in ₹)

Particulars	2009-10	2010-11	2011-12	2012-13	2013-14
Sales value	**85899.10**	**100045.00**	**156426.00**	**153455.00**	**146529.00**
Raw materials	26695.70	39828.18	55174.51	70797.56	55642.15
% to sales	*31.08*	*39.81*	*35.27*	*46.14*	*37.97*
Power and Fuel	16841.38	16637.88	26313.36	27743.68	24414.03
% to sales	*19.61*	*16.63*	*16.82*	*18.08*	*16.66*
Other variable cost	7242.60	8031.10	10831.93	10985.30	15209.64
% to sales	*8.43*	*8.03*	*6.92*	*7.16*	***10.38***
Variable expenses	**50779.68**	**64497.16**	**92319.80**	**109526.54**	**95265.82**
% to sales	*59.12*	*64.47*	*59.02*	*71.37*	*65.01*
Contribution	**35119.42**	**35547.84**	**64106.20**	**43928.46**	**51263.18**
Employee cost	23227.24	22475.99	30775.16	38049.55	42850.42
% to sales	*27.04*	*22.47*	*19.67*	*24.80*	***29.24***
Finance cost	4153.11	2841.62	3740.18	3809.52	4958.16
Other fixed cost	2902.85	1688.50	9222.97	4754.45	5438.58
Total fixed expenses	**30283.20**	**27006.11**	**43738.31**	**46613.52**	**53247.16**
Total cost/MT	**81062.88**	**91503.27**	**136058.11**	**156140.06**	**148512.98**
% to sales	*94.37*	*91.46*	*86.98*	*101.75*	*101.35*
Profit per MT	**4836.22**	**8541.73**	**20367.89**	**-2685.06**	**-1983.98**
% to sales	*5.63*	*8.54*	*13.02*	*-1.75*	*-1.35*

Annexure 9
(Referred to in Paragraph 2.1.26)
Details of extra expenditure due to non inclusion of price reduction clause-Travancore Titanium Products Limited

Sl No.	PO No and date for additional quantity	Name of supplier	Additional quantity procured (in MT)	Existing price per MT		Price/date of subsequent tender (₹)	Extra cost (₹ in lakh)	Remarks
				PO No.	Rate (₹)			
1	No.2935/10.12.2011	MSC	500	No.2919/ 13.10.11	17500	16250/ 07.12.2011	12.62	Price reduction clause not included for belated supply and additional quantity of 1009.4MT
	No.2940/2.1.2012	MSC	500					
2	Amendment order No.3890/30.07.12	MSC	510	No.3890/ 02.06.12	21000	19463 / 07.08.2012	23.21	Price reduction clause not included in amendment/additional order
	Amendment order No.3891/30.07.12	TDC	1000	No.3891/ 06.06.12				
3	Amendment order 4387/11.12.12	MSC	1000	No.4387/ 29.09.12	19463.5	17981/ 07.12.2012	28.00	Delivery period extended from 30.11.2012 to 31.12.2012 and order quantity of MSC increased by 1000 MT. Despite decreasing market, price reduction clause effected from 01.01.2013 only instead of from 01.12.2012.MSC and TDC supplied 1299.65 MT and 589.46 MT at higher rate during December 2012
	Amendment order 4390/11.12.12	TDC	0	No.4390/ 09.10.12				
4	No.7204/26.11.13	MSC	0	No.7204/ 26.11.13	15169	13020	41.46	The delivery schedule of three months specified in tender was revised to six months while issuing purchase order in order to accommodate increased offer from IRE. However, in purchase order the price reduction was made applicable from the extended period of three months and not from the date of price reduction by IRE.
	No.7205/06.12.13	TDC	0	No.7205/ 06.12.13				
Total							**105.20**	

Annexure 10

(Referred to in Paragraph 2.1.30)

Statement showing excess consumption of raw materials in Travancore Titanium Products Limited

Year	Production	Raw material	Consumption (MT)	Ideal consumption /MT	Actual consumption/ MT	Excess consumption/MT	Total excess consumption	Rate/MT ₹	Value/MT ₹
2009-10	15273	Ilmenite	32589.90	2.134	2.134	0	0	0	0
		Sulphuric acid	64839.36	4.245	4.245	0	0	0	0
		Scrap iron	3747.49	0.218	0.245	0.027	412.989	19245.83	7948310.194
2010-11	15749	Ilmenite	33890.19	2.134	2.152	0.018	283.468	6625.00	1877976.374
		Sulphuric acid	67053.70	4.245	4.258	0.013	204.720	4511.00	923492.2802
		Scrap iron	3782.15	0.218	0.240	0.022	346.697	25791.67	8941896.763
2011-12	12701	Ilmenite	28152.60	2.134	2.217	0.083	1053.976	11613.00	12239828.57
		Sulphuric acid	55404.72	4.245	4.362	0.117	1486.096	4474.00	6648795.03
		Scrap iron	3072.35	0.218	0.242	0.024	304.696	27904.17	8502285.293
2012-13	11550	Ilmenite	26391.80	2.134	2.285	0.151	1744.053	18184.00	31713865.28
		Sulphuric acid	53564.23	4.245	4.638	0.393	4538.754	5424.00	24618203.26
		Scrap iron	2634.10	0.218	0.228	0.01	115.531	29525.00	3411043.969
2013-14	10817	Ilmenite	24709.70	2.134	2.284	0.15	1622.791	13990.00	22702848.27
		Sulphuric acid	48056.97	4.245	4.443	0.198	2141.634	3903.00	8358797.676
		Scrap iron	2362.40	0.218	0.218	0	0.000	0	0
Total	66090	Ilmenite	145734.19	-	-	-	-		**68534518.50**
		Sulphuric acid	288918.98	-	-	-	-		**40549288.25**
		Scrap iron	15598.49	-	-	-	-		**28803536.22**

Annexure 11

(Referred to in Paragraph 2.1.37)

Statement showing higher discount allowed during March 2013 due to non-telescopic quantity discount scheme

Sl No.	Name of Stockist	Actual Off take (MT)	Rate of discount (₹)	Discount for actual quantity (₹)	Maximum quantity of preceding slab (MT)	Rate of discount (₹)	Discount for maximum quantity of preceding slab (₹)	Additi - onal Quantity (MT)	Additional Discount (₹)
		1	2	3	4	5	6	7 (1-4)	8 (3-6)
1	Bharath Enterprises	102	6500	663000	99	5500	544500	3	118500
2	Chemical De Enterprises	10	1500	15000	8	0	0	2	15000
3	Kemco	54	5500	297000	53	4500	238500	1	58500
4	Miracle Sands	101	6500	656500	99	5500	544500	2	112000
5	Popawala	27	3000	81000	26	2500	65000	1	16000
6	R.S.Chemical	100	6520	652000	99	5500	544500	1	107500
7	Ramesh Brothers	10	1500	15000	8	0	0	2	15000
8	Ramniklal	27	3000	81000	26	2500	65000	1	16000
9	Sree Narayana Agencies, Coimbatore.	101	6500	656500	99	5500	544500	2	112000
10	Sri Kartikeya	18	2500	45000	17	1500	25500	1	19500
11	Tradex Marketing	10	1500	15000	8	0	0	2	15000
12	Victor Corporation	10	1500	15000	8	0	0	2	15000
13	Vyas Rasayan	10	1500	15000	8	0	0	2	15000
							TOTAL	**22**	**635000**

Annexure 12

(Referred to in Paragraph 2.1.42)

Statement showing interest loss on funds blocked in debtors in Travancore Titanium Products Limited

(Figures in ₹)

Particulars	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14
Trade Debtors (CB)	66286566	137528069	131820244	239358046	356371418	309429246
Sales		1328855373	1618261858	1845940832	1684531758	1590826883
Average Debtors		101907318	134674157	185589145	297864732	332900332
Debtors Turnover ratio		13.04	12.02	9.95	5.66	4.78
Average Collection Period (Days)		27.99	30.38	36.70	64.54	76.38
Extra credit period allowed over 30 days				6.70	34.54	46.38
Interest on working capital blocked on debtors for extra period @ 8.5%				2,89,430	23.95,932	35,95,659
			TOTAL		**62,81,021**	

Annexure-13

(Referred to in paragraph 3.1.4)

Statement showing lists of suppliers preferred by customer[1] of Transformers and Electricals Kerala Limited

SL No	Item			Customer preferred suppliers	Company sent enquiries with
1	MS Steel		1	Essar steel, Haryana	SAIL
			2	IISCO, Asansol	
			3	Ispat Industries ltd, Dolvi	
			4	Jindal Oron and Steel Co.Ltd, Mumbai	
			5	Jindal Oron and Steel and power ltd, Raigad	
			6	Lloyd Steel industries Ltd,Maharashtra	
			7	RINL, Vishakapattanam	
			8	SAIL, India	
			9	TISCO, Jamshedpur	
2	CRGO	CRGO Steel	1	AK Steel , USA	1. POSCO Korea 2. KRYFS 3. Mahindra Steel
			2	British steel, UK	
			3	JFE, Japan	
			4	Nippon steel, Japan	
			5	POSCO, Korea	
			6	TKES,.Germany	
			7	ViStal, Russia	
		CRGO Processors	8	KRYFS, Silvassa	
			9	Mahendra Steel service Centre,Pune	
			10	National laminations industries,Daman	
			11	Precision Transcore,Daman	
			12	Surya laminations,Vadodara	
			13	Vardhaman stamping,Kalol	
3	Copper wire Rod		1	Birla Copper,Bharuch	1. Hindalco industries 2.Sterlite Industries
			2	Hindalco Industries,Dahej	
			3	Hindustan copper Ltd,Raidag	
			4	Kembel wire and Rod,Australia	
			5	Norddeatsche Affinerie, Germany	
			6	Sterlite Industries, Silvassa	
4	CTC		1	Asta Electrodraht GMbh,Austria	1.Chandra Proteco 2. KSH International 3.ASTA India 4. Precision wires
			2	Asta India,Vadodara	
			3	Chandra Proteco,Silvassa	
			4	kSH International,Pune	
			5	Lacroix,Germany	
			6	Precision wires,Silvassa	
			7	Sam Dong,Korea	
			8	Smit Draad,Netherland	

[1] National Thermal Power Corporation Limited.

Annexure 14

(Referred to in paragraph 3.1.5)

Statement showing extra expenditure in purchase of Copper in Transformers and Electricals Kerala Limited

Period	LME Rate in USD/ MT	Exchange Rate (₹)	LME Rate/ MT (in ₹lakh)	% of change in LME Rate	Actual purchase Rate/MT (₹ in lakh)	% of change in Actual Purchase Rate	Cost per MT based on LME Rate (₹ in lakh) *	Extra Cost per MT (₹)#	Qty consumed (MT)	Excess Expenditure (₹ in crore)
1	2	3	4 (2x3)	5	6	7	8 (6/7x5)	9 (6-8)	10	11 (9x10)
2009-10	6100.75	47.4037	2.89	100.00	3.17	100.00	0.00	NA	953.83	0
2010-11	8139.51	45.4387	3.70	128.03	4.19	132.18	4.06	13145	1014.08	1.33
2011-12	8485.09	47.8259	4.06	140.48	4.70	148.26	4.45	24678	931.29	2.30
2012-13	7854.90	54.3590	4.27	147.75	4.81	151.74	4.68	12633	666.48	0.84
2013-14	7103.85	60.4517	4.29	148.44	5.10	160.88	4.71	39445	714.00	2.82
Total										**7.29**
*	*Cost per MT based on LME = Actual Purchase Rate / % change in Actual purchase Rate x % change in LME Rate (2010-11: ₹4.19 Lakh/132.18% x 128.03%)*									
#	*Extra Cost per MT = Actual purchase rate per MT – Cost per MT based on LME*									

Annexure-15

(Referred to in paragraph 3.7.8)

Statement showing delay in completion of civil works & commissioning of machineries in implementation of textile park in Kerala Industrial Infrastructure Development Corporation.

Sl. No.	Name of component	Cost (₹ in crore)	Date of order	Scheduled date of completion	Actual date of completion	Delay (Months)
1.	Pilot Plant Bldg., Security Cabin, Bonded Warehouse, Creche & Dispensary	3.49	6.12. 2006	12.8. 2007	15.7. 2008	11
2.	Civil works	0.83	24.2.2010	16.4.10	28.2. 2011	9
3.	Electrical works	0.30	18.3. 2010	15.6. 2010	12.8. 2011	14
4.	Primary Treatment Plant	0.70	18.9. 2012	23.1. 2013	28.8. 2013	7
5.	Fire Detection & Fire Fighting works	0.49	15.11. 2010	22.1. 2011	21.7. 2011	6
6.	Cabinet Dyeing Machine	0.16	18.11.2009	18.1.2010	9.3.2011	14
7.	Soft Winding & Rewinding Machine	0.28	18.11.2009	18.1.2010	28.1.2012	24
8.	Laboratory Equipments	0.06	18.11.2009	18.1.2010	28.4.2011	15
9.	RF Drier	0.26	16.12.2009	16.2.2010	20.1.2012	23
10.	EOT Crane	0.09	1.1.2010	1.3.2010	27.9.2011	18
11.	Air Compressor	0.10	10.2.2010	20.3.2010	26.8.2011	17
12.	Commissioning of Air Compressor	0.0065	10.2.2010	20.3.2010	26.8.2011	17
13.	HTHP Vertical Dyeing Machine	0.54	16.12.2009	16.2.2010	Not commissioned	
14.	Hydro Extractor & Cheese Pressing Device	0.06	16.12.2009	16.2.2010	Not commissioned	
15.	Platform for HTHP Vertical Dyeing Machine	0.0067	26.3.2010	26.6.2010	16.11.2010	5
16.	Boiler & Accessories	0.44	11.12.2009	21.3.2010	24.6.2011	15
17.	Cabinet Dyeing Machine with micro processor controller	0.50	22.12.2009	22.2.2010	9.3.2011	12
18.	Pneumatic Pipeline	0.0095	7.10.2010	27.10.2010	19.11.2010	-
19.	Supply of Steam Lines	0.26	4.2.2011	18.2.2011	24.6.2011	4
20.	Erection and Commissioning of Steam Lines	0.10	4.2.2011	4.3.2011	24.6.2011	4
Total		**8.68**				

Annexure 16

(Referred to in paragraph 3.9)

Statement showing calculation of rent of building in leased land- Kerala State Road Transport Corporation

Sl. No.	Nature of building	Area of Building (m^2)	Construction cost of building (₹/m^2)	Total cost of Building (₹)	Depreciation Rate applicable	Depreciated value of building (₹)	Lump sum Amt for water supply & electricity (₹)	Value of Building (₹)	Annual rent of the building (Column no.9 x 6%)	Rent of Building (₹) per month (Column no.10/12)	Loss of revenue for 5 years (60 months) upto July 2014 (₹)
1	2	3	4	5	6	7	8	9	10	11	12
1	Modern Workshop (AC sheet roof with steel struts/trusses)	3695.62	6516	24080660	0.8083	19464397	50000	19514397	1170864	97572	5854319
2	Lab Building (AC sheet roof with steel struts/trusses)	637.09	6516	4151278	0.8083	3355478	10000	3365478	201928.70	16827.40	1009643
3	Electronics Lab (R.C.C Building)	216.82	6516	1412799	0.8083	1141965.5	15000	1272662	76359.72	6363.31	381799
4	Bank Building (Tiled Roof)	205.70	GF-6516 FF-6201	2615887	0.7379	1930263	10000	1940263	116415.80	9701.32	582079

Annexure 17

(Referred to in paragraph 3.12)

Statement showing department-wise outstanding Inspection Reports (IRs) as on 30 September 2014

Sl.No.	Name of the Department	No. of PSUs	No. of outstanding IRs	No. of outstanding paragraphs	Year from which paragraphs outstanding
1.	Agriculture	9	22	188	2007-2008
2.	Animal Husbandry and Diary Development	4	7	28	2009-2010
3.	Coastal Shipping and Inland Navigation	1	3	32	2008-2009
4.	Finance	1	2	14	2008-2009
5.	Food and Civil Supplies	1	4	36	2007-2008
6.	Forest and Wild life	1	2	8	2009-10
7.	Industries	45	99	570	2005-2006
8.	Information Technology	2	3	8	2010-11
9.	Ports	2	3	23	2008-2009
10.	Public Works	5	7	33	2008-2009
11.	Taxes	4	11	77	2006-2007
12.	Tourism	3	3	22	2009-2010
13.	Transport	4	105	442	2007-2008
14.	Power	3	261	1522	2005-2006
	Total	**85**	**532**	**3003**	

Annexure 18

(Referred to in paragraph 3.12)

Statement showing department-wise Draft Paragraphs and Performance Audit Reports replies to which are awaited

Sl. No.	Name of Department	No. of Draft Paragraphs	No. of Performance Audit Reports	Period of issue
1.	Industries	3	1	August/September/ October 2014
2.	Power	1	1	August/October 2014
3.	Transport	2		October 2014
4.	Public Works	1		October 2014
	Total	**7**	**2**	