

Financial Performance of Central Public Sector Enterprises

1.1 Introduction

This Report presents the financial performance of government companies, statutory corporations and government controlled other companies. The term Central Government Public Sector Enterprises (CPSEs) encompasses government owned companies set up under the Companies Act, 2013 and statutory corporations set up under statutes enacted by Parliament.

A **government company**¹ is defined in section 2(45) of the Companies Act, 2013 as a company in which not less than fifty one *per cent* of the paid-up share capital is held by central government, or by any state government or governments, or partly by the central government and partly by one or more state governments, and includes a company which is a subsidiary of a government company.

Government Company

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

Besides any other company² owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments are referred to in this Report as government controlled other companies.

1.1.1 Mandate

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

¹ The Department of Public Enterprises (DPE) has been considering CPSEs as a company wherein either the central Government owns more than 50 *per cent* equity or one of its holding companies or its subsidiary owns more than 50 *per cent* equity. In view of the difference in definition adopted by CAG and DPE, there may be difference in number of companies considered as CPSEs by CAG and that of DPE.

² Ministry of Corporate Affairs- (Removal of Difficulties) Seventh Order 2014 dated 4 Sep 2014

The Acts governing Reserve Bank of India, Export-Import Bank of India, National Bank for Agricultural and Rural Development and National Housing Bank contain provisions whereby the Central Government can appoint the CAG, at any time as the auditor to examine and report upon the accounts of these institutions. No such appointment was made during 2014-15.

1.1.2 What does this Report contain

This Report gives an overall picture of the financial performance of government companies and corporations as revealed from their accounts.

Impact of revision of accounts as well as significant comments issued as a result of supplementary audit of the financial statements of the CPSEs conducted by the CAG for the year 2014-15 (or earlier years as are finalised during the current year) is given in this Report. The report also contains the impact of comments issued by the CAG on the financial statements of the statutory corporations where CAG is the sole auditor.

The Report also gives an overall picture of the status of the adherence of CPSEs to the guidelines issued by the Department of Public Enterprises (DPE) and Securities and Exchange Board of India on Corporate Governance and a chapter on Management of Surplus cash.

1.1.3 Number of CPSEs and government controlled other companies

As on 31 March 2015, there were 570 CPSEs under the audit jurisdiction of the CAG. These include 390 government companies, six statutory corporations and 174 government controlled other companies. The overall coverage under this report and the nature of these CPSEs is indicated in the following Table 1.1:

• Government Companies	390
• Government Controlled other Companies	174
• Statutory Corporations	6
• Total CPSEs	570

Table 1.1: Coverage under report and the nature of CPSEs

Nature of the CPSE's	Total number of CPSEs	Number of CPSEs covered in the Report				Number of CPSEs not covered in the Report
		Accounts up to 2014-15	Accounts up to		Total	
			2013-14	2012-13		
Government companies	390	335	22	2	359	31
Statutory corporations	6	5	1	0	6	0
Total companies/corporations	396	340	23	2	365	31
Government controlled other companies	174	150	4	2	156	18
Total	570	490	27	4	521	49

The details of new/ceased government companies/government controlled other companies are given in **Appendix-I**.

This Report does not include 49 CPSEs (including 18 government controlled other companies) whose accounts were in arrears for three years or more or were defunct/under liquidation or first accounts not received or first accounts were not due.

These CPSEs are identified by two asterisks (**) in **Appendix-II**.

Snapshot of CPSEs

(Government companies and statutory corporations)

Number of CPSEs	396
CPSEs covered in this chapter	365
Paid up capital (365 CPSEs)	₹ 3,51,961 crore
Long term Loans (365 CPSEs)	₹ 9,81,300 crore
Market capitalisation (46 listed companies)	₹ 13,27,781 crore
Net profit (205 CPSEs)	₹ 1,37,338 crore
Net loss (135 CPSEs)	₹ 30,341 crore
Dividend declared (112 CPSEs)	₹ 57,749 crore
Total Assets (365 CPSEs)	₹ 34,73,744 crore
Value of production (365 CPSEs)	₹ 15,01,603 crore
Net worth (365 CPSEs)	₹ 12,54,040 crore

1.2 Investment in government companies and corporations

The extent of equity investment and loans in 365³ government companies and corporations at the end of 31 March 2015 is given in the following table. Some government companies and corporations had also contributed to the investment in these CPSEs. The details are given in following Table 1.2:

Table 1.2: Equity investment and loans in government companies and corporations

(₹ in crore)

Sources	As on 31 March 2015			As on 31 March 2014		
	Equity	Long Term Loans	Total	Equity	Long Term Loans	Total
1. Central Government	2,65,499	51,642	3,17,141	2,49,987	54,752	3,04,739
2. Central Government Companies/ Corporations	40,593	15,220	55,813	35,198	17,353	52,551
3. State Governments/ State Government Companies/ Corporations	21,426	22,114	43,540	19,897	7,763	27,660
4. Financial Institutions/ Others	24,443	8,92,324	9,16,767	21,263	7,99,734	8,20,997
Total	3,51,961	9,81,300	13,33,261	3,26,345	8,79,602	12,05,947
Percentage of Central Government to total	75.43	5.26	23.79	76.60	6.22	25.27

³ 396 CPSEs– 31 CPSEs whose accounts were in arrears

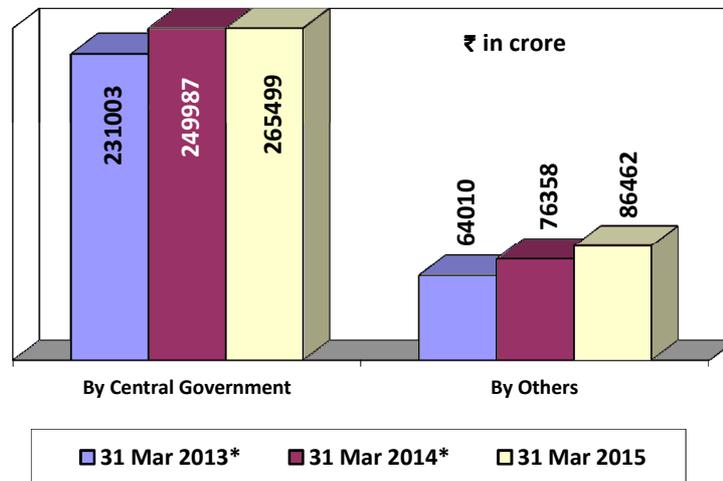
Ministry/Department wise details of equity held and loans are available on CAG website <www.saiindia.gov.in>

1.2.1 Equity investment

1.2.1.1 Equity Information

During 2014-15, the investment in equity of these 365 CPSEs registered a net increase of ₹ 25,616 crore. Investment of Government of India increased by ₹ 15,512 crore in 2014-15 in equity of these 365 CPSEs. Equity investment by Central government and others during last three years in government companies and corporations is depicted in chart I.

Chart I: Equity investment in Government Companies and Corporations



(* Previous years' figures updated during 2014-15 as accounts of that year were received)

Details of significant investments made by the Central Government during 2014-15 in the paid up capital of the CPSEs is detailed in Table 1.3.

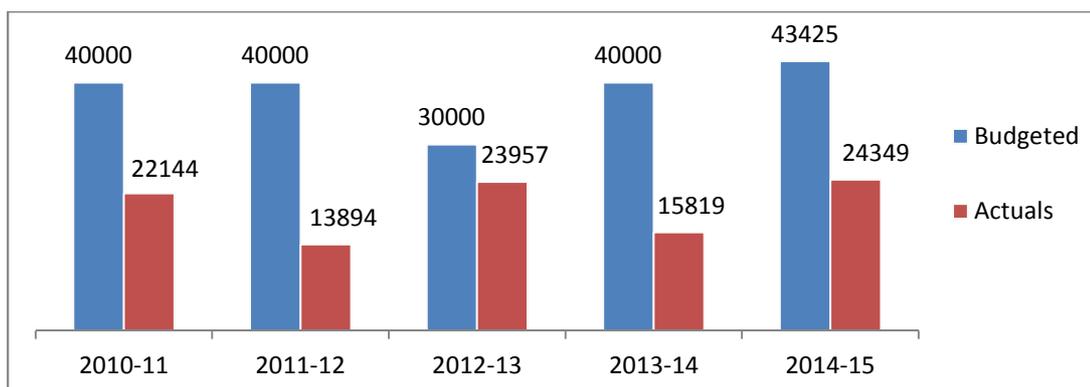
Table 1.3: Significant investments made by the Central Government

(₹ in crore)		
Name of the CPSEs	Name of the Ministry	Amount
Statutory Corporations		
National Highways Authority of India	Road Transport and Highways	11817
Government Companies		
Delhi Metro Rail Corporation Limited	Urban Development	1053
Dedicated Freight Corridor Corporation Limited	Railways	1008
Others		1634
Total		15512

1.2.1.2 Disinvestment

The year wise disinvestment target and the amount realised thereagainst by Government of India in respect of CPSEs during last five years ending 31 March 2015 is depicted in chart II:

**Chart No II: Disinvestment target and actual realisation
(₹ in crore)**



- ❖ During the year 2014-15, the Government of India realised ₹ 24,349⁴ crore against a budgeted receipt of ₹ 43,425 crore on disinvestment. Receipt of Disinvestment proceeds CPSE wise is given in Table 1.4.

Table 1.4: Receipt of Disinvestment proceeds

(₹ in crore)

Sl no	Name of the CPSEs	Percentage of shares disinvested	Face value of the shares	Amount realised by Government
1	Coal India Limited	11.15	631.64	22558
2	Steel Authority of India Limited	6.25	206.53	1720
3	NTPC Limited	0.06	3.48	48
4	National Aluminium Company Limited	0.16	1.63	13
5	MMTC Limited	0.08	0.37	4
6	Hindustan Copper Limited	0.06	0.24	3
7	National Fertilizers Limited	0.32	1.40	3
Total				24349

- ❖ Also, ₹ 563 crore was received due to redemption of preference shares by CPSEs as given in Table 1.5.

Table 1.5: Statement of redemption of Preference Shares

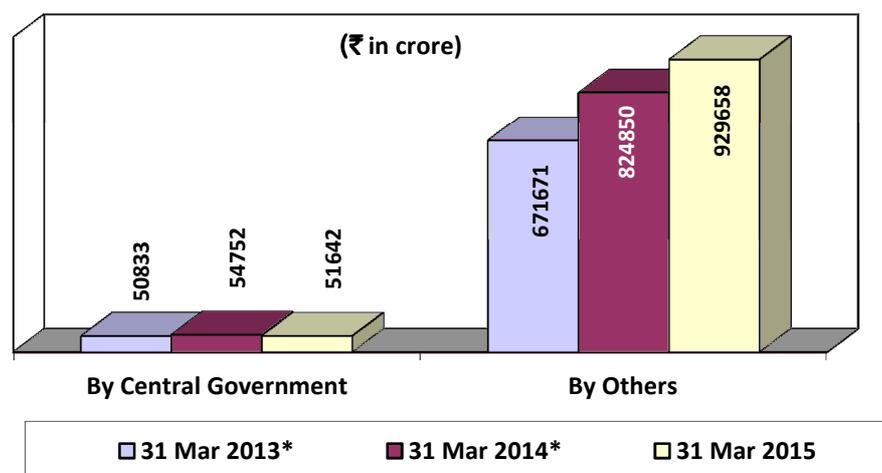
Sl No	Name of the CPSE	Amount (₹ in crore)
1	Rashtriya Ispat Nigam Limited	550
2	MECON Limited	13
	Total	563

1.2.2 Loans given to government companies and corporations

During 2014-15, the long term loans of government companies and corporations registered a net increase of ₹ 1,01,698 crore. Year wise details of long term loans outstanding in Government Companies and Corporations is depicted in chart III.

⁴ Source: <http://www.divest.nic.in/SummarySale.asp> and www.indiabudget.nic.in

Chart III: Long term loans outstanding in Government Companies and Corporations



(* Previous years' figures updated during 2014-15 as accounts of that year were received)

The total long term loans outstanding in 365 CPSEs from all sources as on 31 March 2015 was ₹ 9,81,300 crore. The comparison of positive and negative coverage of total assets with long term loans during 2014-15, is given in Table 1.6.

Table 1.6: Coverage of total assets with long term loans

	Positive coverage				Negative coverage			
	No. of CPSE	Long term loan	Assets	Percentage of assets to loans	No. of CPSE	Long term loan	Assets	Percentage of assets to loans
		(₹ in crore)				(₹ in crore)		
Statutory Corporations	3	46675	232462	498.04	-	--	-	-
Listed Companies	32	612423	1596598	260.70	2	3765	347	9.22
Unlisted Companies	105	305004	842787	276.32	19	13433	1648	12.27
Total	140	964102	2671847		21	17198	1995	

Twenty one CPSEs, including two listed companies, had more loans than their total assets. There were 204 CPSEs (including three statutory corporations) which did not have any long term loans.

- ❖ Interest coverage ratio is used to determine how easily a company can pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. The lower the ratio, the more the company is burdened by debt expense. An interest coverage ratio below one indicates the company is not generating sufficient revenues to satisfy interest expenses. The details of positive and negative interest coverage ratio for the period 2012-13 to 2014-15 are given in Table 1.7.

Table 1.7: Interest coverage ratio

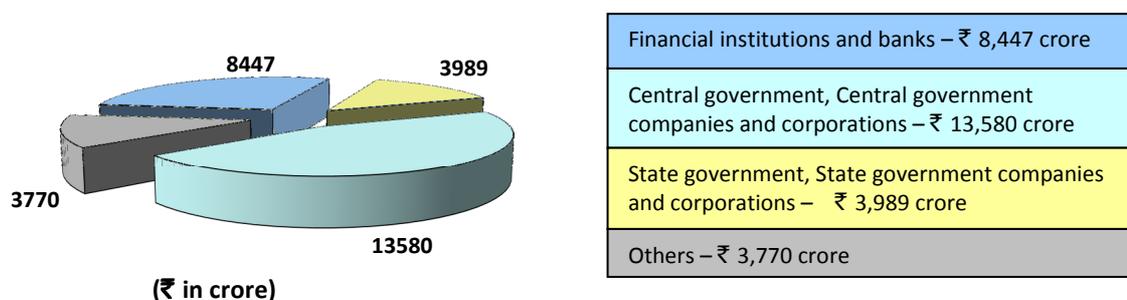
Year	Interest	Earnings before interest and tax (EBIT)	No. of CPSEs ⁵	No. of CPSEs having interest cover ratio more than 1	No. of CPSEs having interest cover ratio less than 1
	(₹ in crore)				
Statutory Corporations					
2012-13	1548	3361	3	2	1
2013-14	2312	3836	3	2	1
2014-15	2727	3979	3	2	1
Listed Government Companies					
2012-13	39986	110679	32	20	12
2013-14	43904	127865	32	22	10
2014-15	47410	111664	34	23	11
Unlisted Government Companies					
2012-13	16452	48135	119	51	68
2013-14	17754	30908	118	56	62
2014-15	18779	33995	124	57	67

It was observed that the number of CPSEs with interest coverage ratio of more than one increased in case of listed as well as unlisted government companies during 2014-15, compared to the previous year.

1.2.3 Investment in government controlled other companies

The capital invested by the central government, state governments and by companies and corporations controlled by them in 156 government controlled other companies⁶ are depicted in chart IV:

Chart IV: Composition of share capital in government controlled other companies



As of 31 March 2015, equity in these government controlled other companies was ₹ 29,786 crore. The equity in government controlled other companies increased by ₹ 2,785 crore, i.e. from ₹ 27,001 crore in 2013-14 to ₹ 29,786 crore in 2014-15.

1.2.4 Market capitalisation of equity investment in government companies

Market capitalisation is a measurement of market value of the shares outstanding of a publicly traded company. Shares of 59 government companies were listed on the

⁵ Excluding CPSEs which have no interest liability

⁶ Company wise details are available on CAG website <www.saiindia.gov.in>

various stock exchanges in India consisting of 46 government companies, five subsidiaries of government companies and eight⁷ government controlled other companies.

- ❖ In respect of 46 listed government companies, the shares of 42 companies were traded⁸ during 2014-15. In respect of five subsidiaries of government companies, four were traded and shares of Eastern Investments Limited was not traded during the year.
- ❖ The total market value of shares of 46 listed government companies (including four subsidiary companies) stood at ₹ 13,27,781 crore as on 31 March 2015 as compared to ₹ 11,06,657 crore as on 31 March 2014. The total market value of shares increased by ₹ 2,21,124 crore (19.98 per cent) as on 31 March 2015 as compared to 31 March 2014. The market value of shares of 42 listed government companies (excluding four subsidiary companies) stood at ₹ 13,13,368 crore as on 31 March 2015, out of which, the market value of shares held by the Government of India amounted to ₹ 9,27,531 crore. During this period, BSE Sensex increased from 22,386.27 (as on 31 March 2014) to 27,957.49 (as on 31 March 2015), an increase of 24.90 per cent however, BSE-PSU Index increased by 19.70 per cent (from 6354.61 - as on 31 March 2014 to 7607.95 - as on 31 March 2015).
- ❖ The market value of shares of 4 subsidiary government companies, the shares of which were traded during 2014-15, stood at ₹ 14,413 crore as on 31 March 2015. The total market value of shares held by government companies in four subsidiary government companies had increased by ₹ 3,505 crore as on 31 March 2015 as compared to 31 March 2014.
- ❖ The top 10 CPSEs with highest market capitalisation as on 31 March 2015 is given in Table 1.8.

Table 1.8: CPSEs with highest market capitalisation

(₹ in crore)		
SI No	Name of the CPSE	Market Capitalisation
1	Oil and Natural Gas Corporation Limited	262482
2	Coal India Limited	228905
3	NTPC Limited	121497
4	Indian Oil Corporation Limited	89421
5	Power Grid Corporation of India Limited	75962
6	Bharat Petroleum Corporation Limited	58566
7	Bharat Heavy Electricals Limited	57506
8	NMDC Limited	51561
9	GAIL (India) Limited	49325
10	Power Finance Corporation Limited	36004

⁷ (1) Indbank Housing Limited, (2) Indbank Merchant Banking Services Limited, (3) PNB Gilts Limited, (4) The Bisra Stone Lime Company Limited, (5) Orissa Minerals Development Company Limited, (6) Tamil Nadu Telecommunication Limited, (7) Tourism Finance Corporation of India Limited, and (8) IFCI Limited

⁸ Shares of (1) Hindustan Cables Limited, (2) Hindustan Photo-films Mfg. Company Limited, (3) IRCON International Limited, and (4) KIOCL Limited were not traded during 2014-15

There was increase in market capitalisation in 34 CPSEs and decrease in the rest of the eight CPSEs. CPSEs with increase in market capitalisation of more than ₹ 10,000 crore are given in Table 1.9.

Table 1.9: CPSEs with increase in market capitalisation of more than ₹ 10,000 crore
(₹ in crore)

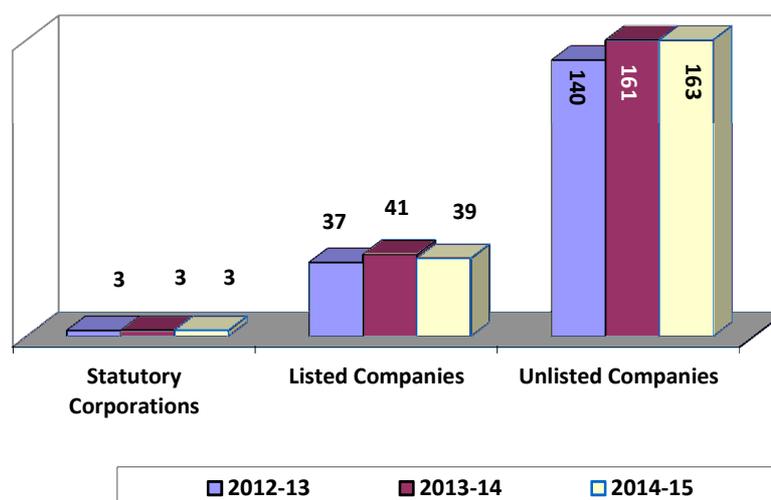
SI No	Name of the CPSE	Market Capitalisation as on 31 March 2015	Market Capitalisation as on 31 March 2014	Difference
1	Coal India Limited	228905	181848	47057
2	Bharat Petroleum Corporation Limited	58566	33284	25282
3	NTPC Limited	121497	98904	22593
4	Indian Oil Corporation Limited	89421	67740	21681
5	Power Grid Corporation of India Limited	75963	54958	21005
6	Bharat Electronics Limited	26778	9157	17621
7	Container Corporation of India Limited	30830	18990	11840
8	Hindustan Petroleum Corporation Limited	22014	10489	11525
9	Power Finance Corporation Limited	36004	25530	10474
10	Rural Electrification Corporation Limited	32848	22593	10255

1.3. Return on investment in government companies and corporations

1.3.1 Profit earned by CPSEs

The number of CPSEs that earned profit⁹ was 205 during 2014-15, however the profit earned reduced to ₹ 1,37,338 crore in 2014-15 from ₹ 1,54,484 crore in 2013-14. Number of profit earning CPSEs during 2012-15 is depicted in chart V:

Chart V: Number of profit earning CPSEs



⁹ Profitability analysis of 365 government companies and corporations indicating profit before interest and tax, capital employed, profit after tax, dividend, net worth, ratio of profit after tax to net worth, ratio of profit before interest and tax to capital employed and dividend to equity, is available at CAG website <www.saiindia.gov.in>.

The details of sectors which contributed maximum profit during the year 2014-15 are summarised below in Table 1.10:

Table 1.10: Sectors contributing maximum profit during the year 2014-15

Sector	No. of Profit earning CPSEs	Net Profit earned (₹ in crore)	Percentage of profit to total CPSE profit
1. Petroleum			
Listed government companies	6	36373	26.48
Unlisted government companies	5	2887	2.10
Total	11	39260	28.58
2. Coal and Lignite			
Listed government companies	2	14963	10.90
Unlisted government companies	7	13334	9.71
Total	9	28297	20.61
3. Power			
Listed government companies	4	19071	13.89
Unlisted government companies	24	4273	3.11
Total	28	23344	17.00
Total (1) to (3)	48	90901	66.19

During 2014-15, as much as 66 per cent (₹ 90,901 crore) was contributed by 48 CPSEs in these three sectors as compared to 65 per cent contributed by 41 CPSEs during 2013-14.

The list of CPSEs which earned profit of more than ₹ 5,000 crore during the year 2014-15 is given in Table 1.11.

Table 1.11: List of CPSEs with profit of more than ₹ 5,000 crore

Sl no	Name of the CPSE	Net profit (₹ in crore)
1	Oil and Natural Gas Corporation Limited	17733
2	Coal India Limited	13383
3	NTPC Limited	10291
4	NMDC Limited	6422
5	Power Finance Corporation Limited	5959
6	Indian Oil Corporation Limited	5273
7	Rural Electrification Corporation Limited	5260
8	Bharat Petroleum Corporation Limited	5085
Total		69,406

It may be seen that these eight CPSEs contributed 51 per cent of the total profit earned by 205 CPSEs during 2014-15.

1.3.2 Dividend payout by CPSEs

The details of profit earned and dividend declared in 2014-15 is given in Table 1.12.

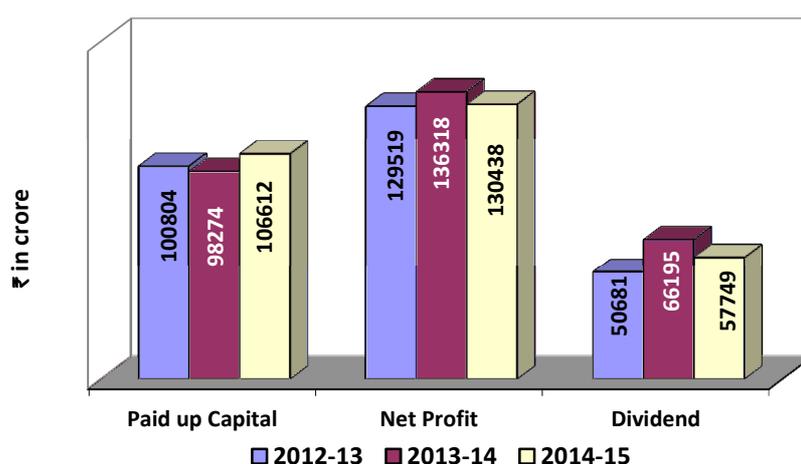
Table 1.12: Profit earned and dividend declared

Category	CPSEs declared dividend			
	No. of CPSEs	Paid up capital	Net profit	Dividend declared
Statutory corporations	2	725	2141	429
Listed Companies	34	58125	97471	40424
Unlisted Companies	76	47762	30826	16896
Total	112	106612	130438	57749

(₹ in crore)

There were 112 CPSEs which declared dividend in 2014-15. The dividend declared as a percentage of net profit earned by the CPSEs decreased from 48.56 *per cent* in 2013-14 to 44.27 *per cent* in 2014-15 is given in the chart VI below. In absolute terms, the dividend declared by the CPSEs in 2014-15 decreased by ₹ 8,446 crore as compared to the previous year.

Chart VI: Dividend declared vis-a-vis net profit and paid up capital



Out of total dividend of ₹ 57,749 crore declared by 112 CPSEs in the current year, dividend received/receivable by Government of India amounted to ₹ 33,771 crore. The return on aggregate investment of ₹ 2,65,499 crore made by the Government of India in equity capital of 365 CPSEs was 12.72 *per cent* as compared to 17.06 *per cent* during 2013-14 as against the minimum return of five *per cent* on overall investment in all government companies and corporations across the board. Similarly, 29 CPSEs received ₹ 14,117 crore as dividend on paid up capital of ₹ 4,883 crore on the equity holdings of other CPSEs.

Under the Ministry of Petroleum and Natural Gas, 10 government companies declared dividend amounting ₹ 14,667 crore which was 25.40 *per cent* of the total dividend of ₹ 57,749 crore declared by various companies in 2014-15.

The guidelines issued by the Ministry of Finance in September 2004 envisaged that all profit-making CPSEs would declare a minimum dividend of 20 *per cent* either on equity or on post-tax profit, whichever was higher. The minimum dividend payable by companies in Oil, Petroleum, Chemical and other infrastructure sectors was 30 *per cent* of post-tax profit. However, 17 companies which declared dividend (including three listed companies) did not comply with the government directive while declaring dividend, as given in **Appendix-III**. The total shortfall on this account was ₹ 2,521 crore in 2014-15.

1.3.3 Return on investment in government controlled other companies

Of the 156¹⁰ government controlled other companies, 109 companies earned profit of ₹ 5,179 crore. Out of these 109 companies, 46 declared dividend amounting to ₹ 1,166 crore which represented 14.72 *per cent* of their paid up capital of ₹ 7,922 crore. Thirty eight companies incurred loss of ₹ 2,247 crore during 2014-15. Remaining nine companies had not started commercial operations.

Dividend of ₹ 1,166 crore declared by the 46 government controlled other companies during 2014-15 came from the companies under various sectors is given in Table 1.13.

Table 1.13: Dividend declared by government controlled other companies

(₹ in crore)

Sector	No. of Companies	Paid up Capital	Net Profit	Dividend
Financial services	24	4070	1996	771
Power	4	1730	396	155
Insurance	2	1200	988	140
Contract & Construction Services	2	446	395	44
Petroleum	3	255	121	23
Transportation Services	1	164	27	20
Trading and Marketing	1	41	14	6
Industrial Development and Technical Consultancy	8	16	19	4
Minerals and Metals	1	1	18	3
	46	7923	3974	1166

1.4 Loss-making CPSEs

One hundred thirty five CPSEs suffered losses during the year 2014-15. The loss incurred by these CPSEs increased significantly to ₹ 30,341 crore in 2014-15 from ₹ 22,783 crore during 2013-14 as detailed in Table 1.14.

¹⁰ 174– 18 government controlled other companies whose accounts were in arrears

Table 1.14: Number of CPSEs suffered losses during the year

Listed / Unlisted Year	No of CPSEs ¹¹ suffered loss	Net loss for the year	Accumulated loss	Net Worth ¹²
Statutory Corporations				
2012-13	0	0	0	0
2013-14	1	-995	0	14863
2014-15	1	-1334	0	13944
Listed government companies				
2012-13	14	-11652	22375	4855
2013-14	10	-4574	21245	-5606
2014-15	12	-8750	25433	-11701
Unlisted government companies/corporations				
2012-13	105	-17435	65250	53328
2013-14	105	-17214	71687	47185
2014-15	122	-20257	73994	47570
Total				
2012-13	119	-29087	87625	58183
2013-14	116	-22783	92932	56442
2014-15	135	-30341	99427	49813

The CPSEs which incurred a loss of more than ₹ 1,000 crore during the year 2014-15¹³ is given in Table 1.15.

Table 1.15: CPSEs suffered losses of more than ₹ 1,000 crore

Sl No	Name of the Company	Net loss in 2014-15 (₹ in crore)
1	Bharat Sanchar Nigam Limited	8,234
2	Mahanagar Telephone Nigam Limited	2,833
3	Hindustan Photofilms Mfg. Company Limited	2,163
4	Mangalore Refinery and Petrochemicals Limited	1,712
5	Damodar Valley Corporation	1,334

1.4.1 Capital erosion in government companies

As on 31 March 2015 there were 157 CPSEs with accumulated loss of ₹ 1,10,285 crore. Of the 157 CPSEs, 113 CPSEs incurred losses during the year 2014-15 amounting to ₹ 15,397 crore and 44 CPSEs had not incurred loss in the current year 2014-15, though they had accumulated loss of ₹ 10,837 crore.

Net worth of 64 government companies (out of 157) had been completely eroded by accumulated loss and their net worth was negative. The net worth of these 64 companies was ₹ (-) 74,100 crore against equity investment of ₹ 21,847 crore as on

¹¹ Food Corporation of India, Inland Waterways Authority of India and National Highways Authority of India, the deficits of which are reimbursed by the Government of India as subsidy/grant are not included in this table

¹² Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write back of depreciation provision

¹³ Accounts of Air India are in arrears. The provisional loss for the year 2014-15 is ₹ 5860 crore as against loss of ₹ 6280 crore during 2013-14

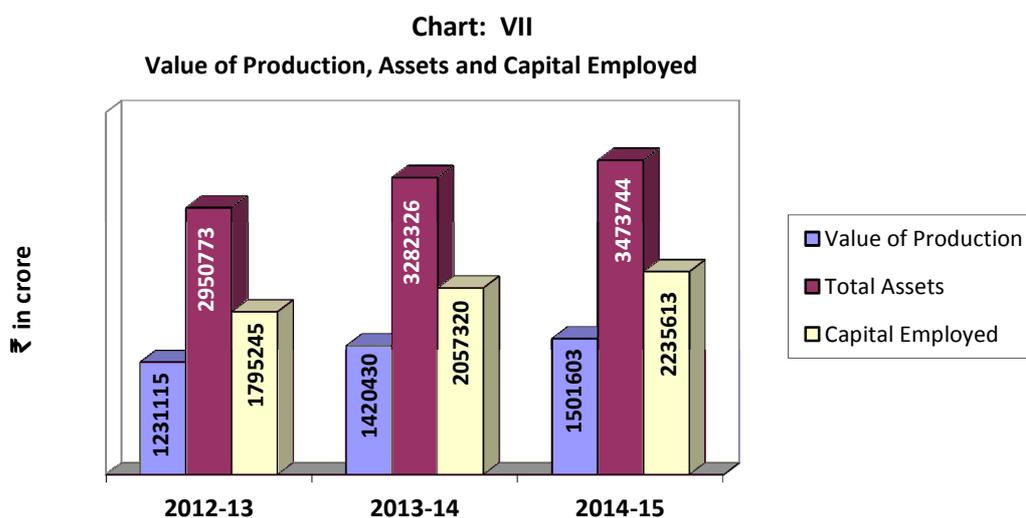
31 March 2015. This included six listed companies whose net worth was ₹ (-) 22,749 crore against equity investment of ₹ 1,792 crore. Out of 64 CPSEs, whose capital had eroded, seven CPSEs had earned profit of ₹ 303.58 crore during 2014-15.

In 28 out of 64 CPSEs whose capital had eroded, government loans outstanding as on 31 March 2015 amounted to ₹ 16,221 crore. This included five listed companies with outstanding government loan of ₹ 2,769 crore. Out of the 301 CPSEs whose net worth was positive, 24 CPSEs net worth was less than half of their paid up capital of ₹ 14,815 crore at the end of 31 March 2015, indicating potential sickness.

1.5 Operating efficiency of government companies

1.5.1 Value of production

The summary indicating value of production, total assets and capital employed over a period of three years is given in chart VII:



There was an increase in the value of production, total assets and capital employed in year 2014-15 compared to the previous year.

1.5.2 Sales and Marketing

During 2014-15, the total sales of 365 CPSEs was ₹ 19,23,118 crore. Out of these, 115 CPSEs made sales/rendered services to Government sector worth ₹ 2,64,920 crore against their net sales of ₹ 9,63,841 crore. The overall percentage of sales of these 115 CPSEs to the Government sector with reference to their total net sales worked out to 27.49 per cent.

There were 67 CPSEs which exported goods or rendered services abroad worth ₹ 87,853 crore. This worked out to 7.70 per cent against their net sales of ₹ 11,40,976 crore. Against the total sales of ₹ 19,23,118 crore made by the 365 CPSEs,

the export sales amounted to 4.57 *per cent*. The CPSEs with export sales of more than ₹ 5,000 crore is given in Table 1.16:

Table 1.16: CPSEs with export sales of more than ₹ 5,000 crore

Sl. no	Name of the CPSE	Export sales (₹ in crore)
1	Mangalore Refinery and Petrochemicals Limited	22790
2	Indian Oil Corporation Limited	15423
3	Bharat Heavy Electricals Limited	12033
4	ONGC Videsh Limited	9109
5	Oil and Natural Gas Corporation Limited	5015
Total		64370

The export sales of these five CPSEs accounted for 73.27 *per cent* of the total export of all CPSEs.

1.5.3 Research & Development

In order to upgrade existing products and to develop new products, processes *etc.* for sustained growth every organisation has to undertake research and development activities. During the year 2014-15, 53 CPSEs had incurred ₹ 3,548 crore on Research & Development. The CPSEs that had incurred R & D expenditure of more than ₹ 100 crore is given in Table 1.17.

Table 1.17 : CPSEs with R & D expenditure of more than ₹ 100 crore

Sl. no	Name of the CPSE	Total R&D expenditure (₹ in crore)	Net profit (₹ in crore)	Percentage of R&D exp to Net profit
1	Hindustan Aeronautics Limited	1047	2388	44
2	Oil and Natural Gas Corporation Limited	545	17733	3
3	Bharat Electronics Limited	511	1167	44
4	Bharat Heavy Electricals Limited	301	1419	21
5	Indian Oil Corporation Limited	263	5273	5
6	NTPC Limited	130	10291	1
7	Hindustan Petroleum Corporation Limited	130	2733	5

1.6 Corporate Social Responsibility

As per the provisions of section 135 of the Companies Act 2013, every company having net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more or a net profit of ₹ 5 crore or more during a financial year shall constitute a Corporate Social Responsibility (CSR) Committee of the Board consisting of three or more directors, out of which at least one director shall be an independent director. These companies shall have a CSR Policy and ensure that the activities included in CSR Policy of the company are undertaken by the company. The Board of these companies shall ensure that the company spends at least 2 *per cent* of the average net profits in pursuance of its CSR Policy. If the company fails to spend such amount, the Board shall, in its report made under section 134(3)(o) of the Companies Act, 2013, specify the reasons for not spending the amount.

During the year 2014-15, the provisions of CSR applied to 185 CPSEs. Of these 55 CPSEs did not have a CSR committee or did not have a CSR policy. Of the 185 CPSEs to which provisions of CSR applied, 100 CPSEs had earned profit during 2014-15 and had average net profit during the preceding three years. Out of these 100 CPSEs, 64 had spent the full amount earmarked for CSR activities and 36 CPSEs had an unspent amount of ₹ 977 crore as detailed in **Appendix-IV**. One of the main reasons stated for the unspent amount was that projects for CSR activities were yet to be identified, 2014-15 being the first year.

1.7 Recommendation:

Administrative Ministries/Department may impress upon the CPSEs, which are earning profit, to declare dividend as per directives of Ministry of Finance.