

PRESS BRIEF

Report of the Comptroller and Auditor General of India on General Purpose Financial Report for the year ended 31 March 2020 (Public Sector Undertakings) – Government of Tamil Nadu - Report No.5 of 2021 – Tabled in the Tamil Nadu Legislative Assembly on 10.05.2022.

This Report contains the overview of financial performance, oversight role of CAG, Corporate Governance and Corporate Social Responsibility of Public Sector Undertakings (PSUs) of Government of Tamil Nadu (GoTN) under four chapters. The audit findings under each chapter have been included in the respective chapters.

I Financial performance of State public Sector Undertakings

This Report deals with 72 PSUs comprising 62 Government Companies, one Statutory Corporation and nine Government Controlled Other Companies. The accounts of five PSUs which were defunct/under liquidation are not covered in this Report.

Investment by State Government

- Accounts of 63 Government Companies and Corporation indicated that the GoTN had an investment of ₹36,877.29 crore in share capital and loans given by GoTN amounted to ₹16,903.54 crore.
- Compared to the previous year, investment by GoTN in equity of PSUs registered a net increase of ₹3,059.89 crore and loans outstanding decreased by ₹2,914.70 crore.

Market Capitalisation

- The total market value of shares of one listed Government controlled other Company stood at ₹615.28 crore and market value of shares held by the GoTN stood at ₹217.27 crore.

Return from Government Companies and Corporation

- 27 Government Companies and Corporation earned a profit of ₹1,205.56 crore of which ₹1,011.95 crore was contributed by five Government Companies in three sectors viz. Power, Industries and Micro, Small and Medium Enterprises.
- 14 Government Companies and Corporation declared dividend of ₹140.91 crore.
- Non-compliance with directives of GoTN on declaration of dividend by 17 PSUs resulted in a shortfall of ₹220.65 crore.
- 31 PSUs incurred losses amounting to ₹18,629.83 crore.

Net worth/ Accumulated losses

- There were 26 Government Companies with accumulated losses of ₹1,41,157.46 crore. The net worth of 18 companies had been completely eroded by their accumulated losses. As a result, the aggregate net worth of these companies had

become negative to the extent of ₹1,08,863.78 crore. All the 18 PSUs whose capital had been eroded had reported loss of ₹18,458.17 crore.

Rate of Real Return on Government investment

- The present value of Government investment was ₹1,03,754.62 crore as compared to the historical cost of investment of ₹3,83,375.28 crore.

II Oversight role of CAG

- Out of 77 PSUs (including one Statutory Corporation), financial statements for the year 2019-20 were received from 64 PSUs. The financial statement of 13 PSUs were in arrears due to different reasons.
- Out of the 64 PSUs from which financial statements for the year 2019-20 was received, supplementary Audit was undertaken in 46 PSUs.
- The financial impact of significant comments issued by CAG on the profitability was ₹1,933.39 crore and on assets/liabilities was ₹1,370.57 crore.
- Deviations from the provisions of Accounting Standards/Ind AS in preparation of the financial statements were noticed in 13 companies by the statutory auditors.

III Corporate Governance

- Ten PSUs did not conduct the mandatory requirement of four meetings of the Board of Directors during the year.
- Representation of Independent directors was below the required number in seven PSUs. There was no women director on the Board of Directors of three PSUs.
- Some of the Independent Directors did not attend even 75 *per cent* of the Board meetings in 19 PSUs and Board committee meetings in 11 PSUs.
- In 20 PSUs, separate meeting of Independent Directors was not conducted and in one PSU, the Independent Directors did not attend the separate meetings.
- Audit Committee was not constituted in six PSUs.
- Nomination and Remuneration Committee was not constituted by 28 PSUs and there was no whistle blower mechanism in 15 PSUs.

IV Corporate Social Responsibility (CSR)

- There was under allocation of funds towards CSR by one PSU, viz., Tamil Nadu Warehousing Corporation.
- Total spend on CSR activities by 13 PSUs in 2019-20 was ₹12.27 crore. Highest spend was by Industries Sector (Four PSUs) which spent a maximum amount of ₹8.66 crore.
- One PSU viz., Tamil Nadu Small Industries Corporation Limited credited the provision made for CSR activity (₹1.37 crore) as business profit during 2019-20.
- Under CSR Expenditure, Education (31 per cent) received the maximum focus followed by Health (28 per cent).