

PRESS RELEASE

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GENERAL PURPOSE FINANCIAL REPORTS OF CPSES PRESENTED IN PARLIAMENT

General Purpose Financial Reports of Central Public Sector Enterprises (CPSEs) Union Government (Commercial) – Report No. 6 of 2025 was placed on the floor of Lok Sabha here today. It was laid in Rajya Sabha on 4th April, 2025. This Report consists of six chapters. Apart from presenting summary of financial performance of Central Public Sector Enterprises (CPSEs) and oversight role of CAG, the report enumerates the status of adherence by CPSEs to the provisions of the Companies Act, 2013 and Regulations/Guidelines issued by Securities Exchange Board of India (SEBI) and Department of Public Enterprises (DPE) on Corporate Governance, status of disinvestment process of CPSEs, Corporate Social Responsibility and review of selected loss making CPSEs. Some of the salient features of the Report are highlighted below:

I. Summary of financial performance of Central Public Sector Enterprises

There were 698 Central Government Public Sector Enterprises (CPSEs) under the audit jurisdiction of the Comptroller and Auditor General of India as on 31 March, 2022. These included 490 Government companies, 202 Government controlled other companies and six Statutory Corporations. This Report presents financial performance of 642 CPSEs which includes 454 Government companies and Corporations (including six Statutory Corporations) and 188 Government controlled other companies. 56 CPSEs (including 14 Government controlled other companies), whose accounts were in arrears for three years or more or were under liquidation or first accounts were not due, are not covered in this Report.

(Para 1.1.3)

Investment of Central Government

The accounts of 454 Government companies and Corporations indicated that the Central Government had an equity holding of ₹6,36,730 crore in share capital as on 31 March, 2022. The long term loans given by Central Government to these CPSEs outstanding as on

31 March 2022 amounted to ₹1,47,563 crore. Compared to the previous year, holding of the Central Government in equity of CPSEs registered a net increase of ₹1,83,682 crore and long term loans outstanding increased by ₹1,61,961 crore during 2021-22.

(Para 1.2, 1.2.1 and 1.2.2.1)

Market Capitalisation

The total market value of shares of 65 traded listed Government companies (including seven subsidiary companies), the shares of which were traded during 2021-22, stood at ₹15,88,664 crore as on 31 March, 2022 in comparison to ₹12,86,882 crore market value of shares of traded listed Government companies as on 31 March, 2021. Market value of shares held by the Central Government in 58 listed Government companies (excluding seven subsidiary companies) stood at ₹9,17,248 crore as on 31 March, 2022.

(Para 1.2.4)

Returns from Government companies and Corporations

258 Government companies and Corporations earned profit of ₹2,69,307 crore during 2021-22 of which, 69.18 *per cent* (₹1,86,317 crore) was contributed by 90 CPSEs in three sectors viz., Petroleum & Natural Gas, Power and Financial Services. Return on Equity (ROE) of these 258 CPSEs was 15.50 *per cent* in 2021-22 as compared to 13.11 *per cent* of 239 CPSEs in 2020-21.

(Para 1.3.1)

There were 170 Government companies that incurred losses during the year 2021-22. The losses incurred by Government companies and corporations decreased to ₹31,347 crore in 2021-22 from ₹34,555 crore in 2020-21.

(Para 1.3.2)

121 Government companies and Corporations declared a dividend of ₹1,11,061 crore for the year 2021-22. Out of this, the dividend received/receivable by Central Government amounted to ₹54,381 crore which represented 8.54 *per cent* return on the total investment by the Central Government (₹6,36,730 crore) in equity capital of all the 454 Government companies and Corporations.

Nine Government companies under the Ministry of Petroleum and Natural Gas contributed ₹37,833 crore representing 34.07 *per cent* of the total dividend declared by 121 Government companies and Corporations.

(Para 1.3.4)

Net worth/Accumulated Losses

Net worth of all the 454 Government companies and corporations was ₹21,79,355 crore against their paid-up capital of ₹8,30,531 crore. There were 192 Government companies with

accumulated losses of ₹1,83,356 crore as on 31 March, 2022. Of these, the net worth of 79 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 ₹75,186 crore as on 31 March 2022.

(Para 1.3.3)

II. Oversight Role of CAG

Out of 698 CPSEs (including six Statutory Corporations) under the audit jurisdiction of CAG as on 31 March, 2022, the financial Statements for the year 2021-2022 were received from 597 CPSEs (418 Government companies, 174 Government controlled other companies and five Statutory Corporations). The CAG reviewed financial statements of 384 CPSEs (including five Statutory Corporations).

(Para 2.5.1)

Seven CPSEs amended their Financial Statements and statutory auditors of 88 CPSEs revised their Audit Report before laying the same in the Annual General Meeting.

(Para 2.5.1.1)

The financial impact of significant comments, issued on the financial statements of the selected CPSEs, on profitability and assets/liabilities was ₹4,498 crore and ₹2,88,460 crore, respectively.

(Para 2.5.1.3)

III. Corporate Governance

The review of Corporate Governance covered 71 CPSEs, whose shares/bonds were listed on stock exchanges and 35 CPSEs including three Statutory Corporations (National Highways Authority of India, Inland Waterways Authority of India and Food Corporation of India), whose only bonds/debentures were listed on stock exchanges as on 31 March, 2022.

(Para 3.1.2)

Non-Executive Directors were less than 50 *per cent* of the Board strength in 26 CPSEs (37 *per cent*) and the required number of Independent Directors were not on the Board in 55 CPSEs (77 *per cent*) during whole/part period of the year 2021-22.

(Para 3.2.1 and 3.2.2.1)

20 CPSEs (28 *per cent*) did not have Women Director on the Board and 41 CPSEs (58 *per cent*) (part of top 1000 listed entities) did not have Women Independent Director on the Board during whole/part period of the year 2021-22.

(Para 3.2.3)

The criteria of minimum six Directors was not met in seven CPSEs (part of top 1000 listed entities) during whole/part period of the year 2021-22.

(Para 3.2.4)

Audit Committee was not constituted in 11 CPSEs (15 *per cent*) and two-thirds of the Audit Committee members were not Independent Directors in 28 CPSEs (39 *per cent*) during whole/part period of the year 2021-22. Further, Audit Committee chairman did not attend AGM in eight CPSEs (11 *per cent*).

(Para 3.8.1.1, 3.8.1.2 and 3.9)

Nomination and Remuneration Committee was not constituted in 12 CPSEs (17 *per cent*) and its composition was inadequate in 18 CPSEs (25 *per cent*) during whole/part period of the year 2021-22.

(Para 3.12)

IV. Disinvestment Process

The Department of Investment and Public Asset Management (DIPAM) realized an amount of ₹13,534 crore during the year 2021-22 through disinvestment (Strategic Disinvestment, Offer for Sale, Buyback of Shares, Residual Stock Sale, Enemy Share Sale and Specified Undertaking of Unit Trust of India). Budget Estimates for receipts through disinvestments showed an increasing trend every year except for the year 2021-22 where it decreased by 16.67 *per cent* to ₹1,75,000 crore from the Budget Estimates of ₹2,10,000 crore for 2020-21. The Budget Estimates of ₹1,75,000 crore was further downsized to ₹78,000 crore at Revised Estimates stage. However, the actual realization was merely 17 *per cent* of the Revised Estimates.

(Para 4.4 and 4.5)

Life Insurance Corporation of India and Telecommunications Consultants India Limited were identified for disinvestment through Initial Public Offer at Budget Estimates stage but could not materialise during the year 2021-22. However, an amount of ₹20,516.12 crore was realised in LIC during 2022-23 which was less than projected estimate of ₹50,000 crore.

(Para 4.6.1)

16 CPSEs were identified for disinvestment through Offer for Sale at Budget Estimates/ Revised Estimates stage. The Offer for Sale in only three CPSEs namely, National Mineral Development Corporation Limited, Housing & Urban Development Corporation Limited and Hindustan Copper Limited could be completed during 2021-22 with net proceeds being ₹5,116 crore which was 34.05 per cent of the projected amount at the RE stage.

(Para 4.6.2.1)

Strategic Disinvestment of Air India Limited was completed during 2021-22 at ₹18,000 crore with transfer of 100 *per cent* of Government of India equity in Air India Limited along with management control to M/s. Talace Private Limited. The ‘in principle’ approval was given by the Cabinet Committee on Economic Affairs in the year 2017. The transaction included cash consideration of ₹2,700 crore and debts of ₹15,300 crore of the Air India Limited taken over by M/s. Talace Private Limited.

{Para 4.10.1, 4.10.2 (ii)}

V. Corporate Social Responsibility

The review covered 63 CPSEs (11 Maharatna, 09 Navratna, 29 Miniratna and 14 others) under the administrative control of various Ministries/ Departments.

(Para 5.3)

CSR Committee of three CPSEs (Antrix Corporation Limited, NLC India Limited and SJVN Limited) did not fulfil the minimum requirement of three Directors in the committee in accordance with Section 135(1) of the Companies Act, 2013 during the year 2021-22.

(Para 5.5.1.1)

Total spend on CSR activities by 63 CPSEs in 2021-22 was ₹4,005.30 crore. The Petroleum and Power sector spend accounted for 68.03 *per cent* of the total spend. There was shortfall in expenditure vis-à-vis minimum 2 *per cent* requirement in Defence, Railway, Shipping, Fertilizers and other sectors. 14 CPSEs allocated less than 2 *per cent*.

(Para 5.5.2.1 and 5.5.2.2)

As per CSR, the CPSEs were required to spend at least 60 per cent on the themes relating to Health, & Nutrition with special focus on COVID related measures with preference to aspirational districts during the period. Audit observed that only 39 out of 60 CPSEs, could achieve the target of 60 per cent to be spent on common theme during 2021-22.

(Para 5.6.2)

Five CPSEs (NLC Tamil Nadu Power Limited, NBCC (India) Limited, Bharat Electronics Limited, RITES Limited and Power Finance Corporation Limited) exceeded the overhead

expenses limit of 5 *per cent* during the year 2021-22. 25 out of 63 CPSEs did not conduct baseline survey/need assessment studies for identifying the CSR project/activity.

(Para 5.7 and 5.8.1)

Eight CPSEs had not fully adhered to the statutory disclosure requirement in compliance to Rule 8 and Rule 9 of CSR Amendment Rules, 2021. Two CPSEs (Artificial Limbs Manufacturing Corporation of India Limited and SAIL Refractory Company Limited) did not comply with the disclosure format while reporting on CSR activities in their annual report. Three CPSEs (Chandigarh International Airport Limited, Power Grid Southern Interconnector Transmission System Limited and National Informatics Centre Services Incorporated) had not disclosed composition of the CSR Committee, CSR policy and Projects approved by the Board on their website.

(Para 5.12)

VI. Review of selected loss making CPSEs

Review covered six loss making Government companies viz. Sethusamudram Corporation Limited, National Textile Corporation Limited, Hindustan Organic Chemicals Limited, PEC Limited, Heavy Engineering Corporation Limited and HMT Machine Tools Limited.

(Para No. 6.3)

Number of loss making Government companies and Corporations were ranging from 143 to 177 and losses incurred by them were ranging from ₹31,347 crore to ₹56,294 crore during 2017-18 to 2021-22. Thus, Government companies and Corporations incurred losses totalling ₹2,03,709 crore during 2017-22.

(Para No. 6.1)

Sethusamudram Corporation Limited (SCL) was incorporated for Sethusamudram Shipping Channel Project. SCL could not commence its commercial operations even after 19 years (September 2024) of its coming into existence. SCL had accounted an amount of ₹868.25 crore as Capital Work in Progress towards capital dredging and other Capital Work in Progress in its books of accounts as on 31 March, 2022. Since the dredging work could not be carried out due to Supreme Court's order and pending Court cases, the dredged area was subject to siltation leading to significant impairment of assets. SCL did not assess the loss due to siltation (March 2022). Capital dredging work was suspended on the directions of Supreme Court (September 2007) due to various litigations. The Ministry directed (June 2021) to draw timeline for completion of activities for closure of the company. However, the winding up of SCL was yet to be completed (September 2024) due to various litigations pending at Supreme Court.

(Para No. 6.4.1, 6.4.3 and 6.4.4)

In case of Heavy Engineering Corporation Limited, there was shortfall in production and low capacity utilisation due to shortage of working capital and liquidity problem, acute fund constraints because of inadequacy in regular cash flow, old plant and machinery working with reduced efficiency and frequent breakdowns, lack of technology upgradation and low manpower productivity etc. Due to poor financial position, the Company was unable to pay some of its statutory and employees dues on time. Accumulated losses and net worth of the Company as on 31 March, 2022 was (-) ₹1,528.54 crore and (-) ₹844.07 crore respectively. Company had submitted a Modernisation Plan which was yet (July 2024) to be approved by Ministry.

(Para No. 6.5)

The main reason for the continuing losses of PEC Limited was high finance cost, non-recovery of outstanding dues from debtors and discontinuance of operations. Net worth of the Company as on 31 March, 2022 was (-) ₹2,223.98 crore. Even after a lapse of around three years from the decision taken for closure of PEC Limited, the approval from the Cabinet Committee on Economic Affairs was yet to be obtained (June 2022). Consequently, on the one hand, the Company was not earning any revenue due to discontinuance of its operations, while on the other hand, it had to incur expenditure towards administrative and establishment costs, apart from huge interest burden on outstanding loans.

(Para No. 6.6.2 and 6.6.3)

National Textile Corporation Limited (NTC) incurred avoidable expenditure of ₹38.48 crore during April 2015 to March 2022 on procurement of costlier cotton from Cotton Corporation of India vis-à-vis open market. NTC paid ₹112.75 crore from May 2020 to March 2022 towards idle wages to 6,140 workers at the rate of 50 *per cent* due to non-operation of mills. During the years 2006-07 to 2008-09, Government of India granted loans of ₹270 crore to NTC for wage support. The principal loan of ₹270 crore and accrued interest thereon amounting to ₹631.19 crore was outstanding as on 31 March, 2022. Disposal of obsolete machineries in NTC mills was yet to be completed even after a lapse of more than 15 years since the process of disposal was initiated in the year 2009.

{Para 6.7.4.1(i) and (ii), 6.7.4.2(i) and 6.7.4.3(ii)}

Accumulated losses and net worth of Hindustan Organic Chemicals Limited (HOCL) as on 31 March, 2022 was (-) ₹1,017.62 crore and (-) ₹901.96 crore respectively. The entire Assets disposal process of assets at Rasayani unit of HOCL was to be completed by May 2018. The process faced major obstacles due to encroachment of the land area by local villagers. Consequently, only 40 *per cent* of the land could be monetized to date. Due to continued delay

in completing the land monetization process, the interest commitments on Government loans adversely affected its financial health. Low scale of operations and high fixed costs, technological obsolescence and lack of product diversification continue to be the main impediments affecting operational performance of HOCL.

(Para 6.8.2, 6.8.4.2 and 6.8.7)

HMT Machine Tools Limited (HMT MT) has been incurring losses since inception (April 2000) and despite receipt of financial support of ₹1,377.47 crore (during 2007 to 2022) from the Government of India and Holding Company, the Company could not improve its financial performance. As on 31 March, 2022, the Company had accumulated losses of ₹1,932.26 crore and the Net Worth eroded to (-) ₹1,684.74 crore. Ineffective marketing system and non-review of pricing mechanism with the latest market rates coupled with lengthier delivery schedules resulted in losing business opportunities to the tune of ₹2,020.90 crore during the last six years ended 31 March, 2022. Non-monetization of vacant land and unutilized infrastructure resulted in failure to raise funds to clear long standing debts and fulfil working capital requirement apart from payment of statutory dues.

(Para 6.9.2.1, 6.9.2.5 and 6.9.2.7)