

# Financial Performance of Central Public Sector Enterprises

## 1.1 Introduction

This Report presents the financial performance of government companies, statutory corporations and deemed government companies. The term Central Government Public Sector Enterprises (CPSEs) encompasses the government owned companies set up under Companies Act, 1956 and statutory corporations set up under the statutes of the Parliament, where the audit is entrusted to Comptroller and Auditor General of India (CAG).

A **government company** is defined in section 617 of the Companies Act, 1956 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 it includes a company which is a subsidiary of a government company defined thus. Besides companies covered under Section 619 B of the Companies Act, 1956 are referred to in this Report as **deemed government companies**. Besides, Government of India sets up corporations under Special Acts of the Parliament which have been referred to as **Statutory Corporations**.

### Government Company

A 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.

### 1.1.1 Mandate

Audit of government companies and deemed government companies is conducted by the Comptroller and Auditor General of India (CAG) under the provisions of Section 619 of the Companies Act, 1956 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, 1956, 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, besides undertaking supplementary audit. The statutes governing some Statutory Corporations require their accounts to be audited by CAG.

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 Corporations. No such appointment was made during 2012-13.

### 1.1.2 What does this Report contain

This Report gives an overall picture of the quality of financial reporting by government companies and corporations and appraisal of their performance as revealed by 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 Central Government Companies conducted by the CAG for the year 2012-13 (or earlier years as are finalised during the current year), and significant findings reported by the Statutory Auditors while certifying the financial statements of the CPSEs are 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. Besides, a resume of the reports submitted by the Statutory Auditors in compliance with the directions issued to them by the CAG under Section 619(3)(a) of the Companies Act, 1956, is also given in this Report.

The Report also enumerates the adherence of CPSEs to the guidelines issued by the Department of Public Enterprises (DPE) on Corporate Governance and Corporate Social Responsibility.

### 1.1.3 Number of CPSEs and deemed government companies

As on 31 March 2013, there were 525 CPSEs and deemed government companies under the audit jurisdiction of the Comptroller and Auditor General of India. These include 358 government companies, 6 statutory corporations and 161 deemed government companies. The overall coverage under this report and the nature of these CPSEs is indicated in the following table:

• Government Companies	358
• Deemed Government Companies	161
• Statutory Corporations	6
• Total CPSEs	525

Nature of the CPSE's	Total number of CPSEs	Number of CPSEs covered in the Report			Number of CPSEs not covered in the Report	
		Latest data 2012-13	Earlier data			Total
			2011-12	2010-11		
Government companies	358	306	14	1	321	37
Statutory corporations	6	6	0	0	6	0
Total companies/corporations	364	312	14	1	327	37
Deemed Government companies	161	130	6	1	137	24
Total	525	442	20	2	464	61

The details of new/ceased government companies/deemed government companies are given in **Appendix I**.

However, this Report does not include 61 companies (including 24 deemed government 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 companies are identified by two asterisks(\*\*) in **Appendix II**.

<b>Snapshot of CPSEs</b>	
(Government companies and statutory corporations)	
Number of CPSEs	364
CPSEs covered in this chapter	327
Paid up capital (327CPSEs)	₹ 2,89,455 crore
Long term Loans (327CPSEs)	₹ 7,18,577 crore
Market capitalisation (44 listed government companies)	₹ 11,10,382 crore
Net profit (182 CPSEs)	₹ 1,48,142 crore
Net loss (124 CPSEs)	₹ 79,699 crore
Dividend declared (107 CPSEs)	₹ 49,929 crore
Value of production (327 CPSEs)	₹ 12,15,187 crore
Total Assets	₹ 29,45,185 crore
Net worth (327 CPSEs)	₹ 10,75,057 crore

## 1.2 Investment in government companies and corporations

The extent of equity investment and loans in 327 government companies and corporations at the end of 2012-13 is given in the following table. Some government companies and corporations had also contributed to the investment in these CPSEs. The details are given below:  
(₹ in crore)

Sources	As on 31 March 2013			As on 31 March 2012		
	Equity	Long term Loans	Total	Equity	Long term Loans	Total
1. Central Government	2,25,037	50,437	2,75,474	2,05,385	53,277	2,58,662
2. Central Government Companies/ Corporations	27,413	23,933	51,346	17,322	29,145	46,467
3. State Governments/ State Government Companies/ Corporations	18,490	5,771	24,261	16,282	4,801	21,083
4. Financial Institutions/ Others	18,515	6,38,436	6,56,951	15,320	5,53,350	5,68,670
<b>Total</b>	<b>2,89,455</b>	<b>7,18,577</b>	<b>1,00,8032</b>	<b>2,54,309</b>	<b>6,40,573</b>	<b>8,94,882</b>
<b>Percentage of Central Government to total</b>	<b>77.75</b>	<b>7.02</b>	<b>27.33</b>	<b>80.76</b>	<b>8.32</b>	<b>28.90</b>

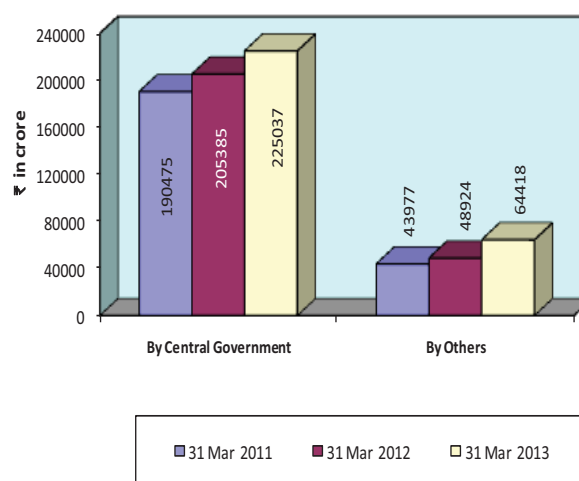
Ministry/Department wise details of equity held and loans extended by the Government of India, state governments and central/state government companies and corporations and others to central government companies are given at **Appendix III**.

### 1.2.1 Equity investment

During 2012-13, the investment in equity of these government companies and corporations registered a net increase of ₹ 35,146 crore. Investment of Government of India increased by ₹ 19,652 crore in 2012-13 in equity of CPSEs.

**Investment of Government of India increased by ₹ 19,652 crore in 2012-13 in equity of CPSEs.**

Equity investment in Government Companies and Corporations



Details of significant Investments made by the Central Government during 2012-13 in the paid up capital of the CPSEs is detailed below:

Name of the CPSEs	Name of the Ministry	Amount
		(₹ in crore)
<b>Statutory Corporations</b>		
National Highways Authority of India	Road Transport and Highways	15,856
<b>Government Companies</b>		
Dedicated Freight Corridor Corporation Ltd	Railways	1,543
Chennai Metro Rail Corporation Limited	Urban development	1,035
Delhi Metro Rail Corporation Limited	Urban development	780
Others		438
<b>Total</b>		<b>19,652</b>

- ❖ During the year 2012-13, nine companies issued fully paid bonus shares amounting ₹ 896 crore as under:

Sl no	Name of the CPSEs	Amount (₹ in crore)
1	Bharat Petroleum Corporation Limited	362
2	Oil India Limited	361
3	RITES Limited	60
4	Oriental Insurance Company Limited	50
5	PEC Limited	40
6	IRCON International Limited	10
7	MSTC Limited	7
8	WAPCOS (India) Limited	5
9	Educational Consultants India Limited	1
<b>Total</b>		<b>896</b>

- ❖ During the year 2012-13, the Government of India realised ₹ 23,956 crore against a budgeted receipt of ₹ 30,000 crore on disinvestment. The disinvestment proceeds were from sale of a part of its shares in respect of following CPSEs.

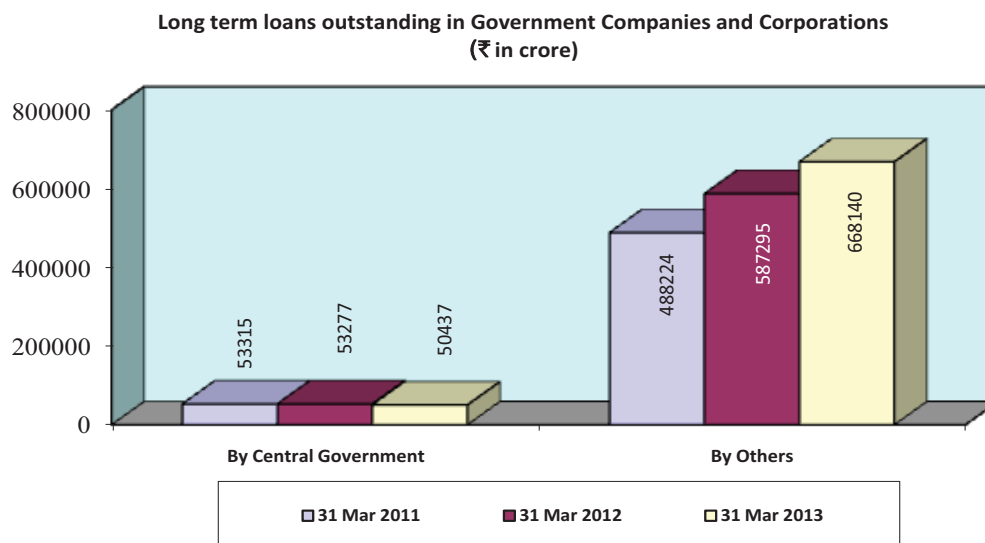
Sl no	Name of the CPSEs	Percentage of shares disinvested	Face value of the shares (₹ in crore)	Amount realised by Government (₹ in crore)
1	National Buildings Construction Corporation Ltd.	10.00	12.00	125
2	Hindustan Copper Limited	5.58	25.80	807
3	National Mineral Development Corporation Ltd.	10.00	39.65	5,973
4	Oil India Limited	10.00	60.11	3,141
5	NTPC Limited	9.50	783.26	11,457
6	Rashtriya Chemicals and Fertilizers Limited	12.50	68.95	310
7	National Aluminium Company Limited	6.09	78.47	628
8	Steel Authority of India Limited	5.82	240.40	1,515
<b>Total</b>				<b>23,956</b>

Further, ₹ 1,432.24 crore was received due to redemption of preference shares as detailed below:

Sl No	Name of the CPSEs	Amount (₹ in crore)
1	Rashtriya Ispat Nigam Limited	1,380.50
2	Cochin Shipyard Limited	39.14
3	MECON Limited	12.60
<b>Total</b>		<b>1,432.24</b>

### 1.2.2 Loans given to government companies and corporations

During 2012-13, the long term loans of government companies and corporations registered a net increase of ₹ 78,005 crore.



- ❖ The total long term loans outstanding in 327 companies/corporations from all sources as on 31 March 2013 was ₹ 7,18,577 crore. The analysis of positive and negative coverage of total assets to their long term loans during 2012-13, is given in following table.

	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	41,657	1,89,227	454.25				
Listed Companies	31	4,42,617	13,66,437	308.72	1	4,460	399	8.95
Unlisted Companies	102	2,16,223	6,65,156	307.62	23	13,619	1,922	14.11
<b>Total</b>	<b>136</b>	<b>7,00,497</b>	<b>22,20,820</b>		<b>24</b>	<b>18,079</b>	<b>2,321</b>	

24 CPSEs, including 1 listed company, had more loans than their total assets. There were 167 CPSEs (including 3 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 1 indicates the company is not generating sufficient revenues to satisfy interest expenses. The details of positive and negative interest coverage ratio for the period 2010-11 to 2012-13, is summarised below:

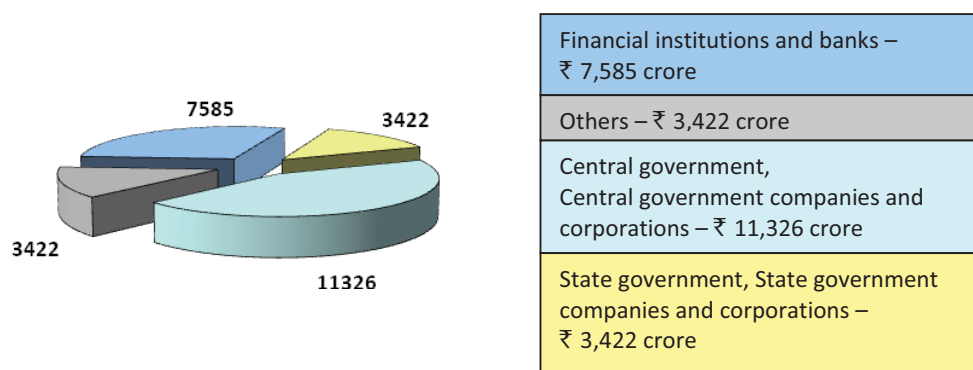
Year	Interest	Earnings before interest and tax (EBIT)	No. of CPSEs*	No. of CPSEs having interest cover ratio more than 1	No. of CPSEs having interest cover ratio less than 1
	(₹ in crore)				
<b>Statutory Corporations</b>					
2010-11	3,813	5,033	4	4	0
2011-12	6,143	6,586	4	4	0
2012-13	1,548	3,198	3	2	1
<b>Listed Government Companies</b>					
2010-11	24,021	97,756	32	26	6
2011-12	33,285	98,910	34	26	8
2012-13	39,771	1,10,677	32	20	12
<b>Unlisted Government Companies</b>					
2010-11	13,758	30,267	129	71	58
2011-12	15,444	30,022	124	68	56
2012-13	16,242	46,068	124	56	68

It was observed that the number of CPSEs with interest coverage ratio of more than one decreased in case of statutory corporations, listed as well as unlisted government companies during 2012-13, compared to the previous year.

### 1.2.3 Investment in deemed government companies

The capital invested by the central government, state governments and by companies and corporations controlled by them in 137 deemed government companies was as follows.

#### Composition of share capital in deemed government companies



As of 31 March 2013, equity in 137 deemed government companies was ₹ 25,755 crore. The details of contribution by the Government of India, state governments, companies and

\* excluding CPSEs which have no interest liability

corporations are given in **Appendix IV**. The equity in these companies increased by ₹ 5,807 crore, i.e. from ₹ 19,948 crore in 2011-12 to ₹ 25,755 crore in 2012-13.

#### 1.2.4 Market capitalisation of equity investment in government companies

Market capitalisation is measurement of market value of the shares outstanding of a publicly traded company. Shares of 59 government companies were listed on the various stock exchanges in India consisting of 46 government companies, 5 subsidiaries of government companies and 8\* deemed government companies.

- ❖ In respect of 46 listed government companies, the shares of 41 companies were traded<sup>α</sup> during 2012-13. Shares of National Building Construction Corporation was listed in April 2012 and has not been included for year wise comparison. In respect of 5 subsidiaries of government companies, 4 were traded and share of one company<sup>†</sup> was not traded during the year.
- ❖ The total market value of shares of 44 listed government companies stood at ₹ 11,10,382 crore as on 31 March 2013. The market value of shares of 40 listed government companies (excluding 4 subsidiary companies) stood at ₹ 10,98,881 crore as on 31 March 2013, out of which, the market value of shares held by the Government of India amounted to ₹ 8,30,913 crore. The total market value of shares decreased by ₹ 1,42,041 crore (12.9 per cent) as on 31 March 2013 as compared to 31 March 2012. The details are indicated in **Appendix V-A**. During this period, BSE Sensex increased from 17,404.20 (as on 31.03.2012) to 18,835.77 (as on 31.03.2013), an increase of 8.23 per cent. However, the CPSE Index decreased from 7,311.47 (as on 31.03.2012) to 6,481.16 (as on 31.03.2013), a decrease of 11.4 per cent.
- ❖ The market value of shares of 4 subsidiary government companies, the shares of which were traded during 2012-13, stood at ₹ 11,501 crore as on 31 March 2013. The total market value of shares held by government companies in 4 subsidiary government companies had decreased by ₹ 2,999.83 crore as on 31 March 2013 as compared to 31 March 2012. The details are indicated in **Appendix V-B**.
- ❖ The top 10 CPSEs with highest market capitalisation on 31 March 2013 is given below:

Sl No	Name of the CPSEs	Market Capitalisation (₹ in crore)
1	Oil and Natural Gas Corporation Limited	2,66,546
2	Coal India Limited	1,95,270
3	NTPC Limited	1,17,086
4	Indian Oil Corporation Limited	68,335
5	NMDC Limited	54,535
6	Power Grid Corporation of India Limited	49,052
7	Bharat Heavy Electricals Limited	43,310
8	GAIL (India) Limited	40,483
9	Oil India Limited	30,733
10	Bharat Petroleum Corporation Limited	27,343

\* (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.

<sup>α</sup> Shares of (1) Hindustan Cables Limited, (2) Hindustan Photo-films (Manufacturing) Company Limited, (3) IRCON International Limited, (4) India Tourism Development Corporation Limited and (5) KIOCL Limited were not traded during 2012-13.

<sup>†</sup> Shares of Eastern Investments Limited were not traded during 2012-13



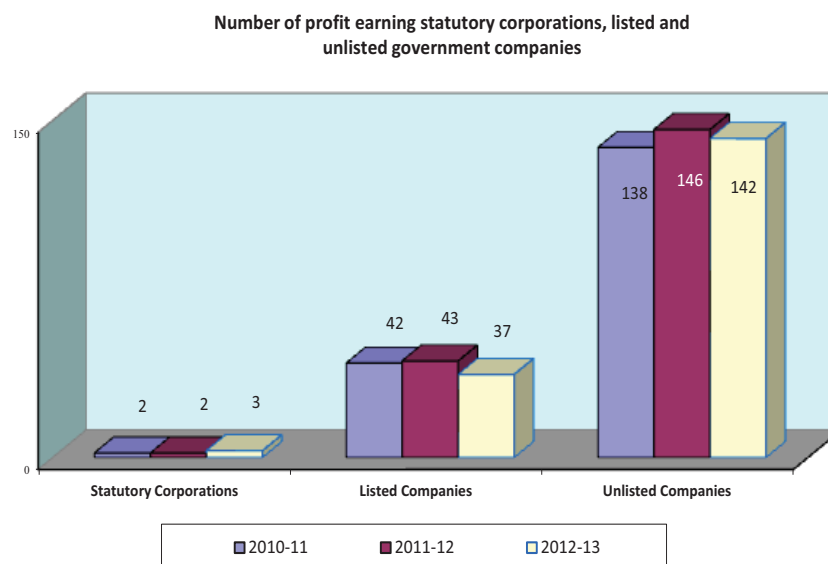
There was increase in market capitalisation in 11 CPSEs and decrease in the rest of the 29 CPSEs. CPSEs with significant decrease in market capitalisation are given as follows:

(₹ in crore)

Sl No	Name of the CPSEs	Market Capitalisation as on 31/3/2012	Market Capitalisation as on 31/3/2013	Difference
1	MMTC Limited	78,345	19,925	58,420
2	Coal India Limited	2,16,714	1,95,270	21,444
3	Bharat Heavy Electricals Limited	62,891	43,310	19,581
4	NTPC Limited	1,34,154	1,17,086	17,068
5	Hindustan Copper Limited	24,750	8,577	16,173
6	Steel Authority of India Limited	38,846	25,754	13,092
7	National Mineral Development Corporation Ltd	63,872	54,535	9,337
8	GAIL (India) Limited	47,562	40,483	7,079
9	National Aluminum Company Limited	14,097	8,544	5,553
10	Engineers India Limited	8,558	5,207	3,351

### 1.3. Return on investment in government companies and corporations

Details of return on net worth and capital employed during 2010-11 to 2012-13 in 327 government companies and corporations are given in **Appendix VI**. The number of government companies and corporations that earned profit decreased from 191 in 2011-12 (₹ 1,36,770 crore) to 182 in 2012-13 (₹ 1,48,142 crore).



**Report No. 2 of 2014**

The details of sectors which contributed maximum profit during the year 2012-13 crore are summarised below:

Sector	No. of Profit earning CPSEs	Net Profit earned (₹ in crore)	Percentage of profit to total CPSE profit
<b>1. Petroleum</b>			
Listed government companies	6	37,090	25.04
Unlisted government companies	4	2,816	1.9
<b>Total</b>	<b>10</b>	<b>39,906</b>	<b>26.94</b>
<b>2. Coal and Lignite</b>			
Listed government companies	2	11,254	7.60
Unlisted government companies	7	16,584	11.19
<b>Total</b>	<b>9</b>	<b>27,838</b>	<b>18.79</b>
<b>3. Power</b>			
Listed government companies	4	20,253	13.67
Statutory Corporation	1	392	0.26
Unlisted government companies	13	3,592	2.42
<b>Total</b>	<b>18</b>	<b>24,237</b>	<b>16.36</b>
<b>Total (1) to (3)</b>	<b>37</b>	<b>91,981</b>	<b>62.09</b>

Out of the total profit earned by 182 CPSEs, as much as 62 *per cent* (₹ 91,981 crore) was contributed by 37 CPSEs in these three sectors.

Top ten profit making CPSEs of 2012-13 are as under:

Sl no	Name of the CPSEs	Net profit (₹ in crore)
1	Oil and Natural Gas Corporation Limited	20,926
2	NTPC Limited	12,619
3	Coal India Limited	9,794
4	Bharat Heavy Electricals Limited	6,615
5	NMDC Limited	6,342
6	Indian Oil Corporation Limited	5,005
7	Power Finance Corporation Limited	4,420
8	South Eastern Coalfields Limited	4,300
9	Power Grid Corporation of India Limited	4,234
10	Mahanadi Coalfields Limited	4,212
<b>Total</b>		<b>78,467</b>

It may be seen that 10 CPSEs contributed 53 *per cent* of the total profit earned by 182 CPSEs. Profitability analysis of 327 government companies and corporations indicating profit before interest and tax, capital employed<sup>\*</sup>, profit after tax, dividend, net worth<sup>#</sup>, ratio of profit after tax to net worth, ratio of profit before interest and tax to capital employed and dividend to equity, is given in **Appendix VI**.

\* Capital employed means shareholders funds plus long term borrowings

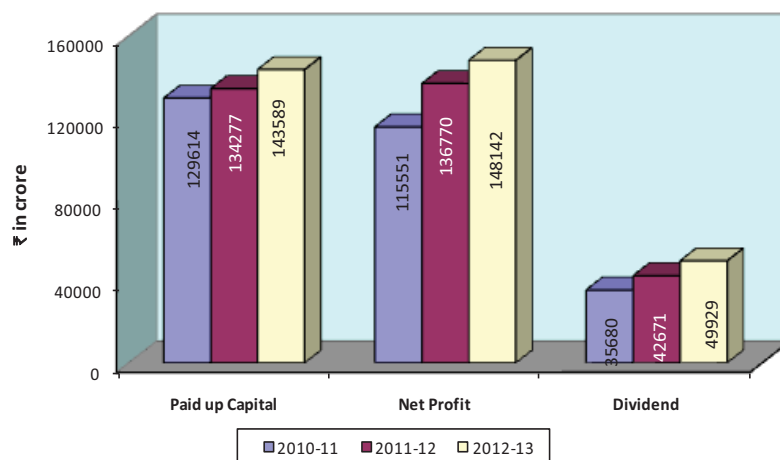
# Net worth means the sum total of the paid-up share capital and free reserves and surplus less accumulated loss and deferred revenue expenditure. Free reserves mean all reserves created out of profits and share premium account but do not include reserves created out of revaluation of assets and write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

### 1.3.2 Dividend payout of government companies and corporations

The number of government companies and corporations that had declared dividend during the last three years ended 31 March 2013 has been given in **Appendix VII**. There were 107 CPSEs which declared dividend in 2012-13 (including 32 listed government companies and 2 statutory corporations). The dividend declared as a percentage of net profit earned by the CPSEs increased from 33.34 per cent in 2010-11 to 38.55 per cent in 2012-13. In absolute terms, the dividend declared by the CPSEs in 2012-13 increased by ₹ 14,249 crore from ₹ 35,680 crore in 2010-11 to ₹ 49,929 crore in 2012-13.

- Dividends declared by CPSEs increased from ₹ 35,680 crore in 2010-11 to ₹ 49,929 crore in 2012-13.
- 75 Government companies / Corporations earned a profit of ₹ 18,631 crore in 2012-13 but did not declare dividend.
- Dividend receivable by GOI amounted to ₹ 32,741 crore on investment of ₹ 2,25,053 crore

Dividend declared vis-a-vis net profit and paid up capital



Out of the 182 CPSEs which earned profit during the year 2012-13, only 107 CPSEs declared dividend. 75 CPSEs (including 5 listed companies and one statutory corporation), which earned profit of ₹ 18,631 crore did not declare dividend during 2012-13, the details of which is given as follows:

(₹ in crore)

Category	Total Profit earning CPSEs (nos)	CPSEs declared dividend				CPSEs not declared dividend		
		No. of CPSEs	Paid up capital	Net profit	Dividend declared	No. of CPSEs	Paid up capital	Net profit
Statutory corporations	3	2	724.58	874.55	174.87	1	5,314.82	392.33
Listed Companies	37	32	58,019.66	97,514.91	37,607.34	5	377.43	44.76
Unlisted Companies	142	73	41,701.15	31,121.98	12,146.97	69	37,451.38	18,193.56
<b>Total</b>	<b>182</b>	<b>107</b>	<b>1,00,445.39</b>	<b>1,29,511.44</b>	<b>49,929.18</b>	<b>75</b>	<b>43,143.63</b>	<b>18,630.65</b>

- ❖ Out of total dividend of ₹ 49,929 crore declared by 107 government companies and corporations in the current year, dividend receivable by Government of India amounted to ₹ 32,741 crore\*. The return on aggregate investment of ₹ 2,25,037 crore made by the Government of India in equity capital of 327 government companies and corporations was 14.55 *per cent*. Similarly, 29 government companies received ₹ 9,403 crore as dividend on paid up capital of ₹ 4,482 crore in the equity of various government companies.
- ❖ Under the Ministry of Petroleum and Natural Gas, 10 government companies declared dividend amounting ₹ 14,067 crore which was 28 *per cent* of the total dividend of ₹ 49,929 crore declared by various companies in 2012-13.
- ❖ The guidelines issued by the Ministry of Finance in 1995 and 1996 envisaged that all profit-making companies that were essentially commercial enterprises 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, 30 companies which declared dividend (including 4 listed companies) did not comply with the government directive while declaring dividend, as given in **Appendix VIII**. The total shortfall on this account was ₹ 3,588 crore in 2012-13.
- ❖ The Ministry had further emphasised that the objective of the government was to achieve minimum return of five *per cent* on overall investment in all government companies and corporations across the board. The return on the total investment of ₹ 2,25,037 crore made by the Government of India in equity of all the government companies and corporations was ₹ 32,741 crore, i.e. 14.55 *per cent*.

### 1.3.3 Return on investment in deemed government companies

Details of return on investment in deemed government companies for the years 2010-11 to 2012-13 are given in **Appendix IV**. Of the 137 deemed government companies, 87 companies earned profit of ₹ 4,010 crore. Out of these 87 companies, 39 declared dividend amounting to ₹ 911 crore which represented 14.29 *per cent* of their paid up capital of ₹ 6,376 crore. Of 137

\* The dividend receivable by Government of India related to 84 companies with direct central government investment. The remaining 23 companies were subsidiaries of other government companies and had no direct investment of the Government of India.

deemed government companies 40 companies incurred losses of ₹ 1,308 crore during 2012-13. Remaining ten companies had not yet started commercial operations.

1.3.3.1. Dividend of ₹ 911 crore declared by the 39 deemed government companies during 2012-13 came from the companies under various sectors is given below:

(₹ in crore)				
Sector	No. of CPSEs	Paid up Capital	Net Profit	Dividend
Financial services	25	3,675	1,708	662
Power	2	1,229	280	135
Insurance	1	1,000	622	50
Contract & Construction Services	1	250	176	35
Transportation Services	1	164	30	20
Trading and Marketing	1	41	16	4
Industrial Development and Technical Consultancy	6	16	25	3
Minerals and Metals	1	1	14	1
Industrial Development	1	1	1	1
<b>Total</b>	<b>39</b>	<b>6,377</b>	<b>2,872</b>	<b>911</b>

## 1.4 Loss-making CPSEs

The number of CPSEs that suffered losses increased to 124 in the year 2012-13 from 83 CPSEs in 2010-11. The loss incurred by these CPSEs also increased significantly to ₹ 31,161 crore from ₹ 22,264 crore during this period as detailed in following table.

Listed / Unlisted Year	No. of CPSEs* suffering loss	Net loss for the year	Accumulated loss	Net Worth
(₹ in crore)				
<b>Listed government companies</b>				
2010-11	9	5,082	13,608	-2,277
2011-12	8	7,089	15,503	-2,598
2012-13	14	11,439	20,810	6,420
<b>Unlisted government companies/corporations</b>				
2010-11	74	17,182	52,641	77,647
2011-12	87	23,118	63,895	71,146
2012-13	110	19,722	58,889	54,278
<b>Total</b>				
2010-11	83	22,264	66,249	75,370
2011-12	95	30,207	79,398	68,548
2012-13	124	31,161	79,699	60,698

The following CPSEs incurred a loss of more than ₹ 500 crore during the year 2012-13.

Sl No	Name of the CPSEs	Net loss in 2012-13 (₹ in crore)
1	Bharat Sanchar Nigam Limited	7,884
2	Mahanagar Telephone Nigam Limited	5,321
3	Chennai Petroleum Corporation Limited	1,767
4	Hindustan Cables Limited	885
5	Mangalore Refinery and Petrochemicals Limited	757

\* 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.

### 1.4.1 Capital erosion in government companies

As on 31 March 2013 there were 135 government companies and corporations with accumulated loss of ₹ 92,908 crore. Of the 135 CPSEs, 100 CPSEs incurred losses during the year 2012-13 amounting to ₹ 19,559 crore and 35 CPSEs had not incurred loss in the current year 2012-13 though had accumulated loss of ₹ 13,210 crore.

Net worth of 65 government companies (out of 135) had been completely eroded by accumulated loss and the net worth was negative. The net worth in these 65 companies was ₹ (-)68,202 crore against equity investment of ₹ 12,889 crore as on 31 March 2013. This included 7 listed companies whose net worth was ₹ (-)18,070 crore against equity investment of ₹ 2,422 crore. Out of 65 companies, whose capital had eroded, only 8 CPSEs had earned profit of ₹ 1,745 crore during 2012-13.

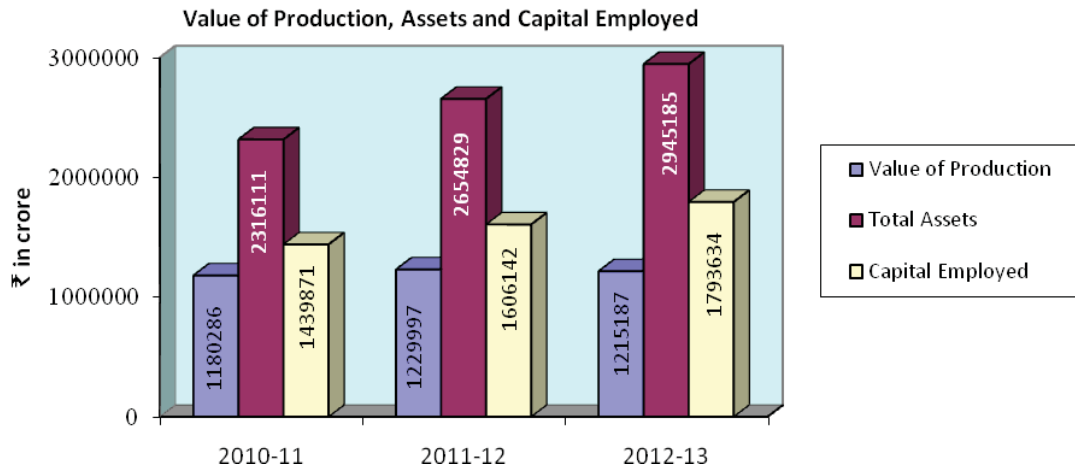
In 29 out of 65 CPSEs whose capital had eroded, government loans outstanding as on 31 March 2013 amounted to ₹ 16,115 crore. This included 4 listed companies with outstanding government loan of ₹ 2,561 crore.

Out of the 259 CPSEs whose net worth was positive, 15 CPSEs' net worth was less than half of their paid up capital of ₹ 12,109 crore at the end of 31 March 2013, indicating potential sickness.

## 1.5 Operating efficiency of government companies

### 1.5.1 Value of production

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



There was a marginal decrease in the value of production though there was increase in total assets and capital employed in year 2012-13 compared to the previous year.

### 1.5.2 Sales and Marketing

During 2012-13, the total sales of 327 CPSEs was ₹ 18,13,785 crore. Out of these, 118 CPSEs made sales/rendered services to Government sector worth ₹ 2,03,376 crore against their net

sales of ₹ 9,45,238 crore. The overall percentage of sales of these 118 CPSEs to the Government sector with reference to their total net sales worked out to 21.5 per cent.

There were 67 CPSEs which exported goods or rendered services abroad worth ₹ 97,975 crore. This worked out to 9.71 per cent against their net sales of ₹ 10,09,412 crore. Against the total sales of ₹ 18,13,785 crore made by the 327 CPSEs the export sales amounted to 5.4 per cent. The following are the CPSEs with export sales of more than ₹ 1,000 crore.

Sl. no	Name of the CPSEs	Export sales (₹ in crore)
1	Mangalore Refinery and Petrochemicals Limited	33,340
2	Bharat Heavy Electricals Limited	22,678
3	Indian Oil Corporation Limited	17,582
4	Hindustan Petroleum Corporation Limited	5,179
5	National Aluminium Company Limited	3,410
6	PEC Limited	3,029
7	MMTC Limited	2,980
8	IRCON International Limited	1,975
9	The State Trading Corporation of India Limited	1,563
10	Steel Authority of India Limited	1,188
<b>Total</b>		<b>92,924</b>

The export sales of these 10 CPSEs accounted for 95% 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 2012-13, 59 CPSEs had incurred ₹ 4,450 crore on Research & Development. Following CPSEs had incurred R & D expenditure of more than 100 crore:

Sl no	Name of the CPSEs	Total R&D expenditure (₹ in crore)	Net profit (₹ in crore)	Percentage of R&D exp to Net profit
1	Hindustan Aeronautics Limited	1,949	2,997	65
2	Oil and Natural Gas Corporation Limited	538	20,926	3
3	Bharat Electronics Limited	510	890	57
4	Bharat Heavy Electricals Limited	337	6,615	5
5	Indian Oil Corporation Limited	249	5,005	5
6	Steel Authority of India Limited	148	2,400	6
7	NTPC Limited	102	12,619	1