

## 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 the Government owned companies set up under the Companies Act, 2013 and Statutory Corporations set up under the statutes enacted by the Parliament.

A Government Company 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 Company<sup>1</sup> 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.

Department of Public Enterprises (DPE) stated (January 2017) that as per the Survey published by DPE, CPSEs mean those Government Companies, besides Statutory Corporations, wherein more than 50 *per cent* of the share in equity is held by the Central Government. The subsidiaries of these companies, if registered in India, wherein any CPSE has more than 50 *per cent* equity are also categorized as CPSEs. It does not cover departmentally run public enterprises, banking institutions and insurance

<sup>1</sup> Ministry of Corporate Affairs- (Removal of Difficulties) Seventh Order 2014 dated 4 Sep 2014

companies. In view of difference in definition adopted by the Comptroller & Auditor General of India (CAG) and DPE, there may be difference in number of companies considered as CPSEs by CAG and by DPE.

### 1.1.1 Mandate

Audit of Government Companies and Government Controlled other Companies is conducted by the 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 as Statutory 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 only 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 institutions. No such appointment was made during 2015-16.

### 1.1.2 What this Report contains

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 2015-16 (or of earlier years which were 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 provisions of the Companies Act, 2013, the guidelines issued by the Securities and Exchange Board of India and Department of Public Enterprises on Corporate Governance, compliance with provisions of Companies Act, 2013 on Corporate Social Responsibility and Analysis of Memorandum of Understanding (MoU) between Government of India and Maharatna<sup>2</sup> CPSEs.

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<sup>2</sup> Maharatna CPSEs are those CPSEs which are listed on Indian stock exchanges with average annual turnover of more than ` 25,000 crore, average net worth of ` 15,000 crore and average annual profit after tax of ` 5,000 crore in last three years and have global presence/ international operations (Source <http://pib.nic.in/newsite/PrintRelease.aspx?relid=107091>)

The draft chapters of the Audit Report were issued (5 December 2016) to Ministry of Corporate Affairs (Chapters 3- Corporate Governance and 4- Corporate Social Responsibility) and Department of Public Enterprises (all chapters except chapter 2- Oversight Role of CAG). Replies received (January 2017) from Ministry of Corporate Affairs and Department of Public Enterprises have been incorporated suitably in the Audit Report.

### 1.1.3 Number of CPSEs and Government Controlled other Companies

As on 31 March 2016, there were 607 CPSEs under the audit jurisdiction of the CAG. These include 410 Government Companies, Six Statutory Corporations<sup>3</sup> and 191 Government Controlled other Companies. Of these, financial performance of 554 CPSEs (384 Government Companies and Corporations and 170 Government Controlled other Companies) which are covered under this Report and the nature of these CPSEs is indicated in the following Table 1.1:

**Table 1.1 : Coverage and nature of CPSEs covered in this report**

Nature of the CPSEs	Total number	Number of CPSEs covered in the Report				Number of CPSEs not covered in the Report
		Accounts up to 2015-16	Accounts up to		Total	
			2014-15	2013-14		
Government Companies	410	341	27	10	378	32
Statutory Corporations	6	5	1	0	6	0
Total number of Companies/Corporations	416	346	28	10	384	32
Government Controlled other Companies	191	161	8	1	170	21
<b>Total</b>	<b>607</b>	<b>507</b>	<b>36</b>	<b>11</b>	<b>554</b>	<b>53</b>

The details of Government Companies/ Government Controlled other Companies which

#### Summary of financial performance of CPSEs covered in this report (Government Companies and Statutory Corporations)

CPSEs covered in this chapter	384
Paid up capital (384 CPSEs)	₹ 3,94,881 crore
Long term Loans (384 CPSEs)	₹ 10,87,907 crore
Market capitalisation (46 listed Government Companies)	₹ 11,06,539 crore
Net profit (197 CPSEs)	₹ 1,36,695 crore
Net loss (157 CPSEs)	₹ 33,976 crore
Dividend declared (106 CPSEs)	₹ 71,887 crore
Total Assets (384 CPSEs)	₹ 36,97,819 crore
Value of production (384 CPSEs)	₹ 16,29,359 crore
Net worth (384 CPSEs)	₹ 36,97,819 crore

<sup>3</sup> Airports Authority of India, Central Warehousing Corporation, Damodar Valley Corporation, Food Corporation of India, Inland Waterways Authority of India and National Highways Authority of India

came under/went out of the purview of CAG's audit during 2015-16 are given in **Appendix I**.

This Report does not include 53 CPSEs (including 21 Government Controlled other Companies) whose accounts were in arrears for three years or more or were defunct/under liquidation or first accounts were not received or were not due. These CPSEs are identified by two asterisks (\*\*) in **Appendix II A & Appendix II B**.

## 1.2 Investment in Government Companies and Corporations

The amount of investment in equity and loans in 384<sup>4</sup> Government Companies and Corporations as at the end of 31 March 2016 is given in Table 1.2 below:

**Table 1.2 : Equity investment and loans in Government Companies and Corporations**  
(₹ in crore)

Sources of investment	As on 31 March 2016			As on 31 March 2015		
	Equity	Long Term Loans	Total	Equity	Long Term Loans	Total
1. Central Government	2,96,061	78,609	3,74,670	2,68,369	65,617	3,33,986
2. Companies/ Corporations owned by Central Government	44,413	16,640	61,053	41,801	15,267	57,068
3. State Governments/ State Government owned Companies and Corporations	24,275	9,839	34,114	21,602	22,156	43,758
4. Financial Institutions/ Others	30,132	9,82,819	10,12,951	27,303	8,91,144	9,18,447
<b>Total</b>	<b>3,94,881</b>	<b>10,87,907</b>	<b>14,82,788</b>	<b>3,59,075</b>	<b>9,94,184</b>	<b>13,53,259</b>
Percentage of investment of Central Government to Total investment	74.97	7.23	25.27	74.74	6.60	24.68

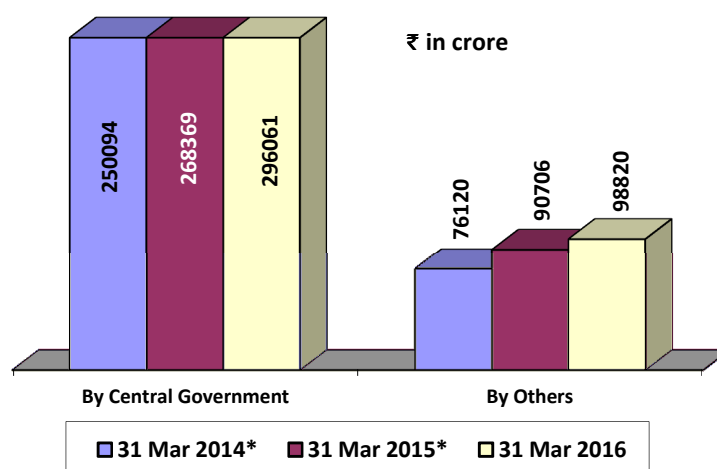
Ministry/Department wise details of investment in equity and loans are available on CAG website <[www.cag.gov.in](http://www.cag.gov.in)>.

### 1.2.1 Investment in equity

#### 1.2.1.1 Equity Information

During 2015-16, the investment in equity of the 384 CPSEs covered in this Report registered a net increase of ₹ 35,806 crore. Investment of Government of India in equity of these 384 CPSEs increased by ₹ 27,692 crore in 2015-16. Investment in equity by Central Government and others during the three years ended 31 March 2016 in Government Companies and Corporations is depicted in Chart I.

<sup>4</sup> 416 CPSEs– 32 CPSEs whose accounts were in arrears

**Chart I: Investment in Equity in Government Companies and Corporations**

(\* Previous years' figures updated during 2015-16 as accounts of that year were received)

Details of significant investments made by the Central Government during 2015-16 in the paid up capital of the CPSEs is detailed in Table 1.3 below:

**Table 1.3: Significant investments made by the Central Government (₹ in crore)**

Name of the CPSEs	Name of the Ministry	Amount
<b>Statutory Corporations</b>		
National Highways Authority of India	Road Transport and Highways	20,994
<b>Government Companies</b>		
Indian Railway Finance Corporation Limited	Railways	2,400
Delhi Metro Rail Corporation Limited	Urban Development	1,429
Dedicated Freight Corridor Corporation Limited	Railways	1,087

### 1.2.1.2 Disinvestment

During the year 2015-16, the Government of India realised ₹ 24,311<sup>5</sup> crore against a budgeted receipt of ₹ 41,000 crore on disinvestment. Disinvestment proceeds CPSE wise during 2015-16 is given in Table 1.4.

**Table 1.4: Receipt of Disinvestment proceeds – Equity Share**

Sl No	Name of the CPSEs	Percentage of shares disinvested	Amount realised by Government
1	Rural Electrification Corporation Limited	5.0	1,608.00
2	Power Finance Corporation Limited	5.0	1,672.00
3	Dredging Corporation of India Limited	5.0	53.00
4	Indian Oil Corporation Limited	10.0	9,369.00
5	Engineers India Limited	10.0	643.00
6	NTPC Limited	5.0	5,015.00
7	Container Corporation of India Limited	5.0	1,155.00
8	Bharat Dynamics Limited (Buy back of shares)	15.0	199.00
9	Hindustan Aeronautics Ltd (Buy back of shares)	25.0	4,284.00
<b>Total</b>			<b>23,998.00</b>

<sup>5</sup> Source: Finance Accounts, Union Government- 2015-16

In addition, ₹ 313 crore was received from redemption of preference shares as detailed in Table 1.5 below:

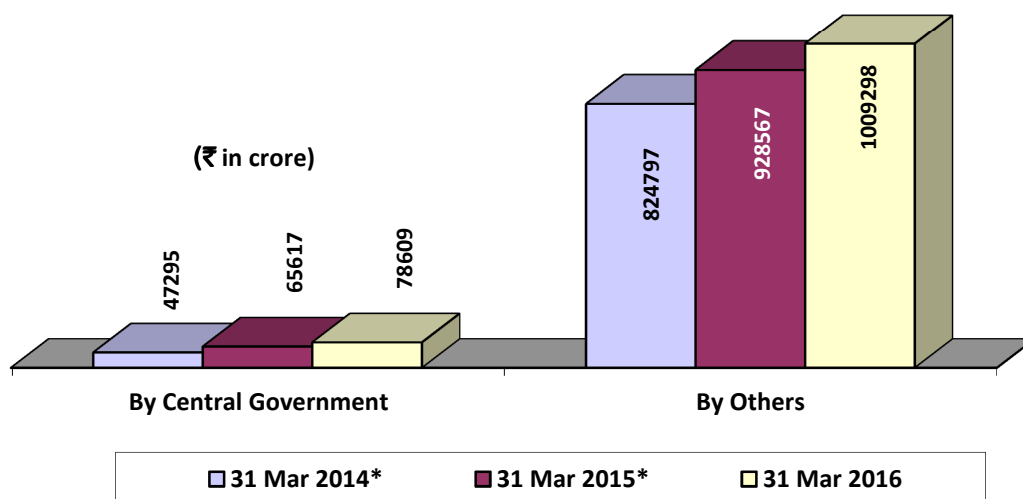
**Table 1.5: Statement of redemption of Preference Shares**

		(₹ in crore)
Sl No	Name of the CPSE	Amount
1	Rashtriya Ispat Nigam Limited	300.00
2	MECON Limited	13.00
<b>Total</b>		<b>313.00</b>

### 1.2.2 Loans given to Government Companies and Corporations

During 2015-16, the long term loans of Government Companies and Corporations registered a net increase of ₹ 93,723 crore. Year wise details of outstanding long term loans of Government Companies and Corporations is depicted in Chart II.

**Chart II: Long term loans outstanding in Government Companies and Corporations**



(\*Previous years' figures updated during 2015-16 when accounts of that year were received)

The total long term loans outstanding in 384 CPSEs from all sources as on 31 March 2016 was ₹ 10,87,907 crore. The comparison of positive and negative coverage of total assets with long term loans during 2015-16 is given in the Table 1.6.

**Table 1.6: Coverage of total assets with long term loans**

	Positive coverage				Negative coverage			
	No. of CPSEs	Long term loans	Assets	Percentage of assets to loans	No. of CPSEs	Long term loans	Assets	Percentage of assets to loans
		(₹ in crore)				(₹ in crore)		
Statutory Corporations	4	78,647	4,01,996	511.14	-	-	-	-
Listed Companies	29	6,37,276	16,76,904	263.14	4	4,568	496	10.86
Unlisted Companies	113	3,54,838	8,75,149	246.63	18	12,578	1,036	8.24
<b>Total</b>	<b>146</b>	<b>10,70,761</b>	<b>29,54,049</b>		<b>22</b>	<b>17,146</b>	<b>1,532</b>	

Twenty two CPSEs, including four listed companies, had more loans than their total assets. There were 216 CPSEs (including two 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 interest on debt. An interest coverage ratio below one indicates the company is not generating sufficient revenues to meet its expenses on interest. The details of positive and negative interest coverage ratio for the period 2013-14 to 2015-16, are given in Table 1.7:

**Table 1.7 : Interest coverage ratio**

Year	Interest (₹ in crore)	Earnings before interest and tax (EBIT) (₹ in crore)	No. of CPSEs <sup>6</sup>	No. of CPSEs having interest cover ratio more than 1	No. of CPSEs having interest cover ratio less than 1
<b>Statutory Corporations</b>					
2013-14	2,312	3,836	3	1	2
2014-15	10,971	12,223	4	2	2
2015-16	11,017	13,343	4	2	2
<b>Listed Government Companies</b>					
2013-14	43,904	1,27,865	32	22	10
2014-15	46,822	1,11,856	34	24	10
2015-16	52,213	1,23,463	33	23	10
<b>Unlisted Government Companies</b>					
2013-14	17,690	30,883	115	54	61
2014-15	18,869	34,836	126	58	68
2015-16	20,490	26,716	131	57	74

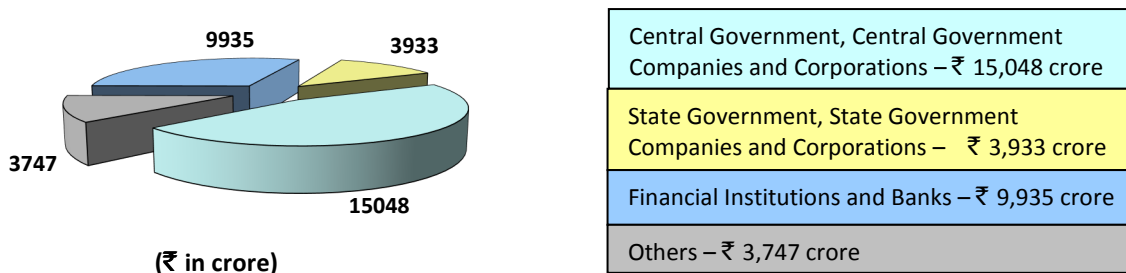
It was observed that the number of CPSEs with interest coverage ratio of more than one decreased marginally in case of listed as well as unlisted Government Companies during 2015-16, compared to the previous year.

<sup>6</sup> Excluding CPSEs which have no interest liability

### 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 170<sup>7</sup> Government Controlled other Companies<sup>8</sup> is depicted in Chart III:

**Chart III: Composition of share capital in Government Controlled other Companies**



As of 31 March 2016, equity in these Government Controlled other Companies was ₹ 32,663 crore. The equity in Government Controlled other Companies increased by ₹ 3,390 crore in 2015-16.

### 1.2.4 Market capitalisation of equity investment in Government Companies

Market capitalisation represents market value of the shares of companies whose shares are listed. Shares of 59 Government Companies consisting of 46 Government companies, five subsidiaries of Government Companies and eight Government Controlled other Companies were listed on the various stock exchanges in India.

- ❖ In respect of 46 listed Government Companies, the shares of 42 companies were traded<sup>9</sup> during 2015-16. In respect of five subsidiaries of Government Companies, four were traded and shares of Eastern Investments Limited were not traded during the year.
- ❖ The total market value of shares of 46 listed Government Companies (including four subsidiary companies) stood at ₹ 11,06,539 crore as on 31 March 2016 as compared to ₹ 13,27,781 crore as on 31 March 2015. The total market value of shares decreased by ₹ 2,21,242 crore (16.70 per cent) as on 31 March 2016 as compared to 31 March 2015. The market value of shares of 42 listed Government Companies (excluding four subsidiary companies) stood at ₹ 10,90,177 crore as on 31 March 2016, out of which, the market value of shares held by the Government of India amounted to ₹ 7,48,881 crore.

<sup>7</sup> 191– 21 Government Controlled other Companies whose accounts were in arrears

<sup>8</sup> Company wise details are available on CAG website <[www.cag.gov.in](http://www.cag.gov.in)>

<sup>9</sup> Shares of (1) Hindustan Cables Limited, (2) Hindustan Photo-films (Manufacturing) Company Limited, (3) IRCON International Limited, and (4) KIOCL Limited were not traded during 2015-16



During this period, S&P BSE Sensex<sup>10</sup> decreased by 9.30 per cent from 27,957.49 (as on 31 March 2015) to 25,341.86 (as on 31 March 2016). S&P BSE-PSU Index<sup>11</sup> decreased by 19.70 per cent (from 7,607.95 - as on 31 March 2015 to 6,106.65 - as on 31 March 2016).

- ❖ The market value of shares of four subsidiary Government Companies, the shares of which were traded during 2015-16, stood at ₹ 16,362 crore as on 31 March 2016. The total market value of shares held by Government Companies in four subsidiary Government Companies had increased by ₹ 1,949 crore as on 31 March 2016 as compared to 31 March 2015.
- ❖ The top 10 CPSEs with highest market capitalisation as on 31 March 2016 is given in Table 1.8:

**Table 1.8: CPSEs with highest market capitalisation**

SI No	Name of the CPSE	Market Capitalisation (₹ in crore)
1	Coal India Limited	1,84,438
2	Oil and Natural Gas Corporation Limited	1,83,729
3	NTPC Limited	1,06,202
4	Indian Oil Corporation Limited	95,528
5	Power Grid Corporation of India Limited	72,771
6	Bharat Petroleum Corporation Limited	65,193
7	GAIL (India) Limited	45,202
8	NMDC Limited	38,834
9	Bharat Electronics Limited	29,268
10	Bharat Heavy Electricals Limited	27,841

The market capitalisation of 16 CPSEs increased and decreased in respect of 26 CPSEs. CPSEs with increase in market capitalisation of more than ₹ 2,000 crore is given in Table 1.9:

**Table 1.9 : CPSEs with increase in Market Capitalisation of more than ₹ 2000 crore (₹ in crore)**

SI No	Name of the CPSE	Market Capitalisation as on 31 March 2015	Market Capitalisation as on 31 March 2016	Difference in Capitalisation
1	Bharat Petroleum Corporation Limited	58,566	65,193	6,627
2	Indian Oil Corporation Limited	89,421	95,528	6,107
3	NHPC Limited	22,031	26,680	4,649
4	Hindustan Petroleum Corporation Limited	22,014	26,601	4,587
5	Bharat Electronics Limited	26,778	29,268	2,490

<sup>10</sup> S&P BSE SENSEX is calculated on a "Market Capitalization-Weighted" methodology of 30 component stocks representing large, well-established and financially sound companies across key sectors

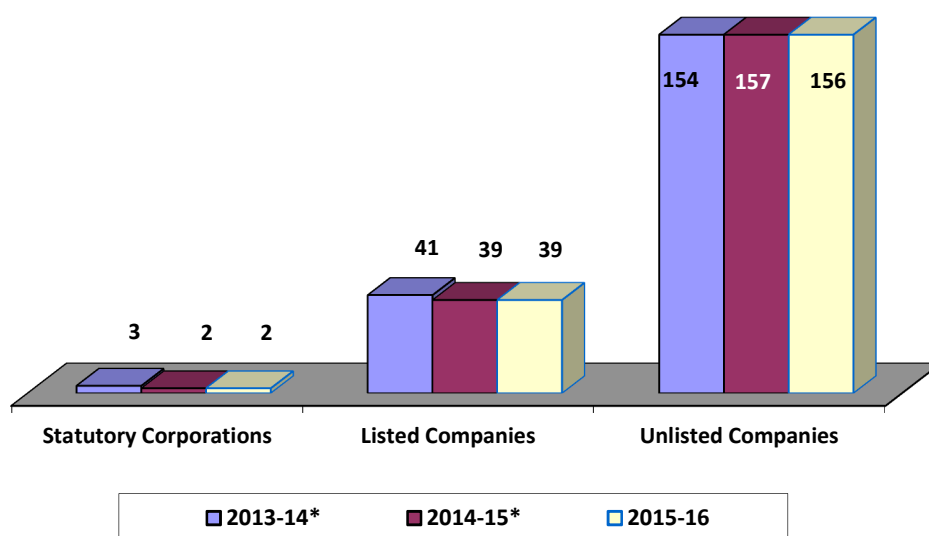
<sup>11</sup> S&P BSE CPSE Index consists of CPSEs listed on BSE

### 1.3 Return on investment in Government Companies and Corporations

#### 1.3.1 Profit earned by CPSEs

The number of CPSEs that earned profit<sup>12</sup> was 197 in 2015-16 as compared to 198 in 2014-15. The profit earned increased to ₹ 1,36,695 crore in 2015-16 from ₹ 1,36,591 crore in 2014-15. Number of CPSEs that earned profit during the period from 2013-14 to 2015-16 is depicted in Chart IV:

**Chart IV: Number of profit earning CPSEs**



(\*Previous years' figures updated during 2015-16 when accounts of that year were received)

The details of sectors which contributed maximum profit during the year 2015-16 are summarised below in Table 1.10:

**Table 1.10: Sectors contributed maximum profit during the year 2015-16**

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	8	44,245	32.37
Unlisted Government Companies	4	1,343	0.98
<b>Total</b>	<b>12</b>	<b>45,588</b>	<b>33.35</b>
<b>2. Coal and Lignite</b>			
Listed Government Companies	2	17,548	12.84
Unlisted Government Companies	6	11,339	8.30

<sup>12</sup> Profitability analysis of 384 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.cag.gov.in](http://www.cag.gov.in)>

Sector	No. of Profit earning CPSEs	Net Profit earned (₹ in crore)	Percentage of profit to total CPSE profit
<b>Total</b>	8	28,887	21.14
<b>3. Power</b>			
Listed Government Companies	4	20,118	14.72
Unlisted Government Companies	23	4,844	3.54
<b>Total</b>	27	24,962	18.26
<b>Total (1 to 3)</b>	<b>47</b>	<b>99,437</b>	<b>72.75</b>

During 2015-16, net profit of ₹ 99,437 crore constituting 72.75 per cent of total profit of CPSEs was contributed by 47 CPSEs in these three sectors as compared to 66.00 per cent contributed by 48 CPSEs during 2014-15.

The list of CPSEs which earned profit of more than ₹ 5,000 crore during the year 2015-16 is given in the Table 1.11 below:

**Table 1.11: List of CPSEs which earned profit of more than ₹ 5,000 crore**

Sl no	Name of the CPSE	Net profit (₹ in crore)
1	Coal India Limited	16,344
2	Oil and Natural Gas Corporation Limited	16,004
3	Indian Oil Corporation Limited	10,399
4	NTPC Limited	10,243
5	Bharat Petroleum Corporation Limited	7,432
6	Power Finance Corporation Limited	6,113
7	Power Grid Corporation of India Limited	6,027
8	Rural Electrification Corporation Limited	5,628
<b>Total</b>		<b>78,190</b>

It may be seen that these eight CPSEs contributed 57.00 per cent of the total profit earned by 197 CPSEs during 2015-16.

### 1.3.2 Dividend payout by CPSEs

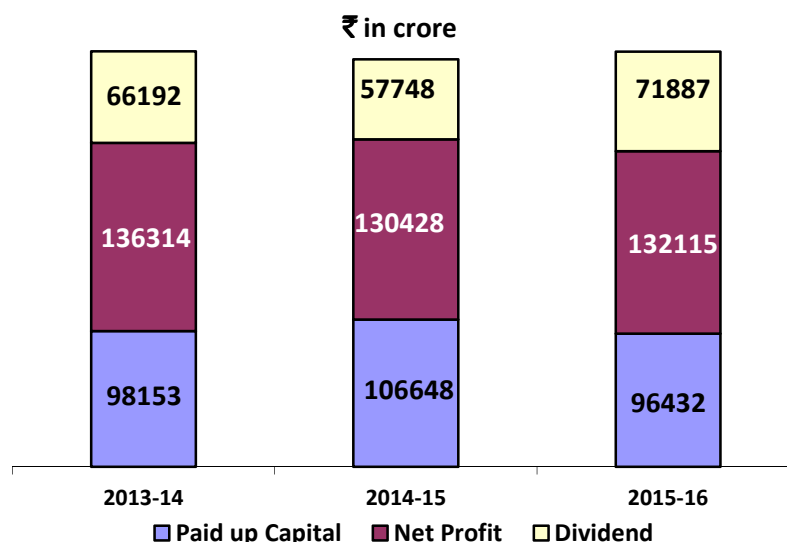
The details of profit earned and dividend declared is given in the Table 1.12:

**Table 1.12 : Profit earned and dividend declared**

Category	CPSEs declared dividend (₹ in crore)			
	No. of CPSEs	Paid up capital	Net profit	Dividend declared
Statutory Corporations	2	725	2,735	821
Listed Companies	32	53,719	1,00,326	49,389
Unlisted Companies	72	41,989	29,054	21,677
<b>Total</b>	<b>106</b>	<b>96,433</b>	<b>1,32,115</b>	<b>71,887</b>

There were 106 CPSEs which declared dividend in 2015-16. The dividend declared as a percentage of net profit earned by the CPSEs increased from 44.30 *per cent* in 2014-15 to 54.40 *per cent* in 2015-16 as given in Chart V below. In absolute terms, the dividend declared by the CPSEs in 2015-16 increased by ₹ 14,139 crore compared to previous year.

**Chart V : Dividend declared vis-a-vis net profit earned and paid up capital**



Out of total dividend of ₹ 71,887 crore declared by 106 CPSEs in the current year, dividend received/receivable by Government of India amounted to ₹ 41,185 crore. The return on aggregate investment of ₹ 2,96,061 crore made by the Government of India in equity capital of 384 CPSEs was 13.91 *per cent* as compared to 12.72 *per cent* during 2014-15. Similarly, 34 CPSEs received ₹ 18,438 crore as dividend on paid up capital of ₹ 6,609 crore on the equity holdings in other CPSEs.

Thirteen Government Companies under the Ministry of Petroleum and Natural Gas, declared dividend amounting to ₹ 16,570 crore which was 23.05 *per cent* of the total dividend of ₹ 71,887 crore declared by various companies in 2015-16.

The guidelines issued by the Ministry of Finance (Department of Investment & Public Asset Management) in May 2016 envisaged that every CPSE would pay a minimum annual dividend of 30 *per cent* of profit after tax or 5 *per cent* of the net worth, whichever is higher subject to the maximum dividend permitted under the extant legal provisions. However, 37 CPSEs<sup>13</sup> (including listed CPSEs) had declared less than the minimum dividend prescribed by the Government as given in **Appendix III** although they

<sup>13</sup> For calculating shortfall of dividend, only those CPSEs which had declared dividend during the year were considered

earned profits. The total shortfall on this account was ₹ 9,011 crore in 2015-16.

Two<sup>14</sup> CPSEs had declared dividend of ₹ 99.75 crore during the year 2015-16 even though they had incurred losses of ₹ 922.34 crore during the year.

### 1.3.3 Return on investment in Government Controlled other Companies

Of the 170<sup>15</sup> Government Controlled other Companies, 111 companies earned profit of ₹ 5,719 crore during the year ended 31 March 2016. Out of these 111 companies, 45 declared dividend amounting to ₹ 1,036 crore which represented 11.80 per cent of their paid up capital of ₹ 8,766 crore. However, 42 companies incurred losses of ₹ 2,516 crore during 2015-16. The remaining 17 companies had not finalised their accounts or had not started commercial operations. One Government Controlled other Company<sup>16</sup> having paid up capital of ₹ 30 crore had declared dividend of ₹ 5 crore even though it had incurred loss of ₹ 22 crore.

Sector wise classification of 46 Government Controlled other Companies which declared dividend during 2015-16 is given below 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 earned	Dividend declared
Financial services	29	5672	2156	716
Power	3	1592	324	151
Insurance	1	1000	861	120
Transportation Services	1	164	38	30
Petroleum	1	60	33	8
Contract & Construction Services	1	250	269	6
Trading and Marketing	1	41	11	4
Industrial Development and Technical Consultancy	8	16	19	4
Minerals and Metals	1	1	11	2
<b>Total</b>	<b>46</b>	<b>8796</b>	<b>3722</b>	<b>1041</b>

## 1.4 CPSEs incurring losses

There were 157 CPSEs that incurred losses during the year 2015-16. The losses incurred by these CPSEs increased significantly to ₹ 33,976 crore in 2015-16 from ₹ 29,659 crore during 2014-15 as detailed in Table 1.14.

<sup>14</sup> Bharat Heavy Electricals Limited and Projects and Development India Limited

<sup>15</sup> 191– 21 Government Controlled other Companies whose accounts were in arrears

<sup>16</sup> Canbank Financial Services Limited

**Table 1.14: Number of CPSEs that incurred losses during the year**

Listed / Unlisted Year	No. of CPSEs incurred loss	Net loss for the year	Accumulated loss	Net Worth <sup>17</sup>
(₹ in crore)				
<b>Statutory Corporations</b>				
2013-14	1	-995	0	14,863
2014-15	1	-1,334	0	13,944
2015-16	1	-1,143	0	13,268
<b>Listed Government Companies</b>				
2013-14	10	-4,574	21,245	-5,606
2014-15	11	-7,908	18,919	-5,607
2015-16	11	-10,836	22,856	83,172
<b>Unlisted Government Companies/Corporations</b>				
2013-14	104	-17,138	64,763	47,885
2014-15	120	-20,417	74,505	48,967
2015-16	145	-21,997	80,642	92,810
<b>Total</b>				
<b>2013-14</b>	<b>115</b>	<b>-22,707</b>	<b>86,008</b>	<b>57,142</b>
<b>2014-15</b>	<b>132</b>	<b>-29,659</b>	<b>93,424</b>	<b>57,304</b>
<b>2015-16</b>	<b>157</b>	<b>-33,976</b>	<b>1,03,498</b>	<b>1,89,250</b>

CPSEs listed in Table 1.15 below incurred a loss of more than ₹ 1,000 crore during the year 2015-16<sup>18</sup>

**Table 1.15: CPSEs that incurred losses of more than ₹ 1,000 crore during 2015-16**

Sl No	Name of the CPSE	Net loss in 2015-16 (₹ in crore)
1	Steel Authority of India Limited	4,137
2	Bharat Sanchar Nigam Limited	3,880
3	Hindustan Photofilms (Manufacturing) Company Limited	2,528
4	Mahanagar Telephone Nigam Limited	2,322
5	ONGC Videsh Limited	2,059
6	Rashtriya Ispat Nigam Limited	1,421
7	Damodar Valley Corporation	1,143
8	PEC Limited	1,142

#### 1.4.1 Erosion of capital in Government Companies

As on 31 March 2016 there were 174 CPSEs with accumulated losses of ₹ 1,22,934 crore. Of the 174 CPSEs, 133 CPSEs incurred losses during the year 2015-16 amounting to ₹ 18,561 crore and 41 CPSEs had not incurred loss in the current year 2015-16, even though they had accumulated loss of ₹ 19,436 crore.

<sup>17</sup> 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

<sup>18</sup> Accounts of Air India 2015-16 were received in October 2016 hence not considered in the Audit Report. The loss for the year 2015-16 is ₹3837 crore as against loss of ₹5860 crore during 2014-15

Net worth of 67 Government Companies (out of 174) had been completely eroded by accumulated loss and their net worth was negative. The net worth of these 67 Government companies was ₹ (-)79,227 crore against equity investment of ₹ 28,053 crore in these Government Companies as on 31 March 2016. This included six listed companies whose net worth was ₹ (-)27,037 crore against equity investment of ₹ 1,792 crore. Out of 67 CPSEs, whose capital had eroded, six CPSEs had earned profit of ₹ 456.62 crore during 2015-16.

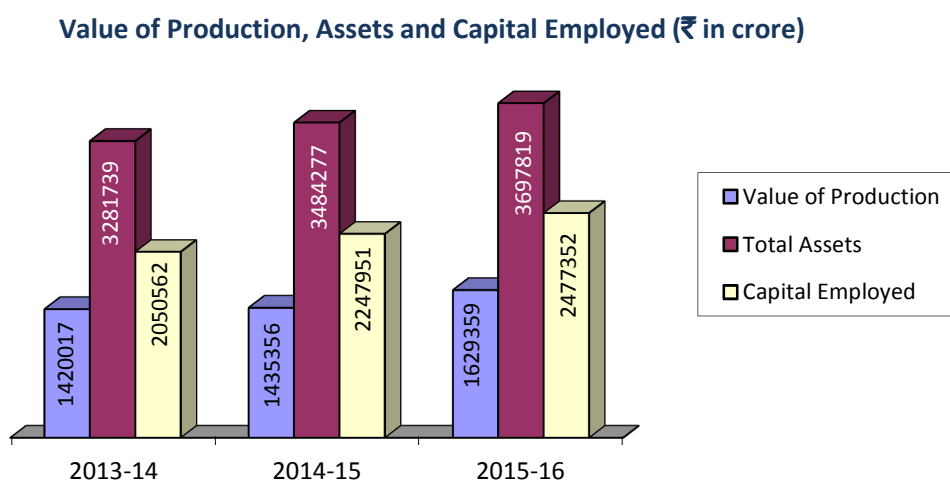
In 24 out of 67 CPSEs whose capital had eroded, Government loans outstanding as on 31 March 2016 amounted to ₹ 17,522 crore. This included five listed companies with outstanding Government loan of ₹ 4,559 crore. Out of the 314 CPSEs whose net worth was positive, net worth of 30 CPSEs was less than half of their paid up capital of ₹ 15,627 crore at the end of 31 March 2016, indicating their potential financial 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 of 384 CPSEs over a period of three years is given in the chart VI below:

Chart : VI



There was an increase in the value of production, total assets and capital employed in year 2015-16 compared to the previous year.

### 1.5.2 Sales and Marketing

During 2015-16, the total sales of 384 CPSEs was ₹ 18,24,202 crore. Out of these, 118 CPSEs sold /rendered services worth ₹ 2,17,301 crore to Government sector out of their net sales of ₹ 8,99,514 crore. The overall percentage of sales of these 118 CPSEs to the Government sector with reference to their total net sales worked out to 24.16 per cent.

There were 80 CPSEs which exported goods or services worth ₹ 1,58,812 crore. This worked out to 14.50 *per cent* against their net sales of ₹ 10,92,643 crore. Against the total sales of ₹ 18,24,202 crore by 384 CPSEs, the export sales amounted to 8.70 *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 during 2015-16**

Sl. No.	Name of the CPSE	Export sales (₹ in crore)
1	Steel Authority of India Limited	32,590
2	Rural Electrification Corporation Limited	23,638
3	Air India Limited	20,217
4	The New India Assurance Company Limited	14,960
5	Indian Oil Corporation Limited	9,711
6	United India Insurance Company Limited	9,510
<b>Total</b>		<b>1,10,626</b>

The export sales of these six CPSEs accounted for 69.60 *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 2015-16, 51 CPSEs had incurred ₹ 4,806 crore on Research & Development (R&D). The CPSEs that had incurred R&D expenditure of more than ₹ 500 crore is given in Table 1.17.

**Table 1.17 : CPSEs with R & D expenditure of more than ₹ 500 crore**

Sl No	Name of the CPSE	Total R&D expenditure (₹ in crore)	Net profit (₹ in crore)	Percentage of R&D expenditure to Net profit
1	Hindustan Aeronautics Limited	1,182	1,654	71.5
2	GAIL (India) Limited	735	2,299	32
3	Bharat Electronics Limited	704	1,358	51.8
4	Indian Oil Corporation Limited	597	10,399	5.7
5	Oil and Natural Gas Corporation Limited	564	16,004	3.5