

CHAPTER-I
GENERAL PURPOSE FINANCIAL REPORT
ON
STATE PUBLIC SECTOR ENTERPRISES

CHAPTER-I

GENERAL PURPOSE FINANCIAL REPORT ON STATE PUBLIC SECTOR ENTERPRISES

Section 1: Financial Performance of State Public Sector Enterprises

1.1.1 Introduction

This Report presents the financial performance of Government Companies, Statutory Corporations and Government controlled other Companies in the State of Assam. The term State Public Sector Enterprises (SPSEs) encompasses State Government owned companies set up under the Companies Act, 2013 and Statutory Corporations set up under statutes enacted by the Legislature. A Government Company is defined in Section 2(45) of the Companies Act, 2013 as a company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by Central Government and partly by one or more State Governments and includes a company, which is a subsidiary of a Government Company. Besides this, any other company owned or controlled, directly or indirectly, by Central Government, or by any State Government or Governments, or partly by Central Government and partly by one or more State Governments are referred to in this Report as ‘Government controlled other companies’.

1.1.2 Mandate

Audit of ‘Government companies’ and ‘Government controlled other companies’ is conducted by Comptroller and Auditor General of India (CAG) under the provisions of Sections 143(5) to 143(7) of Companies Act, 2013 read with Section 19 of CAG’s (Duties, Powers and Conditions of Service) Act, 1971 and Regulations made thereunder. Under Companies Act, 2013, the CAG appoints Chartered Accountants (CAs) as Statutory Auditors for ‘Government/Government controlled other companies’ and gives directions in 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 and Regulatory Authorities require their accounts to be audited only by CAG. **Table 1.1.1** shows the audit arrangement in respect of Statutory Corporations and Regulatory Commission.

Table 1.1.1: Details of Statutory Corporations and Regulatory Authority

Sl. No.	Corporation/Regulatory Authority	Authority for audit by CAG	Audit arrangement
1	Assam State Transport Corporation	Section 33(2) of Road Transport Corporations Act, 1950	Sole audit by CAG under Section 19(2) of DPC Act, 1971
2	Assam Financial Corporation	Section 37(6) of State Financial Corporations Act, 1951	Audit conducted by CA and supplementary audit by CAG under Section 19(2) of DPC Act, 1971

Sl. No.	Corporation/Regulatory Authority	Authority for audit by CAG	Audit arrangement
3	Assam State Warehousing Corporation	Section 31(8) of State Warehousing Corporations Act, 1962	Audit conducted by CA and supplementary audit by CAG under Section 19(2) of DPC Act, 1971
4	Assam Electricity Regulatory Commission ¹	Section 104(2) of Electricity Act, 2003	Sole audit by CAG under Section 19(2) of DPC Act, 1971

1.1.3 What this Report contains

This Report gives an overall picture of the financial performance of State Government Companies and Corporations as revealed from their financial statements. Significant comments issued as a result of supplementary audit of financial statements of the SPSEs conducted by CAG during 2022-23 (or of earlier years which were finalised during the current year) are also included in this Report. This Report also contains the impact of comments issued by CAG on financial statements of Statutory Corporations where CAG is the sole auditor. Besides this, it gives an overall picture of the status of the adherence of SPSEs to the guidelines issued by Department of Public Enterprises, Government of Assam and compliance with provisions of Companies Act, 2013 on Corporate Governance and Corporate Social Responsibility.

1.1.4 Number of SPSEs

As on 31 March 2023, there were 52² SPSEs and one State Electricity Regulatory Commission under the audit jurisdiction of CAG in Assam. These SPSEs include 49 Government Companies (including 10³ subsidiaries of different State Government Companies and two⁴ Government-controlled other companies) and three Statutory Corporations. Out of 52 SPSEs, there were 36 working SPSEs and 16 non-working SPSEs (all Government Companies). None of these Government Companies was listed on the Stock Exchange. **Table 1.1.2** shows the summary of working and non-working SPSEs.

Table 1.1.2: Details of working and non-working SPSEs

Type of SPSEs	Working SPSEs	Non-working SPSEs ⁵	Total
Government Companies	33	16	49
Statutory Corporations	03	-	03
Total	36	16	52

1.1.5 Contribution to State Economy

SPSEs play an important role in the economy of the State. Apart from providing critical infrastructure required for development of the State economy, the sector also

¹ Assam Electricity Regulatory Commission (Commission) had finalised its accounts upto 2017-18, the Separate Audit Report for which was issued (May 2020). The accounts of the Commission for the subsequent four years (2018-19 to 2021-22) were pending finalisation as on 30 September 2022.

² During 2022-23, one Government Company (Assam Medical Services Corporation Limited) had been included under the audit purview of CAG.

³ SPSEs at Sl. No. B25, B26, B32, D7, D9, D11, D12, D13, D15 and D16 of **Appendix 3**.

⁴ SPSEs at Sl. No. B22 and B33 of **Appendix 3**.

⁵ Non-working SPSEs are those which had ceased to carry on their operations.

contributes to the growth of Gross State Domestic Product (GSDP). A ratio of SPSEs' Turnover to GSDP shows the extent of SPSEs' activities in the State economy. **Table 1.1.3** provides the details of turnover of working SPSEs against GSDP during 2020-21 to 2022-23.

Table 1.1.3: Details of working SPSEs' turnover vis-à-vis GSDP

(₹ in crore)			
Particulars	2020-21	2021-22	2022-23
Working Companies	7,372.48	7,445.32	9,224.69
Statutory Corporations	99.51	111.04	91.29
Total Turnover⁶	7,471.99	7,556.36	9,315.98
GSDP	3,53,605.42	4,12,611.87	4,93,166.60
Percentage of Turnover to GSDP of Assam			
Working Companies	2.08	1.80	1.87
Statutory Corporations	0.03	0.03	0.02
Percentage of Turnover to GSDP	2.11	1.83	1.89

Source: Latest finalised accounts of SPSEs and information provided by the Directorate of Economic & Statistics, GoA; Figure of GSDP relating to 2022-23 is at current prices.

As can be noticed from **Table 1.1.3**, the turnover of working Companies had shown a gradual increase from ₹ 7,372.48 crore (2020-21) to ₹ 9,224.69 crore (2022-23), while the turnover of Statutory Corporations declined from ₹ 99.51 crore (2020-21) to ₹ 91.29 crore (2022-23). The pace of increase in the overall turnover of working Companies as well as Statutory Corporations during 2020-2023 (24.68 per cent) was not commensurate with the overall growth in GSDP of 39.47 per cent during the corresponding period, which led to decrease in contribution of turnover to GSDP from 2.11 per cent (2020-21) to 1.89 per cent (2022-23).

The major contributors to working Companies turnover during 2022-23 were three power sector Companies viz., Assam Power Distribution Company Limited (₹ 6,436.34 crore), Assam Power Generation Corporation Limited (₹ 1,111.08 crore) and Assam Electricity Grid Corporation Limited (₹ 442.26 crore). Further, Assam Gas Company Limited (₹ 655.66 crore) and Assam Petro-Chemicals Limited (₹ 104.06 crore) contributed substantially to the overall turnover.

As regards Statutory Corporations, the major contributor to turnover during 2022-23 was Assam State Transport Corporation, which had contributed ₹ 70.45 crore to the overall turnover. The SPSEs had employed 37,081 employees as at the end of 31 March 2023 (**Appendix 2 and 3**).

1.1.6 Investment in SPSEs

Table 1.1.4 depicts the total investment (GoA and Others) in SPSEs as on 31 March 2023.

⁶ As per the latest finalised accounts of working SPSEs as on 30th September of respective years.

Table 1.1.4: Details of total investment⁷ in SPSEs

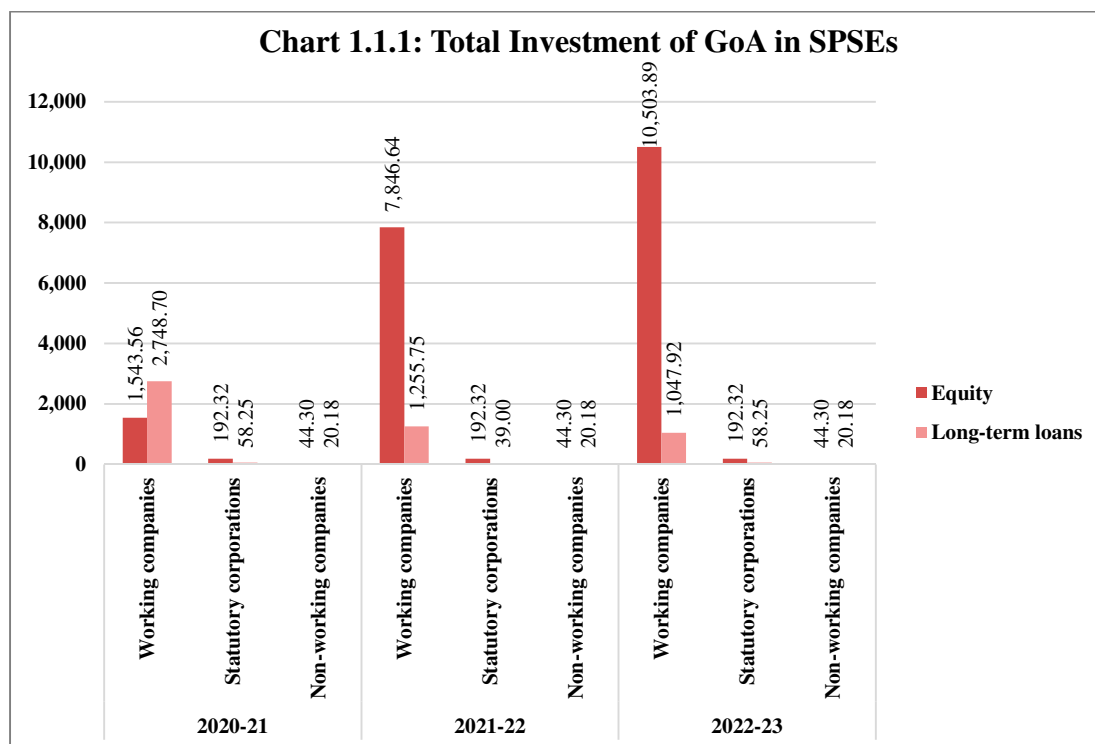
(₹ in crore)

Particulars	GoA			Others			Total
	Working Companies	Statutory Corporations	Non-working Companies	Working Companies	Statutory Corporations	Non-working Companies	
Equity	10,503.89	192.32	44.30	690.59	21.28	26.16	11,478.54
Long-term loans	1,047.92	58.25	20.18	1,730.14	8.23	1.48	2,866.20
Total investment	11,551.81	250.57	64.48	2,420.73	29.51	27.64	14,344.74

Source: As per information furnished by the SPSEs; 'Others' include Central Government, banks and other financial institutions

As can be seen from **Table 1.1.4**, the total investment (equity and long-term loans) in 52 SPSEs was ₹ 14,344.74 crore as on 31 March 2023 (**Appendix 2**). The investment was 80.02 per cent in equity and 19.98 per cent in long-term loans. Further, the GoA's share was 82.73 per cent (₹ 11,866.86 crore) of total investment (₹ 14,344.74 crore) in SPSEs consisting of 90.51 per cent (₹ 10,740.51 crore) towards equity and 9.49 per cent (₹ 1,126.35 crore) in long-term loan.

Chart 1.1.1 depicts the comparative details of investment by GoA in SPSEs during 2020-21 to 2022-23.



As can be noticed from **Chart 1.1.1**, the total investment of GoA in SPSEs registered a net overall increase of 157.57 per cent (₹ 7,259.55 crore) from ₹ 4,607.31 crore (2020-21) to ₹ 11,866.86 crore (2022-23), comprising increase of ₹ 8,960.33 crore

⁷ Investment figures are provisional and as provided by the SPSEs except for seven SPSEs (Sl. No. A1, A2, B22, B24, B31, B32 and B33 of **Appendix 2**), which finalised their accounts for 2022-23.

(503.34 per cent) in equity investment and decrease of ₹ 1,700.78 crore (60.16 per cent) in GoA loans to SPSEs.

The increase in equity investment by GoA in working Companies during 2022-23 was mainly attributable to conversion of grant/loan (₹ 2,593.46 crore⁸) of Assam Electricity Grid Corporation Limited into equity as well as infusion of equity capital of ₹ 55.25 crore in Assam Petro-Chemicals Limited during 2022-23. As a result of conversion of loans into equity, there was net reduction of ₹ 488.74 crore⁹ in GoA loans of power sector Companies from ₹ 611.96 crore (2021-22) to ₹ 123.22 crore (2022-23).

1.1.7 Reconciliation with Finance Accounts of GoA

The figures in respect of equity and long-term loans extended by GoA should agree with figures appearing in Finance Accounts of the State. In case figures do not agree, the SPSEs concerned and Finance Department were required to carry out reconciliation of differences in figures. The position in this regard as on 31 March 2023 is summarised in *Table 1.1.5*.

Table 1.1.5: Equity and loans outstanding as per the State Finance Accounts vis-à-vis records of SPSEs

(₹ in crore)			
Particulars	Amount as per Finance Accounts of GoA	Amount as per records of SPSEs	Difference
Equity	5,473.27	10,740.51	5267.24
Long-term loans	2,921.43	1,126.35	1,795.08

Source: State Finance Accounts, 2022-23 and information furnished by the SPSEs

As can be seen from *Table 1.1.5*, there were significant unreconciled differences in the figures of equity (₹ 5,267.24 crore) and long-term loans (₹ 1,795.08 crore) as per the two sets of records. The difference in equity figures was mainly because of non-reflection of GoA's investment towards equity of 13¹⁰ out of 41 SPSEs¹¹ in the Finance Accounts, where GoA had infused funds in the form of equity. Analysis of reasons for difference in loan figures was, however, not possible as the Finance Accounts did not provide SPSE-wise details of the loans provided by GoA.

The concerned departments of GoA and the SPSEs should take concrete steps to reconcile the differences in the investment figures (equity and long-term loans) of the GoA as appearing in the State Finance Accounts vis-à-vis SPSE records in a time-bound manner.

To reconcile the equity differences, GoA should obtain share certificates from the SPSEs concerned issued in favour of GoA and reconcile the differences with Finance

⁸ Capital grants: ₹ 1,955.05 crore and loans: ₹ 638.41 crore.

⁹ Assam Electricity Grid Corporation Limited converted GoA loans as on 31 March 2021 to equity: ₹ 542.73 crore (Total loans converted: ₹ 638.41 crore less ADB loans: ₹ 95.68 crore) less infusion of new loans to the three power sector SPSEs during 2022-23: ₹ 53.99 crore.

¹⁰ SPSEs at Sl. No. A1, A2, A3, B6, B9, B12, B20, B21, B24, B28, D2, D3 and D5 of *Appendix 2*.

¹¹ Excluding 11 SPSEs (Sl. No. B25, B26, B32, B33, D7, D9, D11, D12, D13, D15 and D16 of *Appendix 2*), which had no direct equity investment by the State Government.

Accounts. Regarding loan figures, GoA needs to compile/include SPSE-wise loan figures in State Finance Accounts and reconcile differences by obtaining balance confirmation certificates from the SPSEs concerned.

1.1.8 Budgetary outgo of GoA

GoA provided financial support to SPSEs in various forms through the annual State budget. **Table 1.1.6** provides the details of year-wise budgetary outgo towards equity, loans and grants/subsidies in respect of the working SPSEs¹² during 2020-21 to 2022-23.

Table 1.1.6: Year-wise budgetary support by GoA to SPSEs

(₹ in crore)

Nature of SPSEs	2020-21		2021-22		2022-23	
	No. of SPSEs	Amount	No. of SPSEs	Amount	No. of SPSEs	Amount
Working Companies						
Equity capital outgo from Budget	-	-	1	40.00	2	63.79 ¹³
Loans given from budget	4	64.43	5	87.17	4	335.24
Grants ¹⁴ /subsidies from budget	10	1,452.89	11	1,514.70	9	1,466.86
Total Outgo¹⁵ (A)	11	1,517.32	13	1,641.87	12	1,865.89
Statutory Corporations						
Grants/subsidies from budget	1	153.57	1	115.65	1	100.79
Total outgo (B)	1	153.57	1	115.65	1	100.79
Grand total outgo (A) + (B)	12	1,670.89	14	1,757.52	13	1,966.68
Working Companies						
Waiver of interest	-	-	3	929.88	-	-
Conversion of loans to Equity	-	-	2	1,578.90	1	638.41
Conversion of Capital grants to Equity	-	-	2	4,684.18	1	1,955.05

Source: Information furnished by the SPSEs

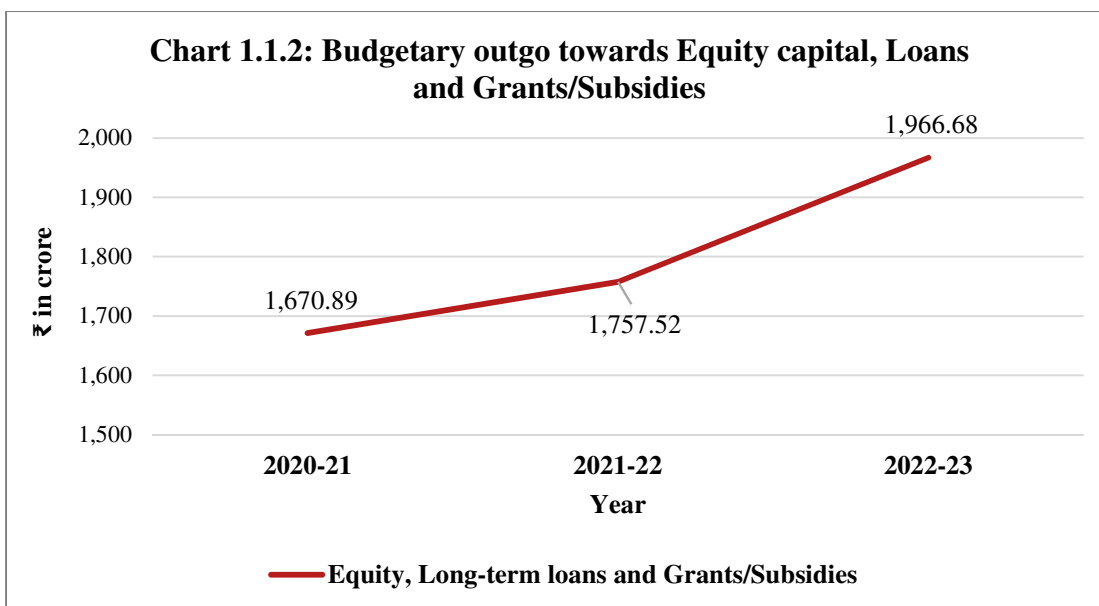
Chart 1.1.2 provides the details regarding budgetary outgo towards equity, loans and grants/subsidies during 2020-21 to 2022-23.

¹² None of the non-working SPSEs received any budgetary support from GoA during 2020-21 to 2022-23.

¹³ This includes Paid-up capital (₹ 8.54 crore) of Assam Medical Services Corporation Limited which furnished its first accounts during 2022-23.

¹⁴ Includes Capital and Revenue grants.

¹⁵ Actual number of SPSEs which received equity, loans, grants/subsidies from GoA



As can be seen from *Chart 1.1.2*, the budgetary outgo (equity, loans and grants/subsidies) was at the highest during 2022-23 (₹ 1,966.68 crore) as compared to the previous two years. Major recipients of budgetary assistance during 2020-21 to 2022-23 were three power sector Companies, which received 85.52 *per cent* (₹ 1,429.01 crore), 82.21 *per cent* (₹ 1,444.85 crore) and 71.79 *per cent* (₹ 1,411.94 crore) of budgetary allocation to SPSEs during 2020-21, 2021-22 and 2022-23 respectively. Further, 67.02 *per cent* (₹ 910.15 crore) of grants/subsidy released by GoA (₹ 1,357.95 crore) to power sector Companies during 2022-23 was provided to one power sector Company (Assam Power Distribution Company Limited) towards capital grants (₹ 211.05 crore) and revenue grants/subsidies (₹ 699.10 crore).

Further, during the last three years (2020-23), Assam State Transport Corporation was the only Statutory Corporation, which received budgetary outgo in the form of grants/subsidies aggregating to ₹ 370.01 crore.

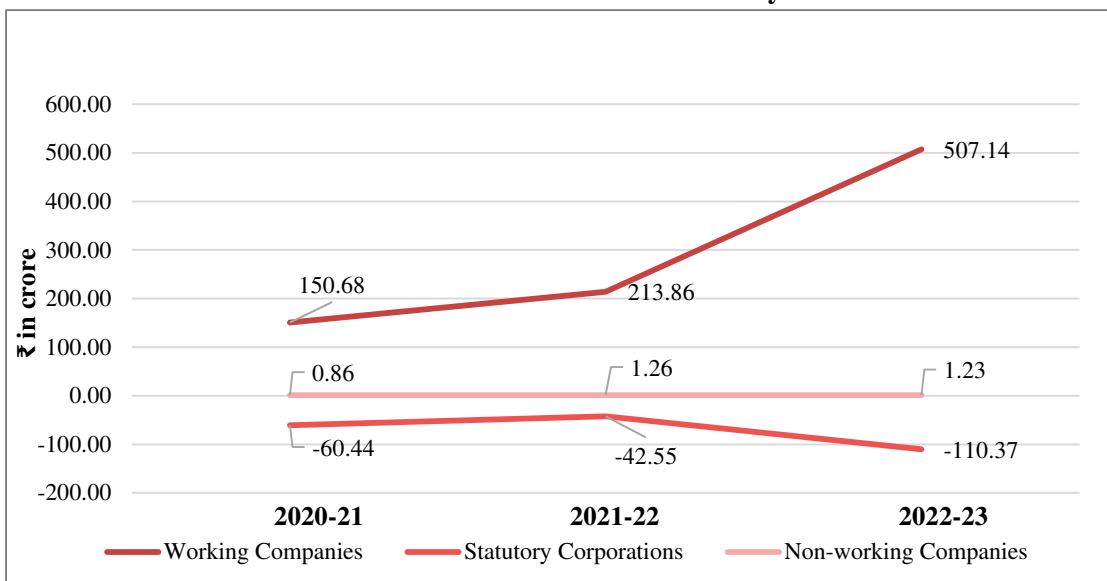
1.1.9 Returns from SPSEs

1.1.9.1 Operational performance of SPSEs

The overall position of profit earned/loss¹⁶ incurred by the 52 SPSEs during 2020-21 to 2022-23 is depicted in *Chart 1.1.3*.

¹⁶ Figures are as per the latest finalised accounts during the respective years.

Chart 1.1.3: Profit earned/loss incurred by SPSEs



Source: Latest finalised accounts of the SPSEs as on 30 September 2023

As can be seen from **Chart 1.1.3**, the performance of working Companies improved significantly during 2020-2023. During 2022-23, out of 33 working Companies, 18 Companies earned profit of ₹ 592.04 crore, while 15 Companies incurred loss of ₹ 84.90 crore (**Appendix 3**). The overall increase of ₹ 293.28 crore in profit of working Companies from ₹ 213.86 crore (2021-22) to ₹ 507.14 crore (2022-23) was mainly due to turnaround of Assam Power Distribution Company Limited (APDCL) from loss (₹ 292.42 crore) to profit (₹ 336.35 crore). The turnaround of APDCL was mainly due to increase in sale of energy by ₹ 686.21 crore from ₹ 5,290.33 crore (2021-22) to ₹ 5,976.54 crore (2022-23) and accounting of interest (₹ 227.80 crore) waived (February 2022) by GoA as income in its accounts during the reporting year 2022-23.

As regards Statutory Corporations, the aggregate losses had shown an increase of ₹ 67.82 crore from ₹ 42.55 crore (2021-22) to ₹ 110.37 crore (2022-23), which was mainly due to increase in loss of Assam State Transport Corporation from ₹ 38.67 crore to ₹ 106.53 crore (2021-22).

Though 16 non-working Companies did not have any activities during 2020-23, one company (Assam Spun Silk Mills Limited) had received revenue grants of ₹ 5.17 crore from GoA during 2013-14 and the same was accounted as income in its last finalised accounts (2013-14). Another non-working company (Assam Syntex Limited) had earned interest income against investment of funds received on disposal of fixed assets. Consequently, the overall working results of 16 non-working companies were positive during the last three reporting years (2020-21 to 2022-23).

1.1.9.2 Profit earned and Dividend paid by working SPSEs

As per Public Enterprise Policy, 2019, of GoA, the SPSEs having no accumulated loss and having operating profit shall pay a minimum dividend to its shareholders out of the profit earned after payment of tax dues by the SPSEs during the preceding

financial year, provided such provision is laid down in Articles of Association/Articles of Incorporation of the SPSE. Dividend payout relating to working SPSEs during 2020-23, in which GoA had direct equity infusion, is given in **Table 1.1.7**.

Table 1.1.7: Dividend Payout by working Companies to GoA

Year	SPSEs which earned profit during the year	GoA Equity (₹ in crore)	No. of SPSEs declared/paid ¹⁷ dividend	Total dividend declared/ paid (₹ in crore)	Dividend Payout Ratio (per cent)
i	ii	iii	iv	v	vi = v ÷ iii × 100
2020-21	17	1,015.99	1	5.07	0.50
2021-22	22	999.56	1	5.07	0.51
2022-23	18	10,018.26	1	5.07	0.05

Source: As per latest finalised accounts as on 30 September of the respective years

As can be seen from **Table 1.1.7**, the number of profit-making Companies having direct equity infusion by GoA ranged between 17 and 22 during 2020-2023, against which only one Company (Assam Gas Company Limited) paid dividend of ₹ 15.21 crore to GoA. The Dividend Payout ratio of Companies during the period ranged between 0.05 *per cent* and 0.51 *per cent*. Further, nine¹⁸ Companies having no accumulated losses registered a profit of ₹ 168.80 crore during 2022-23. These Companies, however, did not declare any dividend.

1.1.10 Long-term Debts of SPSEs

Table 1.1.8 depicts the position of outstanding long-term debts of SPSEs during 2020-21 to 2022-23 as per their latest finalised accounts.

Table 1.1.8: Position of Long-Term Loans (GoA and Others) of SPSEs

Nature of SPSEs	(₹ in crore)		
	2020-21	2021-22	2022-23
Working Companies	4,202.76	3,854.67	2,059.84
Statutory Corporations	58.25	64.12	55.56
Non-working Companies	74.96	75.31	75.31
Total	4,335.97	3,994.10	2,190.71

Source: As per latest finalised accounts of SPSEs as on 30 September of the respective years

As can be seen from **Table 1.1.8**, the long-term loans (GoA and Others) of SPSEs registered a decrease of ₹ 1,803.39 crore (45.15 *per cent*) during 2022-23 as compared to 2021-22. This decrease was attributable mainly to decrease of ₹ 1,788 crore in debt of two power sector Companies *viz.* Assam Electricity Grid Corporation Limited and Assam Power Distribution Company Limited from ₹ 2,206.89 crore (2021-22) to ₹ 418.89 crore (2022-23).

More than 78 *per cent* (₹ 1,720.81 crore) of borrowings as on 31 March 2023, pertained to Assam Petro-Chemicals Limited with a total outstanding of

¹⁷ **Table 1.1.7** excludes the details of one profit earning Company (Assam Mineral Development Corporation Limited), which had 'proposed dividend' of ₹ 0.49 crore in its latest finalised Accounts (2018-19) but the status of actual payment thereagainst or dividend declared/paid during subsequent years was not known pending finalisation of subsequent accounts.

¹⁸ SPSEs at Sl. No. A1, B9, B12, B18, B19, B21, B27, B30 and B32 of **Appendix 3**.

₹ 924.65 crore (42.21 per cent) and two power sector Companies viz. Assam Power Generation Corporation Limited and Assam Power Distribution Company Limited, which had outstanding loans of ₹ 796.16 crore (36.34 per cent) as per their latest finalised accounts as on 30 September 2023.

1.1.10.1 Adequacy of assets to meet Long-term Debts of SPSEs

Ratio of total debt to total assets is one of the methods used to determine whether a company can stay solvent. To be considered solvent, the value of an entity's assets must be greater than its unpaid aggregate loans/debts.

As per their latest finalised accounts as of September 2023, 29¹⁹ out of 52 SPSEs had outstanding long-term loans. The coverage of long-term debts by value of total assets in respect of these 28 SPSEs²⁰ as per their latest finalised accounts as on 30 September 2023 is given in **Table 1.1.9**.

Table 1.1.9: Coverage of long-term loans with total assets

Nature of SPSEs	Positive coverage				Negative coverage			
	No. of SPSEs	Long-term loans	Assets	Percentage of assets to loan	No. of SPSEs	Long term loans	Assets	Percentage of assets to loans
		(₹ in crore)				(₹ in crore)		
Working Companies	16	2,037.02	30,071.61	1,476.25	2	22.82	9.46	41.45
Statutory Corporations	3	55.56	432.64	778.69	-	-	-	-
Non-working Companies	4	12.30	75.05	610.16	3	56.71	6.83	12.04
Total	23	2,104.88	30,579.30	1,452.78	5	79.53	16.29	20.48

Source: As per latest finalised accounts as on 30 September 2023

As can be seen from **Table 1.1.9**, out of 28 SPSEs, two²¹ working and three²² non-working Companies had higher outstanding loans than the value of their assets as per latest finalised accounts as on 30 September 2023. The long-term loans of 16 working Companies, three Statutory Corporations and four non-working Companies had been adequately covered by their assets, which is a positive indication to affirm their solvency.

1.1.10.2 Interest Coverage

Interest Coverage Ratio (ICR) is used to determine the ability of a company to 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 lesser is the ability of the company to pay interest on debt. An interest

¹⁹ SPSEs at Sl. No. A1, A2, A3, B4, B7, B8, B10, B13, B14, B15, B16, B17, B22, B23, B26, B29, B31, B32, C1, C2, C3, D1, D2, D5, D6, D7, D10, D11 and D15 of **Appendix 3**.

²⁰ Assam Polytex Limited having outstanding loan of ₹ 6.30 crore was excluded as it was untraceable with no details available.

²¹ Assam Hills Small Industries Development Corporation Limited and Assam State Fertilizers and Chemicals Limited.

²² Assam State Minor Irrigation Development Corporation Limited, Assam Conductors and Tubes Limited and Assam State Textiles Corporation Limited.

coverage ratio below one indicates that the company was not generating sufficient revenues to meet its expenses on interest.

The details of ICR in respect of SPSEs²³ having interest burden against long-term loans during 2020-21 to 2022-23 are given in **Table 1.1.10**.

Table 1.1.10: Interest Coverage Ratio relating to SPSEs having interest burden.

Year	Nature of SPSEs	Interest (₹ in crore)	EBIT (₹ in crore)	No. of SPSEs having interest burden on long-term loans	No. of SPSEs having interest coverage ratio more than 1	No. of SPSEs having interest coverage ratio of less than 1
2020-21	Working Companies	171.05	179.74	6	3	3
	Statutory Corporations	3.10	(3.59)	2	1	1
	Non-working Companies	0.91	5.09	2	1	1
	Total	175.06	181.24	10	5	5
2021-22	Working Companies	116.48	116.80	8	6	2
	Statutory Corporations	4.26	(38.29)	3	1	2
	Non-working Companies	0.91	5.09	2	1	1
	Total	121.65	83.60	13	8	5
2022-23	Working Companies	100.86	636.38	10	8	2
	Statutory Corporations	5.04	(105.33)	3	1	2
	Non-working Companies	0.91	5.09	2	1	1
	Total	106.81	536.14	15	10	5

Source: Latest finalised accounts of SPSEs as on 30 September of the respective year

As can be noticed from **Table 1.1.10**, out of six to 10 working Companies having interest burden against long-term borrowing during 2020-21 to 2022-23, two to three Companies had ICR of 'less than one' during the respective year. Further, out of two to three Statutory Corporations having interest burden against long-term borrowing during 2020-21 to 2022-23, one to two Statutory Corporations had ICR of 'less than one' during the respective years.

Similarly, in respect of two non-working Companies which have interest burden against long-term borrowing during 2020-21 to 2022-23, one non-working Company had ICR of 'less than one' during the respective years. The ICR of SPSEs with 'less than one' indicated that the SPSEs were not in a comfortable position to service their long-term debts.

²³ Excluding two SPSEs (Sl. No. B22 and B32 of **Appendix 3**), which capitalised the interest expenses and other 11 SPSEs (Sl. No. B4, B8, B14, B15, B16, B17, D5, D6, D7, D10 and D15 of **Appendix 3**), which did not provide for the interest liability in their Accounts.

1.1.11 Operating Efficiency of SPSEs

1.1.11.1 Key parameters

Some of the key parameters of the operational efficiency of SPSEs during 2020-21 to 2022-23 as per their latest finalised accounts as on 30 September of the respective year are given in *Table 1.1.11*.

Table 1.1.11: Key parameters of operational efficiency of SPSEs

(₹ in crore)

Year	Nature of SPSEs	Paid up capital	Accumulated losses (-)	Free reserve & surplus	Net overall profits (+)/ losses (-)	EBIT	Capital Employed
2020-21	Working Companies	1768.92	-3,980.10	1,166.90	150.68	364.73	3,158.48
	Statutory Corporations	213.60	-1,037.67	-	-60.44	-57.34	-765.82
	Non-working Companies	67.07	-256.18	-	0.86	1.77	-114.15
	Total	2,049.59	-5,273.95	1,166.90	91.10	309.16	2,278.51
2021-22	Working Companies	2,052.42	-2,219.66	1,371.18	213.86	413.40	5,058.61
	Statutory Corporations	213.60	-1,076.29	-	-42.55	-38.29	-798.57
	Non-working Companies	67.07	-257.35	-	1.26	2.19	-114.97
	Total	2,333.09	-3,553.30	1,371.18	172.57	377.30	4,145.07
2022-23	Working Companies	11,099.23	-1,967.11	1,565.10	507.14	649.76	12,757.06
	Statutory Corporations	213.60	-1,704.54	-	-110.37	-105.33	-1,435.38
	Non-working Companies	67.07	-281.06	-	1.23	2.16	-138.68
	Total	11,379.90	-3,952.71	1,565.10	398.00	546.59	11,183.00

Source: As per latest finalised accounts as on 30 September of the respective year

As can be seen from *Table 1.1.11*, the overall net profit of working Companies increased by ₹ 293.28 crore from ₹ 213.86 crore (2021-22) to ₹ 507.14 crore (2022-23). This was mainly due to turnaround in performance of Assam Power Distribution Company Limited from loss of ₹ 292.42 crore²⁴ (2021-22) to profit of ₹ 336.35 crore²⁵ (2022-23), indicating improvement in performance of the Company. This also led to corresponding increase in EBIT of working Companies from ₹ 413.40 crore (2021-22) to ₹ 649.76 crore (2022-23). The total accumulated losses of working Companies after netting off the reserve & surplus were ₹ 402.01 crore as on 31 March 2023, which have been derived after taking into account the accumulated losses (*net off the free reserves*) of Assam Power Distribution Company Limited (₹ 896.32 crore), Assam Electricity Grid Corporation Limited (₹ 323.60 crore) and Assam Tea Corporation Limited (₹ 284.03 crore).

As regards Statutory Corporations, the overall net loss increased by ₹ 67.82 crore from ₹ 42.55 crore (2021-22) to ₹ 110.37 crore (2022-23). This was mainly due to increase in loss of Assam State Transport Corporation from ₹ 38.67 crore (2021-22) to

²⁴ As per SPSEs latest finalised accounts for the year 2020-21.

²⁵ As per SPSEs latest finalised accounts for the year 2021-22.

₹ 106.53 crore (2022-23) indicating deteriorating performance of the Corporation. The total accumulated losses of Statutory Corporations were ₹ 1,704.54 crore as on 31 March 2023. The major contributor to accumulated losses to the extent of ₹ 1,664.06 crore (97.63 per cent) during 2022-23 was Assam State Transport Corporation.

As regards non-working Companies, the accumulated losses increased from ₹ 257.35 crore (2021-22) to ₹ 281.06 crore (2022-23). More than 43 per cent (₹ 122.67 crore) of the total accumulated losses of non-working Companies (₹ 281.06 crore) during 2022-23 were contributed by Assam State Minor Irrigation Development Corporation Limited (₹ 63.76 crore) and Assam Syntex Limited (₹ 58.91 crore).

1.1.11.2 Return on Capital Employed

Return on Capital Employed (RoCE) is a profitability metric that measures the long-term profitability and efficiency of the total capital employed by a company. Companies create value when they generate return on capital employed in excess of cost of capital. RoCE is an important metric for long-term lenders and is calculated by dividing a company's EBIT by capital employed.

RoCE was not workable in respect of SPSEs having negative capital employed. During 2022-23, out of 52 SPSEs, 31 SPSEs²⁶ (23 working Companies, two Statutory Corporations and six non-working Companies) had positive capital employed while remaining 21 SPSEs (10 working Companies, one Statutory Corporation and 10 non-working Companies) had negative capital employed as detailed in **Appendix 3**. **Table 1.1.12** provides the details of RoCE in respect of SPSEs having positive capital employed during 2020-21 to 2022-23.

Table 1.1.12: Return on Capital Employed

Year	Nature of SPSEs	SPSEs having positive Capital Employed			
		Number	EBIT (₹ in crore)	Capital Employed (₹ in crore)	RoCE (per cent)
2020-21	Working Companies	21	114.83	4,474.99	2.57
	Statutory Corporations	2	-3.59	77.04	-4.66
	Non-working Companies	6	-0.01	16.23	-0.06
	Total	29	111.23	4,568.26	2.43
2021-22	Working Companies	22	370.48	5376.63	6.89
	Statutory Corporations	2	-0.27	46.41	-0.58
	Non-working Companies	6	-0.01	16.27	-0.06
	Total	30	370.20	5,439.31	6.81
2022-23	Working Companies	23	608.72	13,086.61	4.65
	Statutory Corporations	2	-0.23	44.39	-0.52
	Non-working Companies	6	-0.01	16.27	-0.06
	Total	31	608.48	13,147.27	4.63

Source: As per latest finalised accounts as on 30 September 2023

²⁶ SPSEs at Sl. No. A1, A2, A3, B5, B6, B8, B9, B12, B15, B16, B18, B19, B20, B21, B22, B24, B26, B27, B28, B30, B31, B32, B33, C1, C3, D3, D7, D8, D9, D11 and D14 of **Appendix 3**.

As can be seen from **Table 1.1.12**, the working Companies with positive capital employed registered increase of ₹ 8,611.62 crore (192.44 *per cent*) in aggregate capital employed from ₹ 4,474.99 crore (2020-21) to ₹ 13,086.61 crore (2022-23) during 2020-23. The EBIT of working Companies also increased by ₹ 493.89 crore (430.11 *per cent*) from ₹ 114.83 crore (2020-21) to ₹ 608.72 crore (2022-23). As a result, RoCE of working Companies having positive capital employed had shown an overall improvement during 2020-23 from 2.57 *per cent* (2020-21) to 4.65 *per cent* (2022-23). On the contrary, the Statutory Corporations having positive capital employed registered a decrease of ₹ 32.65 crore (42.38 *per cent*) in their aggregate capital employed from ₹ 77.04 crore (2020-21) to ₹ 44.39 crore (2022-23). The EBIT of Statutory Corporations was negative during all the three years (2020-23). Further, it was also seen that the capital employed and EBIT of the non-working Companies was almost stagnant during 2020-23 in absence of any activities.

1.1.11.3 Return on Equity

Return on equity²⁷ (RoE) is a measure of financial performance of companies calculated by dividing the 'net income earned' by the equity.

During 2022-23, 21 SPSEs (18 working Companies, one Statutory Corporation and two non-working Companies) earned profit of ₹ 596.88 crore as compared to profit of ₹ 518.14 crore earned by 26 SPSEs (23 working Companies, one Statutory Corporation and two non-working Companies) during 2021-22. Further, out of 21 SPSEs which earned profit during 2022-23, 14 SPSEs²⁸ (13 working Companies and one Statutory Corporation) had positive equity or shareholders' fund.

The RoE of these 13 working Companies was 5.30²⁹ *per cent* during 2022-23 as compared to RoE of 13.62 *per cent* during 2021-22 in respect of 15 working Companies (having positive equity or shareholders' fund). In case of remaining five³⁰ working Companies which earned profit during 2022-23, the accumulated losses (₹ 463.39 crore) eroded their paid-up capital (₹ 38.26 crore) completely.

In case of one Statutory Corporation (Assam State Warehousing Corporation) the RoE was 3.25³¹ *per cent* during 2022-23 as compared to RoE of 1.18 *per cent* during 2021-22. Further, in case of two non-working Companies *viz.* Assam Spun Silk Mills Limited and Assam Syntex Limited, which earned profit (₹ 4.74 crore) during 2022-23, the accumulated losses (₹ 82.56 crore) eroded their paid-up capital (₹ 6.82 crore) completely.

²⁷ Return on Equity = (Net profit after tax and preference dividend ÷ Equity) x 100; where, Equity = paid up capital *plus* free reserves and accumulated profits *minus* accumulated losses and deferred revenue expenditure.

²⁸ SPSEs at Sl. No. A1, A2, A3, B9, B12, B18, B19, B21, B24, B27, B30, B31, B32 and C3 of **Appendix 3**.

²⁹ Net Profit (₹ 550.93 crore) ÷ Shareholders' fund (₹ 10,397.03 crore) x 100.

³⁰ SPSEs at Sl. No. B7, B10, B11, B23 and B29 of **Appendix 3**.

³¹ Net Profit (₹ 0.10 crore) ÷ Shareholders' fund (₹ 3.08 crore) x 100.

1.1.12 Loss making working SPSEs

Table 1.1.13 depicts the position of aggregate losses incurred by loss-making working SPSEs³² during 2020-23 as per their latest finalised accounts.

Table 1.1.13: Details of loss-making working SPSEs

Year	2020-21	2021-22	2022-23
Working Companies			
Total number of Companies	32	32	33
Number of loss-making Companies	13	9	15
Aggregate losses (₹ in crore)	(-) 212.30	(-) 299.48	(-) 84.90
Statutory Corporations			
Total number of Corporations	3	3	3
Number of loss-making Corporations	2	2	2
Aggregate losses (₹ in crore)	(-) 60.57	(-) 42.61	(-) 110.47
Total Aggregate losses (₹ in crore)	(-) 272.87	(-) 342.09	(-) 195.37

Source: As per latest finalised accounts of working SPSEs as on 30 September

The details of two major contributors to losses (89.01 per cent) of working SPSEs (₹ 195.37 crore) during 2022-23 are given in **Table 1.1.14**.

Table 1.1.14: Major contributors to losses of SPSEs during 2022-23

(₹ in crore)

Sl. No.	Name of the SPSE	Latest finalised accounts	Net Loss	Turnover
1	Assam State Transport Corporation	2021-22	106.53	70.45
2	Assam Petro-Chemicals Limited	2022-23	67.36	104.06
Total			173.89	174.51

Source: As per latest finalised accounts of SPSEs as on 30 September 2023

As can be seen from **Table 1.1.14**, 89.01 per cent of losses incurred by working SPSEs during 2022-23 were contributed by Assam State Transport Corporation (ASTC) and Assam Petro-Chemicals Limited (APL). ASTC contributed highest loss (₹ 106.53 crore) mainly due to reduction in its operating and non-operating revenue by ₹ 84.85 crore from ₹ 165.05 crore (2021-22) to ₹ 80.20 crore (2022-23). Further, APL contributed 34.48 per cent of the aggregate SPSE-losses (₹ 195.37 crore) mainly due to hike in the procurement price of Natural Gas (NG) and decline in the sales price of methanol in the international market. As a result, the cost of NG (input material) consumed by APL had increased from ₹ 28.97 crore (2021-22) to ₹ 96.14 crore (2022-23), while the turnover during 2022-23 was reduced by ₹ 21.87 crore (17.37 per cent) to ₹ 104.06 crore as compared to the previous financial year (2021-22).

1.1.12.1 Investment made by GoA in loss-making working SPSEs

During 2022-23, GoA invested in six loss-making working SPSEs (five companies and one corporation) as detailed in **Table 1.1.15**.

³² As the non-working SPSEs were not functional, no analysis with regard to loss incurring non-working SPSEs were made.

Table 1.1.15: Investment made by GoA in loss-making working SPSEs

(₹ in crore)

Sl. No.	Name of SPSEs	Investment by GoA		
		Equity	Loans	Grants
Working Companies				
1	Assam Tea Corporation Ltd.	0.00	281.25	0.00
2	Assam State Development Corporation for Scheduled Castes Ltd.	0.00	0.00	5.36
3	Assam State Film (Finance & Development) Corporation Ltd.	0.00	0.00	2.83
4	Assam Petro-Chemicals Ltd.	55.25	0.00	0.00
5	Assam Medical Services Corporation Ltd.	8.54	0.00	0.00
Statutory Corporation				
6	Assam State Transport Corporation	0.00	0.00	100.79
Grand total		63.79	281.25	108.98

Source: Information furnished by SPSEs

As can be seen from **Table 1.1.15**, six loss-making working SPSEs received budgetary support of ₹ 454.02 crore by way of equity (₹ 63.79 crore), loans (₹ 281.25 crore) and grants (₹ 108.98 crore), out of which the budgetary support of ₹ 380.13 crore³³ was meant to meet the salary-related expenses of their employees.

Though the overall profit of working SPSEs increased from ₹ 171.31 crore (2021-22) to ₹ 396.77 crore (2022-23), the number of loss-making working SPSEs also increased to 17 SPSEs in 2022-23 as compared to 11 SPSEs during 2021-22. The bulk of the losses of the SPSEs was however incurred by two³⁴ SPSEs as detailed under **Table 1.1.14**.

In view of this scenario, GoA may take a focussed effort and extend necessary support for improvement of their operational performance.

1.1.12.2 Working SPSEs having complete erosion of paid-up capital

Complete erosion of equity capital by the accumulated losses (net after free reserves) represents negative net worth of the SPSEs.

The aggregate paid-up capital and overall accumulated losses (net after adjusting free reserves and surplus) of 36 working SPSEs as per their latest finalised accounts as on 30 September 2023 were ₹ 11,312.83 crore and (-) ₹ 2,106.55 crore respectively. Analysis of investment and net accumulated losses of these SPSEs revealed that the accumulated losses (net after adjusting free reserves & surplus) of 14 working SPSEs (₹ 2,225.08 crore) had completely eroded their paid-up capital (₹ 236.26 crore) as detailed in **Table 1.1.16**.

³³ Government Loan (₹ 281.25 crore) to Assam Tea Corporation Limited; Grants (₹ 98.88 crore) to i) Assam State Development Corporation for Scheduled Castes Limited (₹ 3.37 crore), ii) Assam State Film (Finance & Development) Corporation Limited (₹ 0.42 crore) and iii) Assam State Transport Corporation (₹ 95.09 crore).

³⁴ Assam Petro-Chemicals Limited and Assam State Transport Corporation.

Table 1.1.16: Erosion of Capital of working SPSEs

(₹ in crore)

Sl. No.	Name of SPSEs	Latest finalised accounts	Paid-up capital	Accumulated losses (net after adjusting free reserves)
Statutory Corporation				
1	Assam State Transport Corporation	2021-22	167.73	1,664.06
Working Companies				
2	Assam Tea Corporation Ltd.	2014-15	27.54	284.03
3	Ashok Paper Mill (Assam) Ltd.	2018-19	0.01	99.43
4	Assam Plains Tribes Development Corporation Ltd.	2020-21	2.95	41.88
5	Assam State Development Corporation for Scheduled Castes Ltd.	2017-18	10.10	34.07
6	Assam State Development Corporation for Other Backward Classes Ltd.	2021-22	3.40	18.20
7	Assam Small Industries Development Corporation Ltd.	2014-15	6.67	17.63
8	Assam Government Marketing Corporation Ltd.	2018-19	4.36	17.50
9	Assam Plantation Crops Development Corporation Ltd.	2013-14	5.00	13.71
10	Assam Hills Small Industries Development Corporation Ltd.	2006-07	2.00	12.38
11	Assam Seeds Corporation Ltd.	2018-19	1.46	10.28
12	Assam State Fertilizers and Chemicals Ltd.	2011-12	4.93	7.28
13	Amtron Informatics (India) Ltd.	2017-18	0.01	4.34
14	Assam State Film (Finance & Development) Corporation Ltd.	2015-16	0.10	0.29
Grand total			236.26	2,225.08

Source: As per latest finalised accounts as on 30 September 2023

It was seen that the net worth of 13 out of 14 SPSEs³⁵ mentioned above continued to be negative for more than 10 years. The gradual increase in the losses of above SPSEs over the years was a drain on the State economy and resources.

1.1.12.3 Viability of working SPSEs whose accumulated losses completely eroded their paid-up capital

Financial autonomy is the ability to manage funds independently, which enabled an organisation to set and achieve its major objectives.

The turnover *vis-a-vis* employees' expenses of 14 working SPSEs having negative net worth are detailed in *Table 1.1.17*.

Table 1.1.17: Turnover *vis-à-vis* employees' expenses of SPSEs having negative net worth

(₹ in crore)

Sl. No.	Name of SPSEs	Latest finalised accounts	Turnover	Employees' expenses
Working Companies				
1	Assam Seeds Corporation Ltd.	2018-19	83.97	8.49
2	Assam Tea Corporation Ltd.	2014-15	43.01	60.31
3	Assam Plantation Crop Development Corporation Ltd.	2013-14	1.99	1.26
4	Assam Plains Tribes Development Corporation Ltd.	2020-21	0.02	5.67

³⁵ Other than Assam State Film (Finance & Development) Corporation Limited

Sl. No.	Name of SPSEs	Latest finalised accounts	Turnover	Employees' expenses
5	Assam State Development Corporation for Other Backward Classes Ltd.	2021-22	0.12	4.79
6	Assam State Development Corporation for Scheduled Castes Ltd.	2017-18	0.00	5.91
7	Assam State Film (Finance & Development) Corporation Ltd.	2015-16	0.03	0.39
8	Assam Hills Small Industries Development Corporation Ltd.	2006-07	0.00	0.04
9	Assam Small Industries Development Corporation Ltd.	2014-15	44.86	9.02
10	Ashok Paper Mill (Assam) Ltd.	2018-19	0.00	0.49
11	Amtron Informatics (India) Ltd.	2017-18	0.00	0.00
12	Assam State Fertilizers and Chemicals Ltd.	2011-12	1.98	1.09
13	Assam Government Marketing Corporation Ltd.	2018-19	20.40	3.43
Statutory Corporation				
14	Assam State Transport Corporation	2021-22	70.45	87.01
Total			266.83	187.90

Source: Latest finalised accounts of SPSEs as on 30 September 2023

As can be seen from **Table 1.1.17**, the employee expenses of five Companies (Serial No. 1, 3, 9, 12 and 13 of **Table 1.1.17**) could be met out of their turnover, while the turnover of remaining eight SPSEs (including three SPSEs with zero turnover) was not adequate to cover its employee expenses. There was, however, no direct employees related expenses in respect of one SPSE having zero turnover (Serial No. 11 of **Table 1.1.17**). It was further seen that eight SPSEs whose turnover was less than employee expenses depended on other income³⁶ (such as interest earned from fixed deposits) or budgetary support³⁷ to meet their salary-related expenses. It was also seen that none of the 14 working SPSEs whose accumulated losses completely eroded their equity capital had adequate resources to achieve the envisaged objectives. This led to dependency of these SPSEs on the State Government for financial support not only to undertake their mandated objectives but also to meet their employee expenses.

Accumulation of losses of above SPSEs had eroded public wealth, which is a cause of concern, and GoA needs to review the working of these SPSEs to either improve their profitability or close their operations. GoA may also review/downsize the staff requirement of the SPSEs and bring their establishment cost to acceptable level. It may also merge the SPSEs to one or two with defined verticals of business within the SPSEs to achieve economies of scale.

1.1.13 Return on Investment by GoA based on Present Value of Investment

The Rate of Real Return (RoRR) measures profitability and efficiency with which equity and similar capital bearing no interest earning have been employed, after adjusting them for the time value.

³⁶ Sl. No. 8 and 10 of **Table 1.1.17**

³⁷ Sl. No. 2, 4, 5, 6, 7 and 14 of **Table 1.1.17**

To determine RoRR on investment, the investment of GoA in SPSEs in the form of equity, interest-free loans and grants/subsidies provided by GoA for operational and management expenses less disinvestments (if any) has been considered and indexed to their Present Value (PV) and summated. The RoRR is then calculated by dividing the 'Profit After Tax' (PAT) by the sum of the PV of the GoA investment.

GoA infused funds in the form of equity and loans (all interest bearing) in 41 SPSEs and revenue grants/subsidies in all 52 SPSEs since inception of the SPSEs. During 2022-23, 36 working SPSEs earned an overall profit of ₹ 396.77 crore, comprising profit of ₹ 592.14 crore (19 SPSEs) and loss of ₹ 195.37 crore (17 SPSEs). In addition, 16 non-working SPSEs earned an overall profit of ₹ 1.23 crore (*Appendix 3*). Based on historical value of investment, the return on investment by GoA during 2022-23 was 2.12 per cent. On the other hand, when the present value of investment is considered, the RoRR on investment by GoA during 2022-23 worked out at 1.44 per cent as shown in *Appendix 4*. This difference in the percentage of return on investment by GoA was on account of the adjustments made in the investment amount for time value of money.

1.1.14 Performance of SPSEs having no arrear of accounts

As per the position on 30 September 2023, 7³⁸ out of 36 working SPSEs finalised their accounts up to the current financial year 2022-23. The financial position and working results of these seven working Companies³⁹ as per their accounts for the years from 2020-21 to 2022-23 is given in *Table 1.1.18*.

Table 1.1.18: Performance of working SPSEs having no arrear of Accounts

Particulars	Year of Accounts		
	2020-21	2021-22	2022-23
Turnover ⁴⁰	1,140.16	1,333.85	2,407.29
Profit/(Loss)	64.94	424.23	116.60
Paid-up Capital	1,358.12	1,358.12	6,109.19
Capital grant for projects	320.14	87.72	447.80
Long-term loans (GoA)	1,190.71	555.52	30.10
Long-term loans (GoI/Financial Institutions)	1,134.27	1,449.16	1,362.89
Interest expenses	115.11	23.25	42.50
Accumulated Loss (-)	-563.19	-320.34	-401.40
Free reserves and surplus	1,040.32	1,210.35	1,358.88
GSDP	3,53,605.42	4,12,611.87	4,93,166.60
Percentage of turnover to GSDP	0.32	0.32	0.49

³⁸ Sl. No. A1, A2, B22, B24, B31, B32, B33 of *Appendix 3*.

³⁹ Assam Power Generation Corporation Limited, Assam Electricity Grid Corporation Limited, Assam Petro-Chemicals Limited, Assam Hydro-Carbon and Energy Company Limited, Assam Gas Company Limited, DNP Limited and Purba Bharti Gas Private Limited.

⁴⁰ 'Turnover' represents SPSEs' income from their core activities and excludes 'other income'.

Analysis of the financial data from **Table 1.1.18** revealed the following:

1.1.14.1 Growth in the contribution of SPSE-turnover to GSDP

The aggregate turnover of seven working Companies had shown a significant increase (₹ 1,267.13 crore) from ₹ 1,140.16 crore (2020-21) to ₹ 2,407.29 crore (2022-23). The major contributors to turnover during 2022-23 were two power sector Companies viz., Assam Power Generation Corporation Limited (APGCL) (₹ 1,111.08 crore) and Assam Electricity Grid Corporation Limited (AEGCL) (₹ 442.26 crore). Further, Assam Gas Company Limited (₹ 655.66 crore) also contributed substantially to the working Companies overall turnover. The increase in working Companies-turnover during 2020-23 was 111.14 *per cent* as against the growth rate of the GSDP of 39.47 *per cent* leading to increase in the contribution of working Companies' turnover to GSDP from 0.32 *per cent* (2020-21) to 0.49 *per cent* (2022-23).

1.1.14.2 Operational results

The seven working Companies earned an aggregate profit of ₹ 116.60 crore during 2022-23 as against aggregate profit of ₹ 64.94 crore earned during 2020-21. The improvement in performance of the working Companies was mainly due to turnaround of AEGCL from a loss of ₹ 22.62 crore (2020-21) to profit of ₹ 41.13 crore (2022-23) and also turnaround of APGCL from a loss of ₹ 25.96 crore (2020-21) to profit of ₹ 92.21 crore (2022-23). This improvement in operational results of two Companies was mainly due to the overall growth of ₹ 812.97 crore in their aggregate turnover from ₹ 740.37 crore (2020-21) to ₹ 1,553.34 crore (2022-23). Further, the overall increase in free reserves and surplus of seven SPSEs from ₹ 1,040.32 crore (2020-21) to ₹ 1,358.88 crore (2022-23) was mainly attributable to continuous profits earned by three SPSEs (Assam Gas Company Limited, DNP Limited and Assam Hydro-Carbon and Energy Company Limited) during the last three years (2020-23).

1.1.14.3 Capital Grants for power projects

During 2021-23, two Companies (AEGCL and APGCL) out of the above seven working Companies having no arrear of accounts received total capital grants of ₹ 855.66 crore from GoA ranging between ₹ 87.72 crore (2020-21) to ₹ 447.80 crore (2022-23) for creation of power sector projects.

1.1.14.4 Long-term borrowings

As on 31 March 2023, four⁴¹ out of the above seven working Companies had major outstanding long-term loans of ₹ 1,367.99 crore (98.21 *per cent* of total borrowings) comprising loans availed from GoA (₹ 30.10 crore) and Banks/Financial Institutions (₹ 1,337.89 crore). During the last three years (2020-21 to 2022-23), GoA further extended loans aggregating ₹ 48.67 crore to AEGCL (₹ 19.79 crore) and APGCL (₹ 28.88 crore) while three other working Companies (Assam Petro-Chemicals

⁴¹ Assam Power Generation Corporation Limited (₹ 389.67 crore), Assam Electricity Grid Corporation Limited (₹ 12.40 crore), Assam Petro-Chemicals Limited (₹ 924.65 crore) and Assam Gas Company Limited (₹ 41.27 crore).

Limited, Assam Gas Company Limited and DNP Limited) borrowed fresh loans (₹ 582.52 crore) from other Financial Institutions for financing various project works.

Section 2: Oversight Role of CAG

1.2.1 Audit of State Public Sector Enterprises

The Comptroller & Auditor General of India (CAG) appoints the statutory auditors of a ‘Government Company’ and ‘Government Controlled Other Company’ under Section 139(5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and supplement or comment upon the Audit Report of the statutory auditor. In addition, statutes governing some Statutory Corporations require that their accounts be audited by the CAG and a report be submitted to the State Legislature.

1.2.2 Appointment of statutory auditors of SPSEs by CAG

Section 139(5) of the Companies Act, 2013 provides that the statutory auditors in case of a Government Company or Government Controlled Other Company are to be appointed by the CAG within a period of 180 days from the commencement of the financial year. The statutory auditors of 48 SPSEs⁴² out of total 51 SPSEs in Assam are appointed by the CAG.

1.2.3 Submission of accounts by SPSEs

According to Section 394 of Companies Act, 2013, Annual Report on the working and affairs of a Government Company is to be prepared within three months of its Annual General Meeting (AGM) and as soon as may be after such preparation, laid before both the Houses of Parliament together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. In case of State-owned Government companies, the State Government shall cause a copy of the Annual Report together with a copy of Audit Report and comments made thereon by CAG to be laid before both the Houses of State Legislature. Similar provisions exist in the respective Acts regulating the Statutory Corporations.

Section 96 of Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. The Act also stipulates that not more than 15 months shall elapse between the date of one AGM and the next. Further, Section 129 of Companies Act, 2013 stipulates that audited Financial Statements for the financial year have to be placed in the said AGM for their consideration.

Section 129(7) of Companies Act, 2013 also provides for levy of penalty like fine and imprisonment of persons including Directors of the Company responsible for non-compliance with provisions of Section 129 of Companies Act, 2013. Despite the above stipulations, annual accounts of various SPSEs were pending finalisation as on 30 September 2022, as discussed in succeeding paragraphs.

⁴² Excluding Assam State Transport Corporation where CAG is the sole auditor and two other corporations, namely, Assam Financial Corporation, whose auditors are appointed by the Corporation out of the panel of auditors provided by Reserve Bank of India and Assam State Warehousing Corporation, whose auditors are appointed by the State Government on the advice of CAG.

1.2.4 Timeliness in preparation of accounts by SPSEs

As on 31 March 2023, there were 52 SPSEs under the audit jurisdiction of Principal Accountant General (Audit), Assam. These SPSEs include 49⁴³ Government Companies and 3 Statutory Corporations. Details of submission of accounts by SPSEs and age-wise analysis of arrears of the accounts of these SPSEs as on 30 September 2023 are given in *Table 1.2.1* and *1.2.2*.

Table 1.2.1: Details of submission of accounts by SPSEs

Particulars	No. of SPSEs
Total number of SPSEs under the purview of CAG's audit	52
Number of SPSEs which submitted their accounts for CAG's audit during October 2022 to September 2023	22
Number of SPSEs who submitted the current year's accounts (2022-23)	07 ⁴⁴
Number of SPSEs who submitted their accounts but having arrears	15

Table 1.2.2: Age-wise analysis of arrears of accounts of SPSEs

Nature of SPSEs		Accounts in arrears	SPSEs
Break-up of accounts in arrears	Working SPSEs	192	29
	Companies	187	26
	Statutory Corporations	5	3
	Non-working SPSEs	218	16
	All Companies	218	16
	Total	410	45
Age-wise Analysis of the arrears (No. of accounts)	No arrears	-	07
	Working	-	07
	Non-working	-	00
	One year (2022-23)	09	09
	Working Companies	04	04
	Statutory Corporations	02	02
	Non-working Companies	03	03
	Two to five years (2017-18 and 2021-22)	53	16
	Working Companies	44	13
	Statutory Corporations	03	01
	Non-working Companies	06	02
	More than five years	348	20
	Working SPSEs	139	09
	Non-working SPSEs	209	11

Source: Compiled based on accounts of SPSEs received during October 2022 to September 2023

As can be seen from *Table 1.2.2*, 45 SPSEs (29 working and 16 non-working) had 410 accounts pending finalisation as on 30 September 2023. Further, 20 Companies (9 working Companies and 11 non-working Companies) had 348 accounts pending finalisation for more than five years as on 30 September 2023. The highest number of

⁴³ Including 10 subsidiaries of Government companies (Sl. No. B25, B26, B31, D7, D9, D11, D12, D13, D15 & D16 of *Appendix 3*) and 2 Government controlled other SPSEs (Sl. No. B22 and B32 of *Appendix 3*).

⁴⁴ SPSEs at Sl. No. A1, A2, B22, B24, B31, B32 and B33 (all working Government companies) of *Appendix 3*.

accounts pending finalisation amongst working and non-working Companies pertained to Assam Plantation Crop Development Corporation Limited (30 accounts) and Assam Tanneries Limited (40 accounts) respectively.

Delay in finalisation of accounts entails the risk of fraud/misappropriation and leakage of public money apart from violation of provisions of the relevant statutes. Further, in absence of up-to-date accounts of SPSEs, the actual status regarding utilisation and current worth of the public money invested in these SPSEs could not be ascertained and reported to the Legislature and other stakeholders including the State Government.

The Administrative Departments concerned have the responsibility to oversee the activities of these entities and to ensure that the accounts of SPSEs under their control are finalised and adopted by SPSEs within the stipulated period. In view of huge arrears in finalisation of accounts by SPSEs, the Principal Accountant General (Audit), Assam had taken up (February 2023) the matter with SPSEs for liquidating the arrears of accounts. GoA and the SPSEs concerned, however, have not been able to address the issue in a time-bound manner.

1.2.5 Investment made by GoA in SPSEs having arrear in Accounts

Persistent delay in finalisation of accounts is fraught with risk of fraud and leakage of public money apart from violation of provisions of Companies Act, 2013. GoA invested ₹ 1,976.37 crore⁴⁵ in 19 SPSEs during the years for which their accounts were in arrears, as detailed in *Appendix 1. Table 1.2.3* depicts the details of nine SPSEs, which were major recipients of GoA funds of ₹ 1,939.60 crore (98.14 per cent) during the period for which their accounts were in arrears.

Table 1.2.3: Major recipients (SPSEs) of GoA funding having accounts in arrears

(₹ in crore)

Sl. No.	Name of SPSEs	Accounts finalised up to	Accounts in arrears	Investment by GoA during the period of arrears		
				Equity	Loans	Grants
1	Assam Power Distribution Company Ltd.	2021-22	1	0.00	36.68	910.15
2	Assam Livestock and Poultry Corporation Ltd.	2017-18	5	0.00	0.00	21.43
3	Assam Tea Corporation Ltd.	2014-15	8	0.00	576.48	25.00
4	Assam Plains Tribes Development Corporation Ltd.	2020-21	2	0.00	0.00	34.66
5	Assam Food and Civil Supplies Corporation Ltd.	2020-21	2	0.00	0.00	35.00
6	Assam State Development Corporation for Scheduled Castes Ltd.	2017-18	5	0.00	0.00	31.19
7	Assam Hills Small Industries Development Corporation Ltd.	2006-07	16	0.00	27.51	10.60
8	Assam Tourism Development Corporation Ltd.	2020-21	2	0.00	0.00	130.11
9	Assam State Transport Corporation	2021-22	1	0.00	0.00	100.79
Total				0.00	640.67	1,298.93

As can be seen from *Table 1.2.3*, four Companies having arrear of accounts of five years or more received budgetary support of ₹ 692.21 crore by way of loans

⁴⁵ Equity: ₹ 6.54 crore (3 SPSEs), loans: ₹ 649.09 crore (5 SPSEs) and grants: ₹ 1,320.74 crore (15 SPSEs)

(₹ 603.99 crore) and grants (₹ 88.22 crore), out of which budgetary support of ₹ 614.13 crore⁴⁶ was meant to meet salary-related expenses of their employees, which was a burden on the State budget. In absence of accounts and their subsequent audit, it could not be verified if the investments made and the expenditure incurred thereagainst have been properly accounted for.

GoA may consider setting up a special cell under the Finance Department to oversee the expeditious clearance of arrears of accounts of SPSEs. Where there is lack of staff expertise, GoA may consider outsourcing the work relating to preparation of accounts and take punitive action against the Management of the SPSEs responsible for pendency of accounts. Until the accounts are made as current as possible, GoA may consider not providing further financial assistance to such SPSEs.

1.2.6 Audit of accounts and supplementary audit

Financial reporting framework

Companies were required to prepare financial statements in the format laid down in Schedule III to Companies Act, 2013 and in adherence to mandatory Accounting Standards prescribed by Central Government, in consultation with National Advisory Committee on Accounting Standards. The statutory corporations were required to prepare their accounts in the format prescribed under the rules, framed in consultation with CAG and any other specific provision relating to accounts in the Act governing such corporations.

1.2.7 Audit of accounts of Government Companies by Statutory Auditors

The statutory auditors appointed by CAG under Section 139 of Companies Act, 2013, conducted audit of accounts of Government Companies and submitted their report thereon in accordance with Section 143 of Companies Act, 2013.

CAG plays an oversight role by monitoring the performance of statutory auditors in audit of public sector enterprises, with the overall objective that the statutory auditors discharged the functions assigned to them properly and effectively.

This function was discharged by exercising the power:

- a. to issue directions to statutory auditors under Section 143(5) of Companies Act, 2013; and
- b. to supplement or comment upon statutory auditor's report under Section 143(6) of Companies Act, 2013.

1.2.8 Supplementary Audit of accounts of Government Companies

The prime responsibility for preparation of financial statements in accordance with financial reporting framework prescribed under Companies Act, 2013 or other relevant Act is that of the management of the SPSE concerned.

⁴⁶ Government Loan (₹ 576.48 crore) to Assam Tea Corporation Limited and Grants (₹ 37.65 crore) to Assam State Development Corporation for Scheduled Castes Limited (₹ 26.87 crore) and Assam Hills Small Industries Development Corporation Limited (₹ 10.78 crore).

The statutory auditors appointed by CAG under Section 139 of Companies Act, 2013 were responsible for expressing an opinion on these financial statements under Section 143 of Companies Act, 2013, based on independent audit in accordance with Standard Auditing Practices of Institute of Chartered Accountants of India (ICAI) and directions given by CAG. The statutory auditors were required to submit their Audit Report to CAG under Section 143 of Companies Act, 2013.

The certified accounts of selected Government Companies along with the report of statutory auditors were reviewed by CAG by carrying out supplementary audit. Based on such review, significant audit observations, if any, were reported under Section 143(6) of Companies Act, 2013, to be placed before the Annual General Meeting of the SPSE concerned.

1.2.9 Result of CAG’s oversight role

During October 2022 to September 2023, 22 SPSEs forwarded 33 audited accounts to the Principal Accountant General (Audit), Assam for review. Of these, 28 accounts (7 accounts for the year 2022-23 and 21 accounts for previous years) of 20 SPSEs were selected for supplementary audit. For the remaining five accounts (one account for the year 2020-21 and four accounts for the year 2021-22) of four SPSEs⁴⁷, non-review certificates (NRCs) were issued. In addition to the above, two Consolidated Financial Statements (CFS) forwarded by two SPSEs⁴⁸ were also selected for supplementary audit.

Table 1.2.4 depicts some of the significant comments issued on the financial statements of the SPSEs.

Table 1.2.4: Comments on Profitability

Sl. No.	Name of SPSEs	Comment
1	Assam Power Generation Corporation Limited (FY 2022-23)	The Company wrongly booked the advance (₹ 1.36 crore) received against ‘Land Lease Charges’ & ‘Local Area Development Fund Charges’ for the financial year 2023-24 as ‘Other Income’ for current year (2022-23) instead of accounting the same under ‘Current Liabilities’. This has resulted in overstatement of “Profit for the year” and understatement of “Current Liabilities” by ₹ 1.36 crore each.
2	Assam Power Distribution Company Limited (FY 2021-22)	The Regulator (Assam Electricity Regulatory Commission) during the truing up of tariff of the Company for the financial year 2020-21, declared (March 2022) revenue gap (deficit) of ₹ 561.47 crore (including interest component: ₹ 104.26 crore) and considered for adjustment (recovery) of the same during the next year (2022-23). The Company, however, did not create corresponding ‘Regulatory Assets’ by crediting the ‘Profit and Loss

⁴⁷ Assam Medical Services Corporation Limited forwarded three Accounts (2019-20, 2020-21 and 2021-22) for which NRC was issued for the year 2020-21 and 2021-22. Similarly, Assam Hydro-Carbon and Energy Company Limited forwarded two Accounts (2021-22 and 2022-23) for which NRC was issued for the year 2021-22. Further, NRC was issued for one Accounts each of Assam Trade Promotion Organisation (2021-22) and Fertilchem Limited (2021-22).

⁴⁸ Assam Gas Company Limited and Assam Mineral Development Corporation Limited.

Sl. No.	Name of SPSEs	Comment
		Accounts' in the current accounts (2021-22) as per the 'Guidance Note on Accounting for Rate Regulated Activities issued by ICAI'. This has resulted in understatement of 'Profit for the year' and understatement of 'Regulatory Assets' by ₹ 535.44 crore each (excluding the interest component of ₹ 26.03 crore pertaining to 2022-23) respectively.
3	Assam Petro-Chemicals Limited (FY 2022-23)	<p>Refer 'Notes forming part of the financial statements' (<i>Notes-34.7</i>) regarding allotment of land (non-monetary grant) (fair market value: ₹ 7.36 crore) by the State Government in Bongaigaon, Assam for setting up of Industrial/200 TPD Formalin Plant (TPD Plant) and accounting of the said land in accordance with the provisions of Ind AS 20 (Government Grants). While the TPD Plant was under construction as on 31 March 2023, the Company estimated the 'construction period' and 'useful life' of the TPD Plant as 2 years and 25 years respectively.</p> <p>As per Ind AS 20 (<i>refer paragraphs 24 and 26</i>), the Government Grants related to Assets (including non-monetary grants at fair value), shall be recognised as 'Deferred Income' and the same shall be recognised in profit or loss on a systematic basis <i>over the useful life of the asset</i>. As such, the Company was required to book the Grant (fair value of Land) as 'Deferred Income' in the Balance Sheet (Liabilities side) and after commissioning of the TPD Plant, the Company should start recognising the said Grant (Deferred Income) as 'Income' in Profit and Loss Account on a systematic basis, over the useful life of the TPD Plant (25 years).</p> <p>The Company, however, started recognising (crediting) Grant (Deferred Income) as 'Income' to the extent of ₹ 0.27 crore (being the 1/27th part of ₹ 7.36 crore) in the Profit and Loss Account under 'Other Non-operating Income' (Note-25) from the accounting year 2020-21 by debiting 'Other Non-Current Liabilities', despite the project still pending commissioning. This has resulted in understatement of 'Loss for the year' by ₹ 0.27 crore with corresponding understatement of 'Accumulated loss (Other Equity-Note-16)' and 'Other Non-Current Liabilities' by ₹ 0.81 crore each.</p>
4	Assam Industrial Development Corporation Limited (FY 2020-21)	The Company invested in 1,09,28,423 equity shares of ₹ 10 each in Calcom Cement Limited. As on the Balance Sheet date the book value of each equity share of ₹ 10 in Calcom Cement Limited was ₹ 6.59 with diminution of ₹ 3.41 per share. However as against total diminution of ₹ 3.73 crore (1,09,28,423 x ₹ 3.41 per share) the company has made provision of ₹ 1.63 crore only for loss of investment. This has resulted in understatement of 'Loss for the year' and overstatement of 'Non-current Investment' by ₹ 2.10 crore each
5	Assam Fisheries Development Corporation Limited (FY 2020-21)	<p>During the year 2020-21, the Company transferred work advance of ₹ 2.26 crore directly to the personal accounts of nine of its employees/officers towards execution of the AFDC Beel Development Scheme 2020-21. The work advances were subject to adjustment after submission of necessary vouchers or bills by the employees/officers.</p> <p>The Company, however, instead of booking the above payments under 'Short Term Loans and Advances (Note-11)' as 'Advance against AFDC Beel Development Scheme', charged the same to revenue under 'Other Expenses (Note-17)' by creating corresponding provisions for liabilities under 'Long Term Provisions (Note-4)'. This has resulted in overstatement of 'Other Expenses (Note-17)' and 'Long Term Provisions' by ₹ 2.26 crore each with corresponding understatement of 'Short Term</p>

Sl. No.	Name of SPSEs	Comment
		Loans and Advances' and 'Profit for the year' to that extent.

Table 1.2.5: Comments on Financial Position

Sl. No.	Name of SPSEs	Comment
1	Assam Power Generation Corporation Limited (FY 2022-23)	<i>Regulation 48.1</i> of the Assam Electricity Regulatory Commission (Terms and Conditions for determination of Multi Year Tariff) Regulations 2021 stipulates that the Normative Annual Plant Availability Factor (NAPAF) for full recovery of Annual Fixed Charges (AFC) from the Consumer (APDCL) shall be minimum 85 per cent for Namrup Replacement Power Project (NRPP). <i>Regulation 52.1(b)</i> of the above Regulations further provides that recovery of AFC below the level of NAPAF shall be on <i>pro rata</i> basis. The AERC, while approving Generation tariff for the financial year 2022-23, allowed AFC of ₹ 148.68 crore for NRPP considering NAPAF of 85 per cent. The Company recovered ₹ 148.68 crore (as AFC of NRPP) from APDCL for the financial year 2022-23 but it could achieve Plant Availability Factor (PAF) of 52.99 per cent only, which was below the prescribed NAPAF (85 per cent). However, it did not provide for the AFC refundable to APDCL due to under-achievement of PAF. This has resulted in understatement of Current Liabilities and overstatement of Profit for the year by ₹ 47.59 crore ⁴⁹ each.
2	Assam Power Distribution Company Limited (FY 2021-22)	The Company did not book ₹ 82.83 crore, being the assets created out of the consumers' contribution during the year 2021-22. This resulted in understatement of 'Property, Plant and Equipment' with corresponding understatement of 'Deferred Government Grants, Subsidies and Consumer Contribution (Note-15)' to the same extent.

1.2.10 Management Letters

One of the objectives of financial audit is to establish communication between the auditor and those charged with the responsibility of governance of the corporate entity on audit matters arising from the audit of the financial statements.

The material observations on the financial statements of Government Companies were reported in the form of 'comments on accounts' by the CAG under Section 143(5) of the Companies Act, 2013. Besides these comments, irregularities or deficiencies observed by CAG in the financial reports or in the reporting process were also communicated to the management separately through 'Management Letter' for taking corrective action. These deficiencies generally related to:

- application and interpretation of accounting policies and practices;
- adjustments arising out of audit observations that could have a significant effect on the financial statements; and
- inadequate or non-disclosure of certain information on which Management of the concerned company provided assurances that corrective action would be taken in the subsequent year.

⁴⁹ ₹ 148.68 crore x (85 - 52.99) per cent = ₹ 47.59 crore

As per latest finalised accounts as on 30 September of respective years, 'Management Letters' were issued⁵⁰ to five Government companies as shown in **Table 1.2.6**.

Table 1.2.6: List of SPSEs where Management Letters were issued

Sl. No.	Name of SPSEs	Year of accounts
1	AMTRON Informatics (India) Ltd.	2017-18
2	Purba Bharti Gas Private Ltd.	2022-23
3	Assam Seeds Corporation Ltd.	2018-19
4	Assam Fisheries Development Corporation Ltd.	2020-21
5	DNP Ltd.	2022-23

⁵⁰ Issued during the years 2022-23 and 2023-24.

Section 3: Corporate Governance

1.3.1 Introduction

The Companies Act, 2013 was notified on 29 August 2013 replacing the Companies Act, 1956. In addition, the Ministry of Corporate Affairs also notified Companies Rules, 2014 on Management and Administration, Appointment and Qualification of Directors, Meetings of Board and its powers and Accounts. The Companies Act, 2013 together with Companies Rules provide a robust framework for Corporate Governance. The requirement *inter alia* provides for:

- matter regarding composition of the Board of Directors (BoD), qualification, remuneration, retirements of directors, frequencies of meetings of BoD, *etc.*
- constitution of various committees like, Audit Committee, Corporate Social Responsibility Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee, *etc.* in the case of the Listed Companies as well as companies meeting specified financial criteria.
- appointment of special categories of directors *viz.* independent directors, nominee director, *etc.*

1.3.2 Guidelines on Corporate Governance

In addition to provisions contained in Companies Act, 2013, the Security and Exchange Board of India (SEBI) notified⁵¹ (2 September 2015) the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. These Regulations are applicable to the Listed Companies. At present, no Company in Assam has been listed on the stock exchanges and hence, the provisions of the Regulation and Listed Agreements are not applicable for the purpose of this Report.

Public Enterprises Department, Government of Assam issued (September 2011) 'Code of Conduct' for Directors and Senior Management of the SPSEs followed by Guidelines on Corporate Governance in 2012-13. Both these guidelines were issued while the Companies Act, 1956 was in force. After enactment of the Companies Act 2013, the Code and the Guidelines were not modified.

1.3.3 Exemption allowed to Government Companies

GoI under Section 462 of Companies Act, 2013 may in public interest either exempt or modify certain provisions of the Act in respect of specified class or classes of companies. GoI issued (5 June 2015) notification regarding exemption, modification and adoption of various provisions of the Companies Act in respect of Government Companies. The notification, among others, covered provisions relating to appointment, retirement, remuneration of directors, committees of directors, related

⁵¹ SEBI LODR Regulation was amended on 22 December 2015, 25 May 2016, 8 July 2016, 4 January 2017, 15 February 2017 and as modified from time to time.

party transactions *etc.* These exemptions, modifications and adoptions were considered while assessing status of Corporate Governance in SPSEs.

1.3.4 Coverage of SPSEs for Corporate Governance

While assessing the status of compliance to the principle of Corporate Governance, the SPSEs established under an Act other than Companies Act⁵² have been excluded from the review. Further, non-working companies which operate only with skeleton management structure have also been excluded from audit scrutiny as they were not expected to comply with these provisions. Further, certain provisions of Corporate Governance related rules, guidelines, *etc.* were limited to companies fulfilling prescribed financial criteria. As information/documents on Corporate Governance related compliance by companies were not in public domain, the required information was called from working companies to assess the status of compliance to the principle of Corporate Governance by these companies. Out of 33 working companies in the State, the required information was furnished by 32 companies. Thus, this section basically covered these 32 companies⁵³ for general provisions of Corporate Governance while for provisions requiring fulfilment of prescribed financial criteria, the assessment was done against specified number of companies.

1.3.5 Summarised provisions on Corporate Governance

Table 1.3.1 depicts the summarised position of important provisions on Corporate Governance related issues as applicable to Government companies.

Table 1.3.1: Provisions of Corporate Governance

Sl. No.	Particulars	Components
1	Interested parties	<ul style="list-style-type: none"> Stakeholders
2	Structural requirement	<ul style="list-style-type: none"> Board of Directors Audit Committee Corporate Social Responsibility Committee (CSR Committee) Nomination and Remuneration Committee Shareholders Relationship Committee Independent Directors Women Directors
3	Functional requirement	<ul style="list-style-type: none"> Attendance Frequency of meetings Code of conduct, training of Directors
4	Factors limiting application of Corporate Governance	<ul style="list-style-type: none"> 27 Government companies are Private Limited Companies. All the 48 Government companies are unlisted companies. Smaller size companies. 16 Government companies are non-working. Exemption allowed to Government companies.

⁵² Companies Act, 1956 and Companies Act, 2013

⁵³ Excluding Assam Minorities Development and Finance Corporation Limited.

1.3.6 Board of Directors

1.3.6.1 Formation and Role of Board of Directors

Section 149 of Companies Act, 2013 (Act) provides that every company shall have Board of Directors and prescribes the minimum and maximum number of directors. Further, as per Section 179, the Board shall be entitled to exercise all such powers, and to do all such acts and things, as the company is authorised to exercise and do.

Out of 33 working companies, 29 companies⁵⁴, which furnished the information, had complied with the provision relating to the minimum and maximum number of directors.

1.3.6.2 Meeting of the Board of Directors

As per Section 173(1) of Companies Act, 2013, a company was required to hold a minimum number of four meetings of its Board every year in such a manner that not more than 120 days shall intervene between two consecutive meetings of the Board. In case of Section 8 company⁵⁵, gap of six calendar months is allowed between two meetings of the Board⁵⁶.

Out of 32 working companies which furnished the required information⁵⁷, 10 companies⁵⁸ were able to hold the minimum required number of Board meetings each year during 2018-19 to 2022-23. Of the remaining 22 companies, 7 companies could not hold the prescribed number of meetings in any of the five years. **Table 1.3.2** depicts the summarised position outlining the status of the Board meetings.

Table 1.3.2: Position of Board meeting by working companies

Sl. No.	Name of Companies	Number of Board meetings held				
		2018-19	2019-20	2020-21	2021-22	2022-23
1	Assam Power Generation Corporation Ltd.	7	8	4	5	10
2	Assam Electricity Grid Corporation Ltd.	7	6	4	4	8
3	Assam Power Distribution Company Ltd.	8	7	4	8	10
4	Assam Seeds Corporation Ltd.	1	1	1	3	3
5	Assam Fisheries Development Corporation Ltd.	2	2	2	3	4
6	Assam Livestock and Poultry Corporation Ltd.	3	5	2	1	1
7	Assam Tea Corporation Ltd.	4	4	2	4	2
8	Assam Plantation Crop Development Corporation Ltd.	2	3	1	0	2
9	Assam Food and Civil Supplies Corporation Ltd.	3	4	4	9	3

⁵⁴ Excluding SPSEs at Sl. No. B5, B12, B13 and B26 of **Appendix 3**.

⁵⁵ A company registered as a Non-Profit Organization (NPO) with the objectives of promoting commerce, art, science, sports, education, research, social welfare, religion, charity, protection of environment or any such other object and intends to apply its profits (if any) or other income in promoting its objectives.

⁵⁶ As per Gazette (extraordinary) No. 375 issued by Government of India on 5 June 2015.

⁵⁷ Assam Minorities Development and Finance Corporation Limited did not furnish the required information.

⁵⁸ SPSEs at Sl. No. A1, A2, A3, B17, B20, B21, B24, B29, B30 and B32 of **Appendix 3** (including Assam Trade Promotion Organisation, a Section 8 company, which is permitted to hold two Board meetings with a gap of six calendar months).

Sl. No.	Name of Companies	Number of Board meetings held				
		2018-19	2019-20	2020-21	2021-22	2022-23
10	Assam Plains Tribes Development Corporation Ltd.	4	3	2	2	2
11	Assam State Development Corporation for Other Backward Classes Ltd.	0	1	2	2	4
12	Assam State Development Corporation for Scheduled Castes Ltd.	0	1	4	2	1
13	Assam State Film (Finance & Development) Corporation Ltd.	3	3	2	2	2
14	Assam Hills Small Industries Development Corporation Ltd.	1	3	1	1	2
15	Assam Industrial Development Corporation Ltd.	6	4	3	6	4
16	Assam Small Industries Development Corporation Ltd.	5	3	2	2	2
17	Assam Electronics Development Corporation Ltd.	7	4	6	4	6
18	Assam Mineral Development Corporation Ltd.	5	6	6	4	3
19	Assam Police Housing Corporation Ltd.	5	4	2	3	4
20	Assam Trade Promotion Organisation	2	3	2	3	3
21	Assam Petro-Chemicals Ltd.	11	6	5	9	8
22	Ashok Paper Mill (Assam) Ltd.	3	1	2	1	2
23	Assam Hydro-Carbon and Energy Company Ltd.	3	4	3	4	3
24	Amtron Informatics (India) Ltd.	4	6	4	4	4
25	Assam State Fertilizers and Chemicals Ltd.	5	4	3	4	0
26	Assam Tourism Development Corporation Ltd.	1	1	0	1	4
27	Assam Government Marketing Corporation Ltd.	2	2	3	2	2
28	Assam State Text Book Production and Publication Corporation Ltd.	0	1	1	1	1
29	Assam Gas Company Ltd.	7	10	6	7	8
30	DNP Ltd.	10	6	7	8	10
31	Purba Bharti Gas Private Ltd.	Not incorporated	2	7	6	6
32	Assam Medical Services Corporation Ltd.	No information received				4

Source: Information furnished by the companies

During 2018-19 to 2022-23, as against permissible gap of 120 days between two Board meetings, 27 companies (Sl. No. 1 to 27 of **Table 1.3.3**) held as many as 115 meetings with intervening period ranging from 121 to 1,349 days. Similarly, during 2018-19 to 2022-23, there was gap of 235 to 320 days in holding three meetings by Assam Trade Promotion Organisation⁵⁹ against permissible gap of six months. **Table 1.3.3** depicts the summarised position of the companies, which organised their Board meetings beyond the permissible intervening periods during 2018-19 to 2022-23. **Table 1.3.3: Summarised range of gap between two Board meetings which are beyond 120 days**

Sl. No.	Name of Companies	No. of meetings	Gap between two meetings (days)
1	Amtron Informatics (India) Ltd.	1	141
2	Ashok Paper Mill (Assam) Ltd.	8	140 to 433

⁵⁹ Being a Section 8 company.

Sl. No.	Name of Companies	No. of meetings	Gap between two meetings (days)
3	Assam Electricity Grid Corporation Ltd.	2	156 to 163
4	Assam Electronics Development Corporation Ltd.	2	141 to 177
5	Assam Fisheries Development Corporation Ltd.	5	171 to 371
6	Assam Food & Civil Supplies Corporation Ltd.	6	124 to 169
7	Assam Government Marketing Corporation Ltd.	8	122 to 272
8	Assam Hills Small Industries Development Corporation Ltd.	7	157 to 388
9	Assam Hydro-Carbon and Energy Company Ltd.	5	133 to 173
10	Assam Industrial Development Corporation Ltd.	1	165
11	Assam Livestock and Poultry Corporation Ltd.	4	154 to 530
12	Assam Mineral Development Corporation Ltd.	2	121 to 159
13	Assam Petro-Chemicals Ltd.	1	145
14	Assam Plains Tribes Development Corporation Ltd.	6	125 to 350
15	Assam Plantation Crop Development Corporation Ltd.	6	145 to 467
16	Assam Police Housing Corporation Ltd.	3	152 to 224
17	Assam Power Distribution Company Ltd.	1	151
18	Assam Power Generation Corporation Ltd.	1	173
19	Assam Seeds Corporation Ltd.	5	154 to 448
20	Assam Small Industries Development Corporation Ltd.	6	127 to 229
21	Assam State Development Corporation for Other Backward Classes Ltd.	7	145 to 617
22	Assam State Development Corporation for Scheduled Castes Ltd.	4	146 to 1349
23	Assam State Fertilizers and Chemicals Ltd.	1	178
24	Assam State Film (Finance & Development) Corporation Ltd.	9	124 to 287
25	Assam State Text Book Production and Publication Corporation Ltd.	4	281 to 605
26	Assam Tea Corporation Ltd.	4	129 to 187
27	Assam Tourism Development Corporation Ltd.	6	122 to 502
28	Assam Trade Promotion Organisation	3	235 to 320
Total		118	

Source: Information furnished by the companies

1.3.7 Independent Directors

1.3.7.1 Role of Independent Directors

As per Section 149(6) of the Act, an Independent Director is a Director other than a Managing Director or a Whole Time Director or a nominee Director, who in the opinion of the Board, is a person of integrity and possess relevant expertise and experience. The Independent Directors help in bringing an independent judgment to bear on the Board's deliberations especially on the issues of strategy, performance, risk management, resources, key appointments and standards of conduct.

1.3.7.2 Number of Independent Directors

As per Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, public companies having paid up share capital of ₹ 10 crore or more; turnover of ₹ 100 crore or more and aggregate outstanding loans, debentures and deposits, exceeding ₹ 50 crore shall have at least two directors as Independent Directors.

Based on financial criteria mentioned above, seven working companies⁶⁰ were required to have independent directors on the Board. Three out of these seven companies either did not have any Independent Director on their Board or had lesser number of Independent Directors than the statutory requirement as per details given in **Table 1.3.4**.

Table 1.3.4: Position of Independent Director

Sl. No.	Name of Companies	Strength of the Board	Number of Independent Directors	
			Required	Actual
1	Assam Hydro-Carbon and Energy Company Ltd.	6	2	Nil
2	Assam Tea Corporation Ltd.	10	2	Nil
3	Assam Food & Civil Supplies Corporation Ltd.	8	2	1

Source: Information furnished by the companies

1.3.7.3 Separate meetings of Independent Directors

As per the Code for Independent Directors prescribed under Schedule IV of Companies Act, 2013, the Independent Directors of a company were required to hold at least one meeting in a year, without the attendance of non-independent directors and members of management.

Table 1.3.5 depicts the summarised position of the separate meetings of Independent Directors during 2022-23.

Table 1.3.5: Position of compliance to code of conduct of Independent Directors

Sl. No.	Name of Companies	Independent Directors	
		Number	Separate meetings
1	Assam Electricity Grid Corporation Ltd.	3	No separate meeting
2	Assam Power Distribution Company Ltd.	3	One separate meeting held
3	Assam Petro-Chemicals Ltd.	2	No separate meeting
4	Assam Power Generation Corporation Ltd.	2	One separate meeting held

Source: Information furnished by the companies

Out of four⁶¹ companies where Independent Directors were appointed as per requirement of the Act, separate meeting of Independent Directors was not organised by two companies⁶² during 2022-23. One Independent Director of Assam Petro-Chemicals Limited resigned during June 2022 and thereafter the Board comprises of only one ID. Further, Assam Food and Civil Supplies Corporation Limited also had only one ID as on 31 March 2023. As such, no separate meeting was feasible as there was only one Independent Director on the Board in the two SPSEs. Reasons for non-conduct of separate meeting for IDs of Assam Electricity Grid Corporation Limited was not furnished to Audit.

⁶⁰ Electricity Grid Corporation Limited, Assam Power Distribution Company Limited, Assam Petro-Chemicals Limited, Assam Power Generation Corporation Limited, Assam Hydro-Carbon and Energy Company Limited, Assam Tea Corporation Limited and Assam Food and Civil Supplies Corporation Limited.

⁶¹ Excluding Assam Food and Civil Supplies Corporation Limited where only one ID was appointed.

⁶² Assam Petro-Chemicals Limited and Assam Electricity Grid Corporation Limited.

1.3.7.4 Appointment of Woman Director

As per Rule 3 of Companies (Appointment and Qualification of Directors) Rules, 2014, other than listed companies, every public company having paid-up share capital of ₹ 100 crore or more; or turnover of ₹ 300 crore or more shall appoint at least one woman director on its Board.

Based on the criteria mentioned above, five Companies⁶³ were required to have Women Directors on their Board. Three⁶⁴ out of these five companies, however, complied with the above requirement. In addition, 9 companies voluntarily appointed Women Directors on their Board although these companies were not legally required to do so. This indicated compliance with the statutory provisions and the spirit of gender sensitisation in these companies.

1.3.8 Committees of BoD

1.3.8.1 Audit committee

As per Rule 6 of Companies (Meeting of Board and its Power) Rules, 2014, other than listed companies, all public companies having paid-up capital of ₹ 10 crore or more; turnover of ₹ 100 crore or more; and outstanding loans or borrowings or debentures or deposits exceeding ₹ 50 crore or more as per last audited Financial Statements were required to constitute an Audit Committee. Further, as per Section 177 of Companies Act, 2013, the Audit Committee shall consist of a minimum of three directors with independent directors forming a majority.

Based on the criteria mentioned above, out of eight companies which were required to constitute an Audit Committee, five companies formed Audit Committees during 2022-23 as shown in *Table 1.3.6*.

Table 1.3.6: Status of formation of Audit Committee during 2021-22

Sl. No.	Name of Companies	Number of member of Audit Committee (AC)	No. of Independent Directors in AC		Criteria applied
			Required	Actual	
1	Assam Power Distribution Company Ltd.	3	2	3	Loan, Share capital and Turnover
2	Assam Electricity Grid Corporation Ltd.	4	3	3	Loan, Share capital and Turnover
3	Assam Power Generation Corporation Ltd.	3	2	3	Loan, Share capital and Turnover
4	Assam Petro-Chemicals Ltd.	5	3	1	Loan, Share capital and Turnover
5	Assam Hydro-Carbon and Energy Company Ltd.	Not Formed	2	--	Share capital
6	Assam Tea Corporation Ltd.	Not Formed	2	--	Loan and Share Capital

⁶³ Assam Power Distribution Company Limited, Assam Electricity Grid Corporation Limited, Assam Power Generation Corporation Limited, DNP Limited and Assam Petro-Chemicals Limited.

⁶⁴ Assam Electricity Grid Corporation Limited, Assam Power Generation Corporation Limited and Assam Petro-Chemicals Limited

Sl. No.	Name of Companies	Number of member of Audit Committee (AC)	No. of Independent Directors in AC		Criteria applied
			Required	Actual	
7	Assam Food & Civil Supplies Corporation Ltd.	3	2	1	Share capital
8	Assam Trade Promotion Organisation	Not Formed	-- ⁶⁵	--	Share capital

Source: Information furnished by the companies

As can be seen from **Table 1.3.6**, all three power sector companies⁶⁶ complied with provisions relating to formation and composition of Independent Directors in the Audit Committee. Further, three private limited companies/Joint Ventures⁶⁷ which were under no legal obligation to constitute Audit Committee also formed Audit Committees during 2022-23, indicating a commitment to good Corporate Governance on their part.

1.3.8.2 Nomination and Remuneration Committee

As per Rule 6 of Companies (Meetings of Board and its Powers) Rules, 2014, other than listed companies, all public companies having paid up capital of ₹ 10 crore or more; turnover ₹ 100 crore or more; and outstanding loans or borrowings or debentures or deposits exceeding ₹ 50 crore or more as per last audited Financial Statements were required to constitute Nomination and Remuneration (N&R) Committee. Further, as per Section 178(1) of Companies Act, 2013, the N&R Committee was to consist of three or more non-executive directors out of which not less than one-half shall be Independent Directors.

Out of eight companies covered under the above criteria, three companies did not constitute the Committee during 2022-23, as shown in **Table 1.3.7**.

Table 1.3.7: Position of constitution of Remuneration Committee

Sl. No.	Name of Companies	Criteria applied	No. of members
1	Assam Power Distribution Company Ltd.	Loan, Share capital, Turnover	3
2	Assam Electricity Grid Corporation Ltd.	Loan, Share capital, Turnover	3
3	Assam Power Generation Corporation Ltd.	Loan, Share capital, Turnover	4
4	DNP Ltd.	Share capital, Turnover	3
5	Assam Hydro-Carbon and Energy Company Ltd.	Share capital	Not formed
6	Assam Petro-Chemicals Ltd.	Loan, Share capital, Turnover	3
7	Assam Tea Corporation Ltd.	Loan, Share capital	Not formed
8	Assam Food & Civil Supplies Corporation Ltd.	Share capital	Not formed

Source: Information furnished by the companies

⁶⁵ Being a Section 8 company, the provision of independent director not applicable on Assam Trade Promotion Organisation.

⁶⁶ Assam Power Distribution Company Limited, Assam Electricity Grid Corporation Limited, Assam Power Generation Corporation Limited.

⁶⁷ Assam Gas Company Limited (Private Limited Company), Assam Industrial Development Corporation Limited (Private Limited Company) and DNP Limited (Private Limited/Joint Venture Company).

Further, one company viz. Assam Gas Company Limited, being a private limited Company and not required to constitute the above committee, had voluntarily formed the Committee comprising of two members.

1.3.8.3 Stakeholders Relationship Committee

As per Section 178(5) of the Act, the Board of a company which consists of more than 1,000 shareholders, debenture-holders, deposit-holders and any other security holders at any time during a financial year shall constitute a Stakeholders Relationship Committee consisting of a Chairperson who shall be a non-executive Director and such other members as may be decided by the Board.

Based on the criteria mentioned, none of the companies were required to constitute the Stakeholders Relationship Committee. One company (Assam Petro-Chemicals Limited) although not covered under the above provisions voluntarily constituted Stakeholders Relationship Committee to look after grievances of its 282 shareholders.

1.3.9 Other statutory requirements

1.3.9.1 Annual Return

As per Section 92 of the Act, every company shall prepare an Annual Return in the prescribed form containing particulars as they stood at the close of the financial year, containing various information on the prescribed matters in the Act. An extract of the Annual Return in such form as may be prescribed shall form part of the Board's Report. A copy of Annual Return is required to be filed with the Registrar of Companies (RoC) within 60 days from the date on which the Annual General Meeting (AGM) was held or where no AGM was held in any year, within 60 days from the date on which the AGM meeting should have been held, together with the statement specifying the reasons for not holding the AGM, with such fees or additional fees as may be prescribed.

As per information furnished⁶⁸ by 30 out of 33 working companies, 5 companies⁶⁹ filed Annual Return for the year 2022-23. In case of remaining 25 companies, there was pendency of 1 to 19 years in filing of Annual Returns as detailed in **Table 1.3.8**.

Table 1.3.8: Position of pendency in filing of Annual return by working companies

Sl. No.	Name of Companies	Annual Returns	
		Filed up to	Pendency (years)
1	Assam Trade Promotion Organisation	2021-22	1
2	Assam Power Generation Corporation Ltd.	2021-22	1
3	Assam Food & Civil Supplies Corporation Ltd.	2021-22	1
4	Assam Electronics Development Corporation Ltd.	2021-22	1
5	Assam Mineral Development Corporation Ltd.	2020-21	2

⁶⁸ Three SPSEs (Assam Plantation Crops Development Corporation Limited, Assam Minorities Development and Finance Corporation Limited and Assam Medical Services Corporation Limited) did not provide information on actual date of filing of Annual return.

⁶⁹ Assam Electricity Grid Corporation Limited, Assam Petro-Chemicals Limited, Assam Gas Company Limited, DNP Limited and Purba Bharati Gas Private Limited.

Sl. No.	Name of Companies	Annual Returns	
		Filed up to	Pendency (years)
6	Ashok Paper Mill (Assam) Ltd.	2021-22	1
7	Assam Plains Tribes Development Corporation Ltd.	2019-20	3
8	Amtron Informatics (India) Ltd.	2021-22	1
9	Assam Power Distribution Company Ltd.	2021-22	1
10	Assam State Development Corporation for Other Backward Classes Ltd.	2021-22	1
11	Assam State Development Corporation for Scheduled Castes Ltd.	2019-20	3
12	Assam State Film (Finance & Development) Corporation Ltd.	2021-22	1
13	Assam Hydro-Carbon and Energy Company Ltd.	2021-22	1
14	Assam State Fertilizers and Chemicals Ltd.	2019-20	3
15	Assam Tourism Development Corporation Ltd.	2021-22	1
16	Assam Police Housing Corporation Ltd.	2021-22	1
17	Assam Small Industries Development Corporation Ltd.	2018-19	4
18	Assam Tea Corporation Ltd.	2017-18	5
19	Assam Livestock and Poultry Corporation Ltd.	2016-17	6
20	Assam Fisheries Development Corporation Ltd.	2015-16	7
21	Assam Seeds Corporation Ltd.	2019-20	3
22	Assam Hills Small Industries Development Corporation Ltd.	2008-09	14
23	Assam Industrial Development Corporation Ltd.	2021-22	1
24	Assam Government Marketing Corporation Ltd.	2008-09	14
25	Assam State Text Book Production and Publication Corporation Ltd.	2003-04	19

Source: Information furnished by SPSEs

Further, 21 companies filed their Annual Returns belatedly on 89 occasions with a delay ranging from 18 to 1,532 days⁷⁰ than the prescribed timeline as detailed in **Table 1.3.9**.

Table 1.3.9: Range of delays in filing of Annual return by companies

Sl. No.	Name of Companies	Latest return	No. of returns filed belatedly	Range of delay (in days)
1	Amtron Informatics (India) Ltd.	2021-22	4	119 to 254
2	Ashok Paper Mill (Assam) Ltd.	2021-22	5	25 to 761
3	Assam Electricity Grid Corporation Ltd.	2022-23	5	26 to 881
4	Assam Electronics Development Corporation Ltd.	2021-22	7	125 to 248
5	Assam Food & Civil Supplies Corporation Ltd.	2021-22	7	48 to 1,476
6	Assam Gas Company Ltd.	2022-23	1	27
7	Assam Hydro-Carbon and Energy Company Ltd.	2021-22	5	28 to 144
8	Assam Livestock and Poultry Corporation Ltd.	2016-17	1	1384 to 1384
9	Assam Mineral Development Corporation Ltd.	2020-21	4	27 to 204
10	Assam Plains Tribes Development Corporation Ltd.	2019-20	5	144 to 1,298
11	Assam Police Housing Corporation Ltd.	2021-22	5	82 to 1127
12	Assam Power Distribution Company Ltd.	2021-22	6	28 to 154

⁷⁰ Assam Small Industries Development Corporation Limited filed the annual return for 2015-16 on 9 February 2021 against due date of 30 November 2016.

Sl. No.	Name of Companies	Latest return	No. of returns filed belatedly	Range of delay (in days)
13	Assam Power Generation Corporation Ltd.	2021-22	5	27 to 368
14	Assam Small Industries Development Corporation Ltd.	2018-19	5	81 to 1,532
15	Assam State Development Corporation for Other Backward Classes Ltd.	2021-22	4	245 to 1,399
16	Assam State Fertilizers and Chemicals Ltd.	2019-20	5	121 to 849
17	Assam Tea Corporation Ltd.	2017-18	1	305 to 305
18	Assam Tourism Development Corporation Ltd.	2021-22	6	118 to 1,477
19	Assam Trade Promotion Organisation	2021-22	5	75 to 1,177
20	DNP Ltd.	2022-23	1	20
21	Purba Bharati Gas Private Ltd.	2022-23	2	18 to 54
			89	

Source: Information furnished by the companies

1.3.9.2 Annual General Meeting

As per Section 96 of the Act, every company other than a one person company shall hold its annual general meeting (AGM) each year, within six months⁷¹ from the date of closing of the financial year, The gap between two AGMs should not be more than fifteen months. This means AGM should be conducted by 30 September following the close of the financial year concerned unless an extension is granted by RoC.

As discussed under *paragraph 1.2.4 supra*, 26 out of 33 working companies had arrears of 187 accounts with pendency ranging from one to 30 years. These companies held the AGMs but undertook business/agenda items other than adoption of audited annual accounts and thereafter the AGMs were adjourned. Status of holding and conclusion of AGMs as submitted by 26 out of 33 working companies as on 30 September 2023 is given in *Table 1.3.10*.

Table 1.3.10: Status of holding and conclusion of AGMs by working companies

Sl. No.	Name of working companies	Annual General Meetings	
		held up to	concluded up to
1	Assam Electricity Grid Corporation Ltd.	2021-22	2021-22
2	Assam Gas Company Ltd.	2022-23	2022-23
3	Assam Petrochemicals Ltd.	2022-23	2022-23
4	Assam Power Generation Corporation Ltd.	2021-22	2021-22
5	DNP Ltd.	2022-23	2022-23
6	Purba Bharati Gas Private Ltd.	2022-23	2022-23
7	Assam Hydro-Carbon and Energy Company Ltd.	2021-22	2021-22
8	Assam Livestock and Poultry Corporation Ltd.	2021-22	2017-18
9	Assam Plains Tribes Development Corporation Ltd.	2021-22	2020-21
10	Assam Power Distribution Company Ltd.	2021-22	2021-22
11	Assam Food & Civil Supplies Corporation Ltd.	2021-22	2018-19
12	Assam Industrial Development Corporation Ltd.	2022-23	2019-20
13	Assam State Development Corporation for Other Backward Classes Ltd.	2021-22	2020-21

⁷¹ 9 months in case of 1st AGM.

Sl. No.	Name of working companies	Annual General Meetings	
		held up to	concluded up to
14	Assam Trade Promotion Organisation	2021-22	2021-22
15	Assam Tourism Development Corporation Ltd.	2020-21	2019-20
16	Assam State Film (Finance & Development) Corporation Ltd.	2021-22	2015-16
17	Ashok Paper Mill (Assam) Ltd.	2021-22	2015-16
18	Assam Mineral Development Corporation Ltd.	2021-22	2018-19
19	Assam Livestock and Poultry Corporation Ltd.	2020-21	2015-16
20	Assam Electronics Development Corporation Ltd.	2021-22	2013-14
21	Assam Police Housing Corporation Ltd.	2021-22	2015-16
22	Assam Seeds Corporation Ltd.	2022-23	2018-19
23	Assam Tea Corporation Ltd.	2021-22	2012-13
24	Assam State Fertilizers and Chemicals Ltd.	2021-22	2011-12
25	Assam Government Marketing Corporation Ltd.	2021-22	2017-18
26	Assam Hills Small Industries Development Corporation Ltd.	2019-20	2004-05

Source: Information furnished by the companies

As can be seen from **Table 1.3.10**, out of 26 working companies who had organised AGMs, 6 companies⁷² held AGM up to the financial year 2022-23, 17 companies organised AGM up to 2021-22, while the remaining 3 companies⁷³ organised AGM up to 2020-21. As regard the conclusion of AGMs, 4 working companies⁷⁴ having finalised their accounts for 2022-23 concluded the AGM for the year 2022-23, while remaining 22 companies concluded the AGMs for years between 2004-05 and 2021-22.

⁷² Companies at Sl. No. 2, 3, 5, 6, 12 and 22 of **Table 1.3.10**

⁷³ Companies at Sl. No. 15, 19 and 26 of **Table 1.3.10**

⁷⁴ Companies at Sl. No. 2, 3, 5 and 6 of **Table 1.3.10**

Section 4: Corporate Social Responsibility

1.4.1 Introduction

Section 135 and Schedule VII of Companies Act, 2013 along with Companies (Corporate Social Responsibility Policy) Rules, 2014 mandate and regulate the Corporate Social Responsibility (CSR) activities by companies. Section 135 of the Act further lays down the qualifying criteria based on net worth, turnover and net profit during any financial year for companies which were required to undertake CSR activities and *inter alia* specified the broad modalities of selection, implementation and monitoring of CSR activities by Board of Directors of the company concerned. The activities which may be included by companies in their CSR policies are listed in Schedule VII of the Act. The provisions of Section 135 of the Act and Schedule VII of the Act are applicable to all companies registered under the Act.

1.4.2 Coverage

As per Section 135 of the Act, every company having net worth of ₹ 500 crore or more, or turnover of ₹ 1,000 crore or more, or net profit of ₹ 5 crore or more during any financial year shall constitute CSR committee of the Board, consisting of three or more directors, out of which at least one director should be an independent director.

As on 31 March 2023, there were 49 Government companies (33 working and 16 non-working) in the State. As the non-working companies stopped functioning, 33 working companies were considered for analysis. As per latest finalised accounts of 33 working companies, Section 135 was applicable to eight companies as detailed in **Table 1.4.1**.

Table 1.4.1: Section 135 of Companies Act, 2013 applicable companies

Sl. No.	Name of Companies	Applicable criteria	Financial year when criteria was applicable to the Company
1	Assam Petro-Chemicals Ltd.	Net worth	2018-19 to 2022-23
2	Assam Power Distribution Company Ltd.	Turnover, net profit and net worth	2017-18 to 2021-22
3	Assam Electricity Grid Corporation Ltd.	Net worth and net profit	2018-19 to 2022-23
4	Assam Gas Company Ltd.	Net worth	2018-19 to 2022-23
5	DNP Ltd.	Net profit	2018-19 to 2022-23
6	Assam Mineral Development Corporation Ltd.	Net profit	2016-17 to 2020-21
7	Assam Industrial Development Corporation Ltd.	Net profit	2017-18 to 2019-20
8	Assam Power Generation Corporation Ltd.	Turnover, net profit and net worth	2018-19 to 2022-23

Source: As per latest finalised accounts of the companies

1.4.3 Status of compliance of the provisions of CSR

1.4.3.1 Constitution of CSR Committee

Eight companies were required to constitute CSR committee as per requirement of the Act, as detailed in **Table 1.4.2**.

Table 1.4.2: Details of Companies who are required to constitute CSR committee

Sl. No.	Name of Companies	No. of members of CSR Committee	No. of Independent members	
			Required ⁷⁵	Actual
1	Assam Power Distribution Company Ltd.	4	1	3
2	Assam Industrial Development Corporation Ltd.	3	Exempted	-
3	Assam Power Generation Corporation Ltd.	4	1	3
4	Assam Gas Company Ltd.	4	Exempted	1
5	DNP Ltd.	4	Exempted	-
6	Assam Petro-Chemicals Ltd.	3	1	1
7	Assam Mineral Development Corporation Ltd.	3	1	-
8	Assam Electricity Grid Corporation Ltd.	4	1	3

Source: Information furnished by companies

As can be seen from **Table 1.4.2**, all the eight working companies covered under provisions of Section 135 of the Act, constituted the CSR Committee. Regarding composition of CSR Committee, there was shortfall in appointment of ‘Independent Directors’ in case of one company (Assam Mineral Development Corporation Limited) while three companies, being Private Limited Companies/Joint Ventures, were exempted from the requirement of appointing minimum number of Independent Directors on CSR Committee.

1.4.3.2 Spending under CSR activities

The CSR committee was required to recommend the amount of expenditure to be incurred on eligible activities. As per section 135(5), a company is required to spend at least two *per cent* of average net profit made during three immediately preceding financial years on CSR activities. Based on the above criteria, five⁷⁶ out of eight companies were required to spend on CSR activities. The detailed status on CSR spending by these Companies as per their latest finalised accounts as on 30 September 2023 is given in **Table 1.4.3**.

⁷⁵ Provision of independent directors are not applicable to three Companies at Sl. No. 2, 4 and 5 of **Table 1.4.2** as these are either Private Limited Company or formed as JV Company.

⁷⁶ Excluding three power sector Companies (*viz.* Assam Electricity Grid Corporation Limited, Assam Power Development Company Limited and Assam Power Generation Corporation Limited), which suffered average net losses during previous three years.

Table 1.4.3: Details of CSR spending by Companies

Sl. No.	Name of the SPSEs	Latest applicable year	Avg. net profit for previous 3 years	Applicable amount	Previous shortfall in CSR activities	Set-off during current year	Approved amount	Amount Spent	Shortfall	Excess expenditure
1	Assam Petro-Chemicals Ltd.	2022-23	6.35	0.13	-	-	0.13	0.18	-	0.05
2	Assam Gas Company Ltd.	2022-23	75.62	1.51	-	0.47	1.04	1.25	-	0.21
3	DNP Ltd.	2022-23	47.15	0.94	-	0.29	0.65	1.08	-	0.43
4	Assam Mineral Development Corporation Ltd.	2020-21	24.31	0.49	0.52	-	-	-	1.01	-
5	Assam Industrial Development Corporation Ltd.	2020-21	11.32	0.23	0.00	-	0.23	0.23	-	-
Total		-	--	3.30	0.52	0.76	2.05	2.74	1.01	0.69

As can be seen from **Table 1.4.3**, out of five working companies which were required to spend on CSR activities, Assam Mineral Development Corporation Limited did not incur any expenditure on CSR resulting in a shortfall of ₹ 1.01 crore in mandatory CSR spending by this Company. There was also excess expenditure amounting to ₹ 0.69 crore incurred by three working companies on CSR activities.