

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

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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 of these companies. 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 three Statutory Corporations and one Regulatory Authority (Assam Electricity Regulatory Commission) presently under the audit jurisdiction of CAG in the State of Assam.

Table 1.1.1: Details of Statutory Corporations and Regulatory Authority

Sl. No.	Statutory 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 CAG's (DPC) Act, 1971
2	Assam Financial	Section 37(6) of State	Audit conducted by CA and

Sl. No.	Statutory Corporation/ Regulatory Authority	Authority for audit by CAG	Audit arrangement
	Corporation	Financial Corporations Act, 1951	supplementary audit by CAG under Section 19(2) of CAG's (DPC) Act, 1971
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 CAG's (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 CAG's (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 Statutory 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 2023-24 (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 2024, there were 47 SPSEs² and one State Electricity Regulatory Commission under the audit jurisdiction of CAG in Assam. These SPSEs include 44 Government Companies (including 6 subsidiaries³ of different State Government Companies, one Company⁴ limited by guarantee and two Government-controlled other Companies⁵) and three Statutory Corporations. Out of 47 SPSEs, there were 36 working Government Companies, eight non-working Government Companies and three Statutory Corporations. None of the Government Companies were listed in the

¹ Assam Electricity Regulatory Commission (AERC) had finalised its accounts upto 2017-18, the Separate Audit Report for which was issued in May 2020. The accounts of AERC for the subsequent six years (2018-19 to 2023-24) were pending finalisation as on 30 September 2024.

² Number of SPSEs: **Excludes:** 8 non-working Companies (five SPSEs, whose names were struck off from the records of Registrar of Companies and 3 Companies, whose whereabouts were not traceable) and two new working Companies, one of which (Assam Urban Infrastructure Development and Finance Corporation Limited) did not submit its first accounts (2023-24) in proper format and the other (Guwahati Smart City Limited) had disputed CAG's mandate to audit its Accounts, which was under examination/persuasion; **Includes:** 3 newly added working Companies (Assam Inland Waterways Corporation Limited and Assam Government IITG Healthcare Foundation and North East Gas Distribution Company Limited).

³ SPSEs at Sl. No. B26, B27, B34, B36, D6 and D8 of *Appendix 2*.

⁴ Assam Government IITG Healthcare Foundation.

⁵ SPSEs at Sl. No. B23 and B35 of *Appendix 2*.

Stock Exchange. **Table 1.1.2** shows the summary of working and non-working Companies.

Table 1.1.2: Details of working and non-working Companies

Type of SPSEs	Working Companies	Non-working Companies ⁶	Total
Government Companies	36	08	44
Statutory Corporations	03	-	03
Total	39	08	47

As an outcome of regular pursuance by Audit for closure of non-working Companies, GoA closed (July 2024) 5 non-working Companies by taking up the matter with the Registrar of Companies. Besides, 3 non-working Companies whose whereabouts were not traceable have also been excluded from the scope of this Report. Hence, the number of non-working Companies, which stood at 16 during 2022-23, reduced to eight during 2023-24. However, the process of closure of remaining 11 non-working Companies (including three untraceable non-working Companies) is yet to be completed.

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 public sector enterprises also contribute to the growth of Gross State Domestic Product (GSDP). A ratio of SPSE-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 2021-22 to 2023-24.

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

Particulars	(₹ in crore)		
	2021-22	2022-23	2023-24
Working Companies	7,445.32	9,224.69	11,904.49
Statutory Corporations	111.04	91.29	126.11
Total Turnover⁷	7,556.36	9,315.98	12,030.60
GSDP	4,10,723.56	4,78,779.19	5,70,242.61
Percentage of Turnover to GSDP of Assam			
Working Companies	1.81	1.93	2.09
Statutory Corporations	0.03	0.02	0.02
Percentage of Turnover to GSDP	1.84	1.95	2.11

Source: Latest finalised accounts of SPSEs and information provided by the Directorate of Economic and Statistics, GoA; Figure of GSDP relating to 2023-24 is at current prices.

As can be noticed from **Table 1.1.3**, the turnover of working SPSEs (companies and corporations) during last three years had registered an overall increase of 59.21 per cent (₹ 4,474.24 crore) compared to the overall growth of 38.84 per cent in GSDP during the corresponding period. Higher pace of growth in SPSE-turnover than GSDP during 2021-2024, led to increase in contribution of SPSE-turnover to GSDP from

⁶ Non-working SPSEs are those which had ceased to carry on their operations.

⁷ As per the latest finalised accounts of working SPSEs as on 30 September of respective years.

1.84 per cent (2021-22) to 2.11 per cent (2023-24). The turnover of Statutory Corporations increased from ₹ 111.04 crore in 2021-22 to ₹ 126.11 crore in 2023-24.

The major contributors to working Companies turnover during 2023-24 were three power sector Companies viz., Assam Power Distribution Company Limited (₹ 9,267.01 crore), Assam Power Generation Corporation Limited (₹ 675.57 crore) and Assam Electricity Grid Corporation Limited (₹ 621.54 crore). Further, Assam Gas Company Limited (₹ 655.66 crore) and Assam Seeds Corporation Limited (₹ 138.26 crore) contributed substantially to the overall turnover. Among Statutory Corporations, Assam State Transport Corporation, having turnover of ₹ 104.16 crore, was the highest contributor towards SPSE-turnover during 2023-24. The SPSEs had employed 32,020 employees as at the end of 31 March 2024 (*Appendix 1* and 2).

1.1.6 Investment in SPSEs

Table 1.1.4 depicts the total investment (GoA and Others) in SPSEs as on 31 March 2024.

Table 1.1.4: Details of total investment⁸ in SPSEs

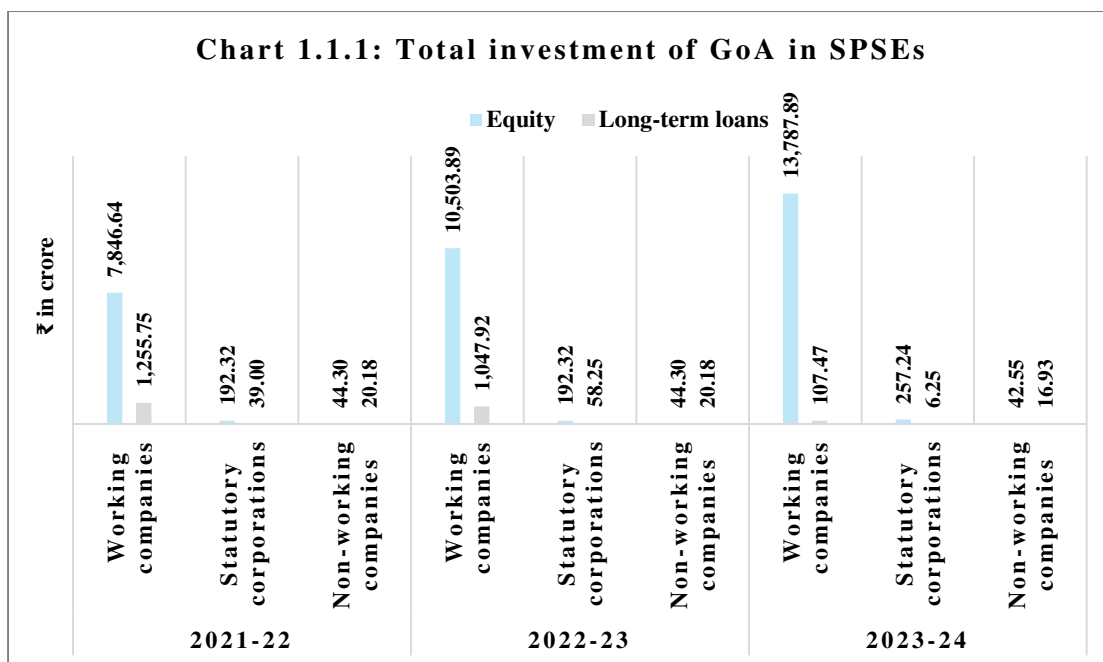
Particulars	GoA			Others			Total
	Working Companies	Statutory Corporations	Non-working Companies	Working Companies	Statutory Corporations	Non-working Companies	
Equity	13,787.89	257.24	42.55	806.96	21.28	6.71	14,922.63
Long-term loans	107.47	6.25	16.93	2,142.00	-	1.28	2,273.93
Total investment	13,895.36	263.49	59.48	2,948.96	21.28	7.99	17,196.56

Source: As per information furnished by 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 47 SPSEs was ₹ 17,196.56 crore as on 31 March 2024 (*Appendix 1*). The investment was 86.78 per cent in equity and 13.22 per cent in long-term loans. Further, GoA's share was 82.68 per cent (₹ 14,218.33 crore) of total investment (₹ 17,196.56 crore) in SPSEs, consisting of 99.08 per cent (₹ 14,087.68 crore) towards equity and 0.92 per cent (₹ 130.65 crore) in long-term loans.

Chart 1.1.1 depicts the comparative details of investment by GoA in SPSEs during 2021-22 to 2023-24.

⁸ Investment figures are provisional and as provided by the SPSEs, except for eight SPSEs (Sl. No. A1, A2, A3, B22, B23, B25, B35 and B36 of *Appendix 1*), which finalised their accounts for 2023-24.



As can be noticed from **Chart 1.1.1**, the total investment of GoA in SPSEs registered a net overall increase of ₹ 4,820.14 crore (51.29 *per cent*) from ₹ 9,398.19 crore (2021-22) to ₹ 14,218.33 crore (2023-24), comprising increase of ₹ 6,004.42 crore (74.28 *per cent*) in equity and decrease of ₹ 1,184.28 crore (90.06 *per cent*) in GoA loans to SPSEs.

The increase in GoA's investment in SPSE-equity was mainly attributable to conversion of capital grants (₹ 1,980.40 crore) and loans (₹ 962.92 crore) provided by GoA to six working SPSEs into their equity (₹ 2,943.32 crore⁹) during 2023-24. The said conversion of GoA loans (₹ 962.92 crore) into equity was a major factor contributing towards net reduction of ₹ 995.70 crore in GoA's outstanding loans payable by SPSEs from ₹ 1,126.35 crore (2022-23) to ₹ 130.65 crore (2023-24). Besides, the GoA had also converted unpaid interest liability (₹ 405.41 crore) of two working SPSEs¹⁰ payable against GoA loans into their equity during 2023-24.

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 2024 is summarised in **Table 1.1.5**.

⁹ Assam Power Generation Corporation Limited (Loans: ₹ 17.70 crore; Grants: ₹ 402.06 crore), Assam Electricity Grid Corporation Limited (Loans: ₹ 11.52 crore; Grants: ₹ 152.46 crore), Assam Power Distribution Company Limited (Loans: ₹ 93.12 crore; Grants: ₹ 563.06 crore), Assam Tea Corporation Limited (Loans: ₹ 689.31 crore; Grants: ₹ 104.07 crore), Assam Industrial Development Corporation Limited (Loans: ₹ 86.35 crore; Grants: ₹ 758.75 crore) and Assam Financial Corporation (Loans: ₹ 64.92 crore).

¹⁰ Assam Tea Corporation Limited (₹ 386.84 crore); Assam Industrial Development Corporation Limited (₹ 18.57 crore)

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	9,358.46	14,087.68	4,729.22
Long-term loans	1,978.97	130.65	1,848.32

Source: State Finance Accounts, 2023-24 and information furnished by SPSEs

As can be seen from **Table 1.1.5**, there were significant unreconciled differences in the figures of equity (₹ 4,729.22 crore) and long-term loans (₹ 1,848.32 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 12 SPSEs¹¹ out of 39 SPSEs¹² in the Finance Accounts, where GoA had infused funds in the form of equity. Analysis of reasons for difference in loan figures was, however, difficult 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 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 details of year-wise budgetary outgo towards equity, loans and grants/subsidies in respect of working SPSEs¹³ during 2021-22 to 2023-24.

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

(₹ in crore)

Nature of SPSEs	2021-22		2022-23		2023-24	
	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	-	-
Loans given from budget	5	87.17	4	335.24	7	59.61
Grants ¹⁴ /subsidies from budget	11	1,514.70	9	1,466.86	10	1,508.57
Total Outgo¹⁵ (A)	13	1,641.87	12	1,865.89	12	1,568.18

¹¹ SPSEs at Sl. No. A1, A2, A3, B6, B9, B12, B20, B21, B24, B28, D2 and D3 of **Appendix 1**.

¹² Excluding 8 SPSEs (Sl. No. B22, B26, B27, B34, B35, B36, D6 and D8 of **Appendix 1**), which had no direct equity investment by the State Government.

¹³ None of the non-working SPSEs received any budgetary support from GoA during 2021-22 to 2023-24.

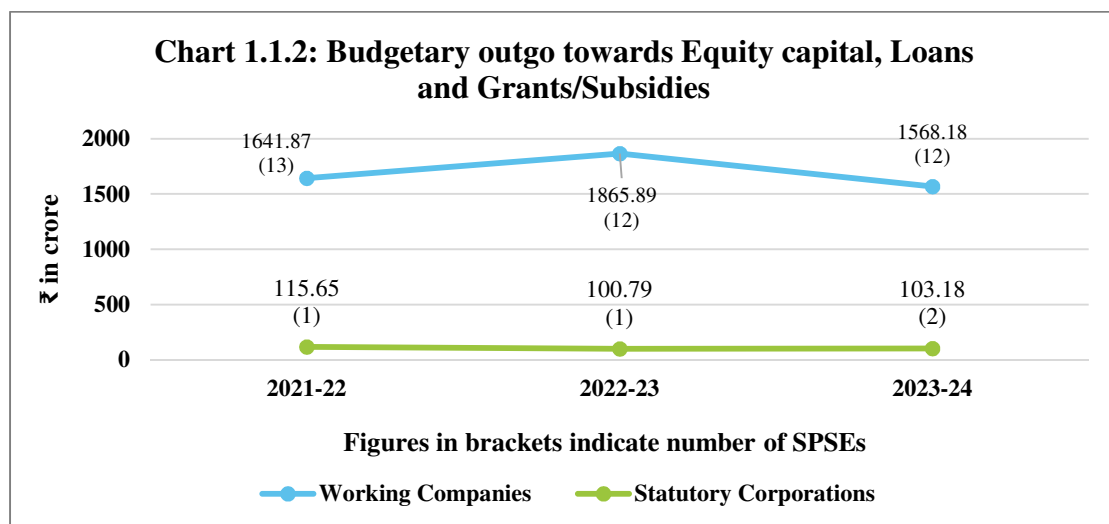
¹⁴ Includes Capital and Revenue grants.

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

Nature of SPSEs	2021-22		2022-23		2023-24	
	No. of SPSEs	Amount	No. of SPSEs	Amount	No. of SPSEs	Amount
Statutory Corporations						
Loans given from budget	-	-	-	-	1	2.00
Grants/subsidies from budget	1	115.65	1	100.79	1	101.18
Total outgo (B)	1	115.65	1	100.79	2	103.18
Grand total outgo (A) + (B)	14	1,757.52	13	1,966.68	14	1,671.36
Working SPSEs						
Waiver of interest	3	929.88	-	-	2	405.41
Conversion of loans to Equity	2	1,578.90	1	638.41	6	962.92
Conversion of Capital grants to Equity	2	4,684.18	1	1,955.05	5	1,980.40
Guarantees issued	-	-	-	-	-	-
Guarantee Commitment	1	4.00	1	4.00	1	4.00

Source: Information furnished by the SPSEs

Chart 1.1.2 provides the details regarding budgetary outgo towards equity, loans and grants/subsidies during 2021-22 to 2023-24.



It can be seen from **Chart 1.1.2** that the budgetary outgo (equity, loans and grants/subsidies) to SPSEs (companies and corporations) was highest during 2022-23 (₹ 1,966.68 crore) in last three years. As regards the bifurcated position of companies and corporations, the Government companies received lesser budgetary support during 2023-24 (₹ 1,568.18 crore) compared to 2022-23 (₹ 1,865.89 crore) unlike the corporations, which received marginally higher budgetary outgo during 2023-24 (₹ 103.18 crore) compared to ₹ 100.79 crore received during 2022-23. Further, GoA provided guarantee amounting to ₹ 4 crore to one SPSE (Assam Plain Tribes Development Corporation Limited) prior to 2021-22, which was not invoked by the SPSE till date. Resultantly, the guarantee commitment of GoA remained constant at ₹ 4 crore during all the three years under reference (2021-22 to 2023-24). No fresh guarantee was issued by GoA to any SPSE during previous three years.

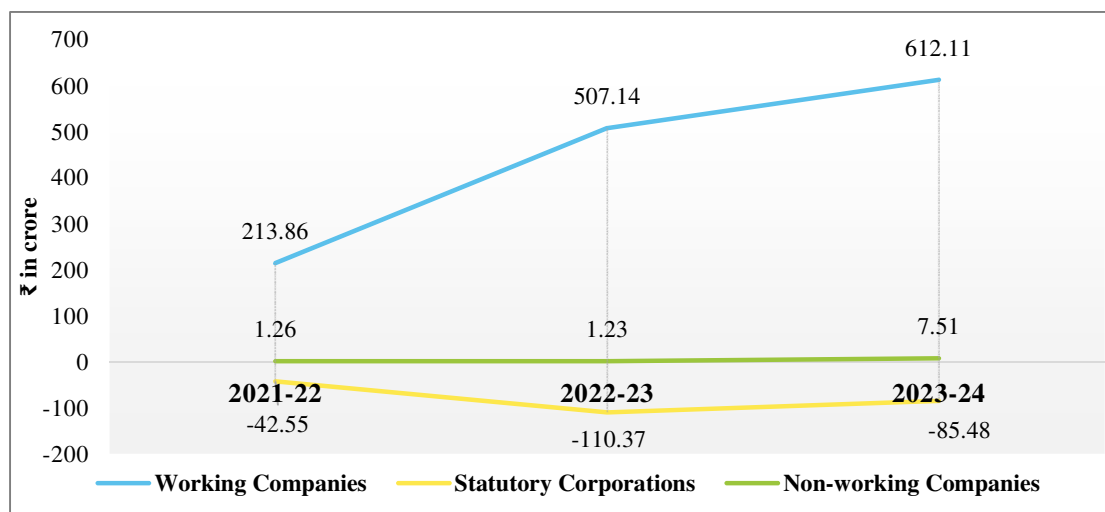
Major recipients of budgetary assistance during 2021-22 to 2023-24 were three power sector Companies, which received 82.21 *per cent* (₹ 1,444.85 crore), 71.79 *per cent* (₹ 1,411.94 crore) and 85.64 *per cent* (₹ 1,431.27 crore) of total budgetary allocation to SPSEs during 2021-22, 2022-23 and 2023-24 respectively. Further, 63.36 *per cent* (₹ 885.59 crore) of grants/subsidy released by GoA to power sector Companies (₹ 1,397.80 crore) during 2023-24 was provided to Assam Power Distribution Company Limited in the form of capital grants (₹ 390.06 crore) and revenue grants/subsidies (₹ 495.53 crore). Besides, substantial budgetary support aggregating ₹ 166.12 crore was received by Assam State Transport Corporation (grants/subsidy: ₹ 101.18 crore) and Assam Tea Corporation Limited (loans: ₹ 19.94 crore; grants/subsidy: ₹ 45 crore) during 2023-24.

1.1.9 Returns from SPSEs

1.1.9.1 Operational performance of SPSEs

The overall position of profit earned/loss¹⁶ incurred by the SPSEs during 2021-22 to 2023-24 is depicted in **Chart 1.1.3**.

Chart 1.1.3: Profit earned/loss incurred by SPSEs



Source: Latest finalised accounts of the SPSEs as on 30 September 2024

As can be seen from **Chart 1.1.3**, the performance of working Companies improved significantly during 2023-24. During 2023-24, out of 36 working Companies, 22 Companies earned profit of ₹ 732.94 crore, while 14 Companies¹⁷ incurred loss of ₹ 120.83 crore (**Appendix 2**). The overall increase of ₹ 104.97 crore in profit of working Companies from ₹ 507.14 crore (2022-23) to ₹ 612.11 crore (2023-24) was mainly attributable to increase of ₹ 153.36 crore in the profit of Assam Electricity Grid Corporation Limited (AEGCL) from ₹ 41.13 crore (2022-23) to ₹ 194.49 crore (2023-24). The improvement in profit of AEGCL was mainly due to increase in

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

¹⁷ Including loss incurred (₹ 15,000) by Assam Inland Waterways Company Limited as per its latest finalised account (2022-23), which did not feature in **Appendix 2** due to rounding off of the figures.

transmission charges by ₹ 177.48 crore from ₹ 434.67 crore (2022-23) to ₹ 612.15 crore (2023-24).

In case of Statutory Corporations, their overall losses reduced by ₹ 24.89 crore from ₹ 110.37 crore (2022-23) to ₹ 85.48 crore (2023-24) mainly due to improvement in the operational performance of Assam State Transport Corporation, which incurred loss of ₹ 82.79 crore during 2023-24 compared to ₹ 106.53 crore (2022-23).

Though eight non-working Companies did not have any activities during 2023-24 (16 companies during 2021-22 and 2022-23), their overall operational results were positive (₹ 7.51 crore) mainly due to accounting of Government Revenue Grants (₹ 5.16 crore) as income in its latest finalised accounts (2013-14) by one Company (Assam Spun Silk Mills Limited) and income earned (₹ 3.59 crore) against sale of ‘scrap’ (Plant and Machinery, *etc.*) by another Company (Assam State Textiles Corporation Limited) during 2023-24.

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 similar provision is laid down in Articles of Association/Articles of Incorporation of the SPSE. Dividend payout relating to working SPSEs during 2021-22 to 2023-24, 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

Report Year	SPSEs which earned profit during the year	GoA Equity (₹ in crore)	No. of SPSEs declared/paid dividend	Total dividend declared/ paid (₹ in crore)	Dividend Payout Ratio (<i>per cent</i>)
i	ii	iii	iv	v	vi = v ÷ iii × 100
2021-22	22	999.56	1	5.07	0.51
2022-23	18	10,018.26	1	5.07	0.05
2023-24	20	12,322.82	1	15.00	0.12

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 working Companies having direct equity infusion by GoA ranged between 18 and 22 during 2021-2024, against which only one company¹⁸ during each of the three years (2021-2024) declared dividend aggregating ₹ 25.14 crore in last three years.

The overall Dividend Payout ratio of Companies during 2021-24 ranged between 0.05 *per cent* and 0.51 *per cent*. Further, during 2023-24, nine¹⁹ working Companies having no accumulated losses registered an aggregate profit of ₹ 37.47 crore. However, as mentioned above, out of these nine Companies, only one company (Assam Gas Company Limited) declared dividend (₹ 15 crore) during 2023-24 and remaining eight companies did not declare any dividend.

¹⁸ **2021-24:** Assam Gas Company Limited (aggregate dividend: ₹ 25.14 crore)

¹⁹ SPSEs at Sl. No. B9, B12, B18, B19, B21, B25, B28, B32 and B33 of **Appendix 2**.

1.1.10 Long-term Debts of SPSEs

Table 1.1.8 depicts the position of outstanding long-term debts of SPSEs during 2021-22 to 2023-24 as per their latest finalised accounts.

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

(₹ in crore)

Nature of SPSEs	2021-22	2022-23	2023-24
Working Companies	3,854.67	2,059.84	2,382.07
Statutory Corporations	64.12	55.56	42.22
Non-working Companies	75.31	75.31	64.33
Total	3,994.10	2,190.71	2,488.62

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 an increase of ₹ 297.91 crore (13.60 per cent) during 2023-24 as compared to 2022-23. This increase was attributable mainly to increase of ₹ 225.06 crore in debt of Assam Petro-chemicals Limited from ₹ 924.65 crore (2022-23) to ₹ 1,149.71 crore (2023-24) as well as fresh loans (₹ 155.01 crore) availed by Purba Bharati Gas Private Limited during 2023-24.

More than 74.21 per cent (₹ 1,846.82 crore) of the total borrowings (₹ 2,488.62 crore) as on 31 March 2024 pertained to Assam Petro-Chemicals Limited (₹ 1,149.71 crore) and two power sector Companies (Assam Power Generation Corporation Limited and Assam Power Distribution Company Limited: ₹ 697.11 crore) as per their latest finalised accounts as on 30 September 2024.

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 2024, 28 SPSEs²⁰ (including 6 non-working) out of 47 SPSEs had outstanding long-term loans. The coverage of long-term debts by value of total assets in respect of these 28 SPSEs as per their latest finalised accounts as on 30 September 2024 is given in **Table 1.1.9**.

²⁰ SPSEs at Sl. No. A1, A2, A3, B4, B7, B8, B10, B13, B14, B15, B16, B17, B23, B24, B27, B31, B33, B34, B35, C1, C2, C3, D1, D2, D5, D6, D7 and D8 of **Appendix 2**.

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	17	2,358.43	34,552.36	1,465.06	2 ²¹	23.64	10.34	43.74
Statutory Corporations	3	42.22	728.93	1,726.50	-	-	-	-
Non-working Companies	5	18.68	83.11	444.91	1 ²²	45.65	0.50	1.10
Total	25	2,419.33	35,364.40	1,461.74	3	69.29	10.84	15.64

Source: As per latest finalised accounts as on 30 September 2024

As can be seen from **Table 1.1.9**, out of 28 SPSEs, two working Companies²³ and one non-working Company²⁴ had higher outstanding loans than the value of their assets as per latest finalised accounts as on 30 September 2024. The long-term loans of 17 working Companies, 3 Statutory Corporations and 5 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 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 SPSEs²⁵ having interest burden against long-term loans during 2021-22 to 2023-24 are given in **Table 1.1.10**.

²¹ SPSEs at serial number B15 and B27 of **Appendix 2**.

²² SPSE at serial number D2 of **Appendix 2**.

²³ Assam Hills Small Industries Development Corporation Limited and Assam State Fertilizers and Chemicals Limited.

²⁴ Assam State Minor Irrigation Development Corporation Limited.

²⁵ Excluding three SPSEs (*viz.* Assam Petro-Chemicals Limited, DNP Limited and Purba Bharati Gas Private Limited), which capitalised the interest expenses and other 10 SPSEs (Sl. No. B4, B8, B13, B15, B16, B17, D2, D5, D6 and D8 of **Appendix 2**), which did not provide for the interest liability in their Accounts.

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

Report 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
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
2023-24	Working Companies	71.81	812.65	10	7	3
	Statutory Corporations	3.88	- 81.60	3	1	2
	Non-working Companies	0.91	5.09	2	1	1
	Total	76.60	736.14	15	9	6

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

As can be noticed from **Table 1.1.10**, during last three years (2021-2024), two to three working companies had ICR of 'below one' out of total 8 to 10 companies having interest burden on borrowings each year. In case of non-working companies, half of the companies (*viz.* one out of two) having interest burden had ICR of 'below one'.

In case of three Statutory Corporations having interest burden during each of the three years under reference, two Corporations constantly had the ICR of 'less than one'.

The ICR of SPSEs with 'less than one' indicated that these SPSEs were not in a comfortable position to service their long-term debts.

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 2021-22 to 2023-24 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)

Report Year	Nature of SPSEs	Paid up capital	Accumulated losses (-)	Free Reserves & Surplus	Net overall profits (+)/ losses (-)	EBIT ²⁶	Capital Employed
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

²⁶ Earnings before interest and taxes

Report Year	Nature of SPSEs	Paid up capital	Accumulated losses (-)	Free Reserves & Surplus	Net overall profits (+)/ losses (-)	EBIT ²⁶	Capital Employed
	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
2023-24	Working Companies	12,539.91	-2,333.65	1,666.31	612.11	819.26	14,254.64
	Statutory Corporations	213.60	-1,815.29	-	-85.48	-81.60	-1,559.47
	Non-working Companies	45.87	-161.64	-	7.51	8.42	-51.44
	Total	12,799.38	-4,310.58	1,666.31	534.14	746.08	12,643.73

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 ₹ 104.97 crore from ₹ 507.14 crore (2022-23) to ₹ 612.11 crore (2023-24). This was mainly due to increase in profit of Assam Electricity Grid Corporation Limited from ₹ 41.13 crore (2022-23) to ₹ 194.49 crore (2023-24). Increase in net profit of working Companies correspondingly increased the EBIT of working Companies from ₹ 649.76 crore (2022-23) to ₹ 819.26 crore (2023-24). The total accumulated losses of working Companies after netting off their reserve and surplus was ₹ 667.34 crore as on 31 March 2024. Accumulated losses (net off Free Reserves) of the working Companies during 2023-24 were mainly attributable to the losses of Assam Power Distribution Company Limited (₹ 1,312.25 crore), Assam Electricity Grid Corporation Limited (₹ 158.44 crore) and Assam Tea Corporation Limited (₹ 303.77 crore).

As regard Statutory Corporations, the overall net loss decreased by ₹ 24.89 crore from ₹ 110.37 crore (2022-23) to ₹ 85.48 crore (2023-24). This was mainly due to decrease in loss of Assam State Transport Corporation from ₹ 106.53 crore (2022-23) to ₹ 83.37 crore (2023-24), indicating improvement in performance of the Corporation. The total accumulated losses of Statutory Corporations were ₹ 1,815.29 crore as on 31 March 2024. Accumulated losses (net off Free Reserves) of the Statutory Corporations during 2023-24 were mainly attributable to the losses of Assam State Transport Corporation (₹ 1,772.22 crore), which was 97.63 per cent of total accumulated losses of Statutory Corporations.

As regard non-working Companies, more than 60.26 per cent (₹ 97.41 crore) of the total accumulated losses of non-working Companies (₹ 161.64 crore) during 2023-24 were contributed by Assam State Minor Irrigation Development Corporation Limited (₹ 63.76 crore) and Assam State Textiles Corporation Limited (₹ 33.65 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 2023-24, out of 47 SPSEs, 28 SPSEs²⁷ (24 working Companies, two Statutory Corporations and two non-working Companies) had positive capital employed while remaining 19 SPSEs (12 working Companies, one Statutory Corporation and six non-working Companies) had negative capital employed as detailed in **Appendix 2**. **Table 1.1.12** provides the details of RoCE in respect of SPSEs having positive capital employed during 2021-22 to 2023-24.

Table 1.1.12: Return on Capital Employed

Report Year	Nature of SPSEs	SPSEs having positive Capital Employed			
		Number	EBIT (₹ in crore)	Capital Employed (₹ in crore)	RoCE (per cent)
2021-22	Working Companies	22	370.48	5,376.63	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
2023-24	Working Companies	24	834.33	14,562.31	5.73
	Statutory Corporations	2	1.19	36.79	3.23
	Non-working Companies	2	-	4.15	-
	Total	28	835.52	14,603.25	5.72

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

As can be seen from **Table 1.1.12**, the working Companies with positive capital employed registered increase of ₹ 1,475.70 crore (11.28 per cent) in aggregate capital employed from ₹ 13,086.61 crore (2022-23) to ₹ 14,562.31 crore (2023-24). This increase was mainly due to increase of ₹ 1,239.52 crore in GoA's investment towards equity of three power sector companies during the reporting year 2023-24.

The EBIT of working Companies also increased by ₹ 225.61 crore (37.06 per cent) from ₹ 608.72 crore (2022-23) to ₹ 834.33 crore (2023-24), which was mainly due to increase (₹ 275.70 crore) in the net profit of two power sector companies²⁸ during 2023-24. As a result, RoCE of working Companies having positive capital employed had shown an overall improvement from 4.65 per cent (2022-23) to 5.73 per cent during the current reporting year (2023-24).

On the contrary, the Statutory Corporations having positive capital employed registered a decrease of ₹ 7.60 crore (17.12 per cent) in their aggregate capital employed from ₹ 44.39 crore (2022-23) to ₹ 36.79 crore (2023-24). The EBIT of Statutory Corporations was, however, positive during 2023-24 and their RoCE was

²⁷ SPSEs at Sl. No. A1, A2, A3, B5, B6, B8, B9, B12, B15, B16, B18, B19, B21, B23, B25, B27, B28, B29, B30, B32, B33, B34, B35, B36, C1, C3, D3 and D6 of **Appendix 2**.

²⁸ Assam Electricity Grid Corporation Limited (₹ 152.94 crore) and Assam Power Distribution Company Limited (₹ 122.76 crore).

worked out at 3.23 *per cent* (2023-24). In case of two non-working Companies, the EBIT during 2023-24 was 'nil' in absence of any activities by these Companies.

1.1.11.3 Return on Equity

Return on equity²⁹ (RoE) is a measure of financial performance of Companies calculated by dividing the 'net income earned' by the equity.

During 2023-24, 25 SPSEs (22 working Companies, one Statutory Corporation and two non-working Companies) earned profit of ₹ 741.03 crore as compared to profit of ₹ 596.88 crore earned by 21 SPSEs (18 working Companies, one Statutory Corporation and two non-working Companies) during 2022-23. Further, out of 25 SPSEs which earned profit during 2023-24, 16 SPSEs³⁰ (15 working Companies and one Statutory Corporation) had positive Equity or Shareholders' fund.

The RoE of these 15 working Companies during 2023-24 was 6.21 *per cent*³¹ as compared to RoE of 5.30 *per cent* during 2022-23 in respect of 13 working Companies (having positive Equity or Shareholders' fund). In case of remaining seven³² working Companies which earned profit (₹ 4.64 crore) during 2023-24, the accumulated losses (₹ 219.62 crore³³) eroded their paid-up capital (₹ 22.28 crore) completely.

In case of the only profit making Statutory Corporation (Assam State Warehousing Corporation), the RoE was 3.25 *per cent*³⁴ during 2023-24. Further, in case of two non-working Companies *viz.*, Assam State Textiles Corporation Limited and Assam Spun Silk Mills Limited, which earned profit (₹ 7.99 crore) during 2023-24, the accumulated losses (₹ 57.30 crore) eroded their paid-up capital (₹ 17.14 crore) completely.

1.1.12 Loss making working SPSEs

Table 1.1.13 depicts the position of aggregate losses incurred by loss-making working SPSEs³⁵ during 2021-24 as per their latest finalised accounts.

Table 1.1.13: Details of loss-making working SPSEs

Report Year	2021-22	2022-23	2023-24
Working Companies			
Total number of Companies	32	33	36
Number of loss-making Companies	9	15	14 ³⁶

²⁹ 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.

³⁰ SPSEs at Sl. No. A1, A2, A3, B9, B12, B16, B18, B19, B21, B25, B28, B32, B33, B34, B36 and C3 of **Appendix 2**.

³¹ Net Profit (₹ 728.30 crore) ÷ Shareholders' fund (₹ 11,733.56 crore) x 100.

³² SPSEs at Sl. No. B4, B10, B11, B13, B22, B24 and B31 of **Appendix 2**.

³³ Net after adjusting the Free Reserves (₹ 2.35 crore) of one Company (Sl. No. B10 of **Appendix 2**).

³⁴ Net Profit (₹ 0.10 crore) ÷ Shareholders' fund (₹ 3.08 crore) x 100.

³⁵ As the non-working SPSEs were not functional, no analysis with regard to loss incurring non-working SPSEs were made.

³⁶ Including Assam Inland Waterways Company Limited, which incurred insignificant loss (₹ 15,000) as per its latest finalised account (2022-23). Losses of this Company did not feature in **Appendix 2** due to rounding off the figures to '₹ in crore'.

Report Year	2021-22	2022-23	2023-24
Aggregate losses (₹ in crore)	(-) 299.48	(-) 84.90	(-) 120.83
Statutory Corporations			
Total number of Corporations	3	3	3
Number of loss-making Corporations	2	2	2
Aggregate losses (₹ in crore)	(-) 42.61	(-) 110.47	(-) 85.58
Total Aggregate losses (₹ in crore)	(-) 342.09	(-) 195.37	(-) 206.41

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

The details of two major contributors to losses of working SPSEs during 2023-24 are given in **Table 1.1.14**.

Table 1.1.14: Major contributors to losses of SPSEs during 2023-24

(₹ in crore)

Sl. No.	Name of SPSEs	Latest finalised accounts	Net Loss	Turnover
1	Assam State Transport Corporation	2022-23	(-) 83.37	104.16
2	Assam Petro-Chemicals Limited	2023-24	(-) 78.64	87.81
Total			(-) 162.01	191.97

Source: As per latest finalised accounts of SPSEs as on 30 September 2024

As can be seen from **Table 1.1.14**, 78.49 per cent (₹ 162.01 crore) of the total losses (₹ 206.41 crore) incurred by working SPSEs during 2023-24 were contributed by the above mentioned two SPSEs. Assam State Transport Corporation (ASTC) contributed highest loss at ₹ 83.37 crore. During 2023-24, however, there was a reduction of ₹ 23.16 crore (21.74 per cent) in the losses of ASTC from ₹ 106.53 crore (2022-23) to ₹ 83.37 crore (2023-24). Further, Assam Petro-Chemicals Limited contributed 38.10 per cent of the aggregate SPSE-losses (₹ 206.41 crore) mainly due to high cost of input material (methanol) during 2023-24.

1.1.12.1 Investment made by GoA in loss-making working SPSEs

During 2023-24, GoA invested in six loss-making working SPSEs (four Companies and two Statutory Corporations) as detailed in **Table 1.1.15**.

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.	-	19.94	45.00
2	Assam Small Industries Development Corporation Ltd.	-	4.54	-
3	Assam Hills Small Industries Development Corporation Ltd.	-	1.62	-
4	Assam State Film (Finance and Development) Corporation Ltd.	-	0.04	2.47
Statutory Corporations				
5	Assam Financial Corporation	-	2.00	-
6	Assam State Transport Corporation	-	-	101.18
Total		-	28.14	148.65

Source: Information furnished by SPSEs

As can be seen from **Table 1.1.15**, six loss-making working SPSEs received budgetary support of ₹ 176.79 crore by way of loans (₹ 28.14 crore) and grants (₹ 148.65 crore), out of which the budgetary support of ₹ 170.21 crore³⁷ was meant to meet salary-related expenses of their employees. Further, one SPSE (Assam State Transport Corporation), which received GoA investment (Grant: ₹ 101.18 crore) was one of the major contributors to SPSE-losses during 2023-24, as detailed in **Table 1.1.14** *supra*.

In view of the above scenario, GoA may consider providing further investment to loss incurring SPSEs after giving due focus on the steps needed to improve their operational and financial 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 39 working SPSEs as per their latest finalised accounts as on 30 September 2024 were ₹ 12,753.51 crore and ₹ 2,482.63 crore respectively. Analysis of investment and net accumulated losses of these 39 working SPSEs revealed that the accumulated losses (net after adjusting free reserves and surplus) of 16 working SPSEs³⁸ (₹ 2,392.83 crore) had completely eroded their paid-up capital (₹ 270.70 crore) as detailed in **Table 1.1.16**.

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 Corporations				
1	Assam State Transport Corporation	2022-23	167.73	1,772.22
2	Assam Financial Corporation	2022-23	32.40	32.68
Working Companies				
3	Assam Tea Corporation Ltd.	2015-16	29.54	303.77
4	Ashok Paper Mill (Assam) Ltd.	2018-19	0.01	99.43
5	Assam Plains Tribes Development Corporation Ltd.	2021-22	2.95	40.01
6	Assam State Development Corporation for Scheduled Castes Ltd.	2020-21	10.10	33.33
7	Assam State Development Corporation for Other Backward Classes Ltd.	2022-23	3.40	17.11
8	Assam Small Industries Development Corporation Ltd.	2014-15	6.67	17.63
9	Assam Government Marketing Corporation Ltd.	2018-19	4.36	17.50
10	Assam Plantation Crop Development Corporation Ltd.	2013-14	5.00	13.71

³⁷ Government Loan: ₹ 24.48 crore (Assam Tea Corporation Limited: ₹ 19.94 crore and Assam Small Industries Development Corporation Limited: ₹ 4.54 crore; Grants: ₹ 145.73 crore (Assam State Film Finance and Development Corporation Limited: ₹ 1.35 crore, Assam State Transport Corporation: ₹ 99.38 crore and Assam Tea Corporation Limited: ₹ 45 crore).

³⁸ Excluding Assam Government - IITG Healthcare Foundation, as the Company is limited by guarantee and does not have share capital.

Sl. No.	Name of SPSEs	Latest finalised accounts	Paid-up capital	Accumulated losses (net after adjusting free reserves)
11	Assam Hills Small Industries Development Corporation Ltd.	2008-09	2.00	12.57
12	Assam Seeds Corporation Ltd.	2020-21	1.46	12.22
13	Assam State Fertilizers and Chemicals Ltd.	2011-12	4.93	7.28
14	Assam Police Housing Corporation Ltd.	2021-22	0.04	6.92
15	Amtron Informatics (India) Ltd.	2019-20	0.01	4.55
16	Assam State Film (Finance and Development) Corporation Ltd.	2019-20	0.10	1.90
Total			270.70	2,392.83

Source: As per latest finalised accounts as on 30 September 2024

It was seen that the net worth of 14 out of 16 SPSEs³⁹ mentioned in *Table 1.1.16* continued to be negative for more than 10 years. The gradual increase in losses of above SPSEs over the years poses a long-term burden 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 of an entity to manage funds independently, which enabled the organisation to set and achieve its major objectives.

The comparative details of the turnover *vis-a-vis* employees' expenses of 16 working SPSEs having negative net worth (*Table 1.1.16*) have been summarised 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 ⁴⁰	Employee expenses
Working Companies				
1	Assam Seeds Corporation Ltd.	2020-21	138.26	9.29
2	Assam Tea Corporation Ltd.	2015-16	43.95	61.87
3	Assam Plantation Crop Development Corporation Ltd.	2013-14	1.99	1.26
4	Assam Plains Tribes Development Corporation Ltd.	2021-22	0.00	7.65
5	Assam State Development Corporation for Other Backward Classes Ltd.	2022-23	0.12	2.88
6	Assam State Development Corporation for Scheduled Castes Ltd.	2020-21	0.00	3.48

³⁹ Other than Assam Financial Corporation and Assam State Film (Finance and Development) Corporation Limited.

⁴⁰ Four SPSEs (Sl. No. 4, 6, 10 and 11 of *Table 1.1.17*) had 'zero' turnover as per their latest finalised accounts as these SPSEs had no revenue from their core activities and entire income earned by these SPSEs was from other sources.

Sl. No.	Name of SPSEs	Latest finalised accounts	Turnover ⁴⁰	Employee expenses
7	Assam State Film (Finance and Development) Corporation Ltd.	2019-20	0.05	0.58
8	Assam Hills Small Industries Development Corporation Ltd.	2008-09	0.01	0.23
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.	2019-20	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
14	Assam Police Housing Corporation Ltd.	2021-22	9.24	8.69
Statutory Corporations				
15	Assam State Transport Corporation	2022-23	104.16	86.19
16	Assam Financial Corporation	2022-23	7.35	8.02
Total			372.37	204.17

Source: Latest finalised accounts of SPSEs as on 30 September 2024

As can be seen from **Table 1.1.17**, the employee expenses of seven SPSEs⁴¹ could be met out of their turnover, while the turnover of remaining eight SPSEs⁴² (excluding Amtron Informatics (India) Ltd which had ‘zero’ turnover/employees expenses) was not adequate to cover their employee expenses. It was further seen that five⁴³ out of these eight SPSEs whose turnover was less than employee expenses depended on other income (such as interest earned from fixed deposits) or budgetary support to meet their salary-related expenses. It was also seen that none of the 16 working SPSEs listed above, 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 GoA for financial support not only to undertake their mandated objectives but also to meet their employee expenses.

GoA needs to review the working of these SPSEs to either improve their profitability or consider closing their operations, where revival is not feasible. GoA may also review the staff requirement of the SPSEs to rationalise manpower and bring their establishment cost to sustainable level. The Government may also explore the possibility of merging select SPSEs into one or two entities with clearly defined business verticals, in order to streamline operations and 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.

⁴¹ Sl. No.1, 3, 9, 12, 13, 14 and 15 of **Table 1.1.17**

⁴² Including three SPSEs (Sl. No. 4, 6 and 10 of **Table 1.1.17**) with ‘zero’ turnover.

⁴³ Sl. No. 1, 5, 6, 7 and 11 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) had 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 39 SPSEs and revenue grants/subsidies in 41 SPSEs since inception of the SPSEs. During 2023-24, 39 working SPSEs⁴⁴ earned an overall profit of ₹ 526.63 crore, comprising profit of ₹ 733.04 crore (23 SPSEs) and loss of ₹ 206.41 crore (16 SPSEs). In addition, eight non-working Companies earned an overall profit of ₹ 7.51 crore (**Appendix 2**). Based on historical value of investment, the return on investment by GoA during 2023-24 was 2.36 *per cent*. On the other hand, when the present value of investment is considered, the RoRR on investment by GoA during 2023-24 worked out to 1.60 *per cent*, as shown in **Appendix 3**. This difference in percentage of return on investment by GoA was on account of adjustments made in investment amount for time value of money.

1.1.14 Performance of SPSEs having no arrear of accounts

As on 30 September 2024, eight⁴⁵ out of 39 working SPSEs had finalised their accounts up to the financial year 2023-24. The financial position and working results of these eight working Companies⁴⁶ as per their accounts for the years from 2021-22 to 2023-24 is given in **Table 1.1.18**.

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

(₹ in crore)

Particulars	Year of Accounts		
	2021-22	2022-23	2023-24
Turnover ⁴⁷	7,431.42	9,586.50	10,659.79
Profit/(Loss)	674.38	- 741.58	549.85
Paid-up Capital	5,910.10	10,749.84	12,087.66
Capital grant for projects	452.92	658.85	902.27
Long-term loans (GoA)	611.96	108.27	107.77
Long-term loans (GoI/Financial Institutions)	1,767.88	1,654.65	1,900.27
Interest expenses	76.15	79.36	67.63
Accumulated Loss	1,236.60	2,116.64	1,657.37
Free Reserves and Surplus	163.40	271.11	317.50
GSDP	4,10,723.56	4,78,779.19	5,70,242.61
Percentage of Turnover to GSDP	1.81	2.00	1.87

⁴⁴ Loss incurred (₹15,000) by Assam Inland Waterways Company Limited as per its latest finalised account (2022-23) was insignificant and did not feature in **Appendix 2** due to rounding off of figures.

⁴⁵ Sl. No. A1, A2, A3, B22, B23, B25, B35 and B36 of **Appendix 2**.

⁴⁶ Assam Power Generation Corporation Limited, Assam Electricity Grid Corporation Limited, Assam Power Distribution Company Limited, Assam Petro-Chemicals Limited, Assam Hydro-Carbon and Energy Company Limited, North East Gas Distribution Company Limited, Purba Bharati Gas Private Limited and Assam Government IITG Healthcare Foundation.

⁴⁷ '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 eight working Companies had shown a gradual increase of ₹ 3,228.37 crore from ₹ 7,431.42 crore (2021-22) to ₹ 10,659.79 crore (2023-24). The major contributors to turnover during 2023-24 were three power sector Companies viz., Assam Power Distribution Company Limited (APDCL) (₹ 9,267.01 crore), Assam Power Generation Corporation Limited (APGCL) (₹ 675.57 crore) and Assam Electricity Grid Corporation Limited (AEGCL) (₹ 621.54 crore). The increase in working Companies-turnover during 2023-24 as compared to 2021-22 was 43.44 *per cent*, which was higher than the growth rate of the GSDP of 38.84 *per cent* during the corresponding period, leading to increase in the overall contribution of working Companies' turnover to GSDP from 1.81 *per cent* (2021-22) to 1.87 *per cent* (2023-24).

1.1.14.2 Operational results

The eight working Companies earned an aggregate profit of ₹ 549.85 crore during 2023-24 as against aggregate profit of ₹ 674.38 crore earned during 2021-22. The decrease in profit of working Companies was mainly due to adverse turnaround of Assam Petro-Chemicals Limited (APL) from a profit of ₹ 22.68 crore (2021-22) to loss of ₹ 78.64 crore (2023-24) and also reduction in profit of APGCL from ₹ 207.84 crore (2021-22) to ₹ 58.55 crore (2023-24). Further, the overall increase in free reserves and surplus of seven SPSEs from ₹ 163.40 crore (2021-22) to ₹ 317.50 crore (2023-24) was mainly attributable to continuous profits earned by two SPSES (APGCL and Assam Hydro-Carbon and Energy Company Limited) during 2021-2024.

1.1.14.3 Capital Grants for power projects

During 2023-24, all the three power sector Companies (APGCL, AEGCL and APDCL) having no arrear of accounts received total capital grants of ₹ 902.27 crore from GoA for creation of power sector projects.

1.1.14.4 Long-term borrowings

As on 31 March 2024, five⁴⁸ out of the above eight working Companies which had finalised their accounts up to 2023-24, had outstanding long-term loans of ₹ 2,008.04 crore, comprising loans availed from GoA (₹ 107.77 crore) and Banks/Financial Institutions (₹ 1,900.27 crore). During 2021-22 to 2023-24, GoA further extended loans aggregating to ₹ 91 crore to APGCL, while two other working Companies (Assam Petro-Chemicals Limited and Purba Bharati Gas Private Limited) borrowed fresh loans (₹ 402.90 crore) from other Financial Institutions for financing various project works.

⁴⁸ Assam Power Generation Corporation Limited (₹ 352.67 crore), Assam Electricity Grid Corporation Limited (₹ 6.21 crore), Assam Power Distribution Company Limited (₹ 344.44 crore), Assam Petro-Chemicals Limited (₹ 1,149.71 crore) and Purba Bharati Gas Private Limited (₹ 155.01 crore).

Section 2: Oversight Role of CAG

1.2.1 Audit of State Public Sector Enterprises

The Comptroller and 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 supplementary audit and supplement or comment upon the Report of the statutory auditors. 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 44 SPSEs⁴⁹ out of total 47 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 2024, as discussed in succeeding paragraphs.

⁴⁹ Excluding Assam State Transport Corporation, where CAG is the sole auditor and two other Corporations, namely, Assam Financial Corporation (auditors are appointed by the Corporation out of the panel of auditors provided by Reserve Bank of India) and Assam State Warehousing Corporation (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 2024, there were 47 SPSEs⁵⁰ under the audit jurisdiction of Accountant General (Audit), Assam. These SPSEs include 44⁵¹ 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 2024 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	47
Number of SPSEs which submitted their accounts for CAG's audit during October 2023 to September 2024	29
Number of SPSEs who submitted the current year's accounts (2023-24)	08 ⁵²
Number of SPSEs who submitted their accounts but having arrears	21

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

Nature of SPSEs		Accounts in Arrears	No. of SPSEs
Break-up of accounts in arrears	Working SPSEs	162	31
	Companies	156	28
	Statutory Corporations	06	03
	Non-working SPSEs	83	08
	All Companies	83	08
	Total	245	39
Age-wise Analysis of the arrears (No. of accounts)	No arrears	Nil	08
	Working	Nil	08
	Non-working	-	-
	One year (2022-23)	10	10
	Working Companies	06	06
	Statutory Corporations	02	02
	Non-working Companies	02	02
	Two to five years (2017-18 and 2021-22)	48	15
	Working Companies	44	14
	Statutory Corporations	04	01
	Non-working Companies	-	-
	More than five years	187	14
	Working Companies	106	08
	Non-working Companies	81	06

Source: Compiled based on accounts of SPSEs received during October 2023 to September 2024

As can be seen from **Table 1.2.2**, 39 SPSEs (31 working and 8 non-working) had 245 accounts pending finalisation as on 30 September 2024. Further, 14 SPSEs (8 working Companies and 6 non-working Companies) had 187 accounts pending

⁵⁰ Excluding three non-working SPSEs, whose whereabouts were not traceable and two new working SPSEs, one of which (Assam Urban Infrastructure Development and Finance Corporation Limited) has not submitted its first accounts (2023-24) in proper format and the other (Guwahati Smart City Limited) had disputed CAG's mandate to audit its Accounts, which was under examination/persuasion.

⁵¹ Including subsidiaries of Government Companies (Sl. No. B26, B27, B34, B36, D6 and D8 **Appendix 2**) and two Government controlled other Companies (Sl. No. B23 and B35 **Appendix 2**).

⁵² SPSEs at Sl. No. A1, A2, A3, B22, B23, B25, B35 and B36 (all working SPSEs) of **Appendix 2**.

finalisation for more than five years as on 30 September 2024. The highest number of accounts pending finalisation amongst working and non-working Companies pertained to Assam Minorities Development and Finance Corporation Limited (26 accounts) and Assam Powerloom Development Corporation Limited (30 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 Accountant General (Audit), Assam had taken up (December 2023 and March 2024) the matter with GoA/SPSEs concerned 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 ₹ 485.57 crore⁵³ in 18 SPSEs during the years for which their accounts were in arrears, as detailed in **Appendix 4**. The details of six major recipients (SPSEs) of GoA funding aggregating to ₹ 425.93 crore (87.72 per cent) during the period for which their accounts were in arrears are depicted in **Table 1.2.3**.

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 Tea Corporation Limited	2015-16	8	-	19.94	45.00
2	Assam Plains Tribes Development Corporation Limited	2021-22	2	-	-	37.12
3	Assam Food and Civil Supplies Corporation Limited	2020-21	3	-	-	35.00
4	Assam State Development Corporation for Scheduled Castes Limited	2020-21	3	-	-	14.95
5	Assam Tourism Development Corporation Limited	2020-21	3	-	-	172.74
6	Assam State Transport Corporation	2022-23	1	-	-	101.18
Total				-	19.94	405.99

Source: Information furnished by SPSEs

⁵³ Equity: ₹ 3.50 crore (2 SPSEs), loans: ₹ 36.31 crore (7 SPSEs) and grants: ₹ 445.76 crore (13 SPSEs)

As can be seen from **Table 1.2.3**, Assam Tea Corporation Limited having arrear of eight accounts received budgetary support of ₹ 64.94 crore by way of loans (₹ 19.94 crore) and grants (₹ 45 crore). As discussed under **paragraph 1.1.12.1 supra**, GoA provided this budgetary support to the Company to meet its staff salary-related expenses, which was a burden on the State budget. In absence of up-to-date accounts and their subsequent audit, it could not be verified if the investments made and the expenditure incurred there against 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 are 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 are 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.

CAG discharged this function 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 applicable Act rests with the Management of the SPSE concerned.

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 2023 to September 2024, 29 SPSEs forwarded 72 audited accounts to the Accountant General (Audit), Assam for review/supplementary audit. Of these, 67 accounts (8 accounts for the year 2023-24 and 59 accounts for previous years) of 27 SPSEs were selected for supplementary audit. For the remaining five accounts (two accounts for the year 2018-19, one account for the year 2020-21 and two accounts for the year 2022-23) of four SPSEs⁵⁴, non-review certificates (NRCs) were issued. In addition to the above, one Consolidated Financial Statements (CFS) forwarded by Assam Mineral Development Corporation Limited were also selected for supplementary audit.

Table 1.2.4 depicts a few 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 Distribution Company Limited (FY 2023-24)	The Assam Electricity Regulatory Commission (AERC) after carrying out (June 2024) truing up of tariff for the year 2022-23 approved a Revenue Gap (₹ 1,507.68 crore) to be realised by the Company during the financial year 2024-25 by way of tariff component. As the AERC had issued (27 June 2024) the above truing up order before approval (31 July 2024) of

⁵⁴ Assam Livestock and Poultry Corporation Limited forwarded three accounts (2018-19, 2019-20 and 2020-21) for which supplementary audit was conducted for 2019-20 and NRC was issued for the year 2018-19 and 2020-21. Similarly, Assam State Development Corporation for Scheduled Castes Limited forwarded three accounts (2018-19, 2019-20 and 2020-21) for which supplementary audit was conducted for 2019-20 and 2020-21 and NRC was issued for the year 2018-19. Further, NRC was issued for one accounts each of Assam State Development Corporation for Other Backward Classes Limited (2022-23) and Assam Medical Services Corporation Limited (2022-23).

Sl. No.	Name of SPSEs	Comment
		Company's current year financial statements (2023-24), the Revenue Gap approved for the year 2022-23 should have been recognised in the accounts (2023-24) as required under para 8 of IND AS 10 (<i>Events after the reporting period</i>), which was not done. Non-recognition of the approved Revenue Gap in the Accounts has resulted in understatement of 'Income-Revenue from Operations' by ₹ 1,507.68 crore with corresponding understatement of 'Profit for the year' and 'Trade Receivable' to the same extent.
2	Assam State Transport Corporation (FY 2022-23)	'Non-Operating Revenue' head included Interest income of ₹ 6.14 crore received during 2022-23 on Fixed Deposits (₹ 4.56 crore) and Savings Bank Deposit Account (₹ 1.58 crore) against the funds (₹ 225 crore) deposited out of the Guwahati Smart City Limited Fund (GSCL Fund) received for procuring 200 Electric Buses under the Smart City Project. As the interest earned belongs to the deposits made out of the Smart City Project Fund, same should have been credited to GSCL Fund Account instead of treating the same as Corporation's own income. This has resulted in overstatement of 'Non-Operating Revenue' and understatement of 'Loss for the year' by ₹ 6.14 crore with corresponding understatement of 'GSCL Fund Account' to the same extent.

Table 1.2.5: Comments on Financial Position

Sl. No.	Name of SPSEs	Comment
1	Assam Power Distribution Company Limited (FY 2023-24)	The Company incurred ₹ 35 crore toward procurement of Tangible Assets (₹ 4.46 crore) and Intangible assets (₹ 30.54 crore) for SAP-Enterprise Resource Planning System (ERP System) and booked the entire expenditure (₹ 35 crore) under 'Capital Works in Progress'. Though the project (ERP system) was completed and declared 'Go-live' on 13 February 2024, the Company had not transferred the capital cost of above assets under 'Property Plant and Equipment' (₹ 4.46 crore) and 'Intangible Assets' (₹ 30.54 crore) and as such, no amortisation/depreciation was charged on the value of said assets added during the year. This resulted in overstatement of 'Capital Works in Progress' by ₹ 35 crore with corresponding understatement of 'Property Plant and Equipment (Net Block)' and 'Intangible Assets (Net Block)' by ₹ 4.37 crore and ₹ 30.15 crore respectively. Further, due to non-provisioning towards depreciation on PPE (₹ 0.09 crore) and amortization of Intangible Assets (₹ 0.39 crore), 'Profit for the year' was also overstated by ₹ 0.48 crore.
2	Assam Power Distribution Company Limited (FY 2023-24)	The Company received ₹ 77.96 crore as Government of India Grants under Revamp Distribution System Scheme <i>for replacement of old meters with smart meters</i> and booked the entire amount as 'Income' in Profit and Loss Account. Against the above Grants, the Company utilised ₹ 40.04 crore towards the intended purpose (<i>replacement of old meters with smart meters</i>) and booked the same under 'Capital Works in Progress'. As the Grants were received for specific purpose (<i>replacement of meters</i>), the same should have been booked under 'Current Liabilities' and adjusted against the expenditure incurred there against instead of accounting the Grants as 'Income' and expenditure as 'Capital Works in Progress'. This has resulted in overstatement of 'Profit for the year' by ₹ 77.96 crore with corresponding overstatement of Capital Works in

Sl. No.	Name of SPSEs	Comment
		Progress by ₹ 40.04 crore and understatement of Current Liabilities by ₹ 37.92 crore respectively.
3	Assam Power Generation Corporation Limited (FY 2023-24)	The 'Cash and Cash Equivalent' head included ₹ 29.02 crore, being the fixed deposit with maturity period of more than 12 months which should have been depicted separately as per the requirements of the Companies Act, 2013 (refer para 6 (Q)(v) of 'General Instructions for preparation of Balance Sheet' under Part I-Balance Sheet of Schedule III to the Companies Act, 2013).
4	Assam Petro-Chemicals Limited (FY 2023-24)	Para 19(a) of Ind AS 16 - 'Property, Plant and Equipment (PPE)' provides that cost of opening/inaugurating a new facility are not costs of an item of PPE. Contrary to this, the Company recognised ₹ 2.33 crore being the cost associated with virtual inauguration (₹ 2.03 crore) and flagging off expenses (₹ 0.30 crore) of its 500 Tonne per day (TPD) Methanol plant as "Capital Works in Progress". As the expenditure does not form part of PPE, the same should have been charged to the 'Statement of Profit and Loss' instead of capitalizing the same. This has resulted in overstatement of 'Capital Work in Progress' by ₹ 2.33 crore and understatement of the 'Loss for the year' by the same amount.
5	Assam Hydrocarbon and Energy Company Limited (FY 2023-24)	The Company, entered into Joint Operating Agreement with Oil India Limited (OIL) and Numaligarh Refinery Limited (NRL), and acquired (November 2021) 10 per cent (₹ 16.60 crore) participating interest in AA-ONHP-2017/20 Block for conducting petroleum exploration operation in Joint Venture mode. The above amount (₹ 16.60 crore) represents the share of the Company in the cost incurred by OIL in development of exploratory wells on behalf of the Consortium. As Members of Consortium have joint ownership on the assets of oil exploration block, the Company should have capitalised the above cost as 'Capital Work in Progress'. Incorrect classification of the above capital cost has resulted in overstatement of the 'Current assets - Short term loans and advances' and understatement of 'Capital Works in Progress' by ₹ 16.60 crore each.
6	Assam State Transport Corporation (FY 2022-23)	The Corporation constructed Multi-Level Car Parking (MLCPR) at Guwahati out of MLCPR Fund and charged depreciation aggregating ₹ 1.38 crore on the said asset (MLC Parking) during 2019-20 to 2021-22 to 'revenue' in the 'Profit and Loss Account' instead of recouping the same from the MLCPR Fund. Further, while rectifying the error during the current year (2022-23), the Corporation erroneously credited the MLCPR Fund and debited the 'prior period adjustment account' by ₹ 1.38 crore instead of passing an opposite entry. Incorrect accounting of depreciation and passing of wrong rectification entry has resulted in overstatement of 'MLCPR Fund' and 'Loss for the year' by ₹ 2.76 crore each (₹ 1.38 crore x 2 times).

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(6) 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:

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

As per latest finalised accounts as on 30 September of respective years, ‘Management Letters’ were issued to eight 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) Limited	2019-20
2	Assam Trade Promotion Organisation	2022-23
3	Assam State Textiles Corporation Limited	2022-23
4	Assam Power Distribution Company Limited	2022-23
5	Assam Government Construction Company Limited	2022-23
6	Assam Power Generation Corporation Limited	2023-24
7	Assam Petro-Chemicals Limited	2023-24
8	Purba Bharati Gas Private Limited	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) notified⁵⁵ (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 erstwhile 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

⁵⁵ SEBI LODR Regulation was amended/modified from time to time (22 December 2015, 25 May 2016, 8 July 2016, 4 January 2017, 15 February 2017).

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 the Companies Act⁵⁶ 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 the prescribed financial criteria. As information/documents on Corporate Governance related compliance by Companies were not in public domain, the required information was called from all the 36 working Government Companies in Assam to assess the status of compliance to the principle of Corporate Governance by these Companies. Out of 36 working Companies in the State, the required information was furnished by 32 working Companies⁵⁷. Thus, this section basically covered these 32 working Companies to assess the status of their compliance to the general provisions of Corporate Governance.

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	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
2	Functional requirement	<ul style="list-style-type: none"> • Attendance • Frequency of meetings • Code of conduct, training of Directors
3	Factors limiting application of Corporate Governance	<ul style="list-style-type: none"> • All the 36 Government Companies are unlisted Companies. • Smaller size Companies. • 8 Government Companies are non-working. • Exemption allowed to Government Companies.

⁵⁶ Erstwhile Companies Act, 1956 and Companies Act, 2013

⁵⁷ Four working Companies (Assam Minorities Development and Finance Corporation Limited, Assam Government Marketing Corporation Limited, Assam Inland Waterways Company Limited, and Assam Government IITG Healthcare Foundation) did not furnish the required information.

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 36 working Companies, all 32 Companies which furnished the required 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 a company registered under Section 8⁵⁸ of the Companies Act, 2013 (Section 8 Company), gap of six calendar months is allowed between two meetings of the Board⁵⁹.

The status of compliance to above provisions of the Act by 32 working Companies was examined covering the period of five years from 2019-20 to 2023-24. The analysis revealed that out of 32 working Companies, 9 Companies⁶⁰ were able to hold the minimum required Board meetings (total: four) each year during 2019-20 to 2023-24. Further, one Section 8 Company⁶¹ was able to hold the minimum required Board meetings (total: two) each year during 2019-20 to 2023-24. Of the remaining 22 Companies, 4 Companies⁶² held the prescribed number of meetings in four years, 10 Companies⁶³ held the prescribed number of meetings in one to three years, and 8 working Companies⁶⁴ did 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					No. of years complied
		2019-20	2020-21	2021-22	2022-23	2023-24	
1	Assam Power Generation Corporation Ltd.	8	4	5	10	7	5
2	Assam Electricity Grid Corporation Ltd.	6	4	4	8	6	5

⁵⁸ 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.

⁵⁹ As per Gazette (extraordinary) No. 375 issued by Government of India on 5 June 2015.

⁶⁰ Sl. No. 1, 2, 3, 20, 23, 25, 26, 30 and 32 (only applicable year) of **Table 1.3.2**.

⁶¹ Sl. No. 19 of **Table 1.3.2**.

⁶² Sl. No. 14, 16, 17 and 27 of **Table 1.3.2**.

⁶³ Sl. No. 5, 6, 7, 10, 11, 18, 22, 28, 29 and 31 of **Table 1.3.2**.

⁶⁴ Sl. No. 4, 8, 9, 12, 13, 15, 21 and 24 of **Table 1.3.2**.

Sl. No.	Name of Companies	Number of Board meetings held					No. of years complied
		2019-20	2020-21	2021-22	2022-23	2023-24	
3	Assam Power Distribution Company Ltd.	7	4	8	10	7	5
4	Assam Seeds Corporation Ltd.	1	1	3	3	2	-
5	Assam Fisheries Development Corporation Ltd.	2	2	3	4	3	1
6	Assam Livestock and Poultry Corporation Ltd.	5	2	1	1	2	1
7	Assam Tea Corporation Ltd.	4	2	4	2	2	2
8	Assam Plantation Crop Development Corporation Ltd.	3	1	0	2	1	-
9	Assam Plains Tribes Development Corporation Ltd.	3	2	2	2	2	-
10	Assam State Development Corporation for Other Backward Classes Ltd.	1	2	2	4	2	1
11	Assam State Development Corporation for Scheduled Castes Ltd.	1	4	2	1	2	1
12	Assam State Film (Finance and Development) Corporation Ltd.	3	2	2	2	3	-
13	Assam Hills Small Industries Development Corporation Ltd.	3	1	1	2	2	-
14	Assam Industrial Development Corporation Ltd.	4	3	6	4	5	4
15	Assam Small Industries Development Corporation Ltd.	3	2	2	2	3	-
16	Assam Electronics Development Corporation Ltd.	4	6	4	6	3	4
17	Assam Mineral Development Corporation Ltd.	6	6	4	3	4	4
18	Assam Police Housing Corporation Ltd.	4	2	3	4	2	2
19	Assam Trade Promotion Organisation	3	2	3	3	2	5
20	Assam Petro-Chemicals Ltd.	6	5	9	8	4	5
21	Ashok Paper Mill (Assam) Ltd.	1	2	1	2	1	-
22	Assam Hydro-Carbon and Energy Company Ltd.	4	3	4	3	5	3
23	Amtron Informatics (India) Ltd.	6	4	4	4	4	5
24	Assam State Textbook Production and Publication Corporation Ltd.	1	1	1	1	1	-
25	Assam Gas Company Ltd.	10	6	7	8	8	5
26	DNP Ltd.	6	7	8	10	7	5
27	Purba Bharati Gas Private Ltd.	2	7	6	6	8	4
28	Assam State Fertilizers and Chemical Ltd.	4	3	4	-	-	2
29	Assam Tourism Development Corporation Ltd.	1	2	1	4	2	1
30	Assam Food and Civil Supplies Corporation Ltd.	4	4	9	4	5	5
31	Assam Medical Services Corporation Ltd.	Not applicable			4	3	1
32	North East Gas Distribution Company Ltd.	Not applicable			7		1

Source: Information furnished by the Companies

During 2019-20 to 2023-24, five SPSEs⁶⁵ held 120 meetings within the prescribed gap of 120 days. Further, as against permissible time gap of 120 days between two Board meetings, 26 Companies⁶⁶ held as many as 92 meetings, with intervening period ranging from 121 to 1,349 days. Further, the remaining one Company⁶⁷, being a Section 8 Company, held three Board meetings during 2019-20 to 2023-24 with time-gap ranging from 198 to 320 days against the 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 2019-20 to 2023-24.

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.	6	140 to 433
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.	4	172 to 371
6	Assam Food and Civil Supplies Corporation Ltd.	4	124 to 143
7	Assam Mineral Development Corporation Ltd.	4	121 to 159
8	Assam Hills Small Industries Development Corporation Ltd.	6	157 to 388
9	Assam Hydro-Carbon and Energy Company Ltd.	3	133 to 166
10	Assam Industrial Development Corporation Ltd.	1	165 to 165
11	Assam Livestock and Poultry Corporation Ltd.	3	154 to 530
12	Assam Petro-Chemicals Ltd.	1	145
13	Assam Plains Tribes Development Corporation Ltd.	5	129 to 350
14	Assam Plantation Crop Development Corporation Ltd.	4	145 to 467
15	Assam Police Housing Corporation Ltd.	3	152 to 224
16	Assam Power Distribution Company Ltd.	1	151 to 151
17	Assam Power Generation Corporation Ltd.	1	173 to 173
18	Assam Seeds Corporation Ltd.	4	154 to 365
19	Assam Small Industries Development Corporation Ltd.	5	127 to 229
20	Assam State Development Corporation for Other Backward Classes Ltd.	7	145 to 617
21	Assam State Development Corporation for Scheduled Castes Ltd.	4	246 to 1349
22	Assam State Fertilizers and Chemicals Ltd.	2	178 to 178
23	Assam State Film (Finance and Development) Corporation Ltd.	7	124 to 281
24	Assam State Textbook Production and Publication Corporation Ltd.	4	281 to 605
25	Assam Tea Corporation Ltd.	3	129 to 187
26	Assam Tourism Development Corporation Ltd.	5	122 to 499
Total		92	

Source: Information furnished by the Companies

⁶⁵ Sl. No. 25, 26, 27, 31 and 32 of **Table 1.3.2**

⁶⁶ Sl. No. 1 to 26 of **Table 1.3.3**

⁶⁷ Sl. No. 19 of **Table 1.3.2**

1.3.6.3 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.

1.3.6.4 Number of Independent Directors

As per Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014, public Companies having (i) paid up share capital of ₹ 10 crore or more OR (ii) turnover of ₹ 100 crore or more OR (iii) 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 Companies⁶⁸ out of 36 working Companies were required to have independent directors on their Board. Two out of these seven Companies did not have any Independent Director on their Board and one company had one Independent Director against the requirement of two Independent Directors 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.	7	2	Nil
2	Assam Tea Corporation Ltd.	10	2	Nil
3	Assam Food and Civil Supplies Corporation Ltd.	8	2	1

Source: Information furnished by the Companies

1.3.6.5 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 the Management.

Table 1.3.5 depicts the summarised position of the separate meetings of Independent Directors during 2023-24.

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	One separate meeting held
2	Assam Power Distribution Company Ltd.	3	One separate meeting held

⁶⁸ Assam Power Generation Corporation Limited, Assam Electricity Grid Corporation Limited, Assam Power Distribution Company Limited, Assam Tea Corporation Limited, Assam Food and Civil Supplies Corporation Limited, Assam Petro-Chemicals Limited and Assam Hydro-Carbon and Energy Company Limited.

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

Source: Information furnished by the Companies

As can be seen from **Table 1.3.5**, four Companies⁶⁹ where Independent Directors were appointed as per requirement of the Act (**paragraph 1.3.6.4 supra**), the minimum required one separate meeting of Independent Directors was organized by all these four Companies during 2023-24. Further, in the case of fifth company (Assam Food and Civil Supplies Corporation Limited), which had only one Independent Director on its Board as of 31 March 2024, holding of separate meeting of Independent Directors was not feasible.

1.3.6.6 Appointment of Woman Director

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

Based on the criteria mentioned above, five Companies⁷⁰ out of 36 working Companies were required to have women directors on their Board. Four out of these five Companies (other than Assam Power Distribution Company Limited), however, complied with the above requirement. In addition, however, other seven Companies⁷¹ 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.

1.3.7 Committees of BoD

1.3.7.1 Audit Committee

As per Rule 6 of Companies (Meeting of Board and its Power) Amendment Rules, 2018, every listed public Company as well as other public companies, having (i) paid up share capital of ₹ 10 crore or more OR (ii) turnover of ₹ 100 crore or more OR (iii) aggregate outstanding loans or borrowings, debentures and 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.

⁶⁹ Excluding Assam Food and Civil Supplies Corporation Limited, where only one ID was appointed.

⁷⁰ Assam Power Generation Corporation Limited, Assam Electricity Grid Corporation Limited, Assam Power Distribution Company Limited, Assam Petro-Chemicals Limited and DNP Limited.

⁷¹ Assam State Development Corporation for Other Backward Classes Limited, Assam Industrial Development Corporation Limited, Assam Gas Company Limited, Assam Plantation Crop Development Corporation Limited, Assam Mineral Development Corporation Limited, Assam State Textbook Production and Publication Corporation Limited and Assam Tea Corporation Limited.

Based on the criteria mentioned, out of seven Companies which were required to constitute an Audit Committee, five Companies formed Audit Committees during the year 2023-24 as shown in **Table 1.3.6**.

Table 1.3.6: Status of formation of Audit Committee during 2023-24

Sl. No.	Name of Companies	Number of members of Audit Committee (AC)	No. of Independent Directors in AC	
			Required	Actual
1	Assam Power Distribution Company Ltd.	3	2	3
2	Assam Electricity Grid Corporation Ltd.	4	3	3
3	Assam Power Generation Corporation Ltd.	3	2	3
4	Assam Petro-Chemicals Ltd.	3	2	2
5	Assam Hydro-Carbon and Energy Company Ltd.	Not Formed	-	-
6	Assam Tea Corporation Ltd.	Not Formed	-	-
7	Assam Food and Civil Supplies Corporation Ltd.	3	2	1

Source: Information furnished by the Companies

As can be seen from **Table 1.3.6**, all three power sector Companies⁷² complied with provisions relating to formation and composition of Independent Directors in the Audit Committee. Further, three private limited Companies/Joint Ventures⁷³ which were under no legal obligation to constitute Audit Committee also formed Audit Committees during 2023-24, indicating a commitment to good Corporate Governance on their part.

1.3.7.2 Nomination and Remuneration Committee

As per Rule 6 of Companies (Meeting of Board and its Power) Amendment Rules, 2018, every listed public Company as well as other public companies, having (i) paid up share capital of ₹ 10 crore or more OR (ii) turnover of ₹ 100 crore or more OR (iii) aggregate outstanding loans or borrowings, debentures and deposits, exceeding ₹ 50 crore or more as per last audited financial statements were required to constitute Nomination and Remuneration Committee. Further, as per Section 178(1) of Companies Act, 2013, the Nomination and Remuneration Committee was to consist of three or more non-executive directors out of which not less than one-half shall be Independent Directors (IDs).

Out of seven Companies covered under the above criteria, three Companies did not constitute the Nomination and Remuneration Committee during 2023-24, as shown in **Table 1.3.7**.

⁷² Assam Power Distribution Company Limited, Assam Electricity Grid Corporation Limited, Assam Power Generation Corporation Limited.

⁷³ Assam Gas Company Limited (Private Limited Company), Assam Industrial Development Corporation Limited (Private Limited Company) and DNP Limited (Private Limited/Joint Venture Company).

Table 1.3.7: Position of constitution of Nomination and Remuneration Committee

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

Source: Information furnished by the Companies

Further, two Companies viz. Assam Gas Company Limited and DNP Limited, although not required to constitute the above committee, had voluntarily formed the Committee comprising two and three members respectively.

1.3.7.3 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 was 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.

1.3.8 Other statutory requirements

1.3.8.1 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 furnished by 26⁷⁴ out of 32 working Companies covered under the review, nine Companies⁷⁵ filed Annual Return for the year 2023-24. Fourteen companies had a delay of one to two years in filing their Annual Returns, while three companies had delays ranging from five to 20 years 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 Seeds Corporation Ltd.	2022-23	1
2	Assam Livestock and Poultry Corporation Ltd.	2016-17	7
3	Assam Tea Corporation Ltd.	2017-18	5
4	Assam Plains Tribes Development Corporation Ltd.	2021-22	2
5	Assam State Development Corporation for Other Backward Classes Ltd.	2022-23	1
6	Assam Industrial Development Corporation Ltd.	2022-23	1
7	Assam Small Industries Development Corporation Ltd.	2022-23	1
8	Assam Mineral Development Corporation Ltd.	2022-23	1
9	Assam Police Housing Corporation Ltd.	2022-23	1
10	Assam Trade Promotion Organisation	2021-22	2
11	Assam Hydro-Carbon and Energy Company Ltd.	2022-23	1
12	Assam State Textbook Production and Publication Corporation Ltd.	2003-04	20
13	Assam Gas Company Ltd.	2022-23	1
14	DNP Ltd.	2022-23	1
15	Assam Medical Services Corporation Ltd.	2022-23	1
16	Assam Tourism Development Corporation Ltd.	2022-23	1
17	Assam Food and Civil Supplies Corporation Ltd.	2022-23	1

Source: Information furnished by SPSEs

Further, 20 Companies filed their Annual Returns belatedly on 87 occasions with a delay ranging from 1 to 1,532 days⁷⁶ than the prescribed timeline (60 days from the date of AGM) 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.	2023-24	4	119 to 254
2	Ashok Paper Mill (Assam) Ltd.	2023-24	5	25 to 761
3	Assam Electricity Grid Corporation Ltd.	2023-24	6	26 to 881

⁷⁴ Six SPSEs (1. Assam Fisheries Development Corporation Limited, 2. Assam Plantation Crops Development Corporation Limited, 3. Assam State Development Corporation for Scheduled Castes Limited, 4. Assam Hills Small Industries Development Corporation Limited, 5. Assam Electronics Development Corporation Limited and 6. Assam State Fertilizers and Chemicals Limited) did not provide the information on the actual date of filing of Annual Return.

⁷⁵ 1. Assam Petro-Chemicals Limited, 2. Purba Bharati Gas Private Limited, 3. Ashok Paper Mill (Assam) Limited, 4. Assam Power Generation Corporation Limited, 5. Assam Power Distribution Company Limited, 6. Amtron Informatics (India) Limited, 7. Assam State Film (Finance and Development) Corporation Limited and 8. North East Gas Distribution Company Limited and 9. Assam Electricity Grid Corporation Limited.

⁷⁶ The highest delay (1,532 days) pertained to Assam Small Industries Development Corporation Limited, which filed the annual return (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)
4	Assam Gas Company Ltd.	2022-23	1	27
5	Assam Hydro-Carbon and Energy Company Ltd.	2022-23	6	28 to 144
6	Assam Livestock and Poultry Corporation Ltd.	2016-17	1	1,384
7	Assam Mineral Development Corporation Ltd.	2022-23	5	18 to 204
8	Assam Plains Tribes Development Corporation Ltd.	2021-22	6	144 to 1,298
9	Assam Police Housing Corporation Ltd.	2022-23	6	16 to 1,127
10	Assam Power Distribution Company Ltd.	2023-24	6	28 to 154
11	Assam Power Generation Corporation Ltd.	2023-24	6	1 to 368
12	Assam Seeds Corporation Ltd.	2022-23	1	258
13	Assam Small Industries Development Corporation Ltd.	2022-23	6	69 to 1,532
14	Assam State Development Corporation for Other Backward Classes Ltd.	2022-23	5	7 to 1,399
15	Assam Tea Corporation Ltd.	2017-18	1	305
16	Assam Trade Promotion Organisation	2021-22	5	75 to 1,177
17	DNP Ltd.	2022-23	2	1 to 20
18	Purba Bharati Gas Private Ltd.	2023-24	2	18 to 54
19	Assam Tourism Development Corporation Ltd.	2022-23	6	118 to 1,477
20	Assam Food and Civil Supplies Corporation Ltd.	2022-23	7	48 to 1,476
Total			87	

Source: Information furnished by the Companies

1.3.8.2 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 months⁷⁷ 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*, 28 out of 36 working Companies had arrears of 156 accounts with pendency ranging from one to 26 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 29 out of 36 working Companies as on 30 September 2024 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 Companies	Annual General Meetings	
		held up to	concluded up to
1	Assam Electricity Grid Corporation Ltd.	2022-23	2022-23
2	Assam Gas Company Ltd.	2022-23	2022-23
3	Assam Petro-Chemicals Ltd.	2023-24	2023-24
4	Assam Power Generation Corporation Ltd.	2023-24	2023-24
5	DNP Ltd.	2022-23	2022-23

⁷⁷ 9 months in case of 1st AGM.

Sl. No.	Name of Companies	Annual General Meetings	
		held up to	concluded up to
6	Purba Bharati Gas Private Ltd.	2023-24	2023-24
7	Assam Hydro-Carbon and Energy Company Ltd.	2022-23	2022-23
8	Assam Livestock and Poultry Corporation Ltd.	2022-23	2017-18
9	Assam Plains Tribes Development Corporation Ltd.	2021-22	2020-21
10	Assam Power Distribution Company Ltd.	2023-24	2023-24
11	Assam Industrial Development Corporation Ltd.	2022-23	2020-21
12	Assam State Development Corporation for Other Backward Classes Ltd.	2022-23	2021-22
13	Assam Trade Promotion Organisation	2022-23	2021-22
14	Assam Tourism Development Corporation Ltd.	2020-21	2019-20
15	Assam State Film (Finance and Development) Corporation Ltd.	2022-23	2015-16
16	Ashok Paper Mill (Assam) Ltd.	2023-24	2018-19
17	Assam Mineral Development Corporation Ltd.	2022-23	2020-21
18	Assam Livestock and Poultry Corporation Ltd.	2020-21	2015-16
19	Assam Electronics Development Corporation Ltd.	2021-22	2013-14
20	Assam Police Housing Corporation Ltd.	2022-23	2015-16
21	Assam Seeds Corporation Ltd.	2023-24	2020-21
22	Assam Tea Corporation Ltd.	2023-24	2014-15
23	Assam Hills Small Industries Development Corporation Ltd.	2019-20	2006-07
24	Assam Small Industries Development Corporation Ltd.	2023-24	2014-15
25	Assam Medical Services Corporation Ltd.	2023-24	2022-23
26	Amtron Informatics (India) Ltd.	2023-24	2018-19
27	North East Gas Distribution Company Ltd.	2023-24	2023-24
28	Assam Tourism Development Corporation Ltd.	2019-20	2019-20
29	Assam Food and Civil Supplies Corporation Ltd.	2023-24	2020-21

Source: Information furnished by the Companies

As can be seen from **Table 1.3.10**, out of 29 working Companies who had organised AGMs, 12 Companies⁷⁸ held AGM up to the financial year 2023-24, 11 Companies⁷⁹ organised AGM up to 2022-23, two Companies⁸⁰ organised AGM up to 2021-22, two Companies⁸¹ organised AGM up to 2020-21 and the remaining two Companies⁸² organised up to 2019-20. As regard the conclusion of AGMs, five working Companies⁸³ having finalised their accounts for 2023-24 concluded the AGM for the year 2023-24, while remaining 24 Companies concluded the AGMs for years between 2006-07 and 2022-23.

⁷⁸ Companies at Sl. No. 3, 4, 6, 10, 16, 21, 22, 24, 25, 26, 27 and 29 of **Table 1.3.10**

⁷⁹ Companies at Sl. No. 1, 2, 5, 7, 8, 11, 12, 13, 15, 17 and 20 of **Table 1.3.10**

⁸⁰ Companies at Sl. No. 9 and 19 of **Table 1.3.10**

⁸¹ Companies at Sl. No. 14 and 18 of **Table 1.3.10**

⁸² Companies at Sl. No. 23 and 28 of **Table 1.3.10**

⁸³ Companies at Sl. No. 3, 4, 6, 10, and 27 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 (i) net worth of ₹ 500 crore or more, OR (ii) turnover of ₹ 1,000 crore or more, OR (iii) 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 2024, there were 44 Government Companies (36 working and 8 non-working) in the State. As the non-working Companies stopped functioning, 36 working Companies were considered for analysis. As per latest finalised accounts of 36 working Companies, Section 135 was applicable to seven 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	2019-20 to 2023-24
2	Assam Power Distribution Company Ltd.	Turnover, net profit and net worth	2019-20 to 2023-24
3	Assam Electricity Grid Corporation Ltd.	Net worth and net profit	2019-20 to 2023-24
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	2017-18 to 2021-22
7	Assam Power Generation Corporation Ltd.	Turnover, net profit and net worth	2019-20 to 2023-24

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

Seven 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 ⁸⁴	Actual
1	Assam Power Distribution Company Ltd.	4	1	3
2	Assam Power Generation Corporation Ltd.	4	1	3
3	Assam Gas Company Ltd.	4	Exempted	1
4	DNP Ltd.	3	Exempted	-
5	Assam Petro-Chemicals Ltd.	4	1	1
6	Assam Mineral Development Corporation Ltd.	3	1	-
7	Assam Electricity Grid Corporation Ltd.	4	1	3

Source: Information furnished by Companies

As can be seen from *Table 1.4.2*, all the seven 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 two 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, four⁸⁵ out of seven 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 2024 is given in *Table 1.4.3*.

⁸⁴ 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.

⁸⁵ Excluding three Companies (Assam Electricity Grid Corporation Limited and Assam Power Distribution Company Limited and Assam Petro-Chemicals Limited), which suffered average net losses during previous three years.

Table 1.4.3: Details of CSR spending by Companies

Sl. No.	Name of SPSEs	Latest applicable year	Avg. net profit for previous 3 years	Applicable amount	Previous shortfall in CSR activities	Previous excess spending adjusted	Approved amount	Amount Spent	Short-fall	Excess expenditure
(₹ in crore)										
1	Assam Gas Company Ltd.	2022-23	75.62	1.51	-	0.47	1.04	1.25	-	0.21
2	DNP Ltd.	2022-23	47.15	0.94	-	0.29	0.65	1.08	-	0.43
3	Assam Mineral Development Corporation Ltd.	2021-22	21.93	0.44	0.78	-	1.22	-	1.22	-
4	Assam Power Generation Corporation Ltd.	2023-24	9.07	0.18	-	-	0.18	0.18	-	-
Total		-	-	3.07	0.78	0.76	3.09	2.60	1.22	0.64

Source: Latest finalised accounts of the SPSEs

As can be seen from **Table 1.4.3**, out of four working Companies which were required to spend on CSR activities, Assam Mineral Development Corporation Limited did not incur any expenditure on CSR, which had resulted in a shortfall of ₹ 1.22 crore in mandatory CSR spending by the Company. Two working companies surpassed their statutory obligations by incurring an additional ₹ 0.64 crore on CSR activities, demonstrating their enhanced commitment to social responsibility.