THIRTEENTH KERALA LEGISLATIVE ASSEMBLY

COMMITTEE
ON
PUBLIC UNDERTAKINGS
(2014-2016)

NINETY THIRD REPORT

(Presented on 27th July, 2015)

SECRETARIAT OF THE KERALA LEGISLATURE
THIRUVANANTHAPURAM
2015

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COMMITTEE

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On

Kerala State Financial Enterprises Limited based on the Report of the Comptroller and Auditor General of India for the year ended on 31st March, 2011 (Commercial)

906/2015.

CONTENTS

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INTRODUCTION

I, the Chairman, Committee on Public Undertakings (2014-2016) having been authorised by the Committee to present the Report on their behalf, present this Ninety Third Report on Kerala State Financial Enterprises Limited based on the Reports of the Comptroller and Auditor General of India for the year ended 31st March, 2011 (Commercial) relating to the Government of Kerala.

The Reports of the Comptroller and Auditor General of India for the year ended 31st March, 2011 was laid on the Table of the House on 23-3-2012. The consideration of the audit paragraphs included in this Report and the examination of the departmental witness in connection thereto was made by the Committee on Public Undertakings constituted for the period 2014-2016.

This Report was considered and approved by the Committee at the meeting held on 20-7-2015.

The Committee place on record their appreciation of the assistance rendered to them by the Accountant General (Audit), Kerala in the Examination of the Audit Paragraphs included in this Report.

The Committee wish to express their thanks to the officials of the Taxes Department of the Secretariat and Kerala State Financial Enterprises Limited for placing before them the materials and information they wanted in connection with the examination of the subject. They also wish to thank in particular the Secretaries to Government, Taxes and Finance Department and the officials of Kerala State Financial Enterprises Limited who appeared for evidence and assisted the Committee by placing their considered views before the Committee.

K. N. A. KHADER,

Chairman,
Committee on Public Undertakings.

Thiruvananthapuram,
27th July, 2015.

REPORT

ON

KERALA STATE FINANCIAL ENTERPRISES LIMITED

AUDIT PARAGRAPH

We selected twenty Companies' from six sectors based on risk analysis for assessing the effectiveness of performance in the following areas pertaining to the period 1st April, 2006 to 31st March, 2011:

- Deployment of surplus funds
- Disbursement of loans
- Borrowing of funds and
- Payment of taxes and duties.

We noticed deficiencies and were of the opinion that they required urgent attention of the Managements of respective Public Sector Undertaking (PSUs).

Deployment of Funds

Incorrect selection of financial institutions for deployment of funds, inappropriate duration of term deposits and avoidable deployment of funds in Current Accounts resulted in loss of interest of Rs. 6.57 crore, as discussed further:

Time deposits

Selection of institution

Incorrect selection of the institution for deployment of surplus funds in time deposits by the following nine PSUs ignoring the rates offered by State Treasury which were better than what they carried resulted in foregoing of possible revenue of Rs. 3.30 crore in 399 cases as tabulated below:

Company	No. of Fixed Deposits (FDs) instances	Period involved	Range of FDs (₹ in lakh)	Range of period of FDs (Days)	Rate of interest (ROI) received (%)	Alternative ROI available at State Treasury (%)	Interest foregone (₹ in lakh)
1	2	3	4	5	6	7	8
TELK	31	January 2009 to October 2010	40 to 300	180 to 468	2.00 to 6.25	6.75 to 10.00	68.08

1	2	3	4	5	6	7	8
KSPIFCL	48	March 2009 to March 2011	25 to 500	365 to 730	7.00 to 8.80	7.50 to 10.00	64.35
KMML	40	January 2009 to March 2011	15 to 251.93	365	6.50 to 9.00	7.50 to 10.00	63.18
KSIDC	163	November 2007 to March 2011	1.00 to 380.14	180 to 365	6.00 to 8.00	6.75 to 10.00	55.72
TRKL	06	March 2009 to March 2011	9.50 to 556.31	365	5.00 to 8.00	7.50 to 10.00	29.50
KURDFC	49	April 2008 to March 2011	15.90 to 99.00	180 to 556	5.75 to 8.00	6.75 to 10.00	23.11
KSIE	17	January 2009 to Nov. 2010	0.55 to 109.38	365	7.00 to 8.50	7.50 to 10.00	9.74
KELTRON	22	May 2006 to February 2011	5.00 to 116.55	181 to 897	4.05 to 7.70	6.50 to 10.00	8.48
KFL	23	May 2009 to February 2011	55.00 to 99.00	180	5.50 to 7.00	6.75 to 8.50	8.21
Total	399						330.37

Four Companies, namely: TELK (July 2011), KSPIFCL (August 2011), KSIDC (August 2011) and KMML (August 2011), stated that restrictions imposed by Government/Treasury, operational convenience and facilities for Overdraft (OD)/Cash Credit (CC)/Letter of Credit (LC)/Working Capital Loan offered by Scheduled Commercial Banks (SCBs) etc. were the major reasons for the preference given to SCBs while depositing the funds.

The replies were not acceptable as Government/Treasury did not impose any restriction for withdrawal of Fixed Deposits (FDs) on maturity. Monetary ceiling for premature closure could be overcome by opening FDs of smaller denominations and by adopting phased withdrawal. The State Treasury should have been preferred for investment over SCBs as it would have fetched better returns.

About TRKL, Government (October 2011) replied that they parked their deposits with banks for operational convenience. The Management stated (August 2011) that they could not monitor their deposits due to shortage of manpower. The reason did not justify the loss of potential interest income of Rs. 29.50 lakh.

KSIE stated (August 2011) that they had switched over to deployment of surplus funds in long-term FDs with banks because of the OD facility offered to them while KFL replied (August 2011) that the Company could not estimate short-term requirement of funds correctly and there were chances of premature closure. The Audit point that these Companies did not beneficially deploy their surplus fund stays, as the Treasury did not discourage premature withdrawals.

Optimal Utilisation of increasing interest rates

Treasury periodically revised the rate of interest on Fixed Deposits. Regular monitoring coupled with comparative assessment of continued investment in existing FDs or switching over to new FDs, will help maximisation of interest on investment. No penalty is imposed by the Treasury for premature renewal of term deposits.

Delay in renewal of term deposits by KSFE on 66 occasions in line with upward revision in interest rate (October 2008) by Treasury resulted in loss of potential earnings of 3.47 lakh.

The Company replied (August 2011) that the delay in foreclosure of FDs was due to the delay in getting approval from Board of Directors which took all major decisions. Thus, quick decision making was absent and to overcome this, operational freedom should have been given to functional managers within specific guidelines laid down by the Board of Directors.

The Company also erred in selection of term deposits for foreclosure which resulted in interest loss of Rs. 10.55 lakh. The Company assured to evolve appropriate methodology for foreclosures.

Non-closure of existing FDs to redeploy funds when the Treasury had raised rates of interest resulted in loss of potential interest of Rs. 69.09 lakh in KLDB during the period from April 2005 to October 2008.

The Company replied (September 2011) that prior approval of Government was required for opening new Fixed Deposit Account as well as renewal of existing Treasury FD Account.

The reply was not tenable since given the benefits involved, operational freedom should have been sought from the Government subject to specific guidelines from the Government.

Inappropriate duration of deposits

Due to lack of planning, the following companies failed to deploy funds in FDs of longer durations instead of renewing and redepositing in FDs of shorter durations resulting in foregoing of potential interest income of Rs. 1.31 crore:

Name of the Company	Funds Deployed in	Period involved	Initial investment	Actual duration of deposits	Alternative long-term duration available	Rates of interest (actually earned in deposits (%)	Rate of interests for longer duration (%)	Interest Received	Interest that could have been received	Interest foregone
KAMCO	State Treasury	June 2005 to March 2011	2332.13	6 to 13 months	36 months	6 to 9	7.5 to 10	1278.70	1361.25	82.55
KSBC	SCB	February 2008 to March 2011	1985.85	12 months	36 months	6.25 to 10	8 to 11	252.24	295.84	43.60
SILK	SCB	January 2010 to March 2011	190.00	30 to 46 days	181 to 414 days	3 to 4	6.75 to 7.5	4.58	8.93	4.35
Total			4507.98					1535.52	1666.02	130.50

KAMCO replied (August 2011) that the Company was engaged in various diversification/expansion schemes and to ensure fund availability for the same at appropriate time short-term FDs were resorted to.

The reply was not tenable since the facility of foreclosure of deposits in Treasury would have taken care of unanticipated cash outflows associated with diversification. As per the Government policy in vogue, there was no restriction/ban for withdrawal of FDs from Treasury.

SILK replied (August 2011) that absence of integrated information system contributed to the loss and it had plans of implementation of fund management techniques.

Current Account Deposits

Avoidable deployment of funds in Current Accounts

In nine companies viz. KFL, TELK, KAMCO, KEPIP, TRKL, KSIE, KMML, KSIDC and KLDB, heavy accumulation of balance in Current Accounts for long durations was noticed. Companies with unpredictable cash flows can resort to Flexi Fixed Deposits (FFDs) so as to avoid idling of fund in Current Accounts and also to earn interest for periods ranging from seven days onwards. FFDs offer the twin advantage of liquidity as well as operational flexibility of Current Accounts coupled with interest returns of Fixed Deposits. All the banking facilities attached to a Current Account like fund transfer methods viz. Real Time Gross Settlement (RTGS)/National Electronic Fund Transfer (NEFT) and Internet banking features are also available to the FFD account holders without involving any extra charge.

The total amount blocked up in Current Accounts of the nine companies for various periods ranging up to 1823 days was equivalent to the idling of Rs. 54.42 crore for one year (Annexure 18). The equated annual idling of funds ranged from Rs. 0.86 crore (KLDB) to Rs. 14.52 crore (KAMCO). This resulted in foregoing of interest income. In the light of the advantages of FFD account, there was a need for these companies to consider availing of this facility.

KAMCO and KSIDC replied (August 2011) that they had opened FFD accounts. KFL (August 2011), KLDB and KEPIP appreciated (June 2011) the benefits of opening FFD Account and information relating to the progress thereon was awaited (November 2011). About KLDB, Government replied (September 2011) that the interest foregone was not considerable and about TRKL (October 2011), that efforts would be made to open FFDs in future.

KMML replied (August 2011) that they had requested the banks to provide FFD account facility.

KSIE (August 2011) replied that amounts accruing in Current Accounts of the Company at different locations were transferred to OD account and the balance in Current Account was minimised leading to need of additional funds.

The corrective actions taken by the Companies were appreciable.

- At KEPIP, four dormant Current Accounts in SCBs were observed during the period from April 2006 to February 2011 wherein balances ranging from Rs. 4.00 lakh to Rs. 18.00 lakh were persistently maintained which resulted in forgoing potential interest income of Rs. 7.51 lakh. The Company assured that short-term surplus funds would be invested in interest bearing FDs in future (July 2011).

Maximization of rate of interest

Daily sales collections in all the units of KSBC were transferred to its Current Accounts maintained with Canara Bank, Union Bank of India, Dhanalakshmi Bank Limited and Punjab National Bank in Thiruvananthapuram. After leaving a minimum daily balance of Rs. 2.50 lakh in the accounts, remaining funds were transferred to the Flexi Fixed Deposit Accounts maintained with the same bank. The agreements with the banks provided for redeployment of funds to earn maximum revenue in the event of revision of rates of interest. The Company did not have a system to daily compare the rates of interest that existed across the banks and to redeploy funds whenever interest rate changes thereby forgoing interest of Rs. 95.50 lakh during 2006-07 to 2010-11.

KSBC replied (August 2011) that the loss was worked out by Audit without considering the period of seven days for generation of interest, number of transactions in a bank account and the higher interest earned by the Company by transferring fund from FFD account to Term Deposits with Treasury.

The period of seven days mentioned in the reply was not relevant to the audit observation. Our comment was restricted to initial deployment of cash collections. The reply with regard to transferring of funds from FFD account to Treasury was not relevant as the calculation done by us pertained to the period when the funds remained with the banks. We were of the opinion that KSBC was providing low cost funds to banks.

Loan Disbursement

Of the selected PSUs we observed inconsistency in lending activity as under:

Non-synchronisation of due dates of loan repayment and bond redemption (KSPIFCL) and non-revision of interest rate linked to increase in cost of funds (KTDFC) resulted in avoidable extra expenditure on interest/short realisation of interest income amounting to Rs. 56.24 lakh as discussed further:

- KSPIFCL issued (1st January, 2003) redeemable 11.10 per cent bonds worth Rs. 200 crore for lending to Kerala State Electricity Board (KSEB) at the rate of 11.75 per cent. The bonds carried a put/call option exercisable on or after 1st January, 2009. The loan given to KSEB had a repayment schedule of four half-yearly installments starting from 30th June, 2008. KSEB repaid the first installment of Rs. 50 crore on 30th June, 2008. Though the Company offered to redeem bonds worth this amount immediately, only those holding bonds worth Rs. 1.57 crore accepted the Company's offer. Hence the Company could redeem the remaining bonds worth Rs. 48.43 crore (i.e. 50 crore – 1.57 crore) only on 1st January, 2009. During the intervening period of 184 days (from 30th June, 2008 to 31st December, 2008) the Company had to park Rs. 48.43 crore in FDs which earned interest at the rate of 9.85 per cent per annum. This resulted in interest loss of Rs. 30.52 lakh towards differential interest (11.10 per cent – 9.85 per cent) payable to bond holders. Had the initial date of repayment of loan by KSEB been synchronised with the call/put option date, the interest loss could have been avoided.

The Company replied (April 2011) that several attempts were made (October 2005 onwards) with KSEB to get the repayment schedule of loan revised but in vain and that the above loss was absorbed in the overall profitability in the bond transaction:

- KTDFC decided in the Board meeting (June 2007) to revise the interest rates of loans under Aiswarya Griha Scheme sanctioned thereafter, in tune with the increased cost of borrowings. Loan disbursed (March to May 2006) by KTDFC to three parties – SK Hospital, Credence Hospital and Paramount Photographers provided for revision of interest rates based on the changes in the borrowing cost of the Company. The interest rates of these loans were revised in the Board meeting (November 2008) with effect from June 2008 after a delay of 11 months (for the period from July 2007 to May 2008) resulting in loss of interest income of Rs. 25.72 lakh.

Government replied (August 2011) that the above three loans were housing loans and were sanctioned with fixed interest rates. The loanees objected to the decision to have floating rates and to avoid litigation, it was decided to refix the interest rate and later on bring them under floating interest rate.

The reply was not tenable because the loan agreements clearly indicated that they were sanctioned as floating loans with clear provisions for revision of interest rates.

BORROWINGS

Ineffective Management of Loans

Ineffective management of loans resulted in avoidable interest payout of Rs. 94.01 lakh as discussed further:

Three Companies (TELK, UEIL and SILK) did not utilise the available funds in their FDs/Current Account for extinguishing the Loans/CC/OD availed though the available funds were fetching lesser rates of interest compared to the carrying cost of loans/CC/OD availed. We worked out that this resulted in avoidable interest payout amounting to Rs. 37.93 lakh (Annexure 19) as detailed below:

- Despite having sufficient funds invested in FDs earning interest of 5 per cent to 5.25 per cent per annum, TELK availed LCs of 90 days duration carrying interest commitments of 12 per cent – 12.75 per cent during the period from November 2007 to August 2009 for purchases. This resulted in avoidable interest payout of Rs. 25.97 lakh.

TELK replied (August 2011) that the Company was forced to open usance LCs instead of sight LCs as the monopolistic suppliers insisted for the same. Further, the Company could persuade the suppliers to accept sight LCs from 2009 onwards and that lately the Company was making advance payments through RTGS mode to avoid interest.

The corrective Action Taken by the Company was appreciable.

- UEIL and SILK failed to transfer surplus funds lying in Current Accounts to Cash Credit Accounts, which would have helped in avoiding extra interest expenditure of Rs. 11.96 lakh during the period 2007-2011.

About UEIL, Government (October 2011) stated that the funds parked in Current Accounts were received from Public Sector Restructuring and Internal Audit Board (RIAB) against specific undertaking that the same would not be diverted.

CC account being a standing arrangement for Working Capital, utilisation of Working Capital assistance received from RIAB to mitigate interest burden on CC account did not amount to diversion.

SILK replied (August 2011) that their units were geographically and functionally scattered and that they could not integrate the fund position of its units with the fund requirements which attributed to the loss.

The reply was not tenable because the Company should have developed an integrated information system to ensure effective fund management.

Non-compliance with terms and conditions of borrowings

- CC arrangements opened by KTDFC with two SCBs stipulated that periodical financial statements and statement of debtors shall be furnished by the borrower to the lender, failing which penal interest, limited to two per cent over and above the rate of interest would be levied. On persistent default by the Company (from 2007-08 onwards) in preparation and submission of statements agreed upon, the relevant penal clauses were invoked by the lenders which cost the Company Rs. 36.64 lakh by way of avoidable penal interest.

Government replied (August 2011) that the non-submission of financial statements to the banks was due to retrenchment of almost entire staff of the Company and also due to the delays associated with migration of data to new software. It was also stated that the cost of funds included penal interest charged by banks and the interest charged by the Company on loans were over and above the cost of funds.

Thus, the delay caused in submission of statement to banks resulted in the Company foregoing potential profit of Rs. 36.64 lakh.

Failure to minimise cost of borrowing

KTDFC had other issues of financial mismanagement also. It had CC arrangements with three banks but had no mechanism to ensure that CC limit of the bank offering lowest rate of interest was utilised first at any point of time. We worked out that the Company could have minimized their borrowing cost by Rs.16.60 lakh by capitalising on the rate differentials, but failed to do so (Annexure 20).

Similarly, surplus funds (credit balances) were maintained in CC accounts with certain banks while deficit (debit balance) existed in CC account with other banks during the corresponding period. Non-settlement of these deficits resulted in avoidable interest payment of Rs. 2.84 lakh.

Government replied (August 2011), that absence of qualified staff in its finance wing coupled with shortage of staff affected the financial arrangements of the Company adversely. It was further added that the Company did not incur any loss as it gives loans at a rate higher than the rate charged by its banks.

The reply was not tenable as the lapses pointed out persisted up to 2010-11 and staffing issues were sorted out by the Company in 2007-08. Prudent financial management demanded minimization of cost and not covering up the inefficiency by passing on the burden to the unsuspecting customers.

PAYMENT OF TAXES & DUTIES AND GUARANTEE COMMISSION

Payment of Advance Income Tax

As per Section 234 B and C of the Income Tax (IT) Act, 1961, a corporate assessee was to pay 90 per cent of the tax in advance when the amount of Tax payable exceeds ten thousand rupees per annum. The Advance Tax was payable in four quarterly installments between June and March of the corresponding financial year. Excess payment of Advance Tax earned an interest of 6 per cent per annum until refund was received. It was observed that refund of tax took one to two years to materialise. Similarly for failure to pay installments of Advance Tax by specified dates, interest was chargeable at the rate of one per cent per month (Section 234 C of the Act ibid). However, any shortfall in payment of Advance Tax in earlier installments could be offset by making additional payment during last installment due on 15th March, by which time, Tax liability for the year would be certain. The duration of penalty could thus be restricted to a period not exceeding nine months.

We observed nine instances of overpayment ranging from Rs. 0.10 crore to Rs. 15.57 crore in six companies due to assessment of tax based on budgeted profit rather than working out approximate income based on income of previous 11.5 months, a methodology which had already been recommended by the Committee On Public Undertakings (COPU). We worked out the associated interest loss at Rs. 3.25 crore (Annexure 21).

To estimate the profit accurately, Projected Profit and Loss Account was to be prepared on quarterly basis taking into account Purchase and Sales Budgets duly revised, ratio of expenditure to total sales and sales trend during the corresponding months in the previous years, if any. Absence of proper functional budgets or periodical revisions or non-preparation of projected Profit & Loss account on quarterly basis led to wrong estimation of profit resulting in excess payment of Advance Tax.

It was observed in KSFE that the Tax Deducted at Source by banks for each quarter was not considered while ascertaining the tax payable for that quarter thereby resulting in over payment of Advance Income Tax.

KSFE replied (August 2011) that the criteria adopted for computing the Advance Tax Liability was based on the estimated profits as per budgets for the year, profitability trend as well as the payment of Advance Tax for the previous years. However, absence of an integrated real time information system and non-synchronised operation of different wings of the Company hampered timely revision of estimates. Further, there was also demand from the Commissioner of Income Tax, Thrissur for remitting Tax at least equal to that which was remitted in the previous year (2006-07).

About UEIL, Government (August 2011) stated that owing to the change over to new accounting platform, Enterprise Resource Planning, the work of finalising accounts for the year was delayed and they could not come out with accurate figures.

KSIE admitted (August 2011) that there was some excess payment of Advance Tax and stated that they would review and revise budgets periodically to minimize the Advance Tax payments to be made before 15 of March every year.

KSBC replied (August 2011) that, a higher income was estimated at the beginning of the year to avoid the penal interest of 12 per cent charged by IT Department for incorrect assessment. It was also stated that the rate of interest on excess Advance Tax offered by IT Department was higher than the average interest earned by the Company from Flexi Fixed Deposit Accounts. The reply was not acceptable as the rate offered by IT Department (six per cent) should have been compared with the FD rates offered by Treasury/Banks. The reply with regard to penal interest did not hold good as discussed earlier.

About KTDFC, Government replied (August 2011) that due to heavy arrears in finalisation of accounts coupled with unreliability of the accounting package, the Company had been unable to make a reasonable estimation of the Advance Tax payments, but the Company admitted system lapses as the cause of excess payment of Advance Income Tax.

KMML while admitting (August 2011) the audit observation stated that the Company had changed to a daily profit monitoring system at present which reduces the chances of excess/short payments.

Payment of Income Tax

Income Tax Act does not admit all the expenses unless they comply with the provisions of the Act. Any payment of expense over and above Rs. 20,000 by way of cash rather than by bank would render those expenses inadmissible. The Act also provides for deduction of Tax at Source from expenses in case of consultancies, technical fee, etc., failing which the party liable to collect the Tax at source would have to bear Tax burden. The following companies did not exercise due diligence resulting in avoidable Tax burden to the tune of Rs. 44.69 lakh:

Name of Company	Particulars	Provisions of IT Act	Avoidable Payment of Income Tax (₹ in lakh)
1	2	3	4
KSBC	Due to non-claiming of allowable expenses such as interest/commission/ professional fee etc. paid by the Company for which TDS was deducted	Section 40(i a)	15.26

1	2	3	4
KSBC	Due to payment of expenses above Rs. 20,000 in cash	Section 40 A(3)	11.99
KTDFC	Due to recognition of fictitious interest income during 2006-07	NA	14.44
KAMCO	Due to non-deduction of Tax at source from interest/commission/ professional fee etc. paid by the Company	Section 40 (i a)	2.21
KMML	Due to payment of expenses above 20,000 in cash	Section 40 A(3)	0.79
	Total		44.69

KSBC, KAMCO and KMML admitted their lapses and assured to ensure avoidance of such lapses in future.

About KTDFC, Government replied (August 2011) that recognition of interest on the amount spent on BOT project was in order and that the Company was entitled to operate the asset over a period of time to recoup the total expenditure incurred with return on investment through user charges namely rent.

The reply was not acceptable as there was no payment of interest by Government. The Company could earn return on investment in the form of rent.

Payment of Service Tax/Excise Duty

- Though the services rendered by KSIE (Airport Services) were taxable as per the relevant Finance Act, the Company failed to collect/remit Service Tax from the customers resulting in a liability of ₹ 10.24 lakh. The Company replied (August 2011) that the service tax on facilitation charges (Rs. 1.05 lakh) was receivable from the airlines. The uncollected service tax on unaccompanied baggage (Rs. 9.20 lakh) was borne by the company.
- As per Rule 3 of the CENVAT Credit Rules 2004, a manufacturer could utilise CENVAT credit against the payment of excess duty. But KMML did not utilise the entire CENVAT available to its credit during the

period from April 2006 to February 2011 resulting in an interest loss of Rs. 44.33 lakh.

KMML replied (August 2011) that it had a dispute regarding eligibility of certain input credit with Excise Department and hence the CENVAT credit had been kept unutilised deliberately so as to avoid interest liability in the event of losing the dispute. The reply was not tenable. As per rules, interest liability existed even if the wrongly availed credit had not been utilised.

Payment of Guarantee Commission

KSPIFCL was liable to pay Guarantee Commission (GC) to the State Government at the rate of 0.75 per cent on the amount guaranteed by the State Government on loans raised by the Company. Any default in payment of GC would attract penalty at the rate of 12 per cent per annum on amount defaulted. The delayed discharge of liability ranging from ₹ 1.02 crore to ₹ 5.64 crore for periods extending up to 600 days by the Company despite having sufficient funds resulted in avoidable liability of ₹ 1.03 crore as penal interest. Considering the interest realised from investment in FD, which was lower than the GC payable by 4 per cent to 8 per cent, the Company suffered interest loss of ₹ 41.33 lakh.

The Company admitted the situation and replied (April 2011) that they had approached Government to get the GC payable converted into equity participation of Government in the Company but was rejected (March 2010). A further proposal by the Company for waiver of penal interest was pending with the Government (June 2011).

Reply of Government on Companies except UEIL, KSFDC, KFL, KURDFC, TRKL, KTDFC and KLDB was awaited (November 2011).

[Audit Paragraph 4.9 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March 2011 (Commercial)].

The notes furnished by the Government of the Audit Paragraph is given in Appendix II.

ANNEXURE 18

STATEMENT SHOWING COMPANY-WISE DETAILS OF INVESTIBLE SURPLUS IN CURRENT ACCOUNTS

(*Referred* to in paragraph 4.9)

(*₹ in lakh*)

Sl. No.	Company	Amount accumulated	Period of accumulation (days)	Equivalent annual accumulation
1	KFL	0.01 to 826.80	7 to 1361	674.25
2	TELK	0.04 to 1229.27	7 to 761	641.07
3	KAMCO	0.05 to 1093.99	7 to 1729	1452.31
4	KEPIP	0.01 to 313.07	7 to 1729	555.61
5	TRKL	0.01 to 228.52	7 to 1823	165.51
6	KSIE	0.05 to 122.49	7 to 1752	425.71
7	KMML	0.04 to 2195.84	7 to 923	951.67
8	KSIDC	0.01 to 826.80	7 to 1727	490.83
9	KLDB	0.01 to 87.45	7 to 1823	85.56
	Total			5442.52

ANNEXURE 19

STATEMENT SHOWING COMPANY-WISE DETAILS OF SIMULTANEOUS MAINTENANCE OF LOAN AND IDLE FUND

(*Referred* to in paragraph 4.9)

(*₹ in lakh*)

	Average rate of Interest (%)		Avoidable Interest
	Loan/CC/OD/LC	FD/Current Account	
1	2	3	4
TELK	12.00 to 12.25	5.00 to 5.25	25.97

1	2	3	4
UEIL	12.50 to 14.00	0.00 (CA)	6.02
SILK	12.50 to 14.50	0.00 (CA)	5.94
Total			37.93

ANNEXURE 20

STATEMENT SHOWING LOSS DUE TO INEFFICIENT UTILISATION OF CASH CREDIT ACCOUNT FACILITIES KERALA TRANSPORT DEVELOPMENT FINANCE CORPORATION LIMITED

(*Referred* to in paragraph 4.9)

(₹ in lakh)

Period	Rate of advantage foregone (%)	Lowest interest offering Bank	CC availed from	Avoidable Interest payment
February 2010-January 2011	1.00 to 2.50	SBH	SBT	10.52
July 2006-January 2010	0.25 to 1.50	SBT & DBL	SBH	4.46
April 2006-June 2006	0.50	SBT & SBH	DBL	1.62
			Interest loss	16.60

ANNEXURE 21

STATEMENT SHOWING INTEREST LOSS DUE TO EXCESS PAYMENT OF ADVANCE INCOME TAX

(*Referred* to in paragraph 4.9)

(*₹ in lakh*)

Company	Financial year	Total tax payable as per assessment order/ return	TDS deducted	Total tax paid	Total tax paid including TDS	Excess paid	Percentage of excess	Differential interest rate (FD rate – 6%)	Date of refund/ Status of assessment	Loss of interest till the date of refund/ November 2011
1	2	3	4	5	6 (4+5)	7 (6-3)	8 (7/3*100)	9	10	11
KSBC	2007-08	2305.74	251.08	2653	2904.08	598.34	25.95	4	31-3-2010	47.87
KSBC	2008-09	5728.75	426.3	6523	6949.3	1220.55	21.30	5	Assessment not completed	118.91
KSBC	2009-10	7964.45	417.07	9104.75	9521.82	1557.37	19.55	2	Assessment not completed	30.98
KSFE	2007-08	559.75	13.82	1648	1661.82	1102.07	196.89	4	24-3-2010	88.17
KTDFC	2006-07	24.24	1.71	73.35	75.06	50.82	209.65	4.25	1-10-2010	7.66
KMML	2006-07	701.95	341.17	720	1061.17	359.22	51.17	3	30-11-2008 & 30-11-2010	24.39
KSIE	2008-09	184.15	23.3	201	224.3	40.15	21.80	5	Assessment not completed	4.02
UEIL	2007-08	6.9	4.45	16	20.45	13.55	196.38	7	1-3-2010	1.82
UEIL	2008-09	4.43	2.73	12	14.73	10.33	232.51	7	30-11-2010	1.20
Total										325.01

Note: Interest rates adopted for interest loss computation

(1) UEIL —Borrowing rate of 13% was considered for the calculation of interest Loss.

(2) KTDFC—Borrowing rate of 10.25% was considered for the calculation of interest Loss.

(3) In other cases FD interest rate in Treasury was considered —9% (w.e.f. 1-4-2007), 10% (w.e.f. 1-4-2008), 11% (w.e.f. 1-4-2009) and 8% (w.e.f. 1-4-2010).

1. To the query of the Committee regarding the delay in the renewal of term deposits, the Managing Director of KSFE replied that when there was an upward revision in interest rate, the Board of Directors had decided to close Fixed Deposits with low interest rate, in order to deposit them at higher rates and admitted that the Company had not suffered any loss by this decision. When the Committee enquired whether any stipulation had incorporated in the bye-law of KSFE that each and every decision of the Company would have been taken only in a board meeting, the witness informed that as per the organizational structure of the Company all major decisions were taken only after the approval from the Board.

2. The Committee disagrees with the contention of the witness that the Company had not suffered any loss but had gained profit and opines that there would have been more profit if appropriate decision was taken in time. Therefore the Committee stressed the need for an effective system that enable the Company to take immediate decision, inorder to avoid loss incurred due to the delay in getting approval from the Board. The Committee also directed that a decision should be taken regarding whether the approval from the Board of Directors, is necessary for deposits, preclosure and renewal of funds.

Conclusions/Recommendations

3. **The Committee is of the opinion that the failure of the Management in taking appropriate decisions on time and lack of planning has led to the delay in the renewal of term deposits and thereby loss of potential earnings. The Committee is not convinced with the explanation of the witness that there isn't any financial loss in the matter. The Committee further elucidates that the Company could have gained more profit if there was a system which would enable to take immediate decisions accurately without waiting for the decision of the Board.**

4. **The Committee therefore recommends that the Company should evolve a suitable mechanism for taking quick decisions in time inorder to avoid loss incurred due to the delay in getting approval from the Board of Directors.**

5. **The Committee directs to examine whether the approval of the Board of Directors of the Company is necessary for deposits, preclosures and renewal of funds.**

AUDIT PARAGRAPH

As per Employees Provident Fund and Miscellaneous Provisions Act, 1952 (Act) and Employees Provident Fund Scheme of 1952, for establishments engaging 20 or more persons and engaged in notified industries, employers' contribution to Provident Fund was 12 per cent of salary (basic pay, DA, cash value of food concession and retaining allowance if any), limited to Rs. 6,500 of salary per month. For any sick industrial Company, the rate of contribution was 10 per cent. A test check (2009-2011) of the employer's contribution to the Provident Fund in case of thirteen companies revealed that these companies instead of restricting their share of contribution to monthly salary of Rs. 6,500 had been contributing on the basis of full salary in respect of employees drawing salary more than Rs. 6,500 per month.

The excess contributions to Provident Fund thus made resulted in irregular payment of Rs.72.93 crore (Annexure 23) in respect of the thirteen companies during the period 2007-08 to 2010-11.

Managements stated that the ceiling of Rs. 6,500 under the Act was fixed years back and it remained without change whereas the wages and other benefits had increased considerably over the years. Accordingly, even the lowest unskilled employees would draw in excess of Rs. 6,500 per month. They also contended that it would not be possible to recruit and retain work force if employee benefits were reduced.

The point stays that all EPF contributions should have been in consonance with existing statutory provisions.

The matter was reported to Government (July 2011), their reply was awaited (November 2011).

Audit Paragraph 4.12 contained in the Report of the Comptroller and Auditor General of India for the year ended 31 March, 2011 (Commercial).

The notes furnished by the Government on the Audit Paragraph is given in Appendix II

ANNEXURE 23

STATEMENT SHOWING EXCESS CONTRIBUTION TO EMPLOYEES PROVIDENT FUND

(*Referred* to in paragraph 4.12)

Sl. No.	Name of Company	Total Wages	Actual EPF Contribution	Contribution limited to ₹ 6,500	Excess Contribution
1	2	3	4	5	6
1	Kerala Minerals and Metals Ltd.	1538791262	184729393	62663640	122065753
2	Kerala Automobiles Ltd.	131164209	16095665	8835060	7260605
3	Kerala State Financial Enterprises Ltd.	1669955471	497165018	151744320	345420698
4	Transformers and Electricals Kerala Ltd.	652187892	78262547	30166500	48096047
5	Travancore Cochin Chemicals Ltd.	498587266	59834322	25127347	34706975
6	Kerala State Beverages (Manaufacturing and Marketing) Corporation Ltd.	206952424	25092465	10030020	15062445
7	KELTRON Magnetics Ltd.*	7141850	857022	463692	393330
8	KELTRON Resistors Ltd.*	11977950	1437354	779263	658091
9	KELTRON Crystals Ltd.*	24694925	2963391	1728198	1235193

* These companies have since been merged with KELTRON Component Complex Limited.

1	2	3	4	5	6
10	KELTRON Component Complex Ltd.	170976625	20517195	8745009	11772186
11	Plantation Corporation of Kerala Ltd.	287318359	34511889	13845000	20666889
12	Kerala State Electronics Development Corporation Ltd.	900065670	115927873	51775332	64152541
13	Travancore Titanium Products Ltd.	762834006	91485148	33642180	57842968
	Total	6862647909	1128879282	399545561	729333721

6. The Committee accepted the reply submitted by the KSFE, but directed that contributions to Provident Fund should have been only in consonance with the existing statutory provisions. The Committee also expressed its displeasure for the delay that had occurred in furnishing the reply to the audit objections to the Committee and directed that the Taxes Department should strictly comply the instructions which prescribes the time limit for furnishing the replies on Audit Paragraphs.

Conclusions/Recommendations

7. **The Committee observes that the excess contributions made to the Provident Fund account resulted in an unbalanced payment of Rs. 1.5 crore and the reason for such a huge gap was the inefficient administration of the responsible officers. Therefore the Committee suggests that all EPF contributions should only be in consonance with the existing statutory rules and orders.**

8. **The Committee recommends that Taxes Department should strictly adhere to the instructions as regard to the time limit; in delivering responses on Audit Paragraphs.**

K. N. A. KHADER,

Thiruvananthapuram,
27th July, 2015.

Chairman,
Committee on Public Undertakings.

Appendix I

SUMMARY OF MAIN CONCLUSIONS/RECOMMENDATIONS

Sl. No.	Report Para No.	Department Concerned	Conclusions/Recommendations
1	2	3	4
1	3	Taxes	The Committee is of the opinion that the failure of the Management in taking appropriate decisions on time and lack of planning has led to the delay in the renewal of term deposits and thereby loss of potential earnings. The Committee is not convinced with the explanation of the witness that there isn't any financial loss in the matter. The Committee further elucidates that the Company could have gained more profit if there was a system which would enable to take immediate decisions accurately without waiting for the decision of the Board.
2	4	,,	The Committee therefore recommends that the Company should evolve a suitable mechanism for taking quick decisions in time inorder to avoid loss incurred due to the delay in getting approval from the Board of Directors.
3	5	,,	The Committee directs to examine whether the approval of the Board of Directors of the Company is necessary for deposits, preclosures and renewal of funds.

1	2	3	4
4	7	Taxes	The Committee observes that the excess contributions made to the Provident Fund account resulted in an unbalanced payment of Rs.1.5 crore and the reason for such a huge gap was the inefficient administration of the responsible officers. Therefore the Committee suggests that all EPF contributions should only be in consonance with the existing statutory rules and orders.
5	8	Taxes	The Committee recommends that Taxes Department should strictly adhere to the instructions as regard to the time limit; in delivering responses on Audit Paragraphs.

APPENDIX II

NOTES FURNISHED BY GOVERNMENT ON THE AUDIT PARAGRAPHS

<table>
<tr><th>Sl. No.</th><th>Audit Paragraph</th><th>Reply furnished by Government</th></tr>
<tr><td>1</td><td>2</td><td>3</td></tr>
<tr><td>1</td><td>4.9
(2010-11)</td><td>(1) ട്രഷറിയിലെ പലിശ നിരക്ക് വർദ്ധനവിനനുസൃതമായി ട്രഷറിയിലെ നിക്ഷേപങ്ങൾ പുതുക്കുന്നതിൽ വന്ന കാലതാമസം സംബന്ധിച്ച്.

29-10-2008-ലെ ഗവൺമെന്റ് ഉത്തരവ് ജി.ഒ. (പി) നമ്പർ 489/08/ഫിൻ. പ്രകാരം ട്രഷറി നിക്ഷേപങ്ങളുടെ പലിശ നിരക്ക് 29-10-2008 മുതൽ വർദ്ധിപ്പിച്ചിട്ടുണ്ട്. വർദ്ധനവിന്റെ ഗുണം ലഭിക്കുന്നതിനായി പലിശയിനത്തിൽ വരുന്ന ഏറ്റക്കുറച്ചിലുകൾ പരിശോധിച്ചതിൽ 67 ട്രഷറി നിക്ഷേപങ്ങൾ കാലാവധി തീരും മുൻപ് ക്ലോസ് ചെയ്ത് പുതിയ വർദ്ധിപ്പിച്ച നിരക്കിൽ നിക്ഷേപങ്ങളായി മാറ്റുന്നത് കമ്പനിക്ക് കൂടുതൽ ലാഭകരമാണെന്ന് മനസ്സിലാക്കുവാൻ കഴിഞ്ഞു. അതുപ്രകാരം 67 ട്രഷറി നിക്ഷേപങ്ങൾ കാലാവധിക്ക് മുൻപായി ക്ലോസ് ചെയ്ത് പുതുക്കിയ നിരക്കിൽ നിക്ഷേപിക്കുന്നതിനുള്ള തീരുമാനം കമ്പനിയുടെ ബോർഡ് ഓഫ് ഡയറക്ടേഴ്സ് മുമ്പാകെ വയ്ക്കുകയും 15-11-2008-ൽ കൂടിയ 392-ാമത് ബോർഡ് ഓഫ് ഡയറക്ടേഴ്സ് യോഗത്തിൽ തീരുമാനം നമ്പർ 4641 പ്രകാരം പ്രസ്തുത നിർദ്ദേശത്തിനുള്ള അംഗീകാരം ലഭിക്കുകയും ചെയ്തിട്ടുള്ളതുമാണ്. തുടർന്ന് തൊട്ടടുത്ത പ്രവൃത്തി ദിവസമായ 17-11-2008-ൽ തന്നെ 67 നിക്ഷേപങ്ങളും ക്ലോസ് ചെയ്ത് പുതുക്കി കിട്ടുന്നതിനുള്ള അപേക്ഷ ജില്ലാ ട്രഷറി ഓഫീസർക്ക് നൽകിയിട്ടുള്ളതുമാകുന്നു. മേൽ പറഞ്ഞ 67 നിക്ഷേപങ്ങളുടെ നിക്ഷേപ തീയതി താഴെ പറയും പ്രകാരമാണ് :

<table><tr><th>നിക്ഷേപങ്ങളുടെ എണ്ണം</th><th>നിക്ഷേപ തീയതി</th></tr><tr><td>65</td><td>14-1-2008</td></tr><tr><td>1</td><td>22-4-2008</td></tr><tr><td>1</td><td>30-4-2008</td></tr></table></td></tr>
</table>

1	2	3
		പുതുക്കിയ നിരക്കുകൾ 29-10-2008 മുതൽ പ്രാബല്യത്തിൽ വന്നതിനാൽ ട്രഷറി അധികൃതർ മേൽപറഞ്ഞ നിക്ഷേപങ്ങൾ അവയുടെ നിക്ഷേപ തീയതികളായ 14-1-2008, 22-4-2008, 30-4-2008 എന്നിവ മുതൽ 29-10-2008-നുശേഷം വരുന്ന പൂർണ്ണമായ മാസ തീയതികളായ യഥാക്രമം 14-11-2008, 22-11-2008, 30-10-2008 എന്നീ തീയതികൾ വച്ച് പുതുക്കി നൽകുകയുണ്ടായി. ട്രഷറി നിക്ഷേപങ്ങൾ വർദ്ധിച്ച നിരക്കനുസരിച്ച് പുതുക്കുന്നതിന് കമ്പനിയുടെ ഭാഗത്തുനിന്ന് യാതൊരുവിധ കാലതാമസവും ഉണ്ടായിട്ടില്ലാത്തതും നിരക്ക് വർദ്ധന വന്ന 29-10-2008-ന് ശേഷം ആദ്യം കൂടിയ 15-11-2008-ലെ ബോർഡ് യോഗത്തിൽ തന്നെ പ്രസ്തുത നിർദ്ദേശം സമർപ്പിച്ചിട്ടുള്ളതാകുന്നു. ട്രഷറി നിക്ഷേപങ്ങൾ ക്ലോസ് ചെയ്ത് പുതുക്കുന്നതിനുള്ള അപേക്ഷയ്ക്ക് ബോർഡ് യോഗത്തിന്റെ അംഗീകാരം കിട്ടയതിന്റെ തൊട്ടടുത്ത പ്രവൃത്തി ദിവസത്തിൽ തന്നെ ജില്ലാ ട്രഷറി ഓഫീസർക്ക് നൽകിയിട്ടുള്ളതാകുന്നു. കഴിഞ്ഞ കാലങ്ങളിൽ ചെയ്തിരുന്നതുപോലെ തന്നെ ട്രഷറി നിക്ഷേപങ്ങൾ ക്ലോസ് ചെയ്ത് പുതുക്കിയ നിരക്കിൽ നിക്ഷേപിച്ചിട്ടുള്ളത് ബോർഡ് യോഗത്തിന്റെ അംഗീകാരം ലഭിച്ചതിന് ശേഷമാണ്. ഓഡിറ്റ് റിപ്പോർട്ടിന്റെ അടിസ്ഥാനത്തിൽ ബോർഡ് ഓഫ് ഡയറക്ടേഴ്സിൽ നിക്ഷിപ്തമായ നിർദ്ദേശങ്ങൾക്കനുസൃതമായി പ്രവർത്തന സ്വാതന്ത്ര്യം അനുവദിക്കുന്നത് സംബന്ധിച്ചുള്ള നിർദ്ദേശം ഓഡിറ്റ് കമ്മിറ്റി മുൻപാകെ സമർപ്പിച്ചിട്ടുണ്ട്. (2) കാലാവധിക്ക് മുമ്പ് ക്ലോസ് ചെയ്യുന്നതിനുള്ള നിക്ഷേപങ്ങൾ തെരഞ്ഞെടുക്കുന്നതിൽ വന്ന പിഴവ് ട്രഷറി നിക്ഷേപങ്ങൾ കാലാവധിക്കുമുൻപ് ക്ലോസ് ചെയ്ത് പുനർനിക്ഷേപം നടത്തിയില്ലെങ്കിൽ ട്രഷറി പിഴപ്പലിശ ഈടാക്കുന്നതാണ്. ഓഡിറ്റ് റിപ്പോർട്ടിൽ ചൂണ്ടിക്കാട്ടുന്നതു പോലെ കാലാവധിക്കുമുൻപായി ക്ലോസ് ചെയ്യേണ്ട നിക്ഷേപങ്ങൾ തെരഞ്ഞെടുക്കുന്നതിൽ കമ്പനിക്ക് യാതൊരു

1	2	3
		വിധ നഷ്ടവും വന്നിട്ടില്ലാത്തതും പ്രസ്തുത നിക്ഷേപങ്ങൾ തുടർന്നുകൊണ്ടുപോകുകവഴി കമ്പനിക്ക് കൂടുതൽ ആനുകൂല്യം ലഭിക്കുക മാത്രമാണ് ചെയ്തിട്ടുള്ളത്. അനുബന്ധം 1(എ)-യിലും 1(ബി)-യിലും നിക്ഷേപങ്ങൾ കാലാവധിക്കുമുമ്പ് ക്ലോസ് ചെയ്യുന്നതിലുള്ള നഷ്ടവും നിക്ഷേപങ്ങൾ കാലാവധിക്ക് മുൻപായി ക്ലോസ് ചെയ്യാതിരിക്കുന്നതുമൂലമുള്ള ലാഭവും താരതമ്യം ചെയ്ത് കാണിച്ചിട്ടുണ്ട്. നിക്ഷേപങ്ങൾ ക്ലോസ് ചെയ്യുന്നതിൽ അനുവർത്തിച്ചിട്ടുള്ള എൽ.ഐ.എഫ്.ഒ. തത്വവും നിക്ഷേപങ്ങൾ കൈവശമിരുന്ന കാലാവധിയും ഓഡിറ്റ് കമ്മിറ്റി മുൻപാകെ ധരിപ്പിച്ചിട്ടുണ്ട്. (3) മുൻകൂർ ആദായ നികുതി അടയ്ക്കുന്നത് സംബന്ധിച്ച്. കമ്പനിയിൽ കമ്പ്യൂട്ടർവൽക്കരണം പൂർണ്ണമായി നടപ്പിലാക്കാത്തതിനാൽ ലഭ്യമായ വിവരങ്ങൾ വച്ച് കൃത്യതയോടെ ബജറ്റ് തയ്യാറാക്കുന്നതിന് പരമാവധി ശ്രമിച്ചിട്ടുള്ളതാണ്. പല കാരണങ്ങൾകൊണ്ടും ബ്രാഞ്ചുകളുടെ യന്ത്രവൽക്കരണം പൂർണ്ണമായും നടപ്പിലാവാത്തതിനാൽ 400-ഓളം ബ്രാഞ്ചുകളിൽ നിന്നും കണക്കുകളും ഇടക്കാല റിപ്പോർട്ടുകളും സമയാസമയത്തിന് ലഭ്യമാകുന്നതിന് കാലതാമസം ഉണ്ടാവാറുണ്ട്. അതുപോലെ തന്നെ കമ്പനിയുടെ വിവിധ മേഖലകളിൽ ഏകീകൃതമായ പ്രവർത്തനത്തിന്റെ അഭാവംമൂലവും വിവരങ്ങൾ കൈമാറ്റം ചെയ്യാനും എസ്റ്റിമേറ്റ് പുതുക്കുന്നതിനും കാലതാമസം ഉണ്ടായിട്ടുണ്ട്. ശാഖകൾ തമ്മിൽ ബന്ധിപ്പിച്ചുകൊണ്ട് ഒരു കേന്ദ്രീകൃത സർവർ മുഖേന എല്ലാ ഇടപാടുകളും രേഖപ്പെടുത്തുവാനുള്ള കോർ സൊല്യൂഷൻ 2014-15 സാമ്പത്തിക വർഷം നടപ്പിലാക്കുവാൻ ഉദ്ദേശിക്കുന്നു. ഇതുപ്രാവർത്തികമാക്കുമ്പോൾ ആദായ നികുതി വളരെ കൃത്യതയോടെ കണക്കാക്കുവാൻ സാധിക്കും. മേൽപ്പറഞ്ഞ വിവിധ പ്രവർത്തനങ്ങളിലെ പോരായ്മകളും സാങ്കേതിക പരിജ്ഞാനത്തിന്റെ അപര്യാപ്തതയും ഉണ്ടെങ്കിലും ബജറ്റ് കാലാവധിയിൽ

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		ബ്രാഞ്ചുകളിൽ നിന്നും മറ്റും വിവരങ്ങൾ ലഭ്യമാക്കുന്നതിനും മുൻകൂർ നികുതി കണക്കാക്കുന്നതിനും പുതുക്കിയ ലാഭം കണക്കാക്കുന്നതിനും . പരമാവധി പരിശ്രമം ചെലുത്തിയിട്ടുള്ളതുമാകുന്നു. കൂടാതെ ചിട്ടി ബിസിനസ്സിന്റെ മാതൃക/സ്വഭാവം ഒരു വർഷം മുഴുവനും ഒരേ തരത്തിലല്ലാത്തതായതിനാലും ചിട്ടി ബിസിനസ്സിന്റെ പ്രത്യേക സ്വഭാവം കണക്കിലെടുത്തും ഇതിൽ നിന്നുള്ള ലാഭം കണക്കാക്കുന്നത് പലപ്പോഴും വളരെ ബുദ്ധിമുട്ടാണ്. ഇപ്പോൾ കമ്പ്യൂട്ടർവൽക്കരണം ഏറെക്കുറെ പൂർണ്ണമായതിനാലും സ്ഥിരതയാർജ്ജിച്ചതിനാലും സമയാസമയങ്ങളിൽ കമ്പനിയുടെ മറ്റ് വിഭാഗങ്ങളിൽ നിന്നും വിവരങ്ങൾ ലഭ്യമായി തുടങ്ങിയതിനാലും വരും കാലങ്ങളിൽ കൃത്യമായ കണക്കുകൾ തയ്യാറാക്കാൻ സാധിക്കുമെന്ന് പ്രതീക്ഷിക്കുന്നു. നിക്ഷേപങ്ങൾ കാലാവധിക്ക് മുൻപ് ക്ലോസ് ചെയ്തതുമൂലമുണ്ടായ പലിശയിനത്തിലെ നഷ്ടം/ലാഭം അനുബന്ധമായി ചേർത്തിട്ടുണ്ട്.
2	4.12 (2010-11)	Government vide Letter No. 1011/A3/2011/TD, dated 17-12-2011 had directed the Kerala State Beverages Corporation, to comply strictly with the statutory provisions otherwise it would be treated as the personal liability of the Chief Executive Officer, Accordingly, as directed by Government. From January, 2012 onwards, the corporation is limiting the Employer's contribution to the EPF, to the statutory prescribed rate.