CHAPTER II

Oversight Role of CAG

2.1 Audit of Public Sector Enterprises

Comptroller & Auditor General of India (CAG) appoints the statutory auditors of a Government company and Government controlled other company under Section 139 (5) and (7) of the Companies Act, 2013. CAG has a right to conduct a supplementary audit and issue comments upon or supplement the Audit Report of the statutory auditor. Statutes governing some corporations require that their accounts be audited by the CAG and a report be submitted to the Parliament.

2.2. Appointment of statutory auditors of Public Sector Enterprises by CAG

Sections 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 these companies for the year 2019-2020 were appointed by the CAG during July and August 2019.

Statutory auditors of companies for the year 2019-2020 were appointed during July and August 2019.

2.3 Submission of accounts by CPSEs

2.3.1 Need for timely submission

According to Section 394 of the 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). As soon as may be after such preparation, the Annual Report must be laid before both the Houses of Parliament, together with a copy of the Audit Report and comments of the CAG upon or as supplement to the Audit Report. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary parliamentary control over the utilization of public funds invested in the companies from the Consolidated Fund of India.

Section 96 of the Companies Act, 2013 requires every company to hold AGM of the shareholders once in every calendar year. It is also stated that not more than 15 months shall elapse between the date of one AGM and that of the next. The section further provides that in case of the first annual general meeting, it shall be held within a period of nine months from the date of closing of the first financial year of the company and in any other case, within a period of six months, from the date of closing of the financial year. The section also stipulates that the Registrar may, for any special reason, extend the time within which any annual general meeting, other than the first annual general meeting, shall be held, by a period not exceeding three months.

Further, Section 129 of the Companies Act, 2013 stipulates that the audited Financial Statement for the financial year has to be placed in the said AGM for their consideration. The section also provides for levy of penalty like fine and imprisonment on the persons including directors of the company responsible for non-compliance with the provisions of Section 129 of the Companies Act, 2013.

Due to the difficulties faced by several companies in view of the Covid-19 Pandemic, Ministry of Corporate Affairs, vide circulars issued in May 2020 and August 2020, on one hand advised the companies to seek extension of date of holding the AGMs from the respective Registrar of Companies and on the other hand advised the Registrar of Companies to consider such applications for the period as applied for (upto three months) liberally. Thus, for the financial year 2019-2020, the Companies had the option to hold their AGMs by 31 December 2020 after taking approval from Registrar of Companies.

Despite this, annual accounts of various CPSEs were pending as on 31 December 2020, as detailed in the following paragraph.

2.3.2 Timeliness in preparation of accounts by Government Companies and Government Controlled Other Companies

Out of 691 companies, accounts of 83 companies were in arrears.

As of 31 March 2020, there were 488 Government companies and 203 Government controlled other companies under the purview of CAG's audit. Of these, accounts for the year 2019-20 were due from 459 Government companies and 197 Government controlled other companies. Accounts were not due from 29 Government companies and 6 Government controlled other companies, which were new. A total of 399 Government companies and 174 Government controlled other companies submitted their accounts for audit by CAG on or before 31 December 2020. Accounts of 60 Government companies and 23 Government controlled other companies were in arrears for various reasons. Details of arrears in submission of accounts of Government companies and Government controlled other companies are given in Table 2.1.

Table 2.1: Details of arrears of accounts

Particulars	Government companies/ Government controlled other companies					
	Government companies		Government controlled other companies		Total	
Total number of Companies under the purview of CAG's audit as on 31.03.2020	488		203		691	
	Listed	Unlisted	Listed	Unlisted	Listed	Unlisted
Listed/ Unlisted	63	425	7	196	70	621

Particulars		Government companies/ Government controlled other companies					
		Government companies		Government controlled other companies		Total	
Less: New Companies from which accounts for 2019-20 were not due		0	29	0	6	0	35
Number of companies from which accounts for 2019-20 were due		63	396	7	190	70	586
Number of companies which presented the accounts for CAG's audit by 31.12.2020		63	336	7	167	70	503
Number of accounts in arrears		0	60	0	23	0	83
Break-up of Arrears	**(i) Under Liquidation**	0	20	0	8	0	28
	(ii) Defunct	0	2	0	5	0	7
	(iii) Others	0	38	0	10	0	48
Age–wise analysis of arrears against Others category	**One year (2019-20)**	0	18	0	5	0	23
	Two years (2018-19 and 2019-20)	0	5	0	1	0	6
	Three years and more	0	15	0	4	0	19

The names of these companies are indicated in ***Annexure II A*** and ***Annexure II B***.

2.3.3 Timeliness in preparation of accounts by Statutory Corporations

Audit of six Statutory Corporations is conducted by the CAG. Of the five Statutory Corporations where CAG is the sole auditor, accounts of Airports Authority of India, Inland Waterways Authority of India, National Highways Authority of India and Damodar Valley Corporation for the year 2019-20 were presented for audit before 31 December 2020. The accounts of Food Corporation of India for the year 2019-20 were awaited as on 31 December 2020. In case of Central Warehousing Corporation, CAG conducts supplementary audit and the accounts were received before 31 December 2020.

2.4 CAG's oversight - Audit of accounts and supplementary audit

2.4.1 Financial reporting framework

Companies are required to prepare the financial statements in the format laid down in Schedule III to the Companies Act, 2013 and in adherence to the mandatory Accounting

Standards prescribed by the 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 the CAG and any other specific provision relating to accounts in the Act governing such corporations.

2.4.2 Audit of accounts of Government companies by Statutory Auditors

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

The CAG plays an oversight role by monitoring the performance of the statutory auditors in audit of public sector undertakings with the overall objective that the statutory auditors discharge the functions assigned to them properly and effectively. This function is discharged by exercising the power to:

- issue directions to the statutory auditors under Section 143 (5) of the Companies Act, 2013 and
- supplement or comment upon the Statutory Auditors' report under Section 143 (6) of the Companies Act, 2013.

2.4.3 Supplementary audit of accounts of Government companies

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

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

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

2.5 Result of CAG's oversight role

2.5.1 Audit of accounts of Government companies/ Government controlled other companies under Section 143 of the Companies Act, 2013

CAG reviewed accounts of 334 companies and 5 Statutory Corporations for the year 2019-2020.

Financial statements for the year 2019-20 were received from 399 Government companies (including 63 listed companies), 174 Government controlled other companies (including seven listed companies) and five Statutory Corporations by 31 December 2020. Of these, accounts of 255 Government companies and 79 Government controlled other companies and five Statutory Corporations were reviewed in audit by the CAG.

In total, CAG reviewed accounts of 64 *per cent* of the Government companies and 45 *per cent* of Government controlled other companies out of the accounts received up to 31 December 2020. The results of the review are detailed below:

2.5.1.1 Amendment of Financial Statements

As a result of supplementary audit of the financial statements for the year ended 31 March 2020 conducted by the CAG, three Government companies and two Government controlled companies as detailed in ***Annexure XVIII*** amended its Financial Statements before laying the same in the AGM.

2.5.1.2 Revision of Statutory Auditors' Report

As a result of supplementary audit of the financial statements for the year ended 31 March 2020 conducted by the CAG, the Statutory Auditors' of 41 Government companies and 11 Government controlled other companies as detailed in ***Annexure XIX*** revised their report before laying of the financial statements of these companies in their AGM.

2.5.1.3 Significant comments of the CAG issued as supplement to the Statutory Auditors' reports on Government companies/ Government controlled other companies

Subsequent to the audit of the financial statements for the year 2019-20 by statutory auditors, the CAG conducted supplementary audit of the financial statements of the selected Government companies and Government controlled other companies. The list of CPSEs in respect of whom comments were issued is given in ***Annexure XX***. Some of the significant comments issued on financial statements of Government companies and Government controlled other companies, the financial impact of which on the profitability was ₹4,185.75 crore and on assets/ liabilities was ₹15,376.62 crore, have been given below. Despite being pointed out in the past, a few companies viz. IFCI Limited (Para a.i.2), ITI Limited (Para a.ii.3), Mahanagar Telephone Nigam Limited (Para a.ii.5), Tungabhadra Steel Products Limited (Para b.ii.11), IRCON Davangere Haveri Highway Limited (Para b.iii.11) and Star Union Daiichi Life Insurance Company Limited (Para d.i.2) did not take corrective action, which has also been indicated below:

a. Listed Government companies

a.i. Comments on Profitability

Sl. No.	Name of the Company	Comment
1.	Bharat Electronics Limited (Consolidated Financial Statements and Standalone Financial Statements)	Revenue from Operations was overstated by ₹225.12 crore due to inclusion of 'Bill and Hold' sales in respect of three overseas deliveries based on customer's letters to postpone delivery in view of the COVID 19 logistic problems. This was not in accordance

Sl. No.	Name of the Company	Comment
		with the provisions of Ind AS 115 and resulted in understatement of Finished Goods to the extent of ₹135.06 crore. Consequently, profit was overstated to the tune of ₹90.06 crore. Revenue from Operations was overstated by ₹140.36 crore due to recognition of revenue in respect of three contracts which were 'FOR Destination-MDL, Mumbai' and material in respect of which was not dispatched. This was not in accordance with the provisions of Ind AS 115 and resulted in understatement of Finished Goods to the extent of ₹47.72 crore. Consequently, profit was overstated to the tune of ₹92.64 crore. Revenue from Operations was overstated by ₹68.66 crore due to recognition of revenue in respect of two contracts with Ministry of Defence in which the delivery was 'FOR Bengaluru' and the price was inclusive of installation, harbour acceptance trial and sea acceptance trial, inspection, packing and insurance up to consignee site and in respect of which inspection and acceptance was not complete as at 31.03.2020. This was not in accordance with the provisions of Ind AS 115 and resulted in understatement of Finished Goods to the extent of ₹32.15 crore. Consequently, profit was overstated to the tune of ₹36.51 crore.
2.	IFCI Limited (Standalone and Consolidated Financial Statements)	National Company Law Tribunal, which was approached by the Company for recovery of outstanding dues against five Companies, restricted the claim to ₹393.67 crore. Out of this ₹19.34 crore was received by the Company during the year and therefore, net receivable was ₹374.33 crore. Against this, the Company recognised outstanding dues as ₹687.07 crore. Considering ₹153.40 crore toward adjustment for Impairment Loss, Loans (including interest) were overstated and loss was understated by ₹159.34 crore. Non-adjustment of dues as per one-time settlement in respect of a term loan given to Madhucon Infrastructure Limited resulted in overstatement of Loans by ₹104.38 crore and overstatement of Impairment Loss Allowance by ₹100.49 crore. Consequently, Loss for the year was understated by ₹104.38 crore. Non-adjustment of dues as per one-time settlement in respect of subscription to 'Optional Convertible Debentures' of Jindal India Powertech resulted in overstatement of Loan by ₹139.57 crore and overstatement of Impairment Loss Allowance by ₹134.37 crore. Consequently, Loss for the year was understated by ₹139.57 crore.

Sl. No.	Name of the Company	Comment
		Non-adjustment of dues as per average liquidation value of loan given to Surana Industries resulted in overstatement of Loan by ₹70.76 crore and understatement of Loss for the year by same amount. Consequently, Impairment Allowance was also overstated by ₹68.12 crore. Despite being pointed out during previous year i.e. 2018-19, the Company did not take any corrective action in respect of the following: (i) Overstatement of Interest amounting to ₹20.19 crore in respect of dues from M/s Rainbow Papers Limited due to which Loss was understated to the same extent. (ii) Overstatement of Loan by ₹35.95 crore, Impairment Loss Allowance by ₹34.60 crore and understatement of Loss by ₹35.95 crore despite one-time settlement with M/s SEW Green Energy and M/s SEW Infrastructure. (iii) Overstatement of Loan and understatement of Loss by ₹12.81 crore in respect of the loan to IL&FS Transportation Network Limited despite downgrading of rating of IL&FS group by ICRA and CARE and placing of the Company under 'Red' category by National Company Law Appellate Tribunal.
3.	ITI Limited (Standalone and Consolidated Financial Statements)	Charging of expenditure, towards 'Further Public Offer' which was withdrawn, to Security Premium Account instead of Statement of Profit and Loss Account resulted in understatement of the Expenses and overstatement of Profit by ₹13.63 crore.
4.	Steel Authority of India Limited (Standalone and Consolidated Financial Statement)	Iron and steel scrap embedded in slag at Bhilai, Bokaro, Rourkela and Durgapur Steel Plants which could neither be sold nor used for consumption in production on the balance sheet date, was considered as inventory. This resulted in overstatement of Inventories by ₹683.33 crore. Consequently, profit for the year was overstated by the same amount. Iron ore fines embedded in slime at Dalli Mines, Bhilai Steel Plant which could neither be sold nor used for consumption in production was considered as inventory. This resulted in overstatement of Inventories by ₹234.92 crore. Consequently, profit for the year was overstated by the same amount.
5.	The New India Assurance Company Limited (Standalone Financial Statement and Consolidated	Provision made for a marine hull claim relating to M/s L&T Hydrocarbon Engineering Limited which was intimated on 10 March 2020 and for which the first interim report was received on 26.04.2020, was not updated even though the co-insurer was

Sl. No.	Name of the Company	Comment
	Financial Statement)	requested to update its share of provisions. This resulted in understatement of Incurred Claims and overstatement of Profit by ₹88.01 crore.

a.ii. Comments on financial position

Sl. No.	Name of the Company	Comment
1.	General Insurance Corporation of India (Consolidated Financial Statements and Standalone Financial Statements)	Despite downgrade of rating, heavy losses in 2019-2020, uncertainty regarding going concern as per statutory auditor, initiation of proceeding in Debt Recovery Tribunal in Mumbai in respect of Reliance Capital Limited (RCap), the Company made provision to the tune of ₹135.29 crore in respect of its investment of ₹365.26 crore in non-convertible debentures of RCap instead of creating provision to the tune of 100 *per cent*. This resulted in understatement of Provisions and overstatement of profit by ₹229.97 crore. Despite default in payment of interest due in February 2020, downgrade of rating, heavy losses, fall in security cover and auditors remarks regarding overdues from borrowers in respect of M/s Reliance Home Finance Limited (RHFL), the Company made provision to the tune of ₹73.70 crore in respect of its investment of ₹94.95 crore in the non-convertible debentures of RHFL instead of creating provision to the tune of 100 *per cent*. This resulted in understatement of Provisions and overstatement of profit by ₹21.25 crore.
2.	IFCI Limited (Standalone and Consolidated Financial Statements)	Not transferring a sum equal to the nominal amount of the shares redeemed to capital redemption reserve resulted in understatement of capital redemption reserve and overstatement of Retained Earnings/ General Reserve by ₹225 crore. The fact was also not disclosed in the notes to financial statements.
3.	ITI Limited (Standalone and Consolidated Financial Statements)	Non-current Liabilities were understated by ₹13.56 crore due to non-inclusion of interest on loan for the period from 17.04.2014 to 31.03.2019 payable to Government of India on loan received for the purpose of payment of salary for the period from Feb 2014 to April 2014. Consequently, profit was also overstated by same amount. The issue was raised during audit of financial statements of 2018-19 as well. However, no corrective action was taken.
4.	Madras Fertilizers Limited	Non-consideration of revised rates of escalation/ de-escalation of input prices of urea notified by Government of India vide

Sl. No.	Name of the Company	Comment
		notification issued in June 2020 to calculate de-escalation for 2019-20 despite approval of financial statements at a later date, violated provisions of Ind AS-10 and Company's significant accounting policy in this regard and resulted in understatement of Claims Recoverable {Government of India (GoI) Subsidy} and overstatement of Loss after Tax by ₹15.14 crore. Other Current Liabilities did not include an amount of ₹4.40 crore payable to Central Industrial Security Force on account of penal interest upto March 2020 on delayed payment of cost of deployment. The same was reflected as Contingent Liabilities. This resulted in understatement of Other Current Liabilities and Loss after Tax by ₹4.40 crore.
5.	Mahanagar Telephone Nigam Limited (Standalone and Consolidated Financial Statement)	Contrary to the decision taken in the Annual General Meeting wherein it was stipulated that the authorised share capital of the Company would be increased if the Government approved the proposal for infusion of equity as an upfront support for allocation of 4G spectrum and capex etc., the Company increased the same from ₹800 crore to ₹10,000 crore without any sanction/ order showing the approval or intention of the government. Despite being highlighted during the audit of financial statements of 2018-2019, corrective action was not taken by the company.
6.	Oil & Natural Gas Corporation Limited (Consolidated Financial Statement and Standalone Financial Statement)	Non-current Assets were overstated and Current Assets were understated by ₹482.13 crore due to non-adjustment of the above amount which was recoverable from M/s Jubilant Offshore Drilling Private Limited towards cash call as a partner in a block of oil field acquired from M/s Gujarat State Petroleum Corporation Limited.
7.	Steel Authority of India Limited (Standalone and Consolidated Financial Statement)	Contrary to Companies (Share Capital and Debentures) Rules, 2014 (amended in 2019, effective from 16 August, 2019) which provide that listed companies are not required to create debenture redemption reserve, the Company created Bond Redemption Reserve of ₹276.63 crore. This has resulted in overstatement of Bond Redemption Reserve and understatement of Retained Earnings by ₹276.63 crore.
8.	The New India Assurance Company Limited (Consolidated Financial Statements and Standalone Financial Statements)	Despite downgrade of rating, default in payment of interest and acceptance of application for initiation of corporate insolvency resolution process against M/s Dewan Housing Finance Corporation Limited (DHFL) by National Company Law Tribunal during the 2019-2020, the Company made provision to the tune of 50 *per cent* only in respect of the investment of ₹74.84 crore in non-convertible secured debentures of DHFL. This led to

Sl. No.	Name of the Company	Comment
		understatement of Provisions and overstatement of profit by ₹37.42 crore. Despite downgrade of rating, default in payment of interest due on 19.10.2019, heavy losses in 2019-2020, uncertainty regarding going concern as per statutory auditor, initiation of proceeding in Debt Recovery Tribunal in Mumbai in respect of Reliance Capital Limited (RCap), the Company made provision to the tune of 30 *per cent* in respect of its investment of ₹290.31 crore in the non-convertible debentures of RCap instead of creating provision to the tune of 100 *per cent*. This resulted in understatement of Provisions and overstatement of profit by ₹203.22 crore. Despite downgrade of rating, heavy losses, fall in security cover and auditors' remarks regarding overdues from borrowers in respect of M/s Reliance Home Finance Limited (RHFL), the Company made provision to the tune of 30 *per cent* in respect of its investment of ₹114.97 crore in the non-convertible debentures of RHFL instead of creating provision to the tune of 100 *per cent*. This resulted in understatement of Provisions and overstatement of profit by ₹80.48 crore.

a.iii. Comments on disclosure

Sl. No.	Name of the Company	Comment
1.	Container Corporation of India Limited	The fact that the Company held leasehold land amounting to ₹94.81 crore (gross block) at Vishakapatnam, the title deed of which had not been executed till 31.03.2020 was not disclosed. Though the Company disclosed impairment of investment in Fresh & Health Enterprise Limited, it did not disclose the events and circumstances that led to recognition of impairment.
2.	Madras Fertilizers Limited	Though according to the letter of Department of Fertilisers dated 17.03.2017, subsidy on fertiliser became due and settled after actual sales to beneficiary, the fact that revenue from subsidy included an amount of ₹107.86 crore for the unsold stock with dealers was not disclosed in the Notes to the Financial Statements.
3.	Mahanagar Telephone Nigam Limited (Standalone and Consolidated Financial Statement)	Contingent liabilities were understated by ₹29.81 crore being the license fee payable in respect of 'Pure Internet Services' matter in respect of which Telecom Disputes Settlement and Appellate Tribunal had granted conditional stay to some internet service providers, but the matter was yet to reach finality in the court of

Sl. No.	Name of the Company	Comment
		Law.
4.	Oil & Natural Gas Corporation Limited (Consolidated Financial Statement and Standalone Financial Statement)	The realisation of income of ₹312.90 crore pertaining to revised Pipeline Tariff for the period from November 2008 to March 2020 from GAIL India Limited (GAIL) for gas sold was dependent upon the outcome of the appeal with Appellate Tribunal for Electricity by a customer of GAIL as well as arbitration proceedings invoked by GAIL against another customer regarding applicability of revised tariff. The Company did not make disclosure on the matter though the dispute had a material impact on its revenue and assets.
5.	The Fertilizer & Chemicals Travancore Limited	Contrary to the provisions of Schedule III to the Companies Act, 2013, the details on net assets, share in profit or loss, share in other comprehensive income and share in total comprehensive income pertaining to parent Company (FACT Limited) and its Joint Ventures (i.e., FACT-RCF Building Products Limited and Kerala Enviro Infrastructure Limited) were not disclosed in financial statements. In pursuance to section 129(3) of the Companies Act, 2013 and Rule 5 of Companies (Accounts) Rules, 2014 notes to consolidated financial statements of FACT Limited was to include the details in Form AOC-1 containing the salient features of the financial statement of its jointly controlled entities of FACT-RCF Building Products Limited (FRBL) and Kerala Enviro Infrastructure Limited (KEIL). However, this was disclosed in Notes to financial statements. Government of India had accorded the approval (16.11.2018) to the Company for additional investment of ₹29.25 crore to the equity share capital of FACT RCF Building Products Limited (FRBL) a subsidiary of FACT Limited. Against the approval, FRBL issued equity shares amounting to ₹15.18 crore towards gypsum supplied and other services provided by the Company between 2010 and 2013. Equity shares amounting to ₹11.68 crore against which Gypsum/ other services provided during 2014 to 2017 were pending allotment by FRBL and the same had been shown as advances to related parties by the Company. Further, supply of gypsum to FRBL for ₹2.39 crore to complete the additional investment was pending as of 31.03.2020. These material facts were not disclosed in the Notes to Financial Statements.

b. Unlisted Government companies

b.i. Comments on profitability

Sl. No.	Name of the Company	Comment
1.	Central Coalfields Limited	Non-inclusion of cost of dumper operation pertaining to departmental projects in previous years lead to re-assessment and increase in the Mine Closure Plan claims by ₹251.47 crore in 2019-20 which should have been treated as event pertaining to prior years in compliance to the significant accounting policy and should have been adjusted against the retained earnings rather than booking the same as income for the year. Not doing so resulted in overstatement of Other Income as well as Profit for the year by ₹251.47 crore.
2.	Higher Education Financing Agency	Interest received on deposits with bank was incorrectly booked as Other Income Instead of booking the same under Revenue from Operations which was not in compliance to Schedule III of the Companies Act 2013.
3.	India Infrastructure Finance Company Limited (Consolidated and Standalone Financial Statement)	The Company extended loans of ₹730.57 crore to six special purpose vehicles promoted by IL&FS Transportation Networks Limited and to IL&FS Environment Infrastructure and Services Limited against which a provision of ₹366.68 crore was made. As per proceedings before National Company Law Appellate Tribunal available in public domain, all the above mentioned companies had been placed under Red category by the new Board of Directors appointed by the Union Government to manage the affairs of the IL&FS group of companies which meant that such entities were not in a position to meet their payment obligation towards even senior secured financial creditors. Accordingly, the entire loan of ₹730.57 crore in above companies should have been provided for. Not doing so has resulted in overstatement of Loan by ₹363.89 crore and understatement of Provisions to the same extent. Consequently, Profit was overstated by ₹363.89 crore.
4.	Konkan Railway Corporation Limited	Depiction of the employee benefit expenses pertaining to prior periods from July 2017 to March 2019 in the current year instead of recasting of the financial statements as per Ind AS 8 resulted in overstatement of employee benefit expenses for the current year by ₹17.56 crore and understatement of profit of the company during the year by the same amount.
5.	National Insurance Company Limited	As the claim ratio was less than 80 *per cent* under Swasthya Sathi Scheme, the Company was to refund premium of ₹194.43 crore to the Government of West Bengal as per the terms of the scheme. While refunding, an amount of ₹22.93 crore was adjusted by the

Sl. No.	Name of the Company	Comment
		Company towards premium receivable under another health scheme i.e. Rastriya Swasthya Bima Yojana (RSBY) which was contested by the Government. As the two schemes were different and premium receivable against RSBY Scheme was already more than five years old and was not acknowledged/ accepted by the Government of West Bengal for which provision should have been created, adjustment of the same resulted in understatement of Amount Payable under Swasthya Sathi Scheme, Premium Receivable under RSBY, Provisions for Doubtful Debts for RSBY and Loss for the year by ₹22.93 crore. Despite being commented on the financial statement for the year 2018-19, no corrective action was taken by the Company. Despite downgrade of rating, heavy losses in 2019-2020, uncertainty regarding going concern as per statutory auditor, initiation of proceeding in Debt Recovery Tribunal in Mumbai in respect of Reliance Capital Limited (RCap), the Company did not make any provision in respect of its investment of ₹20 crore in non-convertible debentures of RCap which resulted in understatement of loss by the same amount. Under-provisioning to the tune of ₹71.04 crore in respect of a claim from M/s Bhilosa Industries Private Limited under Mega Risk Policy as per surveyor's assessment resulted in understatement of Loss by the same amount. Under-provisioning to the tune of ₹18.52 crore in respect of a claim from M/s L&T Hydrocarbon Engineering Limited in accordance with surveyor's assessment resulted in understatement of loss by the sa7me amount.
6.	North Eastern Electric Power Corporation Limited	Investment in Subsidiary and Joint Ventures companies included Company's 30 *per cent* stake to the extent of ₹27.93 crore in its Joint Venture Company viz. KSK Dibbin Hydro Power Pvt. Limited which was reviewed by management as commercially non-viable in its present form without any grant. Non- provisioning of the same resulted in understatement of Provisions and overstatement of profit by ₹27.93 crore.
7.	Oriental Insurance Company Limited (Consolidated and Standalone Financial Statements)	Creation of Unearned Premium Reserve on the policies issued for period up to 2018-19 which was not in accordance with the circulars issued by Insurance Regulatory and Development Authority, resulted in overstatement of Provisions, Adjustment for changes in Reserves for Unexpired Risk and Loss for the year by ₹111.02 crore. Despite downgrade of rating, default in payment of interest and

Sl. No.	Name of the Company	Comment
		principal, heavy losses in 2019-2020, uncertainty regarding going concern as per statutory auditor, initiation of proceeding in Debt Recovery Tribunal in Mumbai, drastic fall in market price of share, previous auditors complaint regarding fraud relating to fund transfer in respect of Reliance Capital Limited (RCap), the Company made provision to the tune of 25 *per cent* in respect of its investments of ₹55.08 crore in the non-convertible debentures of RCap instead of creating provision to the tune of 100 *per cent*. This resulted in understatement of Provisions and overstatement of profit by ₹41.31 crore. Non-booking of impairment on the investments in equity shares of seven companies and adjustment of the diminution in the Fair Value Change Account despite various negative indicators resulted into non-adherence to Insurance Regulatory and Development Authority of India (IRDAI) regulation with resultant impact of understatement of Fair Value Change Account and Loss for the year by ₹77.56 crore. Claims incurred did not include ₹28.89 crore being the difference between the Company's share of Health claim outstanding as on 31.03.2020 as intimated by Third Party Administrators for the year 2019-20 for Company as a whole and the claims outstanding as on 31.03.2020 actually booked by the Company. Further, an amount of ₹19.43 crore pertaining to incoming co-insurance health claims were neither booked under claims paid nor under claims outstanding. This resulted in understatement of Outstanding Claims as well as loss by ₹48.32 crore. Advances and Other Assets did not include ₹25.60 crore being Goods and Services Tax (GST) Input Tax Credit accrued in 2019-20 but claimed as recoverable during next year i.e. 2020-21 which resulted in understatement of GST Input Tax Credit recoverable by ₹25.60 crore and overstatement of loss by the same amount. Non-creation of provision against premium receivable from Government of India amounting to ₹23.57 crore under Rashtriya Swasthya Bima Yojna pertaining to the years 2009-10 to 2011-12, claim against which was not accepted on the plea of disputed billed data and in respect of which the Company had lost legal case as well, resulted in understatement of Loss and overstatement of Advances and Other Assets by ₹23.57 crore. While calculating reinsurance cession recoverable, the Company considered claims outstanding for crop as ₹2,425.11 crore instead of revised figure of ₹2,405.70 crore. This resulted in overstatement

Sl. No.	Name of the Company	Comment
		of Cession Recoverable under Reinsurance by ₹19.41 crore and understatement of Loss by the same amount. Claims incurred did not include ₹13.95 crore being claims outstanding as on 31.03.2020 in respect of the Inward Facultative/ Treaty business accepted by the Company due to under/ non-booking of the claims outstanding as intimated by the facultative/ treaty leader. This resulted in understatement of Claims Incurred (Net), Reinsurance Payable as well as Loss by ₹13.95 crore. Non-cession of Gross claims incurred but not reported/ incurred but not enough reported of ₹94.84 crore in the ratio of 12.75 *per cent* in Decline Reserve Pool resulted in understatement of General Insurance Corporation of India (GIC) Receivable and overstatement of Claims Incurred (net) as well as Loss for the year by ₹12.09 crore.
8.	Richardson & Cruddas (1972) Limited	During the year, interest liability amounting to ₹434.78 crore, on a loan which was converted into equity in 2016-2017 and the interest on which was waived off by the Government of India, was transferred to General Reserve instead of crediting the same to Profit and Loss Account as prior period income and then transferring the same to General Reserve. Due to this, the tax effect was also not recognised.
9.	United India Insurance Company Limited (Consolidated Financial Statement)	Despite default in payment of interest, downgrade of rating, heavy losses and auditors' remarks regarding overdues from borrowers in respect of M/s Reliance Home Finance Limited (RHFL), the Company made provision to the tune of 10 *per cent* in respect of its investment of ₹115 crore in the non-convertible debentures of RHFL instead of creating provision to the tune of 100 *per cent*. This resulted in understatement of Provisions and understatement of Loss by ₹103.5 crore. Despite downgrade of rating, default in payment of interest, heavy losses in 2019-2020, uncertainty regarding going concern as per statutory auditor, initiation of proceeding in Debt Recovery Tribunal in Mumbai in respect of Reliance Capital Limited (RCap), the Company made provision to the tune of 10 *per cent* in respect of its investment of ₹70 crore in the non-convertible debentures of RCap instead of creating provision to the tune of 100 *per cent*. This resulted in understatement of Provisions and understatement of Loss by ₹63 crore.

b.ii. Comments on financial position

<table>
<tr><th>Sl. No.</th><th>Name of the Company</th><th>Comment</th></tr>
<tr><td>1.</td><td>Andhra Pradesh Solar Power Corporation Limited</td><td>No liability was created towards the engineering and supervision charges of ₹11.21 crore payable to Transmission Corporation of Andhra Pradesh Limited (APTRANSCO) for Ananthapuramu Ultra Mega Solar Park. Hence, Other Current liabilities and Capital Work- in- progress were understated to the tune of ₹11.21 crore.</td></tr>
<tr><td>2.</td><td>BSNL Limited</td><td>Provision as well as Loss were understated by ₹2,599.21 crore due to the following:
<table>
<tr><th>Particulars</th><th>₹ in crore</th></tr>
<tr><td>Non accounting of claim raised by LWE vendors on account of increase of Duty & Tax Rates in LWE Project</td><td>4.28</td></tr>
<tr><td>Non-accountal of liability towards Customer Authentication Form (CAF) penalty imposed by Department of Telecommunication</td><td>110.31</td></tr>
<tr><td>Non-provision of expenditure relating to pension contribution at maximum scale of pay for the period from 19.11.2009 to 01.12.2011</td><td>152.80</td></tr>
<tr><td>Non-accounting of provisional assessment of License Fee for the year 2012-13 and 2013-14</td><td>2,331.82</td></tr>
<tr><td></td><td>2,599.21</td></tr>
</table></td></tr>
<tr><td>3.</td><td>Electronics Corporation of India Limited

(Standalone and Consolidated Financial Statements)</td><td>Accounting of ₹19.85 crore under claims receivable from Department of Atomic Energy instead of adjusting against unspent grants resulted in overstatement of Claims Receivable and Overstatement of Other Liabilities by ₹19.85 crore.

While arriving at the taxable profit as per Income Tax Act, 1961, the Company deducted the value of Government Grants from the written down value of Fixed Assets. However, during computation of accounting profit, the value of Government Grants was not deducted while arriving at the carrying value of fixed assets. This resulted in understatement of deferred tax income by ₹15.61 crore and understatement of Profit after tax by ₹15.61 crore and corresponding understatement of Deferred Tax Assets by the same amount.</td></tr>
<tr><td>4.</td><td>Haridaspur Paradip</td><td>Fixed Deposit Receipts amounting to ₹76.92 crore having original</td></tr>
</table>

Sl. No.	Name of the Company	Comment
	Railway Company Limited	maturity period of more than three months were included under Cash and Cash Equivalents instead of depicting the same under Other Bank Balances which was not in accordance with Ind AS 7.
5.	Hindustan Urvarak & Rasayan Limited	Leasehold land taken on lease in the year 2018 at Gorakhpur, Sindri and Barauni for a period of 55 years valued at ₹495 crore was not accounted in the previous year i.e. 2018-19 financial statement nor was corresponding amortization of ₹4.82 crore of lease land charges made. The error was not corrected by restating the comparative amounts of its previous year's financial statement i.e. of 2018-19 in accordance with provisions contained in Ind AS 8. This resulted in understatement of Property, Plant and Equipment by ₹495 crore along with understatement of Other Financial Liabilities by the same amount. This also resulted in understatement of amortization of lease land charges and overstatement of carrying amount of Property, Plant and Equipment by ₹4.82 crore and corresponding understatement of Capital Work in Progress by the same amount. The note regarding adoption of Ind AS 116 to all lease contracts was factually incorrect as modified retrospective approach was not applied on the land taken on lease at the above three places. Capital Work in Progress and Liabilities were understated due to non-inclusion of an amount of ₹319.55 crore being the value of material and equipment supplied by five parties for which invoices were submitted to the Company before 31.03.2020. Liability towards commitments for 'Enterprise Social Commitment' (ESC) at the rate of 0.25 *per cent* of the total cost of the project as per condition attached with the environment clearance given by the Ministry of Environment, Forest and Climate Change, for three urea fertilizers projects of the Company located at Sindri, Barauni and Gorakhpur, was not created. This resulted in understatement of Non-Current Liabilities and Capital Work in Progress by ₹53.20 crore.
6.	Kolkata Metro Rail Corporation Limited	Capital Work in Progress was overstated by ₹12.47 crore due to inclusion of amount paid as deposit towards service connection charges for availing 33 KV power supply at Howrah. This also resulted in understatement of Other Non-Current Assets. Current Liability was understated by ₹93.37 crore due to non-inclusion of overdue amount payable of loan payable to Japan International Co-operation Agency. This also resulted in overstated of Non-Current Liability to the same extent.

Sl. No.	Name of the Company	Comment
7.	National Informatics Centre Services Inc	Trade payable was understated by ₹11.18 crore due to the non-accounting of expenditure related to the services received from the vendor during the year 2019-20. This resulted in understatement of Current Liabilities and understatement of Expenses by ₹11.18 crore.
8.	Neyveli Uttar Pradesh Power Limited	Other Bank Balances under Current Financial Asset included term deposits of ₹29.11 crore and ₹10 lakh with Schedule Banks which were given as a security for Bank Guarantees given in favour of Ministry of Coal and UP Pollution Control Board respectively. Thus, these term deposits were restricted cash and were not be available within the 12 months after the end of the reporting period and should have been classified as Non-Current Financial Asset as per Indian Accounting Standards (Ind AS) 1.
9.	Oriental Insurance Company Limited (Standalone and Consolidated Financial Statements)	The approval of Ministry of Corporate Affairs to increase the authorized share capital of the Company from ₹200 crore to ₹250 crore was received in April 2020. An amount of ₹50 crore which was received by the Company from Government of India in March 2020 and against which shares were issued in May 2020 was accounted as share application money under share capital. This resulted in overstatement of Share Capital and understatement of Share Application Money Pending Allotment by ₹50 crore. Inclusion of share application money pending allotment as part of Share capital while calculating Net worth has resulted in overstatement of Net Worth of the Company by `50 crore and consequently: a. Investment in Shareholders fund was incorrectly disclosed as ₹215 crore instead of ₹161.25 crore and investment in Policyholders Fund was disclosed as ₹20,458.30 crore instead of ₹20,512.05 crore. b. Disclosure of Net worth, investment in Policyholders Account, Shareholders fund and investment in shareholders Account and non-life analytical ratios i.e. Gross Direct Premium to Net Worth Ratio, Growth rate of Net Worth, Return on Net Worth disclosed in Notes based on incorrect net worth were also deficient. Non-reversal of wrong booking of claims recoverable and payable towards aviation claims in the year 2016-17 and 2017-2018 under reinsurance arrangement resulted in overstatement of Dues from Other Entities Carrying Insurance Business and Balances Due to

Sl. No.	Name of the Company	Comment
		Other Insurance Companies by ₹135.55 crore. Due from other entities carrying insurance business included ₹264.80 crore being claims outstanding for the year 2019-20 for Kharif-2019 under crop insurance segment pertaining to the Regional Office (RO) Hubli of the Company. However, RO-Hubli, in August 2020, revised outstanding claim liability for Kharif-2019 as ₹200.87 crore based on claim data as uploaded by the State Government which was not revised in financial statements due to which claims outstanding for Crop Segment of Insurance Business and Reinsurance Recoverable stood overstated by ₹63.93 crore.
10.	Sail Rites Bengal Wagon Industries Limited	Closing stock of raw material and components was valued at ₹21.34 crore being the cost instead of net realizable value or cost whichever is lower. This was neither in consonance with the Company's own accounting policy nor in accordance with Ind AS-2.
11.	Tungabhadra Steel Products Limited	A reference is invited to comment no. 2 of the C&AG of India on the financial statements of the Company for the year ended 2018-19 wherein it was stated that Other Current Liabilities were overstated by ₹55.23 crore due to incorrect accounting of the amount realized from sale of land to Karnataka Housing Board (January 2019) as payable to Government of India (GOI) in view of the following: (i) GoI had written off the loan during 2016-17; (ii) The Company had already written off GoI loan and interest amounting to ₹467.07 crore during 2016-17; (iii) Ministry of Heavy Industries & Public Enterprises, vide letter dated 18.01.2018, had directed the Company to settle the claim/ liabilities owed by the Company to all entities from the sale proceeds of movable and immovable assets. Despite being pointed out in previous year, corrective action was not taken by the Company. Thus, the financial statements of the Company for the year 2019-20 did not reflect a true and fair view.

b.iii. Comments on disclosure

Sl. No.	Name of the Company	Comment
1.	Andhra Pradesh Solar Power Corporation	In respect of 400 MW project commissioned by APGENCO as developer at Thalaricheruvu, neither Land Lease Agreement and

Sl. No.	Name of the Company	Comment
		Implementation Support Agreement were entered into nor the one-time upfront development charges were paid by the APGENCO. However, after commission of the Project, a purchase order with terms of payment was issued by APGENCO, the terms of which were yet to be approved by the Board of Directors of the Company. Further, the receivables from APGENCO viz. One-time Development charges, Land Lease charges and Operations and Maintenance charges had been accounted for during the year 2019-20 based on the above purchase order. Above facts were not disclosed in Notes to accounts in Financial Statements. Contingent liabilities were overstated by ₹15.80 crore due to inclusion of land lease charges for land at villages NP Kunta and P. Kothapally for Ananthapuram Ultra Mega Solar Park for which liability had already been provided for in the books. The Company declared a dividend of ₹14 crore for the year 2018-19 while the guidelines issued by Ministry of New & Renewable Energy provided for conversion of surplus into equity and not for payment of dividend. Since payment of dividend was in deviation of guidelines, this fact needed disclosure.
2.	Bengal Chemicals & Pharmaceuticals Limited	The fact regarding provision of interest on defaulted amount of principal of loans payable to Government of India at normal rate instead of penal rate and non-provision of interest on defaulted amount of interest on such loans, was not disclosed in the financial statements for 2019-20 though the fact was disclosed in the financial statements for 2017-18 and 2018-19.
3.	Bharat Broadband Network Limited	The company did not depict gross block of assets along with reconciliation with net block which was contrary to the requirements of Schedule III of the Companies Act 2013.
4.	BSNL Limited	In contravention of Ind AS 7, the company did not disclose, together with management commentary, the amount of significant cash and cash equivalent balances held by it that was not available for use other than the purpose for which the same were earmarked. The Company did not disclose the method used in preparation of Statement of Cash Flow.
5.	Electronics Corporation of India Limited (Standalone and Consolidated Financial Statements)	Board of Directors of the Company in their Meeting dated 17.03.2020 after deliberating on the future of M/s ECIL-Rapiscan Limited a joint venture with M/s OSI Systems Inc., USA decided that the joint venture may be continued until the Company came out with its own products in the segment of container scanners, cargo scanners etc. However, the disclosure in this regard, did not mention about the above decision of the Board of Directors.

Sl. No.	Name of the Company	Comment
6.	Fresh and Healthy Enterprises Limited	Loan and interest thereon amounting to ₹55.89 crore was converted to Equity during the year. The same was included in Cash Flow Statement which was not in line with Ind AS – 7 as the conversion did not involve actual cash flows.
7.	Haridaspur Paradip Railway Company Limited	In the statement of Profit and Loss, the figure of Earnings Per Share "For Continuing Operation" and "For discontinued and continuing Operation" were in₹, whereas all other figures in the financial statements were in '₹in lakh'.
8.	Hassan Mangalore Rail Development Company Limited	Note No 42 wherein it was stated that company has made a claim of ₹609.74 crore towards access charges from SWR for running passenger trains, over and above the number of trains permitted as per O&M Agreement was deficient to the extent that a clear methodology in the O&M agreement for verification/ reconciliation of the claims with SWR was not finalised and that the claim was pending with the Railway Board.
9.	Hindustan Urvarak & Rasayan Limited	Relaxation was claimed from Ministry of Environment for relaxation of amount to be incurred towards Enterprise Social Commitment as per environment clearance received in July/ August 2017 for urea fertiliser project located at Sindri, Barauni and Gorakhpur. Since the relaxation was not granted by the Ministry of Environment, an amount of ₹490.81 crore corresponding to relaxation claimed should have been disclosed as contingent liability in the notes to the financial statement.
10.	HLL Medipark Limited	Company did not make disclosure regarding related party transactions as was required under Ind AS-24.
11.	IRCON Davangere Haveri Highway Limited	Despite being commented last year, the Company again disclosed the working capital changes in Non-Current Financial Assets amounting to ₹120.48 crore under Cash Flow from Operating Activities instead of showing under Cash Flow from Investing Activities which was not in accordance with the provisions of Ind AS 7.
12.	IRCON Vadodara Kim Expressway Limited	Interest accrued on Advances to Contractors amounting to ₹3.59 crore was not disclosed separately under Notes which was in violation of Para 29 of Ind AS 1.
13.	Konkan Railway Corporation Limited	The Company classified an interest of ₹43.14 crore paid on borrowing costs as cash flow from investing activity instead of classifying the same as cash flow from financing activity which was in contravention of Ind AS 7. There was understatement of cash inflows from operating

Sl. No.	Name of the Company	Comment
		activities to the tune of ₹14.49 crore and overstatement of cash outflow in investing activities to the same extent due to incorrect treatment of non-adjustable items which was a contravention of Ind AS 7. The Company disbursed (February 2011) a loan of ₹27 crore to Konkan Railway Welfare Organisation which carried an interest rate of seven *per cent* to be repaid in seven years. The organisation, however, failed to repay the loan as per the stipulated tenure and substantial amount of loan and interest was outstanding. The Company did not disclose the information in notes to accounts which was in contravention of Ind AS 24.
14.	Mumbai Metro Rail Corporation Limited	Capital Work in Progress included an amount of around ₹454 crores towards construction of Car Shed Depot for the Metro Line-3 at Aarey. The activities inside Car Depot at Aarey Colony, however, were stopped vide Urban Development Department of Government of Maharashtra letter dated 29.11.2019. As per the Minutes of the meeting dated 28.08.2020 conducted under the Chairmanship of the Hon'ble Chief Minister of Maharashtra State regarding Metro line 3 and Metro Line 6, it was decided that to explore alternative route options. The said developments with tentative cost estimate of ₹2,800 crore were placed were placed in the meeting of the Board of Directors Meeting held in September 2020. Though an important event occurring between the date of financial statements and the date when the financial statements were approved, no disclosure in this regard was made in Notes on accounts.
15.	National Industrial Corridor Development Corporation Limited (Consolidated Financial Statement)	The company did not recognise the value of equipments of a Project after its completion in July 2019 which was contrary to the Memorandum of Understanding entered into with New Energy and Industrial Technology Development Organization, Japan which provided for such transfer on completion of the project. The Company neither made any accounting policy in this regard not made any disclosure in notes to the financial statements.
16.	Oriental Insurance Company Limited (Standalone and Consolidated Financial Statements)	The Company deviated from its accounting policy regarding creation of provisions for Gross claims incurred but not reported (IBNR) and provisions for claims incurred but not enough reported (IBNER) and out of gross IBNR of ₹5,656.26 crore in Motor Third party (non-pool) line of business, ₹196.18 crore was less ceded to 'Excess of Loss treaty recoverable against IBNR/ IBNER' considering the past trend of recoverable from 'Excess of Loss Treaty'. As a result, the net retention of IBNR/ IBNER in Motor TP (non-pool) line of business and loss for the year has

Sl. No.	Name of the Company	Comment
		increased by ₹196.18 crore. This fact was not disclosed by the Company. The Company, did not give disclosure to the effect of change in Accounting Policy of the Company regarding basis of apportionment of gross investment income between Policyholders' Accounts and Shareholders' Accounts, further apportionment of Gross investment income belonging to policyholders between different lines of business, and apportionment between policyholders' accounts of the profit/ loss on sale/ redemption of investments, provision for standard/ non-performing assets, provision for diminution in value of shares, amortization of premium on debt securities, investment written off, and income by way of interest, dividend & rent and expenses incurred for investment activities. This change had net impact of increase in policyholders' accounts by ₹388.85 crore and decrease in shareholders' accounts by ₹388.85 crore with consequent impact of: (i) Net increase in expenses in Profit & Loss Account by ₹388.85 crore, and (ii) Increase in 'Operating Profit from fire business' in Fire Insurance Revenue Account for the year ended 31.03.2020 by ₹23.54 crore and 'Operating Profit from marine business' in Marine Insurance Revenue Account for the year ended 31.03.2020 by ₹3.21 crore, and decrease in 'Operating Loss from miscellaneous business' in Miscellaneous Insurance Revenue Account for the year ended 31.03.2020 by ₹362.10 crore. In the notes, the total outstanding claims for Indian business in Marine and Miscellaneous Segments were shown as ₹311.40 crore and ₹8,681.70 crore against actual figures of ₹533.82 crore and ₹8,660.80 crore respectively. Insurance Regulatory and Development Authority of India (IRDAI) allowed special forbearances of 100 *per cent* and 40 *per cent* of Fair Value Change Account to the Company for determining the Solvency Margin as on 31.03.2020 and 31.03.2019, respectively. Though the forbearance had a significant impact on the solvency margin, the fact of availing the same in calculation was not disclosed which was not in accordance with the instructions of IRDAI. The Company considered impairment in equity portfolio only where net worth per share of the investee company falls below the

Sl. No.	Name of the Company	Comment
		face value per share. Diminution in value of investment of the nature 'other than temporary' ranging from more than 84 *per cent* to more than 99 *per cent* for continuous three to five years (despite growth of more than 50 *per cent* from 2016 to 2019 in the index viz. NIFTY) with several other negative triggers and no significant positive assurance as to future cash flows of investee Company to restore share price up to book value/ acquisition cost, were not recognized by the Company for impairment. This also resulted in non-adherence to regulations of IRDAI in its true spirit thereby resulting in material misstatement in financial statements of the Company.
17.	Sail Rites Bengal Wagon Industries Limited	Disclosure required as per Ind AS 116 was not made in respect of 15.437 acres of land taken on lease from SAIL Limited for a period of 33 years.
18.	Securities Printing and Minting Corporation of India Limited (Consolidated Financial Statement and Standalone Financial Statement)	The Company did not implement Ind AS 116 which came into force on 01.04.2019. Accounting Policy on revenue recognition of products including postal stationary, passport and non judicial stamp paper provided that revenue was recognised on the basis of sales invoices raised by the company. But the policy was silent about the rates to be considered for raising of invoices. The fact that in the case of bank notes for which the Company booked revenue, the rates to be used for billing was not accepted by Reserve Bank of India from the year 2012-13 and that the matter regarding finalisation of these rates had been referred to Tariff Commission under Ministry of Finance in December 2019, was not disclosed.
19.	Talcher Fertilisers Limited	Relaxation claimed from Ministry of Environment for ₹327.72 crore being the amount yet to be incurred towards Enterprise Social Commitment as per environment clearance received in February 2018 for the fertiliser project located at Angul district, Odisha Gorakhpur was pending. The facts should have been disclosed in the notes to the financial statements. The Company had requested Department of Fertilizers to formulate and finalize the subsidy policy for urea produced through coal gasification route which should have linkage of realization price of urea with the raw material cost. However, the policy formulation was pending since June 2018. Further, the Company had also represented to the Department for waiver of interest during constructions amounting to ₹1,379 crore, non-recoverable GST, import duties, custom duties and other

Sl. No.	Name of the Company	Comment
		applicable levies to make the project viable, but the same was pending. Considering significance attached with these facts, the same should have been disclosed in the notes to the financial statements.

b.iv. Comments on Auditors' Report

Sl. No.	Name of the Company	Comment
1.	Bharat Broadband Network Limited	The Statutory Auditor failed to disclose the fact that the Company utilised ₹890.83 crore as operational expenditure out of the funds received for capital expenditure. Non-disclosure was not in compliance to the specific direction issued by the CAG under section 143(5) of Companies Act, 2013.
2.	BSNL Limited	Revenue grant and capital grant were not included while commenting about the total income amounting to ₹263 crore in the Auditors' Report.
3.	Health Insurance TPA of India Limited	In the independent auditor report regarding other legal and regulatory requirements, auditor inter-alia stated that the Financial Statements comply with Ind AS whereas the Company prepared its financial statements under the Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
4.	IFCI Infrastructure Development Limited	The Statutory Auditor issued an addendum dated 10.08.2020 to the Auditors' Report. However, there were no guidelines of the Institute of Chartered Accountants of India or any provision in the Companies Act, 2013 to issue Addendum. Accordingly, the Auditors' Report was deficient to that extent.
5.	National Highways & Infrastructure Development Corporation Limited	The Statutory Auditor in violation of section 143(5) of the Companies Act 2013, failed to provide its comments on directions issued by the C&AG of India in the Independent Auditors' Report. Further, the Statutory Auditor issued Annexure-2 dated 17.09.2020 to the Independent Auditors' Report incorporating the comments on the directions issued by the C&AG of India. However, there is no provision in the Companies Act, 2013 or any guidelines of the Institute of Chartered Accountants of India for subsequent issue of Annexure to the Independent Auditors' Report. Accordingly, the Independent Auditors' Report was deficient to that extent.
6.	Oriental Insurance	In the qualified opinion paragraph, furnishing of unaudited

Sl. No.	Name of the Company	Comment
	Company Limited (Standalone and Consolidated Financial Statements)	accounts of one foreign branch was brought out. However, the said branch had been closed by the Company. The said fact was not brought out in the opinion. Emphasis of Matter paragraph regarding Rashtriya Swasthya Bima Yojna was factually incorrect as the amount include recoverable both from Central and State Governments rather than Government of India alone. Auditors' report did not include matter specified in para 3 of the schedule C of the IRDAI (Preparation of Financial Statements and Auditors' Report of Insurance Companies) Regulations 2002.
7.	Securities Printing & Minting Corporation of India Limited	Non-availability of title deed of immovable property at Sector-1, Noida on the Balance Sheet date was not brought out in the Auditors' Report.

c. Listed Government controlled other companies

c.i. Comments on financial position

Sl. No.	Name of the Company	Comment
1.	Dredging Corporation of India Limited	Advances on Capital Assets were overstated by ₹29.51 crore due to inclusion of above amount which was paid towards part completed work to Central Public Works Department for the work of construction of office building at Seethammadhara. Consequently, Capital Work in Progress was also understated by the said amount. Inventories were overstated and Power and Fuel under Other Expenses were understated by ₹13.93 crore due to accounting of fuel as per inventory statement which reflected closing balance of 5,289.59 MT as against the daily utilisation reports of the Dredgers which reflected a closing balance of 2,965.39 MT. Consequently, the Profit before tax was overstated by ₹13.93 crore.
2.	The Orissa Minerals Development Company Limited	Provision for an amount of ₹27.15 crore deposited with Government of Odisha in December 2017 and November 2018 towards compensation payable under Mines and Minerals Development Regulation Act, 1957 was not created even though the same was deposited in pursuance of Supreme Court of India judgement (August 2017) and was appropriated as well by the Government of Odisha. This resulted in overstatement of Other

		Current Assets and understatement of Loss for the year by ₹27.15 crore. The Company did not create provision towards stamp duty and registration charges amounting to ₹48.11 crore payable for execution of supplementary lease deeds namely Bagiaburu, Belkundi and Bhadrasahi renewed by Government of Odisha in February 2020. This resulted in understatement of Current Liabilities by ₹48.11 crore. Further, considering the life of the respective leases, non-accountal of amortisation expenses resulted in understatement of Loss by ₹29.29 crore.

d. Unlisted Government controlled other companies

d.i. Comments on profitability

Sl. No.	Name of the Company	Comment
1.	Bokaro Power Supply Company (P) Limited	Non-provision of disposal cost of 19.96 lakh cum of ash estimated at ₹53.16 core resulted in understatement of Generation/ Administration and Other Expenses and overstatement of Profit by ₹53.16 crore. The impact on books of accounts due to non-provisioning of estimated cost for transportation of remaining 12.11 lakh cum of ash could not be computed.
2.	Star Union Dai ichi Life Insurance Company Limited	Despite highlighting the issue regarding under provisioning on the financial statements of the Company for the previous year, the Company made provision to the tune of 80 *per cent* only in respect of its investment of ₹55 crore in Infrastructure Leasing & Financial Services Limited which resulted in understatement of Provision for diminution in value of investments and overstatement of Profit by ₹11 crore. Despite downgrade of rating, default in payment of interest and acceptance of application for initiation of corporate insolvency resolution process against M/s Dewan Housing Finance Corporation Limited (DHFL) by National Company Law Tribunal during the year 2019-2020, the Company made provision to the tune of ₹33.96 crore only in respect of the investment of ₹63 crore in non-convertible secured debentures of DHFL. This led to understatement of Provisions and overstatement of Profit by ₹29.04 crore.

d.ii. Comments on financial position

Sl. No.	Name of the Company	Comment
1.	Agricultural Insurance Company of India Limited	Advances and Other Assets included ₹200 crore being adhoc payment made out of retained profits/ reserves to the Consolidated Fund of India (GoI's share for meeting additional expenditure on Crop Insurance – National Agriculture Insurance Scheme) as per the directions (December 2009) of the Ministry of Finance. There were no indications in the instructions that the above said amount was refundable by the Government and the Ministry did not refund the same even after lapse of 10 years. This resulted in overstatement of Advances and Other Assets as well as Reserves and Surplus of the Company by ₹200 crore.
2.	Pipavav Railway Corporation Limited	Fixed Deposits of ₹174.72 crore having a maturity within 12 months as on 31.03.2020 were classified as Non-Current Financial Assets instead of Current Financial Assets which was not in accordance with Schedule-III of the Companies Act, 2013.

d.iii. Comments on disclosure

Sl. No.	Name of the Company	Comment
1.	DMICDC Neemrana Solar Power Company Limited	The company did not recognise the value of equipments of a Project after its completion in July 2019 which was contrary to the Memorandum of Understanding entered into with New Energy and Industrial Technology Development Organization, Japan which provided for such transfer on completion of the project. The Company neither made any accounting policy in this regard nor made any disclosure in notes to the financial statements.
2.	NABKISAN Finance Limited	The correct amount of loan commitments pending disbursal was ₹80.76 crore instead of ₹20.31 crore as included in Contingent Liabilities. The Board of Directors of the Company approved (July 2019) proposal for entering into MoU with the Department of Agricultural Marketing and Agriculture Business, Government of Tamil Nadu for implementing three schemes including Interest Subvention Support to provide concessional credit to Farmer Producer Companies. The contribution from Government of Tamil Nadu was ₹166.70 crore and Company was to provide ₹333.30 crore of credit in phased manner upto the year 2022-23. Though Government of Tamil Nadu had issued administrative

		sanction for its part of contribution, however MoU between Company and Government of Tamil Nadu was not signed. Considering the amount involved and status of financial arrangements, the facts should have been disclosed in the Notes to the financial statements.
3.	Pipavav Railway Corporation Limited	Dividend paid amounting to ₹11.81 crore was included in 'Cash Flow from Operating Activities' instead of showing the same under 'Cash Flow from Financing Activities' which was not in accordance with Ind AS – 7.

2.5.2 Statutory Corporations where CAG is the sole auditor

The significant comments issued by the CAG on the accounts of Statutory Corporations where CAG is the sole auditor are detailed below:

Airports Authority of India

- Provisions for bad and doubtful debts were understated by ₹6.32 crore due to non-provisioning of items as given in Table 2.2.

Table 2.2: Details of non-provisioning for bad and doubtful debts

(₹ in crore)

Sl. No.	Particulars	Amount
1.	Old deposits for which no documents/ records were available	5.26
2.	Old receivable from government department for which no documents/ records were available	0.42
3.	Amount recoverable from JVC/ DIAL for which no documents/ records were available	0.64
	Total	**6.32**

Due to above, Trade Receivables were overstated and Expenses were understated by ₹6.32 crore.

- Related party disclosures did include amount of ₹20.77 crore receivable from National Flying Training Institute in which the authority had ownership interest of 46 *per cent*.

- Contingent Liability was understated by ₹47.91 crore due to non-disclosure of items given in Table 2.3.

Table 2.3: Details of non-disclosure of items

(₹ in crore)

Sl. No.	Particulars	Amount
1.	Non-disclosure of Arbitration for the work of construction of boundary wall situated at Techno Farm at Gaya Airport and arbitration for the work of re-carpeting of runway, taxiway & apron and allied works at Gaya Airport.	10.23
2.	Non-disclosure of damages and compensation claimed by M/s Graphic Ads Private Limited	12.17
3.	Interest on arbitration cases between ITD CEM JV vs AAI	25.51
	Total	**47.91**

- During test check of records, it was observed that claims were raised to the State Governments for the provision of security and fire service at airports operated by the Authority at Karnataka, Tamil Nadu, Andhra Pradesh, Puducherry, and Jaisalmer during the year 2019-20 under the Regional Connectivity Scheme of the Ministry of Civil Aviation, however, the same was not included as income in the year 2019-20. The Authority stated that claim from State Government was accounted for on receipt basis. However, no disclosure in this regard was made in the books of accounts

Central Warehousing Corporation

- Provision for expenses was understated by ₹5.45 crore due to write back of an existing liability provided for office rent payable for earlier years despite non-withdrawal or waiver of the claim by the opposite party and the matter being under litigation. This resulted in understatement of outstanding liabilities by ₹5.45 crore and overstatement of Profit for the year by the same amount.

Inland Waterways Authority of India

- Ministry of External Affairs (MEA), Government of India through an agreement (March 2009) appointed the Authority as Project Development Consultant (PDC) for Kaladan Project being executed for implementation of multi-modal transit transport facility, on Kaladan River connecting Sittwe Port in Myanmar with the State of Mizoram in India. The work on the project was in progress.

  As per the disclosure made in the notes to financial statements, the Authority upto 31.03.2020, had received ₹33.87 crore from MEA which included PDC fees of ₹29.05 crore, service tax of ₹2.11 crore, GST of ₹1.72 crore and reimbursement of hydrographic survey expenditure of ₹0.99 crore. Internal receipts of ₹2.56 crore including bank interest had also been generated in the project till 31.03. 2020. Out of the above an expenditure of ₹29.85 crore had been incurred upto 31.03.2020.

  The facts and figures of the above note could not be vouched as Authority had prepared separate books of accounts of the Kaladan Project for the year 2019-20 and no impact of transactions of above project was included in the financial statements of the Authority. This issue was raised during 2016-17, 2017-18 and 2018-19 also but no corrective action was taken by the Management.

2.6 Non-compliance with provisions of Accounting Standards/ Ind AS

In exercise of the powers conferred by Section 469 of the Companies Act, 2013, read with Section 129 (1), Section 132 and Section 133 of the said Act, the Central Government prescribed Accounting Standards 1 to 7 and 9 to 29. Besides these, the Central Government notified 41 Indian Accounting Standards (Ind AS) through Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The statutory auditors reported that seven companies as detailed in ***Annexure XXI*** did not comply with mandatory Accounting Standards/ Ind AS.

During the course of supplementary audit, the CAG observed that some companies had also not complied with the Accounting Standards/ Ind AS which were not reported by their statutory auditors as given in Table 2.4.

Table 2.4: Non-compliance of Accounting Standards/ Ind AS

Accounting Standard/ Ind AS		Name of the Company	Deviation
AS 22	Accounting for Taxes on Income	AAI Cargo Logistics & Allied Services Company Limited	Provision for debtors which was disallowed under the Income Tax was not included while calculating Deferred Tax Assets/ Deferred Tax Liabilities.
Ind AS 1	Presentation of Financial Statements	CONCOR Air Limited	Impact of re-classification/ re-grouping of items relating to 2018-19 was that the total Assets/ Liabilities stood at ₹97.26 crore instead of ₹89.80 crore as disclosed. Nature of reclassification, amount of each item or class of items reclassified and reasons for reclassification were not disclosed.
		IRCON Vadodara Kim Expressway Limited	The Interest accrued on advances to contractors was not disclosed separately.
		Neyveli Uttar Pradesh Power Limited	Term deposits which were restricted cash and which were not be available within the 12 months after the end of the reporting period were classified as Current Financial Asset instead of Non-Current Financial Asset instead of Current Financial Asset
Ind AS 2	Inventories	Sail Rites Bengal Wagon Industries Limited	Provisions of Accounting Standard were not complied with while valuing some closing stock of finished goods and work-in-progress Stock of raw materials was valued at cost

Accounting Standard/ Ind AS		Name of the Company	Deviation
			and net realisable value was not considered.
		Steel Authority of India Limited	Scrap which was not in existence was included in inventory Valuation of iron ore fines as inventory was against the provision of the Ind AS 2.
Ind AS 7	Statement of Cash Flows	BSNL Limited	The company did not disclose, together with management commentary, the amount of significant cash and cash equivalent balances held by it that was not available for use other than the purpose for which the same were earmarked.
		CONCOR Air Limited	Accrued interest was included under cash flow from investing activities.
		Fresh and Healthy Enterprises Limited	Loan and interest thereon was incorrectly included in Cash Flow Statement.
		Haridaspur Paradip Railway company Limited	Cash Equivalents were overstated and Bank Balances other than cash and cash equivalent were understated due to incorrect classification of Fixed Deposit receipts having original maturity of more than three months.
		IRCON Davangere Haveri Highway Limited	Working capital changes was disclosed in Non-Current Financial Assets under cash flow from operating activities instead of showing under cash flow from investing activities. Accrued interest payable on mobilisation advance from client was included in cash flow from operating activities and also in cash flow from financing activities.
		IRCON Vadodara Kim Expressway Limited	Cash flow from operating activities was overstated and cash flow from investing activities was understated due to incorrect adjustment of interest income.
		Konkan Railway Corporation Limited	Interest paid on borrowing costs was classified as cash flow from investing activity instead of cash flow from financing activity.

Accounting Standard/ Ind AS		Name of the Company	Deviation
			Cash inflows from operating activities was understated and cash outflow from investing activities was overstated due to incorrect treatment of non-adjustable items.
		Pipavav Railway Corporation Limited	Cash flow from operating activities was understated and cash flow from financing activities was understated due to non-inclusion dividend paid.
		Punjab Logistic Infrastructure Limited	Accrued interest even though a non-cash item was added in cash flow from operating activities.
		Rail Vikas Nigam Limited	Accrued interest which did not involve any cash flow was considered as cash flow from investing activities.
Ind AS 8	Accounting for Government. Grants and Disclosure of Government Assistance	Hindustan Urvarak & Rasayan Limited	Error regarding accounting of leasehold land in the previous year was not corrected by restating the comparative amounts of its previous year's financial statement. i.e. of 2018-19.
		IREL (India) Limited	Diminution in value of capital work in progress amounting relating to solid waste trench was not made.
		Konkan Railway Corporation Limited	Prior period expenses relating to employee benefit were booked as current year expense instead of recasting the financial statements.
Ind AS 10	Events after the Reporting Period	Madras Fertilisers Limited	Non-consideration of revised rates before approval of the financial statements resulted in understatement of claims receivable and overstatement of loss.
Ind AS 24	Related Party Disclosures	HLL Medipark Limited	Related party transactions were not disclosed.
		Konkan Railway Company Limited	Failure of a borrower to repay the loan as per the stipulated was not disclosed in notes to accounts.
Ind AS 36	Impairment of Assets	Container Corporation of India Limited	The Company did not disclose the events and circumstances that led to recognition of impairment loss in the investment in equity shares of Fresh & Healthy Enterprise Limited.
Ind AS 115	Revenue from	Bharat Electronics	Revenue was overstated due to inclusion of

Accounting Standard/ Ind AS		Name of the Company	Deviation
	Contracts with Customers	Limited	sales for which deliveries were yet to be made.
Ind AS 116	Leases	Hindustan Urvarak & Rasayan Limited	Note regarding adoption of the Accounting Standard to all lease contracts was factually incorrect as modified retrospective approach was not applied on the land taken on lease at Gorakhpur, Sindri and Barauni.
		Sail Rites Bengal Wagon Industries Limited	Proper disclosures regarding land obtained on lease from Steel Authority of India Limited were not made.
		Security Printing & Minting Corporation of India Limited	Accounting Standard which came into force on 01.04.2019 was not implemented.

2.7 Management Letters

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

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

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

During the year, CAG issued 'Management Letters' to 194 CPSEs **(*Annexure XXII*).**