

# Contents

|                          |  |   |     |
|--------------------------|--|---|-----|
| <b>Preface</b>           |  |   | vii |
| <b>Executive Summary</b> |  |   | ix  |
| <b>Chapter I</b>         | <b>Summary of financial performance of Central Public Sector Enterprises</b> |   |     |
|                          | 1.1  | Introduction  | 1   |
|                          | 1.2  | Investment in Government companies and corporations                   | 4   |
|                          | 1.3  | Returns from the CPSEs  | 14  |
|                          | 1.4  | Operating efficiency of Government companies and corporations         | 21  |
| <b>Chapter II</b>        | <b>Oversight role of CAG</b>   |   |     |
|                          | 2.1  | Audit of Public Sector Enterprises                                    | 39  |
|                          | 2.2  | Appointment of statutory auditors of Public Sector Enterprises by CAG | 39  |
|                          | 2.3  | Submission of accounts by CPSEs                                       | 39  |
|                          | 2.4  | CAG's oversight - Audit of accounts and supplementary audit           | 41  |
|                          | 2.5  | Result of CAG's oversight role  | 42  |
|                          | 2.6  | Non-compliance with provisions of Accounting Standards/ Ind AS        | 69  |
|                          | 2.7  | Management Letters  | 72  |
| <b>Chapter III</b>       | <b>Disinvestment Process</b>   |   |     |
|                          | 3.1  | Disinvestment Policy of Government of India                           | 73  |
|                          | 3.2  | Mandate for disinvestment   | 74  |
|                          | 3.3  | Modes of disinvestment  | 74  |
|                          | 3.4  | Process of disinvestment  | 75  |
|                          | 3.5  | Target and achievement for disinvestment of CPSEs for last five years | 76  |
|                          | 3.6  | Mode-wise realisation from disinvestment during the last five years   | 78  |
|                          | 3.7  | Implementation  | 78  |

|                   |  |   |     |
|-------------------|--|---|-----|
|                   | 3.8  | Other issues  | 93  |
|                   | 3.9  | Conclusion  | 95  |
| <b>Chapter IV</b> | <b>Corporate Social Responsibility</b>   |   |     |
|                   | 4.1  | Introduction  | 96  |
|                   | 4.2  | Audit Objective   | 97  |
|                   | 4.3  | Audit Scope and Coverage  | 97  |
|                   | 4.4  | Audit Criteria  | 98  |
|                   | 4.5  | Audit Findings  | 98  |
|                   | 4.6  | Conclusion  | 109 |
| <b>Chapter V</b>  | <b>Impact of implementation of Indian Accounting Standards in selected Non-Banking Financial Companies</b> |   |     |
|                   | 5.1  | Introduction  | 110 |
|                   | 5.2  | Implementation of Indian Accounting Standards (Ind AS)  | 110 |
|                   | 5.3  | Objectives of Audit   | 112 |
|                   | 5.4  | Scope of Audit  | 112 |
|                   | 5.5  | Audit Methodology   | 112 |
|                   | 5.6  | Adoption of Ind AS after CAG's comment  | 112 |
|                   | 5.7  | Exemption on first time adoption of Ind AS  | 113 |
|                   | 5.8  | Impact of implementation of Ind AS on selected key areas  | 114 |
|                   | 5.9  | Conclusion  | 122 |
| <b>Annexures</b>  | I  | List of Government companies/Government controlled other companies which came under/went out from the purview of CAG Audit during 2019-20 | 125 |
|                   | II A   | Details of accounts in arrears or company under liquidation or defunct company - Government companies and corporations                    | 127 |
|                   | II B   | Details of accounts in arrears or company under liquidation or defunct company - Government controlled other companies                    | 130 |
|                   | III  | List of Government companies where total assets were lower than the long term loans outstanding during 2019-20                            | 131 |
|                   | IV   | List of Government companies and corporations which   | 132 |

|       |  |  |  |
|-------|--|--|--|
|       |  | were added to the profit making CPSEs in 2019-20 |  |
| V     | List of Government companies excluded from the list of profit making companies in 2019-20  | 133  |  |
| VI    | List of Government companies having negative Net Worth as on 31 March 2020   | 134  |  |
| VII   | Shortfall in dividend declared by Government companies   | 138  |  |
| VIII  | Value of production, total assets and capital employed of Government companies and corporations  | 141  |  |
| IX    | Return on capital employed of Government companies and corporations  | 154  |  |
| X     | Return on Equity of Government companies and corporations  | 175  |  |
| XI    | Rate of Real Return (RORR) of selected CPSEs during 2017-18 to 2019-20   | 216  |  |
| XII   | Comparison of return on Central Government investment on the basis of historical value with RORR of listed CPSEs                             | 221  |  |
| XIII  | Listed CPSEs where Return on Equity is less than that of private companies in same sector for 3 or more years during last 5 years            | 223  |  |
| XIV   | Listed CPSEs where Return on Capital Employed is less than that of private companies in same sector for 3 or more years during last 5 years  | 224  |  |
| XV    | Listed CPSEs where Earnings Per Share is less than that of private companies with similar business for 3 or more years during last 5 years   | 225  |  |
| XVI   | Listed CPSEs where Price Earnings Ratio is less than that of private companies with similar business for 3 or more years during last 5 years | 227  |  |
| XVII  | Listed CPSEs where Interest Coverage Ratio is less than that of private companies in same sector for 3 or more years during last 5 years     | 229  |  |
| XVIII | List of CPSEs which amended their financial statements   | 231  |  |
| XIX   | List of CPSEs where Auditors' Report revised   | 232  |  |

|  |          |   |     |
|--|----------|---|-----|
|  | XX       | List of CPSEs where comments were issued by CAG   | 234 |
|  | XXI      | Details of CPSEs where there were non-compliance with Accounting Standards as reported by the Statutory Auditors        | 236 |
|  | XXII     | List of CPSEs where Management Letters were issued by CAG   | 237 |
|  | XXIII    | Explanatory note bringing out need for justification of assumptions adopted in valuation of Kamarajar Port Limited      | 243 |
|  | XXIV     | Details of estimated valuation done on the basis of market inquiries  | 247 |
|  | XXV      | CPSEs eligible for listing as per the revised criteria laid down by CCEA  | 248 |
|  | XXVI     | List of 95 reviewed CPSEs   | 255 |
|  | XXVII    | List of 154 CPSEs and 102 CPSEs considered for selection of CPSEs for review  | 258 |
|  | XXVIII A | Analysis of fund allocation, actual vis-a-vis required 2% expenditure and excess/shortfall in expenditure               | 265 |
|  | XXVIII B | Category wise analysis of fund allocation, actual vis-a-vis required 2% expenditure and excess/shortfall in expenditure | 268 |
|  | XXIX     | Details of adding back of CSR expenditure by CPSEs  | 271 |
|  | XXX      | Sector wise CSR expenditure   | 273 |
|  | XXXI     | CSR expenditure by Ratna companies  | 279 |
|  | XXXII    | CSR expenditure on common theme   | 280 |
|  | XXXIII   | Baseline Survey by CPSEs  | 284 |
|  | XXXIV    | Manner of implementation of CSR activities  | 287 |
|  | XXXV A   | Status of defining local area by CPSEs for CSR expenditure  | 292 |
|  | XXXV B   | Details of CSR expenditure by CPSEs in local area   | 295 |
|  | XXXVI    | Monitoring framework status   | 297 |
|  | XXXVII   | List of Ind AS applicable   | 300 |
|  | XXXVIII  | List of selected 19 non-banking financial companies   | 302 |

|  |       |  |     |
|--|-------|--|-----|
|  |       | (NBFCs)  |     |
|  | XXXIX | Impact on PAT in respect of NBFCs selected       | 304 |
|  | XL    | Impact on revenue in respect of NBFCs selected   | 305 |
|  | XLI   | Impact on assets in respect of NBFCs selected    | 306 |
|  | XLII  | Impact on net worth in respect of NBFCs selected | 307 |