

FINANCIAL PERFORMANCE OF STATE PUBLIC SECTOR UNDERTAKINGS

5.1 Introduction

This Chapter presents the summary of financial performance of State Public Sector Undertakings of the Government of Chhattisgarh for the year 2022-23. The term State Public Sector Undertakings (PSUs) encompasses the Government Companies set up under the Companies Act, 2013 and the Statutory Corporations set up under Statutes enacted by the Parliament/State Legislature.

This Chapter gives the summarised position of financial performance of the State Government Companies and Corporations as revealed from their accounts. Significant comments¹ issued as a result of supplementary audit/sole audit of the financial statements of the Government Companies/Corporations conducted by the Comptroller and Auditor General of India for the year 2022-23 (or of earlier years which were finalised during the current year) have been covered in this Report.

5.2 Definition of Government Companies/Corporations

A Government Company is defined in Section 2(45) of the Companies Act, 2013, as a Company in which not less than 51 *per cent* of the paid-up share capital is held by Central Government, or by any State Government or Governments, or partly by the Central Government and partly by one or more State Governments and includes a Company which is a subsidiary of a Government Company.

A Statutory Corporation is set up under a statute enacted by Parliament/ State Legislature.

5.3 Mandate of audit

Audit of Government Companies is conducted by the Comptroller and Auditor General of India under the provisions of Section 143(5) to 143(7) of the Companies Act, 2013 read with Section 19 of Comptroller and Auditor General of India's (Duties, Powers, and Conditions of Service) Act, 1971 and the Regulations made there under. Under the Companies Act, 2013, the Comptroller and Auditor General of India appoints the Chartered Accountants as Statutory Auditors for companies and gives directions on the manner in which the accounts are to be audited. In addition, the Comptroller and Auditor General of India have the right to conduct a supplementary audit.

The statutes governing Statutory Corporations require the Comptroller and Auditor General of India to conduct audit of their accounts either as a sole auditor or to

¹Based on the certificates finalized/issued from 1 October 2022 to 30 September 2023.

conduct supplementary audit after the audit is conducted by the Chartered Accountants appointed under the statutes.

5.4 State Public Sector Undertakings and their contribution to the Gross State Domestic Product

As on 31 March 2023, there were 28 PSUs in Chhattisgarh State (including 27 Government Companies and one² Statutory Corporation) under the audit jurisdiction of the Comptroller and Auditor General of India. None of the PSUs were listed on the stock exchange (s).

Out of the 28 PSUs, 26 were working PSUs (25 Companies and one Statutory Corporation) and two PSUs³ were inactive. Out of the 26 working PSUs, only 20 PSUs (19 Companies and one Statutory Corporation), whose accounts were in arrears for two or less years or not in arrears as on 30 September 2023 have been considered for detailed analysis of financial performances in this Report. Eight PSUs whose accounts were in arrears for three or more years (seven PSUs⁴) or first accounts were not submitted (one PSU⁵) have not been considered for detailed analysis in this Report (*Appendix 5.1*).

A ratio of turnover of the PSUs to the Gross State Domestic Product (GSDP) shows the extent of activities of the PSUs in the State economy. On the basis of nature of activities undertaken, these 20 PSUs have been categorised into five sectors. The turnover (₹42,172.73 crore) of these 20 PSUs for 2022-23 was 9.22 per cent of the GSDP of Chhattisgarh (₹4,57,608.26 crore) for the year. Power sector alone accounts for approximately 66.51 per cent of the total turnover of the PSUs during 2022-23 (*Table 5.1*).

Table 5.1: Sector wise turnover vis-a-vis share of turnover of Public Sector Undertakings in Gross State Domestic Product of Chhattisgarh during 2022-23

Sl. No.	Name of the Sector	Number of PSUs	Turnover for the year (₹ in crore)	Share of Turnover in GSDP (%)
1	Energy and Power	4	28,048.36	6.13
2	Infrastructure	4	10.40	0.002
3	Agriculture and Allied Industries	2	678.55	0.15
4	Services	8	13,294.65	2.91
5	Others	2	140.77	0.03
Total		20	42,172.73	9.22

Source: Information compiled on the latest financial statements of PSUs

² Chhattisgarh State Warehousing Corporation (CSWC).

³ Chhattisgarh Sondiha Coal Company Limited, CMDC ICPL Coal Limited

⁴ Chhattisgarh State Industrial Development Corporation Limited, Chhattisgarh State Marketing Corporation Limited, Chhattisgarh Nishakt Jan Vitt Avam Vikas Nigam, Raipur Smart City Limited, Chhattisgarh Rural Housing Corporation Limited, Chhattisgarh Sondiha Coal Company Limited, CMDC ICPL Coal Limited

⁵ Chhattisgarh State Information Infrastructure Corporation Limited

5.5 Audit of Public Sector Undertakings including Government Companies and Corporations

The Comptroller and Auditor General of India, as per its mandate, conducts supplementary audit of the annual accounts of all 28 Companies (27 Government Companies and one Statutory Corporation). The status of submission of financial statements by the PSUs as on 30 September 2023 is presented in **Table 5.2**.

Table 5.2: Status of submission of financial statements by PSUs

Type of PSUs	Total Number of PSUs	Status of finalisation of Accounts by PSUs as of 30 September 2023				Number of PSUs whose accounts were in arrears (No. of Accounts in arrears)
		Accounts for 2022-23	Accounts for 2021-22	Accounts for 2020-21 or previous years	Total	
Government Companies	25	2	14	9	25	23 (42)
Statutory Corporation	1	0	1	0	1	1 (1)
Total Working PSUs	26	2	15	9	26	24 (43)
Inactive PSUs	2	1	0	1	2	1 (4)
Total	28	3⁶	15	10	28	25 (47)

Source: Annual accounts submitted by PSUs

The details of PSUs whose financial statement are pending as on 30 September 2023 are shown in *Appendix 5.1 (b)*.

The summary of financial performance based on the latest finalized accounts of 20 PSUs covered in this report is detailed in **Table 5.3**.

Table 5.3: Summary of financial performance of PSUs (Government Companies and Statutory Corporation)

Summary of financial performance of PSUs	
Total Number of State PSUs	28
Number of PSUs covered in this Report	20
Paid up capital (20 PSUs)	₹6,915.97 crore
Long term loans (20 PSUs)	₹10,519.65 crore
Net profit (10 PSUs)	₹879.22 crore
Net loss (Seven PSUs)	₹1,143.10 crore
Zero Profit / loss (Three PSUs)	--
Dividend declared (One PSUs)	₹3.64 crore
Net worth (20 PSUs)	₹745.27 crore

Source: Compiled on the basis of latest finalized accounts of PSUs

⁶ Chhattisgarh Rajya Van Vikas Nigam Limited, Chhattisgarh State Power Distribution Company Limited and Chhattisgarh Sondiha Coal Company Limited

5.6 Investment in Public Sector Undertakings and Budgetary support

5.6.1 Equity holding and loans

The Government investments in the 28 PSUs as equity and loans for the last three years period ended 31 March 2023 is given in **Table 5.4**.

Table 5.4: Equity investment and loans in Public Sector Undertakings

(₹ in crore)

Sources of investment	As on 31 March 2021			As on 31 March 2022			As on 31 March 2023		
	Equity	Long Term Loans	Total	Equity	Long Term Loans	Total	Equity	Long Term Loans	Total
State Government	6,672.82	724.83	7,397.65	6,672.82	758.36	7,431.18	6,733.03	846.06	7,579.09
Central Government	25.42	292.78	318.20	25.42	158.89	184.31	35.22	130.97	166.19
Others	315.46	12,847.58	13,163.04	315.46	12,460.72	12,776.18	315.46	12,900.87	13,216.33
Total	7,013.70	13,865.19	20,878.89	7,013.70	13,377.97	20,391.67	7,083.71	13,877.90	20,961.61
Share of State Government in total investment (in %)	95.14	5.23	35.43	95.14	5.67	36.44	95.05	6.10	36.16

Source: Compiled from latest financial statements received as on 30 September 2023 and information provided by PSUs.

The total investment in these PSUs increased marginally by 0.40 *per cent* during 2020-21 to 2022-23. As on 31 March 2023, the total investment in 28 State PSUs comprised 33.79 *per cent* of equity capital and 66.21 *per cent* of long-term loans. The long-term loans for the year 2022-23 in 28 State PSUs consisted of ₹977.03 crore advanced by the Central and State Governments and ₹12,900.87 crore raised from other sources (*Appendix 5.2*).

5.6.2 Adequacy of Assets

In order to be considered solvent, the value of an entity's assets must be greater than the sum of its long-term loans/debts. The details of coverage of long-term loans with total assets as of 31 March 2023 is detailed in **Table 5.5**.

Table 5.5: Coverage of long-term loans with total assets

(₹ in crore)

Type of PSUs	Positive Coverage				Negative Coverage			
	Number of PSUs	Long Term Loans	Total Assets	Percentage of Assets to Loans	Number of PSUs	Long Term Loans	Total Assets	Percentage of Assets to Loans
Government Companies	8	10,430.66	46,852.04	449.18	--	--	--	--
Statutory Corporations	1	88.99	1,290.50	1,450.16	--	--	--	--

Source: Compiled on the basis of latest finalized accounts of PSUs

5.6.3 Information on Subsidy and Grants by State Government

The State Government provides financial support to PSUs in the form of loan, grants and subsidies through annual budget. In addition, the Government provides Guarantee for loans raised by PSUs for which it charges Guarantee commission upto the rate of half a *per cent*. Details are in **Table 5.6**.

Table 5.6: Details of budgetary support to Public Sector Undertakings

(₹ in crore)

Particulars ⁷	2020-21		2021-22		2022-23		Total
	No of PSUs	Amount	No of PSUs	Amount	No of PSUs	Amount	Amount
(i) Loans	1	62.00	2	101.51	2	128.60	292.11
(ii) Grants/Subsidy	9	8,445.74	10	7,226.58	10	9,740.33	25,412.65
Total Outgo (i+ii)	10	8,507.74	12	7,328.09	12	9,868.93	25,704.76
Guarantees Outstanding	2	3,426.34	3	3,314.65	3	4,911.43	11,652.42
Guarantee Commitment	3	6,682.28	3	11,907.28	3	9,084.44	27,674.00

Source: Information furnished by PSUs

As can be seen from the Table above, annual budgetary assistance received by the PSUs increased from ₹8,507.74 crore in 2020-21 to ₹9,868.93 crore during the period 2022-23. Budgetary assistance in the form of loan was given to Chhattisgarh Mineral Development Corporation Limited (₹85.67 crore) for mineral exploration work and ₹42.93 crore was given to Chhattisgarh State Power Distribution Company Limited. The major portion of subsidy/grants was given to Chhattisgarh State Power Distribution Company Limited (₹5,242.99 crore) for implementation of various schemes such as free supply of *Mukhyamantri Shahri Vidyutikaran Yojna*, *Mukhyamantri Majra-tola Vidyutikaran Yojana*, Half Bijli Bill Scheme, energisation of Agriculture pumps etc. and Chhattisgarh State Civil Supplies Corporation Limited (₹4,017.86 crore) to provide food grains at concessional rate to the public.

⁷Amount represents outgo from State Budget.

5.7 Returns from Public Sector Undertakings

5.7.1 Profit earned by PSUs

The profit earned by 10 PSUs (as per their latest finalised accounts) out of 20 PSUs (covered in this report) was ₹879.22 crore in 2022-23 as compared to nine PSUs which earned profit of ₹540.16 crore in 2020-21. The main reason for increase in profit was due to increase in profit of Chhattisgarh State Power Generation Company Limited from ₹196.63 crore (2020-21) to ₹570.38 crore (2021-22). Details of profit earning PSUs during 2020-21 to 2022-23 are summarised in **Table 5.7**.

Table 5.7: PSUs which earned profit during 2020-21 to 2022-23

Sl. No.	Name of PSUs	Profit for the year as per latest finalized accounts (₹ in crore)		
		2020-21	2021-22	2022-23
1	Chhattisgarh Rajya Van Vikas Nigam Limited	11.56	36.49	52.65
2	Chhattisgarh State Beverages Corporation Limited	5.38	8.35	8.35
3	Chhattisgarh State Civil Supplies Corporation Limited	--	20.64	20.64
4	Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited	24.09	17.17	17.17
5	Chhattisgarh Medical Services Corporation Limited	4.08	4.08	4.08
6	Chhattisgarh State Warehousing Corporation	143.04	71.20	71.20
7	Chhattisgarh Mineral Development Corporation Limited	--	24.79	24.79
8	Kerwa Coal Limited	0.28	0.07	0.07
9	Chhattisgarh State Power Generation Company Limited	196.63	570.38	570.38
10	Chhattisgarh State Power Transmission Company Limited	153.90	109.89	109.89
11	Chhattisgarh State Power Holding Company Limited	1.20	1.68	*--
Total		540.16	864.74	879.22

Source: Compiled on the basis of latest finalized accounts of PSUs

* Chhattisgarh State Power Holding Company Limited was merged with Chhattisgarh State Power Transmission Company Limited in June 2022.

5.7.2 Dividend paid by Public Sector Undertakings

The State Government had not formulated any dividend policy under which all profit making PSUs are required to pay a minimum *percentage* of return of the profit as dividend after tax/paid up capital.

Dividend payout relating to 16 PSUs where equity was infused by the State Government during the period is shown in **Table 5.8**.

Table 5.8: Details of Dividend Payout of PSUs

Year	Total PSUs where equity infused by State Government		PSUs which earned profit during the year		PSUs which declared/paid dividend during the year		(₹ in crore)
	Number of PSUs	Equity infused by GoCG	Number of PSUs	Profit	Number of PSUs	Dividend declared/paid by PSUs	Dividend Payout Ratio (%)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8=7/5*100)
2020-21	18	6,665.97	8	539.88	2	3.84	0.71
2021-22	18	7,289.36	10	864.67	2	1.15	0.13
2022-23	16	6,726.18	9 ⁸	879.15	1	3.64	0.41

During the year 2022-23 out of 16 PSUs, nine PSUs earned an aggregate profit of ₹879.15 crore. Only one PSUs viz. *Chhattisgarh Rajya Van Vikas Nigam Limited* declared/paid dividend of ₹3.64 crore for the year 2021-22.

5.8 Interest Coverage Ratio

Interest coverage ratio (ICR) is used to determine the ability of a company to pay interest on outstanding debt and is calculated by dividing a company's earnings before interest and taxes (EBIT) by interest expenses of the same period. A ratio below one indicates that the company was not generating sufficient revenues to meet its expenses on interest. The details of interest coverage ratio of PSUs which had outstanding loans during the period from 2020-21 to 2022-23 are given in **Table 5.9**.

Table 5.9: ICR of Public Sector Undertakings

Year	Interest (₹ in crore)	EBIT (₹ in crore)	No. of PSUs having interest burden	No. of PSUs Having ICR equal to/ more than one	No. of PSUs having ICR less than one
2020-21	1707.56	1863.90	8	5	3
2021-22	1502.90	1189.41	9	7	2
2022-23	1857.12	1224.14	9	7	2

Source: Compiled on the basis of latest finalized accounts of PSUs

It was observed that during 2022-23 out of nine PSUs having interest burden, two PSUs (*Chhattisgarh State Power Distribution Company Limited* and *Chhattisgarh Road and Infrastructure Development Corporation Limited*) had ICR of less than one throughout the period from 2020-21 to 2022-23. The number of PSUs having ICR of less than one during the year 2020-21 included *Chhattisgarh Railway Corporation Limited*.

⁸ Kerwa Coal Limited is excluded in profit earning PSUs as it does not have GoCG equity.

5.9 Operating Efficiency of Government Companies

5.9.1 Profit earned (analysis of profit reporting from operating activities/other income)

As on 31 March 2023, 10 profit earning PSUs earned total profit of ₹879.22 crore. Major profit making PSUs as per their latest finalized accounts were, Chhattisgarh State Power Generation Company Limited (₹570.38 crore), Chhattisgarh State Power Transmission Company Limited (₹109.89 crore), Chhattisgarh State Warehousing Corporation (₹71.20 crore), while Chhattisgarh State Power Distribution Company Limited reported substantial losses (₹1,132.72 crore).

Out of 10 profit earning State Public Sector Undertakings, nine State Public Sector Undertakings earned profit only from their operations⁹ and one State Public Sector Undertaking earned profit only from other/extraordinary income as detailed in *Appendix 5.3*.

5.9.2 Return on Capital Employed

Return on Capital Employed measures a company's profitability and the efficiency with which its capital is employed. It is calculated by dividing a company's earnings before interest and taxes by the capital employed¹⁰.

Table 5.10: Return on Capital Employed

Nature of PSUs	Year	No. of PSUs	EBIT (₹ in crore)	Capital Employed (₹ in crore)	Return on Capital Employed (in per cent)
	1	2	3	4	5 = 3/4*100
Profit Earning	2020-21	9	1,562.88	15,339.47	10.19
	2021-22	11	2,021.15	16,037.92	12.60
	2022-23	10	2,035.44	15,429.05	13.19
Loss incurring	2020-21	10	317.48	-2,220.04	-14.30
	2021-22	8	-798.54	-3,090.27	25.84
	2022-23	7	-360.45	-4,425.73	8.14
Nil Profit / Loss	2020-21	3	0	201.54	0.00
	2021-22	3	0	202.12	0.00
	2022-23	3	0	202.12	0.00
Total	2020-21	22	1,880.36	13,320.97	14.12
	2021-22	22	1,222.61	13,149.77	9.30
	2022-23	20	1,674.99	11,205.44	14.95

Source: Compiled on the basis of latest finalized accounts of PSUs

⁹ Profit from Operating activities = Turnover – Total expenditure.

¹⁰ Capital employed = Paid up share capital + long term loans + accumulated profit / – accumulated losses. Figures are as per the latest year for which accounts of the PSUs are finalised.

The table shows profitability levels are increasing as the Return on Capital Employed is showing upward trend from 14.12 *per cent* in 2020-21 to 14.95 *per cent* in 2022-23 (Table 5.10).

5.9.3 Rate of Real Return on the basis of Historical Cost of Investment

As on 31 March 2023, total investment of the State Government in 20 PSUs on the basis of historical cost stood at ₹18,831.86 crore. The sector-wise RoI on historical cost basis for the period 2020-21 to 2022-23 is given in Table 5.11.

Table 5.11: Return on the basis of historical cost of investment

(₹ in crore)

Year	Funds invested by State Government in Equity and Long term loans	Funds invested by Central Government in Equity and Long term loans	Funds invested by Others in Equity and Long term loans	Total investment in Equity and Long term loans	Total Earnings/ Losses for the year	RoRR (in <i>per cent</i>) (vii=vi*100/v)
(i)	(ii)	(iii)	(iv)	(v)	(vi)	
Government Companies						
2020-21	7,325.70	318.20	12,825.07	20,468.97	-36.02	-0.18
2021-22	7,971.01	184.31	12,548.66	20,703.98	-433.43	-2.09
2022-23	7,292.23	166.19	11,280.41	18,738.83	-335.08	-1.79
Statutory Corporations						
2020-21	70.00	0.00	2.02	72.02	143.04	198.61
2021-22	91.01	0.00	2.02	93.03	71.20	76.53
2022-23	91.01	0.00	2.02	93.03	71.20	76.53
Grand Total						
2020-21	7,395.70	318.20	12,827.09	20,540.99	107.02	0.52
2021-22	8,062.02	184.31	12,550.68	20,797.01	-362.23	-1.74
2022-23	7,383.24	166.19	11,282.43	18,831.86	-263.88	-1.40

Source: Latest finalised accounts and information furnished by PSUs

During the years 2020-21 to 2022-23, the return of Government companies on the basis of historical cost of Investment ranged from -2.09 *per cent* to -0.18 *per cent*, while the return of Statutory Corporation on the basis of historical cost of Investment ranged from 76.53 *per cent* to 198.61 *per cent*.

5.9.4 Return on Investment on the basis of Present Value of Investment

Traditional calculation of return based only on the basis of historical cost of investment may not be a correct indicator of the adequacy of the return on the investment since such calculations ignore the present value of money. Therefore, real return on investment has also been calculated after considering the Present Value of money.

The Present Value (PV) of the investment in these PSUs was computed on the basis of following assumptions:

- The State Government's investment was computed where funds were infused in the form of equity, defaulted long term loans and operational/ management expenses as on 31 March 2023.
- Long term loans on which interest payments were defaulted by the PSUs were considered as investment of State Government. In case of repayment of loans by these PSUs, the PV was calculated on the reduced balances of loans over the period.
- The funds provided in the form of Grants/Subsidy have not been reckoned as investment except capital grant since they do not qualify to be considered as investment.
- The average rate of interest on Government borrowings for the concerned financial year¹¹ was adopted as discount rate for arriving at Present Value since they represent the cost incurred by the Government towards investment of funds for the year and therefore, considered as the minimum expected Rate of Return on investments made by the Government.

Further, consolidated position of Present Value of the State Government investment relating to these PSUs for the same period is indicated in **Table 5.12**.

Table 5.12: Year wise details of investment by the State Government and Present Value of Government investment

Financial year	Present value of total investment at the beginning of the year	Equity infused by the state government during the year	Net Interest Free Loan / Defaulted Loan	Interest free loans converted during the year	Capital Grant	Total investment during the year	Total investment at the end of the year	Average rate of interest on government borrowings (in %)	Present value of total investment at the end of the year	Minimum expected return to recover cost of funds for the year	Total earnings for the year	Percentage of Total earnings for the year
A	B	C	D	E	F	G = (C+D-E+F)	H = B + G	I	J = (H*I%)+H	K = (H*I%)	L	M = L*100/H
Upto 2016-17	4483.97	6649.27	268.64	20.11	2253.92	9151.72	13635.69	6.62	14538.38			
2017-18	14538.38	21.60	84.23	0	1353.68	1459.51	15997.89	6.38	17018.55	1020.66	1124.26	7.03
2018-19	17018.55	0	81.86	0	269.88	351.74	17370.29	6.10	18429.89	1059.58	928.65	5.35
2019-20	18429.89	0	-57.77	0	271.80	214.03	18643.92	6.83	19917.29	1273.38	-303.84	-1.63
2020-21	19917.29	0	0	0	331.89	331.89	20249.18	6.57	21579.56	1330.37	106.87	0.53
2021-22	21579.56	0	0	0	806.55	806.55	22386.09	6.40	23818.80	1432.71	-362.07	-1.62
2022-23	23818.80	11.72	0	0	757.78	769.50	24588.30	6.91	26287.35	1699.05	-263.72	-1.08
Total		6682.59	376.96	20.11	6045.50	13084.94						

Source: Compiled on the basis of latest finalized accounts of PSUs

The total investment of the State Government in 22 PSUs (including not covered PSUs in this report) at the end of the year 2022-23 was ₹13,084.94 crore consisting of

¹¹The average rate of interest on Government borrowings was adopted from the Reports of the C&AG of India on State Finances (Government of Chhattisgarh) for the concerned year wherein the calculation for the average rate for interest paid = Interest Payment/ [(Amount of previous year's Fiscal Liabilities + Current year's Fiscal Liabilities)/2]*100.

equity (₹6,682.59 crore), defaulted long term loans (₹376.96 crore excluding ₹20.11 crore interest free loan converted into equity) and capital grants (₹6,045.50 crore). The PV of investments of the State Government as on 31 March 2023 worked out to ₹26,287.35 crore. The returns were negative during 2021-22 and 2022-23 as compared to positive returns during the year 2020-21.

5.10 Public Sector Undertakings incurring losses

5.10.1 Losses incurred

There were seven¹² PSUs that incurred losses as per their latest finalised accounts at the end of March 2023. The losses incurred by these PSUs increased to ₹1,143.10 crore as per their latest finalised accounts from ₹433.14 crore in 2020-21 as given below in **Table 5.13**.

Table 5.13: Number of Public Sector Undertakings that incurred losses during 2020-21 to 2022-23

(₹in crore)

Year	Particulars	No of Loss making PSUs	Net loss for the year	Net accumulated loss/profit	Net worth
2020-21	Power Sector PSUs	2	-422.12	-7,727.69	-5,443.37
	Services	5	-4.04	-176.36	-114.98
	Infrastructure	2	-0.03	3.99	13.09
	Other PSUs	1	-6.95	-7.83	-6.69
	Total	10	-433.14	-7,907.89	-5,551.95
2021-22	Power Sector PSUs	2	-1,216.59	-8,944.29	-6,036.58
	Services	4	-9.80	19.20*	75.20
	Infrastructure	2	-0.58	3.41	12.51
	Total	8	-1,226.97	-8,921.68	-5,948.87
2022-23	Power Sector PSUs	1	-1,132.72	-10,057.33	-7,149.62
	Services	4	-9.80	19.20*	75.20
	Infrastructure	2	-0.58	3.41	12.51
	Total	7	-1,143.10	-10,034.72	-7,061.91

Source: Compiled on the basis of latest finalized accounts of PSUs

* This does not include the financial result of Chhattisgarh State Civil Supplies Corporation Limited as the corporation earned profit during 2021-22, while it incurred loss during the year 2020-21 with accumulated loss of ₹205.35 crore.

In 2022-23, out of total loss of ₹1,143.10 crore incurred by 7 PSUs, loss of ₹1,132.72 crore was contributed by one power sector PSU namely Chhattisgarh State Power Distribution Company Limited.

¹² Chhattisgarh State Power Distribution Company Limited, Chhattisgarh Road and Infrastructure Development Corporation Limited, Chhattisgarh Police Housing Corporation Limited, Chhattisgarh Infrastructure Development Corporation Limited, Chhattisgarh Railway Corporation Limited, Chhattisgarh Katghora Dongargarh Railway Limited and Chhattisgarh Kharsia Naya Raipur Railway Limited

5.10.2 Investments in Loss making companies

The Governments and others investments in the seven loss making PSUs as equity and loans as on 31 March 2023 is given in **Table 5.14**.

Table 5.14: Equity investment and loans in loss making Public Sector Undertakings

(₹in crore)

SI No	Name of PSU	As on 31 March 2023						Total
		Equity			Long Term Loans			
		GoCG	GoI	Others	GoCG	GoI	Others	
1	Chhattisgarh State Power Distribution Company Limited	2,886.54	0.00	0.00	64.10	130.97	1,576.61	4,658.22
2	Chhattisgarh Road Infrastructure Development Corporation Limited	4.90	0.00	0.00	0.00	0.00	1,598.68	1,603.58
3	Chhattisgarh Police Housing Corporation Limited	2.00	0.00	0.00	0.00	0.00	558.27	560.27
4	Chhattisgarh Infrastructure Development Corporation Limited	4.20	0.00	0.00	0.00	0.00	0.00	4.20
5	Chhattisgarh Railway Corporation Limited	37.22	34.30	0.00	0.00	0.00	0.00	71.52
6	Chhattisgarh Katghora Dongargarh Railway Limited	0.00	0.00	2.00	0.00	0.00	0.00	2.00
7	Chhattisgarh Kharsia Naya Raipur Railway Limited	0.00	0.00	2.00	0.00	0.00	0.00	2.00
Total		2,934.86	34.30	4.00	64.10	130.97	3,733.56	6,901.79

As on 31 March 2023, the total investment in seven loss making PSUs was ₹6,901.79 crore which comprised 43.08 *per cent* of equity capital and 56.92 *per cent* of long-term loans. GoCG equity and long term loans were ₹2,934.86 crore (98.71 *per cent* of total equity) and ₹64.10 crore (1.63 *per cent* of total long term loans) respectively at the end of year 2022-23. The long-term loans as on 31 March 2023 in these PSUs consisted of ₹195.07 crore advanced by the Central and State Governments and ₹3,733.56 crore raised from other sources.

5.10.3 Erosion of Capital in Public Sector Undertakings

Net worth means the sum total of the paid-up capital and free reserves and surplus minus accumulated losses and deferred revenue expenditure. Essentially it is a measure of what an entity is worth to the owners. A negative net worth indicates that the entire investment by the owners has been wiped out by accumulated losses and deferred revenue expenditure.

As against the equity (paid up capital *plus* defaulted loans) of ₹2,972.81 crore of seven loss making PSUs, overall net accumulated losses reported by these seven PSUs were ₹10,034.72 crore, resulting in depletion in net worth of seven PSUs to (-)₹7,061.91 crore¹³ as on 31 March 2023. One PSU viz., Chhattisgarh State Power Distribution Company Limited (CSPDCL) which incurred losses amounting to ₹1,132.72 crore during the year 2022-23, reported total accumulative loss of ₹10,057.33 crore as on 31 March 2023.

Table 5.15: Details of PSUs whose Net Worth has been eroded as per their latest finalised accounts

(₹in crore)									
Sl. No.	Name of state PSU	Latest year of finalised accounts	Total paid up capital	Net profit (+)/loss(-) after interest, tax and dividend	Accumulated losses	Net worth	Period since Net Worth has remained negative	State Govt. Equity as on 31 March 2023	State Govt. loans as on 31 March 2023
1	Chhattisgarh State Civil Supplies Corporation Limited	2021-22	4.43	20.64	184.71	(-179.33)	2000-01	4.43	0.00
2	Chhattisgarh State Power Distribution Company Limited	2022-23	2,886.54	(-)1,132.72	10,057.33	(-)7,149.62	2009-10	2,886.54	64.10
3	Raipur Smart City Limited	2019-20	0.10	(-) 0.39	1.18	(-)1.08	2017-18	0.10	0.00
4	Chhattisgarh Rural Housing Corporation Limited	2019-20	0.10	(-) 6.71	6.72	(-)6.62	2019-20	0.10	0.00
5	Chhattisgarh State Industrial Development Corporation Limited	2018-19	1.60	(-)3.94	12.13	(-)9.88	2003-04	1.60	0.00

The net worth of above five PSUs out of 28 PSUs had been completely eroded by accumulated losses and their net worth was negative. The net worth of these five PSUs has remained negative for a period ranging from four years to twenty-three years. Further, four¹⁴ of the above five companies have not submitted the annual accounts within the due date i.e. 30 September 2023. The main source of receipt of these five PSUs were operational income, revenue grants¹⁵, interest income and other miscellaneous receipts. Out of these five PSUs, in two PSUs namely Chhattisgarh

¹³ Paid up capital plus defaulted loans ₹2,972.81 crore - accumulated losses ₹10,034.72 crore = (-)₹7,061.91crore

¹⁴ Sl. No. 1, 3, 4 and 5 of Table 5.14

¹⁵ Raipur Smart City Limited received revenue grant of ₹20 crore

State Power Distribution Company Limited (CSPDCL) and Chhattisgarh State Civil Supplies Corporation Limited (CSCSCL) erosion of net worth was significant. CSPDCL operates in a regulated environment i.e. it cannot pass on costs to its consumers as per free market mechanism and tariff is administered. An analysis of major parameters constituting both revenue and expense showed that Compound Annual Growth Rate¹⁶ (CAGR) of Revenue from Operations¹⁷ between 2019-20 and 2022-23 (taking 2019-20 as base year) stood at 9.00 *per cent*. Against this CAGR of Cost of Power Purchase¹⁸ was 8.63 *per cent*. Increase in Revenue from Operations is mostly nullified by increased cost of power leaving a thin margin to accommodate other expenses (like Employee Benefit Expenses (EBE), Finance cost, Depreciation having sizeable monetary base) whose CAGR itself was in double digit except EBE. This means gross thin margin achieved by Revenue from Operations was not enough to cover these growing expenses which was accounted on as it is basis. CSCSCL had accumulated losses pertaining to period 2002-03 to 2011-12 but has been earning profit since 2012-13 except 2020-21. In remaining three PSUs net worth erosion was miniscule as these companies' revenue stream was grant based and depending upon budgetary allocation or percentage of grants, a surplus or deficit resulted after deducting yearly expenses.

5.11 Oversight role of Comptroller and Auditor General of India

5.11.1 Audit of Public Sector Undertakings

The financial statements of the Government Companies (as defined in Section 2 (45) of the Companies Act, 2013) are audited by Statutory Auditors, who are appointed by the Comptroller and Auditor General of India as per the provisions of Section 139 (5) or (7) of the Companies Act, 2013. The Statutory Auditors submit a copy of the Audit Report to the Comptroller and Auditor General of India including, among other things, financial statements of the Company under Section 143 (5) of the Companies Act 2013. These financial statements are also subject to supplementary audit by the Comptroller and Auditor General of India within sixty days from the date of receipt of the audit report under the provisions of Section 143(6) of the Companies Act, 2013.

Audit of Statutory Corporations is governed by their respective legislations. In respect of Chhattisgarh State Warehousing Corporation, the audit is conducted by Chartered Accountants and supplementary audit is conducted by the Comptroller and Auditor General of India.

Further, as per sub-Section 7 of Section 143 of the Companies Act, 2013, Comptroller and Auditor General of India may, in case of any company covered under sub-Section (5) or sub-Section (7) of Section 139, if considered necessary, by an order, cause test audit to be conducted of the accounts of such Company and the provisions of Section

¹⁶ CAGR= (Final value/Beginning value)^{1/t}-1, where t is time duration in years

¹⁷ ₹15319 crore in 2019-20 and ₹19837.18 crore in 2022-23

¹⁸ ₹14019.80 crore in 2019-20 and ₹17973.37 crore in 2022-23

19A of the Comptroller and Auditor General of India's (Duties, Powers and Conditions of Service) Act, 1971 shall apply to the report of such test Audit. Thus, a Government Company or any other Company owned or controlled, directly or indirectly, by the Central Government, or by any State Government or Governments, or partly by Central Government and partly by one or more State Governments, is subject to audit by the Comptroller and Auditor General of India.

5.11.2 Appointment of Statutory Auditors of Public Sector Undertakings by Comptroller and Auditor General of India

The Comptroller and Auditor General of India appoints the statutory auditors of a Government Company under Section 139(5) and (7) of the Companies Act, 2013. Section 139(5) of the Act, 2013 provides that the statutory auditors in case of a Government Company are to be appointed by the Comptroller and Auditor General of India within a period of 180 days from the commencement of the financial year. Section 139(7) of the Companies Act, 2013 provides that in case of a Government Company the first auditor is to be appointed by the Comptroller and Auditor General of India within sixty days from the date of registration of the company and in case Comptroller and Auditor General of India does not appoint such auditor within the said period, the Board of Directors of the Company or the members of the Company have to appoint such auditor.

The Statutory Auditors of all the PSUs (except Chhattisgarh State Information Infrastructure Corporation Limited and Chhattisgarh State Industrial Development Corporation) for the year 2022-23 were appointed by the Comptroller and Auditor General of India till September 2023.

5.12 Submission of accounts by Public Sector Undertakings

5.12.1 Need for timely submission

According to Section 395 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) and as soon as may be after such preparation laid before the House or both Houses of the State Legislature together with a copy of the Audit Report and any comments upon or supplement to the Audit Report, made by the CAG. Almost similar provisions exist in the respective Acts regulating Statutory Corporations. This mechanism provides the necessary legislative control over the utilisation of public funds invested in the Companies and Corporations from the Consolidated Fund of State.

5.12.2 Timelines in preparation of accounts by Public Sector Undertakings

Section 96 of the Companies Act, 2013 requires every company to hold Annual General Meeting 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 Annual General Meeting 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. Accordingly, the Companies were required to hold Annual General Meeting upto 30 September 2023 for the financial year 2022-23.

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 Annual General Meeting for their consideration. Section 129 (7) of the Companies Act 2013 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.

As of 31 March 2023, there were 27 Government Companies and one Statutory Corporation under the purview of Comptroller and Auditor General of India's audit. Of these, only three Government Companies submitted their account (2022-23) for audit by the Comptroller and Auditor General of India on or before 30 September 2023. Total 47 accounts by 25 PSUs were not submitted within the timeline prescribed which was in violation of Section 129 of Companies Act, 2013 and statutes governing Statutory Corporation.

The break-up of arrears in accounts of Government Companies and Statutory Corporation are detailed in **Table 5.16**.

Table 5.16: Break up of arrear in accounts

Particulars		State Public Sector Undertakings		
		Government companies (No. of PSUs)	Statutory corporation	Total (No. of PSUs)
Total number of PSUs under the purview of CAG's audit as on 31.03.2023		27	01	28
Number of PSUs which submitted accounts for the year 2022-23 for CAG audit by 30 September 2023		03	--	03
Number of accounts in arrears		46 (24)	01(01)	47 (25)
Extent of arrear		Up to 6 years	01 year	
Break-up of arrears	(i) Under Liquidation	-	-	-
	(ii) Inactive	4(01)	--	4 (01)
	(iii) First Accounts not submitted	6 (01)	--	6 (01)
	(iv) Others	36 (22)	01 (01)	37 (23)
Age-wise analysis of arrears against 'others' category	One year (2022-23)	14(14)	01(01)	15(15)
	Two years (2021-22 and 2022-23)	06(03)	--	06(03)
	Three years and more	16(05)	--	16(05)

Source: Compiled on the basis of latest finalised accounts of PSUs

5.13 Comptroller and Auditor General of India's Oversight-Audit of accounts and supplementary audit

5.13.1 Financial reporting framework

Companies are required to prepare their 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 Listed Companies and Companies having net worth of more than ₹250 crore are required to comply with the Indian Accounting Standards. Further parent, subsidiary, associate and joint venture of aforesaid companies are also required to comply with Indian Accounting Standards. The Companies not covered by the above shall continue to apply Accounting Standards. Out of the 27 Government Companies, 11 Companies follow the Indian Accounting Standards while the remaining Companies prepare their accounts as per Accounting Standards.

The Statutory Corporations are required to prepare their accounts in the format prescribed under the rules, framed in consultation with the Comptroller and Auditor General of India and any other specific provision relating to accounts in the Act governing such Corporations.

5.13.2 Supplementary Audit of accounts of Public Sector Undertakings

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 Comptroller and Auditor General of India are responsible for expressing an opinion on the financial statements under Section 143 of the Companies Act, 2013 based on independent audit in accordance with the Standard Auditing Practices of Institute of Chartered Accountants of India and directions given by the Comptroller and Auditor General of India. The statutory auditors are required to submit the Audit Report to the Comptroller and Auditor General of India under Section 143 of the Companies Act, 2013. The Statutory Auditors reported that five PSUs¹⁹ did not comply with mandatory Accounting Standards (AS) /Indian Accounting Standards (Ind AS).

The certified accounts of selected Government Companies along with the report of the statutory auditors are reviewed by Comptroller and Auditor General of India 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 Annual General Meeting.

¹⁹ Chhattisgarh State Power Distribution Company, *Chhattisgarh Rajya Van Vikas Nigam Limited*, Chhattisgarh Infrastructure Development Corporation Limited, *Chhattisgarh Rajya Beej Evam Krishi Vikas Nigam Limited* and Chhattisgarh State Warehousing Corporation.

5.14 Result of Comptroller and Auditor General of India's Oversight Role

5.14.1 Audit of accounts of Public Sector Undertakings under Section 143 of the Companies Act, 2013

During the period under review (October 2022 to September 2023), 21 financial statements were received for audit, of which 18 pertained to the previous years. The status of the financial statements received, reviewed and comments issued is given in Table 5.17.

Table 5.17: Status of Financial Statements of Public Sector Undertakings

Particulars of Financial Statement	Financial Year 2022-23			Previous Years		
	Government company	Statutory Corporation	Total	Government Company	Statutory Corporation	Total
Received	3	--	3	17	1	18
Not Reviewed	1	--	1	1	--	1
Reviewed	--	--	--	13	1	14
Audit in progress*	2	--	2	3	--	3
Nil comment issued	--	--	--	--	--	--
Comments issued	--	--	--	13	1	14

*As on 30 September 2023

Comments of the Comptroller and Auditor General of India on financial statements of 14 PSUs were issued during the period under review.

5.14.2 Significant comments of the Comptroller and Auditor General of India issued as supplement to the Statutory Auditors' reports

Subsequent to the audit of the financial statements by the Statutory Auditors, the Comptroller and Auditor General of India conducted supplementary audit of the financial statements of the PSUs. Some of the significant comments issued on the financial statements of the Government Companies are listed below:

Comments on Profitability

Sl. No.	Name of Company	Comment
1	Chhattisgarh State Civil Supplies Corporation Limited (2021-22)	Property, Plant and Equipment does not include an amount of ₹431.92 lakh towards Capital Work in Progress (CWIP), executed by Nava Raipur Atal Nagar Development Authority (NRANVP) on account of decoration of the Company's office and same was shown as Capital Advance instead of CWIP. This has resulted in understatement of CWIP by ₹431.92 lakh and overstatement of Capital Advance to the same extent.
2	Chhattisgarh Mineral Development Corporation Limited (2021-22)	1. Depreciation and Amortization does not include ₹62.60 lakh being the amount of depreciation on Company's corporate office building situated at Nava Raipur Atal Nagar for the years 2020-21 and 2021-22. The Company started working in the

		<p>new office building from 14 December 2020 onwards; however, the same has not been capitalized resulting in understatement of Depreciation and overstatement of Profit by ₹62.60 lakh. This has also resulted in understatement of PPE and overstatement of Other Current Assets (under other advances) by ₹12.44 crore.</p> <p>2. Other Expenses does not include ₹68.79 lakh being the payment made to Chhattisgarh State Power Distribution Company Limited (CSPDCL) towards installation of 1000 KVA transformer at Aridongari mines (₹49.60 lakh) and new service connection at Aridongari mines (₹19.20 lakh). Instead, this amount was recognised as advances (Other Current Assets) in the accounts for the year 2021-22. This has resulted in Overstatement of Other Current Assets as well as Profit and Understatement of Expenses by ₹68.79 lakh.</p>
3	<i>Chhattisgarh Rajya Van Vikas Nigam Limited</i> (2021-22)	<p>Depreciation and Amortization Expenses does not include ₹1.48 crore being the amount of depreciation of Company's corporate office building for the years 2018-19 to 2021-22. The building was handed over on 11 April 2018 to the Company. However, the same was not capitalized. This has resulted in understatement of depreciation and overstatement of Profit by ₹1.48 crore. This also resulted in Understatement of PPE and Overstatement of Other Non-current Assets (Advance to Nava Raipur Atal Nagar Development Authority (NRDA) by ₹8.24 crore.</p>
4	Chhattisgarh State Power Transmission Company Limited (2021-22)	<p>Other current liabilities do not include ₹0.59 crore towards operation and maintenance of substations, security services, annual maintenance services etc. and ₹35.40 crore towards invoices/bills relating to various Capital Work in Progress pertaining to the financial year 2021-22 was not provided for in the financial statement. This has resulted in understatement of Other Current Liabilities to the extent of ₹35.99 crore and understatement of Capital Work-in-Progress to the extent of ₹35.40 crore. This has also resulted in understatement of Expenses to the extent of ₹0.59 crore and consequent overstatement of profit to the same extent.</p>
5	Chhattisgarh State Power Generation Company Limited (2021-22)	<p>Other Expenses does not include an amount of ₹1179.88 crore that the Water Resource Department (WRD) had raised for water charges bill as per terms of agreement to the Company. The Company violated the payment terms of the ibid agreement and did not pay the water bill, rather showed it as contingent liability in its books of accounts. As the WRD had consistently billed and claimed the water charges as per the terms of agreement executed with the Company, a suitable provision for the same should have been made. Non-provision of the above resulted in understatement of Other Expenses as well as Current Liability by ₹1179.88 crore with corresponding overstatement of Profit by the same amount.</p>

Comments on Financial Position

Sl. No.	Name of Company	Comment
1	Chhattisgarh Mineral Development Corporation Limited (2021-22)	Other Current Liabilities does not include ₹8.86 crore being the amount of first instalment of loan from Mineral Development Fund which was due during the year 2021-22 along with penal interest ₹62 lakh due to non-payment of interest against the loan of 2020-21. This has resulted in understatement of Current Liabilities by ₹8.86 crore as well as Other Expenses by ₹62 lakh and overstatement of Borrowings by ₹8.86 crore and Profit by ₹62 lakh.
2	Chhattisgarh State Power Holding Company Limited (2021-22)	Other current liabilities do not include an expenditure of ₹118.00 lakh payable to the EDCIL (India) Limited towards work of recruitments to various posts in Chhattisgarh State Power companies in the financial year 2021-22 and bill was received in the same year but paid in financial year 2022-23. This has resulted in understatement of other current liabilities and understatement of other current assets (receivable from its subsidiaries companies) to the extent of ₹118.00 lakh.
3	Chhattisgarh Medical Services Corporation Limited (2020-21)	Interest for DME (Equip. Procurement) does not include ₹39.71 lakh towards the accrued interest on the fixed deposit of ₹10.00 crore which was submitted (4 February 2019 and 16 June 2020) as a letter of credit to M/s Wipro GE Healthcare Pvt. Ltd. for the purchase of CT scan machine. This has resulted in understatement of Long-Term Liabilities (Fund from Govt.) as well as Other Current Assets (Interest Accrued on FD) by ₹39.71 lakh.
4	Chhattisgarh Medical Services Corporation Limited (2020-21)	Property, Plant & Equipment (Building) includes ₹3.50 crore towards the expenditure incurred on the installation of Air Conditioning system in the four Drug Warehouses situated at Raipur, Bilaspur, Ambikapur and Jagdalpur during the year 2020-21 which should have been classified under the head Electrical Installation and Equipment instead of Building. This has resulted in Understatement of Depreciation and Overstatement of Profit to the extent of ₹15.12 lakh due to misclassification. Apart from it, Overstatement of Building and Understatement of Electrical Installations and Equipment to the extent of ₹3.50 crore.
5	Chhattisgarh Police Housing Corporation Limited (2021-22)	Other Current Liabilities does not include ₹10.75 crore of Guarantee fees payable @ 0.5 per cent on guarantee given by Govt. of Chhattisgarh to the Chhattisgarh Police Housing Corporation Limited for loan taken from Indian Bank (₹400.00 crore) and Canara Bank (₹400.00 crore). As on March 2022, the company has neither paid Guarantee fees nor made any provision for the same. This has resulted in understatement of Other Current Liabilities by ₹10.75 crore and overstatement of Reserve and Surplus to the same extent.
6	Chhattisgarh Rajya Van Vikas Nigam Limited (2021-22)	Capital Work in Progress does not include ₹3.00 crore towards expenditure incurred on Construction and Development of Residential Apartment for the employees as per the utilization certificate submitted (15 March 2021) by the Chhattisgarh Housing Board Capital Project Division (project implementing

		agency) which was not adjusted from the advance of ₹5.00 crore. This has resulted in overstatement of Other Non-Current Assets (Note:5 under Capital advances) by ₹3.00 crore and understatement of Capital Work-in-Progress to the same extent.
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Comments on Auditor's Report

Some of the significant comments issued on the Statutory Auditor's Report are listed below:

Sl. No.	Name of Company	Comment
1	Chhattisgarh State Civil Supplies Corporation Limited (2021-22)	<p>A reference is invited to item no. g(i) of Report on other legal and regulatory requirements wherein it was stated that the Company has disclosed the impact of pending litigations on its financial position on its Financial Statements. However, the Company has not disclosed the impact of pending cases related to M/s Kavita Jain, Korba, M/s Mahaveer Jain, Korba and PEC Limited, New Delhi. Hence, qualification of the Independent Auditor in its Report is deficient to that extent.</p> <p>A reference is invited to item no. (vi) b of Annexure 'B' to the Independent Auditor's report wherein it was mentioned that the EPF Appellant Tribunal gave decision against the Company and the case is pending for appeal in higher forum. However, for the same case appeal has been already filed (April 2021) at High Court of Chhattisgarh by the Company. Therefore, qualification of the Independent Auditors' Report is deficient to that extent.</p>
2	Chhattisgarh Mineral Development Corporation Limited (2021-22)	A reference is invited to the Statutory Auditor's qualification placed at serial no.(i) of the Emphasis of Matter paragraph of the Independent Auditor's Report; wherein it has been stated that a provision of ₹66.37 crore payable to a joint venture partner M/s Lumen Engineering Private Limited towards interest on acquisition cost of land was not made in the financial statements of the company for the year 2021-22. However, the actual amount of interest payable to the JV partner was ₹72.69 crore. The Independent Auditor's Report is factually incorrect to that extent.
3	Chhattisgarh State Power Trading Company Limited (2021-22)	A reference is invited to item no. (B)i of Report on Other Legal and Regulatory Requirements of Independent Auditors' Report wherein it has been reported that the Company does not have any pending litigations which would impact its financial position. However, the Company have 17 number of pending litigations as on 31 March 2022. Hence, Auditors' Report is deficient to that extent.
4	Chhattisgarh Medical Services Corporation Limited (2020-21)	In the Auditors' Report at item no. 1 of Report on Internal Financial Controls over Financial Reporting (Annexure-I), it has been reported that "the Company has not complied with the provisions of section 135 of the Companies Act, 2013 by not making expenditure of the Provisions ₹18,10,289 which is factually incorrect as the actual amount was ₹21,11,319. The Auditors' Report did not state that in contravention to section 135(5) of the Companies Act, 2013 the Company has failed to transfer the unspent amount into a fund specified in schedule VII of the Companies Act, 2013. Hence, Annexure-I of the

State Finances Audit Report for the Year ended 31 March 2023

		Independent Auditors' Report is deficient to that extent.
5	Chhattisgarh Road and Infrastructure Development Corporation Limited (2021-22)	The auditor has not complied to all sub-directions as required under section 143 (5) of the Companies Act, 2013. Hence, the Auditors Report is deficient to that extent.
6	Chhattisgarh State Power Distribution Company Limited (2021-22)	The Annual General Meeting for the previous year (2020-21) was not held and the financial statements for the year 2021-22 were approved (22.09.2022) by the Company's BoD prior to adoption of previous year's financial statements by the shareholders. However, the fact was not reported by the statutory auditor resulting in non-compliance with the terms and conditions of appointment.

5.15 Non-compliance with provisions of Accounting Standards/ Indian Accounting Standards

In exercise of the powers conferred by Section 469 of the Act, 2013, read with Section 129 (1), Section 132 and Section 133 of the said Act, the Central Government prescribed Accounting Standards. Besides these, the Central Government notified 42 Indian Accounting Standards through Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016. Three Indian Accounting Standards namely Indian Accounting Standards 11, 17 & 18 have been withdrawn after the notification of Indian Accounting Standard 115 & 116.

During the course of supplementary audit carried out between October 2022 and September 2023, the Comptroller and Auditor General of India observed that the following companies had also not complied with the Accounting Standards/Indian Accounting Standards which were not reported by their statutory auditors:

Accounting Standards/ Indian Accounting Standards	Name of the Company	Deviation
Ind AS 16 - Property, Plant and Equipment	Chhattisgarh State Power Transmission Company Limited (2021-22)	As per para 73 of Ind AS – 16 (Property, Plant and Equipment) the financial statements are required to disclose the useful lives or the depreciation rates used for each class of property, plant and equipment with exception. However, the Company has not disclosed the useful life or depreciation rates used in the financial statements. Thus, the notes to financial statements are deficient to that extent.
IND AS 1 – Presentation of Financial Statements	Chhattisgarh State Power Distribution Company Limited (2021-22)	The Department of Energy, Government of Chhattisgarh (GoCG) vide its order dated 24 May 2022 consented to pay off the dues of CSPDCL payable to CSPGCL (₹1000 crore) and CSPTCL (₹500 crore). As per procedure in vogue, the amount/ instalment was to be remitted to CSPDCL by GoCG

		and subsequently transferred to CSPGCL and/or CSPTCL. Pursuant to the GoCG's order, the Company has netted off the amount receivable from GoCG with that payable to CSPGCL and CSPTCL which was not in line with provisions of IND AS-1. Besides, this fact should have been disclosed by way of notes to the financial statements.
AS 18- Related Party Disclosures	Chhattisgarh Infrastructure Development Corporation Limited (2019-2020 & 2020-21)	The Company did not disclose the related party transactions w.r.t key management personnel viz salary paid to Managing Director ₹5.24 lakh (2019-2020) ₹31.46 lakh (2020-2021) as required by Para 20 of AS 18 (Related Party Disclosures). Therefore, the presentation of Note no. 20 is deficient to that extent.
AS 29 - Provisions, Contingent Liabilities and Contingent Assets	Chhattisgarh Police Housing Corporation Limited (2021-22)	As on 31 March 2022, the Corporation has 13 number of litigation cases which are pending before court of law out of which, in 9 cases financial implication is involved. However, the Company has not disclosed any cases in its Financial Statements as required by AS 29. Hence, the Financial Statement is deficient to that extent.
AS 3- Cash Flow Statements	Chhattisgarh Police Housing Corporation Limited (2021-22)	As per the requirement of Accounting Standard 3 (Cash Flow Statements) the Company has not disclosed the method (Direct or Indirect) of the Cash Flow Statement. Hence, the Financial Statement is deficient to that extent.

5.16 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 PSUs were reported as comments by the Comptroller and Auditor General of India under Section 143 (5) of the Companies Act, 2013. Besides these comments, irregularities or deficiencies observed by Comptroller and Auditor General of India in the financial reports or in the reporting process, were also communicated to the management through a 'Management Letter' for taking corrective action.

During the period October 2022 to September 2023 Management Letters were issued to eleven²⁰ PSUs. The deficiencies generally related to:

²⁰Chhattisgarh Rajya Van Vikas Nigam Limited, Chhattisgarh State Power Distribution Company Limited, Chhattisgarh State Warehousing Corporation, Chhattisgarh Medical Services Corporation Limited, Chhattisgarh State Police housing Corporation Limited, Chhattisgarh State Power Trading Company Limited, Chhattisgarh State Power Holding Company Limited (SA 2021-22), Chhattisgarh Road and Infrastructure Development Corporation Limited, Chhattisgarh Mineral Development Corporation Limited, Uttar Chhattisgarh Rajya Vidyut Utpadan Limited (SA & CFS 2021-22) and Chhattisgarh State Civil Supplies Corporation Limited .

- adjustments arising out of audit that could have a significant effect on the financial statements;
- lack of internal Control on the part of Management; and
- application and interpretation of accounting policies and practices.

5.17 Conclusion

As on 31 March 2023, there were 28 PSUs including one Statutory Corporation. Out of 28, there are two inactive PSUs. Out of 26 working PSUs, only 20 PSUs (19 Companies and one Statutory Corporation), whose accounts were in arrears for two or less years as on 30 September 2023 have been considered for detailed analysis of financial performances.

During 2022-23, these 20 PSUs registered turnover of ₹42,172.73 crore, which was equal to 9.22 per cent of the GSDP of Chhattisgarh. The contribution of Power sector PSUs alone accounts for over 66.51 per cent of the total turnover of PSUs during 2022-23.

The investment of the State Government in equity and long-term loans in 28 PSUs was ₹7579.09 crore at the end of 31 March 2023. The outstanding long-term loans of these PSUs increased from ₹13,865.19 crore to ₹13,877.90 crore during the year of 2020-21 to 2022-23.

The Profit earned by 10 PSUs out of 20 PSUs (covered in this Report) was ₹879.22 crore in 2022-23 as compared to nine PSUs which earned profit of ₹540.16 crore in 2020-21. Chhattisgarh State Power Generation Company Limited (₹570.38 crore), Chhattisgarh State Power Transmission Company Limited (₹109.89 crore) and Chhattisgarh State Warehousing Corporation (₹71.20 crore) contributed the major portion of the profit. Out of the total loss of ₹1,143.10 crore incurred by seven PSUs, major loss was incurred by Chhattisgarh State Power Distribution company Limited (₹1,132.72 crore).


Out of 28 PSUs, accounts of 25 PSUs were in arrears (24 Government Companies, one Statutory Corporation) for various reasons for the year 2022-23. PSUs were not adhering with the prescribed timeline regarding submission of their Financial Statements as per the Companies Act, 2013. As a result, 47 accounts of 25 PSUs were in arrears.

5.18 Recommendations

- (i) Government of Chhattisgarh may review the functioning of all loss making PSUs and take necessary steps to improve their financial performance.
- (ii) Government of Chhattisgarh may issue necessary instructions to Administrative Departments to set targets for individual PSUs to furnish the accounts in time and to strictly monitor the clearance of arrears and take steps expeditiously in order to liquidate the arrears in finalisation of accounts.


- (iii) Government of Chhattisgarh may review the inactive Government Companies and take appropriate decision on their revival/winding up.
- (iv) Out of ten profit making PSUs, as per their latest finalised accounts only one PSU has declared dividend. The State Government may formulate a dividend policy for the PSUs.
- (v) The State Government may analyse the reasons for losses in PSUs whose net worth has been eroded and initiate steps to make their operations efficient and profitable.

Raipur
The: 17 APR 2024


(YASHWANT KUMAR)
Principal Accountant General (Audit)
Chhattisgarh

Countersigned

New Delhi
The: 26 APR 2024


(GIRISH CHANDRA MURMU)
Comptroller and Auditor General of India